

平安健康醫療科技有限公司 PING AN HEALTHCARE AND TECHNOLOGY COMPANY LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1833

GLOBAL OFFERING

Joint Sponsors, Joint Global Coordinators and Joint Bookrunners
(in alphabetical order)

citi **J.P.Morgan**

Joint Global Coordinators and Joint Bookrunners



UBS

中国平安
PING AN

中国平安证券(香港)
PING AN OF CHINA SECURITIES (HONG KONG)

Joint Bookrunners

建银国际
CCB International

CICC
中金香港证券

CLSA
A CITIC Securities Company

招銀国际
CMB INTERNATIONAL

CMS **招商證券國際**

HSBC

IMPORTANT

If you are in any doubt about any of the contents of this prospectus, you should obtain independent professional advice.

PING AN HEALTHCARE AND TECHNOLOGY COMPANY LIMITED 平安健康醫療科技有限公司

(Incorporated in the Cayman Islands with limited liability)

Number of Offer Shares under the Global Offering	: 160,094,200 Shares (subject to the Over-allotment Option)
Number of Hong Kong Offer Shares	: 10,406,200 Shares (subject to reallocation)
Number of International Offer Shares	: 149,688,000 Shares (subject to reallocation and the Over-allotment Option)
Maximum Offer Price (subject to a Downward Offer Price Adjustment)	: HK\$54.80 per Share plus brokerage of 1.0%, SFC transaction levy of 0.0027% and the Stock Exchange trading fee of 0.005% (payable in full on application, subject to refund) (If the Offer Price is set at 10% below the bottom end of the indicative Offer Price after making a Downward Offer Price Adjustment, the Offer Price will be HK\$45.75 per Hong Kong Offer Share)
Nominal value	: US\$0.000005 per Share
Stock code	: 1833

Joint Sponsors, Joint Global Coordinators and Joint Bookrunners
(in alphabetical order)



J.P.Morgan

Joint Global Coordinators and Joint Bookrunners



UBS



中国平安
PING AN OF CHINA SECURITIES (HONG KONG)

Joint Bookrunners



Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified in the paragraph headed "Documents Delivered to the Registrar of Companies in Hong Kong and Available for Inspection" in Appendix V to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility as to the contents of this prospectus or any other document referred to above.

The Offer Price is expected to be fixed by agreement between the Joint Global Coordinators (on behalf of the Hong Kong Underwriters) and us on the Price Determination Date. The Price Determination Date is expected to be on or around Thursday, April 26, 2018 (Hong Kong time) and, in any event, not later than Thursday, May 3, 2018 (Hong Kong time). The Offer Price will be not more than HK\$54.80 and is currently expected to be not less than HK\$50.80 per Offer Share. If, for any reason, the Offer Price is not agreed by Thursday, May 3, 2018 (Hong Kong time) between the Joint Global Coordinators (on behalf of the Underwriters) and us, the Global Offering will not proceed and will lapse.

The Joint Global Coordinators, on behalf of the Underwriters, and with our consent may, where considered appropriate, reduce the number of Hong Kong Offer Shares and/or the indicative Offer Price range below that is stated in this prospectus (which is HK\$50.80 to HK\$54.80) at any time prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, notices of the reduction in the number of Hong Kong Offer Shares and/or the indicative Offer Price range will be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering. Such notices will also be available on the website of our Company at www.pahtg.com and on the website of the Hong Kong Stock Exchange at www.hkexnews.hk. Further details are set forth in "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" in this prospectus.

Prior to making an investment decision, prospective investors should consider carefully all of the information set out in this prospectus, including the risk factors set out in "Risk Factors" in this prospectus. The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement are subject to termination by the Joint Global Coordinators (on behalf of the Hong Kong Underwriters) if certain grounds arise prior to 8:00 a.m. on the Listing Date. See "Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Hong Kong Underwriting Agreement — Grounds for Termination" of this prospectus.

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities law in the United States and may be offered and sold only (a) in the United States to "Qualified Institutional Buyers" in reliance on Rule 144A under the U.S. Securities Act or another exemption from, or in a transaction not subject to, the registration requirements under the U.S. Securities Act and (b) outside the United States in an offshore transaction in accordance with Regulation S under the U.S. Securities Act.

April 23, 2018

EXPECTED TIMETABLE⁽¹⁾

If there is any change in the following expected timetable of the Hong Kong Public Offering, we will issue an announcement in Hong Kong to be published in the South China Morning Post (in English) and in the Hong Kong Economic Times (in Chinese).

Latest time to complete electronic applications under the **White Form eIPO** service through the designated website at www.eipo.com.hk⁽²⁾ 11:30 a.m. on Thursday, April 26, 2018

Application lists open⁽³⁾ 11:45 a.m. on Thursday, April 26, 2018

Latest time for (a) lodging **WHITE** and **YELLOW** Application Forms, (b) giving **electronic application instructions** to HKSCC and (c) completing payment of **White Form eIPO** applications by effecting Internet banking transfer(s) or PPS payment transfer(s)⁽⁴⁾ 12:00 noon on Thursday, April 26, 2018

Application lists close⁽³⁾ 12:00 noon on Thursday, April 26, 2018

Expected Price Determination Date⁽⁵⁾ Thursday, April 26, 2018

Application lists close⁽³⁾ 12:00 noon on Thursday, April 26, 2018

Where applicable, announcement of the Offer Price being set below the bottom end of the indicative Offer Price range after making a Downward Offer Price Adjustment (see the section headed “Structure of the Global Offering — Determining the Offer Price” on the website of the Stock Exchange at www.hkexnews.hk and the Company’s website at www.pahtg.com) on or before Thursday, May 3, 2018

Announcement of:

- the Offer Price
- the level of indications of interest in the International Offering
- the level of applications in the Hong Kong Public Offering; and
- the basis of allocation in the Hong Kong Public Offering

to be published in the South China Morning Post (in English) and in the Hong Kong Economic Times (in Chinese), and on the website of the Stock Exchange at www.hkexnews.hk and the Company’s website at www.pahtg.com⁽⁶⁾ on or before Thursday, May 3, 2018

EXPECTED TIMETABLE⁽¹⁾

Announcement of results of allocations in the Hong Kong Public Offering (with successful applicants' identification document numbers, where appropriate) to be available through a variety of channels. (See the section headed "How to Apply for Hong Kong Offer Shares — Publication of results" in this prospectus) from Thursday, May 3, 2018

Results of allocations in the Hong Kong Public Offering will be available at www.iporesults.com.hk (alternatively: English <https://www.eipo.com.hk/en/Allotment>; Chinese <https://www.eipo.com.hk/zh-hk/Allotment>) with a "search by ID" function from Thursday, May 3, 2018

Dispatch of Share certificates and refund cheques/White Form e-Refund payment instructions (if applicable) on or before⁽⁷⁾ Thursday, May 3, 2018

Dealings in the Shares on the Stock Exchange expected to commence at 9:00 a.m. on Friday, May 4, 2018

Notes:

- (1) Unless otherwise stated, all times and dates refer to Hong Kong local times and dates.
- (2) You will not be permitted to submit your application under the **White Form eIPO** service through the designated website at www.eipo.com.hk after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.
- (3) If there is a "black" rainstorm warning or a tropical cyclone warning signal number 8 or above in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, April 26, 2018, the application lists will not open and will close on that day. Further information is set out in the section headed "How to Apply for Hong Kong Offer Shares — Effect of Bad Weather on the Opening of the Application Lists" in this prospectus.
- (4) Applicants who apply for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC via CCASS should refer to the section headed "How to Apply for Hong Kong Offer Shares — Applications for Hong Kong Offer Shares — Applying by giving **Electronic Application Instructions** to HKSCC via CCASS" in this prospectus.
- (5) The Price Determination Date is expected to be on or about Thursday, April 26, 2018, and in any event, not later than Thursday, May 3, 2018. If, for any reason, the Offer Price is not agreed between the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and us on or before Thursday, May 3, 2018, the Global Offering will not proceed and will lapse.
- (6) None of the websites or any of the information contained on the websites forms part of this prospectus.

EXPECTED TIMETABLE⁽¹⁾

- (7) Share certificates for the Hong Kong Offer Shares are expected to be issued on Thursday, May 3, 2018, but will only become valid certificates of title provided that the Global Offering has become unconditional in all respects prior to 8:00 a.m. on Friday, May 4, 2018. Investors who trade Shares on the basis of publicly available allocation details prior to the receipt of Share certificates or prior to the Share certificates becoming valid certificates of title do so entirely at their own risk.

e-Refund payment instructions/refund cheques will be issued in respect of wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering and in respect of successful applicants in the event that the final Offer Price is less than the price payable per Offer Share on application.

The above expected timetable is a summary only. For details of the structure of the Global Offering, including its conditions, and the procedures for applications for Hong Kong Offer Shares, please refer to the sections headed “Structure of the Global Offering” and “How to Apply for Hong Kong Offer Shares” in this prospectus, respectively.

CONTENTS

This prospectus is issued by our Company solely in connection with the Hong Kong Public Offering and the Hong Kong Offer Shares and does not constitute an offer to sell or a solicitation of an offer to subscribe for or buy any security other than the Hong Kong Offer Shares. This prospectus may not be used for the purpose of, and does not constitute, an offer to sell or a solicitation of an offer to subscribe for or buy any security in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Offer Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong. The distribution of this prospectus and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. We have not authorized anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not included in this prospectus must not be relied on by you as having been authorized by us, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of our or their respective directors, officers, employees, agents or representatives of any of them, or any other person or party involved in the Global Offering. Information contained on our website, located at www.pahtg.com, does not form part of this prospectus.

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SUMMARY

This summary aims to give you an overview of the information contained in this prospectus. As it is a summary, it does not contain all the information that may be important to you and is qualified in its entirety by, and should be in conjunction with, the full text of this prospectus. You should read the entire prospectus before you decide to invest in the Offer Shares.

There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in “Risk Factors” in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares.

OVERVIEW

Our Mission

Our mission is to build the largest healthcare ecosystem in the world and promote healthy living empowered by technology.

Our Company

We are a pioneer in the PRC Internet healthcare market and operate the largest Internet healthcare platform in terms of average MAUs and daily average online consultations in 2016, according to Frost & Sullivan. We deliver on-demand healthcare anytime and anywhere through our mobile platform. As of December 31, 2015, 2016 and 2017, we had 30.3 million, 131.5 million and 192.8 million registered users, respectively, who benefit from access to quality healthcare services at their fingertips. In 2015, 2016 and 2017, average MAUs, calculated as the average of MAUs for each calendar month, reached 5.6 million, 21.8 million and 32.9 million across our platform, respectively.

Through our mobile platform launched in April 2015, we offer online medical and wellness services, such as family doctor services, consumer healthcare services, health mall as well as health management and wellness interaction. We have built an in-house medical team, consisting of 585, 797 and 888 personnel as of December 31, 2015, 2016 and 2017, respectively, to provide high-quality services empowered by our self-developed AI technology. In 2015, 2016 and 2017, we provided a daily average of approximately 40,000, 180,000 and 370,000 online consultations, respectively. We also offer annual health membership programs, as well as consumer healthcare services to individuals and corporations in China. In addition, our mobile app features an online health mall that offered approximately 69,800 and 178,800 SKUs as of December 31, 2016 and 2017, respectively.

We have established a nationwide network of healthcare service providers covering approximately 3,100 hospitals, including over 1,000 Class III Grade A hospitals, as well as approximately 1,100 health check-up centers, 500 dental clinics and 7,500 pharmacy outlets. Our family doctor services, mobile platform and service provider network make us a vital online portal and a vibrant healthcare ecosystem. Taken together, the breadth and depth of our user base and user engagement, technological capabilities and network of service providers form a substantial entry barrier for competitors.

SUMMARY

We have built a close business relationship with Ping An, one of our Controlling Shareholders. We have entered into various framework agreements with Ping An governing the transactions between ourselves and Ping An and/or its associates, which include, but are not limited to, the provision of various types of products and services to Ping An and its associates, and the purchase of services from Ping An and/or its associates in support of our operations.

In 2015, 2016 and 2017, our Company's revenue attributable to services and products subscribed by Ping An and its close associates was RMB235.0 million, RMB256.5 million and RMB896.2 million, respectively, accounting for 84.3%, 42.7% and 48.0% of our total revenue, respectively. Our Company was a subsidiary of Ping An for part of Ping An's most recent financial year, therefore the requirements relating to spin-off under Practice Note 15 of the Listing Rules (the "Practice Note 15") apply to the Listing pursuant to the Note to Paragraph 2 of Practice Note 15. See "History, Reorganization and Corporate Structure — Requirements under Practice Note 15."

Our Healthcare Ecosystem

As a one-stop healthcare platform that delivers an integrated suite of services, we recognize the needs of our users both when they are in need of medical care and when they want to stay healthy. We focus on offering online family doctor services, empowered by our AI Assistant and in-house medical team, to our users who are looking for convenient and cost-effective healthcare solutions, and offer a variety of offline services via our network of healthcare service providers. We also collaborate with insurers in providing value-added services to policyholders that enable the synergistic integration of insurance and healthcare. Although our recent collaborations are all with Ping An Group, we intend to cooperate with other insurers in the future. To our users, our family doctor services cover the typical course of a patient's hospital visit, including hospital appointment, online consultation, and electronic prescription by our in-house doctors since our Pingan (Qingdao) Internet Hospital obtained the Practicing License for Medical Institutions in May 2017, while our consumer healthcare, health mall as well as health management and wellness interaction businesses enable them to access extensive healthcare resources to address their need for maintaining a healthy lifestyle. Together, our ecosystem enhances the utilization efficiency of medical resources while providing superior user experience.

We are cultivating a network nationwide and globally that connects our users with our online healthcare platform as well as third-party healthcare service providers, such as hospitals, health check-up centers, pharmacies and physiotherapy centers.

Meanwhile, we provide our users with access to a wide spectrum of medical and wellness product offerings as well as personalized wellness contents and programs for maintaining a healthy lifestyle. We continually strengthen our in-house medical team and develop our key technologies including the AI Assistant and information infrastructure to buttress our solutions and improve the quality of care provided to our users.

SUMMARY

A vibrant ecosystem evolving around our platform is illustrated in the diagram below:



OUR INDUSTRY AND COMPETITIVE LANDSCAPE

According to Frost & Sullivan, the per capita healthcare expenditure in the PRC in 2015 was US\$481.6, which is significantly lower than US\$4,850.1, the average of that of the G7 countries, indicating considerable potential for further growth. According to the same source, the total healthcare expenditure in the PRC is expected to grow from RMB4.6 trillion in 2016 to RMB11.4 trillion in 2026, at a CAGR of 9.4%.

The lack of quality primary care and the scarcity and uneven distribution of quality medical resources have long been the source of structural weaknesses in the PRC healthcare services industry. Quality medical resources are concentrated in large cities and Class III hospitals, which accounted for only 7.7% of all hospitals, but attracted approximately half of the total hospital outpatient visits in China in 2016. This structural mismatch in medical resources has resulted in long waiting time and poor patient experience. According to Frost & Sullivan, in 2016, the average time for a patient to receive medical care, including traveling and waiting time, was three hours, while the average time for effective diagnosis was only eight minutes, or 4.4% of the total. Meanwhile, according to the same source, the growth of basic social medical insurance expenditure outpaces that of revenue on a per capita basis in China. As a result, basic social medical insurance in the PRC is projected to record a deficit from 2020, which may expand to over RMB2.3 trillion in 2026 in the absence of timely implementation of effective cost controls.

SUMMARY

The connectivity offered by the Internet and mobile technologies has been bringing about profound changes in how people manage their health and how care is delivered. According to Frost & Sullivan, the size of the PRC Internet healthcare market grew from RMB3.0 billion in 2012 to RMB10.9 billion in 2016, at a CAGR of 38.7%, and is expected to further grow to RMB197.8 billion in 2026, at a CAGR of 33.6% from 2016 to 2026.

According to Frost & Sullivan, we were one of the leading players of the PRC Internet healthcare market, offering full service coverage and ranked first in terms of average DAUs and MAUs in this market in 2016. Our average MAUs reached 21.8 million in 2016, approximately five times those of the second largest player in terms of average MAUs in 2016.

We believe our solution is able to address the majority of common and chronic illnesses online and alleviate pressure on the healthcare system, achieve better allocation and utilization of medical resources, lower the cost and improve the quality of healthcare, and is poised to reshape user behavior and set the standard for the PRC Internet healthcare industry.

OUR STRENGTHS

We believe the following competitive strengths have contributed to our success and distinguish us from our competitors:

- Leading position in China's rapidly growing Internet healthcare industry;
- Unique business model that offers a one-stop portal connecting our users with comprehensive online and offline healthcare resources;
- Superior user experience empowered by in-house medical team and innovative technological solutions;
- Comprehensive service offerings that maximize user interactions and engagement;
- Rapidly growing and diversified monetization channels; and
- Best-in-class management team with both Internet and medical experiences and strong shareholder support.

See "Business — Our Strengths."

OUR STRATEGIES

We aim to provide a family doctor for every family, and create an e-health profile and a health management plan for everyone. To realize our goals, we plan to pursue the following strategies:

- Systematically enhance our user base and user engagement to strengthen our industry leading position;

SUMMARY

- Advance our technological capabilities to maximize the capacity and performance of our platform;
- Expand our service offerings to cover the healthcare value chain;
- Unleash the monetization potential of our platform; and
- Selectively pursue strategic cooperation, investments and acquisitions.

See “Business — Our Strategies.”

OUR MONETIZATION

We have a limited operating history. We launched our mobile platform, together with our online consultation services and consumer healthcare service packages, in April 2015. We commenced our health mall business in August 2015, and reward plans in our health management and wellness interaction segment in December 2015.

Our total revenue increased by 115.8% from RMB278.7 million in 2015 to RMB601.5 million in 2016, which further increased by 210.6% to RMB1,868.0 million in 2017. We generate revenue from the following business lines:

- In our family doctor services business, we generate revenue from online consultations as well as value-added services including health membership programs offered to individuals, corporations and insurance companies;
- In our consumer healthcare business, we generate revenue from consumer healthcare service packages offered to individuals and corporations;
- In our health mall business, we generate revenue primarily by selling healthcare and wellness products under the direct sales model and also earning commissions from third-party vendors under the marketplace model; and
- In our health management and wellness interaction business, we currently generate revenue mainly from our advertising services offered to health-related products and companies.

During the Track Record Period, each of our business segments has generated gross profit. However, as we are still at an early stage of monetization and continue to incur significant selling and marketing expenses and administrative expenses, we had incurred a net loss of RMB323.7 million, RMB758.2 million and RMB1,001.6 million in 2015, 2016 and 2017, respectively. See “Financial Information — Description of Major Components of Our Results of Operations.” In 2015, 2016 and 2017, our user marketing cost, which is the sum of promotion expenses and advertising expenses, was RMB129.3 million, RMB592.0 million and RMB478.3 million, respectively. We expect our user

SUMMARY

marketing cost to further increase in the near term due to increased investment in promotion, advertisement and incentives to strengthen user engagement as well as marketing initiatives for promoting new products and services, and gradually decrease in the medium term. In addition, we had negative operating cash flows of RMB44.9 million, RMB263.1 million and RMB483.9 million in 2015, 2016 and 2017, respectively. We expect to incur a substantial amount of net loss in 2018, and we may continue to experience losses and negative operating cash flows in the future. See “Risk Factors — Risks Relating to Our Business and Industry — We have incurred operating losses in the past, expect to incur operating losses in the future, and may not be able to achieve or maintain profitability.”

As of December 31, 2017, our accumulated loss was RMB2,221.1 million. As advised by our legal advisers on Cayman Islands Law, Maples and Calder (Hong Kong) LLP, a position of accumulated losses does not necessarily restrict us from declaring and paying dividends to our Shareholders, as dividends may still be declared and paid out of our share premium account.

We define net cash burn as the sum of net cash outflow from operating activities and net cash outflow from investing activities excluding the effects of financial assets-related payments and proceeds, and restricted cash payments and proceeds. In 2015, 2016 and 2017, our net cash burn was approximately RMB69.4 million, RMB372.2 million and RMB497.2 million, respectively.

We face certain limitations in our operations relating to the developmental stage and regulatory environment of the PRC Internet healthcare industry. For example, (i) during the Track Record Period, our online consultation services were not covered by government-sponsored social medical insurance and medical aid schemes, or commercial medical insurance offered by private insurers other than Ping An Group. For related risks, see “Risk Factors — Risks Relating to Our Business and Industry — We are in the early stage of development with a limited operating history in an emerging and dynamic industry, and our historical results of operations and financial performance are not indicative of future performance.” However, we believe that our ability to lower the cost of medical consultations and provide holistic medical and wellness care is a compelling value proposition that may attract more commercial insurers and social medical insurance agencies to become our customers. For details, see “Business — Our Strategies — Unleash the monetization potential of our platform;” (ii) we were not able to and did not issue prescriptions to users of the online consultation services before our Pingan (Qingdao) Internet Hospital obtained the Practicing License for Medical Institutions in May 2017. For related risks, see “Risk Factors — Risks Relating to Our Business and Industry — In view of the uncertainties under applicable PRC laws, our past cooperation with offline medical institutions may be deemed as conducting diagnostic and treatment businesses without license and involves legal risk;” and (iii) as of the Latest Practicable Date, we had not engaged in any sales of prescription drugs under the direct sales model through our health mall. Further, to minimize reputational risks resulting from the possible mis-selling of prescription drugs by marketplace vendors, we have prohibited the display of “prescription drug” as a category of products by any marketplace vendor in the health mall. For related risks, see “Risk Factors — Risks Relating to Our Business and Industry — Our failure to properly manage participants in our ecosystem may materially and adversely affect our business.”

SUMMARY

As an Internet-based business, we focus on building up scales and exploring the most suitable business model in the early stage of operations, rather than seeking immediate financial returns or profitability, in order to lay a solid foundation for long-term development. Going forward, we plan to achieve profitability through our continued focus on user acquisition and engagement and on improving operating leverage to lower operating expenses. We believe that our user base and engagement is crucial to our ability to monetize our business and ultimately achieve profitability. In order to amass our user base and enhance user engagement, we expect to make further investments, particularly in sales and marketing, human resources and research and development. Meanwhile, we expect to focus more on lowering operating expenses in the future. As we continue to execute our strategies, given our positive gross profit margins across our four business segments and successfully commercializing and monetizing various products such as An Kang and An Xiang services packages during the Track Record Period, we believe that we are able to improve our results of operations and achieve profitability in the long term. For the foregoing reasons, the Directors and the Joint Sponsors believe that the Group has a sustainable business. The foregoing forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. These forward-looking statements involve known and unknown risks, uncertainties and other factors, some of which are beyond our control, which may cause the actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. For related risks, see “Risk Factors — Risks Relating to Our Business and Industry — We are in the early stage of development with a limited operating history in an emerging and dynamic industry, and our historical results of operations and financial performance are not indicative of future performance.”

RISK FACTORS

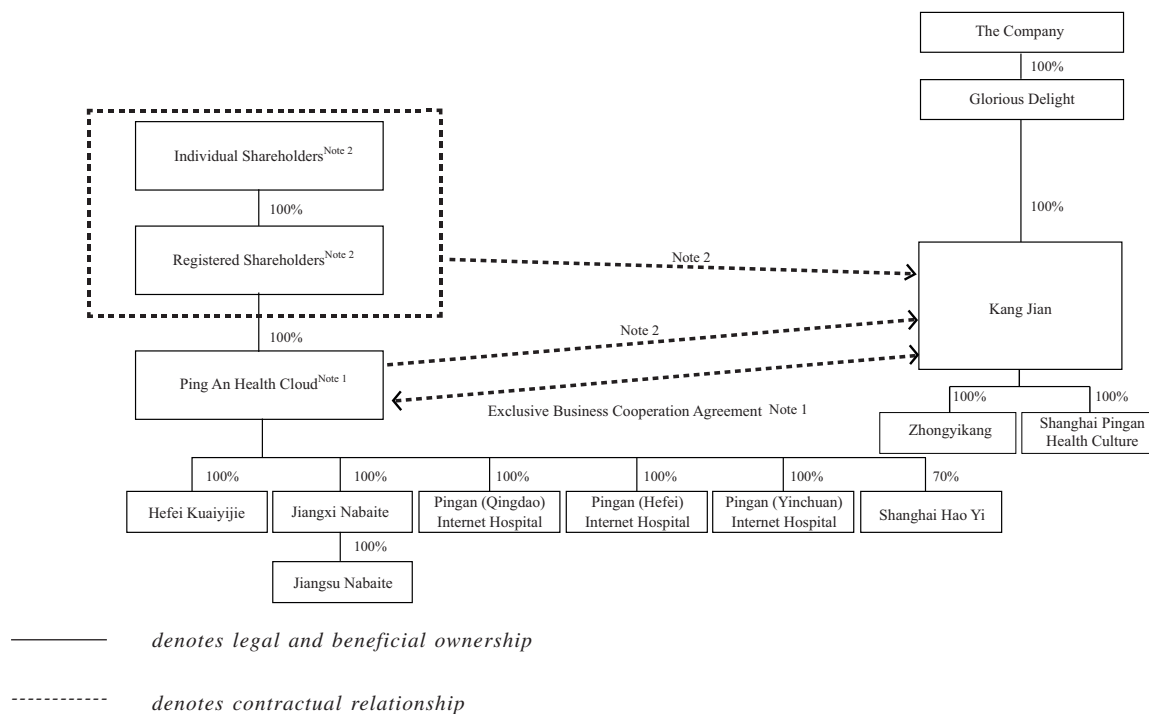
Our business and the Global Offering involve certain risks as set out in “Risk Factors” of this prospectus. You should read that section in its entirety carefully before you decide to invest in our Shares. Some of the major risks we face include:

- Maintaining customers’ trust in our ecosystem is critical to our success, and any failure to do so could severely damage our reputation and brand.
- We are in the early stage of development with a limited operating history in an emerging and dynamic industry, and our historical results of operations and financial performance are not indicative of future performance.
- We are subject to extensive and evolving regulatory requirements, non-compliance with which, or changes in which, may materially and adversely affect our business and prospects.
- If we are unable to compete effectively, our business, financial condition and results of operations may be materially and adversely affected.
- Our business generates and processes a large amount of data, and the improper use or disclosure of such data could harm our reputation as well as have a material adverse effect on our business and prospects.

SUMMARY

CONTRACTUAL ARRANGEMENTS

The operations of our Operating Entities are subject to various restrictions under current PRC laws and regulations, and therefore we do not directly own any equity interest in our Operating Entities. In order to maintain and exercise control over our Operating Entities, we have adopted the Contractual Arrangements. The Contractual Arrangements allow us to gain effective control over, and receive all the economic benefits generated by the businesses currently operated by our Operating Entities. See “Contractual Arrangements” for further details. The following simplified diagram illustrates the flow of economic benefits from our Operating Entities to our Group as stipulated under the Contractual Arrangements:



Notes:

1. Kang Jian provides business support, technical and consulting services in exchange for service fees from Ping An Health Cloud. See “Contractual Arrangements — Our Contractual Arrangements — Exclusive Business Cooperation Agreement.”
2. The PAHC Shareholders (as defined below) executed the exclusive equity option agreement and the exclusive asset option agreement in favour of Kang Jian, for the acquisition of all or part of the equity interests in and all or part of the assets in Ping An Health Cloud. See “Contractual Arrangements — Our Contractual Arrangements — Exclusive Equity Option Agreement” and “Contractual Arrangements — Our Contractual Arrangements — Exclusive Asset Option Agreement.”

The PAHC Shareholders executed powers of attorney in favor of Kang Jian, for the exercise of all shareholders’ rights in Ping An Health Cloud. See “Contractual Arrangements — Our Contractual Arrangements — Powers of Attorney.”

The PAHC Shareholders granted first priority security interests in favor of Kang Jian, over the entire equity interests in Ping An Health Cloud. See “Contractual Arrangements — Our Contractual Arrangements — Equity Pledge Agreement.”

SUMMARY

Ping An Financial Technology, Kang Wei Jian, Kang Rui Jian and Guang Feng Qi are collectively referred to as “Registered Shareholders” and Mr. QIN Jian, Mr. ZHU Chengbo, Ms. WANG Wenjun and Mr. DOU Wenwei are collectively referred to as “Individual Shareholders” (Registered Shareholders and Individual Shareholders together known as “PAHC Shareholders”). For details of the shareholding structure, see “History, Reorganization and Corporate Structure — Shareholding and Group Structure of Our Company.”

For risks relating to the Contractual Arrangements, see “Risk Factors — Risks Relating to Our Contractual Arrangements.”

OUR CONTROLLING SHAREHOLDERS

Each of Glorious Peace, Ping An and the members of the LJX Controlling Shareholder Group is a Controlling Shareholder of the Company. Ping An, through Glorious Peace, will indirectly hold an approximately 39.27% shareholding interest in our Company, and the LJX Controlling Shareholder Group will hold an approximately 39.43% shareholding interest in our Company immediately upon the completion of the Global Offering (assuming the over-allotment Option is not exercised). Our Directors believe that the principal businesses of the Group do not, and are not likely to, compete with the businesses of Ping An.

We have entered into a number of non-exempt continuing connected transactions with Ping An and/or its associates, including: (i) provision of our products and services to Ping An and/or its associates; (ii) our purchase of services provided by Ping An and/or its associates; (iii) our lease of properties from Ping An and/or its associates for office use; (iv) our cooperation with Ping An on the research and development of certain artificial intelligence technology; and (v) the provision of financial services to us by Ping An and/or its associates. In relation to these transactions, we are of the view that we do not and will not significantly rely on Ping An upon Listing. See “Relationship with our Controlling Shareholders — Independence from Ping An” for further details.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following tables present our summary consolidated financial information for the years or as of the dates indicated. This summary has been derived from our consolidated financial information set forth in the Accountant’s Report in Appendix I to this prospectus. The summary consolidated financial data set forth below should be read together with, and is qualified in its entirety by reference to, the consolidated financial information included in the Accountant’s Report in Appendix I to this prospectus, including the accompanying notes, and the information set forth in “Financial Information.” Our consolidated financial information was prepared in accordance with IFRS.

SUMMARY

Summary Consolidated Statements of Comprehensive Income

	Year ended December 31,		
	2015	2016	2017
	<i>(RMB in millions)</i>		
Revenue	278.7	601.5	1,868.0
Cost of sales	(167.9)	(347.9)	(1,255.9)
Gross profit	110.8	253.6	612.1
Selling and marketing expenses	(178.6)	(781.1)	(723.5)
Administrative expenses	(251.5)	(461.1)	(710.7)
Other income	1.2	9.8	24.9
Other gains/(losses) — net	(5.0)	238.8	(199.2)
Operating loss	(323.1)	(740.0)	(996.4)
Finance income	1.2	2.4	37.4
Finance costs	(1.6)	(17.7)	(37.6)
Share of loss of joint venture	(0.2)	(2.9)	(4.6)
Loss before income tax	(323.7)	(758.2)	(1,001.2)
Income tax expense	0.0	0.0	(0.4)
Loss for the year	(323.7)	(758.2)	(1,001.6)

Revenue by Segment

	Year ended December 31,					
	2015		2016		2017	
	RMB	%	RMB	%	RMB	%
	<i>(in millions, except percentages)</i>					
Family doctor services	118.8	42.6%	136.5	22.7%	242.2	13.0%
To Ping An Group	118.8	42.6%	136.5	22.7%	235.2	12.6%
To other customers	0.0	0.0%	0.0	0.0%	7.0	0.4%
Consumer healthcare	154.6	55.5%	388.1	64.5%	655.4	35.0%
To Ping An Group	106.7	38.3%	102.2	17.0%	197.1	10.5%
To other customers	47.9	17.2%	285.9	47.5%	458.3	24.5%
Health mall	1.9	0.7%	63.1	10.5%	896.1	48.0%
To Ping An Group	0.0	0.0%	6.5	1.1%	428.7	22.9%
To other customers	1.9	0.7%	56.6	9.4%	467.4	25.1%
Health management and wellness interaction	3.4	1.2%	13.8	2.3%	74.3	4.0%
To Ping An Group	0.0	0.0%	4.1	0.7%	4.9	0.3%
To other customers	3.4	1.2%	9.7	1.6%	69.4	3.7%
Total	278.7	100.0%	601.5	100.0%	1,868.0	100.0%
To Ping An Group	225.5	80.9%	249.3	41.4%	865.9	46.4%
To other customers	53.2	19.1%	352.2	58.6%	1,002.1	53.6%

SUMMARY

Cost of Sales by Segment

	Year ended December 31,					
	2015		2016		2017	
	<i>RMB</i>	%	<i>RMB</i>	%	<i>RMB</i>	%
	<i>(in millions, except percentages)</i>					
Family doctor services	28.0	16.7%	81.0	23.3%	99.7	7.9%
Consumer healthcare	138.8	82.7%	211.9	60.9%	351.2	28.0%
Health mall	1.1	0.6%	51.7	14.9%	791.5	63.0%
Health management and wellness interaction	0.0	0.0%	3.3	0.9%	13.5	1.1%
Total	167.9	100.0%	347.9	100.0%	1,255.9	100.0%

Gross Profit and Gross Margin by Segment

	Year ended December 31,					
	2015		2016		2017	
	<i>RMB</i>	%	<i>RMB</i>	%	<i>RMB</i>	%
	<i>(in millions, except percentages)</i>					
Family doctor services	90.8	76.4%	55.5	40.7%	142.5	58.9%
To Ping An Group	90.8	76.4%	55.5	40.7%	136.7	58.1%
To other customers	0.0	0.0%	0.0	0.0%	5.8	82.8%
Consumer healthcare	15.8	10.2%	176.2	45.4%	304.2	46.4%
To Ping An Group	7.1	6.7%	33.5	32.8%	67.1	34.1%
To other customers	8.7	18.0%	142.7	49.9%	237.1	51.7%
Health mall	0.8	43.8%	11.4	18.1%	104.6	11.7%
To Ping An Group	0.0	0.0%	2.0	29.9%	28.3	6.6%
To other customers	0.8	43.8%	9.4	16.7%	76.3	16.3%
Health management and wellness interaction	3.4	100.0%	10.5	76.1%	60.8	81.8%
To Ping An Group	0.0	0.0%	0.9	22.6%	1.4	28.8%
To other customers	3.4	100.0%	9.6	99.0%	59.4	85.6%
Total	110.8	39.7%	253.6	42.2%	612.1	32.8%
To Ping An Group	97.9	43.4%	91.9	36.9%	233.5	27.0%
To other customers	12.9	24.2%	161.7	45.9%	378.6	37.8%

During the Track Record Period, the gross margin of the revenue generated from Ping An Group was generally lower than that of the revenue generated from other customers, primarily for the following reasons: (i) in the consumer healthcare segment, compared to the revenue from health check-up services offered to individual customers, the revenue from similar services offered to group customers typically represents a relatively low gross margin, which is mainly due to the superior bargaining power of group customers; and (ii) in the health mall segment, the gross margin of purchases by members of Ping An Group through the procurement channels of Ping An Group in 2017 was lower than that of purchases by customers through our mobile platform due to Ping An Group's large purchase volume and strong pricing power.

SUMMARY

Summary Consolidated Statements of Financial Position

	As of December 31,		
	2015	2016	2017
	<i>(RMB in millions)</i>		
Non-current assets	54.1	147.9	119.0
Current assets	253.0	4,039.8	5,853.1
Total assets	307.1	4,187.7	5,972.1
Reserves	350.8	3,593.8	6,255.1
Accumulated losses	(461.3)	(1,219.5)	(2,221.1)
Total (deficit)/equity	(110.5)	2,374.3	4,034.0
Current liabilities	417.5	1,813.3	1,938.1
Non-current liabilities	0.1	0.1	0.0
Total liabilities	417.6	1,813.4	1,938.1
Total equity and liabilities	307.1	4,187.7	5,972.1
Net current (liabilities)/assets	(164.5)	2,226.5	3,915.0

Summary Consolidated Statements of Cash Flows

	Year ended December 31,		
	2015	2016	2017
	<i>(RMB in millions)</i>		
Net cash used in operating activities	(44.9)	(263.1)	(483.9)
Net cash (used in)/generated from investing activities	(124.4)	(976.5)	325.9
Net cash generated from financing activities	108.7	3,617.5	2,154.0
Net (decrease)/increase in cash and cash equivalents	(60.6)	2,377.9	1,996.0
Cash and cash equivalents at the beginning of the year	165.7	105.1	2,721.5
Effects of exchange rate changes on cash and cash equivalents	0.0	238.5	(122.9)
Cash and cash equivalents at the end of the year	105.1	2,721.5	4,594.6

SUMMARY

Key Financial Ratios

	As of or for the year ended December 31,		
	2015	2016	2017
		(%)	
Total revenue growth	N/A	115.8	210.6
Gross margin ⁽¹⁾	39.7	42.2	32.8
Net margin ⁽²⁾	(116.2)	(126.1)	(53.6)
Gearing ratio ⁽³⁾	(27.2)	23.2	0.0

Notes:

- (1) Gross margin equals gross profit divided by revenue for the year and multiplied by 100%.
- (2) Net margin equals net profit/(loss) divided by revenue for the year and multiplied by 100%.
- (3) Gearing ratio equals total interest-bearing debt divided by total (deficit)/equity at the end of the year and multiplied by 100%.

Key Operating Data

	Year ended December 31,		
	2015 ⁽⁴⁾	2016	2017
		(in millions, except percentages)	
Average MAU ⁽¹⁾	5.6	21.8	32.9
Average MPU ⁽²⁾	0.1	0.4	0.9
Paying Ratio ⁽³⁾	0.9%	1.9%	2.7%

Notes:

- (1) MAU, for any given month, refers to the number of active users during that month. A user who accesses our platform of services or products through mobile app, WAP or plug-in channels at least once in any such month is counted as one active user for that month. Each distinguishable mobile device is treated as a separate user for the purpose of calculating MAU. If a mobile device accesses our platform through our mobile app and plug-ins over the course of a calendar month, it would be counted as one MAU. If a mobile device accesses our platform through both our (i) mobile app or plug-ins and (ii) WAP website over the course of a calendar month, it would be counted as two MAUs.
- (2) MPU refers to monthly paying users, referring to the number of users that purchase our products and/or services on our platform through mobile app, WAP or plug-in channels at least once during a calendar month. The end users of the products and services sold to our corporate customers, including members of health membership plans, insurance policyholders of Ping An Health Insurance who receive An Kang and An Xiang value-added service packages, and employees who benefit from of the health check-up service packages purchased by their employers, are also counted as paying users. While we did not have any such paying users in 2015, the average MPU through our corporate customers was approximately 62,000 and 68,000 in 2016 and 2017, respectively.
- (3) Paying ratio equals average MPU divided by average MAU during a certain period of time.
- (4) MAU and MPU statistics are for the period from June to December.

SUMMARY

	Year ended December 31,		
	2015	2016	2017
Average monthly revenue per MAU ⁽¹⁾	4.2	(RMB) 2.3	4.7
ARPPU ⁽²⁾	473.2	123.9	176.7

Notes:

- (1) Average monthly revenue per MAU is calculated by dividing average monthly revenue by average MAU of the relevant year. Our relatively low average monthly revenue per MAU in 2016 compared to 2015 was due to growth in the active users with a low willingness to pay from our reward programs. The average monthly revenue per MAU increased in 2017 compared to 2016, as we engaged in improved targeting of marketing campaigns in 2017.
- (2) ARPPU refers to average revenue per paying user, derived by dividing total revenue of the relevant year by the corresponding number of annual paying users. The comparatively high ARPPU in 2015 was due to higher revenue contributions from corporate customers and higher average selling prices of consumer healthcare service packages. In 2016, the number of customers on our mobile platform grew significantly, and more purchases were made directly through our mobile app, especially on our health mall. Such purchases generate smaller monetary value on average, which led to a decline in ARPPU in 2016 compared to 2015. The increase of ARPPU from 2016 to 2017 was due to increased user engagement and higher efficiency of monetization.

REGULATORY NONCOMPLIANCE

During the Track Record Period and up to the Latest Practicable Date, we had not been and were not involved in any material noncompliance incidents that have led to fines, enforcement actions or other penalties that could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations. However, certain of our business practices during the Track Record Period may constitute historical noncompliance incidents. We had rectified the relevant business practices, and, as advised by our PRC Legal Advisor, the likelihood of competent authorities retroactively taking enforcement action against us concerning such business practices is remote. See “Business — Legal Proceedings and Noncompliance — Noncompliance.”

DIVIDEND

We are a holding company incorporated under the laws of the Cayman Islands. Any dividends we pay will be at the discretion of our Directors and will depend on our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors which our Directors consider relevant. Our Shareholders in a general meeting may approve any declaration of dividends, which must not exceed the amount recommended by our Board.

Historically, we have not declared or paid any dividend, and there is no assurance that dividends of any amount will be declared or distributed in any year. As of December 31, 2017, our accumulated loss was RMB2,221.1 million. Currently, we do not have a formal dividend policy or a fixed dividend distribution ratio.

RECENT DEVELOPMENTS

Subsequent to December 31, 2017, we experienced growth in the number of our registered users. The number of external doctors under our “Renowned Doctor” program increased in our family

SUMMARY

doctor services business, and we continued to expand the network of healthcare service providers in our consumer healthcare business. In March 2018, we obtained a certificate of registration from BSI Group, a business standards company that supplies certification and standards-related services to businesses. The certificate certifies that the provision of medical services based on the Internet including prevention and healthcare, general and internal medicine, among other things, by our Pingan (Qingdao) Internet Hospital is in accordance with the ISO 9001:2015 quality management system standard.

We began offering “Health 360” membership plans to Ping An Life Insurance policyholders on a pilot basis in October 2017, and officially launched this product in January 2018. In March 2018, “Ping An E Jia Bao” (平安e家保), an insurance plan of Ping An Health Insurance which historically covered inpatient services, started to cover online consultation, medication and hospital appointment services provided over our mobile platform. This is an important first step in executing the business strategy of connecting our product offerings to commercial insurers and obtaining commercial insurance coverage. Although our recent collaborations are all with Ping An Group, we are actively looking for opportunities to cooperate with other insurers. We believe that our collaboration with insurance companies to provide value-added healthcare services complementary to insurance products would help the insurance companies to reduce costs and create value accordingly. For details, see “Business — Our Strategies — Unleash the monetization potential of our platform.”

Our Directors confirm that there have been no material adverse changes in our financial, operational or trading positions or prospects since December 31, 2017, being the end date of our consolidated financial statements as set out in the Accountant’s Report in Appendix I to this prospectus, and up to the date of this prospectus.

OFFERING STATISTICS

All statistics in the following table are based on the assumptions that: (i) the Global Offering has been completed and 160,094,200 Shares are issued pursuant to the Global Offering; (ii) the Over-allotment Option is not exercised, and (iii) 1,067,294,200 Shares are issued and outstanding following the completion of the Global Offering.

	Based on an Offer Price of HK\$45.75 per Share, after Downward Offer Price Adjustment of 10%	Based on an Offer Price of HK\$50.80	Based on an Offer Price of HK\$54.80
Market capitalization of our Shares	HK\$48,828.7 million	HK\$54,218.5 million	HK\$58,487.7 million
Unaudited pro forma adjusted net tangible assets per Share ⁽¹⁾	HK\$11.42 (RMB9.12)	HK\$12.16 (RMB9.72)	HK\$12.75 (RMB10.19)

Note:

(1) The unaudited pro forma adjusted net tangible assets per Share as of December 31, 2017 are calculated after adjustments referred to in Appendix II to this prospectus.

SUMMARY

LISTING EXPENSES

Listing expenses represent professional fees, underwriting commissions and other fees incurred in connection with the Global Offering. The total estimated listing expenses are approximately HK\$245.6 million (based on the mid-point of the indicative Offer Price range and assuming the Over-allotment Option is not exercised), of which approximately HK\$177.1 million will be directly attributable to the issue of our Shares and capitalized, and the remaining HK\$68.5 million has been or will be expensed in 2017 and 2018. Our Directors do not expect such expenses to materially impact our results of operations in 2018.

USE OF PROCEEDS

Assuming an Offer Price of HK\$52.80 per Share (being the mid-point of the Offer Price range of between HK\$50.80 and HK\$54.80 per Share), we estimate that we will receive net proceeds of approximately HK\$8,250.3 million from the Global Offering after deducting the underwriting commissions and other estimated expenses paid and payable by us in connection with the Global Offering and assuming that the Over-allotment Option is not exercised. In line with our strategies, we intend to use our proceeds from the Global Offering for the purposes and in the amounts set forth below:

- approximately 40% of the net proceeds, or approximately HK\$3,300.1 million, is expected to be used for business expansion;
- approximately 30% of the net proceeds, or approximately HK\$2,475.1 million, is expected to be used for funding our potential investments in, acquisitions of and strategic alliances with domestic companies, as well as our overseas expansion plan;
- approximately 20% of the net proceeds, or approximately HK\$1,650.1 million, is expected to be used for research and development, by increasing capital contributions to the development of our information infrastructure as well as AI Assistant and other technologies; and
- approximately 10% of the net proceeds, or approximately HK\$825.0 million, is expected to be used for working capital and general corporate purposes.

See “Future Plans and Use of Proceeds” for details of our use of proceeds from the Global Offering.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the listing committee of the Stock Exchange for the granting of the listing of, and permission to deal in, our Shares in issue and to be issued pursuant to the Global Offering, on the basis that, among other things, we satisfy the market capitalisation/revenue test under Rule 8.05(3) of the Listing Rules with reference to (i) our revenue in 2017, being RMB1,868.0 million (equivalent to approximately HK\$2,337.8 million), which is over HK\$500 million, and (ii) our expected market capitalisation at the time of Listing, which, based on the low end of the indicative Offer Price range, exceeds HK\$4 billion.

DEFINITIONS

In this prospectus, unless the context otherwise requires, the following terms shall have the following meanings. Certain technical terms are explained in the section headed “Glossary of Technical Terms” in this prospectus.

“affiliate”	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
“An Ke Technology”	An Ke Technology Company Limited, a company incorporated under the laws of Hong Kong on June 9, 2014 and a subsidiary of Ping An
“Application Form(s)”	WHITE Application Form(s), YELLOW Application Form(s) or GREEN Application Form(s), individually or collectively, as the context so requires, any of them, which is used in relation to the Hong Kong Public Offering
“Articles” / “Articles of Association”	the amended and restated articles of association of our Company, conditionally adopted on April 19, 2018 with effect from the Listing Date, and as amended from time to time, a summary of which is set out in Appendix III to this prospectus
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Audited Financial Statements”	the audited consolidated financial statements of our Group for the financial years ended December 31, 2015 and 2016 and 2017 as included in “Appendix I — Accountant’s Report” in this prospectus
“Bang Qi Jian”	Bang Qi Jian Limited 幫騏鍵有限公司, a company incorporated under the laws of BVI on November 10, 2014, held by Ms. WANG Wenjun and Mr. DOU Wenwei on behalf of BQJ Beneficiaries, and one of our Controlling Shareholders
“Board”	the board of directors of our Company
“business day”	any day (other than a Saturday, Sunday or public holiday in Hong Kong) on which banks in Hong Kong are generally open for normal banking business
“BVI”	the British Virgin Islands
“Cayman Companies Law” / “Companies Law”	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, as amended, supplemented or otherwise modified from time to time

DEFINITIONS

“CCASS”	The Central Clearing and Settlement System established and operated by HKSCC
“CCASS Clearing Participant”	a person admitted to participate in CCASS as a direct clearing participant or a general clearing participant
“CCASS Custodian Participant”	a person admitted to participate in CCASS as a custodian participant
“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
“CCASS Participant”	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
“CFDA”, or formerly known as “SFDA”	China Food and Drug Administration (中華人民共和國國家食品藥品監督管理總局), formerly known as State Food and Drug Administration of the PRC (中華人民共和國國家食品藥品監督管理局)
“Class A Ordinary Shares”	the Class A Ordinary Shares in the share capital of our Company with a par value of US\$0.00001 each
“Class B Ordinary Shares”	the Class B Ordinary Shares in the share capital of our Company with a par value of US\$0.00001 each
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company”, “our Company” or “the Company”	Ping An Healthcare and Technology Company Limited 平安健康醫療科技有限公司 (formerly known as Glorious Health Limited 鑫康有限公司), an exempted company incorporated in the Cayman Islands with limited liability on November 12, 2014
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“connected transaction(s)”	has the meaning ascribed to it under the Listing Rules

DEFINITIONS

“Contractual Arrangements”	the series of contractual arrangements entered into by, among others, Kang Jian and Ping An Health Cloud, details of which are described in the section headed “Contractual Arrangements”
“Controlling Shareholders”	has the meaning ascribed thereto under the Listing Rules and unless the context requires otherwise, collectively refers to Glorious Peace, Ping An and LJX Controlling Shareholder Group
“Director(s)”	the director(s) of our Company
“Downward Offer Price Adjustment”	an adjustment that has the effect of setting the final Offer Price up to 10% below the bottom end of the indicative Offer Price range
“Draft Foreign Investment Law” / “Draft FIL”	the Draft Foreign Investment Law (中華人民共和國外國投資法) published by the MOFCOM in January 2015
“Employee Incentive Scheme”	the scheme adopted by our Company on December 26, 2014, as amended or otherwise modified from time to time, to grant options to the incentive targets, which shall survive after Listing. See “Appendix IV — Statutory and General information — D. Employee Incentive Scheme”
“EIS Option(s)”	the option(s) granted and to be granted to our Directors and employees of our Group under the Employee Incentive Scheme
“EIS Share(s)”	35,000,000 Class A Ordinary Shares of our Company held by Le An Xin through Le Jin Xuan, which shall be redesignated to Shares immediately before Listing
“Global Offering”	the Hong Kong Public Offering and the International Offering
“Glorious Delight”	Glorious Delight Limited (鑫悦有限公司), a company incorporated under the laws of Hong Kong on November 14, 2014, and a wholly-owned subsidiary of our Company
“Glorious Peace”	Glorious Peace Limited (安鑫有限公司), a company incorporated under the laws of BVI on November 10, 2014 and an indirect wholly-owned subsidiary of Ping An, and one of our Controlling Shareholders
“ GREEN Application Form(s)”	the application form(s) to be completed by the White Form eIPO Service Provider, Computershare Hong Kong Investor Services Limited

DEFINITIONS

“Group”, “our Group”, “the Group”, “we”, “us”, or “our”	the Company, its subsidiaries and the Operating Entities or, where the context so 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
“Guang Feng Qi”	Urumqi Guang Feng Qi Investments Limited Partnership (烏魯木齊廣豐旗股權投資有限合夥企業), a limited partnership incorporated under the laws of PRC on June 5, 2014, a shareholder of Ping An Health Cloud
“Hefei Kuaiyijie”	Hefei Kuaiyijie Medical Electronic Commerce Company Limited (合肥快易捷醫藥電子商務有限公司), a company incorporated under the laws of PRC on March 29, 2005, a wholly-owned subsidiary of Ping An Health Cloud and one of our Operating Entities
“Hero Wall”	Hero Wall Limited, a company incorporated under the laws of BVI on July 3, 2015, one of our Round A Investors
“HKSCC”	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“HKSCC Nominee”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong Offer Shares”	the 10,406,200 Shares initially being offered for subscription in the Hong Kong Public Offering (subject to reallocation as described in the section headed “Structure of the Global Offering” in this prospectus)
“Hong Kong Public Offering”	the offer of the Hong Kong Offer Shares for subscription by the public in Hong Kong at the Offer Price (plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) on the terms and subject to the conditions described in this prospectus and the Application Forms, as further described in the section headed “Structure of the Global Offering—The Hong Kong Public Offering” in this prospectus

DEFINITIONS

“Hong Kong Securities and Futures Ordinance” or “SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Hong Kong Share Registrar”	Computershare Hong Kong Investor Services Limited
“Hong Kong Underwriters”	the underwriters of the Hong Kong Public Offering as listed in the section headed “Underwriting — Hong Kong Underwriters” in this prospectus
“Hong Kong Underwriting Agreement”	the underwriting agreement, dated April 20, 2018, relating to the Hong Kong Public Offering, entered into among, inter alia, the Joint Global Coordinators, the Hong Kong Underwriters and our Company, as further described in the section headed “Underwriting — The Hong Kong Public Offering” in this prospectus
“Hong Qi Jian”	Hong Qi Jian Limited (鴻騏鍵有限公司), a company incorporated under the laws of BVI on November 10, 2014
“Hop-Fast”	Hop-Fast Limited, a company incorporated under the laws of BVI on May 7, 2015, which is wholly-owned by Mr. Law and is one of our Controlling Shareholders
“IFRS”	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
“Independent Third Party(ies)”	any entity or person who, to the best of our Directors’ knowledge, information and belief, having made all reasonable enquiries, is not a connected person of our Company within the meaning ascribed thereto under the Listing Rules
“International Offering”	the conditional placing of the International Offer Shares at the Offer Price outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act and in the United States to QIBs only in reliance on Rule 144A or any other available exemption from the registration requirement under the U.S. Securities Act, as further described in the section headed “Structure of the Global Offering” in this prospectus
“International Offer Shares”	the 149,688,000 Shares being initially offered for subscription and purchased at the Offer Price under the International Offering together, where relevant, with any additional Shares that may be issued pursuant to any exercise of the Over-allotment Option, subject to reallocation as described under the section headed “Structure of the Global Offering” in this prospectus

DEFINITIONS

“International Underwriters”	the underwriters of the International Offering
“International Underwriting Agreement”	the international underwriting agreement relating to the International Offering and expected to be entered into by, among others, our Company, the Joint Global Coordinators and the International Underwriters on or about April 26, 2018, as further described in the section headed “Underwriting — International Offering” in this prospectus
“Jiangsu Nabaite”	Jiangsu Nabaite Pharmacy Company Limited (江蘇納百特大藥房有限公司), a company incorporated under the laws of PRC on October 11, 2017, a wholly-owned subsidiary of Jiangxi Nabaite and is one of our Operating Entities
“Jiangxi Nabaite”	Jiangxi Nabaite Pharmacy Company Limited (江西納百特大藥房有限公司), a company incorporated under the laws of PRC on January 24, 2014, a wholly-owned subsidiary of Ping An Health Cloud and is one of our Operating Entities
“Joint Bookrunners” (<i>in alphabetical order</i>)	CCB International Capital Limited, China International Capital Corporation Hong Kong Securities Limited, China Merchants Securities (HK) Co., Limited, Citigroup Global Markets Asia Limited (in relation to the Hong Kong Offering only), Citigroup Global Markets Limited (in relation to the International Offering only), CLSA Limited, CMB International Capital Limited, The Hongkong and Shanghai Banking Corporation Limited, J.P. Morgan Securities (Asia Pacific) Limited (in relation to the Hong Kong Public Offering only), J.P. Morgan Securities plc (in relation to the International Offering only), Ping An of China Securities (Hong Kong) Company Limited and UBS AG Hong Kong Branch
“Joint Global Coordinators” (<i>in alphabetical order</i>)	Citigroup Global Markets Asia Limited, J.P. Morgan Securities (Asia Pacific) Limited, Ping An of China Securities (Hong Kong) Company Limited and UBS AG Hong Kong Branch
“Joint Sponsors” (<i>in alphabetical order</i>)	Citigroup Global Markets Asia Limited and J.P. Morgan Securities (Far East) Limited
“Kang Jian”	Kang Jian Information Technology (Shenzhen) Co., Ltd. (康鍵信息技術(深圳)有限公司), a company incorporated under the laws of PRC on February 13, 2015 and a wholly-owned subsidiary of our Company

DEFINITIONS

“Kang Rui Jian”	Shenzhen Kang Rui Jian Enterprise Management Company Limited (深圳市康銳鍵企業管理有限公司), a company incorporated under the laws of PRC on September 11, 2017 and a shareholder of Ping An Health Cloud
“Kang Wei Jian”	Shenzhen Kang Wei Jian Enterprise Management Company Limited (深圳康煒鍵企業管理有限公司), a company incorporated under the laws of PRC on September 11, 2017 and a shareholder of Ping An Health Cloud
“Latest Practicable Date”	April 13, 2018, being the latest practicable date for ascertaining certain information in this prospectus before its publication
“Le An Xin”	Le An Xin (PTC) Limited, a company incorporated under the laws of BVI on October 17, 2017, and is one of our Controlling Shareholders
“Le Jin Xuan”	Le Jin Xuan Limited (樂錦煊有限公司), a company incorporated under the laws of BVI on November 10, 2017 and is one of our Controlling Shareholders
“Life Insurance Agents”	individuals who have entered into agency agreements with Ping An and agreed to distribute Ping An’s products only
“Listing”	the listing of the Shares on the Main Board
“Listing Committee”	the Listing Committee of the Stock Exchange
“Listing Date”	the date, expected to be on or about May 4, 2018, on which the Shares are listed and on which dealings in the Shares are first permitted to take place 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
“LJX Controlling Shareholder Group”	Le Jin Xuan, Le An Xin, Mr. WANG Tao, Bang Qi Jian, Zheng He Pentagon Fund, Hop-Fast, Rui Jian, Mr. QIN Jian, Mr. ZHU Chengbo, Ms. WANG Wenjun, Mr. DOU Wenwei, Mr. Law and ZH GP 5
“Main Board”	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange

DEFINITIONS

“Memorandum” / “Memorandum of Associations”	the amended and restated memorandum of association of our Company, conditionally adopted on April 19, 2018, with effect from the Listing Date, and as amended from time to time
“MIIT”	Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部)
“MOFCOM”	Ministry of Commerce of the PRC (中華人民共和國商務部)
“Mr. Law”	Mr. Law Siu Wah Eddie, one of our non-executive Directors and Controlling Shareholders
“NBS”	National Bureau of Statistics of the PRC (中華人民共和國國家統計局)
“NHC,” or formerly known as “NHFPC”	National Health Commission of the PRC (中華人民共和國國家衛生健康委員會), and formerly known as National Health and Family Planning Commission of the PRC (中華人民共和國國家衛生和計劃生育委員會)
“Offer Price”	the final price per Offer Share (exclusive of brokerage, SFC transaction levy and Stock Exchange trading fee), expressed in Hong Kong dollars, at which Hong Kong Offer Shares are to be subscribed for pursuant to the Hong Kong Public Offering and International Offer Shares are to be offered pursuant to the International Offering, to be determined as described in the section headed “Structure of the Global Offering — Pricing” in this prospectus, subject to any Downward Offer Price Adjustment
“Offer Share(s)”	the Hong Kong Offer Shares and the International Offer Shares together, where relevant, with any additional Shares to be sold by our Company pursuant to the exercise of the Over-allotment Option
“Operating Entities”	collectively, Ping An Health Cloud, Hefei Kuaiyijie, Jiangxi Nabaite, Jiangsu Nabaite, Pingan (Hefei) Internet Hospital, Pingan (Qingdao) Internet Hospital, Pingan (Yinchuan) Internet Hospital and Shanghai Hao Yi, the financial results of which have been consolidated and accounted for as subsidiaries of our Company by virtue of the Contractual Arrangements

DEFINITIONS

“Over-allotment Option”	the option expected to be granted by our Company to the International Underwriters, exercisable by the Joint Global Coordinators on behalf of the International Underwriters for up to 30 days from the day following the last day for the lodging of applications under the Hong Kong Public Offering, to require our Company to allot and issue up to 24,014,100 additional new Shares (representing in aggregate 15% of the initial Offer Shares) to, among other things, cover over-allocations in the International Offering, if any, details of which are described in the section headed “Structure of the Global Offering — Over-Allotment Option” in this prospectus
“PBOC”	the People’s Bank of China (中國人民銀行)
“Ping An” / “Ping An Insurance (Group)”	Ping An Insurance (Group) Company of China, Ltd. (中國平安保險(集團)股份有限公司), a company incorporated under the laws of PRC whose shares are dually listed on the Shanghai Stock Exchange and the Stock Exchange (SSE: 601318; SEHK: 2318). It is one of our Controlling Shareholders
“Ping An Asset Management”	Ping An Asset Management Co., Ltd. (平安資產管理有限責任公司), a company incorporated under the laws of the PRC on May 27, 2005, a subsidiary of Ping An
“Ping An Bank”	Ping An Bank Co., Ltd. (平安銀行股份有限公司), a company incorporated under the laws of the PRC on December 22, 1987, whose shares are listed on the Shenzhen Stock Exchange (SZSE: 000001), and is a subsidiary of Ping An
“Ping An Financial Technology”	Shenzhen Ping An Financial Technology Consulting Co., Ltd. (深圳平安金融科技諮詢有限公司), a company incorporated under the laws of PRC on April 16, 2008, and is a subsidiary of Ping An
“Ping An Health Cloud”	Ping An Health Cloud Company Limited (平安健康互聯網股份有限公司), a company incorporated under the laws of PRC on August 20, 2014 and is one of our Operating Entities
“Ping An Health Insurance”	Ping An Health Insurance Company of China, Ltd. (平安健康保險股份有限公司), a company incorporated under the laws of PRC on June 13, 2005 and a subsidiary of Ping An
“Ping An Healthcare Management”	Ping An Medical and Healthcare Management Co., Ltd. (平安醫療健康管理股份有限公司), a company incorporated under the laws of PRC on September 22, 2016 and a subsidiary of Ping An Financial Technology

DEFINITIONS

“Ping An Group”	Ping An and its subsidiaries
“Ping An Jin Guan Jia”	a mobile app of Ping An Life Insurance which serves as an online business and service platform of insurance and other services, launched in 2014
“Ping An Life Insurance”	Ping An Life Insurance Company of China, Ltd. (中國平安人壽保險股份有限公司), a company incorporated under the laws of PRC on December 17, 2002 and a subsidiary of Ping An
“Ping An Property & Casualty Insurance”	Ping An Property & Casualty Insurance Company of China, Ltd. (中國平安財產保險股份有限公司), a company incorporated under the laws of PRC on December 24, 2002 and a subsidiary of Ping An
“Pingan (Hefei) Internet Hospital”	Pingan (Hefei) Internet Hospital Company Limited (平安(合肥)互聯網醫院有限公司), a company incorporated under the laws of PRC on September 21, 2017, a wholly-owned subsidiary of Ping An Health Cloud and is one of our Operating Entities
“Pingan (Qingdao) Internet Hospital”	Pingan (Qingdao) Internet Hospital Company Limited (平安(青島)互聯網醫院有限公司), a company incorporated under the laws of PRC on April 24, 2017, a wholly-owned subsidiary of Ping An Health Cloud and is one of our Operating Entities
“Pingan (Yinchuan) Internet Hospital”	Pingan (Yinchuan) Internet Hospital Company Limited (平安(銀川)互聯網醫院有限公司), a company incorporated under the laws of PRC on March 12, 2018, a wholly-owned subsidiary of Ping An Health Cloud and is one of our Operating Entities
“PRC” or “China”	The People’s Republic of China. For the purposes of this document only and except where the context requires otherwise, excludes Hong Kong, Macau and Taiwan
“PRC Legal Advisor”	Haiwen & Partners, the PRC legal advisor to our Company
“Price Determination Agreement”	the agreement to be entered into among our Company and the Joint Global Coordinators (for themselves and on behalf of the Underwriters) at or about the Price Determination Date to record and fix the Offer Price
“Price Determination Date”	the date, expected to be on or about April 26, 2018 (Hong Kong time) and in any event no later than May 3, 2018, on which the Offer Price is to be fixed by an agreement between us and the Joint Global Coordinators (on behalf of the Underwriters)

DEFINITIONS

“Principal Share Registrar and Transfer Office”	Maples Fund Services (Cayman) Limited
“prospectus”	this prospectus being issued in connection with the Hong Kong Public Offering
“QIB”	a qualified institutional buyer within the meaning of Rule 144A
“Regulation S”	Regulation S under the U.S. Securities Act
“Reorganization”	the offshore and onshore reorganization as set out in “History, Reorganization and Corporate Structure — Corporate Reorganization”
“RMB” or “Renminbi”	Renminbi, the lawful currency of China
“Round A Investors”	the institutional investors in the Round A investment completed in April 2016 as set out in “History, Reorganization and Corporate Structure — Corporate Reorganization,” namely Hero Wall Limited, Jumbo Sheen Fund No.1 LP, Guotai Junan Universal Investment Funds SPC acting for an on behalf of and for the account of Guotai Junan PE Investment Fund No.1 SP, JICC Wealth Growth Fund L.P., New Alliance RR Limited, Redmount Investments Limited, ClearVue Partners II, L.P., China Mobile Fund (中移創新產業基金(深圳)合夥企業(有限合夥)), Harmony Field Ltd., Hero Treasure International Limited, LYFE Capital Mountain Review (Hong Kong) Limited and Regent Capital Venture Ltd.
“Rui Jian”	Rui Jian Limited (銳鍵有限公司), a company incorporated under the laws of BVI on September 27, 2017, which is held by Mr. QIN Jian as to 50.1% and Mr. ZHU Chengbo as to 49.9% and is one of our Controlling Shareholders
“Rule 144A”	Rule 144A under the U.S. Securities Act
“SAFE”	State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
“SAIC”	State Administration for Industry & Commerce of the PRC (中華人民共和國國家工商行政管理總局)
“SEC”	the Securities and Exchange Commission of the United States
“SFC”	The Securities and Futures Commission of Hong Kong

DEFINITIONS

“Shanghai Hao Yi”	Shanghai Hao Yi Smart Technology Company Limited (上海滹醫智能科技有限公司), a company incorporated under the laws of PRC on November 21, 2017, a subsidiary of Ping An Health Cloud and one of our Operating Entities
“Shanghai Pingan Health Culture”	Shanghai Pingan Health Culture Communication Company Limited (上海平安健康文化傳播有限公司), a company incorporated under the laws of PRC on November 21, 2016, one of our subsidiaries
“Shareholder(s)”	holder(s) of our Shares
“Share(s)”	ordinary share(s) in the share capital of our Company with a par value of US\$0.00001 each before share subdivision and with a par value of US\$0.000005 after share subdivision
“Stabilizing Manager”	UBS AG Hong Kong Branch (or any of its affiliates or any person acting for it)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary(ies)”	has the meaning ascribed thereto in section 15 of the Companies Ordinance
“Substantial shareholder(s)”	has the meaning ascribed thereto in the Listing Rules
“Track Record Period”	2015, 2016 and 2017
“Underwriters”	the Hong Kong Underwriters and the International Underwriters
“Underwriting Agreements”	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
“United States,” “U.S.” or “US”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“US\$”	United States dollars, the lawful currency of the United States
“U.S. Securities Act”	United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
“VIE” or “VIEs”	variable interest entity or variable interest entities
“Vision Fund Singapore SPV”	SVF Ping Subco (Singapore) PTE. Ltd., a company incorporated under the laws of Singapore on December 8, 2017, one of our Shareholders
“Wanjia Healthcare”	Ping An Wanjia Healthcare Investment Management Co., Ltd. (平安萬家醫療投資管理有限責任公司), a company incorporated under the laws of PRC on July 4, 2016 and a subsidiary of Ping An

DEFINITIONS

“ WHITE Application Form(s)”	the form of application for the Hong Kong Offer Shares for use by the public who require such Hong Kong Offer Shares to be issued in the applicants’ own name
“White Form eIPO”	the application for Hong Kong Offer Shares to be issued in the applicant’s own name, submitted online through the designated website of the www.eipo.com.hk
“White Form eIPO Service Provider”	Computershare Hong Kong Investor Services Limited
“Withdrawal Mechanism”	a mechanism which requires the Company, among other things, to (a) issue a supplemental prospectus as a result of material changes in the information (e.g., the Offer Price) in the prospectus; (b) extend the offer period and allow potential investors, if they so desire, to confirm their applications using an opt-in approach (i.e., requiring investors to positively confirm their applications for shares despite the changes)
“ YELLOW Application Form(s)”	the form of application for the Hong Kong Offer Shares for use by the public who require such Hong Kong Offer Shares to be deposited directly into CCASS
“ZH GP 5”	ZH GP 5 Limited, an exempted Company incorporated in the Cayman Islands on November 25, 2015 and one of our Controlling Shareholders
“Zheng He Health”	Zheng He Health and Medical Resources Limited, a company incorporated under the laws of BVI on November 24, 2015, and is ultimately controlled by Mr. Law
“Zheng He Pentagon Fund”	Zheng He Pentagon Fund L.P., an exempted limited partnership incorporated in Cayman Islands on November 27, 2015 and is one of our Controlling Shareholders
“Zhongyikang”	Jiangsu Zhongyikang Pharmaceutical Company Limited (江蘇眾益康醫藥有限公司), a company incorporated under the laws of the PRC on December 14, 2006, a wholly-owned subsidiary of Kang Jian
“%”	per cent

Unless otherwise expressly stated or the context otherwise requires, all data in this prospectus is as of the date of this prospectus.

The English names of the PRC entities, PRC laws or regulations, and the PRC governmental authorities referred to in this prospectus are translations from their Chinese names and are for identification purposes. If there is any inconsistency, the Chinese names shall prevail.

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

GLOSSARY OF TECHNICAL TERMS

This glossary of technical terms contains explanations of certain technical terms used in this prospectus. As such, these terms and their meanings may not correspond to standard industry meanings or usage of these terms.

“AI”	artificial intelligence, the use of machine to aid or replace human in doing certain tasks by simulating the sight, hearing, senses and thinking of human
“AI Assistant”	an AI-assisted system for our online consultation services
“API”	application programming interface
“associate-chief doctor”	the second professional rank for doctors (副主任醫師) in China; an associate-chief doctor may supervise attending and resident doctors, direct research work of a specific field, and typically handle complex medical cases
“attending doctor”	the third professional rank for doctors (主治醫師) in China; an attending doctor may supervise resident doctors and typically undertake medical treatment, teaching, research and disease prevention work
“B2C”	business-to-customer
“CAGR”	compound annual growth rate
“chemical drug(s)”	medicines created by means of chemistry or obtained by chemical processes
“chief doctor”	the highest professional rank for doctors (主任醫師) in China; a chief doctor is generally in charge of a specific clinical department
“Class III hospitals”	multi-regional hospitals with large capacity that provide multiple regions with high-quality professional medical services, undertake higher education and scientific research initiatives, which are designated as Class III hospitals by the NHFPC hospital classification system
“Class III Grade A hospitals”	hospitals of the top level in the NHFPC hospital classification system
“consultations”	in the context of describing our family doctor services, comprises online medical and wellness consultations or inquires

GLOSSARY OF TECHNICAL TERMS

“G7 countries”	a group of countries with advanced economies in the world consisting of Canada, France, Germany, Italy, Japan, the United Kingdom and the United States
“GDP”	gross domestic product
“GMV”	gross merchandise volume, the total value of all orders placed on our mobile platform, including orders for products and services placed in our health mall business under both the direct sales and marketplace models, regardless of whether the goods are sold or delivered or whether the goods are returned
“IM”	instant messaging
“IP”	intellectual property
“ISO”	an acronym for a series of quality management and quality assurance standards published by the International Organization for Standardization, a non-government organization based in Geneva, Switzerland, for assessing the quality systems of business organizations
“IT”	information technology
“MAUs”	monthly active users who access services or products through mobile apps, plug-ins, WAP or other channels at least once during a calendar month; for the definition of our MAUs, see “Business — Our Customers”
“MPUs”	monthly paying users, meaning the number of users that purchase our products and/or services on our platform through mobile app, WAP or plug-in channels at least once during a calendar month
“OTC medicine(s)”	drugs which may, upon receiving the CFDA’s approval, be sold over the counter in China at dispensers, pharmacies or retail outlets without requiring a prescription by a medical practitioner
“our mobile platform”	consists of our mobile app, WAP website and plug-in channels
“primary care”	the day-to-day healthcare given by a healthcare provider, who typically acts as the first contact and principal point of continuing care for patients within a healthcare system, and coordinates other specialist care that the patient may need
“PV”	page view

GLOSSARY OF TECHNICAL TERMS

“resident doctor”	a resident doctor must have a medical degree, and may undertake basic tasks such as patient’s medical record preparation and practice medicine under the supervision of attending doctors or other superiors
“SKU”	stock keeping unit, offered through our online direct sales and on our online marketplace. The number of SKUs does not represent the number of distinct products offered through our health mall. We may assign different SKUs to the same product if it is sourced from different suppliers or if it is sold both via our direct sales and online marketplace or by more than one supplier or marketplace vendor.
“SPV”	special purpose vehicle
“TCM”	traditional Chinese medicine, a type of drug where the active ingredients come from or are derived from natural plants, animals or minerals
“WAP”	wireless application protocol, referring to access via a mobile browser using this protocol

FORWARD-LOOKING STATEMENTS

This prospectus includes forward-looking statements. All statements other than statements of historical facts contained in this prospectus, including, without limitation, those regarding our future financial position, our strategy, plans, objectives, goals, targets and future developments in the markets where we participate or are seeking to participate, and any statements preceded by, followed by or that include the words “believe,” “expect,” “estimate,” “predict,” “aim,” “intend,” “will,” “may,” “plan,” “consider,” “anticipate,” “seek,” “should,” “could,” “would,” “continue,” or similar expressions or the negative thereof, are forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors, some of which are beyond our control, which may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. These forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Important factors that could cause our actual performance or achievements to differ materially from those in the forward-looking statements include, among other things, the following:

- general political and economic conditions, including those related to the PRC;
- our ability to successfully implement our business plans and strategies;
- future developments, trends and conditions in the industry and markets in which we operate or into which we intend to expand;
- our business operations and prospects;
- our capital expenditure plans;
- the actions and developments of our competitors;
- our financial condition and performance;
- capital market developments;
- our dividend policy;
- any changes in the laws, rules and regulations of the central and local governments in the PRC and other relevant jurisdictions and the rules, regulations and policies of the relevant governmental authorities relating to all aspects of our business and our business plans; and
- various business opportunities that we may pursue.

Additional factors that could cause actual performance or achievements to differ materially include, but are not limited to, those discussed in “Risk Factors” and elsewhere in this prospectus. We caution you not to place undue reliance on these forward-looking statements, which reflect our management’s view only as of the date of this prospectus. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this prospectus might not occur. All forward-looking statements contained in this prospectus are qualified by reference to the cautionary statements set out in this section.

RISK FACTORS

You should carefully consider all of the information in this prospectus, including the risks and uncertainties described below, before making an investment in our Shares. These risks could materially and adversely affect our business, financial condition and results of operations. The trading price of our Shares could significantly decrease due to any of these risks, and you may lose all or part of your investment. You should pay particular attention to the fact that most of our operations are conducted in the PRC, which is governed by a legal and regulatory environment that may differ significantly from that of other countries. For more information concerning the PRC and certain related matters discussed below, see “Regulatory Environment” and “Appendix III — Summary of the Constitution of the Company and Cayman Companies Law.”

These factors are contingencies that may or may not occur, and we are not in a position to express a view on the likelihood of any such contingency occurring. The information given is as of the Latest Practicable Date unless otherwise stated, will not be updated after the date hereof, and is subject to the cautionary statements in “Forward-looking Statements.”

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

Maintaining customers’ trust in our ecosystem is critical to our success, and any failure to do so could severely damage our reputation and brand.

We have developed a comprehensive platform that connects users with various healthcare providers and delivers cost-effective and customized healthcare solutions, and have cultivated a vibrant ecosystem around it. We have been building our brand name and reputation for our ecosystem as we believe that our ability to maintain customers’ trust in our ecosystem is critical to our success in the rapidly expanding Internet healthcare market in the PRC and globally. Our ability to maintain customers’ trust in our ecosystem is primarily affected by the following factors:

- our ability to maintain superior customer experience and the quality of services and products provided through our platform, including the delivery of care;
- the breadth of offerings of our services and products and their efficacy in addressing our customers’ needs and meeting their expectations;
- the reliability, security and functionality of our platform;
- our ability to adopt new technologies or adapt our information infrastructure to changing user requirements or emerging industry standards;
- the strength of our consumer protection measures; and
- our ability to increase brand awareness among existing and potential customers through various marketing and promotional activities.

Any loss of trust in our ecosystem could harm the value of our brand and reputation, and result in participants ceasing to utilize our platform as well as reducing the level of their activity in our ecosystem, which could materially and adversely affect our business, financial condition and results of operations. Furthermore, there can be no assurance that our brand promotion efforts would be effective. Such efforts may be expensive, which may, in turn, materially and adversely affect our financial condition and results of operations.

RISK FACTORS

Any negative review, comment or allegation about our Company, our in-house medical team, external doctors, hospital network, service providers in our consumer healthcare business, direct sales suppliers and marketplace vendors, among others, or services and products offered over our platform by the media, on social networks or other public online forums may harm our brand, reputation and public image. We may also face challenges from others seeking to profit from, or defame, our brand. Any of the foregoing may result in loss of potential and existing customers or business partners for our ecosystem and, in turn, have a material adverse effect on our business, financial condition, results of operations and prospects.

We are in the early stage of development with a limited operating history in an emerging and dynamic industry, and our historical results of operations and financial performance are not indicative of future performance.

We operate in the emerging and dynamic Internet healthcare market in the PRC. The Internet healthcare market is relatively new and it is uncertain whether it would achieve and sustain high levels of demand, consumer acceptance and market adoption. Risks and challenges we may face in this emerging and dynamic industry include our ability to, among other things:

- develop and maintain relationships with our existing business partners and attract new business partners to our ecosystem;
- enhance and maintain the value of our brand;
- navigate an evolving regulatory environment;
- develop and launch diversified and distinguishable products to effectively address the needs of our users and ecosystem participants, by collaborating with third-party insurers;
- attract more commercial insurers or connect to the social medical insurance system;
- grow our customer base and enhance our user engagement in a cost-efficient manner;
- develop or implement additional strategic initiatives to further enhance monetization;
- maintain a reliable, secure, high-performance and scalable technology infrastructure;
- maintain our innovative corporate culture and continue to attract, retain and motivate talented employees; and
- defend ourselves against litigation, regulatory interference, claims concerning intellectual property, privacy or other aspects of our business.

If we fail to address any of the foregoing risks and challenges, our business, financial condition and results of operations may be materially and adversely affected.

Meanwhile, we launched our mobile app in April 2015 and have a limited operating history. In 2015, 2016 and 2017, our revenue was RMB278.7 million, RMB601.5 million and RMB1,868.0 million, respectively, and we experienced losses of RMB323.7 million, RMB758.2 million and RMB1,001.6 million, respectively. Our historical results and growth may not be indicative of our future performance. Nevertheless, there can be no assurance that we would be able to generate profits in the future. Our ability to achieve profitability is affected by a variety of factors, many of which are beyond our control, and our results of operations may vary from period to period in response.

RISK FACTORS

Consequently, our medical and wellness services and products also have a short operating history. Their past profitability may not be indicative of their future profitability, which may be subject to many factors beyond our control, such as the receptiveness of our customers and performance of third parties in our ecosystem.

Our relatively short operating history, together with the emerging and dynamic characteristics of the Internet healthcare industry, makes it difficult to assess our future prospects or forecast our future results. In addition, as our business develops and in response to competition and changes in the industry and regulatory environment, we may continue to introduce new products, improve our existing products or adjust and optimize our business model. There can be no assurance that we may be able to achieve the expected results for any such changes, and our financial condition and results of operations may be materially and adversely affected as a result. In particular, our various monetization strategies are new and evolving, some of which are still at the inception or trial stage and may prove unsuccessful. If our current or future monetization strategies do not succeed as we anticipate, we may not be able to maintain or increase our revenue, generate profits or achieve positive operating cash flows, which may materially and adversely affect our business, financial condition and results of operations.

We are subject to extensive and evolving regulatory requirements, non-compliance with which, or changes in which, may materially and adversely affect our business and prospects.

Due to the complex nature of our business, we are subject to legal and regulatory requirements of multiple industries in the PRC. These industries primarily include the Internet, healthcare, and Internet healthcare industries.

Various regulatory authorities of the PRC government are empowered to promulgate and implement regulations governing broad aspects of the Internet and healthcare industries. In respect of the healthcare industry, in particular, any violation of the relevant laws, rules and regulations may result in harsh penalties and, under certain circumstances, lead to criminal prosecution.

Meanwhile, the regulations of both the Internet industry and its Internet healthcare sector are relatively new and evolving, and their interpretation and enforcement involve significant uncertainty. As a result, under certain circumstances, it may be difficult to determine what actions or omissions would be deemed in violation of applicable laws and regulations. These uncertainties entail risks that may materially and adversely affect our business prospects. See “— Our past settlement practice may be deemed as payment activity without license and involves legal risk” and “— In view of the uncertainties under applicable PRC laws, our past cooperation with offline medical institutions may be deemed as conducting diagnostic and treatment businesses without license and involves legal risk.” In a regulatory climate that is uncertain, our operations may be subject to direct and indirect adoption, expansion or reinterpretation of various laws and regulations. Compliance with these future laws and regulations may require us to change our business models and practices at an undeterminable and possibly significant financial cost. These additional monetary expenditures may increase future overhead, which may, in turn, have a material adverse effect on our business, financial condition and results of operations.

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We have identified what we believe are the primary areas of government regulation that, if changed, would be costly to us. These areas include, but are not limited to, value-added telecommunications services, administration of medical practitioners and medical institutions, sales, supply, distribution and advertising of pharmaceutical products and medical devices, online medical treatment, online operations of pharmaceutical products, production of radio and television programs, Internet culture operations, Internet advertising, cybersecurity and confidentiality of user information as well as prepaid cards. See “Regulatory Environment.” There could be other laws and regulations applicable to our business that we have not identified or that, if changed, may be costly to us, and we cannot predict all the ways in which implementation of such laws and regulations may affect us.

Due to the uncertainty and complexity of the regulatory environment, we cannot assure you that subsequent laws and regulations would not render our operations non-compliant or that we would always be in full compliance with applicable laws and regulations. In the event that we must remedy any violations, we may be required to modify our business models as well as product and service offerings in a manner that undermines our solution’s attractiveness to our users. We may also become subject to fines or other penalties or, if we determine that the requirements to operate in compliance are overly burdensome, we may elect to terminate the non-compliant operations. In each case, our business, financial condition and results of operations may be materially and adversely affected.

Furthermore, the introduction of new services and products may require us to comply with additional, yet undetermined, laws and regulations. Compliance may require obtaining appropriate permits, licenses or certificates as well as expending additional resources to monitor developments in the relevant regulatory environment. The failure to adequately comply with these future laws and regulations may delay, or possibly prevent, some of our products or services from being offered to users, which may have a material adverse effect on our business, financial condition and results of operations.

If we are unable to compete effectively, our business, financial condition and results of operations may be materially and adversely affected.

While the PRC Internet healthcare market is in an early stage of development, it is, and is expected to be, increasingly competitive. We currently face competition in the PRC Internet healthcare industry from other companies. Our competitors may have longer operating histories, greater brand recognition, better supplier relationships, larger customer bases or greater financial, technological or marketing resources than we do. As a result, our competitors may be able to respond more quickly and effectively to new or changing opportunities, technologies, standards or customer requirements than us and may have the ability to initiate or withstand significant regulatory changes and industry evolution. Competition from our competitors may also result in continued pricing pressures, which is likely to lead to price declines in certain of our product or service lines, and may, in turn, adversely affect our profitability and market share.

Meanwhile, new competitors or alliances that have greater market share, larger customer bases, more widely adopted proprietary technologies, greater marketing expertise, greater financial resources and larger sales forces than us may emerge, which could put us at a competitive disadvantage. In light

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of these factors, even if our solution is more effective than those of our competitors, current or potential customers may accept competitive solutions in lieu of ours. If we are unable to successfully compete in the Internet healthcare market, our business, financial condition and results of operations may be materially and adversely affected.

Our business generates and processes a large amount of data, and the improper use or disclosure of such data could harm our reputation as well as have a material adverse effect on our business and prospects.

Our platform generates and processes a large amount of personal, transaction, demographic and behavioral data. Sensitive user information in our business operations is stored in the Internet data center established and owned by us. Such information includes, but is not limited to, personal information (such as user name, cell phone number, delivery address, age and gender), consultation record, order record and activity log. We have kept all sensitive user information in our database such as order record and consultation record since inception. We face risks inherent in handling large volumes of data and in securing and protecting such data. In particular, we face a number of data-related challenges from consultations, transactions and other activities on our platform, including:

- protecting the data in and hosted on our system, including against attacks on our system by external parties or improper behavior by our employees;
- addressing concerns related to privacy and sharing, safety, security and other factors; and
- complying with applicable laws, rules and regulations relating to the collection, use, disclosure or security of personal information, including any requests from regulatory and government authorities relating to such data.

Any systems failure or security breach or lapse that results in the unauthorized release of our user data could harm our reputation and brand and, consequently, our business, in addition to exposing us to potential legal liability.

In the PRC, the rules governing the collection, use, disclosure or security of personal information are separately stipulated in various laws, regulations and rules. On November 7, 2016, the Cyber Security Law was promulgated by the Standing Committee of the National People’s Congress, as the PRC’s first basic law comprehensively regulating cyberspace security management. For further details, see “Regulatory Environment — Regulations Relating to Information Security and Confidentiality of User Information.”

Our terms of service concerning the collection, use and disclosure of user data are posted on our mobile app. For details, see “Business — Risk Management and Internal Control — Operational Risk Management.” As advised by our PRC Legal Advisor, we are not in violation of the applicable PRC laws, rules and regulations relating to the collection, use, disclosure or security of personal information in any material respect. Any failure, or perceived failure, by us to comply with our privacy policies or any applicable regulatory requirements or privacy protection-related laws, rules and

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regulations could result in proceedings or actions against us by governmental entities or others. These proceedings or actions may subject us to significant penalties and negative publicity, require us to change our business model or practices, increase our costs and severely disrupt our business. As we expand our operations, we may be subject to additional laws in other jurisdictions where our users and business partners of our ecosystem are located. The laws, rules and regulations of other jurisdictions may impose on us more stringent or conflicting requirements with harsh penalties for non-compliance than those in the PRC, and the compliance with such requirements could require significant resources and result in substantial costs, which may materially and adversely affect our business, financial condition, results of operations and prospects.

We may become subject to medical liability claims, which could cause us to incur significant expenses and be liable for significant damages if not covered by insurance.

We face risks of medical liability claims against our in-house medical team, external doctors and us. Although we carry insurance covering medical malpractice claims in amounts that we believe are appropriate in light of the risks attendant to our business, successful medical liability claims could result in substantial damage awards that may exceed the limits of our insurance coverage. We carry professional liability insurance for our in-house medical team and external doctors in relation to the provision of consultation services over our platform. See “Business — Insurance.” Professional liability insurance premiums may increase significantly in the future, particularly as we expand our services. As a result, adequate professional liability insurance may not be available to our in-house medical team, external doctors or us in the future on commercially acceptable terms, or at all.

Any claims made against us that are not fully covered by insurance could be costly to defend against, result in substantial damage awards against us and divert the attention of our management and our in-house medical team and external doctors from our operations, which could have a material adverse effect on our business, financial condition, results of operations and reputation.

We may not be able to manage the growth of our business and operations or implement our business strategies on schedule or within our budget, or at all.

Our business has become increasingly complex in terms of both the type and scale of business we operate. Any expansion may increase the complexity of our operations and place a significant strain on our managerial, operational, financial and human resources. Our current and planned personnel, systems, procedures and controls may not be adequate to support our future operations. We cannot assure you that we will be able to effectively manage our growth or to implement all these systems, procedures and control measures successfully. If we are not able to manage our growth effectively, our business and prospects may be materially and adversely affected.

We are also continually executing a number of growth initiatives, strategies and operating plans designed to enhance our business. In particular, we are implementing a number of monetization strategies to boost our revenue growth, including promoting fee-for-service consultations and launching new products and services such as health membership plans and beauty care service packages. These monetization strategies are new and evolving, some of which are still at the inception

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or trial stage and may prove unsuccessful. For example, it may take longer time than expected for us to reshape user behavior and convert demand for free consultations to that for fee-for-service consultations, or for our users to accept the newly launched products and services. In addition, it may take longer time for us to educate or incentivize Ping An Life Insurance Agents to refer our health membership plans and beauty care service packages to their customers or expand the aesthetic center network to meet the increasing demand for our beauty care services.

Meanwhile, as part of our business strategies, we expect to further expand our business globally, which may expose us to additional risks, including, among other things:

- difficulties with managing operations into new geographical regions, including complying with the various regulatory and legal requirements of different jurisdictions;
- different approval or licensing requirements;
- recruiting sufficient personnel in these new markets;
- challenges in providing services and products as well as supports in these new markets;
- challenges in attracting business partners and customers and remaining competitive;
- potential adverse tax consequences;
- foreign exchange losses;
- limited protection for intellectual property rights;
- inability to effectively enforce contractual or legal rights; and
- local political, regulatory and economic instability or civil unrest.

If we are unable to effectively avoid or mitigate these risks, our ability to expand our business globally will be affected, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

The anticipated benefits from these efforts are based on assumptions that may prove to be inaccurate. Moreover, we may not be able to successfully complete these growth initiatives, strategies and operating plans and realize all of the benefits that we expect to achieve or it may be more costly to do so than we anticipate. If, for any reason, the benefits we realize are less than our estimates or the implementation of these growth initiatives, strategies and operating plans adversely affect our operations or cost more or take longer to effectuate than we expect, or if our assumptions prove inaccurate, our business, financial condition and results of operations may be materially and adversely affected.

We have incurred operating losses in the past, expect to incur operating losses in the future, and may not be able to achieve or maintain profitability.

We began commercial operations in 2015 and, during the Track Record Period, had experienced net losses, negative cash flows from operations and net current liabilities. In 2015, 2016 and 2017, we had a net loss of RMB323.7 million, RMB758.2 million and RMB1,001.6 million, respectively. During the same years, we had negative operating cash flows of RMB44.9 million, RMB263.1 million and RMB483.9 million, respectively. As of December 31, 2015, we had net current liabilities of RMB164.5 million. We expect our operating expenses to increase in the future as we expand our operations. Furthermore, after the Listing, we may incur additional compliance, accounting, and other expenses that we did not incur as a private company. If our revenue does not grow at a greater rate than our

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expenses, we may not be able to achieve and maintain profitability. We may incur considerable losses in the future for various reasons, many of which may be beyond our control. Additionally, we may encounter unforeseen expenses, operating delays, or other unknown factors that may result in losses in the future. If our cost of sales and expenses continuously exceed our revenue, our business may be materially and adversely affected and we may not be able to achieve or maintain profitability.

We have built a close business relationship with Ping An Group, and our interests may not be aligned with those of Ping An Group.

We have built a close business relationship with Ping An Group. We have entered into various framework agreements with Ping An governing the transactions between us and Ping An Group and/or its associates, which include, but are not limited to, provision of our medical and wellness services and products to Ping An Group and its associates, and the procedural and commoditized services provided by Ping An and/or associates in support of our operations. In 2015, 2016 and 2017, the sales amount relating to our products and services subscribed by Ping An and its close associates was RMB288.2 million, RMB478.4 million and RMB1,108.3 million, respectively. In 2015, 2016 and 2017, our revenue attributable to services and products subscribed by Ping An and its close associates was RMB235.0 million, RMB256.5 million and RMB896.2 million, accounting for 84.3%, 42.7% and 48.0% of our total revenue, respectively. In addition, Ping An's Life Insurance Agents refer certain of our services and products to customers for purchase. Such referral arrangement has minimum involvement of Ping An. Under these arrangements, when the Life Insurance Agents discover that the customers may have a need for or interest in our products and services, the Life Insurance Agents will direct these customers to the links and pages of our products and services. In 2015, 2016 and 2017, the total sales amount of our products and services was RMB401.9 million, RMB951.2 million and RMB2,102.3 million, respectively. In 2015, 2016 and 2017, the sales amount attributable to services and products to customers referred by Ping An's Life Insurance Agents was RMB105.6 million, RMB330.8 million and RMB375.6 million, respectively, accounting for approximately 26%, 35% and 18% of the Company's total sales amount, respectively. It would be more appropriate to use "sales amount" instead of "total revenue" for demonstrating the significance of the transaction to the Company. That the term "sales amount" is used for the transaction amount and percentage calculation for the services/products subscribed by customers referred by Ping An's Life Insurance Agents as the numerator and denominator, instead of total revenue, is primarily because "sales amount" is capable of reflecting the actual transacted amount between the Company and the customers referred by Ping An's Life Insurance Agents, whereas total revenue is not, as it excludes the values of services which have been paid for by such customers but have not been performed by the Company before expiration. See "Relationship with Our Controlling Shareholders — Independence from Ping An — Operational Independence — Product and service referral arrangement with the Life Insurance Agents" and "Connected Transactions." We expect these connected transactions to continue and the subsidiaries and associates of Ping An Group to continue to be our significant customers.

For example, we entered into service-level agreements with Ping An Life Insurance to provide medical and wellness services and products through Ping An Jin Guan Jia in return for a service fee to be paid periodically by Ping An Life Insurance. We also provide An Kang and An Xiang value-added service packages to certain insurance policyholders of Ping An Health Insurance. We offer our health

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check-up service packages to member companies of Ping An Group for the benefit of their employees. In addition, member companies and associates of Ping An Group purchase products on our health mall. We also contracted with Ping An Group for advertisement of its services and products over our platform. See “Business — Our Solution.”

Furthermore, we acquire a substantial number of users through the collaboration with Ping An Group. See “Business — Our Distribution Channels.” Certain member companies of Ping An Group may also refer our services and products to their customers. Some of our individual customers may also be employees of Ping An Group and its associates. We also offer “Health 360” membership plans to Ping An Life Insurance policyholders where these customers can opt in for such Health 360 plans upon purchase of Ping An Life Insurance plans.

Accordingly, with respect to our collaboration with Ping An Group and its associates, our ability to obtain new customers and generate revenue is associated with our relationship with Ping An Group. Any deterioration in such relationship could have a material adverse effect on our collaboration with Ping An Group.

Meanwhile, our interests may not be aligned with those of Ping An Group in a number of areas relating to our ongoing relationships, such as potential disputes arising from various framework agreements with Ping An, allocation of business opportunities and developing business relationships with Ping An Group’s competitors, among other things.

Although our Company will become a stand-alone listed company, we expect to operate, for as long as Ping An is one of our Controlling Shareholders, as an associate of Ping An Group. Ping An Group may from time to time make strategic decisions that it believes are in the best interests of its business and shareholders as a whole. These decisions may be different from the decisions that we would have made on our own. As a Controlling Shareholder that is able to exercise more than 30% voting power in us, Ping An’s decisions with respect to us or our business may be resolved in ways that favor Ping An and its shareholders, which may not necessarily coincide with our interests and the interests of our other Shareholders. We have established an Audit and Risk Committee under the Board, and the majority of its members are independent non-executive Directors, to review and approve all proposed connected transactions as defined in the Listing Rules, including any transactions between us and Ping An and/or its associates. However, we may not be able to resolve all potential misalignments in interests, and even if we do so, the resolution may be less favorable to us than if we were dealing with a non-controlling shareholder.

The use of the “Ping An” brand name by other members of Ping An Group may expose us to reputational risks if these entities take actions that damage the “Ping An” brand name.

Ping An Group, one of our Controlling Shareholders, is a large financial service provider of insurance, banking, asset management and internet finance products and services in the PRC. As the “Ping An” brand name is shared by us and members of Ping An Group, if we or these entities or our or their respective directors, management personnel or other employees take any action that damages

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the “Ping An” brand name or its corporate image, or if any material negative publicity is associated with any of them, for example, as a result of regulatory investigations into, or other proceedings involving, wrongdoing or corrupt practices engaged by any such directors, management personnel or employees, our brand image and reputation as well as our market value may be adversely affected.

If our solution does not drive customers’ engagement or if we fail to provide superior customer experience, our business and reputation may be materially and adversely affected.

Our business is highly dependent on the receptiveness of our customers to our services and products as well as their willingness to use, and to increase the frequency and extent of their utilization of, our solution. Their degree of receptiveness to our services and products depends on a number of factors, including the demonstrated accuracy and efficacy of our offerings compared to those of others, turnaround time, cost-effectiveness, convenience and marketing support. In addition, negative publicity concerning our solution or the Internet healthcare market as a whole could limit market acceptance of our solution, especially that of the online consultation business in our family doctor services segment. Meanwhile, there can be no assurance that our efforts and ability to demonstrate the value of our solution and the relative benefits of our services and products over those of our competitors to our customers would be successful. We may fail to achieve an adequate level of acceptance by our customers of our services and products, and we may not be able to effectively expand the registered user base, promote user engagement or convert existing registered users to active users. Consequently, our business may not develop as expected, or at all, and our business, financial condition or results of operations may be materially and adversely affected.

The success of our business also hinges on our ability to provide superior customer experience, which depends on our ability to continue to deliver quality care to our users, to maintain the quality of our services and products, to source services and products that are responsive to customer demands, and to provide timely and reliable delivery, flexible payment options and superior after-sales services. Such ability, in turn, depends on a variety of factors beyond our control. In particular, we rely on a number of third parties in the provision of our services and products. Their failure to provide high-quality customer experience to our customers may adversely affect our customers’ receptiveness of, and willingness to utilize, our solution, which may damage our reputation and cause us to lose customers.

In addition, we operate a customer service center to provide real-time assistance to our customers. If our customer service representatives fail to provide satisfactory service, or if waiting times are too long due to high volume of inquiries from customers at peak times, our brand and customer loyalty may be adversely affected. Moreover, any negative publicity or poor feedback on our customer service may harm our brand and reputation and, in turn, cause us to lose customers and market share.

We may not be able to develop our existing information infrastructure and technologies or recoup the investments we have made for such development, and failure to continue to innovate or adapt to industry changes may materially and adversely affect our business, financial condition, results of operations and prospects.

The Internet healthcare industry is characterized by rapidly changing technology, evolving industry standards and regulatory requirements, introductions of new services and products as well as

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changing customer demands. We are also subject to other changes and developments of the Internet healthcare, Internet, healthcare and other industries in which we operate. These changes and developments may require us to continue to innovate, and failure to do so would have a material adverse effect on our business, financial condition and results of operations.

We may need to constantly upgrade our information infrastructure to provide increased scale, improved performance and additional built-in functionality of our platform and to keep pace with our business development, which may require significant investments in time and resources, including adding new hardware, updating software and recruiting and training new engineering personnel. Failure to improve our information infrastructure accordingly may materially affect our ability to adopt new services and products, and could result in unanticipated system disruptions, slow response times and impaired quality of our users' and other participants' experiences, which may, in turn, materially and adversely affect our business, financial condition, results of operation, prospects and reputation.

Meanwhile, we have been enhancing our technological capabilities and developing a number of technologies to support our ecosystem. If we experience problems with the functionality and effectiveness of our technologies in the course of development, or if we are unable to continually improve our technologies to handle our business needs as expected, our business, financial condition, results of operation, prospects and reputation could be materially and adversely affected.

Furthermore, we invested during the Track Record Period, and are expected to continually invest, significant amounts in upgrading our information infrastructure and developing our technologies. We are likely to recognize costs associated with these investments earlier than some of the anticipated benefits and the return on these investments may be lower, or may develop more slowly, than we expected. We may not be able to recover our capital expenditures or investments, in part or in full, or the recovery of these capital expenditures or investments may take longer than expected. As a result, the carrying value of the related assets may be subject to an impairment charge, which may materially and adversely affect our financial condition and results of operations.

Our self-developed technologies are complex and may contain undetected errors or may not operate properly, which could adversely affect our business, financial condition and results of operations.

Our self-developed technology platform provides our users and other participants in our ecosystem with the ability to conduct a variety of actions essential to the operations of our business and the delivery of our solution. Self-developed technology development is time-consuming, expensive and complex, and may involve unforeseen difficulties. We may encounter technical obstacles, and it is possible that we may discover additional problems that prevent our technologies from operating properly and consequently adversely affect our information infrastructure and other aspects of our business where our technologies are applied. If our solution does not function reliably or fails to achieve customers' and business partners' expectations in terms of performance, we may lose existing, or fail to attract new, customers or business partners, which may damage our reputation and adversely affect our business.

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Moreover, data services are complex and those we offer may develop or contain undetected defects or errors. Material performance problems, defects or errors in our existing or new software and applications and services may arise in the future and may result from interface between our solution and systems and data that we did not develop and the function of which is beyond our control or undetected in our testing. These defects and errors, and any failure by us to identify and address them, could result in loss of revenue or market share, diversion of development resources, harm to our reputation and increased service and maintenance costs. Defects or errors may discourage existing or potential customers from utilizing our solution. Correction of defects or errors could prove to be impossible or impracticable. The costs incurred in correcting any defects or errors may be substantial and could have a material adverse effect on our business, financial condition and results of operations.

Our failure to properly manage participants in our ecosystem may materially and adversely affect our business.

We rely on various participants, including, but not limited to, medical professionals, service providers and product suppliers and vendors, in the provision of services and products in our ecosystem, and the success of our business depends on our ability to properly manage them.

We consider a variety of factors before entering into contractual arrangements with them. Nevertheless, we have limited control over the quality of work and performance of our ecosystem participants in their provision of services and products over our mobile platform, and they may breach such contractual arrangements and subject us to claims and liabilities that may affect our business operations.

We have also implemented quality control standards and procedures to manage their work and performance in our ecosystem. However, there can be no assurance that our monitoring of their work and performance would be sufficient to control the quality of their work. In the event that a third party fails to meet our quality and operating standards contracted in our agreements or as required by relevant PRC laws and regulations, our operations may suffer and our business, financial condition and results of operations may be materially and adversely affected. Furthermore, because of the contractual relationships, we could be perceived as responsible for the actions of such participants and, as a result, suffer reputational damage. This may adversely affect our ability to attract new business partners and to engage them as providers of our healthcare solution.

In particular, our in-house medical team, external doctors, hospitals and other medical institutions, as well as healthcare institutions, may provide sub-standard services, mishandle sensitive information, engage in other misconduct or commit medical malpractice, which could subject us to medical liability claims. Our business, financial condition, results of operations and reputation may be materially and adversely affected if any claims are made against us and are not fully covered by insurance. See “— We may become subject to medical liability claims, which could cause us to incur significant expenses and be liable for significant damages if not covered by insurance.” With respect to external doctors, as they are not working physically with us, we have limited control over them as well as the quality of their online consultation services. Despite our background check relating to their qualification and their contractual obligations to strictly adhere to the specified work scope and quality requirements and comply with applicable laws, there can be no assurance that our risk management procedures would be sufficient to monitor their performance and control the quality of

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their work. In the event that the external doctors fail to comply with the contractual obligations and applicable laws in relation to the provision of our online consultation services, our user experience could deteriorate, and we may suffer as a result of any actual or alleged misconduct by them, which could materially and adversely affect our business, financial condition and results of operations. Our reputation and brand may be damaged as well, which, in turn, may adversely affect customers' trust in our ecosystem.

In our health mall business, we manage inventories of certain OTC medicines and health supplements, and we do not have as much control over the storage and delivery of other products sold on our health mall. Many of our suppliers and marketplace vendors use their own facilities to store their products and utilize their own or third-party delivery systems to deliver their products to our customers, which makes it difficult for us to ensure that our customers get uniformly high-quality service for all products sold through our health mall. If any supplier or marketplace vendor does not control the quality of the products that it sells in our health mall, or if it does not deliver the products or delivers them late or delivers products that are materially different from their description, or if it sells counterfeit or unlicensed products through our health mall, or if it sells certain products without licenses or permits as required by relevant laws and regulations despite our background check for such licenses or permits on the supplier or marketplace vendor, the reputation of our health mall and our brand may be materially and adversely affected and we could face claims and may be held liable for any losses.

Furthermore, for those products of which we actively manage inventories, we rely primarily on contracted third-party couriers to deliver our products. Interruptions or failures in our delivery services could prevent the timely and successful delivery of our products. These interruptions may be due to unforeseen events that are beyond our control or the control of our third-party couriers, such as inclement weather, natural disasters, transportation disruptions or labor unrest. If our products are not delivered on time or are delivered in a damaged state, customers may refuse to accept our products and have less confidence in our services. We have received customer complaints from time to time regarding our delivery and return and exchange services during the Track Record Period. Any failure to provide high-quality delivery services to our customers may adversely affect the customer experience on our health mall and adversely affect our health mall business as a whole.

If we fail to properly manage the registration of our in-house doctors, we may be subject to penalties against our medical institutions, including fines and, in the worst case scenario, revocation of licenses, which could materially and adversely affect our business.

The practice of doctors is strictly regulated under PRC laws, rules and regulations. Doctors who practice at medical institutions must hold practicing licenses and may only practice within the scope of their licenses and at the specific medical institutions as stated in their licenses. As advised by our PRC Legal Advisor, under applicable PRC regulations, a doctor is required to register the medical institutions at which he or she practices in his or her license. If a doctor is found practicing at a medical institution not registered in his or her license, the doctor would be subject to regulatory penalties, from warning to suspension of practice and, in the worst case scenario, revocation of

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licenses. If the doctor issues a prescription in a medical institution not registered in his or her license, the relevant medical institution would also be subject to regulatory penalties, including a fine of up to RMB5,000 and, in the worst case scenario, revocation of the medical institution's Practicing License for Medical Institutions.

We cannot assure you that our future in-house doctors will complete the registration and relevant government procedures in a timely manner, or at all, or that our in-house doctors will not practice outside the permitted scope of their respective licenses. Our failure to properly manage the registration of our in-house doctors may subject us to administrative penalties against our medical institutions, including fines, or, in the worst case scenario, revocation of our Practicing License for Medical Institutions, any of which could materially and adversely affect our business. Meanwhile, if our in-house doctors are found to have deficient registration or found to be practicing beyond the scope permitted by relevant authorities, they may be disciplined and lose their practicing licenses. As a result, we may no longer be able to employ them in offering our family doctor services, which could materially and adversely affect our business. In addition, there can be no assurance that we could timely find qualified replacements on commercially reasonable terms, or at all.

During the Track Record Period, some of our in-house doctors did not timely register our medical institutions in their licenses as required under applicable PRC regulations. As of the Latest Practicable Date, all of our practicing in-house doctors in our team had registered one of our medical institutions in their licenses as required under the relevant PRC regulations. See "Business — Legal Proceedings and Noncompliance — Noncompliance." Nevertheless, there can be no assurance that the relevant healthcare administrative authorities would not retrospectively find deficiency in the registration of these in-house doctors and subject the relevant medical professionals and/or us to penalties, which could materially and adversely affect our business.

Our past settlement practice may be deemed as payment activity without license and involves legal risk.

During the Track Record Period, we settled the transactions in our health mall which were based on the marketplace model by collecting payment from customers on behalf of third-party vendors. As advised by our PRC Legal Advisor, applicable PRC laws lack clear guidance in relation to such settlement practice; however, our past settlement practice may give rise to the legal risk of us being deemed as inadvertently engaging in payment activity without license.

As of the Latest Practicable Date, we had changed our settlement practice so that customers purchasing products offered by third-party vendors in our health mall must make payments directly to the vendors without going through us. Nevertheless, there can be no assurance that the relevant authorities would not make unfavorable determination against us for our historical settlement practice, which may subject us to potential liabilities that may adversely affect our business.

Differences in actual benefits and claims from the assumptions used in pricing of our health membership products may materially and adversely affect our results of operations and financial condition.

We began to offer "Health 360" membership plans to Ping An Life Insurance policyholders in October 2017. Some of the benefits of such product are triggered upon the detection of a critical illness. Our financial results from this product depend, to a significant extent, on the level of consistency between actual benefits that the purchaser receives and the assumptions and estimates we adopt when setting the prices for this product.

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Our pricing for “Health 360” is based on assumptions and estimates that we derive from, among other things, data collected from our ecosystem partners and third-party data providers, industry data as well as historical and current market conditions. In addition, given that our operating period in the industry is relatively short during which we collected and accumulated our data, we are only able to verify the reliability of our data during such limited operating period, and our data analytics capabilities may be limited. Furthermore, if the actual circumstances are not consistent with the data we collect, based on which we formulate our product pricing, or if our actual performance is worse than the underlying assumptions, our profitability may be materially and adversely affected, which may, in turn, have a material adverse effect on our business, results of operations and financial condition.

Failure to maintain optimal inventory levels could increase our operating costs or lead to unfulfilled customer orders, either of which could have a material and adverse effect on our business, financial condition, results of operations and prospects.

We need to ensure optimal inventory levels for our health mall business. We manage inventories of certain OTC medicines and health supplements in our direct sales business, while direct sales suppliers and marketplace vendors manage inventories of the other products.

For the OTC medicines and health supplements of which we manage inventories, we are exposed to inventory risk as a result of rapid changes in product life cycles, changing consumer preferences, uncertainty of product developments and launches, manufacturer back orders and other related problems as well as the volatile economic environment in the PRC. There can be no assurance that we can accurately predict these trends and events and avoid over-stocking or under-stocking of products. Furthermore, demand for products could change significantly between the time when the products are ordered and the time when they are ready for delivery. When we begin to sell a new product, it is particularly difficult to forecast product demand accurately. We may be unable to sell such inventory in sufficient quantities or during the relevant sales seasons. Inventory levels in excess of customer demand may result in inventory write-downs, expiration of products or an increase in inventory holding costs and a potential negative effect on our liquidity. Conversely, if we underestimate customer demand or if our suppliers fail to provide products to us or deliver products to our customers in a timely manner, we may experience inventory shortages, which may, in turn, result in unfulfilled customer orders, leading to an adverse effect on our customer relationships.

Meanwhile, we closely monitor the inventory levels of other products of which our direct sales suppliers and marketplace vendors manage inventories. However, there can be no assurance that our monitoring and related measures would be effective in ensuring fulfillment of our customers’ orders at our health mall. Our failure to maintain proper inventory levels for our health mall business may have a material and adverse effect on our business, financial condition, results of operations and prospects.

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We may be subject to liability for content available in our ecosystem that is alleged to be factually incorrect, socially destabilizing, obscene, defamatory, libelous or otherwise unlawful.

Under PRC laws, we are required to monitor our websites and mobile interfaces for items or content deemed to be factually incorrect, socially destabilizing, obscene, superstitious or defamatory, as well as content, products or services that are illegal to sell online, and promptly take appropriate actions with respect to such content, products or services. We may also be subject to potential liabilities for any unlawful actions of our customers or users of our websites or mobile interfaces or for content we distribute that is deemed inappropriate. It may be difficult to determine the type of content that may result in liability to us, and if we are found to be liable, we may be subject to fines, have our relevant business operation licenses revoked, or be prevented from operating our websites or mobile interfaces in the PRC.

In particular, our advertising business is subject to relevant laws and regulations in the PRC. Even though we implement measures to review advertising materials in light of the relevant laws and regulations as well as our internal guidelines before they are published on our platform, such measures may not be effective and may still subject us to potential liabilities. Our business, financial condition and results of operations may suffer as a result.

In addition, claims may be brought against us for defamation, libel, negligence, copyright, patent or trademark infringement, tort (including personal injury), other unlawful activity or other theories and claims based on the nature and content of information posted on our mobile portals, including news feeds, product reviews and message boards, by our participants such as our users, suppliers and marketplace vendors, among others. Regardless of the outcome of such a dispute or lawsuit, we may suffer from negative publicity and reputational damage as a result, which may adversely affect our business.

We have a limited number of key customers and suppliers.

During the Track Record Period, aggregating Ping An Group, which included, but was not limited to, Ping An Life Insurance, Ping An Property & Casualty Insurance, Ping An Bank and Ping An Health Insurance, as one customer, Ping An Group was our largest customer and contributed 80.9%, 41.4% and 46.4% of our total revenue, respectively, in 2015 and 2016 and 2017. Aggregating Ping An Group as one customer, our five largest customers accounted for 84.8%, 43.7% and 49.4% of our total revenue, respectively, during the same years. Any inability or failure by such customers to meet their payment obligations or contractual commitments or the insolvency or liquidation of our key customers could have a material adverse effect on our business, financial position and results of operations. During the Track Record Period, most of our top five customers were subsidiaries or close associate of Ping An Group. For related risks, see “— Risks Relating to Our Business and Industry — We have built a close business relationship with Ping An Group, and our interests may not be aligned with those of Ping An Group.”

In 2015, 2016 and 2017, our purchases from our five largest suppliers accounted for 39.4%, 47.5% and 24.8%, respectively, of our total purchases. In addition, purchases from our single largest supplier accounted for 12.2%, 14.4% and 7.3%, respectively, of our total purchases during the same

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years. Any significant delay in delivery, the inability of our key suppliers to meet their quantity and/or quality obligations or the unavailability of alternative suppliers could hinder our business plan, which could, in turn, have a material adverse effect on our business, financial condition and results of operations.

Any lack of requisite approvals, licenses or permits applicable to our business may have a material and adverse effect on our business, financial condition and results of operations.

Our business is subject to governmental supervision and regulation by various PRC governmental authorities, including, but not limited to, the MOFCOM, the MIIT, the NHFPC, the CFDA, the Ministry of Culture, the General Administration of Press and Publication, Radio, Film and Television, the SAIC, Cyberspace Administration of China and the corresponding local regulatory authorities. Such government authorities promulgate and enforce laws and regulations that cover a variety of business activities that our operations concern, such as provision of Internet information, online medical services, retail, sales and online operation of pharmaceutical products and medical devices, sales of food, prepaid cards, production of radio and television programs, Internet culture operations, Internet advertisement, among other things. These regulations in general regulate the entry into, the permitted scope of, as well as approvals, licenses and permits for, the relevant business activities. See “Regulatory Environment.” Due to uncertainties in the regulatory environment of the industries in which we operate, there can be no assurance that we have obtained or applied for all the approvals, permits and licenses required for conducting our business in the PRC or would be able to maintain our existing approvals, permits and licenses or obtain any new approvals, permits and licenses if required by any future laws or regulations. If we fail to obtain and maintain approvals, licenses or permits required for our business, we could be subject to liabilities, penalties and operational disruption and our business could be materially and adversely affected. We may also be liable for fines or a penalty of confiscating illegal gains, which may materially and adversely affect our business, financial condition and results of operations.

In view of the uncertainties under applicable PRC laws, our past cooperation with offline medical institutions may be deemed as conducting diagnostic and treatment businesses without license and involves legal risk.

As advised by our PRC Legal Advisor, pursuant to relevant PRC regulations, a medical institution is required to maintain a Practicing License for Medical Institutions (醫療機構執業許可證) in order to engage in diagnostic and treatment practices. Failure to comply with this requirement may subject the entity to suspension of practice, confiscation of unlawful income, medicines and medical devices, as well as a fine of up to RMB10,000. See “Regulations — F. Regulations Relating to Medical and Pharmaceutical Industry — Medical Institutions.” In 2017, our family doctor services business accounted for 13.0% of our total revenue.

We started to conduct our online consultation business through Ping An Health Cloud in April 2015. Starting around December 2016, Ping An Health Cloud commenced business cooperation with certain offline medical institutions, pursuant to which Ping An Health Cloud provided online platforms for the medical professionals whose registered medical institutions are the offline medical institutions to conduct diagnostic and treatment businesses.

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In response to certain more restrictive policy changes in some provinces in China in the first half of 2017 and for the sake of prudence, we decided to cease the above business cooperation with offline medical institutions. Our Pingan (Qingdao) Internet Hospital started to apply for the Practicing License for Medical Institutions and obtained such license on May 17, 2017. Our in-house medical team has provided online consultation services which involve diagnostic and treatment practices through Pingan (Qingdao) Internet Hospital since then. Meanwhile, Ping An Health Cloud ceased to provide online platforms to offline medical institutions. Our newly established Pingan (Hefei) Internet Hospital also obtained the Practicing License for Medical Institutions in November 2017 and commenced business in January 2018. Both licenses stipulate that the relevant licensed diagnostic and treatment practices shall be carried out via the Internet only. As advised by our PRC Legal Advisor, we had obtained all the licenses and permits required for conducting online diagnostic and treatment businesses in accordance with applicable PRC laws as of the Latest Practicable Date. Our historical cooperation with offline medical institutions was intended to support our other business activities, and did not generate revenue.

In respect of Ping An Health Cloud's historical business cooperation with offline medical institutions for the period from December 2016 to mid-May 2017 (the "Relevant Period"), our PRC Legal Advisor is of the view that Ping An Health Cloud did not conduct any diagnostic and treatment business in its cooperation with offline medical institutions, and, therefore, Ping An Health Cloud would not be required to obtain its own Practicing License for Medical Institutions as a result of such cooperation during the Relevant Period. However, as the PRC Internet healthcare industry is new and evolving, there is uncertainty as to the applicability of pre-existing laws and regulations to such cooperation. There can be no assurance that the relevant authorities would not find our historical cooperation with offline medical institutions to constitute unlicensed diagnostic and treatment practices under applicable PRC laws during the Relevant Period, which may subject us to potential liabilities that may adversely affect our business, financial condition and results of operations.

We may be subject to litigation and regulatory investigations and proceedings, and may not always be successful in defending ourselves against such claims or proceedings.

Our business operations entail substantial litigation and regulatory risks, including the risk of lawsuits and other legal actions relating to medical disputes, fraud and misconduct, sales and customer services and control procedures deficiencies, as well as the protection of personal and confidential information of our users and business partners, among others. We may be subject to claims and lawsuits in the ordinary course of our business. We may also be subject to inquiries, inspections, investigations and proceedings by relevant regulatory and other governmental agencies. Actions brought against us may result in settlements, injunctions, fines, penalties or other results adverse to us that could harm our business, financial condition, results of operations and reputation. Even if we are successful in defending ourselves against these actions, the costs of such defense may be significant to us. A significant judgement or regulatory action against us or a material disruption in our business arising from adverse adjudications in proceedings against our Directors, officers or employees would have a material adverse effect on our liquidity, business, financial condition, results of operations, reputation and prospects.

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We may not have sufficient insurance coverage to cover our business risks.

We have obtained insurance to cover certain potential risks and liabilities, such as professional liability insurance for our in-house medical team and external doctors in connection with their provision of family doctor services over our platform, insurance for beauty care service packages covering certain injuries and complications arising from the provision of such beauty care services and product liability insurance for us and our suppliers with respect to products sold on the health mall through Ping An Jin Guan Jia. However, we may not be able to acquire any insurance for certain types of risks such as business liability or service disruption insurance for all of our operations in the PRC, and our coverage may not be adequate to compensate for all losses that may occur, particularly with respect to loss of business or operations. For example, we do not maintain business interruption insurance, nor do we maintain key-man life insurance. Any business disruption, litigation, regulatory action, outbreak of epidemic disease or natural disaster could also expose us to substantial costs and diversion of resources. There can be no assurance that our insurance coverage is sufficient to prevent us from any loss or that we will be able to successfully claim our losses under our current insurance policy on a timely basis, or at all. If we incur any loss that is not covered by our insurance policies, or the compensated amount is significantly less than our actual loss, our business, financial condition and results of operations could be materially and adversely affected.

We may not be able to prevent others from unauthorized use of our intellectual property, which could harm our business and competitive position.

We regard our trademarks, copyrights, patents, domain names, know-how, proprietary technologies, and similar intellectual property as critical to our success, and we rely on a combination of intellectual property laws and contractual arrangements, including confidentiality agreements with our employees and third parties, to protect our proprietary rights. Despite these measures, any of our intellectual property rights could be challenged, invalidated, circumvented or misappropriated, or such intellectual property may not be sufficient to provide us with competitive advantages. In addition, although we are not aware of any copycat websites or mobile apps that attempt to cause confusion or traffic diversion from us at the moment, we may become an attractive target to such attacks in the future because of our brand recognition in the PRC Internet healthcare industry.

In addition, there can be no assurance that our patent applications would be approved, that any issued patents would adequately protect our intellectual property, or that such patents would not be challenged by third parties or found by a judicial authority to be invalid or unenforceable.

We have been granted a non-exclusive right by Ping An Group to use certain trademarks that are registered or for which registration applications have been filed in the PRC in our operations. With respect to certain registered trademarks, because the relevant licensing agreement has not been filed with the relevant trademark authorities in the PRC for record, these trademarks may be challenged by any bona fide third party against us. The unauthorized reproduction of our trademarks could diminish the value of our brand and market reputation as well as competitive advantages.

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Moreover, it is often difficult to register, maintain and enforce intellectual property rights in the PRC. Statutory laws and regulations are subject to judicial interpretation and enforcement and may not be applied consistently due to the lack of clear guidance on statutory interpretation. For example, when a party files a trademark registration application, it is not able to exclude the possibility that a third party may have filed an application to register the same or a similar trademark before it because such application may not have appeared in the relevant trademark authority's database. During the Track Record Period, Ping An Group filed registration applications for certain trademarks that we use in our operations, including the trade name and logo for our mobile app, and Ping An Group received objections from third parties against its registration applications. The relevant trademark authority may not grant a ruling in our favor. If the trademark authority grants rulings in favor of any third party, we may be prohibited from using the trade name and logo for our mobile app in our business operations, and, as a result, we may need to change the name and logo of our mobile app, which may have an adverse effect on our business.

Confidentiality agreements may be breached by counterparties, and there may not be adequate remedies available to us for any such breach. Accordingly, we may not be able to effectively protect our intellectual property rights or to enforce our contractual rights in the PRC. Policing any unauthorized use of our intellectual property is difficult and costly and the steps that we take may be inadequate to prevent the infringement or misappropriation of our intellectual property. In the event that we resort to litigation to enforce our intellectual property rights, such litigation could result in substantial costs and a diversion of our managerial and financial resources, and could put our intellectual property at risk of being invalidated or narrowed in scope. There can be no assurance that we would prevail in such litigation, and even if we manage to prevail, we may not obtain a meaningful recovery. In addition, our trade secrets may be leaked or otherwise become available to, or be independently discovered by, our competitors. Any failure in maintaining, protecting or enforcing our intellectual property rights could have a material adverse effect on our business, financial condition and results of operations.

We may be subject to intellectual property infringement claims, which may be expensive to defend and may disrupt our business and operations.

We cannot be certain that our operations or any aspects of our business do not or would not infringe upon or otherwise violate patents, copyrights or other intellectual property rights held by third parties. We have been, and from time to time in the future may be, subject to legal proceedings and claims relating to the intellectual property rights of others. In addition, there may be other third-party intellectual property that is infringed by our products, services or other aspects of our business. There could also be existing patents of which we are not aware that our products may inadvertently infringe. There can be no assurance that holders of patents purportedly relating to some aspect of our technology platform or business, if any such holders exist, would not seek to enforce such patents against us in the PRC or any other jurisdictions as applicable. Furthermore, the application and interpretation of PRC patent laws and the procedures and standards for granting patents in the PRC are still evolving and are uncertain, and there can be no assurance that PRC courts or regulatory authorities would agree with our analysis. If we are found to have violated the intellectual property rights of others, we may be subject to liability for our infringement activities or

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may be prohibited from using such intellectual property, and we may incur licensing fees or be forced to develop alternatives of our own. In addition, we may incur significant expenses, and may be forced to divert management's time and other resources from our business and operations to defend against these third-party infringement claims, regardless of their merits. Successful infringement or licensing claims made against us may result in significant monetary liabilities and may materially disrupt our business and operations by restricting or prohibiting our use of the intellectual property in question, which may materially and adversely affect our business, financial condition and results of operations.

Security breaches and attacks against our systems and network, and any potential resultant breach or failure to otherwise protect confidential and proprietary information, could damage our reputation and adversely affect our business, financial condition and results of operations.

We rely heavily on technology, particularly the Internet, to provide high-quality online services. However, our technology operations are vulnerable to disruptions arising from human error, natural disasters, power failure, computer viruses, spam attacks, unauthorized access and other similar events. Disruptions to, or instability of, our technology or external technology that allows our customers to use our online services and products could materially harm our business and reputation.

Although we have employed significant resources to develop security measures against breaches, our cybersecurity measures may not detect or prevent all attempts to compromise our systems, including distributed denial-of-service attacks, viruses, malicious software, break-ins, phishing attacks, social engineering, security breaches or other attacks and similar disruptions that may jeopardize the security of information stored in and transmitted by our systems or that we otherwise maintain. Breaches of our cybersecurity measures could result in unauthorized access to our systems, misappropriation of information or data, deletion or modification of user information, or a denial-of-service or other interruption to our business operations. As techniques used to obtain unauthorized access to or sabotage systems change frequently and may not be known until launched against us, we may be unable to anticipate, or implement adequate measures to protect against, these attacks. During the Track Record Period, we had not been subject to these types of attacks that had materially and adversely affected our business operations. However, there can be no assurance that we would not in the future be subject to such attacks that may result in material damages or remediation costs. If we are unable to avert these attacks and security breaches, we could be subject to significant legal and financial liability, our reputation would be harmed and we could sustain substantial revenue loss from lost sales and customer dissatisfaction.

In addition, we may not have the resources or technical sophistication to anticipate or prevent rapidly evolving types of cyber-attacks. Cyber-attacks may target us, our users or other participants of our ecosystem, or the information infrastructure on which we depend. Actual or anticipated attacks and risks may cause us to incur significantly higher costs, including costs to deploy additional personnel and network protection technologies, train employees, and engage third-party experts and consultants. Cybersecurity breaches may harm our reputation and business, and materially and adversely affect our financial condition and results of operations.

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Our business could be disrupted by network interruptions.

Our business depends on the efficient and uninterrupted operation of our computer and communications systems. As of December 31, 2017, our entire information infrastructure was located in China. Our information infrastructure contains substantial quantities of data relating to our users and other participants of our ecosystem such as account information, consultation records and transaction data, among other things, which enable our users and other participants to fully engage in our ecosystem. Although we have prepared for contingencies through redundancy measures and data disaster recovery procedures and we are in the process of establishing our active/active data centers, such preparation may not be sufficient and we do not carry business interruption insurance. Furthermore, despite any precautions we may take, the occurrence of a natural disaster, such as an earthquake, flood or fire, or other unanticipated incidents at our information infrastructure facilities in China, including power outages, telecommunications delays or failures, break-ins to our systems or computer viruses, could result in delays or interruptions to our platform and operations as well as loss of our users' and other participants' data. Any of these events could damage our reputation, materially disrupt our ecosystem and subject us to liability and claims, which may materially and adversely affect our business, financial condition and results of operations.

Customer growth and activity on mobile devices depends upon effective use of mobile operating systems, networks and standards that we do not control.

Customers access our platform and solution through mobile devices. To optimize the mobile experience, we are, to some extent, dependent on our customers downloading the specific mobile apps for their particular devices. As new mobile devices and platforms are released, it is difficult to predict the problems we may encounter in developing apps for these alternative devices and platforms, and we may need to devote significant resources to the development, support and maintenance of such apps. In addition, our future growth and results of operations could suffer if we experience difficulties in the future in integrating our mobile apps into mobile devices or if problems arise with our relationships with providers of mobile operating systems or mobile app stores, if our apps receive unfavorable treatment compared to competing apps at app stores, or if we face increased costs to distribute or have customers use our mobile apps.

In the event that it becomes more difficult for our customers to access and use our platform and solution on their mobile devices, or if our customers choose not to access or use our platform and solution on their mobile devices or to use mobile products that do not offer access to our platform and solution, our customer growth could be harmed and our business, financial condition and results of operations may be adversely affected.

We may not be able to conduct our marketing activities cost-effectively and we are subject to limitations in promoting our business.

We have incurred significant expenses on a variety of different marketing and brand promotion efforts designed to enhance our brand recognition and increase sales of our services and products. However, our brand promotion and marketing activities may not be well received by customers and

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may not result in the levels of sales that we anticipate. Meanwhile, marketing approaches and tools in the PRC Internet healthcare market are evolving, which may further require us to enhance our marketing approaches and experiment with new marketing methods to keep pace with industry developments and customer preferences. Failure to refine our existing marketing approaches or to introduce new marketing approaches in a cost-effective manner could reduce our market share and materially and adversely affect our financial condition, results of operations and profitability.

We are subject to limitations in promoting healthcare-related services and products.

We are subject to certain limitations in promoting healthcare-related services and products. Our in-house medical team and other relevant parties in the provision of our medical and wellness services have to comply with rules and regulations that restrict the promotion or dissemination of information about the professional healthcare services and practice provided by licensed doctors, and the publication or marketing efforts for the predominant purpose of promoting the products or services of doctors to customers or potential customers. Such restrictions may affect our ability to further enhance our brand recognition or secure new business opportunities in the future.

Meanwhile, during the Track Record Period, our platform involved recommendations of certain medical devices, medicines or health supplements to our users through videos in our health management and wellness interaction business, for which we did not charge advertising fees. As advised by our PRC Legal Advisor, these video recommendations were not in breach of applicable PRC laws, but may risk being determined by relevant regulatory authorities as advertisements subject to relevant PRC advertising laws and regulations. For the sake of prudence, we ceased recommending medical devices, medicines or health supplements to our users through videos in our wellness management and interaction business. However, there can be no assurance that the relevant regulatory authorities would not retrospectively determine certain of our historical video recommendations as advertisements and, as a result, find us in violation of relevant PRC advertising laws and regulations, which may, in turn, subject us to regulatory penalties and further adversely affect our business and prospects.

Furthermore, there can be no assurance that our existing practices of monitoring our information dissemination process and publication would continue to be effective. Should there be any change in the relevant rules and regulations, or change of interpretation thereof, we, our in-house medical team and other relevant third parties may be regarded as breaching the relevant rules and regulations and may be subject to regulatory penalties or disciplinary actions, which may materially and adversely affect our business and reputation.

If we fail to maintain adequate internal controls, we may not be able to effectively manage our business and may experience errors or information lapses affecting our business.

Our success depends on our ability to effectively utilize our standardized management system, information systems, resources and internal controls. As we continue to expand, we will need to modify and improve our financial and managerial controls, reporting systems and procedures and other internal controls and compliance procedures to meet our evolving business needs. If we are unable to

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improve our internal controls, systems and procedures, they may become ineffective and adversely affect our ability to manage our business and cause errors or information lapses that affect our business. Our efforts in improving our internal control system may not result in eliminating all risks. If we are not successful in discovering and eliminating weaknesses in our internal controls, our ability to effectively manage our business may be affected.

Our performance depends on key management as well as experienced and capable personnel generally, and any failure to attract, motivate and retain our staff could severely hinder our ability to maintain and grow our business.

Our future success is significantly dependent upon the continued service of our management and key personnel. If we lose the services of any member of management or key personnel, we may not be able to locate suitable or qualified replacements, and may incur additional expenses to recruit and train new staff, which could severely disrupt our business and growth, therefore materially and adversely affecting our business, financial condition, results of operations and prospects.

Meanwhile, the size and scope of our ecosystem may require us to hire and retain a wide range of effective and experienced personnel who can adapt to a dynamic, competitive and challenging business environment. We will need to continue to attract and retain experienced and capable personnel at all levels, including qualified healthcare professionals for our in-house medical team, as we expand our business and operations. Competition for talent in the PRC Internet healthcare industry is intense, and the availability of suitable and qualified candidates in the PRC is limited. Competition for these individuals could cause us to offer higher compensation and other benefits to attract and retain them. In addition, even if we were to offer higher compensation and other benefits, there can be no assurance that these individuals would choose to join or continue working for us.

Our key employees are subject to confidentiality terms that prohibit them from disclosing company confidential and proprietary information, but they are not subject to non-competition arrangements. However, we cannot assure you that such arrangements can be fully and legally enforced. If any of our senior management or other key personnel joins or establishes a competing business, we may lose some of our customers, which may have a material adverse effect on our business.

We may not be able to detect or prevent fraud or other misconduct committed by our employees or third parties.

Fraud or other misconduct by our employees, such as unauthorized business transactions, bribery and breach of our internal policies and procedures, or by third parties, such as breach of law, may be difficult to detect or prevent. It could subject us to financial loss and sanctions imposed by governmental authorities while seriously damaging our reputation. This may also impair our ability to effectively attract prospective users, develop customer loyalty, obtain financing on favorable terms and conduct other business activities.

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In particular, we may face risks with respect to fictitious or other fraudulent activities over our health mall. There can be no assurance that the measures we have implemented to detect and reduce the occurrence of fraudulent activities would be effective in combating fraudulent transactions or improving overall satisfaction among our direct sales suppliers, marketplace vendors and customers. In addition to fraudulent transactions with legitimate customers, our suppliers under direct sales and marketplace vendors may also engage in fictitious or “phantom” transactions with themselves or collaborators in order to artificially inflate their ratings on our health mall, reputation and search results rankings. This activity may harm other third parties by enabling the perpetrating direct sales supplier or marketplace vendor to be favored over legitimate ones, may harm our customers by deceiving them into believing that a supplier or marketplace vendor is more reliable or trusted than that supplier or marketplace vendor actually is, and result in inflated GMV from our online marketplace.

Our risk management systems, information technology systems and internal control procedures are designed to monitor our operations and overall compliance. However, we may be unable to identify non-compliance or suspicious transactions promptly, or at all. Furthermore, it is not always possible to detect and prevent fraud or other misconduct committed by our employees or third parties, and the precautions we take to prevent and detect such activities may not be effective. Therefore, we are subject to the risk that fraud or other misconduct may have previously occurred but was undetected, or may occur in the future. This may materially and adversely affect our business, financial condition and results of operations.

We rely on assumptions and estimates to calculate certain key operating metrics, and inaccuracies in such metrics may harm our reputation and adversely affect our business.

Certain key operating metrics, such as MAU, MPU, paying ratio, average monthly revenue per MAU and ARPPU, in this document are calculated using our internal data that have not been independently verified by third parties. While these numbers are based on what we believe to be reasonable calculations for the applicable periods of measurement, there are inherent challenges in measuring usage and user engagement across our large user base. In addition, our key operating metrics are derived and calculated based on different assumptions and estimates, and you should be cautious of such assumptions and estimates when assessing our operating performance.

Our measures of user growth and user engagement may differ from estimates published by third parties or from similarly titled metrics used by our competitors due to differences in data availability, sources and methodology. If third parties do not perceive our user metrics to be accurate representations of our user base or user engagement, or if we discover material inaccuracies in our user metrics, our reputation may be harmed and third parties may be less willing to allocate their resources or spending to us, which could adversely affect our business and operating results.

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We may need additional capital but may not be able to obtain such on favorable terms or at all.

We may require additional cash resources due to operating losses or future growth and development of our business, including any investments or acquisitions we may decide to pursue. If our cash resources are insufficient to satisfy our cash requirements, we may seek to issue additional equity or debt securities or obtain new or expanded credit facilities. Our ability to obtain external financing in the future is subject to a variety of uncertainties, including our future financial condition, results of operations, cash flows, share price performance, liquidity of international capital and lending markets and the PRC governmental regulations over foreign investment and the PRC Internet healthcare industry. In addition, incurring indebtedness would subject us to increased debt service obligations and could result in operating and financing covenants that would restrict our operations. There can be no assurance that financing would be available in a timely manner or in amounts or on terms favorable to us, or at all. Any failure to raise needed funds on terms favorable to us, or at all, could severely restrict our liquidity as well as have a material adverse effect on our business, financial condition and results of operations. Moreover, any issuance of equity or equity-linked securities could result in significant dilution to our existing shareholders.

We are subject to credit risk with respect to trade receivables.

We generally allow a credit period of five to 30 days to our customers. As of December 31, 2015, 2016 and 2017, our trade receivables turnover days were 5.0 days, 35.1 days and 55.1 days, respectively. As of the same dates, trade receivables of RMB0.9 million, RMB17.8 million and RMB256.7 million, respectively, were past due but not impaired. These mainly relate to a number of customers whom there is no significant financial difficulty for and, based on our past experience, the overdue amounts can be recovered from. Nevertheless, there can be no assurance that all such amounts due to us would be settled on time, or that such amounts will not continue to increase in the future. Accordingly, we face credit risk in collecting trade receivables due from customers. Our performance, liquidity and profitability would be adversely affected if significant amounts due to us are not settled on time or substantial impairment is incurred. The bankruptcy or deterioration of the credit condition of any of these customers could also materially and adversely affect our business, results of operations and financial condition.

We may fail to realize return from our investment.

During the Track Record Period, we invested in a wealth management product issued by Ping An Bank, a subsidiary of Ping An, with principal guaranteed which is redeemable upon request by holders. As of December 31, 2015, 2016 and 2017, the balance of such wealth management product was RMB100.6 million, RMB213.3 million and RMB272.6 million, respectively, and we recorded a gain on such financial assets of RMB0.5 million, RMB1.5 million and RMB10.9 million in 2015, 2016 and 2017, respectively. Therefore, any material and adverse changes in the financial market may affect our return on these financial assets. Our exposure to counterparty risk (where a counterparty in a transaction with respect to the wealth management products defaults) may also adversely affect the value of such financial assets as well as our returns. As a result, our results of operations and financial condition may be adversely affected.

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We are not in full compliance with social insurance and housing provident fund regulations.

Under PRC laws and regulations, we are required to make social insurance and housing provident funds contributions for the benefit of our employees. Two of our Operating Entities, Hefei Kuaiyijie and Jiangxi Nabaite, which were acquired by us in October 2014 and in April 2016, respectively, did not make contributions to the social insurance plans and housing provident fund in full or at all for a period of time after the completion of the respective acquisition. In addition, we acquired Zhongyikang in March 2018. It is likely that, before they were acquired by us, they did not make contributions to the social insurance plans and housing provident fund in full, or at all, which we are unable to ascertain or verify based on publicly available information. We noticed that Zhongyikang did not open a housing provident funds contribution account with local authorities before it was acquired by us. After our acquisition of Zhongyikang, we started to apply for opening the housing provident funds contribution account. See “Business — Legal Proceedings and Noncompliance — Noncompliance.” Notwithstanding that it was provided under the relevant transaction documents with regard to the acquisitions of Hefei Kuaiyijie, Jiangxi Nabaite and Zhongyikang that the respective transferors of Hefei Kuaiyijie, Jiangxi Nabaite and Zhongyikang shall assume all risks relating to any disputes or regulatory penalties in respect of the pre-existing status of the contributions of each respective company to the social insurance plans and housing provident fund, there can be no assurance that these contractual obligations could be enforced against the transferors by us successfully, or at all, should any such disputes or regulatory penalties arise.

Under the relevant PRC laws and regulations, we may be ordered by the relevant authorities to pay the outstanding social insurance or housing provident funds contributions based on the actual income of the relevant employees as required under applicable PRC laws (the “Statutory Standard”) within a prescribed period, along with possible surcharges and penalties for overdue payments. As advised by our PRC Legal Advisor, pursuant to the relevant PRC laws and regulations, Hefei Kuaiyijie, Jiangxi Nabaite and Zhongyikang may be ordered to (i) make up any outstanding contributions to the social insurance plans and the housing provident fund within a prescribed time limit and (ii) pay a daily overdue fine of 0.05% on any unpaid amount of social insurance contribution. In addition, a fine equivalent to one time to three times the outstanding social insurance contribution may be imposed on Hefei Kuaiyijie, Jiangxi Nabaite and Zhongyikang if they are ordered by competent authorities to make such payment within the prescribed time limit but fail to do so. Based on the aforesaid legal requirements, we currently estimate that the maximum penalty which we would be subject to for our failure to (i) make contributions to the social insurance plans and the housing provident fund for all or certain of the employees of Hefei Kuaiyijie, Jiangxi Nabaite and Zhongyikang after the completion of the respective acquisition and (ii) make the relevant contributions based on the Statutory Standard is a fine of up to approximately RMB1.78 million as of March 31, 2018. As of the Latest Practicable Date, we had not received any administrative penalty from regulatory authorities due to the aforementioned matters. However, there can be no assurance that the relevant authorities would not enforce such payments, surcharges and penalties against us.

An occurrence of a natural disaster, widespread health epidemic or other outbreaks could have a material adverse effect on our business, financial condition and results of operations.

Our business could be materially and adversely affected by natural disasters, such as snowstorms, earthquakes, fires or floods, the outbreak of a widespread health epidemic or other events, such as wars, acts of terrorism, environmental accidents, power shortage or communication

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interruptions. The occurrence of such a disaster or prolonged outbreak of an epidemic illness or other adverse public health developments in the PRC or elsewhere could materially disrupt our business and operations. Such events could also significantly affect our industry and cause a temporary closure of the facilities we or our business partners use for our operations, which would severely disrupt our operations and have a material adverse effect on our business, financial condition and results of operations. Our operations could be disrupted if any of our employees or employees of our business partners were suspected of having any of the epidemic illnesses, since this could require us or our business partners to quarantine some or all of such employees or disinfect the facilities used for our operations. In addition, our revenue and profitability could be materially reduced to the extent that a natural disaster, health epidemic or other outbreak harms the global or PRC economy in general. Our operations could also be severely disrupted if our users or other participants were affected by such natural disasters, health epidemics or other outbreaks.

RISKS RELATING TO OUR CONTRACTUAL ARRANGEMENTS

If the PRC government finds that the agreements that establish the structure for operating our businesses in China do not comply with applicable PRC laws and regulations, or if these regulations or their interpretations change in the future, we could be subject to severe consequences, including the nullification of the contractual arrangements and the relinquishment of our interest in our Operating Entities.

Current PRC laws and regulations impose certain restrictions and prohibitions on foreign ownership of companies that engage in the Internet and other related businesses, such as the provision of Internet information.

We are a company incorporated under the laws of the Cayman Islands, and Kang Jian, our PRC subsidiary, is considered a foreign-invested enterprise. To comply with PRC laws and regulations, we conduct substantially all of our business in the PRC through our Operating Entities, Ping An Health Cloud and its subsidiaries, based on the Contractual Arrangements entered into by Kang Jian and Ping An Health Cloud and its shareholders. Such Contractual Arrangements enable us to: (i) be the exclusive provider of business support, technical and consulting services in exchange for a fee; (ii) receive all of the economic benefits and bears all the risks in relation to the business operation of Ping An Health Cloud; (iii) have an irrevocable and exclusive right to purchase, or to designate one or more persons to purchase, from the Registered Shareholders all or any part of their equity interests in Ping An Health Cloud at any time and from time to time in our absolute discretion to the extent permitted by PRC laws; (iv) have an irrevocable and exclusive right to purchase, or to designate one or more persons to purchase from Ping An Health Cloud all or any part of its assets at any time and from time to time in our absolute discretion to the extent permitted by PRC laws; (v) appoint us, any directors authorized by us (except the shareholders of Ping An Health Cloud) or his/her successors, or a liquidator replacing the director as our exclusive agent and attorney to act on our behalf on all matters concerning Ping An Health Cloud and to exercise all of the rights as a registered shareholder of Ping An Health Cloud in accordance with PRC laws and the articles of Ping An Health Cloud; and (vi) pledge as first charge all of the equity interests in Ping An Health Cloud to us as collateral security for any and all of the guaranteed debt under the Contractual Arrangements and to secure performance of the obligations under the Contractual Arrangements. The Contractual Arrangements allow the

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results of operations and assets and liabilities of Ping An Health Cloud and its subsidiaries to be consolidated into our results of operations and assets and liabilities under IFRS as if they were wholly-owned subsidiaries of our Group. See “Contractual Arrangements — Our Contractual Arrangements.”

Our PRC Legal Advisor is of the opinion that (i) the ownership structure of Kang Jian and the PRC Operating Entities does not violate prevailing PRC laws and regulations, (ii) except for certain clauses regarding the remedies that may be awarded by the arbitration tribunal and the power of courts in Hong Kong and the Cayman Islands to grant interim remedies in support of the arbitration and liquidation arrangement of the Operating Entities, see “— We conduct our business operations in the PRC through Ping An Health Cloud and its subsidiaries by way of the Contractual Arrangements, but certain terms of the Contractual Arrangements may not be enforceable under PRC laws,” the Contractual Arrangements, taken individually or collectively, are valid, legally binding and enforceable against each party of such agreements in accordance with their terms, and (iii) each of the Contractual Arrangements entered into by the Group does not fall within any of the circumstances (including, without limitation, “concealing illegal intentions with a lawful form”) under Article 52 of the PRC Contract Law pursuant to which the contracts would be determined to be invalid. However, there can be no assurance that the PRC government authorities will take a view in the future that is not contrary to or otherwise different from the opinion of our PRC Legal Advisor stated above, and there is also the possibility that the PRC government authorities may adopt new laws and regulations in the future which may invalidate the Contractual Arrangements. If the PRC government determines that we are in violation of PRC laws or regulations or lack the necessary permits or licenses to operate our business, the relevant PRC regulatory authorities, including the MOFCOM, the MIIT, the NHFPC, the Ministry of Culture and the General Administration of Press and Publication, Radio, Film and Television, would have broad discretion in dealing with such violations or failures, including, but not limited to:

- revoking our business and operating licenses;
- discontinuing or restricting our operations;
- imposing fines or confiscating any of our income that they deem to have been obtained through illegal operations;
- imposing conditions or requirements with which we or Kang Jian and Operating Entities may not be able to comply;
- requiring us or Kang Jian and Operating Entities to restructure the relevant ownership structure or operations;
- restricting or prohibiting our use of the proceeds from the initial public offering or other of our financing activities to finance the business and operations of our Operating Entities and their respective subsidiaries; or
- taking other regulatory or enforcement actions that could be harmful to our business.

Any of these actions could cause significant disruption to our business operations, and may materially and adversely affect our business, financial condition and results of operations. In addition, it is unclear what impact the PRC government actions would have on us and on our ability to

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consolidate the financial results of Ping An Health Cloud and its subsidiaries in our consolidated financial statements, if the PRC governmental authorities find our legal structure and contractual arrangements to be in violation of PRC laws, rules and regulations. If any of these penalties results in our inability to direct the activities of Ping An Health Cloud and its subsidiaries that most significantly impact their economic performance and/or our failure to receive the economic benefits from Ping An Health Cloud and its subsidiaries, we may not be able to consolidate Ping An Health Cloud and its subsidiaries into our consolidated financial statements in accordance with IFRS.

Our Contractual Arrangements may not be as effective in providing operational control as direct ownership, and Ping An Health Cloud or its shareholders may fail to perform their obligations under our Contractual Arrangements.

Due to the PRC restrictions or prohibitions on foreign ownership of Internet and other related businesses in the PRC, we operate substantially all of our business in the PRC through our Operating Entities, in which we have no ownership interest. We rely on a series of contractual arrangements with Ping An Health Cloud or its shareholders to control and operate their business. These contractual arrangements are intended to provide us with effective control over our Operating Entities and allow us to obtain economic benefits from them. See “Contractual Arrangements.”

We have been advised by our PRC Legal Advisor that, except for certain clauses regarding remedies that may be awarded by the arbitration tribunal and the power of courts in Hong Kong and the Cayman Islands to grant interim remedies in support of the arbitration and liquidation arrangement of the Operating Entities, see “— We conduct our business operations in the PRC through Ping An Health Cloud and its subsidiaries by way of the Contractual Arrangements, but certain terms of the Contractual Arrangements may not be enforceable under PRC laws,” the Contractual Arrangements, taken individually or collectively, are valid, legally binding and enforceable against each party of such agreements in accordance with their terms. However, there can be no assurance that the PRC government authorities will take a view in the future that is not contrary to or otherwise different from the opinion of our PRC Legal Advisor stated above, and there is also the possibility that the PRC government authorities may adopt new laws and regulations in the future which may invalidate the Contractual Arrangements. These Contractual Arrangements may not be as effective in providing control over Ping An Health Cloud as direct ownership. If Ping An Health Cloud or its shareholders fail to perform their respective obligations under the Contractual Arrangements, we may incur substantial costs and expend substantial resources to enforce our rights. All of the Contractual Arrangements are governed by and interpreted in accordance with PRC laws, and disputes arising from the Contractual Arrangements will be resolved through arbitration or litigation in China. However, the legal system in China is not as developed as in other jurisdictions, such as the United States. There are very few precedents and little official guidance as to how contractual arrangements in the context of a variable interest entity should be interpreted or enforced under PRC laws. There remain significant uncertainties regarding the outcome of arbitration or litigation. Such uncertainties could limit our ability to enforce these contractual arrangements. In the event we are unable to enforce the Contractual Arrangements or we experience significant delays or other obstacles in the process of enforcing the Contractual Arrangements, we may not be able to exert effective control over the Operating Entities and may lose control over the assets owned by the Operating Entities. As a result, we may be unable to consolidate Ping An Health Cloud and its subsidiaries in our consolidated financial statements, and our ability to conduct our business may be adversely affected.

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We may lose the ability to use and enjoy assets held by Ping An Health Cloud that are material to our business operations if Ping An Health Cloud declares bankruptcy or becomes subject to a dissolution or liquidation proceeding.

We do not have priority pledges and liens against the assets of our Operating Entities. If Ping An Health Cloud undergoes an involuntary liquidation proceeding, third-party creditors may claim rights to some or all of its assets and we may not have priority against such third-party creditors on the assets of our Operating Entities. If our Operating Entities liquidate, we may take part in the liquidation procedures as a general creditor under the PRC Enterprise Bankruptcy Law and recover any outstanding liabilities owed by Ping An Health Cloud to Kang Jian under the applicable service agreement.

Under the Contractual Arrangements, the PAHC Shareholders covenanted that they shall not sell, transfer, pledge or dispose of in any other manner the legal or beneficial interest in Ping An Health Cloud, or allow the encumbrance thereon of any security interest, except for the Equity Pledge Agreement without the written consent of Kang Jian. In addition, the PAHC Shareholders covenanted that they shall not request Ping An Health Cloud to in any manner distribute profit or dividends, raise such relevant shareholders' resolution or vote in favor of any such relevant shareholders' resolution without the prior written consent of Kang Jian. In the event that they receive any income, profit distribution or dividend, except as otherwise determined by us, they shall promptly transfer or pay, as part of the services fee under the Exclusive Business Cooperation Agreement, such income, profit distribution or dividend to us or any other person designated by us to the extent permitted under applicable PRC laws. In the event that the PAHC Shareholders breach the relevant covenants, we may need to resort to legal proceedings to enforce the terms of the contractual arrangements. Any such legal proceeding may be costly and may divert our management's time and attention away from the operation of our business, and the outcome of such legal proceeding is uncertain.

The ultimate shareholders of Ping An Health Cloud may have conflicts of interest with us, which may materially and adversely affect our business.

We have designated individuals who are PRC nationals to be the ultimate shareholders of Ping An Health Cloud. These individuals may have conflicts of interest with us. As of the Latest Practicable Date, Ping An Health Cloud was 49.90% held by Ping An Financial Technology, 20.10% owned jointly by Kang Wei Jian and Kang Rui Jian, which were ultimately held by Mr. QIN Jian and Mr. ZHU Chengbo, and 30.00% held by Guang Feng Qi, which was ultimately held by Ms. WANG Wenjun and Mr. DOU Wenwei. Mr. QIN Jian is the general manager of human resources and administration department of Ping An Health Cloud, Mr. ZHU Chengbo is an employee of Ping An Health Cloud, and both Ms. WANG Wenjun and Mr. DOU Wenwei are our Directors. Conflicts of interest may arise between the roles of Mr. QIN Jian, Mr. ZHU Chengbo, Ms. WANG Wenjun and Mr. DOU Wenwei as directors and/or officers of our Company and as ultimate shareholders, of Ping An Health Cloud. We rely on these individuals to abide by the laws of the Cayman Islands which impose fiduciary duties upon directors and officers of our Company. Such duties include the duty to act bona fide in what they consider to be in the best interest of our Company as a whole and not to place them in a position in

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which there is a conflict between their duties to our Company and their personal interests. On the other hand, PRC laws also provide that a director or a senior manager owes a loyalty and fiduciary duty to the company in which he or she holds such position. We cannot assure you that when conflicts arise, ultimate shareholders of Ping An Health Cloud will act in the best interest of our Company or that conflicts will be resolved in our favor. These individuals may breach or cause Ping An Health Cloud to breach the existing Contractual Arrangements. If we cannot resolve any conflicts of interest or disputes between us and these shareholders, we would have to rely on legal proceedings, which may be expensive, time-consuming and disruptive to our operations. There is also substantial uncertainty as to the outcome of any such legal proceedings.

We conduct our business operations in the PRC through Ping An Health Cloud and its subsidiaries by way of the Contractual Arrangements, but certain of the terms of the Contractual Arrangements may not be enforceable under PRC laws.

All the agreements which constitute the Contractual Arrangements are governed by PRC laws and provide for the resolution of disputes through arbitration in the PRC. Accordingly, these agreements would be interpreted in accordance with PRC laws and disputes would be resolved in accordance with PRC legal procedures. The legal environment in the PRC is not as developed as in other jurisdictions and uncertainties in the PRC legal system could limit our ability to enforce the Contractual Arrangements. In the event that we are unable to enforce the Contractual Arrangements, or if we suffer significant time delays or other obstacles in the process of enforcing them, it would be very difficult to exert effective control over Ping An Health Cloud and its subsidiaries, and our ability to conduct our business and our financial condition and results of operations may be materially and adversely affected.

The Contractual Arrangements contain provisions to the effect that the arbitral body may award remedies over the equity interests, assets or properties of Ping An Health Cloud, compulsory relief (e.g., for the conduct of business or to compel the transfer of assets) or order the winding up of Ping An Health Cloud. These agreements also contain provisions to the effect that courts of competent jurisdictions are empowered to grant interim relief to a party when requested for the purpose of preserving the assets and properties or enforcement measures, subject to the requirements under the PRC laws. However, under PRC laws, these terms may not be enforceable. Under PRC laws, an arbitral body does not have the power to grant injunctive relief or to issue a provisional or final liquidation order for the purpose of protecting assets of or equity interests in Ping An Health Cloud in case of disputes. In addition, interim remedies or enforcement order granted by overseas courts such as Hong Kong and the Cayman Islands may not be recognizable or enforceable in the PRC. PRC laws do allow the arbitral body to grant an award of transfer of assets of or equity interests in Ping An Health Cloud in favor of an aggrieved party. Furthermore, the provision that provides that (i) in the event of a mandatory liquidation required by PRC laws, Ping An Health Cloud shall sell all of their assets to the extent permitted by PRC law to Kang Jian or an entity designated by Kang Jian, at the lowest price permitted under applicable PRC laws; (ii) any obligation for Kang Jian to pay Ping An Health Cloud under a result of such transaction shall be waived by Ping An Health Cloud and any profits arising from the above transaction shall be paid to Kang Jian or the entity designated by Kang Jian in partial satisfaction of the service fees under the Exclusive Business Cooperation Agreements may not be enforceable under PRC laws in the event of a mandatory liquidation required by PRC laws

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or bankruptcy liquidation. Therefore, in the event of breach of any agreements constituting the Contractual Arrangements by Ping An Health Cloud and/or its shareholders, and if we are unable to enforce the Contractual Arrangements, we may not be able to exert effective control over Ping An Health Cloud, which could materially and adversely affect our ability to conduct our business.

If we exercise the option to acquire equity ownership and assets of Ping An Health Cloud, the ownership or asset transfer may subject us to certain limitations and substantial costs.

Pursuant to the Regulations for the Administration of Foreign-Invested Telecommunications Enterprises (《外商投資電信企業管理規定》) (the “FITE Regulations”) promulgated by the State Council, foreign investors are not allowed to hold more than 50% of the equity interests of any company providing value-added telecommunications services. In addition, the main foreign investor who invests in a value-added telecommunications business in the PRC must possess prior experience in operating value-added telecommunications businesses and a proven track record of business operations overseas (the “Qualification Requirements”). Currently none of the applicable PRC laws, regulations or rules provides clear guidance or interpretation on the Qualification Requirements. Although we have taken many measures to meet the Qualification Requirements, we still face the risk of not satisfying the requirement promptly. If the PRC laws allow foreign investors to invest in value-added telecommunications enterprises in the PRC in the future, we may be unable to unwind the Contractual Arrangements before we are able to comply with the Qualification Requirements, or if we attempt to unwind the Contractual Arrangements before we are able to comply with the Qualification Requirements we may be ineligible to operate our value-added telecommunication enterprises and may be forced to suspend their operations, which could materially and adversely affect our business, financial condition and results of operations.

Pursuant to the Contractual Arrangements, Kang Jian or its designated person(s) has the irrevocable and exclusive right to purchase all or any part of the equity interests in Ping An Health Cloud from its shareholders at any time and from time to time in Kang Jian’s absolute discretion to the extent permitted by PRC laws. The consideration shall be the higher of a nominal price or the lowest price as permitted under applicable PRC laws.

The equity transfer may be subject to the approvals from, or filings with, the MOFCOM, the MIIT, the SAIC and/or their local competent branches. In addition, the equity transfer price may be subject to review and tax adjustment by the relevant tax authorities. The equity transfer price to be received by Ping An Health Cloud under the Contractual Arrangements may also be subject to enterprise income tax, and such tax amounts could be substantial.

Substantial uncertainties exist with respect to the enactment timetable, interpretation and implementation of the Draft Foreign Investment Law and how it may affect the viability of our current corporate structure, corporate governance and business operations.

The MOFCOM published a discussion draft of a proposed Foreign Investment Law in January 2015 aiming to, upon its enactment, replace the major existing laws and regulations governing foreign

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investment in China. The MOFCOM has solicited comments on this draft in early 2015 and substantial uncertainties exist with respect to its final form, enactment timetable, interpretation and implementation. The Draft FIL, if enacted as proposed, may materially impact the entire legal framework regulating foreign investment in China.

Among other things, the Draft FIL expands the definition of foreign investment and introduces the principle of “actual control” in determining whether a company is considered a foreign-invested enterprise (“FIE”). Further, variable interest entities, or consolidated affiliated entities, that are controlled via contractual arrangement would also be deemed as FIEs, if they are ultimately “controlled” by foreign investors. Once an entity is determined to be an FIE, it will be subject to the foreign investment restrictions or prohibitions set forth in a “negative list”, to be separately issued by the State Council in due course. If the FIE operates in an industry listed in the negative list, it would further require market entry clearance by the MOFCOM.

If, upon its enactment, the current Draft FIL (i) does not recognize our structure under our Contractual Arrangements as domestic investment; and (ii) requires Kang Jian to apply for access permission, a government permit that allows foreign investors to invest in “restricted” and/or “prohibited” businesses on the negative list, our Contractual Arrangements may be regarded as invalid and illegal if we have not obtained such access permission. As a result, our Group would not be able to continue our business in the PRC through the Contractual Arrangements. For details of the Draft FIL and the negative list and its potential impact on our Company, and our potential measures to maintain control over and receive economic benefits from our Operating Entities, please refer to “Contractual Arrangements — Development in the PRC Legislation on Foreign Investment” in this prospectus.

Given that the relevant government authorities have broad discretion in interpreting the foreign investment laws and there are uncertainties as to the three possible approaches proposed in the Explanatory Notes on the treatment of existing contractual arrangements before the Draft FIL becomes effective (as further described in “Contractual Arrangements — Development in the PRC Legislation on Foreign Investment” in this prospectus), in the worst case scenario, the Contractual Arrangements may be regarded by the relevant government authorities as invalid and illegal and the Relevant Businesses (as defined in the “Contractual Arrangements” section) may be ordered by the relevant government authorities to be discontinued under the existing structure and may not be sustainable in the event that: (i) the operation of the Relevant Businesses were to be recognized on the “negative list”, and (ii) our Contractual Arrangement were deemed not to be a domestic investment by the relevant government authorities. As a result, we would not be able to operate the Relevant Businesses through the Contractual Arrangements and would lose our rights to receive the economic benefits of Ping An Health Cloud and its subsidiaries under the Contractual Arrangements, the financial results of Ping An Health Cloud and its subsidiaries would no longer be consolidated into that of our Group and we would have to derecognize their assets and liabilities according to the relevant accounting standards. In such case, the Stock Exchange may also consider our Company to be no longer suitable for listing on the Stock Exchange and delist our Shares.

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Potential impact to our company if the Contractual Arrangements are not treated as domestic investment.

If the operation of the Relevant Businesses is no longer on the “negative list” and we can legally operate the Relevant Businesses under PRC Laws, Kang Jian will exercise the equity/asset purchase option under the Exclusive Equity Option Agreement and the Exclusive Asset Option Agreement to acquire the equity interest and/or assets of Ping An Health Cloud and unwind the Contractual Arrangements subject to any then applicable approvals, registration or filings from relevant authorities.

If the operation of the Relevant Businesses is on the “negative list” and the Draft FIL as finally enacted is refined or deviates from the current draft, depending on the treatment of existing VIE structures, the Contractual Arrangements may be regarded as invalid and illegal. As a result, we would not be able to operate the Relevant Businesses through the Contractual Arrangements and would lose our rights to receive the economic benefits of the Operating Entities. As a result, the financial results of the Operating Entities would no longer be consolidated into our Group’s financial results and we would have to derecognize their assets and liabilities according to the relevant accounting standards. If our Group does not receive any compensation, an investment loss would be recognized as a result of such derecognition.

Our Contractual Arrangements may be subject to scrutiny by the PRC tax authorities, and a finding that we owe additional taxes could substantially reduce our consolidated net income and the value of your investment.

Under PRC laws and regulations, arrangements and transactions among related parties may be subject to audit or challenge by the PRC tax authorities. We could face material and adverse tax consequences if the PRC tax authorities determine that the contractual arrangements among our PRC subsidiaries and our Operating Entities do not represent an arms-length price and adjust our Operating Entities’ income in the form of a transfer pricing adjustment. A transfer pricing adjustment could, among other things, result in a reduction, for PRC tax purposes, of expense deductions recorded by our Operating Entities, which could in turn increase their tax liabilities. In addition, the PRC tax authorities may impose late payment fees and other penalties to our PRC variable interest entities for under-paid taxes. Our results of operations may be materially and adversely affected if our tax liabilities increase or if we are found to be subject to late payment fees or other penalties.

RISKS RELATING TO DOING BUSINESS IN THE PRC

Economic, political and social conditions and government policies in the PRC could affect our business and prospects.

A substantial majority of our revenue is derived from our businesses in the PRC. Accordingly, our financial condition, results of operations and prospects are, to a material extent, subject to economic, political and legal developments in the PRC. The PRC economy differs from the economies of developed countries in many respects, including, among other things, the degree of government involvement, control of investment, level of economic development, growth rate, foreign exchange controls and resource allocation.

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Although the PRC economy has been transitioning from a planned economy to a more market-oriented economy for about four decades, a substantial portion of productive assets in the PRC is still owned by the PRC government. The PRC government also exercises significant control over the economic growth of the PRC through allocating resources, controlling payments of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies. In recent years, the PRC government has implemented measures emphasizing the utilization of market forces in economic reform, the reduction of state ownership of productive assets and the establishment of sound corporate governance practices in business enterprises. Some of these measures benefit the overall PRC economy, but may adversely affect us. For example, our financial condition and results of operations may be adversely affected by government policies on the Internet healthcare industry in China or changes in tax regulations applicable to us. If the business environment in the PRC deteriorates, our business in the PRC may also be materially and adversely affected.

Uncertainties in the interpretation and enforcement of PRC laws and regulations could limit the legal protections available to you and us.

The PRC legal system is based on written statutes. Unlike common law systems, it is a system in which legal cases have limited value as precedents. In the late 1970s, the PRC government began to promulgate a comprehensive system of laws and regulations governing economic matters in general. The overall effect of legislation over the past four decades has significantly increased the protections afforded to various forms of foreign or private-sector investment in China. Our PRC subsidiaries and Operating Entities are subject to various PRC laws and regulations generally applicable to companies in China. However, since these laws and regulations are relatively new and the PRC legal system continues to rapidly evolve, the interpretations of many laws, regulations and rules are not always uniform and enforcement of these laws, regulations and rules involve uncertainties.

From time to time, we may have to resort to administrative and court proceedings to enforce our legal rights. However, since PRC administrative and court authorities have significant discretion in interpreting and implementing statutory and contractual terms, it may be more difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection we enjoy than in more developed legal systems. Furthermore, the PRC legal system is based in part on government policies and internal rules (some of which are not published in a timely manner or at all) that may have retroactive effect. As a result, we may not be aware of our violation of these policies and rules until sometime after the violation. Such uncertainties, including uncertainty over the scope and effect of our contractual, property (including intellectual property) and procedural rights, and any failure to respond to changes in the regulatory environment in China could materially and adversely affect our business and impede our ability to continue our operations, and may further affect the legal remedies and protections available to investors, which may, in turn, adversely affect the value of your investment.

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In particular, PRC laws and regulations concerning the Internet healthcare industry are developing and evolving. Although we have taken measures to comply with the laws and regulations that are applicable to our business operations and avoid conducting any non-compliant activities under the applicable laws and regulations, the PRC governmental authorities may promulgate new laws and regulations regulating the Internet healthcare industry in the future. We cannot assure you that our practice would not be deemed to violate any new PRC laws or regulations relating to Internet healthcare. Moreover, developments in the Internet healthcare industry may lead to changes in PRC laws, regulations and policies or in the interpretation and application of existing laws, regulations and policies that may limit or restrict Internet healthcare platforms like us, which could materially and adversely affect our business and operations.

The M&A Rules and certain other PRC regulations establish complex procedures for some acquisitions of Chinese companies by foreign investors, which could make it more difficult for us to pursue growth through acquisitions in China.

The Regulations on Mergers and Acquisitions of Domestic Companies by Foreign Investors, or the M&A Rules, adopted by six PRC regulatory agencies in 2006 and amended in 2009, and some other regulations and rules concerning mergers and acquisitions established additional procedures and requirements that could make merger and acquisition activities by foreign investors more time consuming and complex, including requirements in some instances that the MOFCOM be notified in advance of any change-of-control transaction in which a foreign investor takes control of a PRC domestic enterprise. Moreover, the Anti-Monopoly Law requires that the MOFCOM shall be notified in advance of any concentration of undertaking if certain thresholds are triggered. In addition, the security review rules issued by the MOFCOM that became effective in September 2011 specify that mergers and acquisitions by foreign investors that raise “national defense and security” concerns and mergers and acquisitions through which foreign investors may acquire de facto control over domestic enterprises that raise “national security” concerns are subject to strict review by the MOFCOM, and the rules prohibit any activities attempting to bypass a security review, including by structuring the transaction through a proxy or contractual control arrangement. In the future, we may grow our business by acquiring complementary businesses. Complying with the requirements of the above-mentioned regulations and other relevant rules to complete such transactions could be time consuming, and any required approval processes, including obtaining approval from the MOFCOM or its local counterparts may delay or inhibit our ability to complete such transactions, which could affect our ability to expand our business or maintain our market share.

We may be classified as a “PRC resident enterprise” for PRC enterprise income tax purposes, which could result in unfavorable tax consequences to us and our shareholders and have a material adverse effect on our results of operations and the value of your investment.

Under the PRC Enterprise Income Tax Law and its implementation rules, an enterprise established outside of the PRC with a “de facto management body” within the PRC is considered a resident enterprise and will be subject to the enterprise income tax on its global income at the rate of 25%. The implementation rules define the term “de facto management body” as the body that exercises full and substantial control over and overall management of the business, productions, personnel,

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accounts and properties of an enterprise. In April 2009, the State Administration of Taxation, or SAT, issued a circular, known as Circular 82, which provides certain specific criteria for determining whether the “de facto management body” of a PRC-controlled enterprise that is incorporated offshore is located in China. Although this circular only applies to offshore enterprises controlled by PRC enterprises or PRC enterprise groups, not those not controlled by PRC enterprises or PRC enterprise groups like us, the criteria set forth in the circular may reflect the SAT’s general position on how the “de facto management body” test should be applied in determining the tax resident status of all offshore enterprises. According to Circular 82, an offshore incorporated enterprise controlled by a PRC enterprise or a PRC enterprise group will be regarded as a PRC tax resident by virtue of having its “de facto management body” in China and will be subject to PRC enterprise income tax on its global income only if all of the following conditions are met: (i) the primary location of the day-to-day operational management is in the PRC; (ii) decisions relating to the enterprise’s financial and human resource matters are made or are subject to approval by organizations or personnel in the PRC; (iii) the enterprise’s primary assets, accounting books and records, company seals, and board and shareholder resolutions, are located or maintained in the PRC; and (iv) at least 50% of voting board members or senior executives habitually reside in the PRC.

However, the tax resident status of an enterprise is subject to determination by the PRC tax authorities and uncertainties remain with respect to the interpretation of the term “de facto management body.” As substantially all of our management members are based in China, it remains unclear how the tax residency rule will apply to our case. If the PRC tax authorities determine that our Company or any of our subsidiaries outside of China is a PRC resident enterprise for PRC enterprise income tax purposes, then our Company or such subsidiary could be subject to PRC tax at a rate of 25% on its world-wide income, which could materially reduce our net income. In addition, we will also be subject to PRC enterprise income tax reporting obligations. Furthermore, if the PRC tax authorities determine that we are a PRC resident enterprise for enterprise income tax purposes, dividends paid by us and gains realized on the sale or other disposition of our ordinary shares may be subject to PRC tax, at a rate of 10% in the case of non-PRC enterprises or 20% in the case of non-PRC individuals (in each case, subject to the provisions of any applicable tax treaty), if such dividends or gains are deemed to be from PRC sources. Any such tax on the dividends received by our shareholders from us may be withheld at source. It is unclear whether non-PRC shareholders of our company would be able to claim the benefits of any tax treaties between their country of tax residence and the PRC in the event that we are treated as a PRC resident enterprise. Any such tax may reduce the returns on your investment in our Shares.

Fluctuations in exchange rates could result in foreign currency exchange losses.

The value of RMB against the Hong Kong dollar, the U.S. dollar and other currencies fluctuates, is subject to changes resulting from the PRC government’s policies and depends to a large extent on domestic and international economic and political developments as well as supply and demand in the local market. It is difficult to predict how market forces or government policies may impact the exchange rate between the RMB and the Hong Kong dollar, the U.S. dollar or other currencies in the future. In addition, the People’s Bank of China regularly intervenes in the foreign exchange market

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to limit fluctuations in RMB exchange rates and achieve policy goals. In 2016, we experienced net foreign exchange gains of RMB238.3 million, and in 2017, we experienced net foreign exchange losses of RMB179.6 million, which resulted from our holding of US dollars arising from our equity financing. We are subject to the risk relating to volatility in future exchange rate and PRC government's controls on currency conversion.

The proceeds from the Global Offering will be received in Hong Kong dollars. As a result, any appreciation of the RMB against the Hong Kong dollar may result in the decrease in the value of our proceeds from the Global Offering. Conversely, any depreciation of the RMB may adversely affect the value of, and any dividends payable on, the Shares in foreign currency. In addition, there are limited instruments available for us to reduce our foreign currency risk exposure at reasonable costs. Furthermore, we are also currently required to obtain the SAFE's approval before converting significant sums of foreign currencies into RMB. All of these factors could materially and adversely affect our business, financial condition, results of operations and prospects, and could reduce the value of, and dividends payable on, the Shares in foreign currency terms.

The PRC government's control of foreign currency conversion may limit our foreign exchange transactions, including dividend payments on our Shares.

The PRC government imposes controls on the convertibility of the RMB into foreign currencies and, in certain cases, the remittance of currency out of China. We receive substantially all of our net revenue in RMB. Under our current corporate structure, our Company in the Cayman Islands relies on dividend payments indirectly from our PRC subsidiaries to fund any cash and financing requirements we may have. Under existing PRC foreign exchange regulations, payments of current account items, such as profit distributions and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from SAFE by complying with certain procedural requirements. Therefore, our PRC subsidiaries are able to pay dividends in foreign currencies to us without prior approval from SAFE by complying with certain procedures under PRC foreign exchange regulation. However, approval from or registration with appropriate governmental authorities is required where RMB is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies.

In light of the flood of capital outflows of China in 2016 due to the weakening of RMB, the PRC government has imposed more restrictive foreign exchange policies and stepped up scrutiny of major outbound capital movement. More restrictions and substantial vetting process are put in place by SAFE to regulate cross-border transactions falling under the capital account. The PRC government may at its discretion further restrict access to foreign currencies in the future for current account transactions. If the foreign exchange control system prevents us from obtaining sufficient foreign currencies to satisfy our foreign currency demands, we may not be able to pay dividends in foreign currencies to our shareholders.

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PRC regulation of loans to and direct investments in PRC entities by offshore holding companies may delay or prevent us from using the proceeds of the Global Offering to make loans or additional capital contributions to our PRC subsidiaries, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

Any funds we transfer to our PRC subsidiaries, either as a shareholder loan or as an increase in registered capital, are subject to approval by or registration with relevant governmental authorities in China. According to the relevant PRC regulations on foreign-invested enterprises in China, capital contributions to our PRC subsidiaries are subject to the approval of or filing with the MOFCOM or its local branch, and registration with other governmental authorities in China. In addition, (i) any foreign loan procured by our PRC subsidiaries is required to be registered with SAFE, or its local branches, and (ii) each of our PRC subsidiaries may not procure loans which exceed the difference between its registered capital and its total investment amount. Any medium or long term loan to be provided by us to our Operating Entities must be recorded and registered by the National Development and Reform Committee and the SAFE or its local branches. We may not be able to complete such filing or registrations on a timely basis, if at all, with respect to future capital contributions or foreign loans by us directly to our PRC subsidiaries. If we fail to complete such filing or registration, our ability to use the proceeds of this offering and to capitalize our PRC operations may be negatively affected, which could adversely affect our liquidity and our ability to fund and expand our business.

On March 30, 2015, the SAFE promulgated the Circular on Reforming the Management Approach Regarding the Foreign Exchange Capital Settlement of Foreign-Invested Enterprises, or SAFE Circular 19. SAFE Circular 19 took effect as of June 1, 2015. SAFE Circular 19 launched a nationwide reform of the administration of the settlement of the foreign exchange capitals of foreign-invested enterprises and allows foreign-invested enterprises to settle their foreign exchange capital at their discretion, but continues to prohibit foreign-invested enterprises from using the RMB fund converted from their foreign exchange capitals for expenditures beyond their business scopes. On June 9, 2016, the SAFE promulgated the Circular on Reforming and Standardizing the Administrative Provisions on Capital Account Foreign Exchange, or SAFE Circular 16. SAFE Circular 19 and SAFE Circular 16 continue to prohibit foreign-invested enterprises from, among other things, using RMB fund converted from its foreign exchange capitals for expenditure beyond its business scope, investment in securities or investments other than banks' principal-secured products, providing loans to non-affiliated enterprises or constructing or purchasing real estate not for self-use except for real estate enterprises. SAFE Circular 19 and SAFE Circular 16 may significantly limit our ability to transfer to and use in China the net proceeds from this offering, which may adversely affect our business, financial condition and results of operations.

The heightened scrutiny over acquisition transactions by the PRC tax authorities may have a negative impact on our business operations, our acquisition or restructuring strategy or the value of your investment in us.

Pursuant to the Notice on Strengthening Administration of Enterprise Income Tax for Share Transfers by Non-PRC Resident Enterprises, or Circular 698, issued by the SAT, which became effective retroactively as of January 1, 2008, where a non-resident enterprise investor transfers equity

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interests in a PRC resident enterprise indirectly by way of disposing of equity interests in an overseas holding company, the non-resident enterprise investor, being the transferor, may be subject to PRC enterprise income tax, if the indirect transfer is considered to be an abusive use of company structure without reasonable commercial purposes. As a result, gains derived from such indirect transfer may be subject to PRC withholding tax at the rate of up to 10%. In addition, the PRC resident enterprise may be required to provide necessary assistance to support the enforcement of Circular 698.

On February 3, 2015, the State Administration of Tax issued a Public Notice Regarding Certain Corporate Income Tax Matters on Indirect Transfer of Properties by Non-Tax Resident Enterprises, or Public Notice 7. Public Notice 7 has introduced a new tax regime that is significantly different from that under Circular 698. Public Notice 7 extends its tax jurisdiction to not only indirect transfers set forth under Circular 698 but also transactions involving transfer of other taxable assets, through the offshore transfer of a foreign intermediate holding company. In addition, Public Notice 7 provides clearer criteria than Circular 698 on how to assess reasonable commercial purposes and has introduced safe harbors for internal group restructurings and the purchase and sale of equity through a public securities market. Public Notice 7 also brings challenges to both the foreign transferor and transferee (or other person who is obligated to pay for the transfer) of the taxable assets. Where a non-resident enterprise conducts an “indirect transfer” by transferring the taxable assets indirectly by disposing of the equity interests of an overseas holding company, the non-resident enterprise being the transferor, or the transferee, or the PRC entity which directly owned the taxable assets may report to the relevant tax authority such indirect transfer. Using a “substance over form” principle, the PRC tax authority may re-characterize such indirect transfer as a direct transfer of the equity interests in the PRC tax resident enterprise and other properties in China. As a result, gains derived from such indirect transfer may be subject to PRC enterprise income tax, and the transferee or other person who is obligated to pay for the transfer is obligated to withhold the applicable taxes, currently at a rate of up to 10% for the transfer of equity interests in a PRC resident enterprise. Both the transferor and the transferee may be subject to penalties under PRC tax laws if the transferee fails to withhold the taxes and the transferor fails to pay the taxes.

We face uncertainties with respect to the reporting and consequences of private equity financing transactions, share exchange or other transactions involving the transfer of shares in our Company by investors that are non-PRC resident enterprises, or sale or purchase of shares in other non-PRC resident companies or other taxable assets by us. Our Company and other non-resident enterprises of ours may be subject to filing or tax obligations if our Company and other non-resident enterprises of ours are transferors in such transactions, and may be subject to withholding obligations if our Company and other non-resident enterprises of ours are transferees in such transactions, under Circular 698 and Public Notice 7. For the transfer of shares in our Company by investors that are non-PRC resident enterprises, our PRC subsidiaries may be requested to assist in the filing under Circular 698 and Public Notice 7. As a result, we may be required to expend valuable resources to comply with Circular 698 and Public Notice 7 or to request the relevant transferors from whom we purchase taxable assets to comply with these circulars, or to establish that our company and other non-resident enterprises of ours should not be taxed under these circulars. The PRC tax authorities have the discretion under Circular 698 and Public Notice 7 to make adjustments to the taxable capital

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gains based on the difference between the fair value of the taxable assets transferred and the cost of investment. If the PRC tax authorities make adjustments to the taxable income of the transactions under Circular 698 and Public Notice 7, our income tax costs associated with such transactions will be increased, which may have an adverse effect on our financial condition and results of operations. We have made acquisitions in the past and may conduct additional acquisitions in the future. We cannot assure you that the PRC tax authorities will not, at their discretion, adjust any capital gains and impose tax return filing obligations on us or require us to provide assistance to them for the investigation of any transactions we were involved in. Heightened scrutiny over acquisition transactions by the PRC tax authorities may have a negative impact on potential acquisitions we may pursue in the future.

We may be subject to penalties, including restriction on our ability to inject capital into our PRC subsidiaries and our PRC subsidiaries' ability to distribute profits to us, if our PRC resident shareholders or beneficial owners fail to comply with relevant PRC foreign exchange regulations.

The SAFE has promulgated several regulations that require PRC residents and PRC corporate entities to register with and obtain approval from local branches of the SAFE in connection with their direct or indirect offshore investment activities. The Circular on Relevant Issues Relating to Domestic Resident's Investment and Financing and Roundtrip Investment through Special Purpose Vehicles, or SAFE Circular 37, was promulgated by the SAFE in July 2014 that requires PRC residents or entities to register with SAFE or its local branch in connection with their establishment or control of an offshore entity established for the purpose of overseas investment or financing. These regulations apply to our shareholders who are PRC residents and may apply to any offshore acquisitions that we make in the future.

Under these foreign exchange regulations, PRC residents who make, or have previously made, prior to the implementation of these foreign exchange regulations, direct or indirect investments in offshore companies are required to register those investments. In addition, any PRC resident who is a direct or indirect shareholder of an offshore company is required to update the previously filed registration with the local branch of the SAFE, with respect to that offshore company, to reflect any material change involving its round-trip investment, capital variation, such as a change of PRC shareholders, the name of company, terms of operation, an increase or decrease in capital, transfer or swap of shares, merger or division. If any PRC shareholder fails to make the required registration or update the previously filed registration, the PRC subsidiary of that offshore parent company may be restricted from distributing their profits and the proceeds from any reduction in capital, share transfer or liquidation to their offshore parent company, and the offshore parent company may also be restricted from injecting additional capital into its PRC subsidiary. Moreover, failure to comply with the various foreign exchange registration requirements described above could result in liability under PRC laws for evasion of applicable foreign exchange restrictions, including (i) the requirement by the SAFE to return the foreign exchange remitted overseas or into PRC within a period of time specified by the SAFE, with a fine of up to 30% of the total amount of foreign exchange remitted overseas or into PRC and deemed to have been evasive or illegal and (ii) in circumstances involving serious violations, a fine of no less than 30% of and up to the total amount of remitted foreign exchange deemed evasive or illegal.

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Due to a lack of detailed implementation rules of the registration requirements, some individual Shareholders of our Company who are PRC citizens applied for their remedial registration with the competent local branches of the SAFE. We are committed to complying with and to ensuring that our Shareholders who are subject to the regulations will comply with the relevant SAFE rules and regulations. However, due to the inherent uncertainty in the implementation of the regulatory requirements by PRC authorities, such registration might not be always practically available in all circumstances as prescribed in those regulations. In addition, we may not always be able to compel them to comply with SAFE Circular 37 or other related regulations. We cannot assure you that the SAFE or its local branches will release explicit requirements or interpret the relevant PRC laws and regulations otherwise. Failure by any such Shareholders to comply with SAFE Circular 37 or other related regulations could subject us to fines or legal sanctions, restrict our investment activities in the PRC and overseas or cross-border investment activities, limit our subsidiaries' ability to make distributions, pay dividends or other payments to us or affect our ownership structure, which could adversely affect our business and prospects. As of the Latest Practicable Date, Mr. DOU Wenwei, Ms. WANG Wenjun, Mr. ZHU Chengbo and Mr. QIN Jian, our indirect shareholders who are PRC citizens, had completed their registration under the SAFE Circular 37. However, we may not be fully informed of the identities of all our shareholders or beneficial owners who are PRC residents, and we cannot provide any assurance that all of our shareholders and beneficial owners who are PRC residents will comply with our request to make, obtain or update any applicable registrations or comply with other requirements under SAFE Circular 37 or other related rules in a timely manner.

As there is uncertainty concerning the reconciliation of these foreign exchange regulations with other approval requirements, it is unclear how these regulations, and any future regulation concerning offshore or cross-border transactions, will be interpreted, amended and implemented by the relevant governmental authorities. We cannot predict how these regulations will affect our business operations or future strategy. For example, we may be subject to a more stringent review and approval process with respect to our foreign exchange activities, such as remittance of dividends and foreign-currency-denominated borrowings, which may adversely affect our results of operations and financial condition. In addition, if we decide to acquire a PRC domestic company, we cannot assure you that we or the owners of such company, as the case may be, will be able to obtain the necessary approvals or complete the necessary filings and registrations required by the foreign exchange regulations. This may restrict our ability to implement our acquisition strategy and could adversely affect our business and prospects.

Failure to comply with PRC regulations regarding the registration requirements for employee share ownership plans or share option plans may subject the PRC plan participants or us to fines and other legal or administrative sanctions.

In February 2012, SAFE promulgated the Notices on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plans of Overseas Publicly-Listed Companies, or SAFE Circular 7, replacing the previous rules issued by SAFE in March 2007. Under the SAFE Circular 7 and other relevant rules and regulations, PRC residents who participate in a stock incentive plan in an overseas publicly-listed company are required to register

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with SAFE or its local branches and complete certain other procedures. Participants of a stock incentive plan who are PRC residents must retain a qualified PRC agent, which could be a PRC subsidiary of the overseas publicly listed company or another qualified institution selected by the PRC subsidiary, to conduct the SAFE registration and other procedures with respect to the stock incentive plan on behalf of its participants. The participants must also retain an overseas entrusted institution to handle matters in connection with their exercise of stock options, the purchase and sale of corresponding stocks or interests and fund transfers. In addition, the PRC agent is required to amend the SAFE registration with respect to the stock incentive plan if there is any material change to the stock incentive plan, the PRC agent or the overseas entrusted institution or other material changes. In addition, SAFE Circular 37 stipulates that PRC residents who participate in a share incentive plan of an overseas non-publicly-listed special purpose company may register with SAFE or its local branches before they exercise the share options. We and our PRC employees who have been granted share options and restricted shares are subject to these regulations. Failure of our PRC share option holders or restricted shareholders to complete their SAFE registrations may subject these PRC residents to fines of up to RMB300,000 for entities and up to RMB50,000 for individuals, and legal sanctions and may also limit our ability to contribute additional capital into our PRC subsidiary, limit our PRC subsidiary's ability to distribute dividends to us, or otherwise materially adversely affect our business.

The SAT has also issued relevant rules and regulations concerning employee share incentives. Under these rules and regulations, our employees working in the PRC will be subject to PRC individual income tax upon exercise of the share options or grant of the restricted shares. Our PRC subsidiaries have obligations to file documents with respect to the granted share options or restricted shares with relevant tax authorities and to withhold individual income taxes for their employees upon exercise of the share options or grant of the restricted shares. If our employees fail to pay or we fail to withhold their individual income taxes according to relevant rules and regulations, we may face sanctions imposed by the competent governmental authorities.

Certain judgments obtained against us by our shareholders may not be enforceable.

We are an exempted company incorporated in the Cayman Islands and substantially all of our current operations are conducted in China as well. In addition, a majority of our current Directors and officers are nationals and residents of China. As a result, it may be difficult or impossible for you to effect service of process within Hong Kong upon us or these persons, or to bring an action in Hong Kong against us or against these individuals in the event that you believe that your rights have been infringed under the applicable securities laws or otherwise. In addition, as there are no clear statutory and judicial interpretations or guidance on a PRC court's jurisdiction over cases brought under foreign securities laws, it may be difficult for you to bring an original action against us or our PRC resident officers and directors in a PRC court based on the liability provisions of non-PRC securities laws. Even if you are successful in bringing an action of this kind, the laws of the Cayman Islands and of China may render you unable to enforce a judgment against our assets or the assets of our Directors and officers.

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RISKS RELATING TO THE GLOBAL OFFERING

There has been no prior public market for the Shares and the liquidity and market price of our Shares may be volatile.

Prior to completion of the Global Offering, there has been no public market for our Shares. There can be no guarantee that an active trading market for our Shares will develop or be sustained after completion of the Global Offering. The Offer Price is the result of negotiations among our Company and the Joint Global Coordinators (for themselves and on behalf of the Underwriters), which may not be indicative of the price at which our Shares will be traded following completion of the Global Offering. The market price of our Shares may drop below the Offer Price at any time after completion of the Global Offering.

The trading price of the Shares may be volatile, which could result in substantial losses to you.

The trading price of our Shares may be volatile and could fluctuate widely in response to factors beyond our control, including general market conditions of the securities markets in Hong Kong, China, the United States and elsewhere in the world. In particular, the performance and fluctuation of the market prices of other companies with business operations located mainly in China that have listed their securities in Hong Kong may affect the volatility in the price of and trading volumes for our Shares. A number of PRC-based companies have listed their securities, and some are in the process of preparing for listing their securities, in Hong Kong. Some of these companies have experienced significant volatility, including significant price declines after their initial public offerings. The trading performances of the securities of these companies at the time of or after their offerings may affect the overall investor sentiment towards PRC-based companies listed in Hong Kong and consequently may impact the trading performance of our Shares. These broad market and industry factors may significantly affect the market price and volatility of our Shares, regardless of our actual operating performance.

You will incur immediate and substantial dilution and may experience further dilution in the future.

As the Offer Price of our Shares is higher than the net tangible book value per Share of our Shares immediately prior to the Global Offering, purchasers of our Shares in the Global Offering will experience an immediate dilution. If we issue additional Shares in the future, purchasers of our Shares in the Global Offering may experience further dilution in their shareholding percentage.

The actual or perceived sale or availability for sale of substantial amounts of our Shares, especially by our Directors, executive officers and Controlling Shareholders, could adversely affect the market price of our Shares.

Future sales of a substantial number of our Shares, especially by our Directors, executive officers and Controlling Shareholders, or the perception or anticipation of such sales, could negatively impact the market price of our Shares in Hong Kong and our ability to raise equity capital in the future at a time and price that we deem appropriate.

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The Shares held by our Controlling Shareholders are subject to certain lock-up periods. For further details, see “Underwriting — Underwriting Arrangements and Expenses.” While we currently are not aware of any intention of such persons to dispose of significant amounts of their Shares after the expiry of the lock-up periods, we cannot assure you that they will not dispose of any Shares they may own now or in the future.

There can be no assurance of the accuracy or completeness of certain facts, forecasts and other statistics obtained from various independent third-party sources, including the industry expert reports, contained in this document.

This document, particularly the sections headed “Business” and “Industry Overview,” contains information and statistics relating to the Internet healthcare market. Such information and statistics have been derived from a third-party report commissioned by us and publicly available sources. We believe that the sources of the information are appropriate sources for such information, and we have taken reasonable care in extracting and reproducing such information. However, we cannot guarantee the quality or reliability of such source materials. The information has not been independently verified by us, the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers, the Underwriters or any other party involved in the Global Offering, and no representation is given as to its accuracy. Collection methods of such information may be flawed or ineffective, or there may be discrepancies between published information and market practice, which may result in the statistics included in this document being inaccurate or not comparable to statistics produced for other economies. You should therefore not place undue reliance on such information. In addition, we cannot assure you that such information is stated or compiled on the same basis or with the same degree of accuracy as similar statistics presented elsewhere. You should consider carefully the importance placed on such information or statistics.

You should read the entire document carefully and should not rely on any information contained in press articles or other media regarding us and the Global Offering.

We strongly caution you not to rely on any information contained in press articles or other media regarding us and the Global Offering. Prior to the publication of this document, there has been press and media coverage regarding us and the Global Offering. Such press and media coverage may include references to certain information that does not appear in this document, including certain operating and financial information and projections, valuations and other information. We have not authorized the disclosure of any such information in the press or media and do not accept any responsibility for any such press or media coverage or the accuracy or completeness of any such information or publication. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any such information is inconsistent or conflicts with the information contained in this document, we disclaim responsibility for it and you should not rely on such information.

Possible setting of the Offer Price after making a Downward Offer Price Adjustment

We have the flexibility to make a Downward Offer Price Adjustment to set the final Offer Price at up to 10% below the bottom end of the indicative Offer Price range per Share. It is therefore possible that the final Offer Price will be set at HK\$45.75 per Offer Share upon the making of a full Downward Offer Price Adjustment. In such a situation, the Global Offering will proceed and the Withdrawal Mechanism will not apply.

If the final Offer Price is set at HK\$45.75, the estimated net proceeds we will receive from the Global Offering will be reduced to HK\$7,144.3 million.

WAIVERS FROM COMPLIANCE WITH THE LISTING RULES AND EXEMPTIONS FROM COMPLIANCE WITH THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

In preparation for the Listing, we have sought the following waivers and exemption from strict compliance with the relevant provisions of the Listing Rules or the Companies (Winding Up and Miscellaneous Provisions) Ordinance:

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

We have entered into, and are expected to continue, certain transactions that will constitute non-exempt continuing connected transactions of our Company under the Listing Rules upon Listing. Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted, waivers from strict compliance with (i) the announcement, (ii) independent Shareholders' approval requirement, (iii) the annual cap requirement and (iv) the requirement of limiting the term of the continuing connected transactions as set out in Chapter 14A of the Listing Rules for such continuing connected transactions. For further details in this respect, see the section headed "Connected Transactions" in this prospectus.

MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules our Company must have sufficient management presence in Hong Kong, which normally means that at least two executive directors must be ordinarily resident in Hong Kong. Given that (i) our core business operations are principally located, managed and conducted in the PRC; (ii) the Company's head office is situated in Shanghai, the PRC, our executive Director and senior management team principally reside in the PRC; and (iii) the management and operation of our Company have mainly been under supervision of the executive Director and senior management of our Company, who are principally responsible for the overall management, corporate strategy, planning, business development and control of our Company's business, and the executive Director and senior management of our Company reside in the PRC and it is important for them to remain in close proximity to the Company's operation located in the PRC, we consider that it would be more practical for our executive Director to remain ordinarily resident in the PRC where our Company has substantial operations. For the above reasons, we do not have, and do not contemplate in the foreseeable future that we will have sufficient management presence in Hong Kong for the purpose of satisfying the requirement under Rule 8.12 of the Listing Rules.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted us, a waiver from strict compliance with Rule 8.12 of the Listing Rules. We will ensure that there are adequate and efficient arrangements to achieve regular and effective communication between us and the Stock Exchange as well as compliance with the Listing Rules by way of the following arrangements:

1. **Authorized representatives:** we have appointed Mr. WANG Tao, our executive director ("Mr. WANG"), and Ms. CHEN Chun, our joint company secretary ("Ms. CHEN"), as the authorized representatives ("**Authorized Representatives**") for the purpose of Rule 3.05 of the Listing Rules. The Authorized Representatives will act as our principal channel of communication with the Stock Exchange and would be readily contactable by phone,

WAIVERS FROM COMPLIANCE WITH THE LISTING RULES AND EXEMPTIONS FROM COMPLIANCE WITH THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

facsimile and email to deal promptly with enquiries from the Stock Exchange. Although Mr. WANG reside in the PRC, he possesses valid travel documents and is able to renew such travel documents when they expire in order to visit Hong Kong. Accordingly, the Authorized Representatives will be able to meet with the relevant members of the Stock Exchange to discuss any matters in relation to our Company within a reasonable period of time. See the section headed “Directors and Senior Management” in this prospectus for more information about our Authorized Representatives.

2. **Directors:** to facilitate communication with the Stock Exchange, we have provided the Authorized Representatives and the Stock Exchange with the contact details of each of our Director. In the event that any Director expects to travel or otherwise be out of office, he or she will provide the phone number of the place of his/her accommodation to the Authorized Representatives. To the best of our knowledge and information, each Director who is not ordinarily resident in Hong Kong possesses or can apply for valid travel documents to visit Hong Kong and can meet with the Stock Exchange within a reasonable period after requested by the Stock Exchange.
3. **Compliance advisor:** we have appointed Somerley Capital Limited as our compliance advisor (the “**Compliance Advisor**”) in compliance with Rule 3A.19 of the Listing Rules. The Compliance Advisor will, among other things and in addition to the Authorized Representatives, provide us with professional advice on continuing obligations under the Listing Rules and act as additional channel of communication of the Company with the Stock Exchange during the period from the Listing Date to the date on which the Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year immediately after the Listing. The Compliance Advisor will be available to answer enquiries from the Stock Exchange and will act as the principal channel of communication with the Stock Exchange when the Authorized Representatives are not available.
4. **Company secretary:** we have appointed Ms. CHEN, who is a Hong Kong resident, as our joint company secretary. Ms. CHEN will maintain constant contact with our Directors and senior management team members through various means.

WAIVER IN RESPECT OF JOINT COMPANY SECRETARIES

Rule 8.17 of the Listing Rules provides that our Company must appoint a company secretary who satisfies the requirements under Rule 3.28 of the Listing Rules.

According to Rule 3.28 of the Listing Rules, the Company must appoint an individual, who, by virtue of his academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of company secretary.

**WAIVERS FROM COMPLIANCE WITH THE LISTING RULES AND
EXEMPTIONS FROM COMPLIANCE WITH THE COMPANIES
(WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE**

Pursuant to Note 1 to Rule 3.28 of the Listing Rules, the Stock Exchange considers the following academic or professional qualifications to be acceptable:

- (a) a Member of The Hong Kong Institute of Chartered Secretaries;
- (b) a solicitor or barrister (as defined in the Legal Practitioners Ordinance); and
- (c) a certified public accountant (as defined in the Professional Accountants Ordinance).

In addition, pursuant to Note 2 to Rule 3.28 of the Listing Rules, in assessing “relevant experience”, the Stock Exchange will consider the individual’s:

- (a) length of employment with the issuer and other issuers and the roles he or she played;
- (b) familiarity with the Listing Rules and other relevant law and regulations including the Securities and Futures Ordinance, Companies Ordinance, Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Takeovers Code;
- (c) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and
- (d) professional qualifications in other jurisdictions.

We have appointed Ms. LIN Yuan (“**Ms. LIN**”) as the one of the joint company secretaries of the Company. See the section headed “Directors and Senior Management” in this prospectus for further biographical details of Ms. LIN.

Ms. LIN has substantial experience in handling corporate, legal and regulatory compliance and administrative matters relating to our Company but personally does not possess any of the qualifications under Rules 3.28 and 8.17 of the Listing Rules, and may not be able to solely fulfill the requirements of the Listing Rules. Therefore, the Company has appointed Ms. CHEN, an associate member of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators, who fully meets the requirements stipulated under Rules 3.28 and 8.17 of the Listing Rules to act as one of our joint company secretaries and to provide assistance to Ms. LIN for an initial period of three years from the Listing Date to enable Ms. LIN to acquire the “relevant experience” under Note 2 to Rule 3.28 of the Listing Rules so as to fully comply with the requirements set forth under Rules 3.28 and 8.17 of the Listing Rules. See the section headed “Directors and Senior Management” in this prospectus for further biographical details of Ms. CHEN.

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The following arrangements have been, or will be, put in place to assist Ms. LIN in acquiring the qualifications and experience as the company secretary of our Company required under Rule 3.28 of the Listing Rules:

- (a) Ms. LIN will endeavor to attend relevant training courses, including briefings on the latest changes to the relevant applicable Hong Kong laws and regulations and the Listing Rules which will be organized by our Company's Hong Kong legal advisors on an invitation basis and seminars organized by the Stock Exchange for listed issuers from time to time.
- (b) Ms. CHEN will assist Ms. LIN to enable her to acquire the relevant experience (as required under Rule 3.28 of the Listing Rules) to discharge the duties and responsibilities as the company secretary of our Company.
- (c) Ms. CHEN will communicate regularly with Ms. LIN on matters relating to corporate governance, the Listing Rules and any other laws and regulations which are relevant to our Company and its affairs. Ms. CHEN will work closely with, and provide assistance for, Ms. LIN in the discharge of her duties as a company secretary, including organizing our Company's Board meetings and Shareholders' general meetings.
- (d) Before the end of Ms. LIN's initial term of appointment as the company secretary of our Company, we will evaluate her experience in order to determine if she has acquired the qualifications required under Rules 3.28 of the Listing Rules, and whether on-going assistance should be arranged so that Ms. LIN's appointment as the company secretary of our Company continues to satisfy the requirements under Rules 3.28 and 8.17 of the Listing Rules.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted us, a waiver from strict compliance with Rule 3.28 and 8.17 of the Listing Rules. We will liaise with the Stock Exchange to assess whether Ms. LIN has acquired the relevant experience under Rule 3.28 of the Listing Rules before the end of the initial three-year period.

WAIVER AND EXEMPTION IN RELATION TO THE EMPLOYEE INCENTIVE SCHEME

Under Rule 17.02(1)(b) of, and paragraph 27 of Appendix 1A to, the Listing Rules, and paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, this prospectus is required to include, among other things, details of the number, description and amount of any shares in or debentures of our Company which any person has, or is entitled to be given, an option to subscribe for, together with certain particulars of each option, namely the period during which it is exercisable, the price to be paid for shares or debentures subscribed for under it, the consideration (if any) given or to be given for it or for the right to it and the names and addresses of the persons to whom it was given.

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We have applied for (i) a waiver from strict compliance with the paragraph 27 of Appendix 1A to the Listing Rules and (ii) an exemption from strict compliance with paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance pursuant to Section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in connection with the disclosure of certain details relating to the options and grantees of options granted under the Employee Incentive Scheme as it will be unduly burdensome to disclose full details of all the EIS Options granted under the Employee Incentive Scheme in the Prospectus. We have made the following submission to the Stock Exchange and the SFC:

- (a) the EIS Options granted under the Employee Incentive Scheme were granted to a total of 1 Director, 5 members of the senior management and 1,034 other grantees. It would be unduly burdensome to disclose full details of all the EIS Options granted by the Company under the Employee Incentive Scheme in the Prospectus, which would involve over a substantial number of pages of content to be inserted into the Prospectus, significantly increasing the cost and timing for information compilation, Prospectus preparation and printing;
- (b) key information of the EIS Options granted under the Employee Incentive Scheme to Directors, members of the senior management, connected persons and Other Grantees under the Employee Incentive Scheme have already been disclosed in the section headed “Appendix IV — Statutory and General Information — D. Employee Incentive Scheme” which is sufficient to provide potential investors with information to make an informed assessment of the Employee Incentive Scheme in their investment decision making process; and
- (c) the lack of full compliance of the disclosure requirements set out above will not prevent potential investors from making an informed assessment of the activities, assets and liabilities, financial position, management and prospects of the Group and will not prejudice the interest of any potential investors.

In light of the above, our Directors are of the view that the grant of the waiver and exemption would not prejudice the interest of any potential investors.

The Stock Exchange has granted the waiver to us subject to the following conditions:

- (a) the grant of a certificate of exemption from strict compliance with the relevant Companies (Winding Up and Miscellaneous Provisions) Ordinance requirements by the SFC;
- (b) on an individual basis, full details of all the EIS Option granted by the Company under the Employee Incentive Scheme to the Directors, senior management, connected persons of the Company or any Other Grantee(s) who are entitled to 200,000 Shares or more underlying the EIS Options granted under the Employee Incentive Scheme, including all the particulars required under Rule 17.02(1)(b) of the Listing Rules, paragraph 27 of Appendix 1A to the Listing Rules and paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, be disclosed in the Prospectus;

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- (c) in respect of the EIS Options granted by our Company under the Employee Incentive Scheme to the Grantees other than those referred to in sub-paragraph (b) above, the following details be fully disclosed in the Prospectus:
 - 1. the aggregate number of Grantees of EIS Options under the Employee Incentive Scheme;
 - 2. the aggregate number of underlying Shares in respect of the EIS Options granted;
 - 3. the consideration paid for the grant of such EIS Options; and
 - 4. the exercise period and the exercise price of such EIS Options;
- (d) the aggregate number of Shares subject to outstanding EIS Options granted by the Company under the Employee Incentive Scheme and the percentage of the Company's issued share capital of which such number represents be disclosed in the Prospectus;
- (e) a summary of the Employee Incentive Scheme be disclosed in the Prospectus;
- (f) the full list of all the Grantees (including the persons referred to in paragraph (c) above), containing all details as required under Rule 17.02(1)(b), paragraph 27 of Appendix 1A to the Listing Rules and paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance be made available for public inspection in accordance with the section headed "Documents Delivered to the Registrar of Companies in Hong Kong and Available for Inspection" in Appendix V in the Prospectus; and
- (g) this prospectus is issued on or before April 23, 2018.

The SFC has granted a certificate of exemption under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance exempting the Company from strict compliance with paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance on the following conditions:

- (a) on an individual basis, full details of all the EIS Options under the Employee Incentive Scheme to each of the Directors, senior management, connected persons of our Company or other Grantee(s) who are entitled to 200,000 Share or more underlying the EIS Options granted under the Employee Incentive Scheme are disclosed in the prospectus, such details to include all the particulars required under paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance;
- (b) in respect of the EIS Options granted by our Company under the Employee Incentive Scheme to the employees other than those referred to in sub-paragraph (a) above, the following details are disclosed in the prospectus:
 - 1. the aggregate number of Grantees of EIS Options under the Employee Incentive Scheme;

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2. the aggregate number of underlying Shares in respect of the EIS Options granted;
 3. the consideration paid for the grant of such EIS Options; and
 4. the exercise period and the exercise price of such EIS Options;
- (c) a full list of all the Grantees (including the persons referred to in sub-paragraph (a) above) who have been granted EIS Options to subscribe for Shares under the Employee Incentive Scheme, containing all the details as required under paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance be made available for public inspection in accordance with “Documents Delivered to the Registrar of Companies in Hong Kong and Available for Inspection” in Appendix V to the prospectus;
- (d) the particulars of the exemption are disclosed in the prospectus; and
- (e) this prospectus is issued on or before April 23, 2018.

Further details of the Employee Incentive Scheme are set out in the section headed “Appendix IV — Statutory and General Information — D. Employee Incentive Scheme.”

**WAIVER FROM STRICT COMPLIANCE WITH RULES 4.04(2) AND 4.04(4) OF THE
LISTING RULES**

Pursuant to Rules 4.04(2) and 4.04(4) of the Listing Rules, the issuer shall include in its accountant’s report the results and balance sheet of any subsidiaries and/or businesses acquired, agreed to be acquired or proposed to be acquired since the date to which the latest audited accounts of the issuer have been made up in respect of each of the three financial years immediately preceding the issue of the listing document.

Kang Jian entered into a share purchase agreement on January 18, 2018 with Ms. ZHANG Yanlin (“**Ms. ZHANG**”) in relation to the 100% shareholding interest of Zhongyikang (the “**Zhongyikang Acquisition**”). The change of shareholder registration in the local industrial and commercial administration for Zhongyikang was completed on March 13, 2018. See “History, Reorganisation and Corporate Structure — Post-Track Record Period Acquisition.”

Based on the following reasons, our Company has applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted us, a waiver from strict compliance with Rules 4.04(2) and 4.04(4) of the Listing Rules:

- (a) **Immateriality of the Post-TRP Acquisitions:** The scale of the businesses operated by the Zhongyikang as compared to that of the Group is not material. For illustration purposes

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only, applying the relevant size tests under Rule 14.07 of the Listing Rules by using the 2017 unaudited financial figures of the Zhongyikang and the audited financial figures of the Group, the assets ratio and revenue ratio are approximately 0.12% and 0.67% only. The consideration of RMB6.9 million only accounted for 0.12% of the Group's total assets as of December 31, 2017.

In addition, notwithstanding that Zhongyikang represent suitable strategic acquisition targets of the Group, the Company is of the view that Zhongyikang, as and if completed or materialised, would not significantly affect the financial position of the Group as a whole. Furthermore, it is expected that Zhongyikang will not constitute a material subsidiary of the Company, even if the relevant acquisitions are completed or materialised.

- (b) **Undue burden to obtain and prepare historical financial information of the target company to be acquired:** Since the Zhongyikang Acquisition was completed recently and our Group was not previously involved in the day-to-day management of Zhongyikang, it will require considerable time and resources for our Company and its reporting accountant to fully familiarize with the accounting policies of Zhongyikang and to gather and compile the necessary financial information and supporting documents for disclosure in the listing document of our Company. As such, it would be impracticable within the tight timeframe between the completion of the Zhongyikang Acquisition and the Listing for our Company to disclose the financial information of Zhongyikang for each of the three financial years immediately preceding the issue of the listing document of our Company.

Accordingly, having considered the immateriality of Zhongyikang as well as the time and resources required to obtain, compile and audit such historical information in conformity with the Company's accounting policies, it would be unduly burdensome for the Company to prepare and include the financial information of Zhongyikang in the listing document of the Company.

- (c) **Disclosure of necessary information in the listing document:** With a view of allowing the potential investors to understand the Zhongyikang Acquisition in greater details, the Company will include in the listing document the following information in relation to Zhongyikang, which is comparable to the information that is required to be included in the announcement of a discloseable transaction under Chapter 14 of the Listing Rules, including: (i) general description of the scope of principal business activities of the target companies and the sellers; (ii) the consideration of the transactions; (iii) the basis on which the consideration is determined; (iv) how the consideration will be satisfied and the payment terms; (v) reasons for and benefits of the transactions; and (vi) other material terms of the sale and purchase agreement in relation to the transactions (if any).

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WAIVER IN RESPECT OF PUBLIC FLOAT REQUIREMENTS

Rule 8.08(1)(a) and (b) of the Listing Rules require that there shall be an open market in the securities for which listing is sought and a sufficient public float of an issuer's listed securities shall be maintained. This normally means that (i) at least 25% of the issuer's total issued share capital must at all times be held by public; and (ii) where an issuer has more than one class of securities apart from the class of securities for which listing is sought, the total securities of the issuer held by public (listed on all regulated market(s) including the Stock Exchange) at the time of listing must be at least 25% of the issuer's total issued share capital. However, the class of securities for which listing is sought must not be less than 15% of the issuer's total issued share capital and must have an expected market capitalization at the time of listing of not less than HK\$50 million.

We have applied to the Stock Exchange to request the Stock Exchange to exercise its discretion under Rule 8.08(1)(d) of the Listing Rules, and the Stock Exchange has granted our Company a waiver from strict compliance with the requirements of Rule 8.08(1)(a) of the Listing Rules, pursuant to which, the public float of the Company may fall below 25% of the issued share capital of the Company (assuming the Over-allotment Option is not exercised) or such higher percentage of Shares held by the public (if the Over-allotment Option is fully or partially exercised).

The Stock Exchange has agreed to grant the requested waiver on the conditions that:

- (i) the minimum public float of the Company should be at the highest of (a) 21.3%; (b) such percentage of Shares held by the public after completion of the Global Offering; and (c) such percentage of Shares held by the public after the exercise of the Over-allotment Option;
- (ii) we will make appropriate disclosure of the lower percentage of public float required by the Stock Exchange in this prospectus;
- (iii) we will as soon as practicable announce the percentage of Shares held by the public immediately after completion of the Global Offering (but before the exercise of the Over-allotment Option), such that the public will be informed of the minimum public float requirement applicable to the Company;
- (iv) we will confirm sufficiency of public float in the successive annual reports of the Company after the Listing;
- (v) we will implement appropriate measures and mechanisms to ensure continual maintenance of the minimum percentage of public float prescribed by the Stock Exchange; and
- (vi) we will continue to comply with Rules 8.08(2) and 8.08(3) of the Listing Rules.

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WAIVER IN RESPECT OF CLAWBACK MECHANISM

Under Paragraph 4.2 of Practice Note 18 to the Listing Rules, where an initial public offering includes both a placing tranche and a public subscription tranche, the minimum allocation of shares to the public subscription tranche shall be an initial allocation of 10% of the shares offered in the initial public offering and subject to a clawback mechanism that increases the number of shares available in the public subscription tranche depending on the demand for those shares as set out in the paragraph. We have applied to the Stock Exchange for, and the Stock Exchange has granted us, a waiver from strict compliance with Paragraph 4.2 of Practice Note 18 to the Listing Rules such that, in the event of over-subscription, the alternative clawback mechanism shall be applied to the provisions under Paragraph 4.2 of Practice Note 18 of the Listing Rules, following the closing of the application lists, subject to the condition that the initial allocation of Shares under the Hong Kong Public Offering shall not be less than 5% of the Global Offering. For further information of such clawback mechanism, please see the section headed “Structure of the Global Offering — The Hong Kong Public Offering — Reallocation and Clawback.”

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which our Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the Listing Rules for the purpose of giving information to the public with regard to the Group. Our Directors, having made all reasonable enquiries confirm that, to the best of their knowledge and belief, the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this prospectus misleading.

UNDERWRITING AND INFORMATION ON THE GLOBAL OFFERING

This prospectus is published solely in connection with the Hong Kong Public Offering, which forms part of the Global Offering. The Global Offering comprises the Hong Kong Public Offering of initially 10,406,200 Shares and the International Offering of initially 149,688,000 Shares (subject, in each case, to reallocation on the basis referred to under the section headed “Structure of the Global Offering” in this prospectus and without taking into account the Over-allotment Option).

The listing of our Shares on the Stock Exchange is sponsored by the Joint Sponsors and the Global Offering is managed by the Joint Global Coordinators. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters pursuant to the Hong Kong Underwriting Agreement. The International Underwriting Agreement relating to the International Offering is expected to be entered into on or about the Price Determination Date, subject to determination of the pricing of the Offer Shares. Further information regarding the Underwriters and the underwriting arrangements are set out in the section headed “Underwriting” in this prospectus.

The Hong Kong Offer Shares are offered solely on the basis of the information contained and representations made in this prospectus and the Application Forms and on the terms and subject to the conditions set out herein and therein. No person is authorized to give any information in connection with the Global Offering or to make any representation not contained in this prospectus and the relevant Application Forms, and any information or representation not contained herein and therein must not be relied upon as having been authorized by our Company, the Joint Global Coordinators, the Joint Bookrunners, the Joint Sponsors, the Underwriters, any of their respective directors, agents, employees or advisors or any other party involved in the Global Offering.

Neither the delivery of this prospectus nor any subscription made under it shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in our affairs since the date of this prospectus or imply that the information contained in this prospectus is correct as of any date subsequent to the date of this prospectus.

Further information regarding the structure of the Global Offering, including its conditions, are set out in the section headed “Structure of the Global Offering” and the procedures for applying for our Shares are set out in the section headed “How to Apply for the Hong Kong Offer Shares” in this prospectus and in the relevant Application Forms.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

DETERMINATION OF THE OFFER PRICE

The Offer Shares are being offered at the Offer Price which will be determined by the Joint Global Coordinators (on behalf of the Underwriters) and us on or around Thursday, April 26, 2018 and in any event no later than Thursday, May 3, 2018.

If the Joint Global Coordinators (on behalf of the Underwriters) and our Company are unable to reach an agreement on the Offer Price on or before Thursday, May 3, 2018 or such later date or time as may be agreed between the Joint Global Coordinators (on behalf of the Underwriters) and us, the Global Offering will not become unconditional and will lapse.

Downward Offer Price Adjustment

We have reserved the right to make a Downward Offer Price Adjustment to provide flexibility in pricing the Offer Shares. The ability to make a Downward Offer Price Adjustment does not affect our obligation to issue a supplemental prospectus and to offer investors a right to withdraw their applications if there is a material change in circumstances not disclosed in the prospectus.

If it is intended to set the final Offer Price at more than 10% below the bottom end of the indicative Offer Price range, the Withdrawal Mechanism will be applied if the Global Offering is to proceed.

RESTRICTIONS ON OFFER AND SALE OF THE SHARES

Each person acquiring the Hong Kong Offer Shares under the Hong Kong Public Offering will be required to, or be deemed by his acquisition of the Shares to, confirm that he is aware of the restrictions on offers and sales of the Shares described in this prospectus and the relevant Application Forms.

No action has been taken to permit a public offering of the Offer Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, without limitation to the following, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offering and sales of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom. In particular, the Hong Kong Offer Shares have not been publicly offered or sold, directly or indirectly, in the PRC or the United States.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares in issue, and the Shares to be issued pursuant to the Global Offering (including the additional Shares which may be issued upon full exercise of the Over-allotment Option).

Dealings in the Shares on the Stock Exchange are expected to commence on Friday, May 4, 2018. Save as disclosed in this prospectus, no part of our share or loan capital is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or proposed to be sought on the Stock Exchange or any other stock exchange as of the date of this prospectus. All the Offer Shares will be registered on the Hong Kong share register of our Company in order to enable them to be traded on the Stock Exchange.

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Under section 44B(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any allotment made in respect of any application will be invalid if the listing of, and permission to deal in, the Shares on the Stock Exchange is refused before the expiration of three weeks from the date of the closing of the application lists, or such longer period (not exceeding six weeks) as may, within the said three weeks, be notified to our Company by or on behalf of the Stock Exchange.

All necessary arrangements have been made to enable the securities to be admitted into CCASS.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Global Offering are recommended to consult their professional advisors as to the taxation implications of subscribing for, purchasing, holding or disposal of, and/or dealing in the Shares or exercising rights attached to them. None of us, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Underwriters, any of their respective directors, officers, employees, agents or representatives or any other person or party involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription, purchase, holding, disposition of, or dealing in, the Shares or exercising any rights attached to them.

OVER-ALLOTMENT AND STABILIZATION

Details of the arrangement relating to the Over-allotment Option and stabilization are set out under the section headed “Structure of the Global Offering” in this prospectus.

HONG KONG REGISTER OF MEMBERS AND HONG KONG STAMP DUTY

The Company’s principal register of members will be maintained by the Principal Share Registrar and Transfer Office, in the Cayman Islands. All of the Shares issued pursuant to the Global Offering will be registered on the Company’s Hong Kong share register to be maintained in Hong Kong by its Hong Kong Share Registrar. Dealings in the Shares registered in our Company’s Hong Kong share register will be subject to Hong Kong stamp duty. Unless determined otherwise by our Company, dividends payable in Hong Kong dollars in respect of Shares will be paid to the shareholders listed on the Hong Kong share register of our Company, by ordinary post, at the shareholders’ risk, to the registered address of each shareholder.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of the listing of, and permission to deal in, the Shares on the Stock Exchange and compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on the Stock Exchange or on any other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

required to take place in CCASS on the second business day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

Investors should seek the advice of their stockbroker or other professional advisor for details of the settlement arrangements as such arrangements may affect their rights and interests.

PROCEDURES FOR APPLICATION FOR HONG KONG OFFER SHARES

The procedures for applying for Hong Kong Offer Shares is set out in the section headed “How to Apply for Hong Kong Offer Shares” in this prospectus and on the Application Forms.

STRUCTURE OF THE GLOBAL OFFERING

Details of the structure of the Global Offering, including its conditions, are set out in the section headed “Structure of the Global Offering” in this prospectus.

EXCHANGE RATE CONVERSION

Solely for your convenience, this prospectus contains translations among certain amounts denominated in Renminbi, Hong Kong dollars and U.S. dollars. No representation is made that the amounts denominated in one currency could actually be converted into the amounts denominated in another currency at the rates indicated or at all. Unless indicated otherwise, (i) the translations between U.S. dollars and Renminbi were made at the rate of RMB6.2725 to US\$1.00, and (ii) the translations between U.S. dollars and Hong Kong dollars were made at the rate of HK\$7.8499 to US\$1.00, both being the noon buying rate as set forth in the H10 statistical release of the United States Federal Reserve Board on April 13, 2018. Any discrepancies in any table between totals and sums of amounts listed therein are due to rounding.

LANGUAGE

If there is any inconsistency between this prospectus and the Chinese translation of this prospectus, this prospectus shall prevail. Names of any laws and regulations, governmental authorities, institutions, natural persons or other entities which have been translated into English and included in this prospectus and for which no official English translation exists are unofficial translations for your reference only.

ROUNDING

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments, or have been rounded to one or two decimal places. Any discrepancies in any table, chart or elsewhere between totals and sums of amounts listed therein are due to rounding.

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

For further information on our Directors, please refer to the section headed “Directors and Senior Management” of this prospectus.

DIRECTORS

Name	Address	Nationality
Executive Director		
Mr. WANG Tao (王濤)	No 24-802, Lane 183 Yunjin Road Xuhui District Shanghai PRC	American
Non-executive Directors		
Mr. LEE Yuan Siong (李源祥)	Building 47, Zone II Forest Manor No. 588 Jinfeng Road Minhang District Shanghai PRC	Singaporean
Mr. YAO Jason Bo (姚波)	Flat 68D, Tower 3 The Harbourside 1 Austin Road West Kowloon Hong Kong	Chinese
Ms. CAI Fangfang (蔡方方)	22E, Building No.4, Xiangshimeilin Zhuzilin 4th Road Futian District Shenzhen PRC	Chinese
Mr. DOU Wenwei (竇文偉)	No. 2501, Unit 2, Building No. 25 Zone VII, The Fifth Wanke Palace Buji Bantian Street Longgang District Shenzhen PRC	Chinese
Ms. WANG Wenjun (王文君)	No. A402, Meijia Square Shahe Street Nanshan District Shenzhen PRC	Chinese
Mr. LAW Siu Wah Eddie (羅肇華)	B27, Regalia Bay 88 Wong Ma Kok Road Stanley Hong Kong	Canadian

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

Name	Address	Nationality
Independent non-executive Directors		
Mr. TANG Yunwei (湯雲為)	Building 230 No. 2388, Hongqiao Road Changning District Shanghai PRC	Chinese
Mr. GUO Tianyong (郭田勇)	No. 302, Unit 2, Building No. 1 Xinxinjiayuan No. 15, Wanliu East Road Haidian District Beijing PRC	Chinese
Mr. LIU Xin (劉鑫)	No. 502, Unit 8, Building No. 7 Yonglexi Housing Shijingshan District Beijing PRC	Chinese
Mr. CHOW Wing Kin Anthony (周永健)	Flat A, 9th Floor, Po Garden 9 Brewin Path Mid-levels Hong Kong	British

PARTIES INVOLVED IN THE GLOBAL OFFERING

Joint Bookrunners

(in alphabetical order)

CCB International Capital Limited
12/F CCB Tower
Connaught Road Central
Central
Hong Kong

China International Capital Corporation Hong Kong
Securities Limited
29/F One International Finance Centre
1 Harbour View Street
Central
Hong Kong

China Merchants Securities (HK) Co., Limited
48/F One Exchange Square
Central
Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

Citigroup Global Markets Asia Limited
(in relation to the Hong Kong Public Offering only)
50/F Champion Tower
Three Garden Road
Central
Hong Kong

Citigroup Global Markets Limited
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CORPORATE INFORMATION

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Head Office and Principal Place Of Business in China	16-19/F, Block B Shanghai Ping An Building No. 166, Kaibin Road Shanghai PRC
Principal Place of Business in Hong Kong	5301, 53/F The Center 99 Queen's Road Central Hong Kong
Company's Website	www.pahtg.com (The information on the website does not form part of this prospectus)
Joint Company Secretaries	Ms. LIN Yuan No. 198-302, Lane 538 Fuyuan Road Baoshan District Shanghai PRC Ms. CHEN Chun <i>(associate member of The Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators)</i> 18/F, Tesbury Centre 28 Queen's Road East Wanchai Hong Kong
Authorised Representatives	Mr. WANG Tao No 24-802, Lane 183 Yunjin Road Xuhui District Shanghai PRC

CORPORATE INFORMATION

	<p>Ms. CHEN Chun <i>(associate member of The Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators)</i> 18/F, Tesbury Centre 28 Queen's Road East Wanchai Hong Kong</p>
Audit and Risk Management Committee	<p>Mr. TANG Yunwei (Chairman) Mr. GUO Tianyong Mr. LIU Xin Mr. YAO Jason Bo Mr. LAW Siu Wah Eddie</p>
Nomination and Remuneration Committee	<p>Mr. GUO Tianyong (Chairman) Mr. TANG Yunwei Mr. CHOW Wing Kin Anthony Mr. LIU Xin Ms. CAI Fangfang Mr. YAO Jason Bo Mr. LAW Siu Wah Eddie</p>
Compliance Advisor	<p>Somerley Capital Limited 20/F, China Building 29 Queen's Road Central Hong Kong</p>
Hong Kong Share Registrar	<p>Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17th Floor Hopewell Centre 183 Queen's Road East Wanchai Hong Kong</p>
Principal Share Registrar and Transfer Office	<p>Maples Fund Services (Cayman) Limited PO Box 1093, Boundary Hall Cricket Square Grand Cayman, KY1-1102 Cayman Islands</p>
Principal Banker	<p>Ping An Bank Co., Ltd. 11/F, No. 5047 Shennan Dong Road Shenzhen PRC</p>

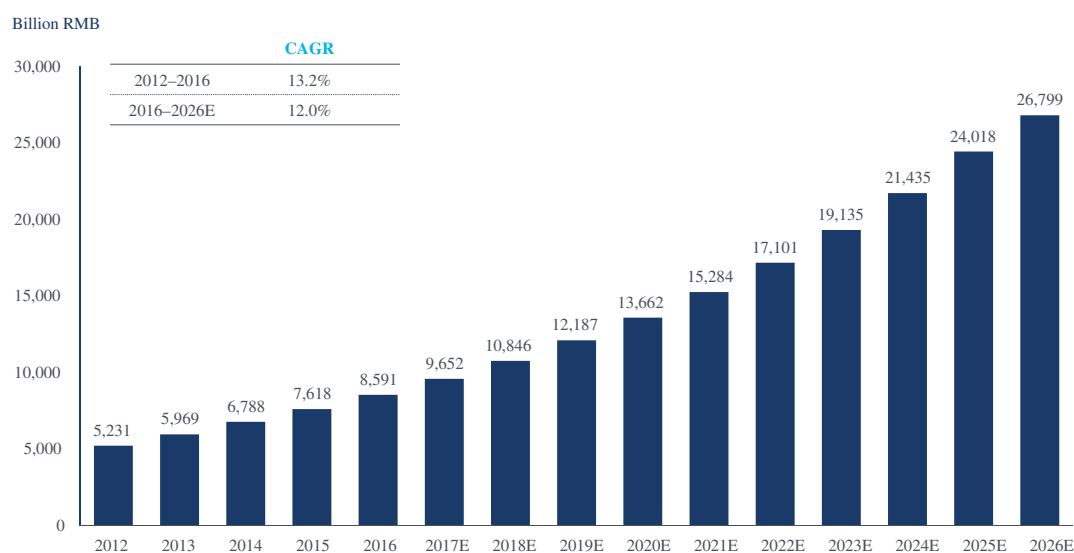
INDUSTRY OVERVIEW

This section contains certain information, statistics and data which are derived from a commissioned report from Frost & Sullivan, an Independent Third Party (the “Frost & Sullivan report”). The information from official government publications, industry sources and the Frost & Sullivan report may not be consistent with information available from other sources. We believe that the sources of the information in this section are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading in any material respect. However, neither we nor any other party involved in the Global Offering have independently verified such information, and neither we nor any other party involved in the Global Offering are giving any representation as to the accuracy or completeness of such information. Investors are cautioned not to place any undue reliance on the information, including statistics and estimates, set forth in this section or similar information included elsewhere in this prospectus. For a discussion of risks relating to our industries, see “Risk Factors — Risks Relating to Our Business and Industry.”

THE PRC GENERAL HEALTH AND WELLNESS INDUSTRY

The PRC general health and wellness industry is one of the largest components of the national economy, which refers to services and products related to the maintenance, recovery and promotion of health, encompassing healthcare services, pharmaceuticals, nutrition and health products, medical devices, maternal and infant products, as well as other services such as health management and care of the elderly. According to Frost & Sullivan, the market size of the PRC general health and wellness industry reached RMB8.6 trillion in 2016, and is expected to increase to RMB26.8 trillion in 2026, at a CAGR of 12.0%. The following diagram sets forth the historical and forecast market size of the general health and wellness market in China from 2012 to 2026:

The PRC General Health and Wellness Market, 2012-2026E



Source: the Frost & Sullivan report

INDUSTRY OVERVIEW

The healthcare services industry currently accounts for the largest part of the PRC general health and wellness market, which consists primarily of disease prevention, treatment and rehabilitation. According to Frost & Sullivan, the market size of the PRC healthcare services industry was RMB3,316.6 billion in 2016 and is expected to reach RMB7,754.4 billion in 2026. Meanwhile, according to Frost & Sullivan, the size of the PRC beauty care market was RMB153.7 billion in 2016, and is expected to reach RMB877.9 billion in 2026. The penetration rate of the beauty care market was 2.9% in China in 2016, compared to 18.9% in South Korea and 16.0% in the United States, indicating considerable potential market opportunities.

THE PRC HEALTHCARE SERVICES INDUSTRY

Overview and Outlook of the PRC Healthcare Services Industry

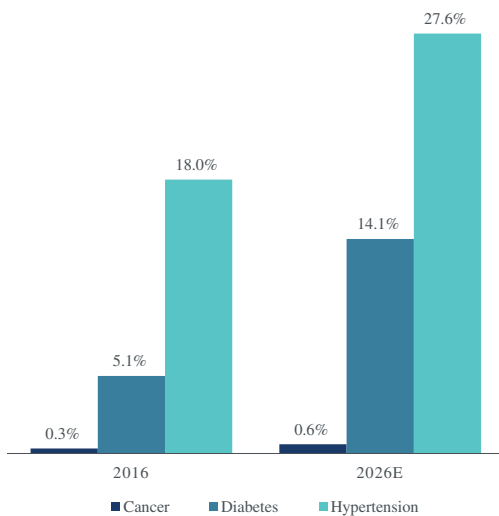
The PRC healthcare services industry has experienced rapid growth in recent years. According to Frost & Sullivan, the total healthcare expenditure in China increased significantly from RMB2,811.9 billion in 2012 to RMB4,634.5 billion in 2016, at a CAGR of 13.3%. As of December 31, 2016, there were approximately 3.2 million licensed doctors in China, and approximately 21.7 million outpatient visits took place at healthcare institutions on a daily basis in 2016, according to Frost & Sullivan.

Increasing per capita disposable income, an aging population and the rising prevalence of chronic diseases are the three key drivers propelling the growth of China's healthcare services industry. According to Frost & Sullivan, the per capita annual disposable income in the PRC was RMB23,821.0 in 2016 and is expected to reach RMB51,280.3 in 2026, at a CAGR of 8.0%. According to Frost & Sullivan, the number of people older than 60 was approximately 230.9 million in 2016, representing 16.7% of China's total population, and these numbers are expected to reach 271.5 million and 18.6% in 2026. As the overall metabolic and immune capacities of elder people gradually decline, they are more likely to suffer from chronic diseases, and thus incur high costs on long-term medication and scientific disease management.

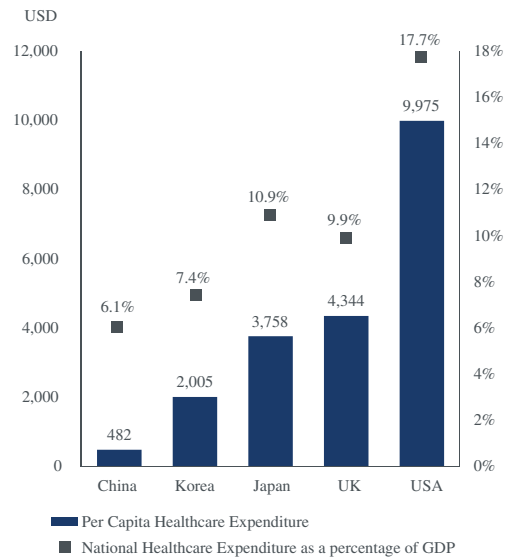
INDUSTRY OVERVIEW

According to Frost & Sullivan, the prevalence rates of cancer and diabetes, both chronic diseases, are expected to roughly double over the next ten years in China. According to Frost & Sullivan, China's total healthcare expenditure was RMB4,634.5 billion in 2016 and is expected to reach RMB11,403.1 billion in 2026, at a CAGR of 9.4%. The following diagrams set forth the historical and forecast penetration rates of chronic diseases in China and a comparison of healthcare expenditure in China, Korea, Japan, the United Kingdom and the United States in 2015:

Prevalence Rate of Chronic Disease in China, 2016 and 2026E



Global Healthcare Expenditure Comparison, 2015



Source: the Frost & Sullivan report

Meanwhile, China's healthcare expenditure, either as a percentage of GDP or on a per capita basis, remains relatively low compared to that of the other countries with top GDPs. According to Frost & Sullivan, China's national healthcare expenditure accounted for 6.1% of the GDP in China in 2015, as compared to 7.4%, 10.9% and 17.7% for South Korea, Japan and the United States, respectively. In addition, the per capita resident healthcare expenditure in China was US\$481.6 in 2015, which was approximately one fourth, one eighth and one twentieth of that of South Korea, Japan and the United States, respectively. China's relatively low healthcare expenditure, either as a percentage of GDP or on a per capita basis, indicates considerable growth potential.

Current Weaknesses of the PRC Healthcare Services Market

Scarcity and Uneven Distribution of Quality Medical Resources in China

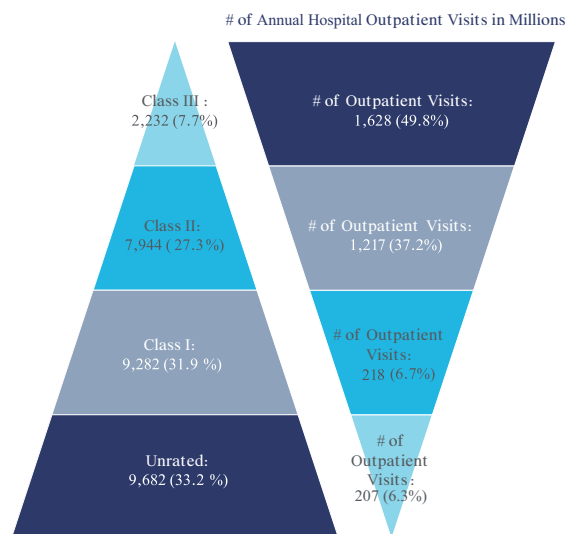
Despite increasing healthcare demand and expenditure, quality medical resources remain scarce in China and their distribution is uneven, which has become a structural weakness plaguing the PRC healthcare industry. The gap in per capita medical resources, along with that in per capita primary healthcare resources, between China and the United States remains huge. According to Frost &

INDUSTRY OVERVIEW

Sullivan, the number of licensed doctors and registered nurses in 2016 was 4,844 per million population in China, compared to 12,714 per million population in the United States. In 2016, the number of family doctors was 49 per million population in China, compared to 259 per million population in the United States. The low presence of family doctors in China’s primary healthcare sector, who are supposed to serve as the first point of contact for patients to facilitate effective and efficient utilization of medical resources, further exacerbates the existing mismatch of medical resources supply and demand in China.

At present, hospitals remain the most important healthcare providers in China, with Class III hospitals being the premium class in terms of expertise and caliber of medical team, management and technologies. According to Frost & Sullivan, there were only 2,232 Class III hospitals out of 29,140 hospitals in China as of December 31, 2016. As China’s quality medical resources are mainly concentrated in Class III hospitals, patients often prefer to seek healthcare services in such hospitals, regardless of the severity of their conditions or cases. In 2016, Class III hospitals, which accounted for only 7.7% of the PRC hospitals, were burdened with 49.8% of the medical consultations in 2016, according to Frost & Sullivan. The following diagram illustrates the significant mismatch of medical resources supply and demand in China in 2016:

Severe Inversion of Medical Resource and Diagnosis Demand, 2016



Source: the Frost & Sullivan report

Meanwhile, a large number of Class III hospitals are located in tier one cities such as Beijing and Shanghai as well as more affluent and densely populated eastern coastal provinces, such as Shandong, Jiangsu and Zhejiang, where more than one hundred Class III hospitals are located in each province, with more than one Class III hospital per million population. In contrast, in less affluent but densely populated provinces such as Hebei, Henan and Hunan, there are less than one hundred Class III hospitals in each province, with less than one Class III hospital per million population.

INDUSTRY OVERVIEW

The significant mismatch of supply and demand, combined with the relative scarcity of quality medical resources, including primary healthcare resources, results in inefficient and unnecessary utilization of medical resources in China.

Poor Medical Service Experience for Patients

The mismatch of medical resources supply and demand leads to another weakness of the PRC healthcare services market, namely poor medical service experience for the patients. According to Frost & Sullivan, a patient in China spent on average three hours on an outpatient visit in 2016, in which the effective time dedicated to the patient's diagnosis only accounted for on average 4.4%, or eight minutes.

Expected Deficit of the Social Medical Insurance

China's increasing healthcare demand and expenditure pose challenges not only to healthcare providers, but also to its medical insurance system. At present, the PRC medical insurance system consists primarily of government-sponsored social medical insurance and medical aid schemes, as well as commercial medical insurance offered by private insurers. According to Frost & Sullivan, the growth of social medical insurance's expenditure has outpaced that of its revenue. A deficit is expected to arise in 2020 and expand to over RMB2.3 trillion in 2026, assuming no timely and effective cost control measures in response.

Future Trends of the PRC Healthcare Services industry

The PRC healthcare services industry is expected to experience the following changes in the near future:

- *Rising Private Healthcare Service.* With the opening up of the PRC healthcare services industry to private capital and favorable policy support, private hospitals have experienced rapid expansion recently, and in the next few years, more private capital is expected to enter into the hospital operations, focusing on either the mass or premium healthcare services market. The rise of private healthcare providers is expected to further divert patients from large public Class III hospitals and reduce the average time spent on medical consultations;
- *Emerging Commercial Insurance.* Since the PRC social medical insurance only reimburses part of patients' medical expenses, private medical insurers are well-positioned to fill the gap. Commercial insurance is expected to increase gradually over the next decade and play an active role in the PRC healthcare services market. A thriving commercial insurance market is expected to help China reduce its over-reliance on social medical insurance and consequently exposure to a potential deficit risk; and
- *Development of Internet Healthcare.* Internet healthcare is a relatively recent healthcare practice supported by Internet technologies, which primarily involves online consultation, health management, pharmaceutical B2C business, online advertisement and marketing promotion, insurance cooperation and patient guidance. Benefiting from Internet technologies, Internet healthcare provides convenient and secure access to healthcare services, bridging the wide gap between China's scarce and unevenly distributed medical

INDUSTRY OVERVIEW

resources and increasing healthcare demand. Moreover, through technological innovations including big data analytics and AI, Internet healthcare is expected to shorten the conventional diagnostic process and lower patients' medical-related costs, which, in turn, is expected to alleviate the financial burden of China's social medical insurance.

THE PRC INTERNET HEALTHCARE INDUSTRY

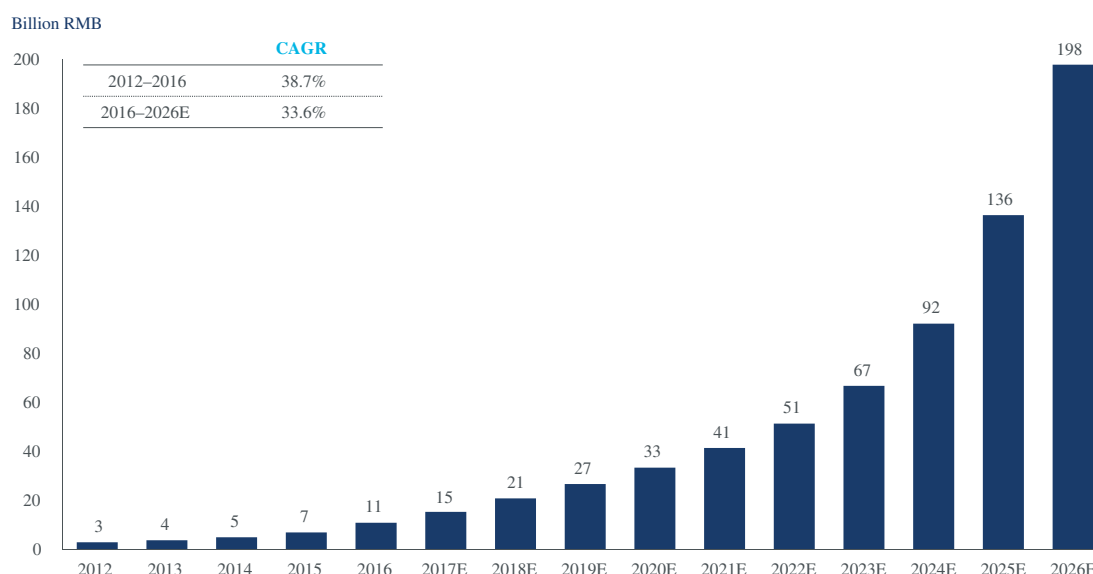
In recent years, the PRC government has, on many occasions, demonstrated its ambitions to promote Internet healthcare services nationwide and establish a national Internet healthcare service infrastructure. See "Regulatory Environment." There have also been intensive capital investments in the Internet healthcare industry.

Overview and Outlook of the PRC Internet Healthcare Industry

Market Size

With the rapid expansion in recent years, the market size of the PRC Internet healthcare industry reached RMB10.9 billion in 2016, according to Frost & Sullivan. In light of the rising healthcare awareness, improved Internet technologies and increasing disposable income of Chinese residents, the PRC Internet healthcare industry is expected to continue to grow at a fast pace from 2016 to 2026. The following diagram sets forth the historical and forecast market size of the PRC Internet healthcare industry from 2012 to 2026:

The PRC Internet Healthcare⁽¹⁾ Market, 2012-2026E



Source: the Frost & Sullivan report

Note:

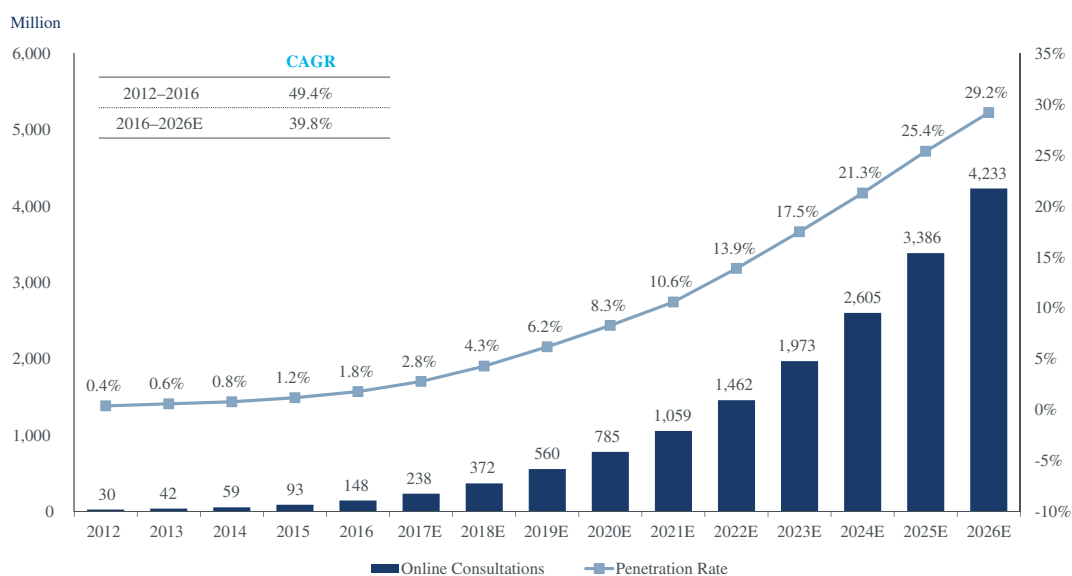
- (1) The PRC Internet healthcare industry involves online consultation, health management, pharmaceutical B2C business, online advertisement and marketing promotion, insurance cooperation and patient guidance.

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Online Consultations

Along with the continual expansion of market size, the volume of online consultations in China increased rapidly from 29.8 million in 2012 to 148.4 million in 2016, at a CAGR of 49.4%, and is expected to reach 4.2 billion in 2026, according to Frost & Sullivan. The following diagram sets forth the historical and forecast volume and penetration rate of online consultations in China from 2012 to 2026:

Volume of Online Consultations in China, 2012-2026E



Source: the Frost & Sullivan report

Notes:

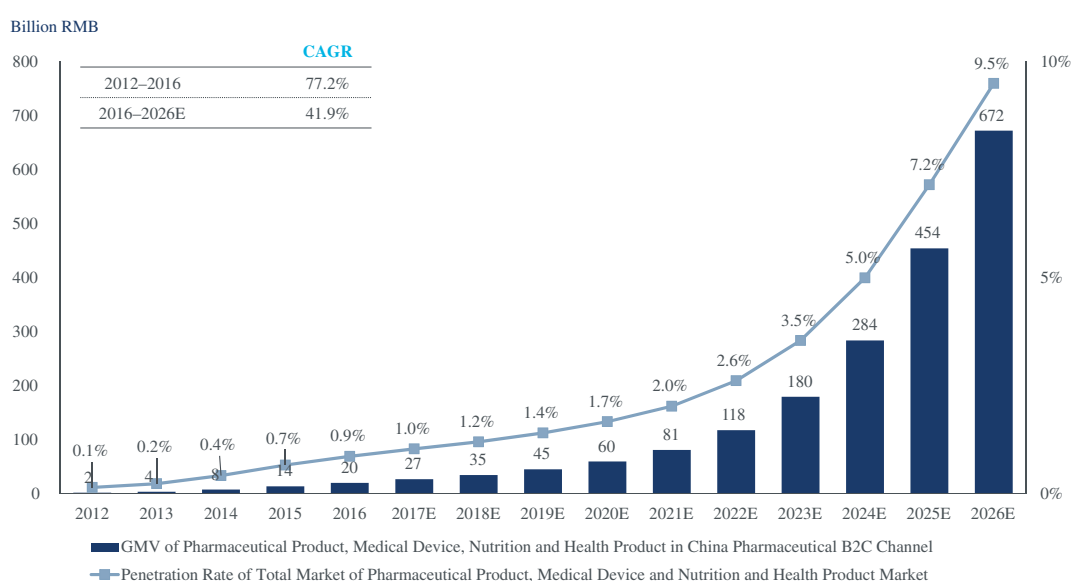
- (1) Online consultations include both free and charged consultations.
- (2) Penetration rate equals volume of online consultations divided by the combined volume of online and offline consultations.

INDUSTRY OVERVIEW

Online Pharmaceutical B2C Business

Integral to the PRC Internet healthcare industry, the pharmaceutical B2C business experienced a nearly tenfold growth in GMV from 2012 to 2016, at a CAGR of 77.2%, reaching RMB20.3 billion in 2016, according to Frost & Sullivan. Such growth is mainly driven by the increase in per capita disposal income, rising healthcare awareness, rising popularity of shopping for health products online and promotional efforts of pharmaceutical companies. Propelled by these drivers, the pharmaceutical B2C GMV is expected to reach RMB672.3 billion in 2026, as set forth in the following diagram on the historical and forecast GMV of China's pharmaceutical B2C business from 2012 to 2026:

**GMV of Pharmaceutical Product, Medical Device, Nutrition and Health Product
in the PRC Pharmaceutical B2C Channel, 2012-2026E**



Source: the Frost & Sullivan report

According to Frost & Sullivan, the GMV of the PRC pharmaceutical B2C business excluding prescription drugs grew from RMB2.0 billion in 2012 to RMB19.7 billion in 2016, at a CAGR of 77.0%, and is expected to reach RMB499.2 billion in 2026.

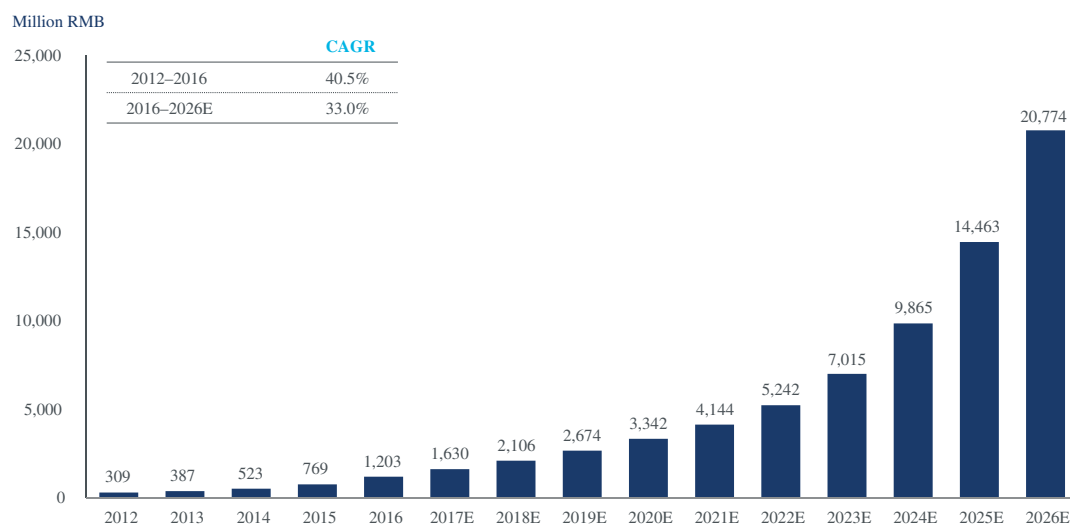
Online Healthcare Advertising and Marketing Business

Following the imposition of stringent restrictions on the expression and wording of online medical-related marketing by the SAIC, most of such marketing is now undertaken by means of social community activities or academic promotion, rather than direct advertising. Nevertheless, the PRC online healthcare advertising and marketing business has experienced rapid growth in recent years, with its revenue growing from RMB309.1 million in 2012 to RMB1,203.3 million in 2016, at a CAGR of 40.5%, according to Frost & Sullivan. The PRC online healthcare advertising and marketing business is expected to continue to grow in the long term, as the relevant SAIC restrictions are expected to be gradually eased in the future.

INDUSTRY OVERVIEW

The following diagram sets forth the historical and forecast revenue of the PRC online healthcare advertising and marketing business from 2012 to 2026:

The PRC Online Healthcare Advertising and Marketing Promotion Market, 2012-2026E



Source: the Frost & Sullivan report

Key Growth Drivers of the PRC Internet Healthcare Industry

In the next decade, the following factors are expected to unleash the growth potential of the PRC Internet healthcare industry:

- *Large Number of Active Internet Users in China.* According to Frost & Sullivan, there were 731.0 million active Internet users in China in 2016, increased from 564.0 million in 2012. However, the penetration rate of active Internet users was only 53.2% in 2016, which indicated considerable growth potential for both an active Internet user population and demand for Internet healthcare services in China. Furthermore, according to Frost & Sullivan, the number of mobile users experienced an explosive growth in recent years, accounting for 95.1% of China's total active Internet users in 2016, increased from 57.5% in 2012. These users are expected to become an important stimulant to the growth of the PRC Internet healthcare industry.
- *Favorable Policies.* In recent years, the PRC government has made great efforts in promoting Internet healthcare services, including endorsing the concepts of the telemedicine application system (遠程醫療應用體系), smart healthcare (智慧健康醫療服務) and healthcare big data security system (健康醫療大數據保障體系) in a series of policies. Such favorable policies are expected to incentivize the further development of Internet healthcare.

INDUSTRY OVERVIEW

- *Increasing Need for Better Accessibility and Convenience of Healthcare Services.* Due to China's aging population and rising prevalence of chronic diseases, the demand for healthcare services is expected to continue growing with a strong momentum. However, due to the scarce and unevenly distributed medical resources in China, medical institutions are unlikely to fully meet such increasing demand. By comparison, Internet healthcare platforms can provide medical services remotely and ensure highly accessible and convenient services. Such advantages are likely to improve patients' experience of healthcare services and motivate them to switch from traditional offline to Internet healthcare services.
- *Advancing Technology.* Benefiting from the rapid development of Internet technologies, Internet healthcare services such as online consultation and pharmaceutical e-commerce have become readily available. In addition, new technologies such as big data analytics and AI are expected to bring improved quality of care and other benefits such as enhanced efficiency, more precise diagnosis and effective disease prevention to the daily health management offered through Internet healthcare. Such benefits were unavailable under traditional offline healthcare services, and are expected to drive the growth of the PRC Internet healthcare industry in the near future.

ENTRY BARRIERS AND COMPETITIVE LANDSCAPE OF THE PRC INTERNET HEALTHCARE MARKET

Entry Barriers

New market entrants to the Internet healthcare industry are confronted with a number of barriers, including those relating to:

- *Quality service and brand recognition.* In order to be perceived by users as a reliable service provider of care in the Internet healthcare industry, high-quality services and strong brand recognition are crucial factors. To provide quality services to users, a market player should generally be equipped with in-depth knowledge of the industry, a strong network of well-established business partners based on well-designed business models, and strict guidelines for medical services for quality controls. The Internet healthcare industry, unlike the existing traditional healthcare industry, is new where few market players are experienced and market standards are still being formed. Therefore, building a quality brand name can require substantial capital for research and development and years of testing of business models and monetization methods, which are generally unavailable to market entrants.
- *User engagement.* In the Internet healthcare industry, as with other Internet industries, to build a successful Internet platform and monetize the products and services provided through such platform requires a substantial user base, active user engagement and strong customer stickiness. Without sufficient and stable user engagement, it would be difficult for a market entrant to compete with existing established market players and grasp monetization opportunities.

INDUSTRY OVERVIEW

- *Ability to address multiple user needs.* Since individuals have different medical needs in different conditions and at different times during their lifetime, an Internet healthcare company cannot succeed in the Internet healthcare industry if it cannot offer a variety of medical services to satisfy the diverse medical needs of customers. This requires the company to establish cooperation with a variety of medical and healthcare institutions.
- *Data accumulation and technological capacities.* As the Internet healthcare industry is a data-driven industry, a market player's capabilities of collecting a large amount of data, developing frontier technologies, and processing and utilizing such amount of data are crucial to its success. All these capabilities, however, are relatively difficult for market entrants to obtain within a short period of time.

Competitive Landscape

According to Frost & Sullivan, the major players of the PRC Internet healthcare market offer some or all of the following categories of services: online consultations, health management, pharmaceutical B2C, online advertising and marketing promotion as well as hospital referral and appointment. We, as a one-stop healthcare platform, offer comprehensive services covering all of the foregoing categories, as opposed to many other players which only provide limited service coverage. According to Frost & Sullivan, we ranked first in terms of average DAUs and MAUs in this market in 2016. Our average MAUs reached 21.8 million in 2016, approximately five times those of the second largest player in terms of average MAUs in 2016. The following tables set forth the top five internet healthcare companies in the PRC in terms of DAUs and MAUs in 2016, respectively.

Ranking	Company	2016 DAUs ('000)	Ranking	Company	2016 MAUs ('000)
1	Ping An Good Doctor	5,609	1	Ping An Good Doctor	21,800
2	Company A ⁽¹⁾	450	2	Company A ⁽¹⁾	4,000
3	Company B ⁽²⁾	400	3	Company C ⁽³⁾	2,810
4	Company C ⁽³⁾	310	4	Company D ⁽⁴⁾	2,800
5	Company D ⁽⁴⁾	300	5	Company B ⁽²⁾	2,700

Source: the Frost & Sullivan report

Notes:

- ⁽¹⁾ The major businesses of Company A include online consultations featured by doctors from offline medical institutions, online drug sales, and online advertising and market promotion. Company A has received investment from certain private equity funds and venture capital companies, among others.
- ⁽²⁾ Company B mainly focuses on hospital appointment services business, and also engages in pharmaceutical B2C, online consultations featured by doctors from offline medical institutions, and online advertising and market promotion businesses. Company B has received investment from a leading provider of Internet value-added services in the PRC that is listed on the Hong Kong Stock Exchange as well as certain private equity funds and venture capital companies, among others.
- ⁽³⁾ The major businesses of Company C include online consultations featured by doctors from offline medical institutions, health management, and online advertising and marketing promotion. Company C has received investment from certain private equity funds and venture capital companies, among others.
- ⁽⁴⁾ Company D focuses on pharmaceutical e-commerce business.

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According to Frost & Sullivan, the PRC government may collect patient data for public interest purposes, and there is currently no evidence that the PRC government is or intends to be a potential competitor in the PRC Internet healthcare market.

SOURCES OF THE INDUSTRY INFORMATION

We engaged Frost & Sullivan, an independent market research consultant, to conduct an analysis of, and to prepare a report upon, the big health, healthcare services and Internet healthcare industries in China for use in this prospectus, which was commissioned by us for a fee of RMB850,000. Frost & Sullivan prepared its report based on data released by government institutions and non-government organizations and its primary research.

Forecasts and assumptions included in the Frost & Sullivan report are inherently uncertain because of events or combinations of events that cannot be reasonably foreseen, including, without limitation, the actions of government, individuals, third parties and competitors. Specific factors that could cause actual results to differ materially include, among other things, risks inherent in the big health, healthcare services and Internet healthcare industries in China, financing risks, labor risks, supply risks, regulatory risks and environmental concerns.

Except as otherwise noted, all of the data and forecasts contained in this section are derived from the Frost & Sullivan report. Our Directors confirm that after taking reasonable care, there is no material adverse change in the overall market information since the date of the Frost & Sullivan report that would materially qualify, contradict or have an impact on such information.

REGULATORY ENVIRONMENT

A. REGULATIONS RELATING TO FOREIGN INVESTMENT

Investment in the PRC conducted by foreign investors and foreign-owned enterprises shall comply with the Guidance Catalogue of Industries for Foreign Investment (《外商投資產業指導目錄》) (the “**Catalogue**”), which was newly amended and promulgated by the MOFCOM and National Development and Reform Commission (the “**NDRC**”) on June 28, 2017. The Catalogue, as amended, became effective on July 28, 2017 and contains specific provisions guiding market access of foreign capital, stipulating in detail the areas of entry pertaining to the categories of encouraged foreign-invested industries, restricted foreign-invested industries and prohibited foreign-invested industries. The Negative List, in a unified manner, lists the restrictive measures for the entry of foreign investment. For example, some restricted industries are limited to Sino-foreign equity/cooperative joint ventures, and in some cases, Chinese partners are required to hold the majority interests in such joint ventures. In addition, restricted category projects are subject to higher-level government approvals. Furthermore, foreign investors are not allowed to invest in companies in industries in the prohibited category. Any industry not listed in the Catalogue is a permitted industry, and is generally open to foreign investment unless specifically prohibited or restricted by the PRC laws and regulations. According to the Catalogue, the Internet information services and online data processing and transaction processing services that the Company is involved in fall under value-added telecommunications services (except for e-commerce), which is under “restricted” categories.

The establishment procedures, examination and approval procedures, registered capital requirement, foreign exchange restriction, accounting practices, taxation and labour matters of a wholly foreign-owned enterprise are governed by the Wholly Foreign-owned Enterprise Law of the PRC (《中華人民共和國外資企業法》) (the “**Wholly Foreign-owned Enterprise Law**”), which was promulgated on April 12, 1986 and amended on October 31, 2000 and Implementation Regulations under the Wholly Foreign-owned Enterprise Law (《中華人民共和國外資企業法實施細則》), which was promulgated on December 12, 1990, newly amended on February 19, 2014, and effective as from March 1, 2014.

The Wholly Foreign-owned Enterprise Law was further revised by the Standing Committee of the National People’s Congress (the “**SCNPC**”) on September 3, 2016 and has become effective from October 1, 2016. According to the amendments, for wholly foreign-owned enterprise which the special entry management measures does not apply to, its establishment, operation duration and extension, separation, merger or other major changes shall be reported for record. The special entry management measures stipulated by the State shall be promulgated or approved to be promulgated by the State Council. Pursuant to a notice issued by the NDRC and the MOFCOM on October 8, 2016, the special entry management measures shall be implemented with reference to the relevant regulations as stipulated in the Catalogue in relation to the restricted foreign-invested industries, prohibited foreign-invested industries and encouraged foreign-invested industries which have requirements as to shareholding and qualifications of senior management. Pursuant to the Provisional Administrative Measures on Establishment and Modifications (Filing) for Foreign Investment Enterprises (《外商投資企業設立及變更備案管理暫行辦法》) promulgated by MOFCOM on October 8, 2016 and amended on July 30, 2017, establishment and modifications of foreign-invested enterprises not subject to the approval under the special entry management measures shall be filed with the delegated commercial authorities.

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B. REGULATIONS RELATING TO VALUE-ADDED TELECOMMUNICATION SERVICES

Restrictions on Foreign Investment

The Telecommunications Regulations of the PRC (《中華人民共和國電信條例》) (the “**Telecommunications Regulations**”), promulgated by the State Council on September 25, 2000 and amended on July 29, 2014 and February 6, 2016, provide a regulatory framework for telecommunications services providers in the PRC. The Telecommunications Regulations require telecommunications services providers to obtain an operating license prior to the commencement of their operations. The Telecommunications Regulations categorize telecommunications services into basic telecommunications services and value-added telecommunications services. According to the Catalog of Telecommunications Business (2015 version) (《電信業務分類目錄(2015年版)》), attached to the Telecommunications Regulations, which was promulgated by the Ministry of Information Industry of the PRC (the “**MII**”, which is the predecessor of the MIIT) on February 21, 2003 and amended by the MIIT on December 28, 2015. Information services provided via fixed network, mobile network and Internet fall within value-added telecommunications services.

Foreign direct investment in telecommunications companies in China is governed by the Regulations for the Administration of Foreign-Invested Telecommunications Enterprises (revised in 2016) (《外商投資電信企業管理規定(2016修訂)》), which was promulgated by the State Council on December 11, 2001 and amended on September 10, 2008 and February 6, 2016. The regulations require foreign-invested value-added telecommunications enterprises in China to be established as Sino-foreign equity joint ventures, which the foreign investors may acquire up to 50% of the equity interests of such enterprise. In addition, the main foreign investor who invests in a foreign-invested value-added telecommunications enterprise operating the value-added telecommunications business in China must demonstrate a good track record and experience in operating a value-added telecommunications business, provided such investor is a major one among the foreign investors investing in a value-added telecommunications enterprise in China. Moreover, foreign investors that meet these requirements must obtain approvals from the MIIT and the MOFCOM or their authorized local counterparts, which retain considerable discretion in granting approvals, for its commencement of value-added telecommunication business in China.

In July 2006, the MII released the Notice on Strengthening the Administration of Foreign Investment in and Operation of Value-added Telecommunications Business (《信息產業部關於加強外商投資經營增值電信業務管理的通知》) (the “**MII Notice**”), pursuant to which, if any foreign investor intends to invest in telecommunications business in China, a foreign-invested telecommunications enterprise must be established and such enterprise must apply for the relevant telecommunications business operation licenses. In addition, under the MII Notice, the Internet domain names and registered trademarks used by a foreign-invested value-added telecommunication service operator shall be legally owned by that operator (or its shareholders).

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Regulations on the Provision of Internet Content Services

The Administrative Measures on Internet Information Services (《互聯網信息服務管理辦法》) (the “**Internet Measures**”), which was promulgated by the State Council on September 25, 2000 and amended on January 8, 2011, set out guidelines on the provision of Internet information services. The Internet Measures classified Internet information services into commercial Internet information services and non-commercial Internet information services and a commercial operator of Internet content provision services must obtain a value-added telecommunications business operating license for the provision of Internet information services from the appropriate telecommunications authorities. The Administrative Measures for Telecommunications Business Operating Licensing (《電信業務經營許可管理辦法》), which was promulgated by the MIIT on March 5, 2009 and amended on July 3, 2017, became effective on September 1, 2017, regulate a commercial operator of value-added telecommunications services must first obtain a value-added telecommunications business operating license, from the MIIT or its provincial level counterparts. According to the Administrative Measures for Telecommunications Businesses Operating Licensing, and a telecom service operator that has obtained a permit for telecom service operation shall, within the first quarter of the year following the report year, participate in annual inspection, and the MIIT or its provincial level counterparts shall examine thoroughly.

Internet information service providers are required to monitor their websites. They may not post or disseminate any content that falls within prohibited categories provided by laws or administrative regulations and must stop providing any such content on their websites. The PRC government may order ICP License holders that violate the content restrictions to correct those violations and revoke their ICP Licenses under serious conditions.

The MIIT released the Circular on Regulating the Use of Domain Names in Internet Information Services (《關於規範互聯網信息服務使用域名的通知》) on November 27, 2017, effective from January 1, 2018, which provides that the domain names used by the Internet information service provider in providing Internet information services shall be registered and owned by such Internet information service provider, and if the Internet information service provider is a legal entity, the domain name registrant shall be the legal entity (or any of its shareholders), or its principal or senior manager.

Regulations on Mobile Internet Applications Information Services

In addition to the Telecommunications Regulations and other regulations above, Mobile Internet applications (the “**APPs**”) and the Internet application store (the “**APP Store**”) are especially regulated by the Administrative Provisions on Mobile Internet Applications Information Services (《移動互聯網應用程序信息服務管理規定》) (the “**APP Provisions**”), which was promulgated by the Cyberspace Administration of China (the “**CAC**”) on June 28, 2016 and became effective on August 1, 2016. The APP Provisions regulate the APP information service providers and the APP Store service providers, while the CAC and local offices of cyberspace administration shall be responsible for the supervision and administration of nationwide or local APP information respectively. The APP information service providers shall acquire relevant qualifications required by laws and regulations and implement the information security management responsibilities strictly and fulfill their obligations provided by the APP Provisions.

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The APP Store service providers shall and fulfill the administrative responsibilities over the application providers. For any application provider who violates the aforementioned provisions, the APP Store service providers shall take such measures as warning, suspending the release or withdrawing the applications as the case may be, keep records and report such violation to relevant competent authorities.

C. REGULATIONS RELATING TO INTERNET ADVERTISING

On April 24, 2015, the SCNPC released the Advertising Law of the People's Republic of China (Amended in 2015) (《中華人民共和國廣告法》(2015修訂)), and amended on September 1, 2015, and which provides that the Internet information service providers shall not publish medical, drugs, medical machinery or health food advertisements in disguised form of introduction of healthcare and wellness knowledge.

The Interim Measures for Administration of Internet Advertising (《互聯網廣告管理暫行辦法》) (the “**Internet Advertising Measures**”) regulating the Internet-based advertising activities, were adopted by the State Administration for Industry and Commerce on July 4, 2016 and became effective on September 1, 2016. According to the Internet Advertising Measures, Internet advertisers are responsible for the authenticity of the advertisements content. Publishing and circulating advertisements through the Internet shall not affect the normal use of the Internet by users. It is not allowed to induce users to click on the content of advertisements by any fraudulent means, or to attach advertisements or advertising links in the emails without permission.

Pursuant to the Measures for Drug Advertisements Examination (《藥品廣告審查辦法》), which were promulgated by China Food and Drug Administration (the “**CFDA**”) on March 13, 2007 and came into effect on May 1, 2007, an enterprise seeking to advertise its drugs must apply for an advertising license number. The valid period of drug advertisement license number shall be one year. The content of an approved advertisement may not be altered without prior approval. Where any alteration to the advertisement is needed, a new advertisement license number shall be obtained.

The Measures for the Examination of Medical Device Advertisements (《醫療器械廣告審查辦法》) were released by the SAIC, the SFDA and the NHFPC on April 7, 2009, and stipulates that advertisements for medical devices shall be examined and approved by the Provincial Departments of Drug Administration, and advertisements shall be filed with the relevant Provincial Departments of Drug Administration before its release.

D. REGULATIONS RELATING TO INFORMATION SECURITY AND CONFIDENTIALITY OF USER INFORMATION

PRC government authorities have enacted laws and regulations with respect to Internet information security and protection of personal information from any abuse or unauthorized disclosure, and which includes the Decision on Maintaining Internet Security (《全國人民代表大會常務委員會關於維護互聯網安全的決定》) enacted by the SCNPC in December 2000, the Provisions on

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the Technical Measures for Internet Security Protection (《互聯網安全保護技術措施規定》) issued by the Ministry of Public Security on December 13, 2005 and took effect on March 1, 2006, the Decision on Strengthening Network Information Protection (《全國人民代表大會常務委員會關於加強網絡信息保護的決定》) promulgated by the SCNPC on December 28, 2012, the Several Provisions on Regulating the Market Order of Internet Information Services (《規範互聯網信息服務市場秩序若干規定》) on December 29, 2011 and which became effective on March 15, 2012, and the Provisions on Protection of Personal Information of Telecommunication and Internet Users (《電信和互聯網用戶個人信息保護規定》) released by the MIIT on July 16, 2013 and effected on September 1, 2013.

The Provisions on Protection of Personal Information of Telecommunication and Internet Users regulate the collection and use of users' personal information in the provision of telecommunication services and Internet information services in the PRC. Telecommunication business operators and Internet service providers are required to institute their own rules for the collecting and use of users' information. Telecommunication business operators and Internet service providers must specify the purposes, manners and scopes of information collection and uses, obtain consent of the relevant citizens, and keep the collected personal information confidential. Telecommunication business operators and Internet service providers are prohibited from disclosing, tampering with, damaging, selling or illegally providing others with, collected personal information. Telecommunication business operators and Internet service providers are required to take technical and other measures to prevent the collected personal information from any unauthorized disclosure, damage or loss. Once users terminate the use of telecommunications services or Internet information services, telecommunications business operators and Internet information service providers shall stop the collection and use of the personal information of users, and provide the users with services for deregistering their account numbers.

On November 7, 2016, the SCNPC released the Cyber Security Law of the PRC (《中華人民共和國網絡安全法》) (the “**Cyber Security Law**”), which became effective on June 1, 2017. The Cyber Security Law requires network operators to perform certain functions related to cyber security protection and strengthen the network information management. For instance, under the Cyber Security Law, network operators of key information infrastructure generally shall, during their operations in the PRC, store the personal information and important data collected and produced within the territory of the PRC. After the release of the Cyber Security Law, on May 2, 2017, the CAC issued the Measures for Security Reviews of Network Products and Services (Trial) (《網絡產品和服務安全審查辦法(試行)》, “Review Measures”), which become effective in June. The Review Measures establish the basic framework for national security reviews of network products and services, and provide the principle provisions for objects, contents, subjects, startup and methods of undertaking cyber security reviews.

When collecting and using personal information, in accordance with the Cyber Security Law, network operators shall abide by the “lawful, justifiable and necessary” principles. The network operator shall collect and use personal information by announcing rules for collection and use, expressly notify the purpose, methods and scope of such collection and use, and obtain the consent of the person whose personal information is to be collected. Network operator shall not disclose, tamper with or destroy personal information that it has collected, or disclose such information to others without prior consent of the person whose personal information has been collected, unless such information has been processed to prevent specific person from being identified and such information

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from being restored. Each individual is entitled to require a network operator to delete his or her personal information if he or she finds that collection and use of such information by such operator violate the laws, administrative regulations or the agreement by and between such operator and such individual; and is entitled to require any network operator to make corrections if he or she finds errors in such information collected and stored by such operator. Such operator shall take measures to delete the information or correct the error.

On May 9, 2017, the Supreme People’s Court and the Supreme People’s Procuratorate released the Interpretations on Several Issues Concerning the Application of Law in the Handling of Criminal Cases Involving Infringement of Citizens’ Personal Information (《最高人民法院、最高人民檢察院關於辦理侵犯公民個人信息刑事案件適用法律若干問題的解釋》) (the “**Interpretations**”). The Interpretations clarify several concepts regarding the crime of “infringement of citizens’ personal information” stipulated by the Criminal Law of the People’s Republic of China (《中華人民共和國刑法》).

Pursuant to the Regulations for Medical Institutions on Medical Records Management (《醫療機構病歷管理規定》) released on November 20, 2013, and effective from January 1, 2014, the medical institutions and medical practitioners shall strictly protect the privacy information of patients, and any leakage of patients’ medical records for non-medical, non-teaching or non-research purposes is prohibited. The NHFPC released the Measures for Administration of Population Health Information (Trial) (《人口健康信息管理辦法(試行)》) on May 5, 2014, which refers the medical health service information as the population healthcare information, and emphasizes that such information cannot be stored in offshore servers, and the responsible shall not host or lease offshore servers.

E. GENERAL POLICIES RELATING TO THE HEALTHCARE SERVICES

The Outline for the Planning of the National Healthcare Service System (2015-2020) (《全國醫療衛生服務體系規劃綱要(2015–2020年)》) (the “**Outline**”), released by the General Office of the State Council on March 6, 2015, clarifies the overall goal to optimize the allocation of medical and healthcare resource and construct integrated medical and healthcare service system suitable to the overall level of the national economy and social development. The Outline proposes the active application of the enhanced technology, such as Mobile Internet, Internet of Things, cloud computing and wearable devices. The Outline also proposes to drive the development of health information and intelligent healthcare service, and the application of healthcare Big Data. The State Council issued the Guiding Opinions on Vigorously Advancing the “Internet Plus” Action (《國務院關於積極推進「互聯網+」行動的指導意見》) (the “**Opinions**”) on July 1, 2015. Accordingly, the Internet enterprises are encouraged to cooperate with medical institutions in establishing online medical information platforms, strengthen the integration of regional health care service resources, and make full use of the Internet, Big Data and other means to improve the capability to prevent and control major diseases and unexpected public health incidents. Pursuant to The 13th Five-year Plan for Health and Wellness (《「十三五」衛生與健康規劃》) (the “**Plan**”), which was promulgated by the State Council on December 27, 2016, it is proposed to strengthen the informatization of the population health and fully implement “Internet Plus” medical and healthcare people-benefiting service. The Plan also encourages the establishment of regional telemedicine platform and enhances the flow of high-quality healthcare resources to the Midwest and the primary level.

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F. REGULATIONS RELATING TO MEDICAL AND PHARMACEUTICAL INDUSTRY

Medical Practitioners

On June 26, 1998, the SCNPC issued the Law on Licensed Medical Practitioners of the People's Republic of China (the "**Licensed Medical Practitioners Law**") (《中華人民共和國執業醫師法》), effective on May 1, 1999. According to the Licensed Medical Practitioners Law, when taking medical, preventive or healthcare measures and when signing relevant medical document verification, the licensed medical practitioners shall conduct diagnosis and investigation personally and fill out the medical files without delay as required. No medical practitioners may conceal, forge or destroy any medical files or the relevant data.

On November 5, 2014, the NHFPC, the NDRC, the Ministry of Human Resources and Social Security, the State Administration of Traditional Chinese Medicine, and the China Insurance Regulatory Commission jointly issued Several Opinions on Promoting and Standardizing Multi-Place Practice of Physicians (《推進和規範醫師多點執業的若干意見》), and which puts forward to simplify the registration procedure of the multiple place practice and proposes the feasibility of exploring the "record management". According to Administrative Measures for the Registration of Medical Practitioners (《醫師執業註冊管理辦法》), promulgated by the NHFPC on February 28, 2017, effective on April 1, 2017, Medical practitioners shall obtain the Practice Certificate for Medical Practitioners to practice upon registration. Person who fails to obtain the Practice Certificate for Medical Practitioners may not engage in medical treatment, prevention and healthcare activities. A medical practitioner who practices for multiple institutions at the same place of practice shall determine one institution as the main institution where he or she practices, and apply for registration to the administrative department of health and family planning approving the practice of such institution; and, for other institutions where the medical practitioner is to practice, respectively apply for recordation to the administrative health and family planning authority approving the practice of such institution, and indicate the names of the institutions where he or she is to practice. If a medical practitioner practices in an additional institution not at the registered place of practice, he or she shall apply for registering such addition to the administrative health and family planning authority approving the practice of such institution.

Medical Institutions

According to the Administrative Regulations on Medical Institutions (Revised in 2016) (《醫療機構管理條例》(2016修訂)) (the "**Regulations**"), promulgated by the State Council, effective on September 1, 1994, and revised on February 6, 2016, hospitals, health centers, nursing homes, out-patient departments, clinics, health clinics and first aid stations are medical institutions. The health administrative departments of the local people's governments at or above the county level shall be responsible for the supervision and administration of the medical institutions within their respective administrative regions. The establishment of medical institutions by entities or individuals shall be subject to the examination and approval of the health administrative department of the local

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people's governments at or above the county level and obtain the written approval for the establishment of medical institutions. Furthermore, according to the Regulations, the practice of medical institutions shall conduct registration and obtain Practicing License for a Medical Institution. Where the practicing is without authorization or obtaining the Practicing License for a Medical Institution, the health administrative department of the people's government at or above the county level must cease its practicing activities and confiscate the illegal incomes, medicines and medical devices in accordance with the law, and it can be imposed fines less than RMB10,000 in light of the circumstances. Medical institutions must conduct medical diagnosis and treatment activities in accordance with registered and approved subjects and shall not employ non-medical technical personnel in medical and health technology work.

Prescription Management

For the purpose of regulating the administration of prescriptions, the Measures for the Administration of Prescriptions (《處方管理辦法》) (the “Measures”) was released by the NHFPC on February 14, 2007 and as effective from May 1, 2007. Under the Measures, a certified medical practitioner shall obtain the corresponding prescription right at the registered practice place and the certified medical practitioner shall issue prescriptions according to the requirements of medical treatment, disease prevention, healthcare, and subject to the treatment standards and drug instructions. In any of the following circumstances, the health administrative department at or above the county level shall request the medical institutions to make corrections within a grace period, and may impose the fine no more than RMB 5000; in serious circumstances, Practicing License for a Medical Institution shall be invalidated: (1) prescribing by a pharmacist who has not obtained the right to prescribe or whose prescription right has been cancelled; (2) prescribing narcotic drugs and the first psychotropic drugs by pharmacists who have not obtained the prescription right for narcotic drugs and psychotropic drugs; (3) employing persons who have not obtained the qualifications for the professional and technical positions of pharmaceutical science to conduct the prescription adjustment. If the medical practitioners issue prescriptions without obtaining prescription rights at a medical institution not registered in their licenses, during their practicing activities, they will be given a warning or be ordered to suspend their practicing activities for a period of not less than six months but not more than one years and under the serious circumstances, their Practice Certificates for Medical Practitioners will be revoked.

The Measures on Prescription Drugs and Non-Prescription Drugs Classification Management (《處方藥與非處方藥分類管理辦法》) was released by CFDA on June 18, 1999 and effected on January 1, 2000, and which provides that the clients shall purchase, use, the prescription drugs based on the prescription issued by the certified medical practitioner or certified medical assistant practitioner. On December 28, 1999, the CFDA released the the Interim Provisions on the Circulation of Prescription and Non-Prescription Drugs (《處方藥與非處方藥流通管理暫行規定》), and which effected on January 1, 2000, and which provides that, practicing pharmacists or pharmacists shall review and signed on the prescription, and then correctly allocate and sell drugs to the clients.

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Pharmaceutical Operation

In order to strengthen drug control and administration and ensure the quality of drugs, the SCNPC promulgated the Drug Administration Law (《藥品管理法》) on September 20, 1984 and amended it on April 24, 2015. No drug trading is permitted without obtaining the Pharmaceutical Operation Permit. Pursuant to the Drug Administration Law, where the trading of drugs is conducted without a Pharmaceutical Operation Permit, the illegal incomes by selling drugs shall be confiscated and the local Food and Drug Administration (the “FDA”) shall impose the fine ranging from 2 to 5 times of the value of the illegally sold drugs (including sold or unsold drugs) will be imposed by local FDA. The Implementation Rules for the Drug Administration Law (《藥品管理法實施條例》) was accordingly released by the State Council on August 4, 2002 and amended on February 6, 2016, and which emphasized the rules of the Drug Administration Law and provides the detailed implementation rules of drugs administration. The CFDA promulgated the Measures for the Administration of Pharmaceutical Operation Permit (《藥品經營許可證管理辦法》) on February 4, 2004 and amended on November 17, 2017, and which provides the procedures and the qualifications for the application of the Pharmaceutical Operation Permit.

Pursuant to the Administrative Measures for the Supervision of Circulation of Pharmaceuticals (《藥品流通監督管理辦法》), promulgated by CFDA on January 31, 2007 and effected on May 1, 2007, pharmaceutical operating enterprises shall be responsible for the quality of pharmaceuticals they manufacture, operate or use. A pharmaceutical operating enterprise shall be responsible for its purchase or sale of pharmaceuticals, including activities carried out by its staff on its behalf, and it shall not store or sell spot pharmaceuticals at a place other than the address ratified by the pharmaceutical regulatory authority. Where a pharmaceutical operating enterprise knows or ought to know that any other person operates pharmaceuticals without the permits but still supplies such person with pharmaceutical products, the pharmaceutical regulatory authority may give a disciplinary warning to the pharmaceutical operating enterprise, order the enterprise to rectify the non-compliance and impose a fine of no more than RMB10,000. In the case of a serious violation, the enterprise may be fined in an amount of RMB10,000 to RMB30,000.

According to the Administrative Measures for Certification of Good Supply Practices (《藥品經營質量管理規範認證管理辦法》), promulgated by CFDA on April 24, 2003, and the Administrative Measures Governing the Good Supply Practice of Pharmaceutical Products (《藥品經營質量管理規範》), promulgated on April 30, 2000 and amended on June 30, 2016, each retail or wholesale supplier of pharmaceutical products is required to obtain a GSP certificate from CFDA. The GSP certificate is valid for five years and shall be renewed three months prior to its expiration date upon a re-examination by the relevant authority.

Medical Devices

The main PRC laws and regulations regarding the medical devices applicable to us include the Regulations on the Supervision and Administration of Medical Devices (《醫療器械監督管理條例》), promulgated by the State Council on January 4, 2000, and which are amended on February 12, 2014 and May 4, 2017, and the Supervision and Management Measures on Medical Devices Management

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(《醫療器械經營監督管理辦法》) released by the CFDA on July 30, 2014 and amended on November 17, 2017 and other relevant laws and regulations. According to the Regulations on the Supervision and Administration of Medical Devices, to engage in business operation of Class II medical devices, a business operator shall submit the registration application materials to the food and drug supervision and administration departments of the people's governments of the provinces, autonomous regions or municipality directly under the Central Government where such applicants are located. To engage in Category III medical devices, a business operator shall apply for a business permit from the food and drug supervision and administration department of the State Council, and a medical device registration certificate remains valid for five years. In the event of failure to file for record for Category II medical devices or gain the permit for Category III medical devices, the business operator may be imposed fine or be shut down by the authorities.

G. REGULATIONS RELATING TO PHARMACEUTICAL SERVICE OVER THE INTERNET

Online Drug Information Service

According to the Measures Regarding the Administration of Drug Information Service over the Internet (《互聯網藥品信息服務管理辦法》), promulgated by SFDA on July 8, 2004 and amended on November 17, 2017, the operational Internet drug information service refers to the activities of providing medical information and other services to Internet users through the Internet, and where any website intends to provide Internet drug information services, it shall, prior to applying for an operation permit from the State Council's department in charge of information industry or the telecom administrative authority at the provincial level or prior to following the procedures for record-filing, file an application with the food and drug administration department of the province, autonomous region, or municipality directly under the Central Government where the sponsor of the website is located pursuant to the principle of territorial supervision and management, and shall be subject to the examination and approval thereof for obtaining the qualifications for providing Internet drug information services. The validity term for a Qualification Certificate for Internet Drug Information Services is five years and may be renewed at least six months prior to its expiration date upon a re-examination by the relevant authority. Pursuant to the Measures Regarding the Administration of Drug Information Service over the Internet, the Internet drug information services are classified into two categories, namely, profit making services and non-profit-making services. Profit-making services refers to that of providing Internet users with drug information in return for service fees whilst non-profit-making services refers to that of providing Internet users with drug information which is shared and accessible by the public through the Internet free of charge.

Online Drug Transaction Service

According to Interim Provisions on the Examination and Approval of Internet Drug Transaction Services (《互聯網藥品交易服務審批暫行規定》), promulgated by SFDA on September 29, 2005 and effective since December 1, 2005, the enterprises engaging in the Internet pharmaceutical transaction service shall be subject to examination and acceptance, and obtain Internet pharmaceutical transaction service organization qualification certificates. The Internet pharmaceutical transaction service

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organization qualification certificate shall be valid for five years. The SFDA is in charge of examination and approval of the services provided for Internet pharmaceutical transactions between pharmaceutical production enterprises, pharmaceutical marketing enterprises and medical institutions, Internet pharmaceutical transactions with third-party enterprises engaged by pharmaceutical production enterprises, pharmaceutical wholesales enterprises on their own websites, as well as Internet pharmaceutical transactions services to individual consumers. The Interim Provisions on the Examination and Approval of Internet Drug Transaction Services further stipulates that any enterprise engaging in online pharmaceutical product trading services to individual consumers shall be established in the form of a pharmaceutical retail chain enterprise. According to the Drug Administration Law and the Measures for the Administration of Pharmaceutical Operation Permit, the pharmaceutical retail chain enterprise must set up a number of offline branches to serve as its retail business premises, and such retail business premises shall be compliance with the acceptance standards provided by regulations and the relevant local FDAs. After obtaining the Internet pharmaceutical transaction service organization qualification certificate issued by the food and drug supervision and administration authority, the applicant may obtain the permit for operation of telecommunications services as required by the Internet Measures, or go through the formalities for record-filing. According to the Decision on the Cancellation of the Third Batch of Items Subject to Administrative Permission by Local Governments Designated by the Central Government (《國務院關於第三批取消中央指定地方實施行政許可事項的決定》), promulgated by the State Council on January 12, 2017, except for the third party platform, all the examination and approval of International drug trading service company implemented by FDAs of provincial level are canceled. According to the Decision on the Cancellation of Various Items Subject to Administrative Permission 《國務院關於取消一批行政許可事項的決定》 by the State Council, on September 22, 2017, the CFDA shall no longer accept applications for examination and approval of Internet drug transaction service enterprises engaging the business as the third party platform.

H. REGULATIONS RELATING TO ONLINE DRUGS AND MEDICAL DEVICES OPERATION

The CFDA released the Consultation Draft of the Administrative Measures for Supervision and Regulation of Online Drug Operation (《網絡藥品經營監督管理辦法(徵求意見稿)》) on November 10, 2017, and released the Consultation Draft of the Measures for the Supervision and Administration of Online Drug Sales (《藥品網絡銷售監督管理辦法(徵求意見稿)》) on February 9, 2018 (together the “**Consultation Papers**”), aiming at regulating online drug operation in domestic China. The Consultation Papers was issued to solicit comments, and up to the Latest Practicable Date, the Consultation Papers have not come into effective. There are substantial uncertainties with respect to the enactment timetable, the provisions that may take effect, and whether the Consultation Papers will take effect. The Consultation Papers stipulate that the sellers and online platforms in such practices shall obtain related certificates, equipping with enough medical staff and operation systems to guarantee the safety and quality of the drugs.

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Pursuant to Consultation Papers, online drug sellers shall be drug production enterprises, drug wholesale enterprises or drug retailing chain enterprises with the Pharmaceutical Operation Permit or Pharmaceutical Operation Permit. Furthermore, online drug sellers shall: (1) guarantee internet safety and establish corresponding related data base; (2) retrospect and inspect the whole process of the selling drugs; (3) guarantee the qualities and safe deliveries of drug; (4) well-handle complaints and protect the interests of consumers; (5) monitor and report the adverse drug reactions (accidents). Especially, if selling to individuals, the Consultation Papers require the drug sellers to establish online pharmaceutical service system and equip with licensed pharmacists. Entities who are to get involved in the practice of online drug sales shall file for record with FDAs at provisional level of relevant documents and get proof hereof. Especially, the drugs dealing websites for individuals cannot display prescription drugs information via internet.

As for the regulation of online platforms for drug sales (the “**platform**”), the operators hereof shall: (1) provide effective measures to guarantee internet safety and related data base; (2) have corporate capacity; (3) guarantee the safety and qualities of drugs; (4) establish online drug trading platforms with online searching, order placing, and others trading services; especially, if selling to individuals, the platforms shall have online pharmaceutical service and online evaluation; (5) have drugs’ quality management institutions equipped with more than two licensed pharmacists who are responsible for management of drugs’ qualities; (6) provide systems of saving trading and consultation records, complaint management, distribution resolution, and information collection of the adverse drug reactions (accidents). Operators complying with the abovementioned conditions shall file for record with FDAs at provisional level of relevant documents, and get proof hereof.

On December 20, 2017, the CFDA issued the Administrative Measures on Supervision of Online Sales of Medical Devices (《醫療器械網絡銷售監督管理辦法》) which became effective from March 1, 2018. According to the Administrative Measures on Supervision of Online Sales of Medical Devices, the enterprises operating online sales of medical devices shall be the medical device manufacturing or business enterprises which have obtained the relevant medical device manufacturing permit or medical devices business permit, and shall carry out online sales of medical devices through their own website or a third party platform. Both the enterprises which operate online sales of medical devices through their own websites and those through third party platforms shall obtain the relevant Internet Pharmaceutical Information Services Qualification Certificate, and go through the filing procedures with the relevant local FDAs.

I. REGULATIONS RELATING TO PRODUCTION OF RADIO AND TELEVISION PROGRAMS

On April 13, 2005, the State Council promulgated the Some Decisions on the Entry of the Non-public-owned Capital into the Cultural Industry (《國務院關於非公有資本進入文化產業的若干決定》). On July 6, 2005, five PRC government authorities jointly adopted the Several Opinions on Canvassing Foreign Investment into the Cultural Sector (《關於文化領域引進外資的若干意見》). According to these regulations, foreign investors are not allowed to engage in the business of producing radio and television programs.

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On July 19, 2004, the Administrative Provisions on Radio and Television Program Production and Distribution (《廣播電視節目製作經營管理規定》) (the “**Administrative Provisions**”) was promulgated by the State Administration of Radio and Television (the “**SART**”, formerly known as the the State Administration of Radio, Film and Television, “**SARFT**”), in force on August 20, 2004, and amended on August 28, 2015. The Administrative Provisions provide that any institution specifically engaged in the business of producing radio and television programs shall obtain the License of Production and Operation of Radio and Television Programs from the SARFT. The local broadcasting and television administrations and the license holders shall not rent, transfer or sell such license to any third parties. Any violations to the Administrative Provisions will receive penalties by the local broadcasting and television administrations pursuant to the Administrative Regulations on Radio and Television (《廣播電視管理條例》), which was promulgated on August 11, 1997 and amended on March 1, 2017 by the State Council.

J. REGULATIONS RELATING TO INTERNET CULTURE OPERATION

Internet Culture Operation is listed under the “prohibited” category according to the Catalogue. The Interim Provisions on the Administration of Internet Culture (revised in 2011) (《互聯網文化管理暫行規定》(2011修訂), promulgated by the Ministry of Culture, which is the predecessor of the Ministry of Culture and Tourism, on February 17, 2011 and coming into force on April 1, 2011, provides that Internet cultural entities are classified into operational Internet cultural entities and non-operational Internet cultural entities. Operational Internet cultural entities shall file application for establishment to the competent culture administration authorities for approval and obtain the Internet Cultural Business Permit. If any entity engages in operational Internet culture activities without approval, the relevant cultural administration authorities or cultural market enforcement authorities shall conduct investigation and punishment in accordance with the Measures for the Investigation and Punishment of Unpermitted and Unlicensed Business Operations (《無證無照經營查處辦法》).

K. REGULATIONS RELATING TO SINGLE-PURPOSE COMMERCIAL PREPAID CARDS

Pursuant to the Administrative Measures on Single-Purpose Commercial Prepaid Cards (Trial Implementation) (《單用途商業預付卡管理辦法(試行)》) (the “**Administrative Measures on Single-purpose Prepaid Cards**”) promulgated by Ministry of Commerce on September 21, 2012 and amended on August 18, 2016, single-purpose commercial prepaid cards are prepaid certificates issued by an enterprise engaging in retail industry, accommodation and catering industry and residential services industry which are limited to be used as payment for goods or services by the enterprise or within the group to which the enterprise belongs or within the franchise system of the same brand, including physical cards in various forms such as magnetic stripe cards, chip cards, and paper coupons as well as virtual cards. In accordance with the Administrative Measures on Single-purpose Prepaid Cards, card-issuers shall complete filing formalities within 30 days from the date of carrying out single-purpose card businesses. The limit of a single registered card shall not exceed RMB5,000 and the limit of a single non-registered card shall not exceed RMB1,000. A registered card shall not have a validity period and a validity period of a non-registered card shall not be less than three years. Violation of the aforementioned regulations may result in an order of rectification. Where the card issuer fails to rectify the violation within a stipulated period, a fine ranging from RMB10,000 to RMB30,000 may be imposed.

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According to the Opinions on Regulating Prepaid Cards(《關於規範商業預付卡管理的意見》) promulgated by the State Council on May 23, 2011 and effective on May 23, 2011, and which provides that multi-purpose prepaid cards can be used across regions, industries and corporations. Furthermore, the Opinions on Regulating Prepaid Cards provide that the issuance and acceptance of multi-purpose prepaid cards shall be considered as the licensed payment activity provided by the non-financial institutions, and such licensed payment activity provided by the non-financial institutions shall be regulated by the Administrative Measures on Payment Services Provided by Non-financial Institutions (《非金融機構支付服務管理辦法》) (the “**Payment Measures**”) released by the PBOC on June 14, 2010 and became effective from September 1, 2010, the Administrative Measures for the Prepaid Card Business of Payment Institutions (《支付機構預付卡業務管理辦法》) released by PBOC on September 27, 2012, and effective from December 1, 2012, and other relevant regulations and laws. Pursuant to the Payment Measures, if the PBOC and/or its local counterparts determine that a company or a person has engaged in licensed payment activity without license, (i) the company or the person could be ordered to terminate the unlicensed payment activity, and (ii) to the extent the unlicensed payment activity involves criminal activities, the enterprise and the persons who are directly in charge of or responsible for the relevant activity may be subject to potential criminal liabilities.

L. REGULATIONS RELATING TO FOOD BUSINESS

In accordance with the Food Safety Law of the PRC (《中華人民共和國食品安全法》) (the “**Food Safety Law**”) effective as from June 1, 2009 and amended on April 24, 2015, and the Implementation Regulations of the Food Safety Law of the PRC (《中華人民共和國食品安全法實施條例》) (the “**Implementation Regulations**”) effective as from July 20, 2009 and amended on February 6, 2016, with the purpose of guaranteeing food safety and safe guarding the health and life safety of the public, the state set up a system of the supervision, monitoring and appraisal on the food safety risk, compulsory adoption of food safety standards.

The Food Safety Law sets out that food business operators who violate the provisions of Food Safety Law in engaging in food manufacturing and food business operations without obtaining a food manufacturing and food business operations permit shall have their illegal income, foodstuffs or food additives from the illegal manufacturing or business activities, tools, equipment, ingredients used in the illegal manufacturing and business activities confiscated by the food and drug supervision and administration department; where the value of the foodstuffs, food additives from the illegal manufacturing or business activities is less than RMB10,000, a fine ranging from RMB50,000 to RMB100,000 shall be imposed; where the value of the foodstuffs or food additives is RMB10,000 or more, a fine ranging from 10 to 20 times the value of the foodstuffs or food additives shall be imposed. The Implementation Regulations further specify the detailed measures to be taken and conformed to by food producers and business operators.

Administrative Measures for Food Business Licensing (《食品經營許可管理辦法》) promulgated by CFDA on August 31, 2015 and amended on November 17, 2017 regulates the food business licensing activities, strengthens supervision and management of food business, and ensured food safety. Food business operators shall obtain one food business license for one business venue where they engage in food business activities. The food business license is valid for a period of five years.

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M. REGULATIONS RELATING TO LABOUR

The main PRC employment laws and regulations applicable to us include the Labour Law of the PRC (《中華人民共和國勞動法》) (the “**Labour Law**”), the Labour Contract Law of the PRC (《中華人民共和國勞動合同法》) (the “**Labour Contract Law**”), the Implementing Regulations on the Labour Contract Law of the PRC (《中華人民共和國勞動合同法實施條例》) and other relevant laws and regulations.

According to the Labour Law as promulgated by the SCNPC on July 5, 1994, became effective on January 1, 1995 and amended on August 27, 2009, employers should enter into employment contracts with their employees, based on the principles of equality, consent and agreement through consultation. The policy of the wages shall be paid according to the performance, equal pay for equal work, lowest wage protection and special labour protection for female worker and juvenile workers shall be implemented. The Labour Law also requires employers to establish and effectively implement a system of ensuring occupational safety and health, educate employees on occupational safety and health, preventing work-related accidents and reducing occupational hazards. Employers are also required to pay for their employees’ social insurance premium.

According to the Labour Contract Law of the PRC, as promulgated by the SCNPC on June 29, 2007 and amended on December 28, 2012 and effective as from July 1, 2013, and its implementing regulations, enterprises established in the PRC shall enter into employment agreements with their employees to provide for the term of employment agreement, job duties, work time, holidays and statutory payments, labour protection, working condition and occupational hazard prevention and protection and other essential contents. Both employers and employees shall duly perform their duties. Meanwhile, the Labour Contract Law of the PRC also provides for the scenario of rescission and termination. Except for certain situations explicitly stipulated in the Labour Contract Law which are not subject to economic compensation, economic compensation shall be paid to the employee by the employer for the rescission or termination of the employment agreement.

Pursuant to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》), which was promulgated by the SCNPC on October 28, 2010 and became effective on July 1, 2011, the PRC established social insurance systems such as basic pension insurance, basic medical insurance, work-related injury insurance, unemployment insurance and maternity insurance so as to protect the right of citizens in receiving material assistance from the nation and the society in accordance with the law when getting old, sick, injured at work, unemployed and giving birth. Employers are required to contribute, on behalf of their employees, to a number of social security funds, including funds for basic pension insurance, unemployment insurance, basic medical insurance, work-related injury insurance and maternity insurance. Employers shall apply for completion of social security registration with the local social security agency within 30 days from the date of incorporation with their business license, registration certificate or corporation seal. Employers which fail to complete social security registration shall be ordered by the social security administrative authorities to make correction within a stipulated period; where correction is not made within the stipulated period, the employers shall be subject to a fine ranging from one to three times the amount of the social security

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premiums payable, and the person(s)-in-charge who is/are directly accountable and other directly accountable personnel shall be subject to a fine ranging from RMB500 to RMB3,000. If an employer does not pay the full amount of social insurance premiums as scheduled, the social insurance premium collection institution shall order it to make the payment or make up the difference within the stipulated period and impose a daily surcharge equivalent to 0.05% of the overdue payment from the date on which the payment is overdue. If payment is not made within the stipulated period, the relevant administration department shall impose a fine from one to three times the amount of overdue payment.

According to the Several Provisions on Implementing the Social Insurance Law of the PRC (《實施〈中華人民共和國社會保險法〉若干規定》) (the “**Provisions**”), which was promulgated by the Ministry of Human Resources and Social Security of the PRC (中華人民共和國人力資源和社會保障部) on June 29, 2011 and became effective on July 1, 2011, insurance premium which should be paid by the employees shall be withheld and paid by the employers. Where an employer fails to withhold and pay the premiums in accordance with the Provisions, the social insurance premium collection institution shall order the employer to remit within time limit and impose a daily surcharge equivalent to 0.05% of the overdue payment from the date of default as late payment penalty. The employers shall not require employees to pay for the late payment penalty.

Pursuant to the Regulations on the Administration of Housing Provident Funds (《住房公積金管理條例》) which was promulgated by the State Council on April 3, 1999 and became effective on April 3, 1999 and as amended on March 24, 2002, the employers shall go through housing provident funds registration with the local housing fund administration center and open housing fund accounts for its employees in the bank. The employers shall, within 30 days from the date of establishment, go through housing provident funds registration with the local housing fund administration center and shall complete the housing provident fund account establishment procedures in entrusted bank for the employees with the examination and approval documents of the housing provident fund management center within 20 days from completion of the registration. The contribution rate of housing provident funds of an employee and employer shall not be less than 5% of the monthly average salary in the previous year, and cities with good conditions may properly raise the contribution rate. Failure to complete the abovementioned registration and accounts opening, an employer may be subject to order to rectify within a time limit. If an employer fails to rectify within prescribed time limit, it shall be imposed the penalty ranging from RMB10,000 to RMB50,000. Where an employer fails to pay up housing provident funds within the time limit, the housing fund administration center shall order it to make payment in certain period of time, if the employer still fails to do so, the housing fund administration center may apply to the court for enforcement of the unpaid amount.

N. REGULATIONS RELATING TO ENVIRONMENTAL PROTECTION

The main PRC environmental protection laws and regulations applicable to us include the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》) (the “**Environmental Protection Law**”), which was promulgated by the SCNPC on December 26, 1989 and whose amendments were made on April 24, 2014 and became effective as from January 1, 2015, the Appraising of Environmental Impacts Law of the PRC (《中華人民共和國環境影響評價法》) (the “**Appraising of Environmental Impacts Law**”) promulgated by the SCNPC on October 28, 2002,

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effective as from September 1, 2003 amended on July 2, 2016 and effective as from September 1, 2016, the Regulations on Administration of Construction Project Environmental Protection (《建設項目環境保護管理條例》) promulgated by the State Council and effective as from November 29, 1998 amended on July 16, 2017 and effective as from October 1, 2017, the Rules on the Administration of Acceptance Inspection of Construction Project Environmental Protection (《建設項目竣工環境保護驗收管理辦法》) (the “**Rules on Acceptance Inspection**”) promulgated on December 27, 2001 and amended on December 22, 2010, the Rules on the Administration of Filing of Environmental Impact Registration Form of the Construction Project (《建設項目環境影響登記表備案管理辦法》) promulgated by the Ministry of Environmental Protection on November 16, 2016 and effective as from January 1, 2017 and other relevant laws and regulations.

In accordance with the Appraising of Environmental Impacts Law and the Regulations on Administration of Construction Project Environmental Protection, the development of each construction project is subject to the environmental impact assessment which assesses the pollution the construction project is likely to produce and its impact on the environment and stipulates the preventive and curative measures. The environmental impact report and environmental impact statement of a construction project shall be submitted to the relevant environmental protection authorities for examination and approval and the State implements the record-filing administration over the environmental impact registration forms. In accordance with the Rules on Acceptance Inspection, after completion of the project, the construction entity shall also apply to the relevant environmental protection authorities for checks and acceptance of the corresponding environmental protection facilities. The said construction project may be put into operation or use only after the completion of the said checks and acceptance procedures.

O. REGULATIONS RELATING TO FIRE PREVENTION

The Fire Prevention Law of the PRC (《中華人民共和國消防法》) (the “**Fire Prevention Law**”) was promulgated on April 29, 1998, amended on October 28, 2008 and became effective as from May 1, 2009. In accordance with the Fire Prevention Law and other relevant laws and regulations of the PRC, the Ministry of Public Security and its local counterparts at or above county level shall monitor and administer the fire prevention affairs. The fire prevention units of such public security departments are responsible for implementation.

The Fire Prevention Law provides that the fire prevention design or construction of a construction project must conform to the national fire prevention technical standards. For a construction project that needs a fire prevention design under the national fire protection technical standards for project construction, the construction entity must submit the fire prevention design documents to the fire prevention department of the public security authority for approval or filing purposes (as the case may be). No construction permit shall be given for the construction projects for which the fire prevention design has not been approved or are considered unqualified after the review, nor shall such construction entity commence their construction. Upon completion of a construction project to which a fire prevention design has been applied, according to the requirements of the Fire Prevention Law, such project must go through an acceptance check on fire prevention by, or filed with, the relevant fire prevention departments of public security authorities. No construction may be put into use before it is accepted by the relevant fire prevention units of public security authorities.

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P. REGULATIONS RELATING TO FOREIGN EXCHANGE

The principal regulations governing foreign currency exchange in China are the Foreign Exchange Administration Regulations of the PRC (《中華人民共和國外匯管理條例》) which was promulgated by the State Council on January 29, 1996, became effective on April 1, 1996 and was subsequently amended on January 14, 1997 and August 5, 2008 and the Regulations on the Administration of Foreign Exchange Settlement, Sale and Payment (《結匯、售匯及付匯管理規定》) which was promulgated by PBOC on June 20, 1996 and became effective on July 1, 1996. Pursuant to these regulations and other PRC rules and regulations on currency conversion, Renminbi is freely convertible for payments of current account items, such as trade and service-related foreign exchange transactions and dividend payments, but not freely convertible for capital account items, such as direct investment, loan or investment in securities outside China unless prior approval of the State Administration of Foreign Exchange (the “SAFE”) or its local counterpart is obtained.

Foreign invested enterprises are permitted to convert their after tax dividends into foreign exchange and to remit such foreign exchange out of their foreign exchange bank accounts in the PRC. However, foreign exchange transactions involving overseas direct investment or investment and exchange in securities, derivative products abroad are subject to registration with SAFE and approval from or filing with the relevant PRC government authorities (if necessary).

SAFE promulgated the Notice on Reforming the Administration of Foreign Exchange Settlement of Capital of Foreign invested Enterprises (《關於改革外商投資企業外匯資本金結匯管理方式的通知》) (“SAFE Circular 19”) on March 30, 2015, further expanding the extent of convertibility under direct investment. SAFE Circular 19 stipulates that the use of capital funds and exchange settlement funds by foreign-invested enterprises shall be subject to foreign exchange management regulations, and implement negative list management.

On June 9, 2016, the SAFE promulgated the Circular on Reforming and Regulating Policies on the Management of the Settlement of Foreign Exchange of Capital Accounts (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) (the “SAFE Circular 16”). The SAFE Circular 16 unifies the Discretionary Foreign Exchange Settlement for all the domestic institutions. The Discretionary Foreign Exchange Settlement refers to the foreign exchange capital in the capital account which has been confirmed by the relevant policies subject to the Discretionary Foreign Exchange Settlement (including foreign exchange capital, foreign loans and funds remitted from the proceeds from the overseas listing) can be settled at the banks based on the actual operational needs of the domestic institutions. The proportion of Discretionary Foreign Exchange Settlement of the foreign exchange capital is temporarily determined as 100%. Violations of SAFE Circular 19 or SAFE Circular 16 could result in administrative penalties in accordance with the Regulations of the People’s Republic of China on Foreign Exchange Control and relevant provisions.

Furthermore, SAFE Circular 16 stipulates that the use of foreign exchange incomes of capital accounts by foreign-invested enterprises shall follow the principles of authenticity and self-use within the business scope of enterprises. The foreign exchange incomes of capital accounts and capital in Renminbi obtained by the FIE from foreign exchange settlement shall not be used for the following

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purposes: (i) directly or indirectly used for the payment beyond the business scope of the enterprises or the payment prohibited by relevant laws and regulations; (ii) directly or indirectly used for investment in securities or financial schemes other than bank guaranteed products unless otherwise provided by relevant laws and regulations; (iii) used for granting loans to non-connected enterprises, unless otherwise permitted by its business scope; and (iv) used for the construction or purchase of real estate that is not for self-use (except for the real estate enterprises).

Q. REGULATIONS RELATING TO OFFSHORE SPECIAL PURPOSE COMPANIES HELD BY PRC RESIDENTS

SAFE promulgated the Circular on Printing and Distributing the Provisions on Foreign Exchange Administration over Domestic Direct Investment by Foreign Investors and the Supporting Documents (《關於印發〈外國投資者境內直接投資外匯管理規定〉及配套文件的規定》) in May 2013, which specifies that the administration by SAFE or its local branches over direct investment by foreign investors in the PRC shall be conducted by way of registration and banks shall process foreign exchange business relating to the direct investment in the PRC based on the registration information provided by SAFE and its branches.

SAFE promulgated Notice on Issues Relating to Foreign Exchange Control for Overseas Investment and Financing and Round-tripping by Chinese Residents through Special Purpose Vehicles (the “SAFE Circular 37”) (《國家外匯管理局關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》) in July 2014 that requires PRC residents or entities to register with SAFE or its local branch in connection with their establishment or control of an offshore entity established for the purpose of overseas investment or financing. In addition, such PRC residents or entities must update their SAFE registrations when the offshore special purpose vehicle undergoes material events relating to any change of basic information (including change of such PRC citizens or residents, name and operation term), increases or decreases in investment amount, transfers or exchanges of shares, or mergers or divisions.

SAFE Circular 37 was issued to replace SAFE Circular 75 (《國家外匯管理局關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知》). SAFE further enacted the Notice of the SAFE on Further Simplifying and Improving the Foreign Exchange Management Policies for Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》), (“SAFE Circular 13”), which allows PRC residents or entities to register with qualified banks in connection with their establishment or control of an offshore entity established for the purpose of overseas investment or financing. However, remedial registration applications made by PRC residents that previously failed to comply with the SAFE Circular 37 continue to fall under the jurisdiction of the relevant local branch of SAFE. In the event that a PRC shareholder holding interests in a special purpose vehicle fails to fulfill the required SAFE registration, the PRC subsidiaries of that special purpose vehicle may be prohibited from distributing profits to the offshore parent and from carrying out subsequent cross-border foreign exchange activities, and the special purpose vehicle may be restricted in its ability to contribute additional capital into its PRC subsidiary.

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On January 26, 2017, SAFE issued the Notice on Improving the Check of Authenticity and Compliance to Further Promote Foreign Exchange Control (《關於進一步推進外匯管理改革完善真實合規性審核的通知》) (“SAFE Circular 3”), which stipulates several capital control measures with respect to the outbound remittance of profit from domestic entities to offshore entities, including (i) under the principle of genuine transaction, banks shall check board resolutions regarding profit distribution, the original version of tax filing records and audited financial statements; and (ii) domestic entities shall hold income to account for previous years’ losses before remitting the profits. Moreover, pursuant to SAFE Circular 3, domestic entities shall make detailed explanations of the sources of capital and utilization arrangements, and provide board resolutions, contracts and other proof when completing the registration procedures in connection with an outbound investment.

R. SAFE REGULATIONS RELATING TO EMPLOYEE STOCK INCENTIVE PLANS

On February 15, 2012, SAFE promulgated the Notice of the SAFE on Issues Relating to Administration of Foreign Exchange for Domestic Individuals’ Participation in Equity Incentive Programs of Overseas Listed Companies (《國家外匯管理局關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知》), (the “Stock Option Rules”). Under the Stock Option Rules and other relevant rules and regulations, PRC residents who participate in a stock incentive plan in an overseas publicly listed company are required to register with SAFE or its local branches and complete certain other procedures. Participants of a stock incentive plan who are PRC residents must retain a qualified PRC agent, which could be a PRC subsidiary of such overseas publicly listed company or another qualified institution selected by such PRC subsidiary, to conduct the SAFE registration and other procedures with respect to the stock incentive plan on behalf of its participants. Such participants must also retain an overseas entrusted institution to handle matters in connection with their exercise of stock options, the purchase and sale of corresponding shares or interests and fund transfers. In addition, the PRC agent is required to amend the SAFE registration with respect to our share incentive plans if there are any material changes to the share incentive plans, the PRC agent or the overseas entrusted institution or other material changes. In addition, SAFE Circular 37 provides that PRC residents who participate in a share incentive plan of an overseas unlisted special purpose company may register with SAFE or its local branches before exercising rights.

S. REGULATIONS RELATING TO TAXATION

Income tax

According to the Enterprise Income Tax Law (《中華人民共和國企業所得稅法》) (the “EIT Law”), which was promulgated on March 16, 2007, effective as from January 1, 2008 and amended on February 24, 2017, an enterprise established outside the PRC with “de facto management bodies” within the PRC is considered a “resident enterprise” for PRC enterprise income tax purposes and is generally subject to a uniform 25% enterprise income tax rate on its worldwide income.

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PRC resident enterprises typically pay an enterprise income tax at the rate of 25%, while non-PRC resident enterprises without any branches in the PRC pay an enterprise income tax in connection with their income from the PRC at the tax rate of 10%. An enterprise established outside of the PRC with its “de facto management bodies” located within the PRC is considered a “resident enterprise,” meaning that it can be treated in a manner similar to a PRC domestic enterprise for enterprise income tax purposes. The implementing rules of the EIT Law define a de facto management body as a managing body that in practice exercises “substantial and overall management and control over the production and operations, personnel, accounting, and properties” of the enterprise.

On February 3, 2015, the PRC State Administration of Taxation (the “SAT”) issued the Announcement on Several Issues Concerning Enterprise Income Tax on Indirect Transfer of Assets by Non-Resident Enterprises (《關於非居民企業間接轉讓財產企業所得稅若干問題的公告》) (the “Circular 7”). The Circular 7 repeals certain provisions in the Notice of the SAT on Strengthening the Administration of Enterprise Income Tax on Income from Equity Transfer by Non-Resident Enterprises (《國家稅務總局關於加強非居民企業股權轉讓所得企業所得稅管理的通知》) (the “Circular 698”) issued by SAT on December 10, 2009 and the Announcement on Several Issues Relating to the Administration of Income Tax on Non-resident Enterprises (《關於非居民企業所得稅管理若干問題的公告》) issued by SAT on March 28, 2011 and clarifies certain provisions in the Circular 698. The Circular 7 provides comprehensive guidelines relating to, and heightening the Chinese tax authorities’ scrutiny on, indirect transfers by a non-resident enterprise of assets (including assets of organizations and premises in PRC, immovable property in the PRC, equity investments in PRC resident enterprises) (“PRC Taxable Assets”). For instance, when a non-resident enterprise transfers equity interests in an overseas holding company that directly or indirectly holds certain PRC Taxable Assets and if the transfer is believed by the Chinese tax authorities to have no reasonable commercial purpose other than to evade enterprise income tax, the Circular 7 allows the Chinese tax authorities to reclassify the indirect transfer of PRC Taxable Assets into a direct transfer and therefore impose a 10% rate of PRC enterprise income tax on the non-resident enterprise. The Circular 7 lists several factors to be taken into consideration by tax authorities in determining if an indirect transfer has a reasonable commercial purpose. However, regardless of these factors, the overall arrangements in relation to an indirect transfer satisfying all the following criteria will be deemed to lack a reasonable commercial purpose: (i) 75% or more of the equity value of the intermediary enterprise being transferred is derived directly or indirectly from PRC Taxable Assets; (ii) at any time during the one year period before the indirect transfer, 90% or more of the asset value of the intermediary enterprise (excluding cash) is comprised directly or indirectly of investments in the PRC, or during the one year period before the indirect transfer, 90% or more of its income is derived directly or indirectly from the PRC; (iii) the functions performed and risks assumed by the intermediary enterprise and any of its subsidiaries and branches that directly or indirectly hold the PRC Taxable Assets are limited and are insufficient to prove their economic substance; and (iv) the foreign tax payable on the gain derived from the indirect transfer of the PRC Taxable Assets is lower than the potential PRC tax on the direct transfer of those assets. On the other hand, indirect transfers falling into the scope of the safe harbors under the Circular 7 may not be subject to PRC tax under the Circular 7. The safe harbors include qualified group restructurings, public market trades and exemptions under tax treaties or arrangements.

REGULATORY ENVIRONMENT

On October 17, 2017, SAT issued the Announcement on Issues Relating to Withholding at Source of Income Tax of Non-resident Enterprises (《國家稅務總局關於非居民企業所得稅源泉扣繳有關問題的公告》) (the “SAT Circular 37”), which took effect on December 1, 2017. According to SAT Circular 37, the balance after deducting the equity net value from the equity transfer income shall be the taxable income amount for equity transfer income. Equity transfer income shall mean the consideration collected by the equity transferor from the equity transfer, including various income in monetary form and non-monetary form. Equity net value shall mean the tax computation basis for obtaining the said equity. The tax computation basis for equity shall be: (i) the capital contribution costs actually paid by the equity transferor to a Chinese resident enterprise at the time of investment and equity participation, or (ii) the equity transfer costs actually paid at the time of acquisition of such equity to the original transferor of the said equity. Where there is reduction or appreciation of value during the equity holding period, and the gains or losses may be confirmed pursuant to the provisions of the finance and tax authorities of the State Council, the equity net value shall be adjusted accordingly. When an enterprise computes equity transfer income, it shall not deduct the amount in the shareholders’ retained earnings such as undistributed profits etc. of the investee enterprise, which may be distributed in accordance with the said equity. In the event of partial transfer of equity under multiple investments or acquisitions, the enterprise shall determine the costs corresponding to the transferred equity in accordance with the transfer ratio, out of all costs of the equity.

Under the Circular 7 and the Law on the Administration of Tax Collection (《稅收徵收管理法》) promulgated by the SCNPC on September 4, 1992 and newly amended on April 24, 2015, in the case of an indirect transfer, entities or individuals obligated to pay the transfer price to the transferor shall act as withholding agents. If they fail to make withholding or withhold the full amount of tax payable, the transferor of equity shall declare and pay tax to the tax authorities in charge within seven days from the occurrence of tax payment obligation. Where the withholding agent does not make withholding, and the transferor of equity does not pay the tax payable amount, the tax authority may impose late payment interest on the transferor. In addition, the tax authority may also hold the withholding agents liable and impose a penalty of ranging from 50% to 300% of the unpaid tax on them. The penalty imposed on the withholding agents may be reduced or waived if the withholding agents have submitted the relevant materials in connection with the indirect transfer to the PRC tax authorities in accordance with the Circular 7.

Withholding tax on dividend distribution

The EIT Law prescribes a standard withholding tax rate of 20% on dividends and other China-sourced income of non-PRC resident enterprises which have no establishment or place of business in the PRC, or if established, the relevant dividends or other China-sourced income are in fact not associated with such establishment or place of business in the PRC. However, the Implementation of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》) reduced the rate from 20% to 10%, effective from January 1, 2008.

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Pursuant to an Arrangement Between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation on Income, or the Double Tax Avoidance Arrangement (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) (the “**Arrangement for the Avoidance of Double Taxation on Income**”) and other applicable PRC laws, if a Hong Kong resident enterprise is determined by the competent PRC tax authority to have satisfied the relevant conditions and requirements under the Arrangement for the Avoidance of Double Taxation on Income and other applicable laws, the 10% withholding tax on the dividends that the Hong Kong resident enterprise receives from a PRC resident enterprise may be reduced to 5% upon receiving approval from in-charge tax authority.

Based on the Notice on Certain Issues with Respect to the Enforcement of Dividend Provisions in Tax Treaties (《關於執行稅收協定股息條款有關問題的通知》) issued on February 20, 2009 by SAT, if the relevant PRC tax authorities determine, in their discretion, that a company benefits from such reduced income tax rate due to a structure or arrangement that is primarily tax-driven, such PRC tax authorities may adjust the preferential tax treatment; and based on the Notice on the Interpretation and Recognition of Beneficial Owners in Tax Treaties (《關於如何理解和認定稅收協定中「受益人所有人」的通知》), issued on October 27, 2009 by the SAT, and the Announcement on the Recognition of Beneficial Owners in Tax Treaties (《關於認定稅收協定中「受益所有人」的公告》) issued on June 29, 2012 by the SAT, conduit companies, which are established for the purpose of evading or reducing tax, or transferring or accumulating profits, shall not be recognized as beneficial owners and thus are not entitled to the above-mentioned reduced income tax rate of 5% under the Double Tax Avoidance Arrangement.

Value-Added Tax

Pursuant to the Provisional Regulations of the PRC on Value-Added Tax (《中華人民共和國增值稅暫行條例》), which was promulgated by the State Council on December 13, 1993 and amended on November 10, 2008, February 6, 2016 and November 19, 2017, and the Implementation Rules for the Implementation of the Provisional Regulations of the PRC on Value-Added Tax (《中華人民共和國增值稅暫行條例實施細則》), which was promulgated by Ministry of Finance of the PRC (the “**MOF**”) and SAT on December 18, 2008 and became effective on January 1, 2009 and as amended on October 28, 2011, entities or individuals engaging in sale of goods, provision of processing services, repairs and replacement services or importation of goods within the territory of the PRC shall pay value-added tax (“**VAT**”). Unless provided otherwise, the rate of value-added tax is 17%.

Since January 1, 2012, the MOF and the SAT have implemented the Pilot Plan for Imposition of Value-Added Tax to Replace Business Tax (《營業稅改徵增值稅試點方案》) (the “**VAT Pilot Plan**”), which imposes VAT in lieu of business tax for certain “modern service industries” in certain regions and eventually expanded to nation-wide application in 2013. According to the implementation circulars released by the MOF and the SAT on the VAT Pilot Program, the “modern service industries” include research, development and technology services, information technology services, cultural innovation services, logistics support, lease of corporeal properties, attestation and consulting services. According to the Notice Regarding Including the Telecommunications Sector under the Pilot

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Program of Replacing Business Tax with Value-Added Tax (《關於將電信業納入營業稅改徵增值稅試點的通知》), which was promulgated on April 29, 2014 and became effective on June 1, 2014, the entities and individuals providing telecommunications services within the territory of PRC shall pay VAT instead of business tax. The Trial Implementing Measures of the Conversion of Business Tax to Value-added Tax (《營業稅改徵增值稅試點實施辦法》), which was promulgated on March 23, 2016, became effective on May 1, 2016, amended on July 11, 2017, and became effective retroactively as of July 1, 2017, and superseded the Notice Regarding the Including Telecommunications Sector under the Pilot Program of Replacing Business Tax with Value-Added Tax on the same date set out that it collected value-added tax in lieu of business tax in all regions and industries. Following the implementation of the VAT Pilot Plan, most of our PRC subsidiaries and affiliates have been subject to VAT, at a rate of 6% or 17%, instead of business tax.

T. REGULATIONS RELATING TO INTELLECTUAL PROPERTY RIGHTS

The Copyright Law

China has enacted various laws and regulations relating to the protection of copyright. China is a signatory to some major international conventions on protection of copyright and became a member of the Berne Convention for the Protection of Literary and Artistic Works in October, 1992, the Universal Copyright Convention in October, 1992, and the Agreement on Trade-Related Aspects of Intellectual Property Rights upon its accession to the World Trade Organization in December 2001.

The Copyright Law of the PRC (《中華人民共和國著作權法》), adopted in 1990 and revised in 2001 and 2010, provides that Chinese citizens, legal persons, or other organizations shall, whether published or not, enjoy copyright in their works, which include, among others, works of literature, art, natural science, social science, engineering technology and computer software. The purpose of the Copyright Law aims to encourage the creation and dissemination of works which is beneficial for the construction of socialist spiritual civilization and material civilization and promote the development and prosperity of Chinese culture.

Under the Regulation on Protection of the Right to Network Dissemination of Information (《信息網絡傳播權保護條例》) that took effect on July 1, 2006 and was amended on January 30, 2013, it is further provided that an Internet information service provider may be held liable under various situations, including if it knows or should reasonably have known a copyright infringement through the Internet and the service provider fails to take measures to remove or block or disconnects links to the relevant content, or, although not aware of the infringement, the Internet information service provider fails to take such measures upon receipt of the copyright holder's notice of infringement.

The Computer Software Copyright Registration Measures (《計算機軟件著作權登記辦法》) (the “**Software Copyright Measures**”), promulgated by the National Copyright Administration on February 20, 2002, regulate registrations of software copyright, exclusive licensing contracts for software copyright and transfer contracts. The National Copyright Administration of China shall be the competent authority for the nationwide administration of software copyright registration and the

REGULATORY ENVIRONMENT

Copyright Protection Centre of China (the “CPCC”), is designated as the software registration authority. The CPCC shall grant registration certificates to the Computer Software Copyrights applicants which satisfies the requirements of both the Software Copyright Measures and the Computer Software Protection Regulations (Revised in 2013) (《計算機軟件保護條例(2013修訂)》).

The Trademark Law

Trademarks are protected by the Trademark Law of the PRC (《中華人民共和國商標法》) which was promulgated on August 23, 1982 and subsequently amended on February 22, 1993, October 27, 2001 and August 30, 2013 respectively as well as the Implementation Regulation of the PRC Trademark Law adopted by the State Council on August 3, 2002 (Revised in 2014) (《中華人民共和國商標法實施條例(2014修訂)》). In China, registered trademarks include commodity trademarks, service trademarks, collective marks and certification marks.

The Trademark Office under the SAIC handles trademark registrations and grants a term of ten years to registered trademarks. Trademarks are renewable every ten years where a registered trademark needs to be used after the expiration of its validity term. A registration renewal application shall be filed within six months prior to the expiration of the term. A trademark registrant may license its registered trademark to another party by entering into a trademark license contract. Trademark license agreements must be filed with the Trademark Office to be recorded. The licensor shall supervise the quality of the commodities on which the trademark is used, and the licensee shall guarantee the quality of such commodities. As with trademarks, the PRC Trademark Law has adopted a “first come, first file” principle with respect to trademark registration. Where trademark for which a registration application has been made is identical or similar to another trademark which has already been registered or been subject to a preliminary examination and approval for use on the same kind of or similar commodities or services, the application for registration of such trademark may be rejected. Any person applying for the registration of a trademark may not prejudice the existing right first obtained by others, nor may any person register in advance a trademark that has already been used by another party and has already gained a “sufficient degree of reputation” through such party’s use.

Domain Names

In May 29, 2012, the CNNIC issued the Implementing Rules for Domain Name Registration (《中國互聯網絡信息中心域名註冊實施細則》) setting for the detailed rules for registration of domain names. On August 24, 2017, the MIIT promulgated the Administrative Measures on Internet Domain Names (《互聯網域名管理辦法》) (the “**Domain Name Measures**”). The Domain Name Measures regulate the registration of domain names, such as the first tier domain name “.cn”, the CNNIC issued the Measures on Domain Name Dispute Resolution (《中國互聯網絡信息中心域名爭議解決辦法》) on February 14, 2006, pursuant to which the CNNIC can authorize a domain name dispute resolution institution to decide disputes.

REGULATORY ENVIRONMENT

The Patent Law

According to the Patent Law of the PRC (《中華人民共和國專利法》) promulgated by the SCNPC, adopted in 1985 and revised in 1992, 2000 and 2008, and its Implementation Rules (《中華人民共和國專利法實施細則》) promulgated by the State Council, adopted in 2001 and revised in 2002 and 2010, the State Intellectual Property Office of the PRC is responsible for administering patents in the PRC. The patent administration departments of provincial or autonomous regions or municipal governments are responsible for administering patents within their respective jurisdictions. The Patent Law of the PRC and its implementation rules provide for three types of patents, “invention”, “utility model” and “design”. Invention patents are valid for twenty years, while design patents and utility model patents are valid for ten years, from the date of application. The Chinese patent system adopts a “first come, first file” principle, which means that where more than one person files a patent application for the same invention, a patent will be granted to the person who files the application first. To be patentable, invention or utility models must meet three criteria: novelty, inventiveness and practicability. A third-party player must obtain consent or a proper license from the patent owner to use the patent. Otherwise, the use constitutes an infringement of the patent rights.

S. REGULATIONS RELATING TO M&A

On August 8, 2006, six PRC regulatory agencies, including the CSRC, promulgated the Rules on Acquisition of Domestic Enterprises by Foreign Investors (《關於外國投資者並購境內企業的規定》) (the “M&A Rules”), which became effective on September 8, 2006 and were amended on June 22, 2009. The M&A Rules, among other things, require offshore special purpose vehicles formed for overseas listing purposes through acquisitions of PRC domestic companies and controlled by PRC domestic enterprises or individuals to obtain the approval of the CSRC prior to publicly listing their securities on an overseas stock exchange.

The M&A Rules, and other recently adopted regulations and rules concerning mergers and acquisitions established additional procedures and requirements that could make merger and acquisition activities by foreign investors more time consuming and complex. For example, the M&A Rules require that MOFCOM be notified in advance of any change-of-control transaction in which a foreign investor takes control of a PRC domestic enterprise, if (i) any important industry is concerned, (ii) such transaction involves factors that impact or may impact national economic security, or (iii) such transaction will lead to a change in control of a domestic enterprise which holds a famous trademark or PRC time-honored brand.

U. DRAFT FOREIGN INVESTMENT LAW

In January 2015, the MOFCOM published the Draft Foreign Investment Law (《中華人民共和國外國投資法(草案徵求意見稿)》) and accompanying explanatory notes which contain important information about the Draft Foreign Investment Law, including its drafting philosophy and principles, main content, plans to transit to the new legal regime and treatment of business in the PRC controlled by foreign invested enterprises. For further details, see the section headed “Contractual Arrangements — Development in the PRC Legislation on Foreign Investment” in this document.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

OVERVIEW

We are a pioneer in the PRC Internet healthcare market and operate the largest Internet healthcare platform in terms of average MAUs and daily average online consultations in 2016, according to Frost & Sullivan. Our Company was incorporated as an exempted company with limited liability in the Cayman Islands on November 12, 2014 as the holding company of our current business, which mainly comprises the provision of online medical and wellness services, such as family doctor services, consumer healthcare services, health mall as well as health management and wellness interaction.

OUR BUSINESS MILESTONES

The following is a summary of our Group's key business development milestones:

August 2014	Ping An Health Cloud was incorporated
November 2014	Our Company was incorporated
April 2015	Our mobile platform and the offering of consumer healthcare service packages were launched
August 2015	Our health mall business commenced
December 2015	Our "Step-for-reward" (步步奪金) program was launched
April 2016	We completed our Round A financing of USD500 million
April 2017	The number of our registered users reached over 150 million
September 2017	The GMV of our health mall for the month reached over RMB150 million
December 2017	We completed the pre-IPO investment of USD400 million by SoftBank Vision Fund L.P. (" SoftBank Vision Fund ")
	The highest number of daily online consultations in December 2017 reached over 800,000

OUR MAJOR OPERATING ENTITY

Ping An Health Cloud is our major Operating Entity which made a material contribution to our results of operations during the Track Record Period. It is incorporated in and commenced its business on August 20, 2014, with its principal business activities being the development and operation of the mobile platform.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

MAJOR SHAREHOLDING CHANGE OF OUR COMPANY

Incorporation of our Company

Our Company was incorporated as an exempted company with limited liability in the Cayman Islands on November 12, 2014 with an authorized share capital of US\$50,000 divided into 5,000,000,000 shares with a par value of US\$0.00001 each.

Upon incorporation, our Company issued one Share to Mapcal Limited, which transferred the Share to Glorious Peace on the same date. On December 11, 2014, our Company issued 244,999,999 Shares and 105,000,000 Shares to Glorious Peace and Bang Qi Jian, respectively, at par value. Immediately after this allotment, our Company was owned as to 70.0% and 30.0% by Glorious Peace and Bang Qi Jian, respectively.

Adoption of Employee Incentive Scheme

On December 26, 2014, our Company adopted the Employee Incentive Scheme as an incentive plan to retain talent, promote the long-term sustainable development of our Group and achieve mutual gain for our Company, employees and shareholders. Hong Qi Jian was then set up as a special purpose vehicle to hold the Shares pursuant to the Employee Incentive Scheme and on trust for and on behalf of the grantees under the Employee Incentive Scheme. On December 26, 2014, Glorious Peace and Bang Qi Jian transferred 24,500,000 Shares and 10,500,000 Shares to Hong Qi Jian, respectively. The table below shows the shareholding of the Company immediately before the Round A Investment:

Name	Number of ordinary shares	
	with a par value of US\$0.00001 each	Percentage of shareholding
Glorious Peace	220,500,000	63.0%
Bang Qi Jian	94,500,000	27.0%
Hong Qi Jian (holding on trust pursuant to the Employee Incentive Scheme).	35,000,000	10.0%

Contractual Arrangements

In order to comply with relevant PRC laws and regulations and to maintain effective control over all of our operations, in February 2016 (and later amended and restated in October 2017), Kang Jian entered into a series of Contractual Arrangements with Ping An Health Cloud and its respective shareholders (including its individual shareholders in October 2017). Through these Contractual Arrangements, our Group is able to gain effective control over, and receive all of the economic benefits generated by, the Operating Entities. See section headed “Contractual Arrangements” for further details.

Pre-IPO Investments

Our Company completed the Round A Investments in April 2016. Prior to the Round A Investments, our Company redesignated the Shares held by Glorious Peace, Bang Qi Jian and Hong Qi Jian into Class A Ordinary Shares and issued Class B Ordinary Shares to the Round A Investors.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Further, in December 2017, Mr. Law increased his investment in our Company through an acquisition of our Class A Ordinary Shares from Glorious Peace. SoftBank Vision Fund has also completed its subscription for Class B Ordinary Shares in our Company as a pre-IPO investor. See section headed “— Pre-IPO Investments” for further details.

Share redesignation and share subdivision

On April 19, 2018, our Shareholders resolved, among other things, that all the Class A Ordinary Shares and Class B Ordinary Shares were to be redesignated as ordinary shares on a one-for-one basis immediately before Listing. It was also resolved that, following the redesignation of the Class A Ordinary Shares and Class B Ordinary Shares, each issued and unissued ordinary share then of US\$0.00001 par value will be subdivided into two Shares of US\$0.000005 par value each.

As a consequence of this, at the time of Listing the authorised share capital of the Company shall be US\$50,000 divided into 10,000,000,000 ordinary shares of par value US\$0.000005 each, of which 1,067,294,200 are issued and fully paid-up.

PRE-IPO INVESTMENTS

Overview

Our Company completed the Round A investments (the “**Round A Investments**”) in April 2016 with 12 institutional investors (the 12 institutional investors collectively, the “**Round A Investors**” and each a “**Round A Investor**”). The Round A Investors have subscribed for a total 70,000,000 of our Class B Ordinary Shares at a total consideration of approximately USD500 million.

In December 2017, Mr. Law, via Hop-Fast which is a company wholly owned by him, has further increased his investment in our Company through an acquisition of 10,920,000 Class A Ordinary Shares from Glorious Peace, at a total consideration of approximately USD89.7 million.

SoftBank Vision Fund, through its indirectly wholly-owned subsidiary, Vision Fund Singapore SPV, completed the subscription for 33,600,000 of our Class B Ordinary Shares at a total consideration of USD400 million in December 2017, representing approximately 7.41% of our issued share capital as at the Latest Practicable Date.

Round A Investments

The Round A Investors were Hero Wall Limited (“**Hero Wall**”), Jumbo Sheen Fund No.1 LP (“**Jumbo Sheen 1**”), Guotai Junan Universal Investment Funds SPC, acting for an on behalf of and for the account of Guotai Junan PE Investment Fund No.1 SP (“**GTJA**”), JICC Wealth Growth Fund L.P. (“**JICC Wealth**”), New Alliance RR Limited (“**New Alliance**”), Redmount Investments Limited (“**Redmount Investments**”), ClearVue Partners II, L.P. (“**Clearvue Partners**”), China Mobile Fund (“**China Mobile**”)^(Note 2), Harmony Field Ltd. (“**Harmony Field**”), Hero Treasure International Limited (“**Hero Treasure**”), LYFE Capital Mountain Review (Hong Kong) Limited (“**LYFE Capital**”) and Regent Capital Venture Ltd (“**Regent Capital**”).

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

The table below sets out the principal terms of the Round A Investments:

Round A Investors ^(Note 1)	Hero Wall	Jumbo Sheen 1	GTJA	JICC Wealth	New Alliance	Redmount Investments	Clearvue Partners	China Mobile ^(Note 2)	Harmony Field	Hero Treasure	LYFE Capital	Regent Capital
Date of the share subscription agreement	March 3, 2016	February 26, 2016	February 26, 2016	March 16, 2016	March 23, 2016	February 26, 2016	February 26, 2016	February 26, 2016	February 26, 2016	March 11, 2016	February 26, 2016	April 15, 2016
Number of Class B Ordinary Shares subscribed	23,100,000	12,180,000	10,220,000	4,900,000	4,200,000	2,800,000	2,800,000	2,800,000	2,100,000	2,086,000	1,834,000	980,000
Subscription amount (USD)	165,000,000	87,000,000	73,000,000	35,000,000	30,000,000	20,000,000	20,000,000	20,000,000	15,000,000	14,900,000	13,100,000	7,000,000
Date on which investment was fully settled	April 29, 2016	April 29, 2016	April 29, 2016	April 29, 2016	April 29, 2016	April 5, 2016	April 6, 2016	N/A	April 29, 2016	April 6, 2016	March 31, 2016	April 29, 2016
Basis of consideration	The relevant consideration was determined after arm's length negotiations between our Company and the Round A Investors with reference to the business valuation of our Company, the timing of the investments and the status of our business and operating entities.											
Price per Class B Ordinary Share	USD7.1429											
Discount to the IPO price	46.90% (calculated based on the Offer Price of HK\$52.80, being the mid-point of the indicative Offer Price range of HK\$50.80 to HK\$54.80, on the basis that 1,067,294,200 Shares are expected to be in issue immediately upon completion of the Global Offering (after the share redesignation and share subdivision))											
Use of proceeds	The proceeds from the Round A investments, totalling approximately USD500 million, have been used for increasing working capital in full.											
Strategic benefits of the investments brought to the Company	At the time of the investments, our Directors were of the view that the Company would benefit from the additional capital that would be provided by the Round A Investments.											
Lock-up	See Note 1											
Shareholding in our Company immediately after the completion of all Round A investments	5.50%	2.90%	2.43%	1.17%	1.00%	0.67%	0.67%	0.67%	0.50%	0.50%	0.44%	0.23%
Direct shareholding in our Company immediately before the Global Offering	N/A. See section headed “— Corporate Reorganization” and “— Shareholding and Group Structure of Our Company” for further details. ^(Note 1)											
Direct shareholding in our Company immediately after the Global offering (assuming that the Over-allotment Option is not exercised)	N/A. See section headed “— Corporate Reorganization” and “— Shareholding and Group Structure of Our Company” for further details. ^(Note 1)											

Notes:

- The Round A Investors ceased to be direct shareholders of our Company as of December 19, 2017 upon completion of the Reorganization. As at the Latest Practicable Date, the shareholding interests of our Company as held by the Round A Investors were reflected in Zheng He Pentagon Fund, which held 33.27% shareholding interests in Le Jin Xuan, the controlling shareholder of our Company. Le Jin Xuan is subject to a one-year lock-up restriction pursuant to Rule 10.07 of the Listing Rules. See sections headed “— Corporate Reorganization” and “Underwriting — Undertakings to the Stock Exchange pursuant to the Listing Rules” for further details.
- On April 29, 2016, the Company issued 2,800,000 unpaid Class B Ordinary Shares to China Mobile upon receipt of the subscription amount in RMB. It was agreed that China Mobile shall pay the subscription amount in USD in due course in return for 2,800,000 fully-paid Class B Ordinary Shares. On October 26, 2017, Jumbo Sheen Fund No. 6 LP (“**Jumbo Sheen 6**”), a fund with the same general partner as Jumbo Sheen 1, purchased from China Mobile the 2,800,000 unpaid Class B Ordinary Shares. China Mobile therefore ceased to be a shareholder of our Company. For the purpose of the definition of Round A Investors, Jumbo Sheen 6 replaces China Mobile upon completion of the purchase. The consideration was paid to the Company directly to settle the subscription for such unpaid Class B Ordinary Shares. Further details of the transfer are as follows:

Date of the share purchase agreement	September 29, 2017
Number of Class B Ordinary Shares purchased	2,800,000
Subscription amount	USD20,000,000

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Date on which investment was fully settled	October 26, 2017
Basis of consideration	The relevant consideration was determined after arm's length negotiations between our Company and the Round A Investors with reference to the business valuation of our Company, the timing of the investments and the status of our business and operating entities.
Price per Class B Ordinary Share	USD7.1429
Discount to the IPO price	46.90% (calculated based on the Offer Price of HK\$52.80, being the mid-point of the indicative Offer Price range of HK\$50.80 to HK\$54.80, on the basis that 1,067,294,200 Shares are expected to be in issue immediately upon completion of the Global Offering (after the share redesignation and share subdivision))
Use of proceeds	The proceeds from the Round A Investments, totalling approximately USD500 million, have been used for increasing working capital in full.
Strategic benefits of the investments brought to the Company	At the time of the investments, our Directors were of the view that the Company would benefit from the additional capital that would be provided by the Round A Investments.
Shareholding in our Company immediately after the completion of the transfer	0.67%
Direct shareholding in our Company immediately before the Global Offering	N/A. See sections headed “— Corporate Reorganization — Shareholding Restructuring”, “— Shareholding and Group Structure of Our Company” and “Substantial Shareholders” for further details
Direct shareholding in our Company immediately after the Global offering (assuming that the Over-allotment Option is not exercised)	N/A. See sections headed “— Corporate Reorganization — Shareholding Restructuring”, “— Shareholding and Group Structure of Our Company” and “Substantial Shareholders” for further details.

Mr. Law's further investment in our Company via Hop-Fast

As a long term and the lead investor in the Round A Investments, Mr. Law believes there is strong potential in our Company's business and growth prospects. Mr. Law planned to commit further resources to our Company in expanding our business and establishing it into a reputable brand in the international healthcare-services-related platform by leveraging his network and international contacts, including reputable overseas medical schools and other local and international medical advisory boards. In consideration for committing further market intelligence and resources into our Company, Mr. Law sought to further increase his stake in our Company and had entered into discussion with Ping An.

From Ping An's perspective, it had cooperated with Mr. Law in certain other projects involving Ping An Group and intended to facilitate the strategic cooperation between Mr. Law and our Company, which it believed to be advantageous to our Company and our Shareholders as a whole. As such, Ping An was willing to sell a portion of the Shares held by it to Mr. Law.

While Ping An was willing to sell part of its stake for the foregoing reasons, it also believed in the potential strategic value of Internet healthcare operations and our Company and wished to retain the possibility of buying back all or part of such Shares in our Company in the future. Therefore, taking into account the benefits of Mr. Law's further increase of stake in our Company and the peripheral benefits of reducing the regulatory burden associated with not retaining the Company as a consolidated subsidiary, Mr. Law would grant a call option and a right of first refusal to Glorious Peace as part of the terms of Mr. Law's further investment in our Company.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

The principal terms of the share purchase agreement between Hop-Fast and Glorious Peace are as follows:

Date of the share purchase agreement	December 1, 2017
Number of Class A Ordinary Shares purchased	10,920,000
Consideration (USD)	89,700,538.20
Date on which investment was fully settled	December 11, 2017
Basis of consideration	The relevant consideration was determined after arm's length negotiations between Hop-Fast and Glorious Peace with reference to (1) the valuation of the Company, being USD3 billion as at March 2016, when Hero Wall first invested in the Company; (2) the increase in value of the Company, taking into account the continued growth of its business and development since March 2016; and (3) that the Call Option and a right of first refusal granted by Hop-Fast in favor of Glorious Peace
Price per Class A Ordinary Share	USD8.214335
Discount to the IPO price	38.94% (calculated based on the Offer Price of HK\$52.80, being the mid-point of the indicative Offer Price range of HK\$50.80 to HK\$54.80, on the basis that 1,067,294,200 Shares are expected to be in issue immediately upon completion of the Global Offering (after the share redesignation and share subdivision))
Use of proceeds	Not applicable as the proceeds in connection with the acquisition is received by Glorious Peace
Shareholding in our Company immediately after the completion of the transfer	2.6%
Direct shareholding in our Company immediately before the Global Offering	N/A. See sections headed “— Corporate Reorganization — Shareholding Restructuring”, “— Shareholding and Group Structure of Our Company” and “Substantial Shareholders” for further details
Direct shareholding in our Company immediately after the Global offering (assuming that the Over-allotment Option is not exercised)	N/A. See sections headed “— Corporate Reorganization — Shareholding Restructuring”, “— Shareholding and Group Structure of Our Company” and “Substantial Shareholders” for further details.
Special Rights	See section headed “— Call Option granted by Hop-Fast to Glorious Peace” and “— Right of first refusal granted by Hop-Fast to Glorious Peace”

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Call option granted by Hop-Fast to Glorious Peace

Hop-Fast has granted a call option to Glorious Peace (the “**Call Option**”) as a condition of Glorious Peace’s sale of 10,920,000 Class A Ordinary Shares (“**Subject Shares**”) to Hop-Fast. The Call Option will survive after Listing with the terms as follows:

Option Shares 10,920,000 Class A Ordinary Shares of the Company and any shares or other securities of the Company or any intermediaries which are derived from such shares pursuant to any subdivision, consolidation, capitalisation issue, right issue or other form of capital reorganisation (whether such transactions are to be settled in cash or otherwise) and any interest therefrom (“**Option Shares**”)

Option Period The Call Option is exercisable in one or multiple times during option period only either (a) if the Qualified Listing takes place on or before 31 December 2018, the three (3) year period commencing from the first (1st) anniversary of such Qualified Listing (as defined in the Call Option agreement) (the “**Option Period 1**”); and (b) if no such Qualified Listing takes place on or before 31 December 2018, the three (3) year period commencing from 31 December 2018 (the “**Option Period 2**”) (“**Option Period**” means Option Period 1 or Option Period 2, as appropriate)

Exercise price per Option Share (“Call Option Exercise Price”) If the Call Option is exercised within the first twelve (12) months upon the commencement of the Option Period:

$$\frac{T \times (1+15\%)}{S}$$

If the Call Option is exercised within the second twelve (12) months upon the commencement of the Option Period:

$$\frac{T \times (1+25\%)}{S}$$

If the Call Option is exercised within the third twelve (12) months upon the commencement of the Option Period:

$$\frac{T \times (1+35\%)}{S}$$

In each case:

T = the transfer price of the 10,920,000 Class A Ordinary Shares

S = the total number of the Option Shares

Call Option exercise condition Glorious Peace will only exercise the Call Option during Option Period 1 when the Call Option Exercise Price is at or below the five-day average closing price of the Shares of the Company immediately prior to the service of the option notice.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Right of First Refusal granted by Hop-Fast to Glorious Peace

During Option Period 1, Hop-Fast shall have the right to sell all or part of the Option Shares (the “**Sale Shares**”) provided that Hop-Fast shall first offer the Sale Shares to Glorious Peace on the same terms and conditions (including price (the “**ROFR Price**”). Glorious Peace shall have the right to exercise the right of first refusal to acquire the Sale Shares (the “**ROFR**”). The ROFR will survive after Listing with the terms as follows:

Sale Shares	All or part of the Option Shares, i.e. 10,920,000 Class A Ordinary Shares of the Company.
ROFR exercise conditions	<p>I. Glorious Peace will only be entitled to exercise ROFR during Option Period 1 when:</p> <p>(1) ROFR Price is at or below the five-day average closing price immediately prior to the service of the ROFR notice by Hop-Fast; and</p> <p>(2) ROFR Price is also at or below the Call Option Exercise Price</p> <p>II. When exercising the ROFR, Glorious Peace may buy part or all of the Sale Shares and Hop-Fast shall be free to sell the remaining portion of Sale Shares not taken up by Glorious Peace to the independent third party.</p>
Effect on Option Shares	Upon the sale of the Sale Shares to the independent third party and/or Glorious Peace, the number of the Option Shares which is subject to the Call Option will be reduced by the number of Sale Shares, regardless of whether Glorious Peace is entitled to exercise the ROFR pursuant to the exercise conditions above.

SoftBank Vision Fund’s pre-IPO investment

We have entered into a share subscription agreement with Vision Fund Singapore SPV on December 21, 2017 (the “**VF Subscription Agreement**”) and completed the relevant transaction on December 29, 2017. The principal terms of the share subscription agreement are as follows:

Date of the share subscription agreement	December 21, 2017
Number of Class B Ordinary Shares subscribed	33,600,000 (the “ Vision Fund Subscribed Shares ”)
Subscription amount (USD)	400,000,000
Date on which investment was fully settled	December 29, 2017
Basis of consideration	The relevant consideration was determined after arm’s length negotiations between our Company and SoftBank Vision Fund with reference to the business valuation of our Company, the timing of the investments and the status of our business and operating entities.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Price per Class B Ordinary Share	USD11.9048
Discount to the IPO price	11.50% (calculated based on the Offer Price of HK\$52.80, being the mid-point of the indicative Offer Price range of HK\$50.80 to HK\$54.80, on the basis that 1,067,294,200 Shares are expected to be in issue immediately upon completion of the Global Offering (after the share redesignation and share subdivision))
Lock-up period	Unless with our Company's prior written consent (such consent not to be unreasonably withheld or delayed), Vision Fund Singapore SPV will not, and will cause its affiliates (as defined in the VF Subscription Agreement, the " Specified Affiliates ") not to, whether directly or indirectly, at any time from the date of the share subscription agreement until the first anniversary of the date of Listing (the " Relevant Period "), (i) lend, offer, pledge, hypothecate, hedge, sell, make any short sale of, loan, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, or enter into any other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of, any Vision Fund Subscribed Share; (ii) enter into any transactions directly or indirectly with the same economic effect as any aforesaid transactions; (iii) publicly announce any intention to enter into any aforesaid transaction; and (iv) agree or contract to do any aforesaid transactions during the Relevant Period, except that Vision Fund Singapore SPV (or any of its Specified Affiliates) shall not be prevented from transferring any Vision Fund Subscribed Shares to any of its Specified Affiliates (solely to controlled affiliates in the period prior to the Listing, if to do otherwise would delay the Listing) provided that Vision Fund Singapore SPV shall procure that if any such Specified Affiliates which holds any of the Vision Fund Subscribed Shares ceases to be Specified Affiliates, it shall prior thereto transfer such Vision Fund Subscribed Shares to Vision Fund Singapore SPV or another Specified Affiliate, and further provided that nothing in this clause shall prevent any mortgage, pledge or charge in favour of a lender for a bona fide commercial loan or financing transaction (enforcement of which shall be taken without violation of the relevant listing rules).
Use of proceeds	The proceeds have been used for increasing working capital in full.
Shareholding in our Company immediately after the completion of the transfer	7.41%
Shareholding in our Company immediately before the Global Offering	7.41%

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Shareholding in our Company immediately after the Global offering (assuming that the Over-allotment Option and the Vision Fund Anti-dilution Right are not exercised) 6.30%

Special rights

All the special rights granted shall automatically terminate immediately upon Listing. In particular, Vision Fund Singapore SPV has an anti-dilution right (“**Vision Fund Anti-dilution Right**”), whereby it has the right to subscribe for additional Shares to be issued by our Company pursuant to the Listing so as to maintain its percentage of shareholding, at the final Offer Price. The maximum number of Shares that Vision Fund Singapore SPV is entitled to subscribe is 11,858,800 Shares (after completion of the share redesignation and share subdivision).

Strategic benefits of the investments brought to the Company

At the time of the investments, our Directors were of the view that the Company would benefit from the additional capital that would be provided by Vision Fund Singapore SPV.

Ping An and Vision Fund Singapore SPV have entered into a side letter agreement on December 29, 2017, pursuant to which Ping An has provided, among others, the below undertaking, in relation to the VF Subscription Agreement:

- Ping An will not, and undertakes to procure that each member of Ping An Group will not, effect any competition directly or indirectly against the core business of our Company either alone or jointly. For these purposes, Ping An will procure that no member of Ping An Group will license to any person (other than a member of Ping An Group), or otherwise authorise or permit any other person to use, intellectual property or business information owned by the members of Ping An Group or that they have the ability to license or permit use of, in any business or operations which competes with the core business of our Company;
- Ping An will procure Glorious Peace not to, whether directly or indirectly, at any time from December 29, 2017 until the first anniversary of the listing date of the Listing (the “**First Lock-up End Date**”): (i) lend, offer, pledge, hypothecate, hedge, sell, make any short sale of, loan, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, or enter into any other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any share in our Company; (ii) enter into any transactions directly or indirectly with the same economic effect as any aforesaid transactions; (iii) publicly announce any intention to enter into any aforesaid transaction; and (iv) agree or contract to do any aforesaid transactions; provided that this shall not prevent Glorious Peace from pledging or charging the shares owned by it in favour of an authorised institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) as security for a bona fide loan pursuant to the Listing Rules (as amended from time to time). Any transfer of shares in Glorious Peace or any holding company of Glorious Peace shall be deemed to be a transfer of the Shares held by Glorious Peace in our Company; and
- from the First Lock-up End Date until the fifth anniversary thereof and for so long as Vision Fund Singapore SPV together with any of its Specified Affiliates holds not less than half

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of the number of the Vision Fund Subscribed Shares (which amount shall be adjusted accordingly in the event of a share split, combination, dividend or other similar events; provided that, for the avoidance of doubt, there will be no adjustment for the share issuance in the Listing) Ping An will procure that neither it, Glorious Peace nor any of their Specified Affiliates will, sell, contract to sell, transfer, encumber, grant any option, right or interest over or otherwise dispose of any shares of our Company or any interest in shares, if, immediately following such disposal or upon the exercise or enforcement of such encumbrances, options, rights or interests, the Shares of our Company legally and beneficially owned by Ping An and its Specified Affiliates would represent less than 30% of the issued share capital of our Company immediately following the Listing (which amount shall be adjusted accordingly in the event of a share split, combination, dividend or other similar events).

The above undertakings by Ping An shall remain effective after Listing.

Our Company's shareholders agreement

In addition to the terms described above, a shareholders agreement was entered into among our Company, Glorious Peace and Le Jin Xuan. After Hong Qi Jian, Bang Qi Jian, Hop-Fast and the Round A Investors restructured their direct shareholding interests in our Company through Le Jin Xuan (where Le An Xin replaced Hong Qi Jian to hold the relevant interests), it was agreed that Le Jin Xuan was granted certain special rights in our Company that Hong Qi Jian, Bang Qi Jian, Hop-Fast and the Round A Investors were originally entitled to. The shareholders agreement and all such special rights are expected to terminate prior to the Listing in accordance with the terms of the shareholders agreement.

Sponsors confirmation

The Joint Sponsors have confirmed that (i) the investments of the Round A Pre-IPO Investors; (ii) Mr. LAW's further investment in our Company via Hop-Fast; and (iii) SoftBank Vision Fund's pre-IPO Investment are in compliance with the Interim Guidance on Pre-IPO Investments issued by the Stock Exchange on October 13, 2010 and as updated in March 2017, the Guidance Letter HKEx-GL43-12 issued by the Stock Exchange in October 2012 and as updated in July 2013 and March 2017 and the Guidance Letter HKEx-GL44-12 issued by the Stock Exchange in October 2012 and as updated in March 2017.

Public float

The Round A Investors and Hop-Fast ceased to be direct shareholders of our Company as of December 19, 2017 upon completion of the Reorganization. The shareholding interests of our Company as held by the Round A Investors are reflected in Zheng He Pentagon Fund, which holds 33.27% shareholding interests in Le Jin Xuan, whilst those by Hop-Fast are reflected in its 5.19% shareholding interest in Le Jin Xuan, the controlling shareholder of our Company. Since Le Jin Xuan is our controlling shareholder, the Shares held by it will not be considered as part of the public float according to Rule 8.08 of the Listing Rules.

The Shares held by Vision Fund Singapore SPV will be considered as part of the public float according to Rule 8.08 of the Listing Rules.

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Information about the Round A Investors

Hero Wall

Hero Wall is an investment company ultimately controlled by Mr. Law, with a primary purpose of investing in the medical and healthcare ecosystem.

GTJA

GTJA is a Cayman fund managed by Guotai Junan Assets (Asia) Limited with the primary purpose of investing in pre-IPO investments including but not limited to private equity investment.

Jumbo Sheen 1

Jumbo Sheen 1 is a private equity fund managed by Jumbo Sheen (Cayman) GP Ltd, with a primary purpose of investing in Internet healthcare industry.

JICC Wealth

JICC Wealth is an exempted limited partnership managed by JICC Wealth Management Limited, with a primary purpose of investing in healthcare related companies.

New Alliance

New Alliance is an affiliate under New Alliance Capital, with a focus on investments in healthcare and technology sectors.

Harmony Field

Harmony Field is a wholly-owned special purpose vehicle of Zhuhai Harmony Healthcare Investment Fund (L.P.). Zhuhai Harmony Healthcare Investment Fund (L.P.) is an investment fund with focus on the medical industry, particularly in the areas of pharmaceuticals, medical devices, medical services, mobile medical and precision medical.

Regent Capital

Regent Capital is an investment company managed by Shenzhen Regent Investment Management Co. Ltd, with a focus on logistic services, automobile related services, and healthcare industry.

Hero Treasure

Hero Treasure is an investment company managed by So Chong Keung, with a focus of investing in healthcare.

Redmount Investments

Redmount Investments is a privately owned investment company that focuses on investment in healthcare and technology businesses.

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Clearvue Partners

Clearvue Partners, based in Shanghai and incorporated under the laws of the Cayman Islands, is a growth stage private equity firm managed by ClearVue Partners II GP, L.P., with a focus on investing in the consumer sector of China.

LYFE Capital

LYFE Capital is an investment company managed by LYFE Capital Fund, with a focus of investing in growth stage pharm, device, diagnosis and healthcare services companies in China.

Jumbo Sheen 6

Jumbo Sheen 6 is a private equity fund managed by Jumbo Sheen (Cayman) GP Ltd, with a primary purpose of investing in Internet healthcare industry.

Information about SoftBank Vision Fund

SoftBank Vision Fund, established in Jersey as a limited partnership, is an investment fund that focuses on investments in the global technology industry. Its general partner is SVF GP (Jersey) Limited, a company incorporated in Jersey and a wholly-owned subsidiary of SoftBank Group Corp. (“**SoftBank Group**”) and its manager is SB Investment Advisers (UK) Limited, a company incorporated in the UK and also a wholly-owned subsidiary of SoftBank Group. Vision Fund Singapore SPV is an indirectly wholly-owned subsidiary of SoftBank Vision Fund. SoftBank Group is a Japanese corporation listed on the Tokyo Stock Exchange, with operations in broadband, mobile and fixed-line telecommunications, e-commerce, Internet, technology services, media and marketing, and other businesses.

CORPORATE REORGANIZATION

In preparation for the Global Offering, we underwent a series of offshore and onshore reorganization in late 2017.

Bang Qi Jian and the Round A Investors have confirmed that they have been acting in concert since the Round A Investors were introduced to the Company around April 2016. To facilitate the preparation for the Global Offering, Bang Qi Jian and the Round A Investors agreed to restructure their direct shareholding in our Company and formalise their relationship by officially combining their interests in our Company through Le Jin Xuan and Zheng He Pentagon Fund.

Offshore Reorganization

1. Jumbo Sheen 6 acquired China Mobile’s shareholding interests in our Company

On October 26 2017, Jumbo Sheen 6, a fund with the same general partner as Jumbo Sheen 1, purchased from China Mobile the 2,800,000 unpaid Class B Ordinary Shares. Upon completion of the transfer, Jumbo Sheen 6 held 0.67% shareholding interest in our Company. See section headed “— Pre IPO Investments — Round A Investments” for further details.

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2. *Mr. Law's further investment in our Company via Hop-Fast*

On December 1, 2017, Mr. Law agreed to acquire, through Hop-Fast 10,920,000 Class A Ordinary Shares (representing 2.60% of the then issued share capital of our Company) from Glorious Peace. Upon completion of the transfer, Glorious Peace held 49.90% shareholding interest in our Company, where Mr. Law, through Hero Wall and Hop-Fast, held 8.1% shareholding interest in our Company. See section headed “— Pre IPO Investments — Mr. Law's further investment in our Company via Hop-Fast” for further details.

3. *Round A Investors becoming limited partners in Zheng He Pentagon Fund*

On December 19, 2017, the Round A Investors became limited partners in Zheng He Pentagon Fund with the purpose of restructuring their direct shareholding interests in our Company.

ZH GP 5, a company ultimately held and controlled by Mr. Law, is the general partner of Zheng He Pentagon Fund while the Round A Investors are limited partners, with their economic interests in the limited partnership reflecting their respective share of the shareholding interests in our Company immediately before becoming limited partners of Zheng He Pentagon Fund.

4. *Setting up of Le An Xin and Le Jin Xuan*

Le An Xin was incorporated on October 17, 2017 as a vehicle to replace Hong Qi Jian to hold the Class A Ordinary Shares for the Company's employees under the Employee Incentive Scheme upon completion of the Reorganization. Le Jin Xuan was incorporated on November 10, 2017 as a special purpose vehicle to act as the immediate direct shareholder of the Company with Le An Xin, Bang Qi Jian, Hop-Fast and Zheng He Pentagon Fund becoming the shareholders of Le Jin Xuan.

On December 19, 2017, Le Jin Xuan issued new shares to Le An Xin, Bang Qi Jian, Hop-Fast and Zheng He Pentagon Fund, so that their interests in Le Jin Xuan reflected their respective portion of the shareholding interests in our Company (Le An Xin's portion of the shareholding interests reflected and corresponded to Hong Qi Jian's shareholding interests in our Company) immediately before such issuance by Le Jin Xuan. Upon completion of the issuance, Le An Xin, Bang Qi Jian, Hop-Fast and Zheng He Pentagon Fund held 16.63%, 44.91%, 5.19% and 33.27% shareholding interests of Le Jin Xuan.

5. *Restructuring of the shareholding interests of Hong Qi Jian, Bang Qi Jian, Round A Investors and Hop-Fast through repurchase of their shareholding interest in our Company and allotment of new Shares to Le Jin Xuan*

On December 19, 2017, our Company repurchased all the Class A Ordinary Shares and Class B Ordinary Shares held by Hong Qi Jian, Bang Qi Jian, the Round A Investors and Hop-Fast at par value and cancelled all such Class A Ordinary Shares and Class B Ordinary Shares immediately upon the repurchase. On the same date, our Company allotted and issued the same number of Class A Ordinary Shares and Class B Ordinary Shares to Le Jin Xuan.

Hong Qi Jian, Bang Qi Jian, the Round A Investors and Hop-Fast therefore ceased to be direct shareholders of our Company upon completion of the cancellation and issuance described above. Upon completion of the cancellation and issuance, Le Jin Xuan held 50.10% shareholding interest of the then issued share capital of our Company.

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Onshore Reorganization

Ping An Financial Technology transferred part of its shareholding in Ping An Health Cloud to Kang Wei Jian and Kang Rui Jian

In contemplation of the completion of the offshore reorganisation, Ping An Financial Technology reduced its shareholding interest in Ping An Health Cloud. On October 18, 2017, Ping An Financial Technology transferred 41,195,000 shares and 29,155,000 shares in Ping An Health Cloud to Kang Rui Jian and Kang Wei Jian for a consideration of RMB41.195 million and RMB29.155 millions respectively. The consideration was determined with reference to the then registered share capital of Ping An Health Cloud, taking into account the fact that the economic benefit related to being a shareholder of Ping An Health Cloud was minimal due to the Contractual Arrangements. Upon completion of the transfer and as at the Latest Practicable Date, Ping An Financial Technology held 49.90% shareholding interest in Ping An Health Cloud, whereas Kang Wei Jian and Kang Rui Jian held 8.33% and 11.77% respectively.

Certain Arrangement of the shareholders of Le Jin Xuan, our Controlling Shareholder

As at the Latest Practicable Date, our Company was held as to 46.20% by Glorious Peace, as to 46.39% by Le Jin Xuan (which in turn was held as to 16.63% by Le An Xin, as to 44.91% by Bang Qi Jian, as to 5.19% by Hop-Fast and as to 33.27% by Zheng He Pentagon Fund) and as to 7.41% by Vision Fund Singapore SPV.

Acting in Concert Confirmation

Bang Qi Jian and the Round A Investors have confirmed that they have been acting in concert since April 29, 2016 and that they will continue to act in concert until the earlier of, (1) in respect of a particular party, the day when it ceases to have any direct or indirect interests in our Company; or (2) when all of Bang Qi Jian and the Round A Investors, who remain to have any direct or indirect interests in our Company, agree in writing to terminate the acting-in-concert arrangement.

Voting rights of Le An Xin in Le Jin Xuan

Le An Xin shall exercise the voting rights in relation to its shares in Le Jin Xuan in such manner as ZH GP 5 Limited, the general partner of Zheng He Pentagon Fund, may direct. ZH GP 5 shall direct in writing to Le An Xin, provided that, prior to such direction notice, ZH GP 5 shall use reasonable endeavours to notify Le An Xin its proposed direction with a view to ascertaining and so taking into account the views of Le An Xin in relation to the proposed direction.

Le Jin Xuan's shareholders agreement

Le An Xin, Bang Qi Jian, Hop-Fast and ZH GP 5 as general partner of Zheng He Pentagon Fund entered into a shareholders agreement in relation to Le Jin Xuan on December 19, 2017. Mr. WANG Tao entered into a deed of adherence to the shareholders agreement on March 1, 2018 upon exercise of his vested EIS Options. The shareholders agreement includes provisions regarding, among others, directors' nomination rights, transfer restrictions and exit from Le Jin Xuan and among its shareholders. The shareholders agreement in relation to Le Jin Xuan shall survive Listing.

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As a result of the aforementioned (1) acting in concert confirmation; (2) the arrangement of voting rights of Le An Xin in Le Jin Xuan and (3) Le Jin Xuan's shareholders agreement, as of the Latest Practicable Date, Le Jin Xuan became our largest shareholder with each member of the LJX Controlling Shareholder Group being a Controlling Shareholder and Glorious Peace became our second largest shareholder and Controlling Shareholder.

POST-TRACK RECORD PERIOD ACQUISITION

The Zhongyikang Acquisition

Kang Jian entered into a share purchase agreement on January 18, 2018 with Ms. ZHANG Yanlin (“Ms. ZHANG”), an Independent Third Party in relation to the possible acquisition of 100% shareholding interest of Zhongyikang for a consideration of RMB6.9 million. The consideration was determined after arm's length negotiation with reference to, among others, Zhongyikang's growth potential and strategic value to our business, and shall be paid in cash in three installments by Kang Jian. The change of shareholder registration in the local industrial and commercial administration for Zhongyikang was completed on March 13, 2018. Upon completion, Zhongyikang has become a wholly-owned subsidiary of Kang Jian.

Zhongyikang is a company incorporated under PRC laws, and is principally engaged in the wholesaling of pharmaceutical products. According to the unaudited financial figures of Zhongyikang, its total assets amounted to approximately RMB6.87 million as of 31 December 2017, its total revenue amounted to approximately RMB12.58 million for the year ended 31 December 2017, and its loss before taxation amounted to approximately RMB0.91 million for the year ended 31 December 2017. We acquired Zhongyikang to (1) expand and commence pharmaceutical wholesale business; (2) centralize our pharmaceutical procurement in order to consolidate our bargaining power and reduce our average purchase cost; and (3) integrate and better coordinate the allocation and supply of pharmaceutical products between different warehouses and retail pharmacies, which in turn will promote our B2B2C business.

We have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted us, a waiver from strict compliance with Rules 4.04(2) and 4.04(4) of the Listing Rules in relation to the Post-Track Record Period Acquisitions. For details, see “Waivers from Strict Compliance with the Listing Rules and Exemptions from Compliance with the Companies Ordinance — Waiver from Strict Compliance with Rules 4.04(2) and 4.04(4) of the Listing Rules” in this prospectus.

REQUIREMENTS UNDER PRACTICE NOTE 15

The directors of Ping An believe that the Listing will better position Ping An Group and our Group for growth in their respective businesses and deliver benefits to both groups. Ping An considers that the Listing is in the interests of Ping An Group and its shareholders taken as a whole for the following reasons:

1. it will facilitate the further growth and business transformation of our Company and provide investors with a clear indicator of the standalone valuation of our Company, which may enhance the overall value of Ping An;

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2. it will strengthen the operational management ability of both Ping An Group and our Group, where their management teams can focus more effectively on their respective businesses. The Spin-off will also allow our Company to enhance its corporate governance through public scrutiny;
3. it will create a new investor base for our Company as it will be able to attract new strategic investors who are seeking investments specifically in the patient-focused digital healthcare sector;
4. Ping An Group and our Group will have separate fundraising platforms, which will increase their respective financial flexibility and enhance their ability to maintain stable cash flow to support sustainable growth; and
5. it will enhance the brand value and market influence of our Company and promote the sustainable development of our Company.

We were a subsidiary of Ping An for part of Ping An's latest completed financial year, therefore the requirements relating to spin-off under Practice Note 15 of the Listing Rules apply to the Listing pursuant to Note to Paragraph 2 of Practice Note 15. Ping An submitted a spin-off proposal to the Stock Exchange and the Stock Exchange has confirmed that Ping An may proceed with the proposed spin-off.

Practice Note 15 of the Listing Rules requires Ping An to have due regard to the interests of its existing shareholders by providing them with an assured entitlement to the Shares, either by way of a distribution *in specie* of existing Shares or by way of a preferred application in the offering of existing or new Shares (the “**Assured Entitlement**”). Practice Note 15 of the Listing Rules provides that the minority shareholders of Ping An may by resolution in general meeting resolve to waive the Assured Entitlement.

Ping An has put forward a proposal to the Ping An shareholders' meeting, the Ping An A shareholders' class meeting and the Ping An H shareholders' class meeting to approve the provision of the Assured Entitlement of Shares to the Ping An H shareholders only. Due to the restrictions under PRC laws and regulations, Ping An is restricted from providing the Assured Entitlement to Ping An A shareholders. In addition, due to the restrictions on profit distribution under PRC law and the articles of association of Ping An, Ping An will not be able to, by way of distribution *in specie*, distribute the Shares to the Ping An A shareholders in order to provide them with the Assured Entitlement.

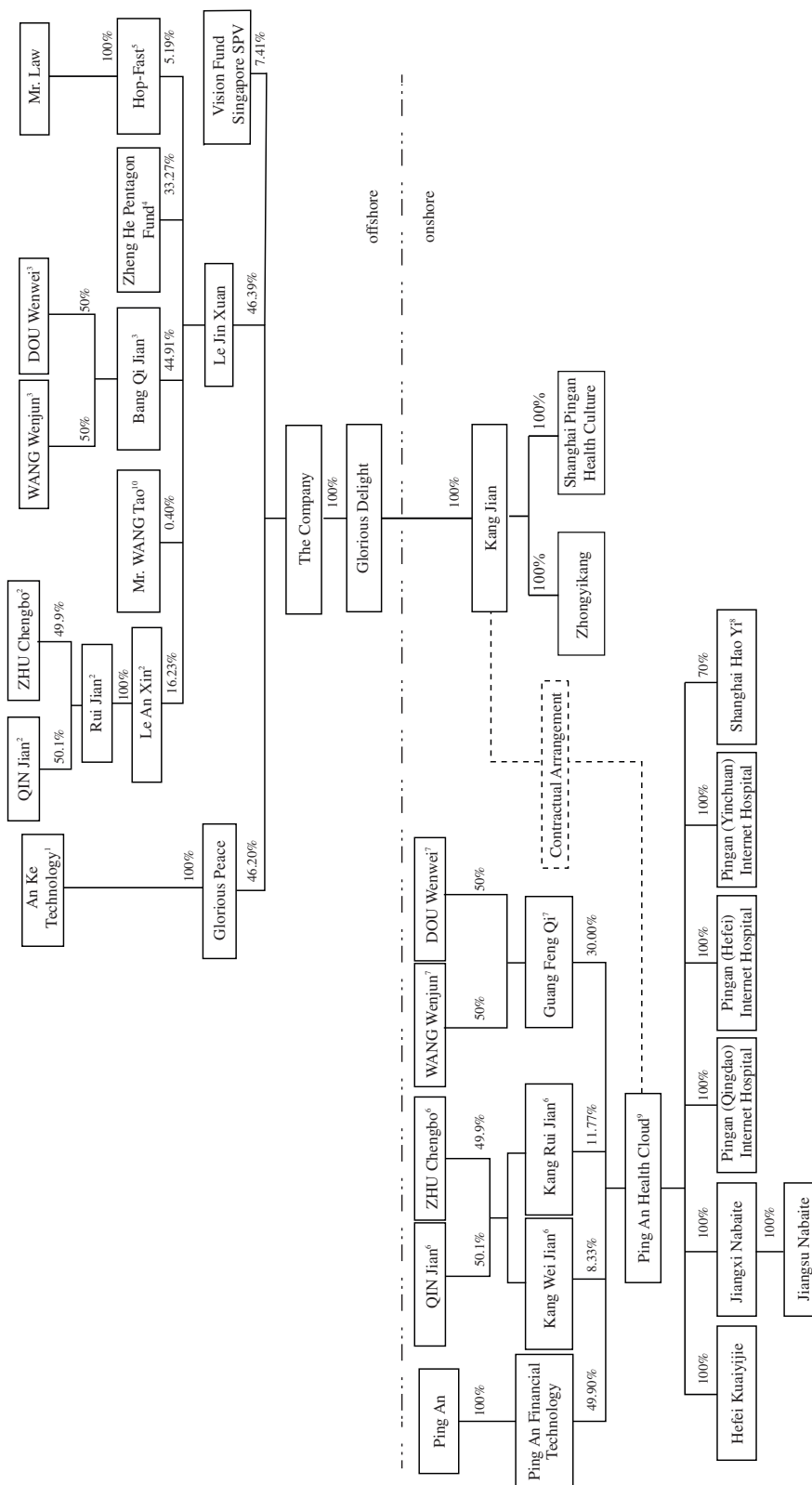
At the Ping An shareholders' meeting, the Ping An A shareholders' class meeting and the Ping An H shareholders' class meeting held on March 19, 2018, the resolution in relation to the provision of the Assured Entitlement of Shares to the Ping An H shareholders only was passed at the shareholders' meeting and the H shareholders' class meeting but was not passed at the A shareholders' class meeting. Therefore, in accordance with the Articles of Association of Ping An, Ping An will not provide the Assured Entitlement of Shares to the Ping An H shareholders.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

SHAREHOLDING AND GROUP STRUCTURE OF OUR COMPANY

Shareholding and group structure of our Group immediately before the Global Offering

The following chart sets forth our shareholding structure as of the Latest Practicable Date and immediately prior to the Global Offering:



HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Notes:

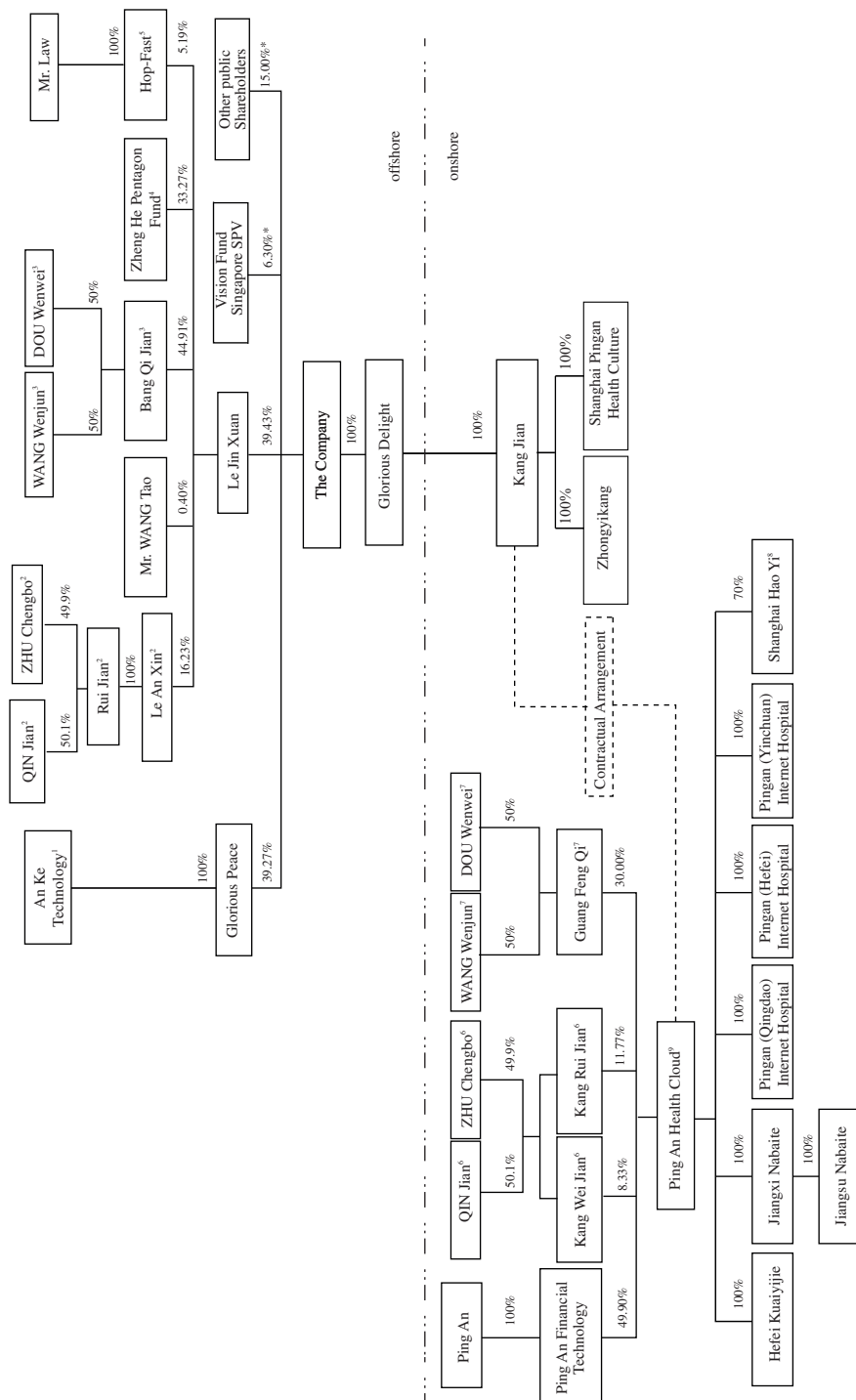
As of the Latest Practicable Date,

1. An Ke Technology was indirectly wholly-owned by Ping An.
2. Le An Xin held the shares in Le Jin Xuan as trustee on behalf of the beneficiaries under the Employee Incentive Scheme. Le An Xin was directly wholly-owned by Rui Jian, which was owned by Mr. QIN Jian, the general manager of human resources and administration department of Ping An Health Cloud, and Mr. ZHU Chengbo, an employee of Ping An Health Cloud.
3. Bang Qi Jian was directly held by two individuals, Ms. WANG Wenjun and Mr. DOU Wenwei (both are our non-executive Directors) as nominee shareholders to hold the shares of Bang Qi Jian on behalf of certain senior employees of Ping An and its subsidiaries or associates (the “**BQJ Beneficiaries**”). The BQJ Beneficiaries include certain directors of Ping An and six of our Directors, namely Mr. WANG Tao, Mr. YAO Jason Bo, Ms. CAI Fangfang, Mr. LEE Yuan Siong, Ms. WANG Wenjun and Mr. Dou Wenwei. The nominee shareholders act upon, and vote and pass shareholders’ resolutions in relation to the matters of Bang Qi Jian in accordance with, the instruction from a five-person management committee (“**BQJ Management Committee**”). The five members of the BQJ Management Committee were representatives from the BQJ Beneficiaries to make investment decisions for and supervise the management and operation of Bang Qi Jian. Except for Ms. WANG Wenjun and Mr. DOU Wenwei, none of the other members of BQJ Management Committee was a director of Ping An or our Company.
4. ZH GP 5 was the general partner of Zheng He Pentagon Fund. ZH GP 5 was ultimately held and controlled by Mr. LAW. The Round A Investors were the limited partners of Zheng He Pentagon Fund with their respective interests reflecting their respective share of the shareholding interests in our Company immediately before the restructuring of their shareholding interests through Zheng He Pentagon Fund as detailed in the section headed “— Corporate Reorganization”.
5. Hop-Fast was wholly-owned by Mr. Law directly. Hop-Fast has granted a call option and a right of first refusal to Glorious Peace over the Option Shares. See section “— Pre IPO Investments — Special Rights” for further details. All of the 10,920,000 Class A Ordinary Shares (which will become 21,840,000 Shares) held by Le Jin Xuan that are attributable to Hop-Fast (representing approximately 2.6% of the total number of issued Shares prior to the completion of the Global Offering) are subject to a charge granted by Le Jin Xuan (on behalf of Hop-Fast) (the “Charge”) in favor of an independent third party (the “Chargee”) in December 2017 to secure the performance of obligations of Hop Fast under certain loan facility provided by the Chargee to Hop Fast. Upon the Listing, the Chargee is restricted under the Charge to enforce the security during the period from the Listing Date to the date falling on twelve (12) months from the Listing Date (both dates inclusive).
6. Kang Wei Jian and Kang Rui Jian were held by Mr. QIN Jian, the general manager of human resources and administration department of Ping An Health Cloud, and Mr. ZHU Chengbo, an employee of Ping An Health Cloud.
7. Guang Feng Qi was a limited partnership held by Ms. WANG Wenjun and Mr. DOU Wenwei (both are our non-executive Directors) as to 50% each. Mr. DOU Wenwei was the general partner of Guang Feng Qi.
8. Beijing Unisound Information Technology Co., Ltd. (北京雲知聲信息技術有限公司) held 30% shareholding interest in Shanghai Hao Yi. Beijing Unisound Information Technology Co., Ltd. (北京雲知聲信息技術有限公司) was an Independent Third Party.
9. Ping An Health Cloud holds 50% equity interest in Ping An Yingjian Medical Management (Shanghai) Limited (“**Yingjian Medical Management**”), which has a direct wholly-owned subsidiary, Shanghai Yingjian Clinics Co., Limited (“**Yingjian Clinics**”). Yingjian Clinics operates an offline medical institution. Yingjian Medical Management is a joint venture held by Ping An Health Cloud and Yingjian Enterprise Management Consulting (Shanghai) Limited, an Independent Third Party, as to 50:50. The financial results of Yingjian Medical Management are not consolidated into the Company’s financial statements. Yingjian Medical Management had no material impact on the Company’s financial and operating status during the Track Record Period.
10. Mr. WANG Tao exercised his vested EIS Options and entered into a deed of adherence to Le Jin Xuan’s shareholders agreement on March 1, 2018. See section “Appendix IV — Statutory and General Information — D. Employee Incentive Scheme” for further details.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Shareholding and group structure of our Group immediately after the Global Offering

The following chart sets forth our shareholding structure immediately following the completion of the Global Offering, assuming the Over-Allotment Option and the Vision Fund Anti-dilution Right are not exercised:



Note: See the corresponding notes under section “— Shareholding and group structure of our Company — Shareholding and group structure of our Group immediately before the Global Offering”

* If the Vision Fund Anti-dilution Right is exercised in full, Vision Fund Singapore SPV shall hold 7.41% of our shareholding interests and all other public shareholders shall hold 13.89% of our shareholding interests.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

PRC REGULATORY REQUIREMENTS

Our PRC Legal Advisor has confirmed that the share transfers and reorganizations as described above, in respect of the companies in our Group, which are incorporated in the PRC, have been legally completed and all relevant regulatory approvals necessary to effect the share transfers and reorganisations have been obtained in accordance with PRC laws and regulations.

M&A Rules

According to the Regulations on Merger with and Acquisition of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》) (the “**M&A Rules**”) jointly issued by the MOFCOM, the State-owned Assets Supervision and Administration Commission of the State Council, the SAT, the CSRC, SAIC and the SAFE on August 8, 2006, effective as of September 8, 2006 and amended on June 22, 2009, merger and acquisition of domestic enterprises by foreign investors means (1) acquiring the equity of a domestic enterprise so as to convert the domestic enterprise into a foreign-invested enterprise; (2) subscribing the increased capital of a domestic enterprise so as to convert the domestic enterprise into a foreign-invested enterprise; (3) establishing a foreign-invested enterprise through which it purchases the assets of a domestic enterprise and operates these assets; or (4) purchasing the assets of a domestic enterprise, and then investing such assets to establish a foreign-invested enterprise. The M&A Rules, among other things, further purport to require that an offshore special purpose vehicle, formed for purposes of overseas listing of equity interests in PRC companies and controlled directly or indirectly by PRC companies or individuals, shall obtain the approval of the CSRC prior to the listing and trading of such special purpose vehicle’s securities on an overseas stock exchange.

The application of the M&A Rules remains unclear. Based on the understanding on the current PRC laws and regulations and the M&A Rules, our PRC Legal Advisor is of the opinion that prior CSRC approval is not required under the M&A Rules for this offering because (1) there was no acquisition of equity or assets of a “PRC domestic company” as such term is defined under the M&A Rules, and (2) there is no statutory provision in the relevant laws and regulations which clearly classified the Contractual Arrangements as a type of transaction subject to the M&A Rules. However, there is uncertainty as to how the M&A Rules may be interpreted or implemented or whether the relevant authorities would promulgate further requirements.

SAFE registration

Pursuant to the Circular of the SAFE on Foreign Exchange Administration of Overseas Investment, Financing and Round-trip Investments Conducted by Domestic Residents through Special Purpose Vehicles (《關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》) (the “**SAFE Circular 37**”), promulgated by SAFE and which became effective on July 4, 2014, (a) a PRC resident must register with the local SAFE branch before he or she contributes assets or equity interests to an overseas special purpose vehicle (the “**Overseas SPV**”) that is directly established or indirectly controlled by the PRC resident for the purpose of conducting investment or financing, and (b) following the initial registration, the PRC resident is also required to register with the local SAFE branch for any major change, in respect of the Overseas SPV, including, among other things, a change of Overseas SPV’s PRC resident shareholder(s), the name of the Overseas SPV, terms of operation, or any increase or reduction of the Overseas SPV’s capital, share transfer or swap, and

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

merger or division. In the event that a PRC shareholder holding interests in a special purpose vehicle fails to fulfill the required SAFE registration, the PRC subsidiaries of that special purpose vehicle may be subject to penalty and sanction and restricted from making profit distributions to the offshore parent and from carrying out subsequent cross-border foreign exchange activities, and the special purpose vehicle may be restricted in its ability to contribute additional capital into its PRC subsidiary. Furthermore, failure to comply with the various SAFE registration requirements described above could result in liability under PRC law for evasion of foreign exchange controls.

SAFE Circular 37 was issued to replace the Notice on Relevant Issues Concerning Foreign Exchange Administration for PRC Residents Engaging in Financing and Roundtrip Investments via Overseas Special Purpose Vehicles (關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知). Pursuant to the Circular of the SAFE on Further Simplification and Improvement in Foreign Exchange Administration on Direct Investment (《關於進一步簡化和改進直接投資外匯管理政策的通知》) (the “**SAFE Circular 13**”), promulgated by SAFE and which became effective on June 1, 2015, the power to accept SAFE registration was delegated from local SAFE to local banks under SAFE Circular 37.

As advised by our PRC Legal Advisor, Mr. DOU Wenwei, Ms. WANG Wenjun, Mr. ZHU Chengbo and Mr. QIN Jian, who are PRC citizens, have completed their registration under the SAFE Circular 37 on October 25, 2017, October 25, 2017, November 7, 2017 and November 7, 2017 respectively.

BUSINESS

OVERVIEW

Our Mission

Our mission is to build the largest healthcare ecosystem in the world and promote healthy living empowered by technology.

Our Company

We are a pioneer in the PRC Internet healthcare market and operate the largest Internet healthcare platform in terms of average MAUs and daily average online consultations in 2016, according to Frost & Sullivan. We deliver on-demand healthcare anytime and anywhere through our mobile platform. As of December 31, 2015, 2016 and 2017, we had 30.3 million, 131.5 million and 192.8 million registered users, respectively, who benefit from access to quality healthcare services at their fingertips. In 2015, 2016 and 2017, average MAUs, calculated as the average of MAUs for each calendar month, reached 5.6 million, 21.8 million and 32.9 million across our platform, respectively.

Through our mobile platform launched in April 2015, we offer online medical and wellness services, such as family doctor services, consumer healthcare services, health mall as well as health management and wellness interaction. We have built an in-house medical team, consisting of 585, 797 and 888 personnel as of December 31, 2015, 2016 and 2017, respectively, to provide high-quality services empowered by our self-developed AI technology. In 2015, 2016 and 2017, we provided a daily average of approximately 40,000, 180,000 and 370,000 online consultations, respectively. We also offer annual health membership programs, as well as consumer healthcare services to individuals and corporations in China. In addition, our mobile app features an online health mall that offered approximately 69,800 and 178,800 SKUs as of December 31, 2016 and 2017, respectively.

We have established a nationwide network of healthcare service providers covering approximately 3,100 hospitals, including over 1,000 Class III Grade A hospitals, as well as approximately 1,100 health check-up centers, 500 dental clinics and 7,500 pharmacy outlets. Our family doctor services, mobile platform and service provider network make us a vital online portal and a vibrant healthcare ecosystem. Taken together, the breadth and depth of our user base and user engagement, technological capabilities and network of service providers form a substantial entry barrier for competitors.

Our Industry and Market Opportunity

According to Frost & Sullivan, the per capita healthcare expenditure in the PRC in 2015 was US\$481.6, which is significantly lower than US\$4,850.1, the average of that of the G7 countries, indicating considerable potential for further growth. According to Frost & Sullivan, the total healthcare expenditure in the PRC is expected to grow from RMB4.6 trillion in 2016 to RMB11.4 trillion in 2026, at a CAGR of 9.4%.

BUSINESS

The lack of quality primary care and the scarcity and uneven distribution of quality medical resources have long been the source of structural weaknesses in the PRC healthcare services industry. Quality medical resources are concentrated in large cities and Class III hospitals, which accounted for only 7.7% of all hospitals, but attracted approximately half of the total hospital outpatient visits in China in 2016. This structural mismatch in medical resources has resulted in long waiting time and poor patient experience. According to Frost & Sullivan, in 2016, the average time for a patient to receive medical care, including traveling and waiting time, was three hours, while the average time for effective diagnosis was only eight minutes, or 4.4% of the total. Meanwhile, according to the same source, the growth of basic social medical insurance expenditure outpaces that of revenue on a per capita basis in China. As a result, basic social medical insurance in the PRC is projected to record a deficit from 2020, which may expand to over RMB2.3 trillion in 2026 in the absence of timely implementation of effective cost controls.

The connectivity offered by the Internet and mobile technologies has been bringing about profound changes in how people manage their health and how care is delivered. According to Frost & Sullivan, the size of the PRC Internet healthcare market grew from RMB3.0 billion in 2012 to RMB10.9 billion in 2016, at a CAGR of 38.7%, and is expected to further grow to RMB197.8 billion in 2026, at a CAGR of 33.6% from 2016 to 2026.

We believe our solution is able to address the majority of common and chronic illnesses online and alleviate pressure on the healthcare system, achieve better allocation and utilization of medical resources, lower the cost and improve the quality of healthcare, and is poised to reshape user behavior and set the standard for the PRC Internet healthcare industry.

With our AI-assisted in-house medical team, our solution enables patients to save money and time on medical services. While users access the online consultation services on our mobile platform and offline services through our consumer healthcare network, we continuously collect and update our users' health-related data, including basic information and online consultation records, in order to establish a personalized e-health profile for each of our users, thus enabling us to provide customized healthcare solutions to each of our users in the time of needs.

Our platform is highly scalable and capable of supporting substantial growth of our user base. Our platform connects among healthcare constituents and positions us as a vital portal in the rapidly evolving healthcare industry to introduce innovative, technology-based solutions in China and globally, as well as connecting global medical resources.

OUR STRENGTHS

We believe the following competitive strengths have contributed to our success and distinguish us from our competitors:

Leading position in China's rapidly growing Internet healthcare industry

We were the largest Internet healthcare platform in China in terms of the number of average MAUs and daily average online consultations in 2016, according to Frost & Sullivan. As of December 31, 2015, 2016 and 2017, we had 30.3 million, 131.5 million and 192.8 million registered users,

BUSINESS

respectively, representing a CAGR of 152.3%. In 2015, 2016 and 2017, average MAUs across our platform reached 5.6 million, 21.8 million and 32.9 million, respectively, representing a CAGR of 142.4%. According to Frost & Sullivan, among all Internet healthcare players in China, our average MAUs were over five times that of the second largest player. In 2017, we provided a daily average of approximately 370,000 online consultations, representing an increase of 105.6% from 180,000 online consultations in 2016.

As a result of developments in mobile Internet technology and greater access to such technology in the healthcare services industry, Internet healthcare is expected to disrupt the traditional healthcare services industry and trigger a paradigm shift in how patients seek and receive healthcare services in China. According to Frost & Sullivan, Internet healthcare services provide more convenient access to care and time-effective diagnosis than traditional offline healthcare institutions. As a result, the number of online consultations is expected to increase from 148.4 million in 2016 to 4,232.6 million in 2026, representing a CAGR of 39.8%. In 2026, the total volume of online consultations is expected to account for 29.2% of the total volume of online and offline consultations, compared to 1.8% in 2016.

On the back of the rapidly growing healthcare services industry, increasing disposable income, rising healthcare awareness and improving Internet technologies, the PRC Internet healthcare market is poised for significant growth to meet the demand for efficient and quality healthcare services. According to Frost & Sullivan, the PRC Internet healthcare market is expected to grow from RMB10.9 billion in 2016 to RMB197.8 billion in 2026, representing a CAGR of 33.6%. As the leader of China's Internet healthcare industry, we are well-positioned to benefit from the rapid growth of this industry by accelerating user acquisition and business expansion.

Unique business model that offers a one-stop portal connecting our users with comprehensive online and offline healthcare resources

Our unique business model positions us as a one-stop portal to the healthcare ecosystem, connecting consumers and patients to online and offline healthcare resources across the nation. We offer a comprehensive suite of medical and wellness services including family doctor services, consumer healthcare services, health mall as well as health management and wellness interaction services.

We recognize the needs of our users both when they are in need of medical care and when they want to stay healthy. In response to user needs, we offer family doctor services, including online consultation services provided primarily by our in-house team to address a wide range of conditions and cases, with a primary focus on common and chronic illnesses, as well as hospital referral and appointment services. In addition, we have established cooperation with a large network of hospitals and other healthcare providers, covering approximately 3,100 hospitals, approximately 1,100 health check-up centers and approximately 500 dental clinics, and the quality assurance and competitive pricing that come with such services. Our online pharmacy collaborates with third-party drug delivery couriers to provide 24/7, one-hour express delivery in 14 cities in China as of December 31, 2017. Through our multi-faceted engagements with users, we are creating a personalized e-health profile for each of our users that will be continuously updated and expanded throughout their lifetime, which forms an integral part of their active health management.

BUSINESS

In addition to providing convenient access to a comprehensive range of medical services and cost-effective solutions, our ecosystem creates value for quality healthcare providers. Through our in-depth user understanding, our platform is able to optimize the use of medical resources by matching our users with physicians with relevant expertise and healthcare providers with in-demand services. For example, our platform has significantly increased the customer volume for health check-up chains whose distribution capabilities had been limited. As a result, our platform can effectively improve the overall utilization efficiency of healthcare resources, lower the customer acquisition cost for quality service providers and reduce the cost of social medical insurance.

We believe our comprehensive product and service offerings, and our broad and growing user base, create a virtuous cycle in our business model. Serving our large user base attracted by our comprehensive product and service offerings enables us to deepen our understanding of consumer behavior and demand, which, in turn, allows us to further optimize and expand service offerings and enhance user engagement on our platform. Our extensive and personalized user profiling also allows us to promote targeted products that are tailored to our users' needs.

Superior user experience empowered by in-house medical team and innovative technological solutions

We offer 24/7, AI-empowered consultation services with superior quality and minimal waiting time, primarily through our in-house medical team, supplemented by our network of external doctors. As of December 31, 2017, our full-time in-house medical team comprised 888 personnel. We have adopted stringent hiring procedures and provide ongoing professional training for our medical staff.

To reshape the user behaviour and industry landscape, it is critical to offer our user with remarkably improved user experience compared to the traditional solution. We believe that our dedicated in-house medical team and standardized consultation protocols enable us to effectively deliver reliable and high quality services with superior user experience. Based on our user survey, we achieved a satisfaction rate of 97% for our online medical consultation services in 2017.

Our in-house medical team is supported by our self-developed, scalable AI-Assistant. Our AI Assistant is involved in online medical consultations by assisting our in-house medical team with conducting preliminary, personalized surveys to collect users' symptom descriptions, medical history and other health data. After collecting and analyzing user input, our AI Assistant performs smart routing and directs the patients to the most relevant department or doctor, and also provides relevant information and recommendations to our in-house medical team, thereby significantly enhancing the efficiency, and lowering the cost, of medical consultation, compared to traditional, offline medical consultation settings. Through the assimilation of our massive clinical database, we believe our AI Assistant also minimizes human errors and thereby increases diagnostic accuracy and service quality.

We believe having an in-house medical team is a differentiating factor and is critical for the machine learning process of our AI Assistant. In medical consultations, our in-house medical team closely interacts with our AI Assistant and provides feedback on the performance of the AI Assistant, allowing it to absorb our in-house medical team's collective experience and building AI diagnostic decision pathways.

BUSINESS

Leveraging our AI-assisted in-house medical team, we are well-positioned to address the unmet demand for primary care physicians in China by providing on-demand, around-the-clock online consultations to our users across the nation with superior user experience.

Comprehensive service offerings that maximize user interactions and engagement

We believe that the success of an Internet healthcare service provider depends on the ability to serve users both when they are in need of medical care and when they are healthy, through a comprehensive range of medical and wellness service offerings. By addressing our users' full range of healthcare needs, we maximize our user interaction frequency which, in turn, increases user engagement and stickiness throughout our users' lifetimes. We believe that consistently high-quality user experience is critical to the increase of traffic to our mobile platform and success in the Internet healthcare market in the PRC.

We offer our users comprehensive family doctor services from consultation to treatment and from referral to recovery. Meanwhile, we offer a wide spectrum of wellness services such as consumer healthcare services, health mall, health management and wellness interaction programs for users mindful of improving their overall health and fitness. In particular, our online health mall offers a wide variety of healthcare and wellness products, and we recommend products of potential interest based on the user's profile, history of interactions and other user data. Likewise, we offer customized and relevant health and wellness information services such as health headlines. We have also implemented interactive reward plans intended to stimulate constant user engagement with our platform for purposes of maintaining customer loyalty.

Maintaining the frequency of interactions with our users through our medical and wellness services allows us to keep our users engaged in our ecosystem. In 2017, on average 65.5% of the users who utilized our family doctor services during a month also used our wellness services. Through frequent interactions that are of consistent quality, we build strong trust with our users and facilitate the acclimatization of Internet healthcare which, in turn, broadens our user base and strengthens user engagement.

Rapidly growing and diversified monetization channels

We have demonstrated our ability to monetize our large and increasingly diversified user base, which includes individual users as well as insurance and corporate clients, and sustain our rapid growth from diverse medical and wellness segments as well as from advertising. We launched our mobile app and the offering of consumer healthcare service packages in April 2015, and commenced our health mall business in August 2015. Our total revenue increased by 115.8%, from RMB278.7 million in 2015 to RMB601.5 million in 2016, which further increased by 210.6% to RMB1,868.0 million in 2017.

BUSINESS

- In our family doctor services business, we generate revenue from online consultations, as well as value-added services including health membership programs offered to individuals, corporations and insurance companies.
- In our consumer healthcare business, we generate revenue by offering consumer healthcare service packages to individuals and corporations. Leveraging our in-depth understanding of users' needs, we have been continually rolling out new services and products to satisfy our users' increasing and evolving healthcare demand. For example, we launched health check-up service packages in April 2015 and genetic testing service packages in September 2015, overseas health check-up service packages in July 2016, oral hygiene service packages in September 2016, and beauty care service packages in July 2017.
- In the health mall business, we generate revenue by selling healthcare and wellness products under the direct sales model and also earning commissions from third-party vendors under the marketplace model. The GMV for our health mall has increased rapidly, from RMB2.5 million in 2015 to RMB187.4 million in 2016, and further to RMB1,193.3 million in 2017.
- In our health management and wellness interaction business, we currently generate revenue from our advertising business. We mainly offer three types of advertisements, namely, display, search and sponsored stories for health-related products and companies.

We maintain a balanced mix of medical and wellness offerings that are highly sought after and traffic generating, and those that are designed to meet both the general and specific healthcare and wellness needs of the public. As traffic accumulates and our user base grows, we attract more partners to our network and create monetization opportunities, which further enhances our capabilities to serve our customers and our competitiveness in the Internet healthcare industry.

Best-in-class management team with both Internet and medical experiences and strong shareholder support

We benefit from the leadership of our management team that combines in-depth understanding of China's Internet industry with expertise in China's healthcare industry. The combination has enabled us to address the unmet demand in China's healthcare market with innovative Internet-based solutions.

Our executive officers have an average of 16 years of relevant industry experience. Mr. WANG Tao, our CEO, has rich experience in management, technology and medical industry. Prior to joining Ping An Group, he was Senior Vice President of Alibaba; President of AliSoft, predecessor of AliCloud; Chief Technology Officer of Kingsoft; CEO of Skyworth Computer & Network Company Limited; and software engineering manager at the Microsoft headquarters in the United States. He also served as Chairman and CEO of Ping An Health Insurance. Our CEO was named one of the "50 Innovators of China Business" by CBN Weekly (第一財經週刊) in 2016 and was awarded with "Industry Achievement Award 2017" by Hurun Report (胡潤百富) in 2017.

BUSINESS

Our other senior management members previously held senior positions at leading technology companies such as Alibaba, Microsoft, Sun Microsystems and Asia Miles. The head and deputy head of our online hospital division who manage our medical team previously held leadership positions at nationally renowned hospitals for over two decades. As of December 31, 2017, our expert committee of the three-tiered quality control system comprised 22 senior doctors who are highly regarded authorities in their respective fields.

Our Controlling Shareholder and strategic partner, Ping An Group, has an extensive customer base and distribution network. As of December 31, 2017, Ping An Group had approximately 165.7 million individual customers and approximately 436.4 million Internet users, among which approximately 369.6 million were mobile app users. As of the same date, Ping An Group had approximately 1.4 million life insurance sales agents. By leveraging Ping An Group's customer network, we were able to effectively market our healthcare products and capture market share. We also benefit from the brand name of Ping An, which allows us to build reputation and trust with our users. In 2017, Ping An was ranked the world's most valuable insurance brand by Brand Finance, with a brand value of US\$16.3 billion.

OUR STRATEGIES

We aim to provide a family doctor for every family, and create an e-health profile and a health management plan for everyone. To realize our goals, we plan to pursue the following strategies:

Systematically enhance our user base and user engagement to strengthen our industry leading position

We plan to continue to expand our user base via natural traffic, external marketing, promotional programs and conversion of customers of Ping An Group. Expansion through natural traffic will be achieved by word of mouth resulting from more comprehensive service offerings and high service quality, health information headline sharing, user behavior reshaping, and improved brand awareness. Expansion through external marketing will be achieved by the acquisition of new users through mobile app stores and online and offline marketing activities. We also plan to expand through promotional activities, including our existing reward programs and more targeted programs for user groups with specific health demands, especially for users with chronic diseases such as hypertension and diabetes. In addition, we intend to acquire quality users by further penetrating the customer base of Ping An Group, and explore cooperation opportunities with other commercial insurance companies based on our successful experience and established cooperation model with Ping An Group. We plan to continue to cooperate with our ecosystem partners to further increase our customer reach.

We intend to further enhance our user engagement and stickiness through: (i) expanding service offerings to serve differentiated user needs on our platform; (ii) improving the quality of our service; and (iii) further developing data-driven and predictive healthcare services, such as continuing health management services, to actively engage our users in their daily lives.

BUSINESS

Advance our technological capabilities to maximize the capacity and performance of our platform

By further optimizing the capabilities of our AI Assistant, we aim to set in motion and sustain a self-reinforcing virtuous cycle to strengthen our leading position and raise the barrier to entry.

We had an expansive clinical database containing over 211 million existing online consultation records as of December 31, 2017, which continuously expands by a daily increment of 300,000 to 400,000 online consultation records. Based on this massive clinical database, we intend to continuously expand the capability and improve the accuracy of our AI Assistant. We plan to continue to optimize our AI Assistant through collaborative training provided by our in-house and external doctors and utilizing technological advancements in natural language processing and semantic identification, among other things. According to Frost & Sullivan, approximately 1,000 diseases in the world can be treated by way of Internet healthcare. We expect our AI Assistant to significantly expand our current online consultation capacity, and to be able to address most common illness in 2025.

We plan to strengthen our in-house R&D capabilities by attracting talents and making investments in technological development and acquisitions. For example, we established business cooperation with Unisound in November 2017 in the field of applied AI and speech recognition technologies. In addition, we also intend to deepen our collaboration with global leading research institutions and universities, and partner with industry-leading corporations with cutting-edge technologies to enhance our AI Assistant's capabilities. We expect to improve the efficacy and efficiency of our medical and wellness services, achieve cost savings and improve our user experience with enhanced technological capabilities.

Expand our service offerings to cover the healthcare value chain

We intend to deepen the connection with healthcare industry stakeholders and integrate them into our ecosystem. We plan to offer a broader range of healthcare services and products along the healthcare value chain, such as online consultations through audio and/or video, nationwide lab test centers, a patient monitoring device that enables more accurate diagnosis as well as preventive medical care services. In January 2018, we entered into a memorandum of understanding with an overseas remote primary care service provider for cooperation in applying home diagnostic devices in the PRC. We also plan to launch a home medical device, or robot AI Assistant, which is able to collect health related information from users through natural language understanding and transmit such information to their family doctors.

In addition, we plan to broaden our collaboration with other consumer healthcare service providers such as ophthalmology clinics, physiotherapy and fitness centers, dieticians and TCM practitioners to expand our influence in wellness services. We believe that we are well-positioned to provide customer acquisition solutions to consumer healthcare service providers and one-stop, reliable solutions to users, leveraging our advantages in channels and big data.

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We plan to further expand our provider network globally by connecting to healthcare resources worldwide. We expect to further develop our medical tourism and overseas second opinion services through cooperation with overseas partners, which will allow our users to access overseas health resources. According to Frost & Sullivan, the PRC medical tourism market is expected to rapidly grow from RMB42.0 billion in 2016 to RMB239.2 billion in 2020 and RMB1,349.1 billion in 2026, at a CAGR of 41.5% from 2016 to 2026.

Unleash the monetization potential of our platform

Leveraging our competitive strength with a larger user base, the accumulation of big data and the development of technology provide a solid foundation for our further development and monetization. We intend to unleash the monetization potential of our platform by deepening our relationship with individual customers, insurance companies, other business organizations and government alike through our big data capabilities. Specifically,

- In our family doctor services, we aim to achieve substantial cost savings compared to existing healthcare delivery methods, through further development of our in-house medical team and AI Assistant. Through data accumulation and the successful collaboration with commercial insurers, we intend to connect to the social medical insurance system to serve the broader PRC population. We believe that our ability to lower the cost of medical consultations and provide holistic medical and wellness care is a compelling value proposition that will attract more commercial insurers and social medical insurance agencies to become our customers.
- In our wellness services, we expect to exploit our big data capabilities and provide customized, proactive health management services for specific user groups, especially those with chronic diseases such as hypertension and diabetes, and collaborate with corporations to provide health management services to their employees.
- In addition, we expect to apply our big data capabilities to more diverse areas, such as precise and targeted advertisement, smart product recommendations and referrals to offline healthcare institutions to create more monetization opportunities.

Meanwhile, despite our net losses and negative cash flows from operations during the Track Record Period, we believe we have a sustainable business and expect to turn around our financial performance in the following ways:

- In our family doctor services business, we plan to focus on developing products based on an annual membership subscription model (such as the Health 360 plans). We also plan to focus on user engagement, expand our in-house medical team to increase service capacity and encourage user adoption of paid consultation services.
- In our consumer healthcare business, we plan to grow our existing service packages and introduce new types of products as well as expand our network of healthcare service providers. We plan to focus on user base growth in order to have better pricing power over offline healthcare service providers.

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- In our health mall business, we plan to focus on expanding our active user base and variety of merchandise. We aim at optimizing product offerings and focusing on products that have higher profit margins. As sales volume grows, we expect to have stronger pricing power over suppliers and vendors, thereby lowering procurement costs for goods sold under the direct sales model and increasing commission fees for goods sold under the marketplace model.
- In our health management and wellness interaction business, we plan to focus on growing our user base to attract more advertisers and strengthen our pricing power on advertisements.

Selectively pursue strategic cooperation, investments and acquisitions

We intend to continue to grow our user base, expand our service offerings, enhance our technological leadership and optimize our ecosystem through selected cooperation, investment and acquisitions covering our comprehensive medical and wellness service offerings. We plan to recruit high-quality AI professionals domestically and internationally, and acquire domestic and overseas companies with advanced technology and service solutions. We also intend to invest in wellness products and home diagnostic devices companies domestically and globally.

In addition, we plan to expand our reach to other developing countries that share similar characteristics to China in respect of the healthcare services industry. We believe that we can replicate our business model in these countries to address their healthcare services industry issues and unmet healthcare demand effectively and efficiently. We plan to collaborate with local partners to implement our business model tailored to their country's particular conditions.

OUR HEALTHCARE ECOSYSTEM

As a one-stop healthcare platform that delivers an integrated suite of services, we recognize the needs of our users both when they are in need of medical care and when they want to stay healthy. We focus on offering online family doctor services empowered by our AI Assistant and in-house medical team to our users who are looking for convenient and cost-effective healthcare solutions, and offer a variety of offline services via our network of healthcare service providers. We also collaborate with insurers in providing value-added services to policyholders that enable the synergistic integration of insurance and healthcare. Although our recent collaborations are all with Ping An Group, we intend to cooperate with other insurers in the future. To our users, our family doctor services cover the typical course of a patient's hospital visit, including hospital appointment, online consultation, and electronic prescription by our in-house doctors since our Pingan (Qingdao) Internet Hospital obtained the Practicing License for Medical Institutions in May 2017, while our consumer healthcare, health mall, and health management and wellness interaction businesses, enable them to access extensive healthcare resources to address their need to maintain a healthy lifestyle. Together, our ecosystem enhances the utilization efficiency of medical resources while providing superior user experience.

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We are cultivating a network nationwide and globally that connects our users with our online healthcare platform as well as third-party healthcare service providers, such as hospitals, health check-up centers, pharmacies and physiotherapy centers.

Meanwhile, we provide our users with access to a wide spectrum of medical and wellness product offerings as well as personalized wellness contents and programs for maintaining a healthy lifestyle. We continually strengthen our in-house medical team and develop our key technologies, including the AI Assistant, and information infrastructure to buttress our solution and improve the quality of care provided to our users.

A vibrant ecosystem evolving around our platform is illustrated in the diagram below:



Our healthcare platform has unique value propositions for each of its constituents. Our collective relationship with them is crucial to the continuing strength and value of our platform. We believe our solution is poised to transform the industry and enable efficient utilization of healthcare and wellness resources.

- *Value proposition to users:* Our platform offers a one-stop portal for users to access extensive healthcare resources in a cost-effective and convenient manner, and user experience that is remarkably different from the traditional medical experience. It enables our users to access our services at their fingertips. Meanwhile, we integrate offline services and products and offer a variety of services to address the different needs of our users. Our online health mall offers a wide range of selected healthcare products with timely delivery.

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Our users can also stay informed of health headlines through personalized content provided through our online wellness community platform. Through vigorous user engagement, we create and maintain a personalized e-health profile for each user, which allows us to track and manage their health to improve and maintain health status.

- *Value proposition to providers:* Taking advantage of our growing user base and understanding of our users, we channel our users to hospitals and other healthcare institutions in our network based on user needs, and create monetization opportunities for pharmacies, retailers and distributors via our health mall and advertisement services as they benefit from the large volumes of traffic over our platform. We lower the customer acquisition costs for quality healthcare providers, and help increase awareness and generate publicity as we integrate services provided at healthcare institutions, which also increase efficiency of healthcare resources.
- *Value proposition to payers:* We offer health membership plans and consumer healthcare service packages for employers to reduce their healthcare spending while at the same time offering convenient, affordable and quality healthcare to their employees. We also collaborate with insurance companies to provide policyholders with value-added healthcare services complementary to the insurance products to reduce costs.

OUR SOLUTION

Building upon an integrated technology platform, professional in-house medical team, network of quality healthcare service providers, diversified and evolving offerings of services and products, sophisticated consumer engagement strategies and well-established distribution channels, our solution primarily encompasses the following business segments:

- ***Family Doctor Services.*** Our family doctor services consist primarily of online consultation, hospital referral and appointment, inpatient arrangement and second opinion services by our AI-assisted in-house medical team and external doctors, as well as via our collaborative hospital network.
- ***Consumer Healthcare.*** We provide a variety of standardized service packages that integrate services at healthcare institutions to meet incremental, preventive and other health-related needs of our users, such as health check-ups, genetic testing and beauty care.
- ***Health Mall.*** Our health mall provides diversified and evolving product offerings, including (i) healthcare products such as medicines, health supplements and medical devices, (ii) wellness products such as fitness equipment and accessories and personal care products, as well as (iii) other products.
- ***Health Management and Wellness Interaction.*** We devise various wellness programs, tools and activities and recommend personalized content to our users to help maintain a healthy lifestyle.

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The following table sets forth our revenue breakdown by business line for the years indicated:

	Year ended December 31,					
	2015		2016		2017	
	RMB	%	RMB	%	RMB	%
	<i>(in millions, except percentages)</i>					
Family doctor services	118.8	42.6%	136.5	22.7%	242.2	13.0%
Consumer healthcare	154.6	55.5	388.1	64.5	655.4	35.0%
Health mall	1.9	0.7	63.1	10.5	896.1	48.0%
Health management and wellness interaction	3.4	1.2	13.8	2.3	74.3	4.0%
Total	278.7	100.0%	601.5	100.0%	1,868.0	100.0%

Family Doctor Services

We offer family doctor services over our mobile platform, such as online consultation, hospital referral and appointment, inpatient arrangement and second opinion services, provided by our AI-assisted in-house medical team and external doctors as well as via our collaborative hospital network. As of December 31, 2017, we had conducted over 211 million online consultations since inception.

The following screenshot shows the interface of our family doctor services.



Service Offerings

Online Consultations

We commenced online consultation services in April 2015 to address users' needs for cost-effective and convenient evaluation of health conditions. Our online consultation services comprise medical consultations and wellness consultations. Our medical consultations encompass consultations of a wide range of conditions and cases, with a primary focus on common and chronic illnesses, such as hypertension, diabetes, allergy and gastroenteritis. According to Frost & Sullivan, there are approximately 1,000 diseases that could be coped with through Internet healthcare. For conditions and cases that require further examination, we generally refer the user to hospitals.

Users start with describing their symptoms via text, picture or audio. Our smart routing system then automatically generates a list of doctors for the user to choose from based on the description of the symptoms and their medical history. Users can browse our doctor bank by department and select a doctor of their own choice. Each doctor has a profile page that displays the doctor's key experiences, expertise areas and user feedback.

The screenshots below show user interfaces during a typical online consultation session.



Each medical consultation session lasts up to 15 minutes and can be extended at the user's choice. Based on the user's response to inquiries on the condition at issue, the doctor provides medical recommendations, or advises the user to conduct examinations at hospitals and upload the results to our system for follow-up consultations. Our in-house medical team serves as the first point of contact for the patients, and fulfills the unmet demand for family doctors in China.

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We also provide wellness consultation services on a variety of wellness issues such as TCM healthcare, weight loss, personal care and fitness. In the three years ended December 31, 2017, wellness consultations represented approximately half of our online consultations. With the help of our AI Assistant, we have greatly enhanced our capabilities to handle a large volume of wellness consultations at any given time.

During the Track Record Period, over 95% of our online consultations were conducted by our AI-assisted in-house medical team. To enhance the efficiency and accuracy of delivery of care and increase the service capacity of our in-house medical team, we have developed tools and algorithms that assist with the consultation process. See “— Technology — AI Assistant.”

We have adopted a user review system for users to provide ratings and feedback of his or her medical consultation experience in order to incentivize the medical teams to improve their quality of care. We achieved a satisfaction rate of 97% for our medical consultation services in 2017. Our mobile platform also allows users to access past consultation history and communicate with doctors for follow-up or new consultation.

In general, online consultations with our in-house medical team are provided either for free or at a fee ranging from RMB20 to RMB60 per session, depending on the qualification, experience and user review of the relevant doctor. Our online consultation services are not currently covered by government-sponsored social medical insurance and medical aid schemes, or commercial medical insurance offered by private insurers other than Ping An Group.

We have also collaborated with Ping An Group in providing online consultation services through the plug-in of Ping An Jin Guan Jia, in return for a fixed service fee to be paid periodically by Ping An Life Insurance. See “— Service Packages and Distribution” and “— Our Distribution Channels.”

The following table sets forth our daily or monthly average and total consultations for the years indicated:

	Year ended December 31,		
	2015	2016	2017
	<i>(in millions)</i>		
Daily average consultations ⁽¹⁾	0.04	0.18	0.37
Monthly average consultations ⁽¹⁾	1.29	5.50	11.19
Total consultations ⁽¹⁾	11.6	66.0	134.2

Note:

(1) An extended consultation session is counted separately from the initial 15-minute session.

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The following table sets forth a breakdown of free and paid consultations provided by our in-house medical team and external doctors for the years indicated:

	Year ended December 31,		
	2015	2016	2017
	<i>(in millions)</i>		
Paid consultations			
by in-house medical team	4.1	15.5	20.8
by external doctors	0.0	0.1	0.0
Subtotal	<u>4.1</u>	<u>15.6</u>	<u>20.8</u>
Free consultations			
by in-house medical team	6.3	48.2	113.3
by external doctors	1.2	2.2	0.1
Subtotal	<u>7.5</u>	<u>50.4</u>	<u>113.4</u>

Hospital Referral, Appointment and Inpatient Arrangement

We provide our users with hospital referral, appointment and inpatient arrangement services to facilitate hospital visits within our hospital network.

Our platform offers easy access to a hospital bank with details such as the department list and its doctors' profile, expertise and availability. It is also able to recommend the relevant hospital and doctor to a user based on the user's description of symptoms. Such recommendations are based on a number of factors, including the strength of the hospital in the relevant medical specialty, geographic proximity, and the ranking of the hospital. We do not charge fees for hospital referrals.

The screenshots below show user interfaces in relation to our hospital referral, appointment and inpatient arrangement services.



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We either cooperate directly with hospitals for access to their appointment systems, or pay API connection fees to third-party intermediaries in exchange for connection to their affiliated hospitals. Depending on the extent of system integration, a user may simply choose available slots displayed on a doctor's profile page, or start a conversation with our medical assistants to complete the hospital appointment process. The user then typically obtains a ticket number from our system which is recognized by hospitals as proof of appointment, and pays the registration fees at the hospitals. We do not charge fees for hospital appointment services.

We also offer inpatient arrangement services for users who need hospitalization for the treatment of critical illnesses, generally as part of a service bundle such as "Health 360." See "— Service Packages and Distribution." As of December 31, 2017, our inpatient arrangement services covered 80 types of critical illnesses, including malignant tumor, acute myocardial infarction and severe asthma. We assist our users with express check-in at well-regarded hospitals. As of December 31, 2017, we had entered into agreements for such services with approximately 650 Class III hospitals in China.

Second Opinion Services

We assist users who wish to seek a second opinion of a doctor other than the one who was previously consulted with in order to obtain more information or perspectives before making more important medical decisions. Typically, the users we serve have consulted at public Class III Grade A hospitals in the PRC, received examinations in relation to the case or condition in question, and been diagnosed as having a critical or complex illness.

We assist our users in compiling medical and related records, coordinating medical experts located in the PRC or overseas for issuing second opinions as well as interpreting the second opinions to the users. Through our hospital network, our users can access medical experts from renowned hospitals in Beijing, Shanghai, Guangzhou and other major cities of the PRC as well as from institutions located in the United States, Japan and other countries.

The screenshot below illustrates the user interface of our second opinion services.



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Medical Resources

Our In-House Medical Team

Our full-time in-house medical professionals are pivotal to our on-demand, real-time online consultation services. We schedule shifts to match the peak and off-peak periods of online consultation over a day. As of December 31, 2017, the licensed doctors in our in-house team had on average 14 years of experience as a medical professional. The table below sets forth a breakdown of our in-house doctors by length of working experience as a medical professional as of the dates indicated:

	As of December 31,					
	2015		2016		2017	
Below five years	15	15.0%	13	7.5%	14	8.1%
Five to ten years	36	36.0%	51	29.3%	44	25.6%
Above ten years	49	49.0%	110	63.2%	114	66.3%
Total	100	100.0%	174	100.0%	172	100.0%

In the PRC, licensed doctors are subject to periodic assessment of their professional skills, achievements and ethics by institutions or organizations authorized by the public health department and are assigned professional qualification ranks. The table below sets forth a breakdown of our in-house doctors by rank as of the dates indicated:

	As of December 31,					
	2015		2016		2017	
Chief doctors and associate chief doctors	6	6.0%	29	16.7%	32	18.6%
Attending doctors	64	64.0%	98	56.3%	109	63.4%
Resident doctors	22	22.0%	37	21.3%	31	18.0%
Others ⁽¹⁾	8	8.0%	10	5.7%	—	—
Total	100	100.0%	174	100.0%	172	100.0%

Note:

(1) Others refers to psychiatrists where the qualification ranks are inapplicable.

Our in-house doctors are assisted by in-house medical assistants, who are primarily assistant doctors, nurses or other healthcare personnel. As of December 31, 2017, the medical assistants had on average three years of experience of providing care. As of December 31, 2015 and 2016 and 2017, our in-house medical team consisted of 585, 797 and 888 doctors and medical assistants, respectively, located at our premises in Beijing, Shanghai, Guangzhou, Hefei and Qingdao.

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The following table sets forth a breakdown of our in-house medical team as of the dates indicated:

	As of December 31,					
	2015		2016		2017	
Doctors	100	17.1%	174	21.8%	172	19.4%
Medical assistants	485	82.9%	623	78.2%	716	80.6%
Total	585	100.0%	797	100.0%	888	100.0%

Our in-house doctors and medical assistants are trained in a variety of medical specialties. In addition to offering online consultation to users, they also participate in the development and optimization of our self-developed technologies, such as the AI Assistant. See “— Technology — AI Assistant.”

We have adopted stringent hiring procedures for doctors and medical assistants, which involve multiple rounds of written tests, interviews and in-role trial evaluations. Our in-house doctors and medical assistants are recruited through internal referrals and external recruiting. We generally select doctor candidates with strong professional and teamwork capabilities as well as experience as attending doctors at Class III hospitals. We require our in-house doctors to maintain relevant professional certification. For medical assistants, we generally select candidates who possess medical related associate degrees or above, adequate computer skills, strong communications skills, as well as working experience at Class III hospitals.

We provide ongoing training and professional development programs to our in-house doctors and medical assistants. These programs encompass general and specialized medical knowledge, case studies, corporate culture and IT skills, which are designed to enhance their professional knowledge and management skills and improve their performance. For each medical specialty, we designate a leading medical expert to take charge of the professional development of our medical team. We also encourage our in-house doctors to attend external symposiums for professional development purposes.

We conduct monthly evaluations of our in-house doctors and medical assistants in respect of quality of service, user feedback and efficiency. Compensation for our in-house medical team typically consists of a base salary and a discretionary, performance-based monthly bonus. We have also adopted a quality control system with standardized protocols for our family doctor services performed by our in-house medical team with reference to ISO quality standards. See “— Risk Management and Internal Control — Healthcare Quality and Safety.”

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External Doctors

In order to better service our users, we have established a “Renowned Doctor” program. Under this program, we have contracted with certain external medical experts in providing premium consultation services to our users. All these doctors are practicing at reputable hospitals with excellent credentials and rich experience and are selected through our rigorous verification process. A paying user has access to unlimited consultation sessions with the doctor for a seven-day period. As of December 31, 2017, we contracted with approximately 2,100 external doctors in providing such services, all of which were associate-chief doctors or above at Class III Grade A hospitals. We generally charge a fee ranging from RMB50 to RMB500 per session for consultations with external doctors in our “Renowned Doctor” program, of which fee we retain around 20% as commission.

In addition, our platform features a function which allows external doctors to register with us so as to access our broad user base. As of December 31, 2017, over 40,000 persons had registered with us through this function. Our users can leave messages with these external doctors in our network who may respond at their option when they are free. External doctors registering with us are required to agree to our terms of use, pursuant to which they need to comply with both our specified work scope and quality requirements and the applicable rules and regulations. In particular, external doctors are required to provide evidence of their professional qualifications for our verification. We also reserve the right to modify the relevant terms regarding external doctors’ scope of service, pricing, and how services are performed in light of market trends and commercial considerations. In addition, under our terms of use, these external doctors are obligated to indemnify us for any losses resulting from violations of their obligations under the contracts with us. See “— Risk Management and Internal Control — Healthcare Quality and Safety.”

Our Hospital Network

As of December 31, 2017, there were approximately 3,100 hospitals in our hospital network, across 30 provinces, autonomous regions and municipalities of the PRC, among which over 1,000 hospitals were Class III Grade A. We have been continually working on the technological integration within our hospital network to maximize the synergies of such collaboration. As of December 31, 2017, our users were able to make appointments at approximately 1,800 hospitals over our platform, of which approximately 900 hospitals were Class III Grade A hospitals. In expanding our hospital network in the PRC, we generally look for cooperation with Class III and Class II hospitals.

In general, we perform background checks on and conduct on-site visits at hospitals before entering into cooperative agreements with them. Our agreements with these hospitals last for one year in general and may be renewed upon expiry. With respect to hospital appointment services, hospitals offer appointment slots to us without charging fees, and provide us with information relating to the appointment services such as the hospital’s description and department information, as well as doctors’ schedules and professional information. With respect to inpatient arrangements, the hospitals provide the services based on the individual patient’s severity of illness and needs in accordance

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with their agreements with us. With respect to second opinion services, under the terms of the agreements, we typically require the hospitals or the responsible doctors to submit their second opinion reports. Meanwhile, we are responsible for gathering information on our customers necessary for the hospitals to provide the relevant services, including, but not limited to, the customers' profile information and health records. Both we and the hospitals are subject to confidentiality obligations with regard to customer information and anti-false advertising clauses under the agreements.

As of December 31, 2017, we collaborated with approximately 260 overseas hospitals in countries and regions such as the United States, Japan, Taiwan, Hong Kong, Switzerland, Korea and Singapore. We proactively seek cooperation opportunities with domestic and overseas hospitals with high-quality delivery of care and sound reputation, and contract for various levels of involvement in the provision of our family doctor services.

Service Packages and Distribution

We serve a broad base of customers over our platform via the Internet. We provide our family doctor services either to individuals who access our services through our mobile platform on an individual basis, or to certain insurance policyholders and corporations in the form of value-added services or membership plans.

The following table sets forth a breakdown of consultations by distribution channel for the years indicated:

	Year ended December 31,					
	2015		2016		2017	
	<i>(in millions, except percentages)</i>					
Our mobile app.	6.9	60.0%	49.4	74.8%	111.0	82.7%
Plug-ins ⁽¹⁾	4.6	40.0%	16.6	25.2%	23.2	17.3%
Total consultations ⁽²⁾	11.6	100.0%	66.0	100.0%	134.2	100.0%

Notes:

- (1) Predominantly plug-in of Ping An Jin Guan Jia, and to a very limited extent, other plug-ins of Ping An Group and third parties.
- (2) An extended consultation session is counted separate from the initial 15-minute session.

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The following table sets forth a breakdown of revenue from our family doctor services business by distribution channel for the years indicated:

	Year ended December 31,					
	2015		2016		2017	
	<i>(RMB in millions, except percentages)</i>					
Our mobile app	5.6	4.7%	23.3	17.1%	129.0	53.3%
Plug-ins ⁽¹⁾	113.2	95.3%	113.2	82.9%	113.2	46.7%
Total	118.8	100.0%	136.5	100.0%	242.2	100.0%

Note:

- (1) Predominantly plug-in of Ping An Jin Guan Jia, and to a very limited extent, other plug-ins of Ping An Group and third parties.

During the Track Record Period, our family doctor services revenue generated from the plug-in of the Ping An Jin Guan Jia mobile app corresponded to the service-level agreements with Ping An Life Insurance, and our family doctor services revenue generated from our mobile app corresponded to our An Kang and An Xiang value-added service packages in collaboration with Ping An Health Insurance.

Service-Level Agreements in Collaboration with Ping An Life Insurance

We entered into service-level agreements with Ping An Life Insurance to provide family doctor services, among other things, through the plug-in of Ping An Jin Guan Jia in return for a fixed service fee to be paid periodically by Ping An Life Insurance.

Value-added Services in Collaboration with Ping An Health Insurance

We cooperate with Ping An Health Insurance to provide An Kang and An Xiang value-added service packages to policyholders of An Kang and An Xiang insurance products of Ping An Health Insurance, which have a one-year term and are on the relatively high end of Ping An Health Insurance's product offerings. The scope of benefits offered by these value-added packages is determined by Ping An Health Insurance and us, and is updated and adjusted over time in accordance with business strategies and market trends. We charge Ping An Health Insurance service fees based on the number of policyholders.

The An Kang and An Xiang service packages provide eligible policyholders of Ping An Health Insurance access to our service offerings including up to 60 online consultations (including psychiatric consultation) sessions and up to three priority appointments at hospitals in our network over the course of one year, as well as priority inpatient service for customers diagnosed with a critical illness. We further offer priority access to inpatient arrangement services at Class III Grade A hospitals in our network.

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Health Membership

We have been exploring opportunities of collaboration with insurers, and launched the An Kang and An Xiang service packages as a pilot membership program, which is offered to policyholders of An Kang and An Xiang insurance products of Ping An Health Insurance. Leveraging the feedback we have received on the An Kang and An Xiang service packages, we developed Health 360 membership plans with the purpose to cover a broader range of both life insurance and health insurance policyholders. We began offering Health 360 membership plans to Ping An Life Insurance policyholders on a pilot basis in October 2017, and officially launched this product in January 2018.

Under our Health 360 plans, we assist members with arranging diagnosis, treatment and recovery services with medical experts from our hospital network. The services include family doctor services such as online consultations, hospital appointments and inpatient arrangements at hospitals, domestic and overseas second opinion services, and follow-up visit arrangements. Compared to the An Kang and An Xiang service packages, Health 360 plans offer more comprehensive benefits, such as second opinion services, overseas inpatient arrangements and coupons for medicine purchases.

Ping An Life Insurance policyholders can opt in and purchase Health 360 plans through Ping An Jin Guan Jia. If a critical illness under the insurance coverage is detected, a Health 360 member can get insurance proceeds from Ping An Life Insurance in accordance with the insurance policy, and the services offered by our membership plans, when activated, remain available for three years.

According to Frost & Sullivan, scarcity and uneven distribution of quality medical resources, as well as poor medical service experience for patients, are among the weaknesses of the PRC healthcare services market. Through packaging online and offline medical services and in collaboration with insurance companies, our health membership services address these weaknesses by providing users with convenient, affordable and quality healthcare, in addition to insurance proceeds upon the occurrence of an insured event. For insurance companies, health membership services can potentially improve the health status of the policyholders, and therefore lower the incidence rate and increase the competitiveness of the insurance products. These value-added services may contribute to our strategy in attracting more commercial insurers and connecting to the social medical insurance system. Furthermore, the total commercial medical insurance premiums were RMB404.2 billion in 2016, and are expected to grow at a CAGR of 51.5% to RMB1,405.6 billion in 2019, according to Frost & Sullivan. We expect the large population of commercial medical insurance policyholders, as well as the rapidly growing commercial insurance industry in the PRC, to provide a solid foundation for the success of our health membership plans.

In addition, we offer “Corporate 360” subscription plans to corporations, which provide their employees with online consultations with medical experts and TCM doctors as well as telephone consultations.

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Consumer Healthcare

We have created a variety of standardized packages of healthcare services based on the needs of our customers. These packages are branded and sold by us to the consumers, including services rendered by third-party healthcare institutions in our network as well as value-added wellness management services in relation to our health check-up service packages.

Through standardized services offered by an extensive network of service providers, we bridge the gap between the demand from individuals and corporations and the supply by healthcare institutions with respect to consumer healthcare services. Our consumer healthcare business enables our users to enjoy a variety of high-quality and easily accessible healthcare service packages at reasonable costs, and lowers customer acquisition costs of service providers.

Service Offerings

During the Track Record Period, we primarily offered the following service packages:

- *Health check-ups and genetic testing.* Our health check-up service packages offer differentiated and customized check-up programs intended to address the needs for preventive care of our customers. For example, in addition to standard service packages, we offer service packages that focus on women health and include breast and cervical screening for female consumers, and service packages with a geriatric medicine focus and cover cancer and bone density screening for the elderly. We also offer check-up service packages at overseas health clinics and genetic testing service packages for genetic tests and creation of personal health record.
- *Beauty care.* Our beauty care service packages cover standardized aesthetic products such as hyaluronic acid injection as well as skin tightening and wrinkle removal treatment.
- *Others.* We provide other service packages that offer oral hygiene services.

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The following screenshots show interfaces for our health check-up, genetic testing, beauty care and oral hygiene service packages, respectively.



The following table sets forth a breakdown of revenue from our consumer healthcare business by service offerings for the years indicated:

	Year ended December 31,					
	2015		2016		2017	
	<i>(RMB in millions, except percentages)</i>					
Health check-up	135.9	87.9%	270.2	69.6%	532.4	81.2%
Genetic testing	4.1	2.7%	38.5	9.9%	25.3	3.9%
Beauty care	0.0	0.0%	0.0	0.0%	6.3	1.0%
Others	14.6	9.4%	79.4	20.5%	91.4	13.9%
Total	154.6	100.0%	388.1	100.0%	655.4	100.0%

We sell health check-up service packages to individuals and corporations. As of December 31, 2017, we had approximately 220 corporate customers, including subsidiaries of Ping An Group. We generally consider cost of services, market pricing and customers' demand in pricing these service packages.

Value-added Services in Connection with Health Check-ups

We generally provide value-added services along with our health check-up service packages, such as report interpretation by medical experts, and up to 60 online consultation sessions with medical experts during the course of one year. These medical experts are generally attending doctors or above with work experiences at Class III hospitals from our in-house medical team.

The screenshots below illustrate user interfaces of report interpretation by medical experts that come with our health check-up service packages.



After a customer finishes the health check-up, the results can, with their consent, be uploaded to our system. Based on the results, we are able to analyze an individual's health situation and assign labels indicating various health issues, such as overweight, hypertension, thyroid nodule and breast hyperplasia. In accordance with such labels, we provide personalized value-added services such as health indicator analysis based on check-up results, risk evaluation and alerts for diseases and personalized recommendations and health tips.

In particular, we offer wellness management services that allow corporate customers to monitor real-time progress of their employees' completion of health check-ups and to send reminders. We perform customized analysis on anonymized data of employees in respect of abnormal health indicators and incidence rate and in terms of age and gender, and provide a summary of the overall employee health situation for the corporate customer. Such services are charged based on the term of the service packages and the number of employees utilizing the service packages.

Healthcare Institution Network

We have been continually expanding our network with healthcare institutions. As of December 31, 2017, we collaborated with approximately 1,100 health check-up centers in over 300 cities, approximately 500 dental clinics in about 60 cities and about 70 aesthetic centers in about 30 cities in the PRC for our consumer healthcare business. As of the same date, we partnered with over 20 overseas health check-up centers across eight countries and regions.

We carefully select and manage our healthcare institution partners based on factors such as reputation, scale of business, service quality and capabilities, as well as their facilities. We require healthcare institutions to maintain appropriate licenses, comply with relevant laws and regulations and follow our standard practices, including product offerings, service guidance and pricing. We carefully monitor feedback from our customers on the services provided by the healthcare institutions, and take that into consideration when determining our continued cooperation with them.

We generally contract to pay the healthcare institutions at a discounted rate relative to the retail price for the services provided, and settle such transactions within a certain period of time after the consumption of service. Our customers also enjoy the protection of coverage provided by Ping An Property & Casualty Insurance for losses associated with certain injuries and complications arising from the services provided in our beauty care service packages.

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Service Distribution

Our consumer healthcare service packages are offered to corporations through our own sales team or sales agents of Ping An Group, and to individuals through sales agents of Ping An Group or the health mall. The following table sets forth a breakdown of number of service packages by distribution channels for the years indicated:

	Year ended December 31,					
	2015		2016		2017	
	<i>(in thousands, except percentages)</i>					
To corporate customers	133.2	39.0%	266.1	23.0%	620.5	43.8%
Ping An Group (through our own sales team) ⁽¹⁾	126.3	37.0%	233.2	20.2%	591.4	41.8%
Others	6.9	2.0%	32.9	2.8%	29.1	2.0%
Through sales agents of Ping An Group	6.9	2.0%	25.1	2.2%	11.0	0.8%
Through our own sales team	—	—	7.8	0.6%	18.1	1.2%
To individual customers	208.5	61.0%	889.2	77.0%	795.8	56.2%
Through sales agents of Ping An Group	208.5	61.0%	869.8	75.3%	772.0	54.5%
Through health mall	—	—	19.4	1.7%	23.8	1.7%
Total	341.7	100.0%	1,155.3	100.0%	1,416.3	100.0%

Note:

(1) This does not include health check-up service packages to subsidiaries of Ping An Group on a wholesale basis. These subsidiaries of Ping An Group paid an upfront fee which did not correspond to a specific number of service packages.

The following table sets forth a breakdown of the sales amount of service packages by distribution channel for the years indicated:

	Year ended December 31,					
	2015		2016		2017	
	<i>(RMB in millions, except percentages)</i>					
To corporate customers	53.1	33.7%	93.3	19.0%	197.4	31.0%
Ping An Group (through our own sales team) ⁽¹⁾	48.2	30.6%	80.3	16.4%	181.1	28.4%
Others	4.8	3.1%	13.0	2.6%	16.3	2.6%
Through sales agents of Ping An Group	4.8	3.1%	8.4	1.7%	6.9	1.1%
Through our own sales team	—	—	4.6	0.9%	9.4	1.5%
To individual customers	104.3	66.3%	396.7	80.9%	440.0	69.0%
Through sales agents of Ping An Group	104.3	66.3%	386.3	78.8%	424.4	66.6%
Through health mall	—	—	10.4	2.1%	15.6	2.4%
Total	157.4	100.0%	490.0	100.0%	637.3	100.0%

Note:

(1) This does not include health check-up service packages to subsidiaries of Ping An Group on a wholesale basis. These subsidiaries of Ping An Group paid an upfront fee which did not correspond to a specific number of service packages.

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We pay compensation to sales agents of Ping An Group, typically at a rate of 5% to 25% depending on the product type. We do not enter into any written agreement with the sales agents of Ping An Group. We maintain contact with and inform them of the compensation rates applicable to different types of our products and services through online platforms and other routine communication channels without Ping An's involvement. We also provide the sales agents with training in relation to our product and service information. For details, see “— Sales and Marketing” and “Relationship with Our Controlling Shareholders — Independence from Ping An — Operational Independence — Product and service referral arrangement with the Life Insurance Agents.”

Health Mall

E-commerce is an indispensable component of our ecosystem. We offer a wide spectrum of healthcare and wellness-related products through our online health mall to fulfill the needs of our customers. We commenced our health mall business in August 2015.

Benefiting from the synergies between our diversified medical and wellness services, our health mall achieved rapid growth since its inception. In 2015, 2016 and 2017, the GMV of our health mall was RMB2.5 million, RMB187.4 million and RMB1,193.3 million, respectively. We sell products through our mobile app, WAP website, as well as plug-ins of Ping An mobile apps.

The following table sets forth the GMV of our health mall by distribution channel for the years indicated. The GMV of our health mall business comprises sales to customers through our mobile platform, and does not include our sales to Ping An Group through the procurement channels of Ping An Group, although revenue from such sales was recognized under our health mall business.

	Year ended December 31,					
	2015		2016		2017	
	<i>(RMB in millions, except percentages)</i>					
Our mobile app	2.5	100.0%	160.4	85.6%	569.3	47.7%
WAP website	—	0.0%	0.0	0.0%	67.2	5.6%
Plug-ins ⁽¹⁾	—	0.0%	26.9	14.4%	556.9	46.7%
Total	<u>2.5</u>	<u>100.0%</u>	<u>187.4</u>	<u>100.0%</u>	<u>1,193.3</u>	<u>100.0%</u>

Note:

- (1) Predominantly plug-in of Ping An Jin Guan Jia, and to a very limited extent, other plug-ins of Ping An Group and third parties.

Products

The health mall offers (i) healthcare products, such as health supplements, chemical drugs and TCM as well as medical devices, (ii) wellness products, such as fitness equipment and accessories, personal care as well as maternal-infant care, and (iii) other products, such as home appliances and home necessities. The following table sets forth a breakdown of GMV at our health mall by product

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category for the years indicated. The GMV of our health mall business comprises sales to customers through our mobile platform, and does not include our sales to Ping An Group through the procurement channels of Ping An Group, although revenue from such sales was recognized under our health mall business.

	Year ended December 31,					
	2015		2016		2017	
	<i>(RMB in millions, except percentages)</i>					
Healthcare products	1.9	77.3%	108.2	57.7%	633.2	53.1%
Wellness products	0.2	9.8%	58.9	31.4%	278.3	23.3%
Other products	0.3	12.9%	20.3	10.8%	281.9	23.6%
Total	2.5	100.0%	187.4	100.0%	1,193.3	100.0%

Our health mall offered approximately 178,800 SKUs as of December 31, 2017, increasing from approximately 69,800 SKUs as of December 31, 2016. We continually seek to add more products that appeal to our customers, while focusing on establishing a balanced offering of differentiated pharmaceutical and health-related products and products that are able to generate high volumes of traffic.

We maintain a catalogue of products available on our health mall. We update the catalogue regularly in light of market trends as well as changes in consumer needs and preferences and by analyzing market information from third party market consultancies. We carefully plan our product offerings across different categories and identify direct sales suppliers and marketplace vendors for fulfillment of such product offerings.

The screenshots below illustrate the interfaces of our health mall business.



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Business Models

We operate our health mall under two business models, namely, the direct sales model and the marketplace model.

Under our direct sales model, we procure merchandise from suppliers and sell products directly to consumers through our platform. Our suppliers consist primarily of distributors in the PRC. We are entitled to determine pricing and adjust offerings of products and generally require our suppliers to cooperate with us in attending to customers' complaints and responding to return requests.

For certain products, comprising primarily OTC medicines and health supplements, we maintain and actively manage inventories to ensure cost-efficiency, quality control and timely delivery, and continually seek to improve our inventory control. We analyze historical sales data and days in inventory to establish inventory management plans, and evaluate such plans from time to time to achieve precise management. We may adjust our inventory management plans based on factors such as fluctuations in supply and prices, seasonality, and sales of a particular product. We also perform regular spot inventory counts in our warehouses. We monitor the shelf life of our pharmaceutical products by conducting periodic reviews, and either make sales promotion plans or make inventory write-downs depending on the status of the inventory. We deliver products to customers and ship to addresses in the PRC using trusted third-party couriers. The cost of delivery is charged separately from the product price, and is based on the delivery method, destination and product weight, among other things. We also provide after-sales customer services for such products.

For the remainder of our offerings under the direct sales model, our suppliers maintain and manage the inventories. Nevertheless, we closely monitor the inventory levels of our direct sales suppliers through our system connections on a real-time basis to ensure timely fulfillment of customer orders at our health mall. We are generally not responsible for arranging delivery for these products, and instead require direct sales suppliers to ship the products, typically within 48 hours of placing an order. We provide after-sales customer services for these products with the assistance of direct sales suppliers.

Under our marketplace model, our platform facilitates transactions between marketplace vendors and consumers. These marketplace vendors consist primarily of pharmacy chains, such as Beijing Guotaiyongkang Big Pharmacy Co., Ltd., Beijing Ehaoyao Pharmacy Chain Co., Ltd. and Guangdong Jianke Pharmaceutical Co., Ltd., and overseas shopping service providers. As of December 31, 2017, we cooperated with 17 pharmacy chains and 14 overseas shopping providers under our marketplace model. We collect commission fees from such marketplace vendors according to the terms of our individual contracts with them. The commission fees are generally charged as a percentage of sales, ranging from 4.0% to 10.0%, depending on product category, among other things. We also charge a fixed annual subscription fee to marketplace vendors for maintaining storefronts at our platform. We provide order processing services for all orders on our online marketplace.

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Our marketplace vendors manage inventories on their own, and we monitor their inventory levels in the same way as we do those of direct sales suppliers. Our marketplace vendors are also responsible for product delivery. For pharmacy chains and overseas shopping service providers in our marketplace, we typically require them to upload shipment information to our platform within 24 hours and 72 hours, respectively, of placing an order, and ensure that the ordered products are received by the courier for dispatch within 48 hours and 96 hours, respectively, of placing an order. The marketplace vendors themselves provide after-sales customer services.

As of the Latest Practicable Date, we had not engaged in any sales of prescription drugs under the direct sales model through our health mall. Further, to minimize reputational risks resulting from the possible mis-selling of prescription drugs by marketplace vendors, we have prohibited the display of “prescription drug” as a category of products by any marketplace vendor in the health mall going forward.

We also cooperate with certain pharmacy chains among our marketplace vendors to provide 24/7 one-hour express drug delivery services for orders placed by customers in selected cities. As of December 31, 2017, our express drug delivery services covered 14 cities in the PRC, including Beijing, Shanghai, Guangzhou and Shenzhen.

In addition to sales through our mobile platform, we also generated revenue from sales to Ping An Group through the procurement channels of Ping An Group, which was 0, RMB6.5 million and RMB428.7 million, respectively, in 2015, 2016 and 2017. Ping An Group administers a fair bidding process in which a number of suppliers participate, and we were able to achieve a significant increase in such revenue in 2017 primarily due to our increased SKUs and stronger bargaining power with suppliers, and, as a result, greater variety of goods at costs lower than other suppliers.

The following table sets forth a breakdown of our GMV by business model for the years indicated. The GMV of our health mall business comprises sales to customers through our mobile platform, and does not include our sales to Ping An Group through the procurement channels of Ping An Group, although revenue from such sales was recognized under our health mall business.

	Year ended December 31,					
	2015		2016		2017	
	<i>(RMB in millions, except percentages)</i>					
Direct sales	2.5	100.0%	89.2	47.6%	811.7	68.0%
Marketplace	—	—	98.2	52.4%	381.6	32.0%
Total	<u>2.5</u>	<u>100.0%</u>	<u>187.4</u>	<u>100.0%</u>	<u>1,193.3</u>	<u>100.0%</u>

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The following table sets forth a breakdown of revenue from our health mall business by business model for the years indicated:

	Year ended December 31,					
	2015		2016		2017	
	<i>(RMB in millions, except percentages)</i>					
Direct sales	1.8	95.7%	59.7	94.6%	859.6	95.9%
Marketplace	0.1	4.3%	3.4	5.4%	36.5	4.1%
Total	1.9	100.0%	63.1	100.0%	896.1	100.0%

Merchandise Sourcing

As of December 31, 2017, we collaborated with 283 direct sales suppliers offering approximately 95,300 SKUs and 51 marketplace vendors offering approximately 83,500 SKUs.

We select direct sales suppliers and marketplace vendors on the basis of qualification, brand, past experience with e-commerce, reliability and volume. We perform background checks on suppliers and vendors as well as the products they provide before we enter into any agreement. We examine their business licenses and the certificates for their products, and check their compliance with applicable PRC laws and regulations. We evaluate their brand recognition and make inquiries about the market acceptance of their products among players in the same industry. We also selectively conduct on-site visits to assess and verify their location, scale of business, production capacity, property and equipment, human resources, research and development capabilities, quality control system and fulfillment capability.

We require our direct sales suppliers and marketplace vendors to place an upfront deposit with us for quality control purposes, depending on the category of merchandise for sale. The deposit may be forfeited for damages claims by customers or penalties for violations of our marketplace rules. Such deposit will be returned in full to our direct sales suppliers and marketplace vendors after the expiration of the contract term and settlement of accounts, unless the direct sales suppliers and marketplace vendors have breached relevant laws or regulations, or their contract with us, in which case we are entitled to the deposit.

We require our direct sales suppliers and marketplace vendors to supply authentic products in a timely manner, and provide quality delivery and customer services to our customers. We typically enter into framework agreements with our direct sales suppliers and marketplace vendors. Under the relevant agreements, in general, the direct sales suppliers can suggest pricing changes upon prior written notice, but such pricing changes are subject to our consent. Meanwhile, a marketplace vendor generally undertakes that its products sold at our health mall are offered at the best prices the vendor offers to any customer. Sales settlement is typically carried out on a monthly basis. We also require the direct sales suppliers and marketplace vendors to indemnify us for any losses we suffer or any costs that we incur due to any counterfeit, unauthorized or infringing products we source from them, along with penalties depending on the relevant terms. Our agreements with certain direct sales suppliers and marketplace vendors can be automatically renewed subject to objection notice in writing.

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We have also put in place stringent rules governing the operations of direct sales suppliers and marketplace vendors at our health mall to ensure that their sales of healthcare and wellness-related products within our health mall comply with applicable PRC laws and regulations. Direct sales suppliers and marketplace vendors may be subject to penalties or termination of their operations with us if they breach the marketplace rules, for example, by selling counterfeit products, delaying shipment and mishandling customer complaints. In particular, we also conduct regular reviews on the performance of marketplace vendors, and have the right to terminate their operations if they remain inactive on our health mall for an extended period or have unsatisfactory customer reviews.

We have established a team dedicated to the management of direct sales suppliers and marketplace vendors to our health mall with respect to product quality, logistics and after-sales customer services, among other things. We perform checks on the products before they are listed on our health mall, and examine samples of those products with records of complaints or low ratings. We monitor on a daily basis data relating to logistics and customer services on our health mall, and communicate with the relevant sales suppliers and marketplace vendors when issues arise.

Pricing

We offer competitive pricing to attract and retain customers. We seek to optimize our cost structure and create incentives for our direct sales suppliers to provide us with competitive prices. Under the direct sales model, prices are set by us with reference to those on other major online retailers in the PRC and general market trends and industry dynamics. Under the marketplace model, marketplace vendors have discretion to set their own product prices. We offer special promotions of selected products on special occasions, such as the July 7 “Health Day” (七七健康節).

Payment

Customers may pay online at the time that they place the order, using credit or debit cards, AliPay, WeChat and E-wallet and, for some products, coupons from our reward plans.

Customer Services

Providing satisfactory customer services has been one of our top priorities. Customers can ask questions and leave complaints in writing with pictures through our platform by initiating an IM conversation with our customer service representatives, or they can call our service representatives.

We generally allow customers to modify or cancel an order any time through our online system or customer service center before the warehouse prints out the order for picking and packing.

In accordance with relevant laws and regulations for food and drugs in the PRC, we do not accept return or exchange requests for drugs except for product quality reasons. For other products under direct sales, we generally allow customers to return unused goods within seven days and to exchange defective goods within 15 days of the date when the customer receives the product. In respect of

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products of which we manage inventories, we are generally responsible for the shipping fees of defective products for return or exchange from the customers, provided that the return or exchange is requested within seven days of receipt of the item. The same policies apply to direct sales suppliers and marketplace vendors and the products sold by them through our health mall.

Online Experience

We provide our customers with easy site navigation, basic and advanced search functions, comprehensive product information and customer reviews and ratings on our health mall. Such functionality addresses customers' desire to view, understand and compare products before purchasing.

Health Management and Wellness Interaction

Our health management and wellness interaction platform aims at raising health awareness and cultivating healthy lifestyles among our users as well as stimulate the constant engagement of our users on our platform for purposes of maintaining customer loyalty. In particular, we provide health headlines, reward plans, health management and health tests to our users.

The screenshot below shows the interface of our health management and wellness interaction business.



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We are currently in the process of developing personalized wellness management plans for our users. We plan to collect data on certain aspects of living, such as body fluid balance and exercise, diet and sleep patterns from users by offering appropriate monetary incentives such as “Healthy Life Pass,” and design and adjust customized wellness programs by applying our big data analytic capabilities.

Health Headlines

Our content offerings in the health headlines services encompass a broad range of topics to engage our users, such as healthcare, lifestyle, food, emotion, women health, parenting, personal care and sport, which are written and published by key opinion leaders, doctors, medical specialists and our own health headline team. For quality control purposes, our in-house staff review and evaluate the quality of the content before it reaches users. With respect to health headlines services, in 2017, our average DAUs reached 1.0 million, daily average PV was approximately 2.9 million and daily average content feeds were approximately 4,300.

We use a recommendation engine to predict a user’s potential interests and deliver contents in the format of articles or videos to our users. This engine has at its core a content feed algorithm that processes our user’s behavioral data based on content viewing history, searches and past orders, among other things. Leveraging our data analytics capabilities, it also captures elements such as interests, age and location to piece together user profiles, based on which we distribute targeted and personalized contents to our users.

The screenshot below shows a user interface of our health headlines services.



Reward Plans

We have developed location based reward plans and various other programs, which motivate our users to engage in a healthy lifestyle with monetary incentives and increase user engagement. Such reward plans offer prizes after a user completes certain tasks such as accomplishing a target number of steps or sharing wellness interaction content with a friend. The prizes may be exchanged for physical goods on our health mall. In 2017, we had attracted approximately 13.2 million new users to participate in our reward plans, with average MAUs of approximately 18.4 million during the same period. Our reward plans also facilitate the conversion of our active users to paying users. We take advantage of the traffic generated from users participating in our reward plans, and generate income from associated advertisements.

Health Programs

We have been creating and optimizing various wellness programs, tests, courses and activities to assist our users with addressing common health and wellness issues in daily life and cultivating a healthy lifestyle.

As of December 31, 2017, there were 131 wellness programs available over our platform. These wellness programs are generally designed to target a specific health related issue category such as fitness, weight loss, beauty, nutrition, pregnancy, parenting, chronic illness management and mental health. Certain programs, such as healthy diet plans and bodybuilding programs, provide detailed instructions for users on an ongoing basis, while other programs such as the feeding guide for infants provide informative tips to users on the specific topics. We also offer health related courses to further engage our users and respond to their common health concerns.

The screenshot below shows a user interface of our health program services.



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Health Tests

We provide health tests concerning various topics such as psychology and health issues. Examples of health tests include breast cancer self-examination and tests for depression and anxiety. Based on the test results and users' interests, we recommend contents or services to users with precision and channel them to our other business lines to create synergy.

Advertising Business

Leveraging our large and highly engaged user base, we monetize our user traffic through online advertising services, which allow advertisers to place advertisements on particular areas of our mobile portals. We believe that our platform is uniquely positioned to create opportunities for businesses to engage and convert interested customers, given the orientation of healthcare and wellness of our platform.

We mainly offer three types of advertisements, namely, display, search and sponsored stories. Display advertising involves placing images or rich media content alongside our platform and content. Search advertising places text-based advertisements alongside user query results. Sponsored story advertising delivers promotional marketing messages through editorial content via our health management and wellness interaction platform. Advertisers choose to pay for their advertisements primarily based on cost per thousand impressions, cost per click, or cost per day.

We seek to cooperate with pharmaceuticals and other health products companies as well as advertisement agencies for our advertising business. We perform background and qualification checks on companies seeking advertisement services, and evaluate the products to be advertised. We require the advertisement materials to comply with relevant laws and regulations as well as our guidelines, and review the advertisement before they reach our users.

OUR DISTRIBUTION CHANNELS

Our users can access our platform through our mobile app, WAP website and plug-ins of other mobile apps of Ping An Group. Many of our offerings, such as family doctor services, consumer healthcare, health mall and health management and wellness interaction, are available to all who access our platform.

In particular, we entered into service-level agreements with Ping An Life Insurance to provide family doctor services, health mall and health management and wellness interaction services through the plug-in of Ping An Jin Guan Jia in return for a service fee to be paid periodically by Ping An Life Insurance. Under the agreement, from time to time, Ping An Life Insurance and we may review and renegotiate the service fee in light of developments in relation to services and systems. In particular, the agreements have also set out key performance indicators for our online consultation services, our failure to meet which during a particular month may, along with other factors and subject to negotiation between Ping An Life Insurance and us in light of specific circumstances, reduce the amount of service fee that Ping An Life Insurance is required to pay. In addition, we are responsible

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for timely responses to customer complaints filed over Ping An Jin Guan Jia in relation to the services we provide. Any damages arising from the provision of our services over Ping An Jin Guan Jia will be reviewed and assessed by Ping An Life Insurance and us for purposes of determining the allocation of responsibility.

The following table sets forth a breakdown of our registered users by channel as of the dates indicated:

	As of December 31,					
	2015		2016		2017	
	<i>(in millions, except percentages)</i>					
Our mobile app	17.4	57.7%	79.1	60.1%	100.3	52.0%
Plug-ins ⁽¹⁾	12.8	42.3%	52.4	39.9%	92.5	48.0%
Total⁽²⁾	30.3	100.0%	131.5	100.0%	192.8	100.0%

Notes:

- (1) A registered user through a plug-in means that the user utilized our services provided through the plug-in at least once.
- (2) If a mobile device is registered at a certain number of our mobile app and Ping An mobile apps with plug-ins, it would, under this methodology, be counted as that number of registered users.

The following table sets forth a breakdown of new registered users by channel during the Track Record Period:

	Year Ended December 31,					
	2015		2016		2017	
	<i>(in millions, except for percentages)</i>					
Our mobile app	17.4	57.7%	61.7	61.0%	21.2	34.6%
Plug-ins ⁽¹⁾	12.8	42.3%	39.6	39.0%	40.1	65.4%
Total⁽²⁾	30.3	100.0%	101.2	100.0%	61.3	100.0%

Notes:

- (1) A registered user through a plug-in means that the user utilized our services provided through the plug-in at least once.
- (2) If a mobile device is registered at a certain number of our mobile app and Ping An mobile apps with plug-ins, it would, under this methodology, be counted as that number of registered users.

We acquire a substantial number of users through the collaboration with Ping An Group, and we are primarily responsible for the actual operations and provision of our services to the users through the plug-ins, and we directly control the manner in which content is presented to a user. Our back-end technology platform is connected with the back-end technology platforms of the relevant Ping An Group mobile apps. This connection allows us to have real time access to user behavior data generated from users' activities on these plug-ins.

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TECHNOLOGY

The sustainability of our ecosystem depends on our technological competence and the stability of our information infrastructure. We develop and maintain various platforms that connect the respective systems of our service providers, suppliers and marketplace vendors at the health mall, health check-up centers, hospital network and other medical institutions, which enable our users to access the full range of our services and other ecosystem participants to conduct their operations efficiently and effectively over our platform. Resulting from the scale and complexity of our businesses, our large-scale, multi-scenario environment has enabled us to obtain enormous valuable data assets and constantly apply our technology across our business lines, therefore generating knowledge and innovations that drive further technological development.

As of December 31, 2017, our research and development team comprised 434 engineering and data analysis professionals, with on average seven years of research and development experience in the Internet and technology industries. They are primarily engaged in building our technology platform and developing our proprietary technologies.

Our research and development efforts focus primarily on improving our AI Assistant and big data capabilities. During the Track Record Period, we had made substantial progress in training our AI Assistant to perform tasks such as patient routing and medical record collection, and developed a number of intelligent platforms and systems based on our big data technology, including our data processing platforms, dispatching systems, real-time calculation platforms, advertisement platforms, user profiling systems, authority approval and metadata systems, and data quality monitoring systems.

In 2015, 2016 and 2017, our product development and technology expenditures were RMB100.3 million, RMB300.6 million and RMB262.7 million, respectively. Our product development and technology expenditures consist of employee benefit expenses of our product development and technology staff, IT-related equipment operation expenses, network service charges and cost of additions of IT-related equipment. We expect spending on product development and technology to increase over time as we add more experienced product development and technology staff, and continue to invest in our technology platform to enhance user experience and provide value-added services to our ecosystem participants.

Data Assets

Our data assets are the backbone of our solution and data analytics capabilities. Our distinct business lines have enabled us to collect users' data under various scenarios, such as consulting medical professionals during an online consultation session, browsing through content feeds for health and wellness information, and typing in the search engines looking for a specific product at our health mall.

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Meanwhile, the high volumes of traffic over our platform have brought us large amounts of data. Every day, our platform is able to provide data of approximately 300,000 to 400,000 new online consultations and, as of December 31, 2017, had generated more than 211 million online consultation records cumulatively. We employ the valuable data generated from online consultations in the training process of our AI Assistant.

Data Analytics Capabilities and Technologies

We apply data science technologies extensively across different business lines to support AI Assistant development, user profiling and engagement. Our self-developed data analytics capabilities and technologies include:

Contextual Analysis

Our contextual analysis engine parses all data properties, facilitating the understanding of the context and content which our users are interacting in and with, including, among other things, consultation conversations, articles, videos, health mall searches and advertisements. These help us understand what a user is interested in, including health issues, products of interest, and keywords.

Natural Language Processing

Our natural language processing algorithms are crucial components of our contextual analysis engine. We use these algorithms to extract structure from unstructured data, so that it can be processed and analyzed effectively. Our natural language processing algorithms are designed to understand and analyze the Chinese language and its usage in various contexts. They enable the extraction of information about entities and correlations from vast amounts of text converted from audio and video streams and other digital content.

Predictive Analytics

Our user profiling engine infers from the data collected through, and processed by, our contextual analysis engine a user's interest, demographic, intentions and other features by drilling down through multi-dimensional data, and dynamic correlation analysis. In December 2017, we analyzed approximately 2.2 million registered users, whose profiles include on average 14 attributes, including user demographic, healthcare preferences, spending preferences, personal interests and other behavioral patterns. As of December 31, 2017, our system has created more than 53,000 feature labels relating to various conditions and cases. We pre-package our user profiles into audience groups for precise marketing as well as to continuously engage our users with content of relevance. As of December 31, 2017, profiles of approximately 57.5 million of our registered users were associated with labels on a real-time basis.

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AI Assistant

We have been developing an AI-assisted system for our online consultation services (the “AI Assistant”) for purposes of enhancing the efficiency and accuracy in the delivery of care. We combine deep learning techniques with our contextual analysis and natural language processing capabilities, and have been continually building a medical knowledge pool and gathering large amounts of data from online consultation records with which we train and program the AI Assistant.

As of December 31, 2017, we had built up a library of more than 29,000 illnesses (recognized under the International Classification of Diseases, Tenth Revision, Clinical Modification) for our AI Assistant to study. We engage our in-house medical team as well as external doctors to train the AI Assistant and help it perform tasks such as patient routing and medical record collection. These medical professionals incrementally incorporate their medical expertise into our knowledge graphs and perform tests and correction for quality control purposes.

Currently, our AI Assistant has been applied to the patient routing, the symptom and medical record collection, and the processes in our online consultation services, and employed in a “doctor’s dashboard” (醫生工作平台) that features a number of health informatics tools to enhance the efficiency and accuracy of our in-house medical team’s delivery of care to our users when providing online consultation services. The doctor’s dashboard includes tools that standardize and automate care in a common clinical scenario, and record and transmit a user’s history, condition and/or responses. It also includes modules that educate a user about a common clinical subject. In order to successfully implement these tools, we have been continually coding, testing, publishing and tracking the tools and their performance.

We entered into agreement with Ping An for cooperation in developing certain AI technology. According to the agreement, any intellectual property rights arising from the cooperation shall be jointly owned, and may only be licensed on a non-exclusive basis to a third party without the other party’s written consent if the third party is a member or affiliate of Ping An Group. See “Connected Transactions — Non-Exempt Continuing Connected Transactions — 5. Joint Technology Development Framework Agreement.”

Business Cooperation with Unisound and Other Cooperations

In November 2017, we established Shanghai Hao Yi pursuant to a business cooperation agreement with Beijing Unisound Information Technology Co., Ltd (北京雲知聲信息技術有限公司) (“Unisound”), in which we owned 70% and Unisound owned 30% of the equity interests. According to the agreement, Shanghai Hao Yi will be entitled to access to our AI Assistant technology and online consultations services as well as synchronization of health-related data over our mobile platform, and it will be able to apply proprietary AI-related technologies of Unisound in its business operations.

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Unisound specializes in the field of AI-powered Internet of Things, and owns a number of leading AI-related technologies in such areas as automatic speech recognition, text to speech, natural language understanding, speaker recognition and supercomputing. Through our strategic cooperation with Unisound, we expect to accelerate the development of our AI Assistant and data analytics capabilities. In particular, Unisound's automated speech recognition, natural language understanding and speaker recognition technologies are expected to substantially enhance our efficiency and accuracy in analyzing our users' audio input and understanding their needs during online consultation sessions.

We also cooperated with a number of other companies in areas such as industrial design and software and hardware development, to enhance and supplement our research and development efforts. We usually enter into agreements with these companies which typically require that their work products be delivered within the stipulated periods subject to our inspection, and we make installment payments subject to the inspection results. Pursuant to these agreements, we normally have the ownership or right to use the research and development work product upon completion. The contracting parties are bound by confidentiality undertakings relating to trade secrets and customer information. The companies with which we contract are generally responsible for paying any damages we incur arising from quality defects, as well as non-delivery or delays in delivery schedule caused by them.

INFRASTRUCTURE

Our platform is built on a highly scalable and reliable cloud-based technology architecture. This allows us to harness large quantities of real-time data and ensures high speed performance at a large scale to accommodate more users and the increased complexity of our business operations.

- **Scalability.** With modular architecture that is built to be horizontally scalable, our platform can be easily expanded as our active user base grows. Our platform is currently equipped to serve over 40 million PVs and can be scaled quickly to serve even higher volumes. When the need arises, we can easily add servers and deploy them into our existing server clusters as either data nodes or processing nodes.
- **Real-time analytics.** Our cloud-based technology architecture is built to be fully distributed while having a single unified access layer. Large amounts of data are ingested through multiple highly optimized points and analyzed using both offline batch processing and online real time processing through streaming technologies. This architecture allows us to combine multiple data dimensions and apply various machine learning algorithms in real-time to our data, providing the most up-to-date and accurate representations of a user's traits and online behavior.
- **Reliability.** Our technology layers have built in software and hardware redundancy, and are able to automatically switch if errors are detected. We built our platform on a distributed computing architecture with no single point of failure. In addition, our architecture supports multiple live copies of each data set along with snapshot capabilities for quicker point-in-time data recovery instead of traditional backup and restore methodologies. Our data processing architecture is hosted at our main Internet data center in Shanghai.

BUSINESS

Data Protection

Our network configuration is secured at multiple layers to protect our databases from unauthorized access. We use sophisticated security protocols for communications among our mobile app, WAP website and plug-ins. To prevent unauthorized access to our system, we utilize a system of firewalls and maintain a demilitarized zone to separate our external-facing services from our internal systems.

We conduct frequent reviews of our back-up systems to ensure that they are well-maintained and functional. We have also implemented procedures such as regular system checks, password policy, user authorization reviews and approval and data back-up, as well as data recovery tests, to safeguard our information assets and ensure the proper management of our operational data. We have data disaster recovery procedures in place and are in the process of establishing our active/active data centers.

COMPETITION

We have achieved a strong competitive position in the PRC Internet healthcare service industry. We face competition in certain of our business segments. For example, Internet healthcare service providers, such as We Doctor Group, haodf.com and Chunyu Doctor, compete with us in the areas of online consultation or hospital appointment. In our health mall business, our competitors include healthcare e-commerce service providers such as Alibaba Health.

We anticipate that the Internet healthcare service market will continue to grow in response to rapid technological changes and innovation, evolving industry standards and shifting customer preferences. We must continually innovate to remain competitive.

We believe that the principal competitive factors in our industry are:

- user experience;
- brand recognition and reputation;
- service and product quality and selection;
- medical resources;
- technological capabilities; and
- pricing.

In addition, new and enhanced technologies may increase the competition in the Internet healthcare service industry. We believe that we are well positioned to effectively compete on the basis of the foregoing factors. However, some of our current or future competitors may have greater brand recognition, better supplier relationships, larger customer bases or greater financial, technical or marketing resources than we do. See “Risk Factors — Risks Relating to Our Business and Industry — If we are unable to compete effectively, our business, financial condition and results of operations may be materially and adversely affected” and “Industry Overview — Entry Barriers and Competitive Landscape of the PRC Internet Healthcare Market — Competitive Landscape.”

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SALES AND MARKETING

We employ a variety of methods to attract potential customers. Generally, we expand our user base through natural traffic, external marketing, promotional programs and conversion of customers of Ping An Group:

- Natural traffic is achieved by word of mouth resulting from free and high quality services and contents offered on our platform, such as free online consultation services, reward plans, health programs, health headlines and wellness contents;
- External marketing is carried out through mobile app stores and online and offline marketing activities, including advertisements and banners on renowned websites, mobile app, search engines, and offline seasonal and holiday campaigns;
- Promotional activities include our reward programs which encourage users to share with their friends and family members, and facilitate the conversion of our active users to paying users; and
- Collaboration with Ping An Group, e.g. the service-level agreement with Ping An Life Insurance and An Kang and An Xiang value-added services in collaboration with Ping An Health Insurance, which allow us access to Ping An Group's growing customer base.

Our principal marketing programs include advertising our company and our solutions through our mobile platform and other media. We also participate in industry events, trade shows and conferences. In addition, we have created integrated marketing campaigns, such as innovative reward plans programs to attract new customers.

As of December 31, 2017, our sales team comprised 102 sales professionals. We also collaborate with Ping An Group to create synergies that drive our sales and raise brand awareness on the one hand, and increase customer stickiness for Ping An Group on the other hand.

We also have access to Ping An Group's insurance agent network, and can enter into referral arrangements with these individuals to refer our products and services to customers. Under such arrangements, when the Life Insurance Agents discover that customers may have the need for or an interest in our products and services, the Life Insurance Agents will direct these customers to the links and pages of our products and services. For example, the Life Insurance Agents refer our service packages in our consumer healthcare business to customers and are compensated on a product-by-product basis, and we determined the arrangement terms independently of Ping An Group. We also provide training to Life Insurance Agents in relation to our product and service information. See "Relationship with Our Controlling Shareholders — Independence from Ping An — Operational Independence — Product and service referral arrangement with the Life Insurance Agents."

OUR CUSTOMERS

Our customers consist of both individuals and corporations. As of December 31, 2017, we had 697 corporate customers. The following table summarizes some of the key operating metrics of our individual customers during the Track Record Period:

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	Year ended December 31,		
	2015 ⁽⁴⁾	2016	2017
	<i>(in millions, except percentages)</i>		
Average MAU ⁽¹⁾	5.6	21.8	32.9
Average MPU ⁽²⁾	0.1	0.4	0.9
Paying Ratio ⁽³⁾	0.9%	1.9%	2.7%

Notes:

- (1) MAU, for any given month, refers to the number of active users during that month. A user who accesses our platform of services or products through mobile app, WAP or plug-in channels at least once in any such month is counted as one active user for that month. Each distinguishable mobile device is treated as a separate user for purposes of calculating MAU. If a mobile device accesses our platform through our mobile app and plug-ins over the course of a calendar month, it would be counted as one MAUs. If a mobile device accesses our platform through both our (i) mobile app or plug-ins and (ii) WAP website over the course of a calendar month, it would be counted as two MAUs.
- (2) MPU refers to monthly paying users, referring to the number of users that purchase our products and/or services on our platform through mobile app, WAP or plug-in channels at least once during a calendar month. The end users of the products and services sold to our corporate customers, including members of health membership plans, insurance policyholders of Ping An Health Insurance who receive An Kang and An Xiang value-added service packages and employees who benefit from the health check-up service packages purchased by their employers, are also counted as paying users. While we did not have any such paying users in 2015, the average MPU through our corporate customers was approximately 62,000 and 68,000 in 2016 and 2017, respectively.
- (3) Paying ratio equals average MPU divided by average MAU during a certain period of time.
- (4) MAU and MPU statistics are for the period from June to December.

The following table sets forth our average monthly revenue per MAU and ARPPU during the Track Record Period:

	Year ended December 31,		
	2015	2016	2017
	<i>(RMB)</i>		
Average monthly revenue per MAU ⁽¹⁾	4.2	2.3	4.7
ARPPU ⁽²⁾	473.2	123.9	176.7

Notes:

- (1) Average monthly revenue per MAU is calculated by dividing the average monthly revenue by the average MAU of the relevant year. Our relatively low average monthly revenue per MAU in 2016 compared to 2015 was due to growth in active users with a low willingness to pay from the reward programs. The average monthly revenue per MAU increased in 2017 compared to 2016, as we engaged in improved targeting of marketing campaigns in 2017.
- (2) ARPPU refers to average revenue per paying user, derived by dividing the total revenue of the relevant year by the corresponding number of annual paying users. The comparatively high ARPPU in 2015 was due to higher revenue contribution from corporate customers and higher average selling prices of consumer healthcare service packages. In 2016, the number of customers on our mobile platform grew significantly and more purchases were made directly through our mobile app, especially on our health mall. Such purchases generate smaller monetary value on average, which led to a decline in ARPPU in 2016 compared to 2015. The increase of ARPPU from 2016 to 2017 was due to increased user engagement and higher efficiency of monetization.

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During the Track Record Period, aggregating Ping An Group, which included but not was limited to Ping An Life Insurance, Ping An Property & Casualty Insurance, Ping An Bank and Ping An Health Insurance, as one customer, Ping An Group was our largest customer, contributing 80.9%, 41.4% and 46.4% of our total revenue, respectively, in 2015 and 2016 and 2017. Aggregating Ping An Group as one customer, our five largest customers accounted for 84.8%, 43.7% and 49.4% of our total revenue, respectively, during the same periods. The five largest customers included Ping An Puhui Investment Consultant Co., Ltd. and Lufax (Shanghai) Technology Service Co., Ltd., both close associates of Ping An Group as of the Latest Practicable Date. In 2015, 2016 and 2017, our sales to Ping An Puhui Investment Consultant Co., Ltd. accounted for 3.4%, 1.0% and 0.7% of our total revenue, respectively, and our sales to Lufax (Shanghai) Technology Service Co., Ltd. accounted for 0.0%, 0.1% and 0.4% of our total revenue, respectively. See “Risk Factors — Risks Relating to Our Business and Industry — We have a limited number of key customers and suppliers.”

To the knowledge of our Directors, as of the Latest Practicable Date, (i) Ping An through its subsidiaries held less than 5% of the interests in the shares of Jointown Pharmaceutical Group Co., Ltd. (九州通醫藥集團股份有限公司), the ultimate shareholder of one of our customers, being Beijing Good Pharmacists Chainstore Co., Ltd. (北京好藥師大藥房連鎖有限公司); (ii) Lufax (Shanghai) Technology Service Co., Ltd. was a close associate of Ping An, Ms. WANG Wenjun and Mr. DOU Wenwei respectively; (iii) Mr. YAO Jason Bo, Mr. LEE Yuan Siong and Ms. CAI Fangfang each held an insignificant economic interest in a minority shareholder of Lufax (Shanghai) Technology Service Co., Ltd.; and (iv) Mr. LAW indirectly held less than 5% of the interests in the holding company of Lufax (Shanghai) Technology Service Co., Ltd. through a fund controlled by him. Save as aforesaid, to the knowledge of our Directors, none of our Directors and their respective Associates or any Shareholders holding more than 5% of our issued share capital had any interests in any of our five largest customers for each year of the Track Record Period as of the Latest Practicable Date.

OUR SUPPLIERS

In 2015, 2016 and 2017, our purchases from our five largest suppliers accounted for 39.4%, 47.5% and 24.8%, respectively, of our total purchases. In addition, purchases from our single largest supplier accounted for 12.2%, 14.4% and 7.3%, respectively, of our total purchases during the same years. During the Track Record Period, our top suppliers included three healthcare service providers, a health management company, a provider of healthcare services and products, a general hospital and two providers of home appliances. We have been working with our major suppliers for a period ranging from one to three years. For the related risks, see “Risk Factors — Risks Relating to our Business and Industry — We have a limited number of key customers and suppliers.”

Ping An Group held approximately 3.71% shares of Meinian Onehealth Healthcare Holdings Co., Ltd. (“Meinian Onehealth”), one of our five largest suppliers during the Track Record Period, before Meinian Onehealth’s listing on the Shenzhen Stock Exchange on August 27, 2015. Ping An Group ceased to hold any shares in Meinian Onehealth by the end of 2016. Save as disclosed above, to the knowledge of our Directors, none of our Directors and their respective Associates or any Shareholders holding more than 5% of our issued share capital had any interests in any of our five largest suppliers for each year of the Track Record Period as of the Latest Practicable Date.

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HEALTH, SAFETY AND ENVIRONMENTAL MATTERS

We do not operate any production facilities. In addition, for our direct sales in our health mall business, we engage third parties to ship and deliver products to our customers. Therefore, we are not subject to significant health, safety or environmental risks. To ensure compliance with applicable laws and regulations, from time to time, our human resources department would, if necessary and after consultation with our legal advisors, adjust our human resources policies to accommodate material changes to relevant labor and safety laws and regulations. During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any fines or other penalties due to non-compliance with health, safety or environmental regulations.

INTELLECTUAL PROPERTY

We rely on a combination of patent, copyright, trademark and trade secret laws and restrictions on disclosure to protect our intellectual property rights. As of the Latest Practicable Date, we had registered three and applied for 62 trademarks, and applied for 11 patents in the PRC. As of the same date, we had registered 38 copyrights and 17 domain names.

We have been granted a non-exclusive right by Ping An Group to use in our operations certain trademarks that are registered or for which registration applications have been filed in the PRC and Hong Kong. However, because the relevant licensing agreement has not been filed with the relevant trademark authorities in the PRC for record, these trademarks may be challenged by any bona fide third party, though Ping An Group may be able to defend against bona fide third party challenges to these trademarks. As of the Latest Practicable Date, such licensing agreement was in the filing process with the relevant trademark authorities in the PRC for record. Our PRC Legal Advisor has advised that there is no substantive legal impediment to the completion of the filing. See “Connected Transactions — Exempt Continuing Connected Transactions — 1. Trademark Licensing Framework Agreement” and “Appendix IV — Statutory and General Information — B. Further Information about our Business — 2. Intellectual Property Rights.”

In addition, during the Track Record Period, Ping An Group filed registration applications for certain trademarks, including the trade name and logo for our mobile app, and received objections from third parties against these registration applications. As advised by our PRC Legal Advisor, the filing of the objection petition itself does not necessarily affect the validity of the registration application of the relevant trademarks filed by Ping An Group.

See “Risk Factors — Risks Relating to Our Business and Industry — We may not be able to prevent others from unauthorized use of our intellectual property, which could harm our business and competitive position.”

We had not been subject to any material infringement of our intellectual property rights or allegations of infringement by third parties during the Track Record Period.

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EMPLOYEES

We believe that our professional workforce is the foundation of our long-term growth. The following table sets forth a breakdown of our employees by function as of December 31, 2017:

	Number of Employees	Percentage
Product development and technology	588	30.0%
Operations	316	16.1%
Medical team	888	45.4%
Sales, marketing and publicity	111	5.7%
Management, administration, financial planning and legal and compliance	54	2.8%
Total	<u>1,957</u>	<u>100.0%</u>

As of December 31, 2017, 1,241 employees had bachelor’s degrees or higher, accounting for 63.4% of our total employees.

We are committed to establishing a competitive and fair remuneration. In order to effectively motivate our employees, we continually refine our remuneration and incentive policies through market research. We conduct performance evaluation for our employees semiannually to provide feedback on their performance. Compensation for our employees typically consists of basic salary and a performance-based bonus.

We provide social insurance plans and housing provident funds in accordance with applicable PRC laws and regulations to our employees, save as disclosed in “— Legal Proceedings and Noncompliance — Noncompliance.” We continually improve our welfare system for the benefit of our employees. We offer employees additional benefits such as annual leave, stipends and health examinations, among other things.

As of December 31, 2017, we also employed 188 dispatched workers from employment agencies in the PRC in customer service, IT outsourcing as well as administrative and back-office functions. According to the relevant labor dispatch contracts, the employment agencies are required to bear the costs of salaries, social insurance and housing provident funds or other employee benefits of these dispatched workers, while we are responsible for paying service fees to the employment agency.

During the Track Record Period, we did not have any strikes, protests or other material labor conflicts that may materially impair our business and image. As of the Latest Practicable Date, our employees were represented by a labor union.

INSURANCE

In relation to consultation services, we carry professional liability insurance covering a maximum of RMB0.3 million per patient per claim, RMB0.3 million for each of the insured in-house medical team and external doctors and RMB5.0 million in the aggregate over the course of a year,

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under which no claim had been made as of the Latest Practicable Date. We renew annually our professional liability insurance with Ping An Property & Casualty Insurance. Meanwhile, we provide insurance coverage for our customers of beauty care service packages in relation to certain injuries and complications arising from the provision of such beauty care services.

We do not maintain any business interruption insurance or product liability insurance, keyman life insurance or insurance policies for our network infrastructures, information technology systems or our properties. We also do not maintain insurance policies against risks relating to the Contractual Arrangements.

During the Track Record Period, we did not make any material insurance claims in relation to our business.

PROPERTIES

Our corporate headquarters is located at 16-19/F, Block B, Shanghai Ping An Mansion, No. 166, Kaibin Road, Shanghai, China. As of the Latest Practicable Date, we did not own any properties, and we leased 20 properties in the PRC with an aggregate gross floor area of 30,047.57 square meters. Our leased properties in the PRC are primarily used for office, business and warehouse purposes. The relevant lease agreements have lease expiration dates ranging from 2018 to 2023. Our landlords had obtained the relevant building ownership certificates for all of our leased properties in the PRC.

As of December 31, 2017, none of the properties held or leased by us had a carrying amount of 15% or more of our consolidated total assets. According to Chapter 5 of the Hong Kong Listing Rules and section 6(2) of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this prospectus is exempt from the requirements of section 342(1)(b) of the Companies (Winding up and Miscellaneous Provisions) Ordinance to include all interests in land or buildings in a valuation report as described under paragraph 34(2) of the Third Schedule to the Companies (Winding up and Miscellaneous Provisions) Ordinance.

LEGAL PROCEEDINGS AND NONCOMPLIANCE

Legal Proceedings

During the Track Record Period and up to the Latest Practicable Date, we had not been and were not a party to any material legal, arbitral or administrative proceedings, and we were not aware of any pending or threatened legal, arbitral or administrative proceedings against us or our Directors that could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations.

Noncompliance

During the Track Record Period and up to the Latest Practicable Date, we had not been and were not involved in any material noncompliance incidents that have led to fines, enforcement actions or other penalties that could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations.

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Certain of our business practices during the Track Record Period may constitute historical noncompliance incidents. As advised by our PRC Legal Advisor, (i) we have rectified our relevant business practices and, as of the Latest Practicable Date, our operations complied with relevant PRC laws in all material respects; and (ii) the likelihood of competent authorities retrospectively taking enforcement action in relation to the historical noncompliance incidents as described below is remote. Based on the foregoing, our Directors are of the view that none of the historical noncompliance incidents as described below could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations.

“Healthy Life Pass” (健康生活通) Prepaid Cards and Past Settlement Practice

We commenced the “Healthy Life Pass” prepaid card business in December 2016. Such cards can be redeemed by our customers for products offered on our health mall. Our online health mall offers products either under the direct sales model, where we procure merchandise from suppliers and sell products directly to consumers, or under the marketplace model, where our mobile platform facilitates transactions between marketplace vendors and consumers.

Our PRC Legal Advisor has advised that there are two types of prepaid cards under PRC laws, namely (i) single-purpose prepaid cards (單用途預付卡) mainly regulated by the MOFCOM under the Administrative Measures on Single-Purpose Commercial Prepaid Cards (單用途商業預付卡管理辦法) and (ii) “multi-purpose prepaid cards” (多用途預付卡) mainly regulated by the PBOC under the Administrative Measures for the Prepaid Card Business of Payment Institutions (支付機構預付卡業務管理辦法). See “Regulatory Environment — K. Regulations Relating to Single-Purpose Commercial Prepaid Cards.”

During the initial months following the launch of the “Healthy Life Pass” prepaid cards, the “Healthy Life Pass” prepaid cards could be redeemed for products sold by marketplace vendors on our online health mall. Since such products were offered by third party vendors rather than by us, our PRC Legal Advisor is of the view that, under applicable PRC laws, our “Healthy Life Pass” prepaid cards might have fallen within the definition of “multi-purpose prepaid cards,” and therefore, we could be deemed as having inadvertently engaged in payment activity without license during the relevant period of time. During the Track Record Period and up to the Latest Practicable Date, insofar as we are aware, our “Healthy Life Pass” had not been determined by the relevant authorities as “multi-purpose prepaid cards,” nor had we been determined by relevant PRC regulatory authorities as engaging or having engaged in payment activity. The revenue generated through customers’ redemption of “Healthy Life Pass” prepaid cards into products on our health mall accounted for approximately 4.6% of our total revenue in 2017.

To minimise the foregoing risk, we proactively undertook the following rectification measures: (i) as confirmed by the Directors, we adjusted the scope of products eligible for redemption by holders of “Healthy Life Pass” prepaid cards in June 2017, so that only products directly sold by us are eligible for redemption; and (ii) we completed the filing of our “Healthy Life Pass” prepaid cards as single-purpose prepaid cards with the Economic, Trade and Information Committee of Shenzhen Municipality (深圳市經濟貿易和信息化委員會) in December 2017.

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Our PRC Legal Advisor has advised that, under PRC laws, if the PBOC and/or its local counterparts determine that a company has engaged in unlicensed payment activity, the company could be ordered to terminate the unlicensed payment activity. In view of our adjustment to the scope of products eligible for redemption, our PRC Legal Advisor is of the view that the likelihood of us being retrospectively penalized for have engaged in unlicensed payment activities is low.

Registration of Our Medical Institutions in the Licenses of In-house Doctors

During the Track Record Period, some of our in-house doctors did not timely register our medical institutions in their licenses in accordance with the registration requirements of relevant healthcare administrative authorities. As advised by our PRC Legal Advisor, under applicable PRC regulations, a doctor is required to register the medical institutions where he or she practices in his or her license. If a doctor is found practicing at a medical institution not registered in his or her license, the doctor would be subject to regulatory penalties, from warning to suspension of practice and, in the worst case scenario, revocation of licenses. If the doctor issues prescription at a medical institution not registered in his or her license, the relevant medical institution would also be subject to regulatory penalties, including a fine of up to RMB5,000 and, in the worst case scenario, revocation of the medical institution's Practicing License for Medical Institutions.

We had been assisting our in-house doctors with proper registration, and, as of the Latest Practicable Date, all of our practicing in-house doctors had registered one of our medical institutions in their licenses as required under the relevant PRC regulations. We have further tightened our risk management and internal control measures, including adopting a policy of prohibiting our in-house doctors from practicing before having duly registered one of our medical institutions in their licenses.

During a verbal consultation conducted by the respective PRC legal advisors of the Company and of the Joint Sponsors with Qingdao Laoshan District Health and Family Planning Bureau (青島市嶗山區衛生和計劃生育局) in December 2017, the relevant officer verbally confirmed that our Ping An (Qingdao) Internet Hospital did not engage in any non-compliant activities and was not subject to any administrative penalties in the past. Based on the aforesaid consultation and in view of the fact that all of our practicing in-house doctors had duly registered one of our medical institutions in their licenses as of the Latest Practicable Date, our PRC Legal Advisor is of the view that the likelihood of our in-house doctors and us being retrospectively penalized by relevant regulatory authorities in relation to the registration requirements is remote. See “Risk Factors — Risks Relating to Our Business and Industry — If we fail to properly manage the registration of our in-house doctors, we may be subject to penalties against our medical institutions, including fines and, in the worst case scenario, revocation of licenses, and we may lose in-house doctors, which could materially and adversely affect our business.”

Contributions to the Social Insurance Plans and Housing Provident Fund

We acquired two of our Operating Entities, Hefei Kuaiyijie and Jiangxi Nabaite, in October 2014 and in April 2016, respectively, and Zhongyikang in March 2018. During the Track Record Period, Hefei Kuaiyijie and Jiangxi Nabaite (i) did not make contributions to the social insurance plans and housing provident fund for all or certain of their respective employees for a period of time after our acquisition of them; and (ii) after starting to make the contributions, made contributions to the social

BUSINESS

insurance plans and housing provident fund based on a standard accepted by the relevant local authorities (the “Locally Accepted Standard”) rather than based on the actual income of their employees as required under applicable PRC laws (the “Statutory Standard”). Furthermore, it is likely that, before they were acquired by us, Hefei Kuaiyijie, Jiangxi Nabaite and Zhongyikang did not make contributions to the social insurance plans and housing provident fund in full or at all, which we are not able to ascertain or verify based on publicly available information. Furthermore, we noticed that Zhongyikang did not open housing provident funds contribution account with local authorities before it was acquired by us. After our acquisition of Zhongyikang, we started to apply for opening housing provident funds contribution account.

We currently estimate that, based on the Statutory Standard, the aggregate outstanding contributions payable by us to the social insurance plans and housing provident fund for the relevant employees of Hefei Kuaiyijie and Jiangxi Nabaite was approximately RMB1.7 million during the Track Record Period. As advised by our PRC Legal Advisor, pursuant to the relevant PRC laws and regulations, Hefei Kuaiyijie, Jiangxi Nabaite and Zhongyikang may be ordered to (i) make up any outstanding contributions to the social insurance plans and the housing provident fund within a prescribed time limit and (ii) pay a daily overdue fine of 0.05% on any unpaid amount of social insurance contribution. In addition, a fine equivalent to one time to three times the outstanding social insurance contribution may be imposed on Hefei Kuaiyijie, Jiangxi Nabaite and Zhongyikang if they are ordered by competent authorities but fail to make such payment within the prescribed time limit. Based on the aforesaid legal requirements, we currently estimate that the maximum penalties which we would be subject to for our failure to (i) make contributions to the social insurance plans and the housing provident fund for all or certain of the employees of Hefei Kuaiyijie, Jiangxi Nabaite and Zhongyikang after the completion of the respective acquisition and (ii) make the relevant contributions based on the Statutory Standard is a fine up to approximately RMB1.78 million as of March 31, 2018. As of the Latest Practicable Date, we had rectified our previous business practice of Hefei Kuaiyijie and Jiangxi Nabaite so that contributions are made to the social insurance plans and the housing provident fund for all of the employees of Hefei Kuaiyijie and Jiangxi Nabaite. However, we will continue to make the relevant contributions based on the Locally Accepted Standard unless we are required by the relevant local authorities to adopt any alternative standard. We believe that our current practice is generally in line with market practice in respect of contributions to social insurance plans and the housing provident fund in China.

According to the respective transaction documents with regard to the acquisitions of Hefei Kuaiyijie, Jiangxi Nabaite and Zhongyikang, the respective transferors of the three companies shall assume all risks relating to any disputes or regulatory penalties in respect of the pre-existing status of the contributions of each respective company to the social insurance plans and housing provident fund. Furthermore, we received relevant certifying letters from the competent authorities administering the social insurance plans and housing provident fund of Hefei Kuaiyijie and Jiangxi Nabaite, confirming that neither of the two entities had been subject to any penalty by such relevant authorities. As advised by our PRC Legal Advisor, these authorities are the competent authorities to issue the certifying letters and make such confirmations. As of the Latest Practicable Date, we had not received any written notice from social insurance or housing provident fund authorities requiring us to make contributions within a prescribed time period or make supplemental contributions.

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As advised by our PRC Legal Advisor, the likelihood of relevant regulatory authorities imposing penalties on us for making insufficient contributions to the social insurance plans and the housing provident fund is remote, and our business and operations would not be materially and adversely affected as a result.

LICENSES, APPROVALS AND PERMITS

As of the Latest Practicable Date, we had obtained all requisite licenses, approvals and permits from relevant authorities that are material to our operations in China. We renew all such permits and licenses from time to time to comply with the relevant laws and regulations. Our PRC legal advisors have advised us that there is no material legal impediment to renewing such permits or licenses.

The following table sets out a list of material licenses, approvals and permits currently held by us:

No.	Entity	Name of the License, Approval or Permit	Expiry Date
1.	Ping An Health Cloud	ICP License (增值電信業務經營許可證)	January 13, 2020
2.	Ping An Health Cloud	Qualification Certificate for Providing Internet Pharmaceutical Information Service (互聯網藥品信息服務資格證書)	July 5, 2020
3.	Ping An Health Cloud	Notice Concerning the Filing of Ping An Health Cloud Company Limited for Single-Purpose Commercial Prepaid Card Issuance (關於同意對平安健康互聯網股份有限公司單用途商業預付款規模發卡業務予以備案的通知)	N/A
4.	Ping An Health Cloud	Internet Culture Operation License (網絡文化經營許可證)	June 30, 2019
5.	Ping An Health Cloud	Operation Permit of Radio and Television Program Production (廣播電視節目製作經營許可證)	November 9, 2018
6.	Ping An Health Cloud (Shanghai Branch)	Food Operation Permit (食品經營許可證)	August 28, 2018
7.	Pingan (Qingdao) Internet Hospital	Practicing License for Medical Institutions (醫療機構執業許可證)	May 16, 2022
8.	Pingan (Hefei) Internet Hospital	Practicing License for Medical Institutions (醫療機構執業許可證)	November 19, 2020
9.	Jiangxi Nabaite	ICP License (增值電信業務經營許可證)	February 4, 2021
10.	Jiangxi Nabaite	Qualification Certificate for Providing Internet Pharmaceutical Information Service (互聯網藥品信息服務資格證書)	July 8, 2020
11.	Jiangxi Nabaite	Qualification Certificate for Providing Internet Pharmaceutical Dealing Service (互聯網藥品交易服務資格證書)	January 5, 2021
12.	Jiangxi Nabaite	Pharmaceutical Operation Permit (藥品經營許可證)	July 28, 2019

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No.	Entity	Name of the License, Approval or Permit	Expiry Date
13.	Jiangxi Nabaite	Good Supply Practices (GSP) Certificate (藥品經營質量管理規範認證證書)	January 27, 2020
14.	Jiangxi Nabaite	Food Operation Permit (食品經營許可證)	September 8, 2021
15.	Hefei Kuaiyijie	ICP License (增值電信業務經營許可證)	May 20, 2020
16.	Hefei Kuaiyijie	Qualification Certificate for Providing Internet Pharmaceutical Information Service (互聯網藥品信息服務資格證書)	May 14, 2020
17.	Hefei Kuaiyijie	Qualification Certificate for Providing Internet Pharmaceutical Dealing Service (互聯網藥品交易服務資格證書)	May 26, 2022
18.	Jiangsu Nabaite	Pharmaceutical Operation Permit (藥品經營許可證)	December 9, 2022
19.	Jiangsu Nabaite	Registration Certificate for Class II Medical Devices Operation (第二類醫療器械經營備案憑證)	N/A
20.	Jiangsu Nabaite	Food Operation Permit (食品經營許可證)	January 10, 2023

Our two medical institutions, Pingan (Qingdao) Internet Hospital and Pingan (Hefei) Internet Hospital, obtained the Practicing License for Medical Institutions in May 2017 and November 2017, respectively. Both licenses stipulate that the relevant licensed diagnostic and treatment practices shall be carried out via the Internet only. We were not able to and did not issue prescriptions to the users of the online consultation services before our Pingan (Qingdao) Internet Hospital obtained the Practicing License for Medical Institutions in May 2017.

The ICP License of Ping An Health Cloud, one of our Operating Entities that operates our mobile platform, states that its permitted business scope does not include information service businesses relating to medical and healthcare services, medicines and medical devices. Meanwhile, it obtained our Qualification Certificate for Providing Internet Pharmaceutical Information Service (互聯網藥品信息服務資格證書) issued by the Guangdong Food and Drug Administration in July 2015, which has specifically licensed us to conduct Internet information services relating to medical and healthcare services, medicines and medical devices.

Based on the verbal consultation conducted by the respective PRC legal advisors of the Company and of the Joint Sponsors with Shenzhen Communication Administration, the Company does not need to update the business scope of its ICP license, having obtained the Qualification Certificate for Providing Internet Pharmaceutical Information Service. We received the certifying letter issued by the Guangdong Communication Administration in November 2017, confirming that no administrative penalties had been imposed upon us from January 1, 2015 to November 6, 2017 due to any findings of noncompliant activities with relevant PRC laws and regulations relating to telecommunications. In view of the certifying letter and the fact that we have obtained the Qualification Certificate for Providing Internet Pharmaceutical Information Service, our PRC Legal Advisor has advised us that there is no need for us to apply for the update of the permitted business scope of our ICP license to include these business items.

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RISK MANAGEMENT AND INTERNAL CONTROL

We have devoted ourselves to establishing and maintaining risk management and internal control systems consisting of policies and procedures that we consider to be appropriate for our business operations, and we are dedicated to continually improving these systems.

We have adopted and implemented comprehensive risk management policies in various aspects of our business operations such as healthcare quality and safety, operational and regulatory risk management.

Healthcare Quality and Safety

We value the quality and safety of the medical services we provide. We have established comprehensive risk management systems and internal control procedures to minimize medical risks arising from our operations. During the Track Record Period, we did not receive any written notice or penalty for material non-compliance or violation of healthcare quality and safety laws or regulations, nor did we receive any recommendation for improvement with respect to healthcare quality and safety from any government authority.

The skills, competence and attitude of our in-house medical team are essential for the quality of care that our users receive. We continually monitor the risk in relation to services provided by our in-house medical team to ensure the risk management policies and procedures have been strictly followed so as to achieve effective and efficient governance, risk and control processes.

We have adopted stringent hiring procedures for doctors and medical assistants, which involve multiple rounds of written tests, interviews and in-role trial evaluations. Our in-house medical team receives regular training on relevant safety policies, standards, protocols and procedures and is required to strictly comply with them in all aspects of our operations. We conduct monthly evaluations of our in-house doctors and medical assistants in respect of quality of service, user feedback and efficiency.

In particular, we have adopted a quality control system with standardized consultation protocols for our family doctor services performed by our in-house medical team with reference to ISO quality standards. Such systems have three-tier quality controls:

- *Tier One.* All doctors on-duty conduct reviews of and grade consultation cases through the doctor's dashboard.
- *Tier Two.* Senior doctors in the relevant medical specialty conduct reviews of consultation cases of low grades or with issues, and provide comments on and select a number of samples for review.
- *Tier Three.* Our Quality Control Training Department and the expert committee make determinations on the consultation cases with issues, and select a number of samples for review.

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Should any issues arise during any tier of quality controls, our quality control personnel would report to the Quality Control Training Department within 24 hours for it to render intervention or grading for relevant cases. We have set up an expert committee to oversee the three-tiered quality control system and supervise the quality control process. As of December 31, 2017, our expert committee comprised 22 licensed doctors who are highly regarded authorities in their respective fields. During the Track Record Period, we have not received any medical malpractice claim against us or our in-house medical team.

For external doctors, we generally require them to strictly adhere to the work scope and quality requirements specified in the agreements in compliance with applicable legal and regulatory requirements. In addition, under our terms of use, these external doctors are obligated to indemnify us for any losses resulting from violations of their obligations under the contracts with us. After an external doctor registers with us, we carefully perform checks on credentials and background before he or she is granted access to our user base, and the profile information of external doctors displayed on our mobile platform needs to be tailored accordingly and subject to internal review. We regularly analyze cases where a customer requests a refund, and sample the consultation records of the external doctors to identify the reasons for such requests. We also monitor the volume of consultations conducted by external doctors and their response rates. Based on the foregoing factors, among other things, we have established an evaluation system that imposes penalties, such as reductions in fee and termination of services, on external doctors providing unsatisfactory service quality.

For healthcare institutions in our network, we consider a variety of factors such as reputation, scale of business, service quality and capability, as well as their facilities before commencing cooperation with them. We require such healthcare institutions to maintain appropriate licenses, comply with relevant laws and regulations, and follow our standardized service offering and pricing guidelines. We also carefully monitor feedback from our customers on the services provided by these healthcare institutions, and take that into consideration when determining our continued cooperation with such healthcare institutions. The healthcare institutions are responsible for any losses to our customers resulting from disputes or breach of obligations in relation to the provision of the relevant services.

Operational Risk Management

Operational risk refers to the risk of direct or indirect financial loss resulting from incomplete or problematic internal processes, personnel mistakes, IT system failures, or external events. We have established a series of internal procedures to manage such risk.

In particular, we pay close attention to risk management relating to our information technology, as sufficient maintenance, storage and protection of user data and other related information is critical to our success. Sensitive user information in our business operations is stored in the Internet data center established and owned by us. Such information includes, but is not limited to, personal information (such as user name, cell phone number, delivery address, age and gender), consultation record, order record and activity log. We have kept all sensitive user information in our database such as order record and consultation record since inception and maintain such information for an indefinite period of time unless deletion of such data is required by relevant laws and regulations, requested by the relevant users or pursuant to conditions as specified under our terms of service with our users.

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In general, according to our terms of service and except as required by relevant laws and regulations, by signing up, users acknowledge that they permit and authorize our use of the information we were provided with and the information generated in the course of our services. The users also acknowledge under the terms of service that they authorize our business partners to use their information that is necessary for our business partners to provide services to them or to improve their service quality. We give the relevant business partners the necessary user information only pursuant to the authorized scope, primarily in the following way: (i) in our consumer healthcare business, we give healthcare service providers user information necessary for their rendering services to our customers including names and contacts; and (ii) in our health mall business, we give relevant parties limited user information such as delivery addresses and contacts for the sole purpose of order fulfilment. To ensure the security of user information, we and our business partners owe a duty of confidentiality to the users with respect to such information.

For online consultation services, in particular, the users agree that their consultation record with our medical team will be anonymized and used by our medical team for purposes of helping other similarly-situated patients, and that such anonymized information is deemed jointly owned by the relevant user, doctor and us. If a user prefers not to have his or her anonymized information used by our medical team, he or she can file an application with us. Meanwhile, personal information is owned by the respective user, whereas order record and activity log are owned by us. We have adopted robust encryption algorithms and implemented stringent rules for data extraction and transmission to ensure the confidentiality of the users of our online consultation services. We have implemented relevant internal procedures and controls to ensure that user data is protected and that leakage and loss of such data is avoided. We have formulated policies for data administration which set out the overall responsibilities and procedures for our staff to adhere to. We have promulgated internal instructions setting out specific procedures regarding the handling of information containing user data, and intend to institute ethical standards in relation to user data protection. Violation of the relevant requirements will result in disciplinary action. The degree of access to and control of the information is determined by reference to the relevance to our staff member's role, and seniority. For activities requiring higher level of confidentiality, multiple staff are required to be present. We have also implemented mechanisms such as responsibility rotation and segregation of duties among our data administration staff in daily operations. In the event of an information security breach, we perform investigations and perform damage control. In general, the user information that our employees can access is anonymized. We also hold trainings on data protection for our employees on a regular basis.

Our system keeps a daily log of data extraction and transmission activities and status in authorization in data extraction and transmission for review. We also have a dedicated data security team that is responsible for (i) monitoring suspicious data extraction and transmission activities or violations of our internal rules relating to data protection, (ii) advising on data protection issues identified in the course of monitoring and reporting to company management for attention, and (iii) enhancing our data protection system in accordance with changes in regulatory requirements and technological developments. As and when required by relevant laws and regulations, we intend to consult an external ethics advisor in relation to the protection of user information.

We also have a data back-up system through which data is encrypted and stored on servers in different locations regularly to reduce the risk of data loss. In addition, we perform back-up recovery tests regularly to examine the status of the back-up system. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material information leakage or loss of user

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data. Our information technology department is headed by our Chief Technology Officer. See “Directors and Senior Management — Senior Management.” We also provide regular training to our information technology team and discuss any necessary updates, and any issues arising from our operations and review our internal procedures for updates and improvement.

Regulatory Risk Management

Compliance risk refers to the risk of being subject to legal and regulatory sanctions, and the risk of major financial and reputational losses as a result of our failure to comply with relevant laws, regulations, rules and guidelines. Meanwhile, legal risk refers to the risk of legal liability arising from violations of laws and regulations, breaches of contracts, infringements on the legal rights of others or otherwise in connection with any contract or business activity in which we are involved.

In order to manage our compliance and legal risk exposures effectively, we have designed and adopted strict internal procedures to ensure the compliance of our business operations with the relevant rules and regulations. In particular, as we and our employees deal with a variety of third parties in our operations, we have implemented internal procedures with respect to anti-bribery, anti-corruption and conflict of interest matters. First, we require every department to perform self-check on any violations in key processes and roles on a regular basis, and report to the internal control department any violation or trace of possible risk events. Second, employees and parties outside the Group are encouraged to provide information via phone, email, letters and other means, and we would offer rewards in return for valuable information. Third, our internal control department carefully evaluates risk events and conducts investigations when necessary. Lastly, our internal control department conducts internal control inspections regularly. We issue reports according to the inspections, and make remedial plans. We impose on directors, senior management and employees penalties, and require compensation, for any losses incurred as a result of any activities concerning bribery and corruption.

We continually improve our internal policies according to changes in laws, regulations and industry standards, and update internal templates for legal documents. We also undertake compliance management over various aspects of our operations and employee activities, and have established an accountability system in respect of employees’ violations of laws, regulations and internal policies. In addition, we continually review the implementation of our risk management policies and measures to ensure our policies and implementation are effective and sufficient. Our legal department head has ten years of experience in legal compliance.

Investment Strategy and Treasury Policy

Our surplus cash arises almost exclusively from equity funding. Such cash can only be invested in relatively liquid and low-risk instruments such as bank deposits or money market instruments. The primary objective of our short-term investments is to generate finance income at a yield higher than current deposit bank interest rates, with an emphasis on capital preservation. Our investment decisions are made on a case-by-case basis. The investment duration is dependent on the management’s projection of our cash flow requirement.

BUSINESS

Our finance department, under the supervision of our Chief Financial Officer, is responsible for managing the short-term investment of our cash surplus. The amount of surplus cash available for investment is determined by assessing our cash flow and operational needs and capital expenditures. Appropriate investment products are considered in the context of relevant interest rate, liquidity, currency, price and credit risks.

The primary objectives of any investment must be safety, liquidity and ability to generate a reasonable yield. The proposed investment must not interfere with our business operation or capital expenditures, and investment products must be issued by reputable banks. Investments in high-risk derivative products are prohibited.

The financial department will submit an investment proposal to our senior management team for approval. The senior management team comprises the Chief Executive Officer, Chief Product Officer, Chief Technology Officer, Chief Operating Officer and Chief Financial Officer. Upon receiving such approval, the finance department may start to negotiate the investment terms under the supervision of our Chief Financial Officer.

The finance department is responsible for monitoring periodically the performance of our investments and reporting to our senior management team. Any significant future changes to our treasury policies must be approved by the Board.

We believe that our internal policies regarding investment of our surplus cash, and the related risk management mechanism, are adequate.

AWARDS AND RECOGNITIONS

During the Track Record Period, we had received awards and recognitions for the quality of our services and products. Representative awards and recognitions are set forth below:

Award/Recognition	Award Year	Awarding Institution/Authority
Top 30 Influential Chinese Business (時代影響力 — 中國商業案例TOP30)	2017	FT Chinese, WetalkTV
21st Century Future Stars — Emerging Enterprises with Most Growth Potential (21未來之星 — 2017最具成長性新興企業獎)	2017	China Entrepreneur (中國企業家)
Top 100 Star Apps (“星APP榜”百強)	2016	Tencent App Store (騰訊應用寶)
Favorite Apps with Creativity Award (年度IN創造大獎)	2015	Sogou (搜狗)
21st Century Business Model Award (21世紀中國最佳商業模式評選“最佳商業模式獎”)	2015	21st Century Business (21世紀商業評論)
Best Mobile Communications Award (最佳移動傳播獎)	2015	PR Newswire (美通社)

CONTRACTUAL ARRANGEMENTS

PRC REGULATORY BACKGROUND

Overview

Foreign investment activities in the PRC are mainly governed by the Guidance Catalog of Industries for Foreign Investment (the “**Catalog**”), which was promulgated and is amended from time to time jointly by the MOFCOM and the National Development and Reform Commission (“**NDRC**”). The Catalog divides industries into four categories in terms of foreign investment, namely, “encouraged”, “restricted”, “prohibited” and “permitted” (the last category of which includes all industries not listed under the “encouraged”, “restricted” and “prohibited” categories). Pursuant to the Catalog, the “restricted” and “prohibited” categories fall into the “Negative List”. As advised by our PRC Legal Advisor, a summary of our business/operation that is subject to foreign investment restriction or prohibition in accordance with the Catalog (as amended by the NDRC and MOFCOM on June 28, 2017) is set out below (the “**Relevant Businesses**”):

Categories	Our business/operation
“Restricted”	
Value-added telecommunication services business	<p>The principal business of Ping An Health Cloud, Hefei Kuaiyijie and Jiangxi Nabaite involves provision of telecommunication and information services through mobile apps and websites, which falls within the scope of “value-added telecommunication service” under the Telecommunications Regulations (《電信條例》). According to the applicable PRC laws, foreign investors are not allowed to hold more than 50% equity interests in any enterprise conducting such business.</p> <p>Ping An Health Cloud, Hefei Kuaiyijie and Jiangxi Nabaite each holds a value-added telecommunications business operating license (each a “ICP License”) for the provision of Internet information services issued by Guangdong Province Communication Administration (廣東省通信管理局), Anhui Province Communication Administration (安徽省通信管理局) and Jiangxi Province Communication Administration (江西省通信管理局), respectively.</p> <p>In addition, Jiangxi Nabaite has four offline branches, which are engaged in the operation of Jiangxi Nabaite’s offline business, and the provision of offline warehouses services and offline drug delivery services for our mobile apps and websites. Such offline operations are not subject to any foreign investment restriction under the Catalog. However, according to the Interim Provisions on the Examination and Approval of Internet Drug Transaction Services (《互聯網藥品交易服務審批暫行規定》), promulgated by CFDA on September 29, 2005 and effective since December 1, 2005, any enterprise engaging in online pharmaceutical product trading services to individual consumers shall be established in the form of a pharmaceutical retail chain enterprise. The pharmaceutical retail chain enterprise must set up a number of</p>

CONTRACTUAL ARRANGEMENTS

Categories

Our business/operation

offline branches to serve as its retail business premises so as to meet the regulatory requirements and receive onsite examinations of the local Food and Drug Administration (食品藥品監督管理局) according to the Drug Administration Law (《藥品管理法》) and the Measures for the Administration of Pharmaceutical Operation Permit (《藥品經營許可證管理辦法》). Therefore, as advised by our PRC Legal Advisor, to maintain Jiangxi Nabaite's operation of online pharmaceutical product trading services to individual customers in compliance with applicable PRC laws, the offline business conducted by Jiangxi Nabaite's four offline branches cannot be separated from Jiangxi Nabaite's online pharmaceutical product trading business, which is subject to foreign investment restrictions.

Further, Jiangxi Nabaite has a wholly-owned subsidiary, Jiangsu Nabaite, which holds a Pharmaceutical Operation Permit and currently engages in offline drug sales. Jiangsu Nabaite is currently expected to commence online pharmaceutical product trading services to individual customers by the end of April 2018. According to the Notice on Implementing the Decision of the State Council on Cancelling the Third Group of Administrative Licensing Items Designated by the Central Government for Implementation by Local Governments (《關於落實〈國務院第三批取消中央指定地方實施行政許可事項的決定〉有關工作的通知》), the Food and Drug Administration no longer accepts new applications for Qualification Certificate for Providing Internet Pharmaceutical Dealing Service. In light of the above, and based on the verbal consultation conducted by the Company's PRC Legal Advisor with the relevant officer of Suzhou Food and Drug Administration: (i) if Jiangsu Nabaite commences providing online pharmaceutical product trading services, it must remain as a wholly-owned subsidiary of a company which holds a Qualification Certificate for Providing Internet Drug Transaction Service (互聯網藥品交易服務資格證書); and (ii) additionally, Jiangsu Nabaite must continue to hold its Pharmaceutical Operation Permit in order to conduct online pharmaceutical product trading services. As a pre-requisite for holding the Pharmaceutical Operation Permit, Jiangsu Nabaite should continue to operate its own offline business so as to meet the regulatory requirements and receive onsite examinations of the local Food and Drug Administration. Based on the aforementioned reasons and as advised by the Company's PRC Legal Advisor, to maintain Jiangsu Nabaite's business operation in compliance with applicable PRC laws and the local authorities' requirements, (a) Jiangsu Nabaite shall continue to remain as a wholly-owned subsidiary of Jiangxi Nabaite; and (b) Jiangsu Nabaite's proposed online pharmaceutical product trading services as well as the current offline business operation shall be controlled by the Company via the Contractual Arrangements.

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Categories

Our business/operation

“Prohibited”

Online medical institutions Operation of online medical institutions

As advised by our PRC Legal Advisor, as the PRC Internet healthcare industry is new and evolving, the Catalog lacks clear guidance on the categorisation of operation of “online medical institutions” in terms of foreign investment restriction. However, according to the Catalog and Provisional Measures for the Administration of Medical Institutions in the Form of Sino-foreign Equity or Contractual Joint Venture (《中外合資合作醫療機構管理暫行辦法》), operation of “medical institutions” falls within the “restricted category” and foreign investors are not allowed to hold more than 70% equity interests in a “medical institution”. Our Pingan (Hefei) Internet Hospital and Pingan (Qingdao) Internet Hospital each has a medical institution practicing license (“**Medical Institution Practicing License**”) issued by Hefei Shushan District Health and Family Planning Commission (合肥市蜀山區衛生和計劃生育局) and Qingdao Laoshan District Health and Family Planning Commission (青島市嶗山區衛生和計劃生育局), respectively. Both licenses stipulate that the licensed diagnostic and treatment services shall be provided via the Internet. Our PRC Legal Advisor has advised that it remains uncertain whether the foreign investment restrictions applicable to “medical institutions” would apply to our Pingan (Hefei) Internet Hospital and Pingan (Qingdao) Internet Hospital.

With respect to the foreign investment restriction in online medical institutions, the respective PRC legal advisors of the Company and of the Joint Sponsors conducted verbal consultation with Anhui Province Health and Family Planning Commission and Qingdao Municipal Health and Family Planning Commission, respectively. Both of the authorities verbally confirmed that there is no applicable rule relating to online medical institutions in respect of foreign investment restrictions and the authorities would not accept or approve any application from a foreign-invested enterprise for establishing an online medical institution within their respective jurisdictions. Our PRC Legal Advisor is of the view that both of the authorities are competent authorities to give the relevant confirmation. Based on the foregoing, our PRC Legal Advisor is of the view that, in practice, foreign investors would be prohibited from holding equity interests in our Pingan (Hefei) Internet Hospital and Pingan (Qingdao) Internet Hospital.

Internet cultural business Ping An Health Cloud’s principal business involves the broadcast of audio and video programmes through our mobile apps.

Ping An Health Cloud holds an Internet cultural business operating license issued by Guangdong Province Department of Culture (廣東省文化廳). According to the Catalogue, foreign investors are prohibited from holding equity interests in any enterprise engaging in Internet cultural business.

CONTRACTUAL ARRANGEMENTS

Categories	Our business/operation
Radio and television program production and operation business	<p>Ping An Health Cloud’s principal business involves the production of audio and video programmes.</p> <p>Ping An Health Cloud has a radio and television program production and operation business license issued by Administration of Press, Publication, Radio, Film and Television of Guangdong Province (廣東省新聞出版廣電局). According to the Catalog, foreign investors are prohibited from holding equity interest in any enterprise engaging in radio and television programme production and operation business.</p>

For further details of the limitations on foreign ownership in PRC companies conducting the aforementioned business under PRC laws and regulations, please see the section headed “Regulatory Environment.”

Qualification requirements

Value-added telecommunication service business

On December 11, 2001, the State Council promulgated the Regulations for the Administration of Foreign-Invested Telecommunications Enterprises (the “**FITE Regulations**”), which were amended on September 10, 2008 and February 6, 2016. According to the FITE Regulations, foreign investors are not allowed to hold more than 50% of the equity interests in a company providing value-added telecommunications services, including Internet information services. In addition, a foreign investor who invests in a value-added telecommunications business in the PRC must possess prior experience in and a proven track record of operating value-added telecommunications businesses overseas (the “**Qualification Requirements**”). Foreign investors that meet these requirements must obtain approvals from MIIT and/or its authorised local counterparts which retain considerable discretion in granting such approvals. Currently none of the applicable PRC laws, regulations or rules provides clear guidance or interpretation on the Qualification Requirements. The MIIT issued a guidance memorandum on the application requirement for establishing foreign-invested value-added telecommunications enterprises in the PRC. According to this guidance memorandum, an applicant is required to provide, among other things, the applicant’s previous telecommunications business licenses issued by the relevant local authorities, satisfactory proof of the Qualification Requirements and a business development plan. The guidance memorandum does not provide any further guidance on the proof, record or document required to support the proof satisfying the Qualification Requirements. Further, this guidance memorandum does not purport to provide an exhaustive list on the application requirement. Our PRC Legal Advisor has advised us that as of the Latest Practicable Date, (i) this guidance memorandum has no legal or regulatory effect under the PRC laws and (ii) no applicable PRC laws, regulations or rules have provided clear guidance or interpretation on the Qualification Requirements.

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Despite the lack of clear guidance or interpretation on the Qualification Requirements, we have been gradually building up our track record of overseas telecommunications business operations for the purposes of being qualified, as early as possible, to acquire the entire equity interests in the Operating Entities when the relevant PRC laws allow foreign investors to invest and to hold a majority interest in value-added telecommunications enterprises in China. We are in the process of expanding our overseas value-added telecommunications business through our offshore subsidiaries. We have taken the following measure to meet the Qualification Requirements:

- We currently operate www.pahtg.com which was launched in January 2018. The website offers information on wellness and health-related goods in order to target our overseas customers.

The respective PRC legal advisors of the Company and of the Joint Sponsors conducted a verbal consultation with the relevant government authority, being the MIIT, during which the officer of the MIIT confirmed that there is no set criteria for the Qualification Requirements and that steps such as those taken by us above may be deemed to fulfill the Qualification Requirements. Our PRC Legal Advisor has confirmed that the officer of the MIIT consulted has the authority to provide such confirmation. Accordingly, subject to the discretion of the competent authority on whether the Group has fulfilled the Qualification Requirements, our PRC Legal Advisor is of the view that the above steps taken by us are reasonable and appropriate in relation to the Qualification Requirements as our Company has experience in providing value-added telecommunications services in overseas markets.

We will, as applicable and when necessary, disclose the progress of our overseas expansion plans and any updates to the Qualification Requirements in our annual and interim reports to inform Shareholders and other investors after the Listing. We will also make periodic inquiries with relevant PRC authorities to understand any new regulatory development and assess whether our level of overseas experience is sufficient to meet the Qualification Requirements.

OUR CONTRACTUAL ARRANGEMENTS

Overview

Because foreign investment in certain areas of the industry in which we currently operate is subject to restrictions under current PRC laws and regulations as outlined above, we do not directly own any equity interests in our Operating Entities. Ping An Health Cloud is held by Ping An Financial Technology as to 49.90%, Kang Wei Jian as to 8.33%, Kang Rui Jian as to 11.77% and Guang Feng Qi as to 30.00%. Ping An Financial Technology is ultimately wholly-owned by Ping An. Kang Wei Jian and Kang Rui Jian are both held by Mr. QIN Jian as to 50.1% and Mr. ZHU Chengbo as to 49.9% and Guang Feng Qi is held by Ms. WANG Wenjun and Mr. DOU Wenwei as to 50% each. Ping An Health Cloud in turn holds 70% of Shanghai Hao Yi and 100% of the remaining Operating Entities.

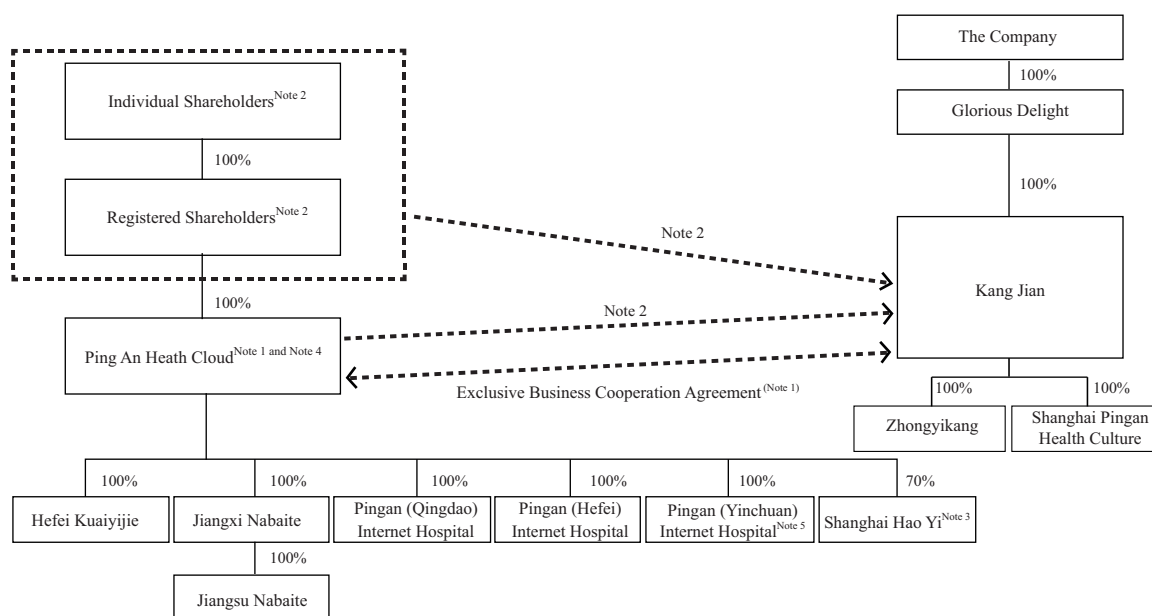
CONTRACTUAL ARRANGEMENTS

In view of the aforementioned PRC regulatory background, after consultation with our PRC Legal Advisor, we determined that it was not viable for our Company to hold our Operating Entities directly through equity ownership. Instead, we decided that, in line with common practice in industries in the PRC subject to foreign investment restrictions, we would gain effective control over, and receive all the economic benefits generated by the businesses currently operated by our Operating Entities through the Contractual Arrangements between Kang Jian, on the one hand, and our Operating Entities and their respective shareholders, on the other. The Contractual Arrangements allow the results of operations and assets and liabilities of Ping An Health Cloud and its subsidiaries to be consolidated into our results of operations and assets and liabilities under IFRS as if they were subsidiaries of our Group.

In order to comply with PRC laws and regulations while availing ourselves of international capital markets and maintaining effective control over all of our operations, we commenced a series of reorganization activities. Pursuant to the Reorganization, in replacement of the previous contractual arrangements (which were entered into on February 2016), the Contractual Arrangements currently in effect were entered into on October 18, 2017, whereby Kang Jian have acquired effective control over the financial and operational policies of our Operating Entities and have become entitled to all the economic benefits derived from their operations. The aggregate assets and revenue of all the Operating Entities (excluding Ping An Health Cloud), taking into account all of their respective businesses with or without foreign investment restrictions under PRC laws, amounted to approximately 3.80% and 1.70% of those of the Group for the year ended December 31, 2017, respectively. Other than Jiangxi Nabaite and Pingan (Qingdao) Internet Hospital, which started to record a small amount of profit in 2017, each of the other Operating entities (excluding Ping An Health Cloud) recorded a loss for the year ended December 31, 2017. We believe that the Contractual Arrangements are narrowly tailored, as they are used to enable our Group to conduct businesses in industries that are subject to foreign investment restrictions in the PRC.

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Our Directors believe that the Contractual Arrangements are fair and reasonable because: (i) the Contractual Arrangements were freely negotiated and entered into between the Kang Jian and our Operating Entities; (ii) by entering into the Exclusive Business Cooperation Agreement with Kang Jian, which is our subsidiary incorporated in PRC, our Operating Entities will enjoy better economic and technical support from us, as well as a better market reputation after the Listing, and (iii) a number of other companies use similar arrangements to accomplish the same purpose.



———— denotes legal and beneficial ownership

----- denotes contractual relationship

Notes:

1. Kang Jian provides business support, technical and consulting services in exchange for service fees from Ping An Health Cloud. Please refer to “— Our Contractual Arrangements — Exclusive Business Cooperation Agreement”.
2. The PAHC Shareholders (as defined below) executed the exclusive equity option agreement and the exclusive asset option agreement in favour of Kang Jian, for the acquisition of all or part of the equity interests in and all or part of the assets in Ping An Health Cloud. See section headed “— Our Contractual Arrangements — Exclusive Equity Option Agreement” and “— Our Contractual Arrangements — Exclusive Asset Option Agreement”.

The PAHC Shareholders executed powers of attorney in favor of Kang Jian, for the exercise of all shareholders’ rights in Ping An Health Cloud. See section headed “— Our Contractual Arrangements — Powers of Attorney”.

The PAHC Shareholders granted first priority security interests in favor of Kang Jian, over the entire equity interests in Ping An Health Cloud. See section headed “— Our Contractual Arrangements — Equity Pledge Agreement”.

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Ping An Financial Technology, Kang Wei Jian, Kang Rui Jian and Guang Feng Qi are collectively referred to as “Registered Shareholders” and Mr. QIN Jian, Mr. ZHU Chengbo, Ms. WANG Wenjun and Mr. DOU Wenwei are collectively referred to as “Individual Shareholders” (Registered Shareholders and Individual Shareholders together known as “PAHC Shareholders”). For details of the shareholding structure, See section headed “History, Reorganization and Corporate Structure — Shareholding and Group Structure of Our Company”.

- Shanghai Hao Yi was established on November 21, 2017 by Ping An Health Cloud and Beijing Unisound Information Technology Co., Ltd. (北京雲知聲信息技術有限公司), an Independent Third Party. Ping An Health Cloud and Beijing Unisound Information Technology Co., Ltd. holds 70% and 30% shareholding interests in Shanghai Hao Yi, respectively. As of the Latest Practicable Date, Shanghai Hao Yi did not have any substantive business activities. It is currently expected that, in the future, the principal business of Shanghai Hao Yi will involve information services through its mobile platform or websites charging fees from its users, which includes among others, paid medical or health-related information display and paid online health consultation. The aforesaid business falls within the scope of “value added telecommunication service” under the Telecommunications Regulations and accordingly required Shanghai Hao Yi to apply for and obtain an ICP license. Shanghai Hao Yi has recently submitted application documents to the relevant communication administration for its ICP license and is pending approval from the relevant communication administration. According to applicable PRC laws, foreign investors are not allowed to hold more than 50% equity interests in any enterprise conducting value added telecommunication service on internet content. According to the verbal consultation with MIIT conducted by the respective PRC legal advisors of our Company and of the Joint Sponsors, the application process for an ICP license by a sino-foreign equity joint venture is complicated and difficult. Therefore, our PRC Legal Advisor is of the view that Shanghai Hao Yi should be held by PRC shareholders and controlled by the Contractual Arrangements during the application process and after its ICP license is granted.*

The Company undertakes that, in the event Shanghai Hao Yi’s application for the ICP license is rejected and Shanghai Hao Yi does not otherwise engage in any business activities subject to foreign investment restriction or prohibition under applicable PRC laws, the Company will take all necessary actions for the 70% equity interests in Shanghai Hao Yi to be transferred from Ping An Health Cloud to Kang Jian as soon as practicable.

- Ping An Health Cloud holds 50% equity interest in Ping An Yingjian Medical Management (Shanghai) Limited (“**Yingjian Medical Management**”), which has a direct wholly-owned subsidiary, Shanghai Yingjian Clinics Co., Limited (“**Yingjian Clinics**”). Yingjian Clinics operates an offline medical institution. Yingjian Medical Management is a joint venture held by Ping An Health Cloud and Yingjian Enterprise Management Consulting (Shanghai) Limited, an Independent Third Party, as to 50:50. The financial results of Yingjian Medical Management are not consolidated into the Company’s financial statements. Yingjian Medical Management had no material impact on the Company’s financial and operating status during the Track Record Period.*
- Pingan (Yinchuan) Internet Hospital was established on March 12, 2018 to conduct operation of online medical institutions. It is in the course of preparing the application documents to Yinchuan Administration and Approval Service Bureau (銀川市行政審批服務局) for the medical institution practicing license.*

Circumstances under which we will unwind the Contractual Arrangements

Our Group will unwind and terminate the Contractual Arrangements as soon as practicable in respect of the operation of our apps, websites, online medical institutions and the broadcast and production of audio and video programmes to the extent permissible and we will directly hold the maximum percentage of ownership interests permissible under relevant PRC laws and regulations if the relevant government authority grants ICP Licenses, the Medical Institution Practicing Licenses for online medical institutions, the Internet Cultural Business Operating Licenses and the Licenses of Production and Operation of Radio and Television Programmes, as applicable, to sino-foreign equity joint ventures or wholly-owned foreign investment entities under relevant PRC laws and regulations.

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Summary of the agreements under the Contractual Arrangements and other key terms thereunder

A description of each of the specific agreements that comprise the Contractual Arrangements is set out below.

Exclusive Business Cooperation Agreement

Pursuant to the exclusive business cooperation agreement dated October 18, 2017 entered into between Kang Jian and Ping An Health Cloud (the “**Exclusive Business Cooperation Agreement**”), Ping An Health Cloud agreed to engage Kang Jian as its exclusive provider of business support, technical and consulting services, including but not limited to, technical services, network support, business consultation, equipment, leasing, market consultancy, system integration, product research and development and system maintenance. In exchange for these services, Ping An Health Cloud shall pay a service fee, which is equal to Ping An Health Cloud’s profit before tax, after deducting any accumulated losses of Ping An Health Cloud and its subsidiaries from the preceding fiscal year, costs, expenses, tax and other statutory contribution in relation to the respective fiscal year. The service fee shall be paid annually and shall be wired to the designated bank account of Kang Jian upon issuance of invoice by Kang Jian.

During the term of the Exclusive Business Cooperation Agreement, Kang Jian enjoys all the economic benefits and bears all risks in relation to Ping An Health Cloud’s business operation. Kang Jian has the obligation to provide financial assistance (in so far as permitted under PRC laws) by way of entrusted bank loans, loans or other means.

The Exclusive Business Cooperation Agreement also provides that (a) Kang Jian has the exclusive proprietary rights to all intellectual property rights developed or created by Kang Jian or Ping An Health Cloud during the performance of the Exclusive Business Cooperation Agreement; and (b) without the prior written consent of Kang Jian, Ping An Health Cloud shall not transfer, assign, pledge, license or otherwise encumber its rights, ownership, interests and all intellectual property rights, including but not limited to copyright, patents, patent applications, trademarks, software, technical secrets, trade secrets and others.

In addition, without the prior written consent of Kang Jian, Ping An Health Cloud shall not, during the term of the Exclusive Business Cooperation Agreement, accept the same or any similar services provided by any third party which are covered by the Exclusive Business Cooperation Agreement nor shall Ping An Health Cloud establish cooperation relationships similar to that formed by the Exclusive Business Cooperation Agreements with any third party. Kang Jian may appoint other parties for the provision of the services under the Exclusive Business Cooperation Agreement.

The Exclusive Business Cooperation Agreement is for an initial term of ten years and may be extended for five-year terms indefinitely. It shall remain effective unless terminated (a) by mutual agreement; or (b) in writing by Kang Jian with 30 days’ notice. Ping An Health Cloud has no right to terminate the Exclusive Business Cooperation Agreement unilaterally.

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Exclusive Equity Option Agreement

Pursuant to the exclusive equity option agreement dated October 18, 2017 entered into between Kang Jian, Ping An Health Cloud and the PAHC Shareholders (the “**Exclusive Equity Option Agreement**”), Kang Jian has the irrevocable and exclusive right to purchase, or to designate one or more persons to purchase, from the Registered Shareholders all or any part of their equity interests in Ping An Health Cloud at any time and from time to time in Kang Jian’s absolute discretion to the extent permitted by PRC laws. The consideration shall be the higher of (a) a nominal price or (b) the lowest price as permitted under applicable PRC laws. The Registered Shareholders have also undertaken that, they will return to Kang Jian or an entity designated by Kang Jian, within one month of the receipt of the consideration, all consideration they receive in the event that the options under the Exclusive Equity Option Agreement to acquire the equity interests in Ping An Health Cloud are exercised.

The PAHC Shareholders and Ping An Health Cloud, among other things, have undertaken that:

- without the prior written consent of Kang Jian, they shall not in any manner supplement, change or amend the constitutional documents of Ping An Health Cloud, increase or decrease their registered capital, or change the structure of their registered capital in other manner;
- they shall maintain Ping An Health Cloud’s corporate existence in accordance with good financial and business standards and practices, obtain and maintain all necessary government licenses and permits by prudently and effectively operating their business and handling its affairs, and procure Ping An Health Cloud to perform its obligations under the Exclusive Business Cooperation Agreement;
- without the prior written consent of Kang Jian, they shall not, except for transactions in the ordinary course of business, at any time following the signing of the Exclusive Equity Option Agreement sell, transfer, pledge or dispose of in any manner any assets of Ping An Health Cloud or the legal or beneficial interest in the business or revenues of Ping An Health Cloud, or allow the encumbrance thereon of any security interest;
- upon liquidation in accordance with the Exclusive Equity Option Agreement, Ping An Health Cloud shall pay or procure to pay Kang Jian all of the remaining money it is legally entitled to receive. If the aforementioned payment is prohibited by PRC laws, Ping An Health Cloud shall cause such payment to be made to Kang Jian or an entity designated by Kang Jian to the extent permitted by PRC law;
- without the prior written consent of Kang Jian, Ping An Health Cloud shall not incur, inherit, guarantee or assume any debt, except for debts incurred in the ordinary course of business;

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- Ping An Health Cloud shall always operate all of their businesses during the ordinary course of business to maintain their asset value and refrain from any action/omission that may adversely affect Ping An Health Cloud's operating status and asset value;
- without the prior written consent of Kang Jian, they shall cause Ping An Health Cloud not to execute any material contract with a value above RMB1 million, except for contracts executed in the ordinary course of business;
- without the prior written consent of Kang Jian, they shall cause Ping An Health Cloud not to provide any person with any loan, credit or guarantee in any form, except for financial services transactions conducted in the ordinary course of business;
- if requested by Kang Jian, they shall provide Kang Jian with information on Ping An Health Cloud's business operations and financial condition;
- if requested by Kang Jian, they shall procure and maintain insurance in respect of Ping An Health Cloud's assets and business from an insurance carrier acceptable to Kang Jian, for an amount and type of coverage typical for companies that operate similar businesses;
- without the prior written consent of Kang Jian, they shall not cause or permit Ping An Health Cloud to merge, consolidate with, acquire or invest in any person or entity, or procure or permit Ping An Health Cloud to sell any assets with a valuation of RMB1 million or more;
- they shall immediately notify Kang Jian of (a) the occurrence or possible occurrence of any litigation, arbitration or administrative proceedings relating to Ping An Health Cloud's assets, business or revenue; and (b) any circumstances that could possibly have material adverse effect on Ping An Health Cloud's corporate existence, business operation, financial situation, asset or trade-name, and shall promptly implement all measures as approved by Kang Jian to minimise such adverse effect or take effective remedial measures;
- to maintain Ping An Health Cloud's ownership of all of its assets, they shall execute all necessary or appropriate documents, take all necessary or appropriate actions and file all necessary or appropriate complaints or raise necessary and appropriate defences against all claims;
- without the prior written consent of Kang Jian, Ping An Health Cloud shall not in any manner distribute dividends to their shareholders, provided that upon the written request of Kang Jian, Ping An Health Cloud shall immediately distribute all distributable profits to their shareholders;
- at the request of Kang Jian, they shall appoint any person or remove any person designated by Kang Jian as the director(s) of Ping An Health Cloud; and

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- if Kang Jian fails to exercise its exclusive right to purchase the shares due to the failure of Ping An Health Cloud and/or the PAHC Shareholders to comply with their tax obligations under the applicable laws, Kang Jian has the right to require Ping An Health Cloud and/or the PAHC Shareholders to fulfill such tax obligations or require Ping An Health Cloud and/or the PAHC Shareholders to pay Kang Jian the relevant tax amount, so that Kang Jian will pay on their behalf.

The PAHC Shareholders have further undertaken that:

- except for the Equity Pledge Agreement, they shall not, without the written consent of Kang Jian, sell, transfer, pledge or dispose of in any other manner the legal or beneficial interest in Ping An Health Cloud, or allow any encumbrance to be created over any such interest;
- without the prior written consent of Kang Jian, they shall not request Ping An Health Cloud to distribute in any manner profit or dividends, propose any such relevant shareholders' resolution or vote in favour of any such relevant shareholders' resolution. In any event, except as otherwise determined by Kang Jian, if they receive any income, profit distribution or dividend, they shall promptly transfer or pay, as part of the services fee under the Exclusive Business Cooperation Agreement, such income, profit distribution or dividend to Kang Jian or any other person designated by Kang Jian to the extent permitted under applicable PRC laws;
- except for the Equity Pledge Agreement, they shall procure that the shareholders meeting and/or the board of directors of Ping An Health Cloud shall not, without the prior written consent of Kang Jian, approve any sale, transfer, pledge or disposal of in any other manner the legal or beneficial interest in Ping An Health Cloud or allow any encumbrance to be created over any such interest;
- they shall procure that the shareholders meeting and/or the board of directors of Ping An Health Cloud shall not, without the prior written consent of Kang Jian, approve Ping An Health Cloud to merge, consolidate with, acquire or invest in any person or any other matters that require the prior written consent of Kang Jian;
- they shall immediately notify Kang Jian of the occurrence or possible occurrence of any litigation, arbitration or administrative proceedings relating to its interests in Ping An Health Cloud;
- they shall procure the shareholders meeting and/or the board meeting of Ping An Health Cloud to approve the transfer of the shares pursuant to the Exclusive Equity Option Agreement and to take any and all other actions as Kang Jian may request;
- to maintain their ownership of Ping An Health Cloud, they shall execute all necessary or appropriate documents, take all necessary or appropriate actions and file all necessary or appropriate complaints or raise necessary and appropriate defences against all claims;

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- at the request of Kang Jian, they shall appoint any person(s) designated by Kang Jian as the director(s) of Ping An Health Cloud;
- at the request of Kang Jian, they shall transfer all their interests in Ping An Health Cloud to Kang Jian or any persons designated by Kang Jian pursuant to the Exclusive Equity Option Agreement, and relinquish all preferred rights (if any) existing at such transfer in relation to any shares to be transferred by other existing shareholder;
- they shall strictly adhere to the provisions under the Exclusive Equity Option Agreement and the other agreements that they, Ping An Health Cloud and Kang Jian jointly or separately entered into, duly perform the Exclusive Equity Option Agreement and the other agreements, and refrain from any action/omission that may affect the effectiveness or enforceability of such agreements. If they enjoy any residual rights under the Exclusive Equity Option Agreement, or Equity Pledge Agreement and Powers of Attorney, they shall not exercise any such rights unless instructed by Kang Jian in writing; and
- they shall pledge all their shares in Ping An Health Cloud to Kang Jian and shall enter into the Equity Pledge Agreement.

The Exclusive Equity Option Agreement is for an initial term of ten years and may be extended for five year terms indefinitely. It shall remain effective unless terminated (a) by mutual agreement; or (b) in writing by Kang Jian with 30 days' notice.

Exclusive Asset Option Agreement

Pursuant to the exclusive asset option agreement dated October 18, 2017 entered into between Kang Jian, Ping An Health Cloud and the PAHC Shareholders (the “**Exclusive Asset Option Agreement**”), Kang Jian has the irrevocable and exclusive right to purchase, or to designate one or more persons to purchase, from Ping An Health Cloud all or any part of its assets at any time at Kang Jian's absolute discretion and to the extent permitted by PRC laws. The consideration shall be the higher of (a) a nominal price or (b) the lowest price as permitted under applicable PRC laws.

The PAHC Shareholders and Ping An Health Cloud, among other things, have undertaken that:

- they shall not without the prior written consent of Kang Jian, in any manner, supplement or change the constitutional documents of Ping An Health Cloud, increase or decrease their registered capital, or change the structure of their registered capital in any other manner;
- they shall maintain Ping An Health Cloud's corporate existence in accordance with good financial and business standards and practices, obtain and maintain all necessary government licenses and permits by prudently and effectively operating their business and handling its affairs, and procure Ping An Health Cloud to perform its obligations under the Exclusive Business Cooperation Agreement;

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- except for transactions in the ordinary course of business, they shall not, without the prior written consent of Kang Jian, at any time following the signing of the Exclusive Asset Option Agreement sell, transfer, pledge or dispose of in any manner any assets of Ping An Health Cloud, or the legal or beneficial interest in the business or revenues of Ping An Health Cloud, or allow any encumbrance to be created thereon;
- Ping An Health Cloud shall not, without the prior written consent of Kang Jian, incur, inherit, guarantee or assume any debt, except for debts incurred in the ordinary course of its business;
- Ping An Health Cloud shall always operate all of its businesses in the ordinary course of business so as to maintain their asset value and refrain from any action/omission that may adversely affect Ping An Health Cloud's asset value;
- at the request of Kang Jian, provide all information in relation to Ping An Health Cloud's asset and valuation;
- without the prior written consent of Kang Jian, they shall cause Ping An Health Cloud not to execute any material contract with a value above RMB1 million, except for contracts executed in the ordinary course of business;
- without the prior written consent of Kang Jian, they shall cause Ping An Health Cloud not to provide any person with any loan, credit or guarantee in any form;
- if requested by Kang Jian, they shall procure and maintain insurance over Ping An Health Cloud's assets with an insurance carrier acceptable to Kang Jian, for an amount and type of coverage typical for companies that operate similar businesses;
- without the prior written consent of Kang Jian, they shall not cause or permit Ping An Health Cloud to merge, consolidate with, acquire or invest in any person or entity, or procure or permit Ping An Health Cloud to sell any assets with a valuation of RMB1 million or more;
- they shall immediately notify Kang Jian of (a) the occurrence or possible occurrence of any litigation, arbitration or administrative proceedings relating to Ping An Health Cloud's assets, business or revenue and (b) any circumstances that could possibly have material adverse effect on Ping An Health Cloud's corporate existence, business operation, financial situation, asset or trade-name, and shall promptly implement all measures as approved by Kang Jian to minimise such adverse effect or take effective remedial measures;
- so as to maintain Ping An Health Cloud's ownership of all of its assets, they shall execute all necessary or appropriate documents, take all necessary or appropriate actions and file all necessary or appropriate complaints or raise necessary and appropriate defences against all claims;

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- Ping An Health Cloud shall not, without the prior written consent of Kang Jian, in any manner distribute dividends to their shareholders, provided that upon the written request of Kang Jian, Ping An Health Cloud shall immediately distribute all distributable profits to their shareholders;
- at the request of Kang Jian, they shall appoint any person(s) or remove any person(s) designated by Kang Jian as the director(s) of Ping An Health Cloud; and
- if Kang Jian fails to exercise its exclusive right to purchase the shares due to the failure of Ping An Health Cloud and/or the PAHC Shareholders to comply with their tax obligations under the applicable laws, Kang Jian has the right to require Ping An Health Cloud and/or the PAHC Shareholders to fulfill such tax obligations or require Ping An Health Cloud and/or the PAHC Shareholders to pay Kang Jian the relevant tax amount, so that Kang Jian will pay on their behalf.

The PAHC Shareholders have further undertaken that:

- they shall procure the shareholders meeting or the board of directors of Ping An Health Cloud to approve the transfer of assets pursuant to the Exclusive Asset Option Agreement and to take any and all other actions as Kang Jian may request;
- they shall not, without the prior written consent of Kang Jian, request Ping An Health Cloud to distribute in any manner profit or dividends, propose any such shareholders' resolution or vote in favour of any such shareholders' resolution. In any event, except as otherwise determined by Kang Jian, if they receive any income, profit distribution or dividend, they shall promptly transfer or pay, as part of the services fee under the Exclusive Business Cooperation Agreement, such income, profit distribution or dividend to Kang Jian or any other person designated by Kang Jian to the extent permitted under applicable PRC laws;
- they shall strictly adhere to the provisions of the Exclusive Asset Option Agreement and all the other agreements that they, Ping An Health Cloud and Kang Jian jointly or separately have entered into, duly perform the Exclusive Asset Option Agreement and the other agreements, and refrain from any action/omission which may affect the effectiveness or enforceability of such agreements; and
- they shall procure that the shareholders meeting and/or the board of directors of Ping An Health Cloud shall not, without Kang Jian's prior written consent, approve any resolutions which purport to consummate any matters that require the prior written consent of Kang Jian pursuant to the Exclusive Asset Option Agreement.

The Exclusive Asset Option Agreement is for an initial term of ten years and may be extended for five year terms indefinitely. It shall remain effective unless terminated (a) by mutual agreement; or (b) in writing by Kang Jian with 30 days' notice.

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Powers of Attorney

An irrevocable power of attorney was entered into between Kang Jian, Ping An Health Cloud and the PAHC Shareholders on October 18, 2017 (the “**Powers of Attorney**”), whereby the PAHC Shareholders appointed Kang Jian, any directors authorized by Kang Jian (except the PAHC Shareholders) and his/her successors, or a liquidator replacing Kang Jian’s director as their exclusive agent and attorney to act on their behalf on all matters concerning Ping An Health Cloud and to exercise all of its rights as a registered shareholder of Ping An Health Cloud in accordance with PRC laws and the articles of Ping An Health Cloud. These rights include (i) the right to propose, convene and attend shareholders meetings; (ii) the rights to vote on including, but not limited to, the sale, transfer, pledge or disposal of part or all of the equity and participation in the distribution of profits of Ping An Health Cloud or any other forms of distributable benefits; (iii) the right to designate and appoint the legal representative (chairperson), directors, supervisors, the chief executive officer (or general manager) and other senior management members of Ping An Health Cloud; (iv) the right to sign the minutes and file documents with the relevant companies registry; and (v) to exercise voting rights on the winding up of Ping An Health Cloud on behalf of the PAHC Shareholders.

The term of the Powers of Attorney shall be the same as the term of the Exclusive Business Cooperation Agreement.

Equity Pledge Agreement

Pursuant to the equity pledge agreement dated October 18, 2017 entered into between Kang Jian, Ping An Health Cloud and the PAHC Shareholders (the “**Equity Pledge Agreement**”), the Registered Shareholders agreed to pledge as first charge all of their equity interests in Ping An Health Cloud to Kang Jian as collateral security for any and all of the guaranteed debt under the Contractual Arrangements and to secure the performance of their obligations under the Contractual Arrangements. During the pledge period, Kang Jian is entitled to receive any dividends or other distributable benefits arising from the equity.

The pledge in favour of Kang Jian takes effect upon the completion of registration with the relevant administration for industry and commerce and shall remain valid until after all the contractual obligations of the PAHC Shareholders and Ping An Health Cloud under the Contractual Arrangements have been fully performed and all the outstanding debts of the PAHC Shareholders and Ping An Health Cloud under the Contractual Arrangements have been fully paid.

Should an event of default (as provided in the Equity Pledge Agreement) occur and unless it is successfully resolved to Kang Jian’s satisfaction within 30 days upon being notified by Kang Jian, Kang Jian may demand that the Registered Shareholders immediately pay all outstanding payments due under the Contractual Arrangements and/or dispose of the pledged equity interest to repay any outstanding payments due to Kang Jian.

The pledges under the Equity Pledge Agreement completed the registration with the relevant PRC authorities pursuant to PRC laws and regulations on March 9, 2018.

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Other key terms thereunder

Dispute resolution

Each of the Contractual Arrangements stipulates that the parties thereto shall negotiate in good faith to resolve any dispute which may arise in respect of the interpretation and performance of the provisions of any such Contractual Arrangements. In the event the parties fail to resolve such a dispute within 30 days after a party's request for resolution of the dispute through negotiations, any party may submit the relevant dispute to the China International Economic and Trade Arbitration Commission for arbitration in accordance with the then effective arbitration rules. Any such arbitration shall be conducted in Shanghai. The arbitration ruling shall be final and binding on all parties.

Each of the Contractual Arrangements also provides that (i) the arbitral tribunal may award remedies over the equity interests, assets or property interest of Ping An Health Cloud, compulsory relief (e.g. for the conduct of business or to compel the transfer of assets) or order the winding up of Ping An Health Cloud; (ii) a court of competent jurisdiction may grant interim relief to a party when requested for the purpose of preserving the assets and property or enforcement measures, subject to the requirements under the PRC laws; and (iii) the courts of Hong Kong, the Cayman Islands (being the place of incorporation of our Company), Shenzhen (being the place of incorporation of Ping An Health Cloud) and other jurisdiction (being the place of domicile of Ping An Health Cloud and where the principal assets of Ping An Health Cloud or Kang Jian are located) also have jurisdiction over the foregoing matters.

However, our PRC Legal Advisor has advised that (i) a tribunal may not have the power to grant such kind of injunctive relief or winding up order of Ping An Health Cloud under PRC laws; (ii) interim remedies or enforcement order granted by overseas courts such as Hong Kong and the Cayman Islands may not be recognizable or enforceable in the PRC; and (iii) even if the abovementioned provisions may not be enforceable under PRC laws, the remaining provisions of the dispute resolution clauses are legal, valid and binding on the parties to the agreement under the Contractual Arrangements.

As a result of the above, in the event that our Operating Entities or the PAHC Shareholders breach any of the Contractual Arrangements, we may not be able to obtain sufficient remedies in a timely manner, and our ability to exert effective control over the Operating Entities and conduct our business could be materially and adversely affected. See section headed "Risk Factors — Risks Relating to Our Contractual Arrangements — We conduct our business operations in the PRC through Ping An Health Cloud and its subsidiaries by way of the Contractual Arrangements, but certain of the terms of the Contractual Arrangements may not be enforceable under PRC laws" for details.

Succession

The provisions set out in the Contractual Arrangements are also binding on the successors of the Individual Shareholders, as if the successors were signing parties to the Contractual Arrangements. Under the succession laws of the PRC, the successors include the spouse, children, parents, brothers,

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sisters, paternal grandparents and the maternal grandparents and any breach by the successors would be deemed to be a breach of the Contractual Arrangements. In case of a breach, Kang Jian may enforce its rights against the successors. Pursuant to the Contractual Arrangements, any heir of the Individual Shareholders shall inherit any and all rights and obligations of the Individual Shareholders under the Contractual Arrangements as a result of their death, loss of capacity, or under other circumstances which would affect their exercise of right as Registered Shareholders of Ping An Health Cloud, as if such heir was a signing party to such Contractual Arrangements.

According to the terms of the Exclusive Equity Option Agreement, each of the Individual Shareholders has undertaken, in the event of death or loss of capacity or any other events that could possibly affect his/her holding or exercise of the rights and obligations in the Registered Shareholders or in Ping An Health Cloud, his/her successor or such person designated as his/her successor in the Individual Shareholder Undertaking shall be deemed to be a party to the Contractual Arrangements and shall assume all the rights and obligations of the Individual Shareholders under the Contractual Arrangements.

In addition, the spouses of the Individual Shareholders had respectively executed an irrevocable undertaking on October 18, 2017, whereby each of them had expressly and irrevocably acknowledged and undertaken that (i) any equity interests in Ping An Health Cloud, as held by the respective Individual Shareholder through the respective Registered Shareholder, do not fall within the scope of their communal properties; (ii) she/he will not have any claim on the interests of Ping An Health Cloud obtained through the Contractual Arrangements; (iii) she/he has never participated and will not participate in the operation or management of Ping An Health Cloud.

Based on the foregoing, our PRC Legal Advisor is of the view that (i) the Contractual Arrangements provide protection to the Group even in the event of loss of capacity, death, bankruptcy (if applicable), or divorce of the Individual Shareholders; and (ii) the loss of capacity, death, bankruptcy (if applicable) or divorce of the Individual Shareholders would not affect the validity of the Contractual Arrangements, and Kang Jian may enforce its rights under the Contractual Arrangements against the successors of such shareholders.

Arrangements to address potential conflicts of interest

The Individual Shareholders have undertaken that, (a) in any circumstances, they shall not, directly or indirectly, commit any conduct, measure, action or omission which is against the purpose and intention of the Contractual Arrangements, that lead or may lead to any conflict of interests between Ping An Health Cloud and our Company (including its subsidiaries), and (b) if, during their performance of the Contractual Arrangements, there is a conflict of interests between the Individual Shareholders and our Company (including its subsidiaries), the Individual Shareholders shall protect the legal interests of Kang Jian under the Contractual Arrangements and follow the instructions of our Company.

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The Powers of Attorney also provide that, in order to avoid potential conflicts of interest, the power of attorney is granted in favour of Kang Jian, any directors authorized by Kang Jian (except the PAHC Shareholders) or his/her successors, or a liquidator replacing Kang Jian's directors as their exclusive agent and attorney to act on their behalf on all matters concerning Ping An Health Cloud and to exercise all of its rights as a registered shareholder of Ping An Health Cloud in accordance with PRC laws and the articles of Ping An Health Cloud.

Loss sharing

None of the agreements constituting the Contractual Arrangements provides that our Company or Kang Jian is obligated to share the losses of Ping An Health Cloud, but if Ping An Health Cloud suffers any loss or material difficulties, Kang Jian has the obligation to provide financial support as permitted under PRC laws to Ping An Health Cloud under the terms of the Exclusive Business Cooperation Agreement. Further, Ping An Health Cloud is a limited liability company and shall be solely liable for its own debts and losses. Under PRC laws and regulations, our Company or Kang Jian is not expressly required to share the losses of Ping An Health Cloud or provide financial support to Ping An Health Cloud. Despite the foregoing, given that our Group conducts the Relevant Businesses in the PRC through Ping An Health Cloud and its subsidiaries, and that Ping An Health Cloud's results of operations, and assets and liabilities are consolidated into our Group's results of operations, and assets and liabilities under the applicable accounting principles, the Company's business, financial condition and results of operations would be adversely affected if Ping An Health Cloud and its subsidiaries suffered losses.

Liquidation

Pursuant to the Exclusive Equity Option Agreement, in the event of a mandatory liquidation required by PRC laws, Ping An Health Cloud shall sell all of its assets to the extent permitted by PRC laws to Kang Jian or an entity designated by Kang Jian and at the lowest selling price permitted by applicable PRC laws. Any obligation for Kang Jian to pay Ping An Health Cloud as a result of such transaction shall be waived by Ping An Health Cloud and any profits arising from the above transaction shall be paid to Kang Jian or the entity designated by Kang Jian in partial satisfaction of the service fees under the Exclusive Business Cooperation Agreement, as applicable under the then current PRC laws. However, our PRC Legal Advisor has advised that the aforementioned provision may not be enforceable under PRC laws in the event of a mandatory liquidation required by PRC laws or bankruptcy liquidation.

Termination

The Exclusive Business Cooperation Agreement provides that once Ping An Health Cloud becomes bankrupt or is dissolved pursuant to PRC laws, or Kang Jian holds the entire equity interests of Ping An Health Cloud under the Exclusive Equity Option Agreement, the Exclusive Business Cooperation Agreement shall automatically terminate. In addition, pursuant to the Exclusive Business Cooperation Agreement, Kang Jian has the unilateral right to terminate these agreements at any time

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by providing 30 days' advance written notice to Ping An Health Cloud. The term of the Exclusive Equity Option Agreement, the Exclusive Asset Option Agreement, the Powers of Attorney and the Equity Pledge Agreement shall have the same term as the Exclusive Business Cooperation Agreement.

Insurance

The Company does not maintain an insurance policy to cover the risks relating to the Contractual Arrangements.

Company's confirmation

As of the Latest Practicable Date, the Company had not encountered any interference or encumbrance from any PRC governing bodies in operating its businesses through the Operating Entities under the Contractual Arrangements.

Legality of the Contractual Arrangements

Based on the above, we believe that the Contractual Arrangements are narrowly tailored to achieve our business purpose and minimize the potential conflict with relevant PRC laws and regulations. Our PRC Legal Advisor has advised that, upon execution of the Contractual Arrangements:

- (a) each agreement under the Contractual Arrangements is governed by PRC laws and has been executed properly by each party;

- (b) each of the Contractual Arrangements is valid, legal and binding under PRC laws, except for: (1) the dispute resolution provision which states that (i) the arbitral tribunal may award remedies over the equity interests, assets or property interest of Ping An Health Cloud, compulsory relief (e.g. for the conduct of business or to compel the transfer of assets) or order the winding up of Ping An Health Cloud; (ii) a court of competent jurisdiction may grant interim relief to a party when requested for the purpose of preserving the assets and property or enforcement measures, subject to the requirements under PRC laws; and (iii) the courts of Hong Kong, the Cayman Islands (being the place of incorporation of our Company), Shenzhen (being the place of incorporation of Ping An Health Cloud) and other jurisdiction (being the place where the principal assets of Ping An Health Cloud or our Company are located) also have jurisdiction over the foregoing matters. Our PRC Legal Advisor has advised that the aforementioned dispute resolution provisions may not be enforceable under PRC laws; and (2) the provision that provides that (i) in the event of a mandatory liquidation required by PRC laws, Ping An Health Cloud shall sell all of their assets to the extent permitted by PRC law to Kang Jian or an entity designated by Kang Jian, at the lowest price permitted under applicable PRC laws; (ii) any obligation for Kang Jian to pay Ping An Health Cloud under a result of such transaction shall be waived by Ping An Health Cloud and any profits arising from the above transaction shall be paid to Kang

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Jian or the entity designated by Kang Jian in partial satisfaction of the service fees under the Exclusive Business Cooperation Agreements. Our PRC Legal Advisor has advised that the aforementioned provision may not be enforceable under PRC laws in the event of a mandatory liquidation required by PRC laws or bankruptcy liquidation;

- (c) parties to each of the agreements have the power and capacity to execute the agreements and perform their respective obligations thereunder. Each of the agreements is binding on the parties thereto and none of them would be deemed as “concealing an illegitimate purpose under the guise of legitimate acts” and void under the PRC Contract Law;
- (d) none of the Contractual Arrangements violates any provisions of the articles of association of Ping An Health Cloud or Kang Jian;
- (e) the execution, delivery, effect and implementation of each of the Contractual Arrangements have obtained all required approvals, authorisations or consents from the PRC governmental authorities and such approvals, authorisations or consents continue to be in effect, except that:
 - (i) any share pledge contemplated under the Equity Pledge Agreement is subject to the registration with local administration bureau for industry and commerce;
 - (ii) the disposal of any share pledged under the Equity Pledge Agent is subject to the approvals and/or registration with the PRC regulatory authority;
 - (iii) the transfer or license of intellectual property under the Contractual Arrangements are subject to registration with the PRC regulatory authorities;
 - (iv) the exercise of the options to acquire the equity interests or assets under the Exclusive Equity Option Agreement and the Exclusive Asset Option Agreement in the future are subject to the relevant approvals, registration or filings with the PRC regulatory authorities as applicable; and
 - (v) the arbitration awards/interim remedies provided under the dispute resolution provisions of the Contractual Arrangements shall be recognized by PRC courts before these awards or remedies can proceed.

However, we have been advised by our PRC Legal Advisor that there are substantial uncertainties regarding the interpretation and application of current and future PRC laws and regulations. Accordingly, there can be no assurance that the PRC regulatory authorities will not in the future take a view that is contrary to or otherwise different from the above opinion of our PRC Legal Advisor.

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Notwithstanding the foregoing, in November and December 2017, the respective PRC legal advisors of the Company and of the Joint Sponsors verbally consulted MIIT, the Authority of Qianhai Shenzhen-Hongkong Modern Service Industry Cooperation Zone, the relevant local Health and Family Planning Commission (Qingdao Laoshan district, Hefei Shushan district and Shanghai Huangpu district), and the relevant local Department of Culture and Sports (文化體育局) (Shenzhen Nanshan district). Our PRC Legal Advisor has advised us that (i) all of them are competent government authorities for the Company's relevant business activities; and (ii) based on such verbal consultations, the adoption of the Contractual Arrangements would not be challenged or subject to penalty for any violation of relevant PRC Laws and regulations. Our PRC Legal Advisor is of the view that the use of the Contractual Arrangements does not constitute a breach of the relevant laws and regulations.

According to the verbal consultation with MIIT conducted by the respective PRC legal advisors of our Company and of the Joint Sponsors, the application process for an ICP license by a sino-foreign equity joint venture is complicated and difficult. Further, according to the verbal consultation with the Shenzhen Communication Administration (深圳市通信管理局) conducted by the respective PRC legal advisors of our Company and of the Joint Sponsors, Shenzhen Communication Administration confirmed that if Ping An Health Cloud had a foreign investor among its shareholders and applied for an ICP license through a sino-foreign equity joint venture, it would not accept and approve such application. Our PRC Legal Advisor is of the view that MIIT is the competent authority to give the relevant confirmation in relation to PRC's telecommunication regulatory matters and Shenzhen Communication Administration is the competent authority to give the relevant confirmation in relation to Ping An Health Cloud's ICP license. Based on the verbal consultation with the MIIT and Shenzhen Communication Administration, our PRC Legal Advisor has advised that in practice it is not feasible for Ping An Health Cloud to apply for an ICP License through a sino-foreign joint venture.

Based on the above analysis and advice from our PRC Legal Advisor, the Directors are of the view that the adoption of the Contractual Arrangements is unlikely to be deemed ineffective or invalid under the applicable PRC laws and regulations. See the section headed "Risk Factors — Risks Relating to Our Contractual Arrangements — If the PRC government finds that the agreements that establish the structure for operating our business in China do not comply with applicable PRC law and regulation, or if these regulations or their interpretations change in the future, we could be subject to severe consequences including the nullification of the contractual arrangements and the relinquishment of our interest in our Operating Entities".

We are aware of a Supreme People's Court ruling (the "**Supreme People's Court Ruling**") made in October 2012 and two arbitral decisions from the Shanghai International Arbitration Centre made in 2010 and 2011 which invalidated certain contractual agreements for the reason that the entry into of such agreements with the intention of circumventing foreign investment restrictions in the PRC contravene the prohibition against "concealing an illegitimate purpose under the guise of legitimate acts" set out in Article 52 of the PRC Contract Law and the General Principles of the PRC Civil Law. It has been further reported that these court rulings and arbitral decisions may increase (i) the possibility of PRC courts and/or arbitration panels taking similar actions against contractual structures commonly adopted by foreign investors to engage in restricted or prohibited businesses in the PRC and

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(ii) the incentive for the Registered Shareholders under such contractual structures to renege on their contractual obligations. Pursuant to Article 52 of the PRC Contract Law, a contract is void under any of the following five circumstances: (i) the contract is concluded through the use of fraud or coercion by one party and thereby damages the interest of the State; (ii) malicious collusion is conducted to damage the interest of the State, a collective unit or a third party; (iii) an illegitimate purpose is concealed under the guise of legitimate acts; (iv) the contract damages the public interest; or (v) the contract violates the mandatory provisions of the laws and administrative regulations. Our PRC Legal Advisor is of the view that the relevant terms of our Contractual Arrangements do not fall within the above five circumstances. In particular, our PRC Legal Advisor is of the view that the Contractual Arrangements would not be deemed as “concealing illegitimate purpose under the guise of legitimate acts” such that they also do not fall within circumstance (iii) above under Article 52 of the PRC Contract Law because the Contractual Arrangements were not entered into for illegitimate purposes. The purpose of the Contractual Arrangements are (a) to enable Ping An Health Cloud to transfer its economic benefits to Kang Jian as service fees for engaging the Kang Jian as its exclusive service provider and (b) to ensure that the Registered Shareholders and Individual Shareholders do not take any actions that are contrary to the interests of Kang Jian. In accordance with Article 4 of the PRC Contract Law, which is a section of the Part One (General Principles) of the PRC Contract Law setting forth fundamental principles under the PRC Contract Law, the parties to the Contractual Arrangements have the right to enter into contracts in accordance with their own wishes and no person may illegally interfere with such right. In addition, the effect of the Contractual Arrangements, which is to allow our Company to list on the Stock Exchange while obtaining the economic benefits of our Operating Entities, is not for an illegitimate purpose, as evidenced by the fact that a number of currently listed companies also adopt similar contractual arrangements. In conclusion, our PRC Legal Advisor is of the view that the Contractual Arrangements do not fall within any of the five circumstances set forth in Article 52 of the PRC Contract Law.

DEVELOPMENT IN THE PRC LEGISLATION ON FOREIGN INVESTMENT

Draft Foreign Investment Law

Background

MOFCOM published a discussion draft of a proposed Foreign Investment Law in January 2015 aiming to, upon its enactment, replace the major existing laws and regulations governing foreign investment in China. MOFCOM has solicited comments on this draft in early 2015 and substantial uncertainties exist with respect to its final form, enactment timetable, interpretation and implementation. The Draft FIL, if enacted as proposed, may materially impact the entire legal framework regulating foreign investment in China.

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Negative list

The Draft FIL stipulates restrictions of foreign investment in certain industry sectors. The “negative list” set out in the Draft FIL classifies the relevant prohibited and restricted industries into the “Catalog of Prohibitions” and the “Catalog of Restrictions”, respectively:

- **Catalog of Prohibitions:** Foreign investors are not allowed to invest in any sector set out in the Catalog of Prohibitions. Where any foreign investor directly or indirectly holds shares, equities, properties or other interests or voting rights in any domestic enterprise, such domestic enterprise is not allowed to invest in any sector set out in the Catalog of Prohibitions, unless otherwise specified by the State Council.
- **Catalog of Restrictions:** Foreign investors are allowed to invest in sectors set out in the Catalog of Restrictions, provided that they fulfill certain conditions and apply for permission before making such investment.

However, the Draft FIL does not specify the businesses to be included in the Catalog of Restrictions and the Catalog of Prohibitions.

Control by PRC investors

The Draft FIL specifically provides that entities established in China but “controlled” by foreign investors will be treated as foreign-invested entities (“**FIEs**”), whereas an entity organized in a foreign jurisdiction but cleared by the authority in charge of foreign investment as “controlled” by PRC investors, would nonetheless be treated as a PRC domestic entity for investment in the “restricted category” on the “negative list” to be issued, subject to examination by the relevant authority in charge of foreign investment. For these purposes, “control” is broadly defined in the Draft FIL to cover any of the following categories:

- (1) directly or indirectly holding 50% or more of the equity interest, share of property, voting rights or similar equity interest of the subject entity;
- (2) directly or indirectly holding less than 50% of the equity interest, share of property, voting rights or similar equity interest of the subject entity but:
 - a) having the power to directly or indirectly appoint or otherwise secure at least 50% of the seats on the board or other equivalent decision making bodies;
 - b) having the power to secure its nominated person to acquire at least 50% of the seats on the board or other equivalent decision making bodies; or
 - c) having the voting power to exert material influence over decision-making bodies, such as the shareholders meeting or the board; or

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- (3) having the power to exert decisive influence, via contractual or trust arrangements, over the subject entity's operations, financial, staffing or technology matters.

In respect of “actual control”, the Draft FIL looks at the identity of the ultimate natural person or enterprise that controls the FIE. “Actual control” refers to the power or position to control an enterprise through investment arrangements, contractual arrangements or other rights and decision-making arrangements. Article 19 of the Draft FIL defines “actual controllers” as the natural persons or enterprises that directly or indirectly control foreign investors or foreign-invested enterprises.

If an entity is determined to be an FIE, and its investment amount exceeds certain thresholds or its business operation falls within a “negative list” to be separately issued by the State Council in the future, market entry clearance by the authority in charge of foreign investment would be required.

Impact of the Draft FIL on VIE

The “variable interest entity” structure or VIE structure, has been adopted by many PRC-based companies, and has been adopted by our Company in the form of the Contractual Arrangements, to establish control over Ping An Health Cloud by Kang Jian, through which we operate our businesses in the PRC. According to the Draft FIL and its explanatory notes (the “**Explanatory Notes**”), where the FIE under the actual control of PRC investors (either by way of PRC governmental entities or PRC nationals or PRC incorporated entities controlled by PRC nationals or PRC governmental entities) invests in a sector set out in the Catalog of Restriction, when applying for access permission, they may submit documentary evidence to apply for identification as an entity controlled by PRC investors. However, pursuant to the Explanatory Notes, the Contractual Arrangements could be retained if the ultimate controlling entities/ person(s) is/are PRC investor(s) or they take other measures as required by the foreign investment law then in force. Despite the content and the classification of the categories in the “negative list” being unclear and unpredictable at this stage, we will take any reasonable measures and actions under the foreign investment law then in force to minimize the adverse effect of such laws on the Contractual Arrangements.

The Draft FIL has not been enacted and our Contractual Arrangements were established before the enactment of the finalized/new Foreign Investment Law. Notwithstanding that the Explanatory Notes do not provide a clear direction in dealing with VIE structures existing before the Draft FIL becomes effective, which (together with the Draft FIL) were still pending for further study as of the Latest Practicable Date, the Explanatory Notes contemplate three possible approaches in dealing with FIEs with existing VIE structures and conducting business in an industry falling in the “negative list”:

- (1) requiring them to make a filing to the competent authority that the actual control is vested with Chinese investors, after which the VIE structures may be retained;
- (2) requiring them to apply to the competent authority for certification that their actual control is vested with Chinese investors and, upon verification by the competent authority, the VIE structures may be retained; and

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- (3) requiring them to apply to the competent authority for access permission to continue to use the VIE structure. The competent authority together with the relevant departments will then make a decision after taking into account the actual control of the FIE and other factors.

To further clarify, under the first possible approach, “making a filing” is simply an information reporting obligation, which means the enterprise does not have to receive any confirmation or permission from the competent authorities, while for the second and third approaches, the enterprise has to receive either the confirmation or the access permission from the competent authorities. For the latter two approaches, the second approach focuses on the nationality of the controller, whereas the third approach may take factors in addition to the nationality of the controller (which are not clearly defined in the Draft FIL and the Explanatory Notes) into consideration.

The three possible approaches above are set out in the Explanatory Notes to solicit public opinion on the treatment of existing contractual arrangements but have not been formally adopted and may be subject to revisions and amendments taking into account the results of the public consultation. The Draft FIL also stipulates that investors from Hong Kong, Macau and Taiwan who control a domestic enterprise may attract special treatment and recommends the State Council to separately issue regulations to this effect.

Where foreign investors and FIEs circumvent the provisions of the Draft FIL by entrusted holdings, trusts, multi-level re-investments, leasing, contracting, financing arrangements, protocol control, overseas transactions or otherwise, to make investments in sectors specified in the Catalog of Prohibitions, the foreign investors and FIEs are subject to penalty pursuant to Article 144 of (Investments in Sectors Specified in the Catalog of Prohibitions), Article 145 (Violation of Provisions on Access Permission), Article 147 (Administrative Legal Liability for Violating the Information Reporting Obligation) or Article 148 (Criminal Legal Liability for Violating the Information Reporting Obligation) of the Draft FIL, respectively as applicable.

If foreign investors make investments in the sectors specified in the Catalog of Prohibitions, the competent authorities for foreign investment in the province, autonomous region and/or municipality directly under the Central Government at the place where the investments are made shall order them to cease the investments, dispose of any equity or other assets within a prescribed time limit, confiscate any illegal gains and impose a fine of not less than RMB100,000 but not more than RMB1 million or of not more than 10% of illegal investments.

If foreign investors or FIEs are in violation of the provisions of the Draft FIL, including by way of failing to perform on schedule or evading the performance of the information reporting obligation or concealing the truth or providing false or misleading information, the competent authorities for foreign investment in the province, autonomous region and/or municipality directly under the Central Government at the place where the investments are made shall order them to make rectifications within a prescribed time limit; if they fail to make rectifications within the prescribed time limit, or the circumstances are serious, a fine of not less than RMB50,000 but not more than RMB500,000 or of not more than 5% of the investments shall be imposed.

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Status of promulgation of the Draft FIL

As at the Latest Practicable Date, there is no definite timeline when the finalized/new foreign investment law may come into effect, and more importantly, whether it is to be promulgated in the current draft form, and MOFCOM has not issued any definite rules or regulations to govern existing contractual arrangements.

Control over our Operating Entities by PRC Investors

If the Draft FIL is promulgated in the current draft form, our PRC Legal Advisor is of the view that we are likely to be viewed as being controlled by PRC investors on the following bases:

- (1) Based on the Contractual Arrangements, Ping An Health Cloud is controlled by Kang Jian (PRC incorporated) pursuant to the third limb of the definition of “control” under the Draft FIL (i.e. having the power to exert decisive influence, via contractual or trust arrangements, over the subject entity’s operations, financial, staffing and technology matters);
- (2) Immediately upon Listing, our Company will be considered as being controlled by PRC entities because:
 - (a) Glorious Peace, our shareholder holding 39.27% of the total issued shares upon completion of the Global Offering, is ultimately owned and controlled by Ping An Group (PRC incorporated) pursuant to the first limb of the definition of “control” under the Draft FIL; and
 - (b) Le Jin Xuan, our shareholder holding 39.43% of the total issued shares upon completion of the Global Offering, is ultimately controlled by PRC nationals pursuant to the first limb of the definition of “control” under the Draft FIL as Le An Xin and Bang Qi Jian collectively hold 50% or more of the equity interests in Le Jin Xuan.

Notwithstanding the above, there may be uncertainties that the above measures to maintain control over and receive the economic benefit from our Operating Entities alone may not be effective in ensuring compliance with the new Foreign Investment Law together with, if any, all its subsequent amendments or updates, as promulgated (if and when it becomes effective). In the event that such measures are not complied with, the Stock Exchange may take enforcement actions against us which may have a material adverse effect on the trading of our Shares. See section headed “Risk Factors — Risks relating to Due Contractual Arrangements”.

Potential impact to our Company if the Contractual Arrangements are not treated as domestic investment

If the operation of the Relevant Businesses is no longer on the “negative list” and we can legally operate the Relevant Businesses under PRC Laws, Kang Jian will exercise the equity/asset purchase

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option under the Exclusive Equity Option Agreement and the Exclusive Asset Option Agreement to acquire the equity interest and/or assets of Ping An Health Cloud and unwind the Contractual Arrangements subject to any then applicable approvals, registration or filings from relevant authorities.

If the operation of the Relevant Businesses is on the “negative list” and the Draft FIL as finally enacted is refined or deviates from the current draft, depending on the treatment of existing VIE structures, the Contractual Arrangements may be regarded as invalid and illegal. As a result, we would not be able to operate the Relevant Businesses through the Contractual Arrangements and would lose our rights to receive the economic benefits of the Operating Entities. As a result, the financial results of the Operating Entities would no longer be consolidated into our Group’s financial results and we would have to derecognize their assets and liabilities according to the relevant accounting standards. If our Group does not receive any compensation, an investment loss would be recognized as a result of such derecognition.

Sustainability of our business

If the new foreign investment law as finally promulgated and the “catalog of special administrative measures” as finally issued mandate further actions for us to retain the Contractual Arrangements, we will take all reasonable measures and actions to comply with the foreign investment law then in force and to minimize the adverse effect of such laws on our Company. However, there is no assurance that we can fully comply with such law. In the worst case scenario, we will not be able to operate our business through the Contractual Arrangements and will lose our rights to receive the economic benefits from our Operating Entities. In such case, the Stock Exchange may also consider our Company to be no longer suitable for listing on the Stock Exchange and delist our Shares. See the section headed “Risk Factors — Risks Relating to Our Contractual Arrangements” in this prospectus for details.

Nevertheless, considering that a number of existing entities engaged in the apps industries, some of which have obtained listing status abroad, are operating under contractual arrangements, our Directors are of the view that it is unlikely, if the Draft FIL is promulgated, that the relevant authorities will apply it retrospectively to require relevant enterprises to remove or otherwise unwind their contractual arrangements.

However, there are uncertainties as to the definition of control that may be adopted in the Draft FIL as finally enacted, and the relevant government authorities will have a broad discretion in interpreting the law. See section headed “Risk Factors — Risks Relating to Our Contractual Arrangements” for further details of the risks we face relating to our Contractual Arrangements. In any event, our Company will take reasonable steps in good faith to seek compliance with the enacted version of the Foreign Investment Law, if and when it comes into force.

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DECISION ON AMENDING FOUR INBOUND INVESTMENT LAWS

On September 3, 2016, the Standing Committee of the National People's Congress of the PRC (全國人民代表大會常務委員會) published the Decision of the Standing Committee of the National People's Congress on Revising Four Laws Including the "Law of the People's Republic of China on Wholly Foreign-Owned Enterprises" (《全國人大常委會關於修改〈中華人民共和國外資企業法〉等四部法律的決定》) which came into effect on October 1, 2016 and seeks to revise the current foreign investment legal regime.

COMPLIANCE WITH THE CONTRACTUAL ARRANGEMENTS

Our Group has adopted the following measures to ensure the effective operation of our Group with the implementation of the Contractual Arrangements and our compliance with the Contractual Arrangements:

- (1) major issues arising from the implementation and compliance with the Contractual Arrangements or any regulatory enquiries from government authorities will be submitted to our Board, if necessary, for review and discussion as and when they arise;
- (2) our Board will review the overall performance of and compliance with the Contractual Arrangements at least once a year;
- (3) our Company will disclose the overall performance and compliance with the Contractual Arrangements in our annual reports; and
- (4) our Company will engage external legal advisors or other professional advisors, if necessary, to assist the Board to review the implementation of the Contractual Arrangements, review the legal compliance of Kang Jian and our Operating Entities to deal with specific issues or matters arising from the Contractual Arrangements.

ACCOUNTING ASPECTS OF THE CONTRACTUAL ARRANGEMENTS

Consolidation of financial results of operating entities

Under the Exclusive Business Cooperation Agreement, it was agreed that, in consideration of the services provided by Kang Jian, Ping An Health Cloud shall pay services fees to Kang Jian. The services fee shall equal to Ping An Health Cloud's consolidated profit before tax excluding the service fee thereunder, after deducting any accumulated losses of Ping An Health Cloud and its subsidiaries from the preceding fiscal year, and any costs, expenses, tax and other statutory contribution in relation to the respective fiscal year. Kang Jian has the right to periodically receive or inspect the accounts of the Operating Entities.

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In addition, under the Exclusive Equity Option Agreement, Kang Jian has absolute contractual control over the distribution of dividends or any other amounts to the Registered Shareholders as Kang Jian's prior written consent is required before any distribution can be made. If the Registered Shareholders receive any income, profit distribution or dividend, they shall promptly transfer or pay, as part of the services fee under the Exclusive Business Cooperation Agreement, such income, profit distribution or dividend to Kang Jian or any other person designated by Kang Jian to the extent permitted under applicable PRC laws.

As a result of the Contractual Arrangements between Kang Jian, Ping An Health Cloud and the PAHC Shareholders, Kang Jian is able to effectively control, recognize and receive substantially all the economic benefit of the business and operations of the Operating Entities. Accordingly, the Operating Entities are treated as controlled structured entities of our Company and consolidated by our Company. The basis of consolidating the results of the Operating Entities is disclosed in Note 2.2.1 to the Accountant's Report set out in Appendix I.

CONNECTED TRANSACTIONS

Upon Listing, transactions between us and our connected persons will constitute our connected transactions or continuing connected transactions under Chapter 14A of the Listing Rules.

OUR CONNECTED PERSONS

We have entered into certain transactions with the following connected persons, which will constitute our continuing connected transactions upon Listing:

Ping An and its associates:

Connected Relationship	Name
Controlling Shareholder	Ping An
Ping An's associates	Including, but not limited to, Ping An Bank and Ping An Medical Technology Company Limited

Zheng He Health:

Connected Relationship	Name
Associate of Mr. Law, our non-executive Director . . .	Zheng He Health

SUMMARY OF OUR CONTINUING CONNECTED TRANSACTIONS

Continuing Connected Transactions with Ping An and/or its associates:

Continuing connected transactions	Historical amounts	Proposed annual cap for the year ending December 31,
	(RMB in thousands)	(RMB in thousands)

Exempt Continuing Connected Transaction

1. Trademark Licensing Framework Agreement

Royalties to be paid by us to	For the year ended December 31,	N/A
Ping An	2015: 0	
	For the year ended December 31,	
	2016: 0	
	For the year ended December 31,	
	2017: 0	

CONNECTED TRANSACTIONS

Continuing connected transactions	Historical amounts	Proposed annual cap for the year ending December 31,
	<i>(RMB in thousands)</i>	<i>(RMB in thousands)</i>
Non-exempt Continuing Connected Transactions		
2. Provision of Products and Services Framework Agreement		
Transaction amount to be paid by Ping An and/or its associates to us	For the year ended December 31, 2015: 288,240 For the year ended December 31, 2016: 478,446 For the year ended December 31, 2017: 1,108,285	2018: 1,194,200 2019: 1,524,680 2020: 2,009,084
3. Services Purchasing Framework Agreement		
Transaction amount to be paid by us to Ping An and/or its associates.	For the year ended December 31, 2015: 2,584 For the year ended December 31, 2016: 39,326 For the year ended December 31, 2017: 55,031	2018: 70,880 2019: 103,056 2020: 150,667
4. Property Leasing Framework Agreement		
Rents to be paid by us to Ping An and/or its associates.	For the year ended December 31, 2015: 20,018 For the year ended December 31, 2016: 27,575 For the year ended December 31, 2017: 28,798	2018: 38,400 2019: 46,080 2020: 55,296
5. Joint Technology Development Framework Agreement		
Research and development costs to be contributed by us	For the year ended December 31, 2015: 0 For the year ended December 31, 2016: 0 For the year ended December 31, 2017: 0	2018: 95,500

CONNECTED TRANSACTIONS

Continuing connected transactions	Historical amounts	Proposed annual cap for the year ending December 31,
	<i>(RMB in thousands)</i>	<i>(RMB in thousands)</i>
6. Financial Service Framework Agreement		
Provision of Deposit Service by Ping An Bank		
Maximum daily balance of deposits to be placed by us with Ping An Bank	For the year ended December 31, 2015: 165,614 For the year ended December 31, 2016: 3,425,855 For the year ended December 31, 2017: 4,883,235	2018: 13,819,120 2019: 13,819,120 2020: 13,819,120
Interest income received by us from Ping An Bank for the deposits . . .	For the year ended December 31, 2015: 1,148 For the year ended December 31, 2016: 1,313 For the year ended December 31, 2017: 35,559	2018: 414,574 2019: 414,574 2020: 414,574
Purchase of Wealth Management Products by the Company		
Maximum daily balance of the wealth management products purchased by us from Ping An and/or its associates	For the year ended December 31, 2015: 110,328 For the year ended December 31, 2016: 175,919 For the year ended December 31, 2017: 578,150	2018: 11,055,296 2019: 11,055,296 2020: 11,055,296
Investment income paid to us by Ping An and/or its associates . . .	For the year ended December 31, 2015: 541 For the year ended December 31, 2016: 1,457 For the year ended December 31, 2017: 10,906	2018: 497,489 2019: 497,489 2020: 497,489

CONNECTED TRANSACTIONS

Continuing Connected Transactions with Zheng He Health:

Continuing connected transactions	Historical amounts	Proposed annual cap for the year ending December 31,
	(US\$ in thousands)	(US\$ in thousands)

Non-exempt Continuing Connected Transaction

7. Overseas Medical Services Referral Framework Agreement

Commission to be paid by Zheng He Health to us	For the year ended December 31, 2015: 0	2018: 10,000 2019: 20,000
	For the year ended December 31, 2016: 0	2020: 20,000
	For the year ended December 31, 2017: 0	

Contractual Arrangements

8. Contractual Arrangements

Continuing connected transactions	Historical amount	Proposed annual cap
Non-exempt Continuing Connected Transaction Contractual Arrangements	N/A	N/A

EXEMPT CONTINUING CONNECTED TRANSACTION

1. Trademark Licensing Framework Agreement

Principal terms

We entered into a trademark licensing framework agreement with Ping An on April 18, 2018 (the “Trademark Licensing Framework Agreement”), pursuant to which Ping An will grant to the Company non-exclusive and non-transferable licenses for the use of certain trademarks that are either registered or for which registration applications have been filed in the PRC or Hong Kong owned by Ping An (the “Licensed Trademarks”) on a royalty-free basis. The initial term of the Trademark Licensing Framework Agreement commenced on November 15, 2017 and ends on November 14, 2022. The Company will use the Licensed Trademarks within the scope specified in the Trademark Licensing Framework Agreement. The Trademark Licensing Framework Agreement is subject to renewal through mutual consents by the parties. For details of the Licensed Trademarks, please see the section headed “Appendix IV — Statutory and General Information — B. Further Information about our Business — 2. Intellectual Property Rights” in this prospectus.

CONNECTED TRANSACTIONS

As required by Rule 14A.52 of the Listing Rules, the period for the agreement for the continuing connected transactions must not exceed three years, except in cases where the nature of the transaction requires the agreement to be of a duration longer than three years. We are of the view that the Trademark Licensing Framework Agreement was entered into on normal commercial terms or better and the Licensed Trademarks are necessary for our business operations and a longer duration of the agreement will avoid any unnecessary business interruption and help ensure the long-term development and continuity of our business. The Joint Sponsors agree with the Company's reasons for requiring a longer term for the Trademark Licensing Framework Agreement, and are of the view that entering into such agreement with a duration of over three years is in line with normal business practice.

Reasons for the transaction

The Directors consider that the usage of Ping An's Licensed Trademarks will enable the Company to leverage on the popularity and reputation of Ping An and broaden its sales and distribution channels, thereby promoting its sales of the products and services. Moreover, the Company has been using some of the Licensed Trademarks of Ping An for several years and it is in the best interests of the Company and its Shareholders to continue to use the Licensed Trademarks upon Listing.

Historical amounts

There was no historical amount for the Trademark Licensing Framework Agreement for each of the three years ended December 31, 2017.

Listing Rules implications

As the license to use the Licensed Trademarks is granted to us on a royalty-free basis, the transactions under the Trademark Licensing Framework Agreement constitute *de minimis* transactions and are fully exempt from the annual reporting, announcement, independent Shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

We have conducted the following transactions in the ordinary and usual course of our business, which will, upon Listing, constitute continuing connected transactions of the Company subject to the annual reporting, announcement and independent Shareholders' approval (as the case may be) requirements under Chapter 14A of the Listing Rules (the "Non-exempt Continuing Connected Transactions").

CONNECTED TRANSACTIONS

2. Provision of Products and Services Framework Agreement

Principal terms

We entered into a provision of products and services framework agreement with Ping An on April 18, 2018 (the “Provision of Products and Services Framework Agreement”), pursuant to which the Company will provide various types of products and services to Ping An and/or its associates, including, but not limited to, 1) family doctor services comprising online consultation, hospital referral and appointment, inpatient arrangement and second opinion services; 2) prepaid cards and health check-up service package (i.e. “Health Life Pass”); 3) products in the health mall; and 4) advertising services. Fees will be paid to the Company by Ping An and/or its associates in respect of the provision of such products and services.

The initial term of the Provision of Services Framework Agreement will commence on the Listing Date and end on December 31, 2020, subject to renewal upon the mutual consent of both parties.

Reasons for the transaction

Our Directors consider that the provision of products and services to Ping An and/or its associates would benefit the Company for the following reasons:

- since the core business of the Company and Ping An Group’s insurance business are inextricably linked together in multiple aspects, the Company’s business and those of Ping An Group are highly complementary and beneficial to each other;
- in light of the leading position that Ping An enjoys in the PRC insurance industry, it is natural and in the best interests of the Company to cooperate with Ping An. In addition, given Ping An has accumulated a relatively large user base during its years of operation in the insurance industry, the Company could further increase its user base through provision of products and services to Ping An and/or its associates, who may further refer our products and services to their clients;
- as both parties enjoy respective advantages in different business fields, our collaboration may bring synergy into full play and share development achievements; and
- the Company’s revenue may also be further increased based on the commercial terms and pricing basis determined based on market principles.

Pricing policies

- With respect to the family doctor services provided to Ping An and/or its associates, the service fee shall be determined on a cost-plus basis taking into consideration various commercial factors such as the nature of the services, the frequency for us to provide such services, the estimated transaction amount and the commercial potential for such services, and shall not be lower than

CONNECTED TRANSACTIONS

the prices at which we provide similar services to Independent Third Parties. For instances, online consultations with our in-house medical team are generally provided either for free or at a fee ranging from RMB20 to RMB60 per session, depending on the qualification, experience and user review of the relevant doctor;

- With respect to the prepaid cards provided to Ping An and/or its associates, the price shall be the par value of the relevant cards with the purchase volume taking into consideration;
- With respect to the products in the health mall provided to Ping An and/or its associates, the price shall be based on our purchasing expense taking into consideration of our expected return rate; and
- With respect to the advertising services provided to Ping An and/or its associates, the service fee shall be based on, among others, the position of the advertisement with the purchase volume taking into consideration.

The products and services fees we charged to Ping An and/or its associates were determined on the basis of arm's length negotiations between the relevant parties, which are in line with market rates and are in the best interests of our Company and our Shareholders as a whole. We will also make reference to the applicable historical prices of products and services to ensure that the terms of supplying products and services to Ping An and/or its associates are fair and reasonable.

Historical amounts

The historical amounts for the provision of the above products and services were RMB288,240 thousand, RMB478,446 thousand and RMB1,108,285 thousand for each of the three years ended December 31, 2017, respectively.

Annual caps

In relation to the Provision of Products and Services Framework Agreement, the transaction amount to be paid by Ping An and/or its associates to us in respect of the provision of products and services for the three years ending December 31, 2020 shall not exceed the proposed annual caps as set out in the table below:

	Proposed annual caps for the year ending December 31,		
	2018	2019	2020
Transaction amount to be paid by Ping An and/or its associates to us	1,194,200	1,524,680	2,009,084

(RMB in thousands)

CONNECTED TRANSACTIONS

Basis of caps

The above proposed annual caps for the transaction amount to be paid by Ping An and/or its associates to us in respect of the provision of products and services are determined with reference to the following basis:

- the historical transaction amounts and the growth trend for the three years ended December 31, 2017 under the existing products and services provision arrangements between the Company and Ping An and/or its associates during the Track Record Period;
- the expected increase of demand for our products and services from employees and client of Ping An and/or its associates, including, but not limited to, the provision of periodical medical check-ups service packages offered by us as well as the products of the health mall;
- during the Track Record Period, the Company only provides products and services to some of the subsidiaries/associates of Ping An. It is expected that more subsidiaries/associates of Ping An, such as Ping An Health Insurance, intend to engage in full cooperation in various aspects including, but not limited to, the provision of online consultation services and health check-up service package during the year ending December 31, 2018; and
- the number of employees and the customer base of Ping An and/or its associates have been increasing during the Track Record Period and are expected to continue to increase in the three years ending December 31, 2020. In particular, Ping An intends to purchase more products and services as employee benefits for the three years ending December 31, 2020, including but not limited to the Healthy Life Pass as well as products in the health mall.

Based on the above, the increase in the annual caps for the three years ending December 31, 2020 compared to the historical amounts for the transactions under the Provision of Products and Services Framework Agreement for the three years ended December 31, 2017 were mainly due to the increase in the sales volume between the Company and Ping An and/or its associates. In addition, the proposed annual caps have also taken into account the estimated future demand, inflation factors and been calculated based on the principal assumption that there will not be any adverse change or disruption in market conditions, operation and business environment or government policies which may materially affect our business and those of Ping An and/or its associates during the term of the Provision of Products and Services Framework Agreement.

Listing Rules implications

In respect of the transactions under the Provision of Products and Services Framework Agreement, as the highest applicable percentage ratio for each of the three years ending December 31, 2020 calculated for the purpose of Chapter 14A of the Listing Rules is expected to exceed 5% on an annual basis, such transactions will, upon Listing, constitute continuing connected transactions of the Company subject to the annual reporting requirement under Rules 14A.49 and 14A.71 of the Listing Rules, the announcement requirement under Rule 14A.35 of the Listing Rules and the independent Shareholders' approval requirement under Rule 14A.36 of the Listing Rules.

CONNECTED TRANSACTIONS

3. Services Purchasing Framework Agreement

Principal terms

We entered into a services purchasing framework agreement with Ping An on April 18, 2018 (the “Services Purchasing Framework Agreement”), pursuant to which Ping An and/or its associates will provide a wide spectrum of services to us, including but not limited to consulting services, business promotion services, outsourcing services relating to finance, human resources and administration matters, insurance services, online traffic re-directing services and customer referral services. We will, in return, pay service fees to Ping An and/or its associates. The precise scope of service, service fee calculation, method of payment and other details of the service arrangement will be agreed between the relevant parties separately.

The initial term of the Services Purchasing Framework Agreement will commence on the Listing Date and end on December 31, 2020, subject to renewal upon the mutual consent of both parties.

Reasons for the transaction

Since its establishment, the Company has been purchasing a variety of services from Ping An and/or its associates to satisfy its business and operational needs. Owing to the strategic business relationship, Ping An and/or its associates has acquired a comprehensive understanding of our business and operational requirements and established a great foundation for mutual trust. Taking into consideration our previous purchasing experience with Ping An and/or its associates, we believe that Ping An and/or its associates is capable of fulfilling our demands efficiently and reliably with a stable and high quality supply of services, and entering into the Services Purchasing Framework Agreement would minimize disruption to the Company’s operation and internal procedures. In addition, it would be more cost-effective for the Company to outsource procedural and commoditized work from Ping An and/or its associates rather than maintain its own headcounts for processing such work. Our Directors believe that such provision of services by Ping An to us will not give rise to any business dependence or reliance issue between our Company and Ping An. For details, please refer to section headed “Relationship with Our Controlling Shareholders — Independence from Ping An — Operational Independence” in this prospectus.

Pricing policies

Taking into consideration the estimated transaction amount, the services fees to be paid by us to Ping An and/or its associates under the Services Purchasing Framework Agreement will be determined 1) through bidding procedures according to the internal rules and procedures of the Company. The Company will compare the fees rates offered by other Independent Third Parties as well as accessing its business needs and the relevant qualifications/experience of the bidders in providing such services before determining the service fee rate for the transactions under the Services Purchasing Framework Agreement; and 2) if no tendering and bidding process is required under our internal rules, through arm’s length negotiations between the parties based on the historical fees of such services, the nature of the services, the frequency for providing such services by Ping An and/or its associates and comparable market rates. The pricing terms under the Service Purchasing Framework Agreement will be no less favorable to the Company than terms of services available to Independent Third Parties (if applicable), and the services fees are in line with or lower than market rates and is in the best interests of our Company and our Shareholders as a whole.

CONNECTED TRANSACTIONS

Historical amounts

The transaction amounts paid by us to Ping An and/or its associates in respect of the above services were RMB2,584 thousand, RMB39,326 thousand and RMB55,031 thousand for each of the three years ended December 31, 2017, respectively.

Annual caps

The transaction amounts to be paid by us to Ping An and/or its associates under the Services Purchasing Framework Agreement for the three years ending December 31, 2020 shall not exceed the proposed annual caps as set out in the table below:

	Proposed annual caps for the year ending		
	December 31,		
	2018	2019	2020
	<i>(RMB in thousands)</i>		
Transaction amount to be paid by us to Ping An and/or its associates	70,880	103,056	150,667

Basis of caps

The above proposed annual caps are determined with reference to the following factors:

- the estimated approximately 45% increase in the transaction amount to be paid by us to Ping An and/or its associates under the Services Purchasing Framework Agreement for the three years ending December 31, 2020, which is in line with the trend of increase in the historical transaction amount under the Services Purchasing Framework Agreement during the Track Record Period;
- due to the expected significant growth in our operational scale in the three years ending December 31, 2020, our needs for services such as consulting service, insurance service and business promotion services to be provided by Ping An and/or its associates in supporting our business operation are expected to grow accordingly; and
- the expected increase of service fee to be charged by Ping An and/or its associates due to the estimated increase of cost of labor for the provision of services by Ping An and/or its associates.

Based on the above, the increase in the annual caps for the three years ending December 31, 2020 compared to the historical amounts for the transactions under the Services Purchasing Framework Agreement for the three years ended December 31, 2017 were due to the increase both in the sales volume and the sales price between the Company and Ping An and/or its associates. In addition, the proposed annual caps have also taken into account the estimated future demand, inflation factors and

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been calculated based on the principal assumption that there will not be any adverse change or disruption in market conditions, operation and business environment or government policies which may materially affect our business and those of Ping An and/or its associates during the term of the Services Purchasing Framework Agreement.

Listing Rules implications

As the highest applicable percentage ratio of the transactions under the Services Purchasing Framework Agreement for each of the three years ending December 31, 2020 calculated for the purpose of Chapter 14A of the Listing Rules is expected to exceed 5% on an annual basis, such transactions will, upon Listing, constitute continuing connected transactions of the Company subject to the annual reporting requirement under Rules 14A.49 and 14A.71 of the Listing Rules, the announcement requirement under Rule 14A.35 of the Listing Rules and the independent Shareholders' approval requirement under Rule 14A.36 of the Listing Rules.

4. Property Leasing Framework Agreement

Principal terms

We entered into a property leasing framework agreement with Ping An on April 18, 2018 (the "Property Leasing Framework Agreement"), pursuant to which we will lease properties from Ping An and/or its associates for office use, including but not limited to the properties of Ping An in Beijing, Shanghai and Guangzhou. See "Business — Properties" for details of our corporate headquarters leased from Ping An. The principal terms of the Property Leasing Framework Agreement are as follows:

- the initial term of the Property Leasing Framework Agreement will commence on the Listing Date and end on December 31, 2020, subject to renewal through mutual consents by the parties;
- we are entitled to lease additional gross floor area from and among the available properties owned by Ping An and/or its associates during the term of the Property Leasing Framework Agreement; and
- the parties will enter into separate agreements setting out the specific terms and conditions (including property rents, payment methods and other usage fees) in respect of the relevant leased property based on the principles, and within the parameters provided, under the Property Leasing Framework Agreement.

Reasons for the transaction

We have historically leased certain properties from Ping An and/or its associates as offices. Compared with Independent Third Parties, Ping An and/or its associates have a better understanding of our property requirements in relation to office premises, and leasing properties from Ping An and/or its associates also facilitates our business corporation with Ping An and/or its associates geographically. In addition, relocating our offices to other premises will cause unnecessary disruptions

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to our normal business operation and incur unnecessary costs. We consider that the terms of the Property Leasing Framework Agreement are consistent with normal commercial terms which can safeguard our entitlement to long-term property rights, therefore enabling us to achieve long-term development and continuity of our business operations.

Pricing policy

The monthly rents payable by us during the leasing term are determined on normal commercial terms after arm's length negotiations between the relevant parties, and the rents shall be in line with or no more than the prevailing market rates of properties of comparable size and quality situated in the same locality available to Independent Third Parties, which are in the best interests of our Company and our Shareholders as a whole.

Historical amounts

The total property rents paid by us to Ping An and/or its associates for each of the three years ended December 31, 2017 were approximately RMB20,018 thousand, RMB27,575 thousand and RMB28,798 thousand, respectively.

Annual caps

The annual rents payable to Ping An and/or its associates for the three years ending December 31, 2020 shall not exceed the caps as set out in the table below:

	Proposed annual caps for the year ending December 31,		
	2018	2019	2020
	<i>(RMB in thousands)</i>		
Rents to be paid by us to Ping An and/or its associates	38,400	46,080	55,296

Basis of caps

When estimating the annual caps for the rental expenses to be incurred by us, the Directors have taken into account the following key factors:

- the historical transaction amounts and growth trend under the existing properties leasing arrangements; and
- the estimated 20% increase in the annual rent for the properties leased from Ping An and/or its associates for the three years ending December 31, 2020, including: 1) the estimated increase in the monthly rent per sq.m. for the properties leased from Ping An and/or its associates considering the trend of increase in the historical rental expenses, which is in line with market rates; and 2) the expected expansion of the leasing area of the properties

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leased from Ping An and/or its associates. Due to the rapid increase in our business scale during the Track Record Period, the Company proposes to lease additional properties from Ping An and/or its associates for office use for the three years ending December 31, 2020.

Listing Rules implications

As the highest applicable percentage ratio of the transactions under the Property Leasing Framework Agreement for each of the three years ending December 31, 2020 calculated for the purpose of Chapter 14A of the Listing Rules is expected to exceed 0.1%, but less than 5% on an annual basis, such transactions will, upon Listing, constitute continuing connected transactions of the Company subject to the annual reporting requirement under Rules 14A.49 and 14A.71 of the Listing Rules and the announcement requirement under Rule 14A.35 of the Listing Rules.

5. Joint Technology Development Framework Agreement

Principal terms

We entered into a joint technology development framework agreement with Ping An on April 18, 2018 (the “Joint Technology Development Framework Agreement”) for the cooperation on the research and development of certain artificial intelligence technology, namely, the Intelligent Diagnosis Technology (智能問診技術) and Contemporary Hua Tuo Technology (現代華佗技術) (the “AI Technology”). Pursuant to the Joint Technology Development Framework Agreement, both parties will pay the research and development costs for the AI Technology. The principal terms of the Joint Technology Development Framework Agreement are as follows:

- the parties shall each be responsible for 50% of the research and development costs of the AI Technology;
- the associated intellectual property rights in relation to the AI Technology developed during the term of the Joint Technology Development Framework Agreement will be co-owned by the parties;
- without prior consent of the other party, neither Ping An and/or its associates (excluding the Group) nor the Company shall (1) apply, register or file for intellectual property of the AI Technology on its own account or on behalf of a third party; or (2) transfer the research findings and the associated intellectual property rights to any third party in any form;
- Ping An and/or its associates (excluding the Group) and the Company will each have the right to license the intellectual property rights of the AI Technology developed during the term of the Joint Technology Development Framework Agreement to a member of the Ping An Group without obtaining the consent of the other party, and the licensing party will be entitled to the licensing fees. In the event that both the Company and Ping An and/or its associates (excluding the Group) intend to license the intellectual property rights to the same member of Ping An Group, both parties will be the licensors to the intellectual

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property rights associated with the AI Technology. Such licensing fees will be shared between the Company and Ping An and/or its associates (excluding the Group) on a 50:50 basis. Such licensing right shall survive the expiry of the Joint Technology Development Framework Agreement; and

- Ping An and/or its associates (excluding the Group) and the Company will need to obtain the consent of the other party before licensing the intellectual property rights of the AI Technology to a third party other than members of the Ping An Group, and the licensing fees will be shared between Ping An and/or its associates (excluding the Group) and the Company on a 50:50 basis.

The Joint Technology Development Framework Agreement will take effect from 1 January 2017 and expire on 31 December 2018.

Reasons for the transaction

In view of the recent industry development, the Company has identified development of the AI Technology as a strategic move for the development of the online medical consulting business in the long run. Having considered all the relevant factors, particularly, cost-effectiveness and risk control of the research and development work, the Company proposed to combine its know-how, funds and research and development facilities with those of Ping An and/or its associates in jointly developing the AI Technology.

Pricing policies

Under the Joint Technology Development Framework Agreement, the research and development costs are borne by the parties on an equal basis. The Company is of the view that equally sharing the research and development cost under the Joint Technology Development Framework Agreement, including labor costs and non-labor costs such as rental fees, administrative expenses and IT expenses, is fair and reasonable, given that the associated intellectual property rights in relation to the AI Technology will be co-owned by both parties, which is in the best interests of our Company and our Shareholders as a whole.

Historical amounts

As the Joint Technology Development Framework Agreement is entered into on April 18, 2018, all the research and development costs of the AI Technology incurred by us in the year ended December 31, 2017 under the Joint Technology Development Framework Agreement will be shared by Ping An and/or its associates and us, and settled by both parties in 2018. Therefore, there was no historical amount for the Joint Technology Development Framework Agreement for the year ended December 31, 2017.

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Annual cap

In respect of the Joint Technology Development Framework Agreement, the research and development costs to be contributed by us for the year ending December 31, 2018 shall not exceed the cap as set out in the table below:

	Proposed annual cap for the year ending December 31, 2018
	<i>(RMB in thousands)</i>
Research and development costs to be contributed by us	95,500

The total research and development costs under the Joint Technology Development Framework Agreement for the year ending December 31, 2018 shall not exceed RMB191,000 thousand.

Basis of cap

Given the significance of the AI Technology to our core business, the Company intends to invest a total amount of RMB95,500 thousand to cooperate with Ping An and/or its associates in the development of AI Technology, taking into account the expected expenses to be incurred by us, such as labor costs and non-labor costs such as rental fees, administrative expenses and IT expenses under the Joint Technology Development Framework Agreement for the year ending December 31, 2018.

Listing Rules implications

As the highest applicable percentage ratio of the transactions under the Joint Technology Development Framework Agreement for the year ending December 31, 2018 calculated for the purpose of Chapter 14A of the Listing Rules is expected to exceed 5% on an annual basis, such transactions will, upon Listing, constitute continuing connected transactions of the Company subject to the annual reporting requirement under Rules 14A.49 and 14A.71 of the Listing Rules, the announcement requirement under Rule 14A.35 of the Listing Rules and the independent Shareholders' approval requirement under Rule 14A.36 of the Listing Rules.

6. Financial Service Framework Agreement

Principal terms

The Company entered into a financial service framework agreement with Ping An on April 18, 2018 (the "Financial Service Framework Agreement"), pursuant to which Ping An Bank will provide deposit service, and Ping An and/or its associates will provide wealth management service to us. For the deposit service provided, we deposit cash into our bank accounts at Ping An Bank, including cash

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generated from our daily business operations and proceeds generated from our financing activities. In return, Ping An Bank pays deposit interests to us. In respect of the wealth management service, we purchase wealth management products from Ping An and/or its associates and receive investment income in return.

The period of the Financial Service Framework Agreement is a fixed term effective from the Listing Date to December 31, 2020, subject to renewal upon the mutual consent of both parties.

Reasons for the transaction

As Ping An and/or its associates have been providing deposit service and wealth management service to the Company during the Track Record Period, it has developed a deep understanding of our capital structure, business operations, funding needs and cash flow patterns, which facilitates the provision of expedient and efficient services. Therefore, Ping An and/or its associates are well-positioned in providing the Company with customized financial services.

Pricing policies

Deposit service

Interest rates for the deposits placed by us with Ping An Bank will not be lower than: (i) the interest rate published by the PBOC for deposits of a similar type for the same period; (ii) the interest rate for deposits of a similar type for the same period placed by Independent Third Parties; or (iii) the interest rate for deposits of a similar type for the same period offered by independent commercial banks to us and our subsidiaries. Such interest rates are in line with market rates and are in the best interests of our Company and our Shareholders as a whole.

Wealth management service

The investment income to be received by us from the purchase of wealth management products from Ping An Bank will be: (i) subject to the benchmark fee (if applicable) for similar types of wealth management products published by PBOC or CBRC from time to time; (ii) comparable to, or no less favorable to our Group than the average investment income rates offered by independent commercial banks or financial institutions for similar types of wealth management products; and (iii) based on the investment income rates for the wealth management products offered by Ping An Bank, which will apply to all purchasers of such wealth management products, including the Company and any Independent Third Parties.

Historical amounts

In respect of the deposit service provided by Ping An Bank to the Company, the maximum daily balance of deposit placed by us with Ping An Bank was RMB165,614 thousand, RMB3,425,855 thousand and RMB4,883,235 thousand, and the interest income received by us from Ping An Bank was RMB1,148 thousand, RMB1,313 thousand and RMB35,559 thousand, for the three years ended December 31, 2017, respectively.

CONNECTED TRANSACTIONS

In respect of the wealth management service provided by Ping An and/or its associates to the Company, the maximum daily balance of the wealth management products purchased by us from Ping An and/or its associates was RMB110,328 thousand, RMB175,919 thousand and RMB578,150 thousand, respectively, and the investment income received by us from Ping An and/or its associates was RMB541 thousand, RMB1,457 thousand and RMB10,906 thousand, respectively, for the three years ended December 31, 2017.

Annual caps

In respect of the Financial Service Framework Agreement, the maximum daily balance of deposits to be placed by us with Ping An Bank, the deposit interest income received by us from Ping An Bank, the maximum daily balance of the wealth management products purchased by us from Ping An and/or its associates and the investment income to be received by us from Ping An and/or its associates for the three years ending December 31, 2020 shall not exceed the respective proposed annual caps as set out in the table below:

	Proposed annual caps for the year ending December 31,		
	2018	2019	2020
	<i>(RMB in thousands)</i>		
Deposit Service			
Maximum daily balance of deposits to be placed by us with Ping An Bank	13,819,120	13,819,120	13,819,120
Interest income to be received by us from Ping An Bank	414,574	414,574	414,574
Wealth Management Service			
Maximum daily balance of the wealth management products purchased by us from Ping An and/or its associates	11,055,296	11,055,296	11,055,296
Investment income to be received by us from Ping An and/or its associates	497,489	497,489	497,489

Basis of caps

Deposit Service — Maximum daily balance of deposits to be placed by us with Ping An Bank

The above proposed annual caps for the maximum daily balance of deposits to be placed by us with Ping An Bank are determined with reference to the following basis:

- (i) the historical amounts under the existing deposit services arrangements;

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- (ii) the current and expected future cash flow position of the Company in light of our estimated scale of business operation and demand for deposit services in the future;
- (iii) it is expected that our business will achieve significant growth in the year 2018 and the next two years upon Listing; since we intend to place 1) part of our revenue generated from our business operations; 2) the net proceeds generated from the Company's pre-IPO investment by SoftBank Vision Fund; and 3) the estimated net proceeds from the Listing with Ping An Bank, the maximum daily balance of our deposits to be placed by us with Ping An Bank is expected to grow significantly.

Deposit Service — Interest income to be received by us from Ping An Bank

In respect of the deposit service to be provided by Ping An Bank to the Company, the above proposed annual caps for the interest income to be received by us from Ping An Bank are determined based on the expected interest rates of approximately 3% of our outstanding deposit amount, which is in line with prevailing market rates.

Wealth Management Service — Maximum daily balance of the wealth management products purchased by us from Ping An and/or its associates

In respect of the wealth management products to be purchased by the Company from Ping An and/or its associates, the above proposed annual caps for the maximum daily balance of the wealth management products are determined with reference to the following:

- (i) the historical transaction amounts under the existing wealth management services arrangements; and
- (ii) the expected volume of deposit to be placed with Ping An and/or its associates with certain reserve for liquidity purposes. Taking into consideration the Company's future treasury policy, which balances the Company's working capital and liquidity needs as well as its investment in wealth management products to increase its investment income, it is currently expected that the Company may purchase wealth management products from Ping An and/or its associates with up to 80% of its deposit with Ping An Bank.

Wealth Management Service — Investment income to be received by us from Ping An and/or its associates

The above proposed annual caps for the investment income to be received by us from Ping An and/or its associates are determined based on the expected return rate of approximately 4.5% for the wealth management service provided by Ping An and/or its associates, which is in line with prevailing market rates. Our decisions on the investment products of Ping An Bank are based on risk and return analysis under our treasury policy, as well as an analysis of suitable and comparable products available in the market.

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Listing Rules implications

As the highest applicable percentage ratio of the transactions contemplated under the Financial Services Framework Agreement for each of the three years ending December 31, 2020 calculated for the purpose of Chapter 14A of the Listing Rules is expected to exceed 5% on an annual basis, such transactions will, upon Listing, constitute continuing connected transactions of the Company subject to the annual reporting requirement under Rules 14A.49 and 14A.71 of the Listing Rules, the announcement requirement under Rule 14A.35 of the Listing Rules and the independent Shareholders' approval requirement under Rule 14A.36 of the Listing Rules.

7. Overseas Medical Services Referral Framework Agreement

Principal terms

We entered into an overseas medical services referral framework agreement with Zheng He Health on December 20, 2017 (the "Overseas Medical Services Referral Framework Agreement"), pursuant to which we have agreed to refer customers to Zheng He Health and/or its associates for their recommendation of certain overseas medical services providers, such as medical institutions or medical experts, to these customers. Zheng He Health will pay commission to us for every successful referral, the amount of which is equal to 5% to 7.5% of the referral commission to be received by Zheng He Health from the overseas medical services providers as separately agreed between them.

The initial term of the Overseas Medical Services Referral Framework Agreement commenced on January 1, 2018 and will end on December 31, 2020, subject to renewal upon the mutual consent of both parties.

Reasons for the transaction

During the course of our online healthcare businesses, we have been receiving increasing demand from our customers for high quality overseas medical services. To meet such customer demand, and having considered the overseas medical resources of Zheng He Health, the Company and Zheng He Health agreed to engage in cooperation in terms of overseas medical services referral.

Pricing policies

Depending on the nature of different types of services provided by the overseas service providers, the commission to be paid to us by Zheng He Health is equal to 5% to 7.5% of the referral commission received by Zheng He Health from overseas medical services providers under the Overseas Medical Services Referral Framework Agreement, which was based on arm's length negotiations between both parties and is in the best interests of our Company and our Shareholders as a whole.

Historical amounts

There was no historical amount for the Overseas Medical Services Referral Framework Agreement for each of the three years ended December 31, 2017.

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Annual caps

The commission to be paid by Zheng He Health to us under the Overseas Medical Services Referral Framework Agreement for the three years ending December 31, 2020 shall not exceed the proposed annual caps as set out in the table below:

	Proposed annual caps for the year ending		
	December 31,		
	2018	2019	2020
	<i>(US\$ in thousands)</i>		
Commission to be paid by Zheng He Health to us	10,000	20,000	20,000

Basis of caps

The above proposed annual caps are determined with reference to the following factors:

- the recent rapid growth of demand from the PRC customers for high quality overseas medical services;
- the current and estimated demand of our customers for overseas medical services, such as beauty care, health check-up and treatment of severe diseases;
- the commission to be paid by Zheng He Health to us for every successful referral equals to 5% to 7.5% of the referral commission to be received by Zheng He Health from the overseas medical services providers, taking into consideration prevailing market rates as well as the cost and expected return rate for each of Zheng He Health and us with respect to such overseas medical services referral arrangement;
- the average fee charge per user. For the purpose of estimating the proposed annual caps for the three years ending December 31, 2020, assuming the average treatment price range for serious disease is approximately US\$100,000 to US\$150,000; and for healthcare related service is approximately US\$1,000 to US\$2,000; and
- Zheng He Health's scale of business in this regard and the expected commission Zheng He Health to be received from those overseas medical services providers.

Listing Rules implications

As the highest applicable percentage ratio of the transactions under the Overseas Medical Services Referral Framework Agreement for each of the three years ending December 31, 2020 calculated for the purpose of Chapter 14A of the Listing Rules is expected to exceed 5% on an annual

CONNECTED TRANSACTIONS

basis, such transactions will, upon Listing, constitute continuing connected transactions of the Company subject to the annual reporting requirement under Rules 14A.49 and 14A.71 of the Listing Rules, the announcement requirement under Rule 14A.35 of the Listing Rules, and the independent Shareholders' approval requirement under Rule 14A.36 of the Listing Rules.

8. Contractual Arrangements

Background

As disclosed in the section headed "Contractual Arrangements" in this prospectus, due to regulatory restrictions on foreign ownership in the PRC, we conduct a substantial portion of our business through our Operating Entities in the PRC. We do not hold any equity interests in our Operating Entities. Ping An Health Cloud is held by Ping An Financial Technology, Kang Wei Jian, Kang Rui Jian and Guang Feng Qi. The Contractual Arrangements among Kang Jian and Ping An Health Cloud and the shareholders of Ping An Health Cloud enable us to (i) receive substantially all of the economic benefits from Ping An Health Cloud in consideration for the services provided by Kang Jian; (ii) exercise effective control over our Operating Entities through Ping An Health Cloud; and (iii) hold an exclusive option to purchase all or part of the equity interests and assets of Ping An Health Cloud when and to the extent permitted by PRC laws.

See the section headed "Contractual Arrangements" in this prospectus for detailed terms of the Contractual Arrangements.

Listing Rules Implications

The transactions contemplated under the Contractual Arrangements constitute continuing connected transactions of our Company under the Listing Rules upon Listing as certain parties to the Contractual Arrangements, namely Ping An Financial Technology, Mr. DOU Wenwei, Ms. WANG Wenjun and Guang Feng Qi, are connected persons of the Group. Ping An Financial Technology is a subsidiary of Ping An, one of our Controlling Shareholders, and is therefore an associate of Ping An. Guang Feng Qi is owned as to 50% by Mr. DOU Wenwei and 50% by Ms. WANG Wenjun, our Directors, and is therefore an associate of Mr. DOU Wenwei and Ms. WANG Wenjun respectively.

Our Directors (including the independent non-executive Directors) are of the view that the Contractual Arrangements and the transactions contemplated therein are fundamental to our Group's legal structure and business, that such transactions have been and will be entered into in the ordinary and usual course of business of our Group, are on normal commercial terms and are fair and reasonable and in the interests of our Company and our Shareholders as a whole. Accordingly, notwithstanding that the transactions contemplated under the Contractual Arrangements and any new transactions, contracts and agreements or renewal of existing transactions, contracts and agreements to be entered into, among others, by any of our Operating Entities and any member of our Group ("New Intergroup Agreements" and each of them, a "New Intergroup Agreement") technically constitute continuing connected transactions under Chapter 14A of the Listing Rules, our Directors consider that, given that

CONNECTED TRANSACTIONS

our Group is placed in a special situation in relation to the connected transactions rules under the Contractual Arrangements, it would be unduly burdensome and impracticable, and would add unnecessary administrative costs to our Company if such transactions are subject to strict compliance with the requirements set out under Chapter 14A of the Listing Rules, including, among others, the annual reporting requirement under Rules 14A.49 and 14A.71 of the Listing Rules, the announcement requirement under Rule 14A.35 of the Listing Rules and the independent Shareholders' approval requirement under Rule 14A.36 of the Listing Rules.

INTERNAL CONTROL PROCEDURES

(1) *Independent financial system*

We have established an independent financial department with independent financial staff, which is supervised by our chief financial officer. We have adopted a sound and independent audit system and a comprehensive financial management system. We do not share any bank account with our Controlling Shareholders such as Ping An or Le Jin Xuan and/or their respective close associates. We have independent tax registrations and have paid tax independently pursuant to relevant PRC laws and regulations. Please see the section headed "Relationship with our Controlling Shareholders" in this prospectus for details of the independence of our Group from our Controlling Shareholders.

(2) *Risk management measures*

- we shall monitor our maximum daily balance of deposits to be placed with Ping An Bank and wealth management products to be purchased from Ping An Bank to ensure the applicable annual caps are not exceeded. We will regularly check on our deposits and wealth management products balance with Ping An Bank, therefore enabling us to monitor our account and to ensure that the relevant transaction amount will not exceed the annual caps under the Financial Service Framework Agreement. If the balance is close to the applicable maximum daily balance, we will consider transferring a certain amount to our bank account opened with an independent commercial bank from our deposit in Ping An, and consider decreasing the investment amounts in the wealth management products of Ping An and/or its associates; and
- we shall closely monitor the financial position and operating conditions of Ping An and/or its associates through its annual report, its website and information such as its bond issuances in the open market. If we consider that there are material adverse changes in the financial condition of Ping An, we will take appropriate measures, including early withdrawal of deposit and investment balance and suspension of further deposits and investments, to protect our financial position.

CONNECTED TRANSACTIONS

(3) *Internal control measures*

In order to ensure that the terms under relevant framework agreements for the continuing connected transactions are fair and reasonable, and no less favorable to us than terms available to or from Independent Third Parties, and the connected transactions are carried out under normal commercial terms, we have adopted the following internal control procedures:

- we have adopted and implemented a management system on connected transactions. Under such system, the Audit and Risk Management Committee under the Board is responsible for the review on compliance with relevant laws, regulations, the Company's policies and the Listing Rules in respect of the continuing connected transactions. In addition, the Audit and Risk Management Committee under the Board, the Board and various internal departments of the Company (including but not limited to the finance department and legal department) are jointly responsible for evaluating the terms under framework agreements for the continuing connected transactions, in particular, the fairness of the pricing policies and annual caps under each transaction;
- the Audit and Risk Management Committee under the Board, the Board and various internal departments of the Company also regularly monitor the fulfillment status and the transaction updates under the framework agreements. In addition, the management of the Company also regularly reviews the pricing policies of the framework agreements;
- our independent non-executive Directors and auditors will conduct annual review of the continuing connected transactions under the framework agreements and provide annual confirmation to ensure that, in accordance with the Listing Rules, the transactions are conducted in accordance with the terms of the agreements, on normal commercial terms and in accordance with the pricing policy; and
- when considering the rents, service fees, and other fees provided by us to the above connected persons, the Company will continue to regularly research in prevailing market conditions and practices and make reference to the pricing and terms between the Company and Independent Third Parties for similar transactions, to ensure that the pricing and terms offered by the above connected persons, either from bidding procedures or mutual commercial negotiations (as the case may be), are fair, reasonable and are no less favorable than those offered to Independent Third Parties. For the specific internal control procedures for each of the continuing connected transaction under their framework agreements, please refer to the relevant disclosure for the respective continuing connected transaction in this section.

CONFIRMATION BY DIRECTORS

The Directors (including independent non-executive Directors) are of the view that the Non-exempt Continuing Connected Transactions have been and will continue to be carried out in our ordinary and usual course of business of the Company and on normal commercial terms that are fair and reasonable and in the interests of the Company and our Shareholders as a whole, and that the proposed annual caps for the Non-exempt Continuing Connected Transactions are fair and reasonable and in the interests of the Company and our Shareholders as a whole.

CONNECTED TRANSACTIONS

CONFIRMATION BY THE JOINT SPONSORS

The Joint Sponsors are of the view that the Non-exempt Continuing Connected Transactions have been and will continue to be carried out in the ordinary and usual course of business of the Company and on normal commercial terms that are fair and reasonable and in the interests of the Company and our Shareholders as a whole, and that the proposed annual caps of the Non-exempt Continuing Connected Transactions are fair and reasonable and in the interests of the Company and our Shareholders as a whole.

WAIVERS GRANTED BY THE STOCK EXCHANGE

In respect of the continuing connected transactions as described above under (2) the Provision of Products and Services Framework Agreement, (3) the Services Purchasing Framework Agreement, (5) the Joint Technology Development Framework Agreement, (6) the Financial Service Framework Agreement and (7) the Overseas Medical Services Referral Framework Agreement, the highest applicable percentage ratios calculated for the purpose of Chapter 14A of the Listing Rules for the three years ending December 31, 2020 (in the case of (5) the Joint Technology Development Framework Agreement, the year ending December 31, 2018) are expected to be more than 5% on an annual basis. Accordingly, the continuing connected transactions under these framework agreements are subject to the annual reporting requirement under Rules 14A.49 and 14A.71 of the Listing Rules, the announcement requirement under Rule 14A.35 of the Listing Rules and the independent Shareholders' approval requirement under Rule 14A.36 of the Listing Rules.

In respect of the continuing connected transactions as described above under (4) the Property Leasing Framework Agreement, the highest applicable percentage ratio calculated for the purpose of Chapter 14A of the Listing Rules for the three years ending December 31, 2020 is expected to be more than 0.1% but less than 5% on an annual basis. Accordingly, the continuing connected transactions under (4) the Property Leasing Framework Agreement are subject to the annual reporting requirement under Rules 14A.49 and 14A.71 of the Listing Rules and the announcement requirement under Rule 14A.35 of the Listing Rules.

As the above continuing connected transactions are expected to be carried out on a recurring basis, our Directors consider that strict compliance with the aforesaid announcement and independent Shareholders' approval requirements will be impractical, and such requirements will lead to unnecessary administrative costs and create an onerous burden on us. Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted us, pursuant to Rule 14A.105 of the Listing Rules, waivers from strict compliance with the announcement and independent Shareholders' approval requirements under Rule 14A.35 and Rule 14A.36 of the Listing Rules [(in case of (4) the Property Leasing Framework Agreement, the announcement requirement under Rule 14A.35 of the Listing Rules)] in respect of the transactions under (2) the Provision of Products and Services Framework Agreement, (3) the Services Purchasing Framework Agreement, (4) the Property Leasing Framework Agreement, (5) the Joint Technology Development Framework Agreement, (6) the Financial Service Framework Agreement and (7) the Overseas Medical Services Referral Framework

CONNECTED TRANSACTIONS

Agreement, provided that the total amount of transactions for each of the three years ending December 31, 2020 (in the case of (5) the Joint Technology Development Framework Agreement, the year ending December 31, 2018) will not exceed the relevant proposed annual caps as set out in this section. The independent non-executive Directors and auditors of the Company will review whether the transactions under the above continuing connected transactions have been entered into pursuant to the principal terms and pricing policies under the relevant framework agreements as disclosed in this section. The confirmation from our independent non-executive Directors and our auditors will be disclosed annually according to the requirements of the Listing Rules.

The Contractual Arrangements

In respect of the Contractual Arrangements, we have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with (i) the announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the transactions contemplated under the Contractual Arrangements pursuant to Rule 14A.105 of the Listing Rules, (ii) the requirement of setting an annual cap for the transactions under the Contractual Arrangements under Rule 14A.53 of the Listing Rules, and (iii) the requirement of limiting the term of the Contractual Arrangements to three years or less under Rule 14A.52 of the Listing Rules, for so long as our Shares are listed on the Stock Exchange, subject, however, to the following conditions:

(a) ***No change without independent non-executive Directors' approval***

No change to the Contractual Arrangements (including with respect to any fees payable to Kang Jian thereunder) will be made without the approval of our independent non-executive Directors.

(b) ***No change without independent Shareholders' approval***

Save as described in paragraph (d) below, no change to the agreements governing the Contractual Arrangements will be made without the independent Shareholders' approval. Once independent Shareholders' approval of any change has been obtained, no further announcement or approval of the independent Shareholders will be required under Chapter 14A of the Listing Rules unless and until further changes are proposed. The periodic reporting requirement regarding the Contractual Arrangements in the annual reports of our Company (as set out in paragraph (e) below) will, however, continue to be applicable.

The Contractual Arrangements shall continue to enable our Group to receive the economic benefits derived by the Operating Entities through (i) our Group's option (if and when so allowed under the applicable PRC laws) to acquire all or part of the entire equity interests and assets at a consideration which shall be the higher of (a) a nominal price or (b) the lowest price as permitted and applicable PRC laws, (ii) the business structure under which the profit generated by the Operating Entities is substantially retained by our Group, such that no annual cap shall be set on the amount of service fees payable to Kang Jian by Ping An Health Cloud under the Exclusive Business Cooperation Agreement, and (iii) our Group's right to control the management and operation of, as well as the substance of, all of the voting rights of Ping An Health Cloud.

CONNECTED TRANSACTIONS

(c) *Renewal and reproduction*

On the basis that the Contractual Arrangements provide an acceptable framework for the relationship between our Company and its subsidiaries in which our Company has direct shareholding, on the one hand, and the Operating Entities, on the other hand, that framework may be renewed and/or reproduced upon the expiry of the existing arrangements or in relation to any existing or new wholly foreign owned enterprise or operating company (including branch company) engaging in the same business as that of our Group which our Group might wish to establish when justified by business expediency, without obtaining the approval of the Shareholders, on substantially the same terms and conditions as the existing Contractual Arrangements. The directors, chief executive or substantial shareholders of any existing or new wholly foreign owned enterprise or operating company (including branch company) engaging in the same business as that of our Group which our Group may establish will, upon renewal and/or reproduction of the Contractual Arrangements, however, be treated as connected persons of our Company and transactions between these connected persons and our Company other than those under similar contractual arrangements shall comply with Chapter 14A of the Listing Rules. This condition is subject to relevant PRC laws, regulations and approvals.

(d) *Ongoing reporting and approvals*

We will disclose details relating to the Contractual Arrangements on an on-going basis as follows:

- The Contractual Arrangements in place during each financial period will be disclosed in our Company's annual report and accounts in accordance with the relevant provisions of the Listing Rules.
- Our independent non-executive Directors will review the Contractual Arrangements annually and confirm in our Company's annual report and accounts for the relevant year that (i) the transactions carried out during such year have been entered into in accordance with the relevant provisions of the Contractual Arrangements, (ii) no dividends or other distributions have been made by our Ping An Health Cloud to the holders of its equity interests which are not otherwise subsequently assigned or transferred to our Group, and (iii) any new contracts entered into, renewed or reproduced between our Group and Ping An Health Cloud during the relevant financial period under paragraph (d) above are fair and reasonable, or advantageous to our Shareholders, so far as our Group is concerned and in the interests of our Company and our Shareholders as a whole.
- Our Company's auditor will carry out review procedures annually on the transactions, pursuant to the Contractual Arrangements, and will provide a letter to our Directors with a copy to the Stock Exchange confirming that the transactions have received the approval of our Directors, have been entered into in accordance with the relevant Contractual Arrangements, and that no dividends or other distributions have been made by our Operating Entities to the holders of its equity interests which are not otherwise subsequently assigned or transferred to our Group.

CONNECTED TRANSACTIONS

- For the purpose of Chapter 14A of the Listing Rules, and in particular the definition of “connected person”, our Operating Entities will be treated as our Company’s subsidiaries, and at the same time, the directors, chief executives or substantial shareholders of the Operating Entities and their respective associates will be treated as connected persons of our Company (excluding, for this purpose, the Operating Entities), and transactions between these connected persons and our Group (including, for this purpose, the Operating Entities), other than those under the Contractual Arrangements, will be subject to requirements under Chapter 14A of the Listing Rules.
- Our Operating Entities will undertake that, for so long as the Shares are listed on the Stock Exchange, the Operating Entities will provide our Group’s management and our Company’s auditor full access to its relevant records for the purpose of our Company’s auditor’s review of the connected transactions.
- In addition, we have also applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver pursuant to Rule 14A.105 of the Listing Rules from strict compliance with (i) the announcement and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules in respect of the transactions contemplated in any New Intergroup Agreements (as defined above), (ii) the requirement of setting an annual cap for the fees payable by/to any member of our Group to/from our Operating Entities in any New Intergroup Agreements, and (iii) the requirement to limit the term of any New Intergroup Agreement to three years or less, for so long as Shares are listed on the Stock Exchange. The waiver is subject to the condition that the Contractual Arrangements subsist and that the consolidated affiliated entities will continue to be treated as our Company’s subsidiaries, but their directors, chief executives or substantial shareholders of the consolidated affiliated entities and its associates will be treated as connected persons of our Company (excluding, for this purpose, our consolidated affiliated entities), and transactions between these connected persons and our Group (including, for this purpose, our Operating Entities), other than those under the Contractual Arrangements, will be subject to requirements under Chapter 14A of the Listing Rules. We will comply with the applicable requirements under the Listing Rules, and will immediately inform the Stock Exchange if there are any changes to these continuing connected transactions.

In the event of any future amendments to the Listing Rules imposing more stringent requirements than those applicable as of the Latest Practicable Date on the continuing connected transactions referred to in this section, we will take immediate steps to ensure compliance with such new requirements within a reasonable time.

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Upon Listing, our Board will consist of eleven Directors, including one executive Director, six non-executive Directors and four independent non-executive Directors. The following table provides certain information about our Directors:

Name	Age	Position	Roles and responsibilities	Date of joining our Group	Date of appointment as a Director	Relationship with other Directors and senior management
Mr. WANG Tao (王濤)	48	Chairman of the Board, executive Director and Chief Executive Officer	Participating in formulation of business plans, strategies and major decisions of our Group through the Board, responsible for the overall management of our Group	August 20, 2014	May 30, 2016	None
Mr. LEE Yuan Siong (李源祥)	52	Non-executive Director	Participating in formulation of business plans, strategies and major decisions of our Group through the Board	August 20, 2014	May 30, 2016	None
Mr. YAO Jason Bo (姚波)	47	Non-executive Director	Participating in formulation of business plans, strategies and major decisions of our Group through the Board and serving as member of the Audit and Risk Management Committee and the Nomination and Remuneration Committee	May 30, 2016	May 30, 2016	None
Ms. CAI Fangfang (蔡方方)	44	Non-executive Director	Participating in formulation of business plans, strategies and major decisions of our Group through the Board and serving as member of the Nomination and Remuneration Committee	May 30, 2016	May 30, 2016	None
Mr. DOU Wenwei (竇文偉)	52	Non-executive Director	Participating in formulation of business plans, strategies and major decisions of our Group through the Board	October 18, 2017	October 18, 2017	None

DIRECTORS AND SENIOR MANAGEMENT

Name	Age	Position	Roles and responsibilities	Date of joining our Group	Date of appointment as a Director	Relationship with other Directors and senior management
Ms. WANG Wenjun (王文君)	50	Non-executive Director	Participating in formulation of business plans, strategies and major decisions of our Group through the Board	October 18, 2017	October 18, 2017	None
Mr. LAW Siu Wah Eddie (羅肇華)	52	Non-executive Director	Participating in formulation of business plans, strategies and major decisions of our Group through the Board and serving as member of the Audit and Risk Management Committee and the Nomination and Remuneration Committee	March 31, 2016	March 31, 2016	None
Mr. TANG Yunwei (湯雲為)	73	Independent non-executive Director	Supervising and offering independent judgment to the Board and serving as Chairman of the Audit and Risk Management Committee and member of the Nomination and Remuneration Committee	Listing Date*	Listing Date*	None
Mr. GUO Tianyong (郭田勇)	49	Independent non-executive Director	Supervising and offering independent judgment to the Board and serving as Chairman of the Nomination and Remuneration Committee and member of the Audit and Risk Management Committee	Listing Date*	Listing Date*	None
Mr. LIU Xin (劉鑫)	51	Independent non-executive Director	Supervising and offering independent judgment to the Board and serving as Member of the Audit and Risk Management Committee and the Nomination and Remuneration Committee	Listing Date*	Listing Date*	None

DIRECTORS AND SENIOR MANAGEMENT

Name	Age	Position	Roles and responsibilities	Date of joining our Group	Date of appointment as a Director	Relationship with other Directors and senior management
Mr. CHOW Wing Kin Anthony (周永健)	67	Independent non-executive Director	Supervising and offering independent judgment to the Board and serving as member of the Nomination and Remuneration Committee	Listing Date*	Listing Date*	None

Note: The appointment of Mr. TANG Yunmei, Mr. GUO Tianyong, Mr. LIU Xin and Mr. CHOW Wing Kin Anthony as our independent non-executive Directors will take effect on the Listing Date.

Executive Director

Mr. WANG Tao (王濤), aged 48, has been the Chairman of the Board and chief executive officer of our Company since May 2016 and September 2016, respectively. He founded Ping An Health Cloud (Ping An Good Doctor's operating entity in PRC) in August 2014 and has been serving as the chairman and chief executive officer. Mr. Wang has over 20 years of experience in management, technology and medical industry. Mr. Wang served as the chairman and chief executive officer of Ping An Health Insurance from March 2014 to June 2016 and accumulated abundant experience in the medical health industry. In addition, Mr. Wang has abundant management experience in the technology industry, including joining Alibaba Group in November 2004 and to serve as the vice president of technology and senior vice president, founding Alibaba Software (Shanghai) Co., Ltd. (阿里軟件(上海)有限公司) in April 2007, and serving as the president until September 2009, and serving as the chief technology officer of Kingsoft Software Co., Ltd. (北京金山軟件有限公司) from June 2002 to November 2004, the chief executive officer of Skyworth Computer & Network Company Limited (創維資訊技術有限公司) from November 2000 to May 2002, and as a software engineering manager at the headquarters of Microsoft from January 1996 to June 2000.

Mr. Wang obtained his bachelor's degree in computer software from Nanjing University (南京大學) in July 1989 and a master's degree in computer science from Southwest Texas State University in December 1993. In recognition of Mr. Wang's efforts in the field of business innovation and industry achievement, Mr. Wang was recognized as the Leader and Founder in China SaaS (中國SaaS領軍人物大獎) by the China Software Industry Association in 2008 and as one of the 50 Innovators of China Business (中國商業創新50人) by CBN Weekly (第一財經週刊) in 2016, and was also awarded with Industry Achievement Award 2017 by Hurun Report (胡潤百富) in 2017.

Non-executive Directors

Mr. LEE Yuan Siong (李源祥), aged 52, has been a non-executive Director of our Company since May 2016 and a director of Ping An Health Cloud since August 2014. Mr. Lee has over 25 years of experience in management. He joined Ping An Group in 2011 and has been serving as chief

DIRECTORS AND SENIOR MANAGEMENT

executive officer of insurance business since January 2011, executive director since June 2013, executive vice president since January 2016 and deputy chief executive officer since October 2017. Mr. Lee held various positions at Ping An Life Insurance from February 2004 to June 2012, including the chairman of the board and chief executive officer from January 2006 to June 2012.

Mr. Lee obtained his bachelor's degree in science from the London School of Economics and Political Science in August 1989 and a master's degree in philosophy from University of Cambridge in July 1993. Mr. Lee was qualified as a Fellow of the Society of Actuaries (FSA) by the Society of Actuaries, the professional organization for actuaries based in North America, in August 1994.

Mr. YAO Jason Bo (姚波), aged 47, has been a non-executive Director of our Company since May 2016. He has also been serving as the non-executive director of Ping An Bank (previously known as Shenzhen Development Bank Co., Ltd. (深圳發展銀行股份有限公司)) since June 2010. Mr. Yao has extensive experience in management. He joined Ping An Group in 2001 and has been serving as chief actuary since January 2007, executive director since June 2009, chief financial officer since April 2010 and executive vice president since January 2016. Prior to that, Mr. Yao successively served in Ping An Group as a deputy chief actuary, deputy chief financial officer, general manager of planning and actuary department and an assistant to the general manager from May 2001 to April 2010.

Mr. Yao obtained his bachelor's degree in science from Georgia State University in August 1993 and a master of business administration from New York University in January 2000. Mr. Yao was qualified as a Fellow of the Society of Actuaries (FSA) by the Society of Actuaries, the professional organization for actuaries based in North America, in March 2000. The government of Futian District, Shenzhen awarded Mr. Yao as Outstanding Talent in June 2009.

Ms. CAI Fangfang (蔡方方), aged 44, has been a non-executive director of our Company since May 2016. Ms. Cai has extensive experience in management. She has been serving as an executive director and the chief human resources officer of Ping An Group since July 2014 and March 2015, respectively. She served as the executive vice president of Ping An School of Financial Services since March 2014. Ms. Cai has also been serving as a non-executive director of Ping An Bank since January 2014 and is also currently a director of a number of controlled subsidiaries of Ping An Group including Ping An Life, Ping An Property & Casualty Insurance and Ping An Asset Management. Ms. Cai has over 20 years of experience in business and human resources management. Ms. Cai joined Ping An Group and successively served as a deputy general manager and the general manager of the remuneration planning and management department of the human resources centre from October 2009 to February 2012, and the vice chief financial officer and general manager of the planning department from February 2012 to September 2013.

Ms. Cai obtained her bachelor's degree in international trade from Guangdong University of Foreign Studies (廣東外語外貿大學) in July 1996 and a master's degree in accounting from The University of New South Wales in May 2000.

DIRECTORS AND SENIOR MANAGEMENT

Mr. DOU Wenwei (竇文偉), aged 52, has been a non-executive director of our Company since October 2017. Mr. Dou has been serving as a senior lawyer of the compliance department of the internal control management center and as the responsible person of the insurance law group of Ping An Group since January 2017. Mr. Dou joined Ping An Group in April 1997. He successively served as a staff member in audit and supervision department and the director of supervision office from April 1997 to June 2002, the director of the legal office from June 2002 to August 2004, the assistant general manager of the compliance department from August 2004 to April 2009, the manager of the fourth office and a deputy general manager of the legal & department of legal affairs of the administration center and the responsible person of the legal team from April 2009 to January 2017. Mr. DOU is also a member of the LJX Controlling Shareholder Group and one of our Controlling Shareholders.

Mr. Dou received his bachelor's degree in law from Jilin University (吉林大學) in July 1989 and a master's degree in law from Jilin University in May 1994.

Ms. WANG Wenjun (王文君), aged 50, has been a non-executive Director of our Company since October 2017. Ms. Wang has also been serving as the minister of party department of Ping An Bank (formerly known as Shenzhen Development Bank Co., Ltd. (深圳發展銀行股份有限公司)) since March 2011. Ms. Wang joined Ping An Group in 1996 and served successively as the deputy director of the group affairs office, deputy general manager of the human resources centre and the general manager of the employees services management department from June 1996 to March 2011, and an employee representative supervisor from May 2006 to March 2011. Ms. Wang also served as the general manager of security department of Ping An Bank from April 2013 to November 2016. Ms. WANG is also a member of the LJX Controlling Shareholder Group and one of our Controlling Shareholder.

Ms. Wang obtained her bachelor's degree in English from Shanghai International Studies University (上海外國語大學) in July 1989 and her master's degree in public administration from Xi'an Jiaotong University (西安交通大學) in June 2006. Ms. Wang is a qualified intermediate economist, accredited by the Shenzhen Position Management Office of the PRC in November 1997.

Mr. LAW Siu Wah Eddie (羅肇華), aged 52, has been a non-executive director of our Company since March 2016. Mr. Law currently serves as the chairman of Zheng He Capital Management Limited. He has also been serving as the non-executive director of Lufax Holding Ltd since March 2015. Mr. Law joined Goldman Sachs in 1992 and retired as a Managing Director of the firm's Fixed Income, Currency & Commodities Division in August 2011. Mr. Law is also a member of the LJX Controlling Shareholder Group and one of our Controlling Shareholders.

Mr. Law obtained his bachelor's degree in business administration from University of Western Ontario in June 1991.

DIRECTORS AND SENIOR MANAGEMENT

Independent Non-executive Directors

Mr. TANG Yunwei (湯雲為), aged 73, was appointed as an independent non-executive director of our Company and his appointment will take effect from the Listing Date. He has been serving as an independent director of Universal Scientific Industrial (Shanghai) Co., Ltd. (環旭電子股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 601231), since April 2017. Mr. Tang has extensive experience in accounting and financial management. He successively served as a lecturer, associate professor, professor, assistant to the president and vice president of Shanghai University of Finance and Economics (上海財經大學) from 1984 to September 1993 and the president from October 1993 to January 1999. Mr. Tang was appointed as a member of China Accounting Standards Committee (中國會計準則委員會) by the Ministry of Finance of the PRC in October 1998 and the president of Shanghai Accounting Association (上海市會計學會) in August 2008. Mr. Tang served an independent non-executive director of Ping An Group from June 2009 to June 2015, and as an independent non-executive director of China National Building Material Company Limited (中國建材股份有限公司), a company listed on the Hong Kong Stock Exchange (stock code: 3323), from October 2014 to May 2016. He used to serve as an independent director of Jiangsu Zhongnan Construction Group Co., Ltd. (江蘇中南建設集團股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 000961), from June 2009 to March 2014. He served as independent directors of Tungkong Inc. (東港股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002117), from August 2009 to September 2012 and Shanghai Bairun Flavour & Fragrance Co., Ltd. (上海百潤香精香料股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002568), from August 2009 to June 2015.

Mr. Tang graduated from accounting department of Shanghai University of Finance and Economics (formerly known as Shanghai Institute of Finance and Economics (上海財經學院)) in July 1968, and he obtained a master's degree in economics from Shanghai University of Finance and Economics in November 1983 and a doctor's degree in economics from Shanghai University of Finance and Economics in January 1988. He is a senior member of the Chinese Institute of Certified Public Accountants. Mr. Tang was honored by the American Accounting Association as a distinguished international visiting lecturer, an honorary member of the Association of Chartered Certified Accountants of the British and was recognized by Education Commission and Ministry of Personnel of the PRC as returned overseas with outstanding contributions to the progress of socialist modernization.

Mr. GUO Tianyong (郭田勇), aged 49, was appointed as an independent non-executive director of our Company and his appointment will take effect from the Listing Date. Mr. Guo has also been serving as independent directors of Ping An Bank since August 2016, Hundsun Technologies Inc. (恆生電子股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600570), since October 2014, Digiwin Software Co., Ltd. (鼎捷軟件股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300378), since May 2014, and as an independent non-executive director of Bank of Tianjin Co., Ltd. (天津銀行股份有限公司), a company listed on the Hong Kong Stock Exchange (stock code: 1578), since December 2014. Mr. Guo has been working at the Central University of Finance and Economics (中央財經大學) since September 1999 and has been

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a professor and a doctoral tutor of the School of Finance since 2007 and 2010, respectively. He used to serve as independent directors of Bank of Guiyang Co., Ltd. (貴陽銀行), a company listed on the Shanghai Stock Exchange (stock code: 601997), from March 2010 to June 2017, Fangda Carbon New Material Co., Ltd. (方大炭素新材料科技股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600516), from January 2009 to March 2012, and Hebei Sitong New Metal Material Co., Ltd. (河北四通新型材料股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300428), from February 2014 to April 2017. He was appointed as a member of Committee of Experts on Internet Finance of the Payment and Clearing Association of China (中國支付清算協會互聯網金融專家委員會) in December 2013.

Mr. Guo obtained a bachelor's degree in science from Shandong University (山東大學) in July 1990, a master's degree in economics from Renmin University of China (中國人民大學) in July 1996 and a doctor's degree in economics from Tsinghua University PBC School of Finance (清華大學五道口金融學院) (formerly known as Postgraduate School for the Head Office of PBOC (中國人民銀行總行研究生部)) in Beijing, China in September 1999.

Mr. LIU Xin (劉鑫), aged 51, was appointed an independent non-executive director of our Company and his appointment will take effect from the Listing Date. He joined China University of Political Science and Law (中國政法大學) in July 2006 and has been serving as a professor since December 2008 and currently serves as a part-time master tutor of Peking University Law School (北京大學法學院). He successively served as a legal physician, an associate senior legal physician and a deputy director of Forensic Technology Institute of the Higher People's Court of Beijing Municipality (北京市高級人民法院法醫技術室) from July 1991 to July 2006, which is also known as Beijing Institute of Forensic Medicine and Science (北京市法庭科學技術鑒定研究所). Mr. Liu was appointed as a member of the rights protection committee of the second council of Chinese Medical Doctor Association (中國醫師協會) in June 2008, a member of the fourth council of China Health Law Society (中國衛生法學會) in May 2013, a member of the Expert Committee on Medical Humanities Test for the National Medical Qualification for Doctors (國家醫師資格考試醫學人文試題開發專家委員會) by the National Medical Examination Center (國家醫學考試中心) in November 2016 and a member of the expert advisory committee of Beijing Haidian District People's Court (北京市海澱區人民法院) in July 2017.

Mr. Liu obtained a bachelor's degree in forensic science from West China University of Medical Sciences (華西醫科大學) in June 1991 and a bachelor's degree in law from Peking University (北京大學) in June 1999. Mr. Liu was qualified as an associate senior legal physician by the Evaluation Committee of the Senior Professional Posts of Beijing (北京市高級專業技術職務評審委員會) in October 2002.

Mr. CHOW Wing Kin Anthony (周永健), aged 67, was appointed as an independent non-executive director of our Company and his appointment will take effect from the Listing Date. He has also been serving as a non-executive director of Kingmaker Footwear Holdings Limited, a company listed on the Hong Kong Stock Exchange (stock code: 1170), since June 1994, an independent non-executive director of MTR Corporation Limited, a company listed on the Hong Kong

DIRECTORS AND SENIOR MANAGEMENT

Stock Exchange (stock code: 0066), since May 2016, and an independent director of S.F. Holding Co., Ltd (formerly known as Maanshan Dingtai Rare Earth & New Materials Co., Ltd.), a company listed on the Shenzhen Stock Exchange (stock code: 002352), since December 2016. He served as an independent non-executive director of Fountain Set (Holdings) Limited, a company listed on the Hong Kong Stock Exchange (stock code: 0420), from September 2004 to June 2016, an independent non-executive director of Ping An Group from June 2005 to July 2011, an independent non-executive director of Evergro Properties Limited, a company formerly listed on the Singapore Stock Exchange (Stock Code: EVGR), from April 2006 to December 2009, an independent non-executive director of Link Real Estate Investment Trust, a company listed on the Hong Kong Stock Exchange (stock code: 0823), from May 2006 to May 2015 and a non-executive director of Asia Allied Infrastructure Holdings Limited (formerly known as China City Construction Group Holdings Limited and Chun Wo Development Holdings Limited), a company listed on the Hong Kong Stock Exchange (stock code: 0711), from February 2015 to October 2016.

Mr. Chow passed Part I and Part II of the Qualifying Examination of the Law Society of England and Wales pursuant to the Training Regulations, 1972 in April 1975 and May 1979, respectively. Mr. Chow was admitted as a solicitor of the Supreme Court of England & Wales in 1979 and a solicitor of the Supreme Court of Hong Kong in 1980. He was appointed by the Ministry of Justice of the PRC as an Attesting Officer in 2000. Mr. Chow was awarded the Justice of the Peace and the Silver Bauhinia Star by the Hong Kong Special Administrative Region in 1998 and 2003, respectively, and he is currently a member of The National Committee of the Chinese People's Political Consultative Conference. He was also awarded the Honorary Fellowship of the Hong Kong Institute of Education in 2010, the Honorary Fellowship of King's College London in July 2013 and the Roll of Honor by the Law Society of Hong Kong in 2015.

Save as disclosed above, none of our Directors held any directorship in public companies, the securities of which are listed on any securities market in Hong Kong or overseas in the last three years immediately preceding the date of this prospectus. Save as disclosed herein, to the best knowledge, information and belief of the Directors having made all reasonable inquiries, there are no other matters with respect to the appointment of the Directors that need to be brought to the attention of our Shareholders and there is no information relating to our Directors that is required to be disclosed pursuant to Rule 13.51(2) (a) to (v) of the Listing Rules. Save as those disclosed in the section headed "Relationship with our Controlling Shareholders" of this prospectus, none of our Directors have any interests in any businesses, other than our Group's business, which competes or is likely to compete, either directly or indirectly, with our Group's business.

DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Our senior management is responsible for the day-to-day management of our business. The following table provides information about members of our senior management:

Name	Age	Position	Roles and responsibilities	Date of joining our Group	Date of appointment as a senior management	Relationship with other Directors and senior management
Mr. WANG Tao (王濤)	48	Executive Director and Chief Executive Officer	Participating in formulation of business plans, strategies and major decisions of our Group through the Board, responsible for the overall management of our Group	August 20, 2014	September 26, 2016	None
Mr. WU Zongxun (吳宗遜)	42	Chief Product Officer of Ping An Health Cloud	Responsible for the design and operation of product lines and other product-related activities of the Group	August 20, 2014	September 26, 2014	None
Mr. WANG Qi (王齊)	45	Chief Technology Officer of Ping An Health Cloud	Responsible for the development and operation of the Internet technology platform, and the development of software and technology of the Group	August 20, 2014	September 26, 2014	None
Ms. BAI Xue (白雪)	44	Chief Operation Officer of Ping An Health Cloud	Responsible for the management of product lines and the daily operation of the Group	September 26, 2014	September 26, 2014	None
Mr. Edwin Morris (欣榮)	45	Chief Financial Officer of Ping An Health Cloud	Responsible for the overall financial management the Group	December 28, 2017	January 4, 2018	None
Mr. QIN Jian (秦健)	38	General manager of human resources and administration department of Ping An Health Cloud	Responsible for the human resources, legal and administrative affairs of our Group	August 20, 2014	February 1, 2016	None

DIRECTORS AND SENIOR MANAGEMENT

Mr. WANG Tao (王濤) is our executive Director and chief executive officer. See “—Directors” in this section for his biographical details.

Mr. WU Zongxun (吳宗遜), aged 42, has been the chief product officer of Ping An Health Cloud since September 2014 and served as a director from August 2014 to October 2017. Mr. Wu has over 20 years of experience in product development and operation. He served as the chief product officer of Ping An Health Insurance from December 2013 to April 2015. Mr. Wu joined Alibaba (China) Network Technology Co., Ltd. (阿里巴巴(中國)網路技術有限公司) in September 2000 and has over ten years of management experience in product designs and operations within Alibaba Group, including serving as senior director of merchant platform business department of Taobao (China) Software Co., Ltd. from March 2010 to March 2011, joining Alisoft (Shanghai) Co., Ltd. (阿里軟件(上海)有限公司) in March 2006 and serving as the operations director of the management software department from October 2008 to July 2009, senior director of ITBU (中小企業資訊化事業部) of Alibaba (China) Network Technology Co., Ltd. from August 2009 to March 2010 and senior manager of customer relationship management product team of Alibaba international website before March 2006.

Mr. Wu obtained his bachelor’s degree in metal material & heat treatment from Xi’an Jiaotong University (西安交通大學) in July 1997.

Mr. WANG Qi (王齊), aged 45, has been the chief technology officer of Ping An Health Cloud since September 2014 and served as a director from August 2014 to October 2017. Mr. Wang has over 20 years of experience in Internet technology and computer system development and management. He served as the chief technology officer of Ping An Health Insurance from December 2013 to April 2015. Prior to that, Mr. Wang joined Alibaba (China) Network Technology Co., Ltd. (阿里巴巴(中國)網路技術有限公司) in July 2008 and was promoted to the vice president of technology of Alibaba Group in July 2011. Mr. Wang served as a senior architect at Unisys from February 2006 to February 2008 in charge of management of the open-source lab, as a senior architect at the Shanghai branch of Sun Microsystems (China) Co. Ltd. from June 2003 to July 2005, and an architect at MDCL-Frontline Limited from December 2000 to February 2003. From July 1994 to February 2000, Mr. Wang served as an assistant engineer in Geophysical Research Institute of Xinjiang, where he was primarily responsible for the creation of the earthquake velocity database and administration of computer system.

Mr. Wang received his college degree in computer science from Chengde Petroleum College (河北承德石油高等專科學校) in July 1994 and his bachelor’s degree in international business from Xinjiang University of Finance and Economics (新疆財經大學, formerly known as Xinjiang Economic Management Institute (新疆經濟管理幹部學院)) in July 1998.

Ms. BAI Xue (白雲), aged 44, has been the chief operation officer of Ping An Health Cloud since September 2014. Ms. Bai has over 15 years of experience in corporate operations and marketing. Ms. Bai joined Ping An Health Insurance in 2014 and worked as the chief marketing officer from March 2014 to April 2015. She served as the director of human resources at Alibaba Software Company

DIRECTORS AND SENIOR MANAGEMENT

Limited (阿里巴巴軟件有限公司) and the director of marketing at Alibaba Software (Shanghai) Company Limited (阿里巴巴軟件(上海)有限公司) from March 2006 to June 2009, the chief marketing officer of Jiangsu Ju Teng Network Technology Company Limited (江蘇炬騰網路技術有限公司) from July 2009 to March 2014.

Ms. Bai received her bachelor's degree in dyeing and finishing from Zhejiang Sci-Tech University (浙江理工大學, formerly known as Zhejiang Institute of Silk Textiles (浙江絲綢工學院)) in July 1997.

Mr. Edwin Morris (欣榮), aged 45, has been the chief financial officer of Ping An Health Cloud since January 2018. Mr. Morris joined John Swire & Sons (H.K.) Limited as the chief financial officer of Asia Miles Ltd. for the period from September 2013 to December 2017. He served as the financial controller of Swire Properties Limited, a company listed on the Hong Kong Stock Exchange (stock code: 1972), from June 2008 to August 2013 and as a senior manager of the corporate finance department, the corporate planning department and the corporate planning & administration department of HUD Group from April 2005 to June 2008. Before that, Mr. Morris served as an associate and an associate director of Shaw, Kwei & Partners (Hong Kong) Ltd. from July 2000 to April 2005 and as a senior analyst in the equities accounting department of Goldman Sachs (Asia) LLC. from August 1998 to July 2000. Mr. Morris served as a senior accountant and an audit manager of Price Waterhouse Co. (currently known as PricewaterhouseCoopers), Ltd from March 1997 to July 1998 and served in the business advisory division of Arthur Andersen from February 1994 to March 1997.

Mr. Morris obtained a bachelor's degree in accounting from University of Technology, Sydney in April 1994 and a master of business administration from Kellogg School of Management at Northwestern University and The Hong Kong University of Science and Technology in December 2009. Mr. Morris was admitted as a member of The Institute of Chartered Accountants in Australia in September 1996 and was qualified as Chartered Financial Analyst by the CFA Institute in February 2001. Mr. Morris was qualified as a certified public accountant of the Hong Kong Institute of Certified Public Accountants in May 2011, and was admitted as a fellow of Chartered Accountants Australia and New Zealand in December 2016.

Mr. QIN Jian (秦戩), aged 38, has been serving as the legal representative and the general manager of human resources and administration department of Ping An Health Cloud since August 2014 and February 2016, respectively. Mr. Qin has over 15 years of experience in human resources management. He has served various positions at Ping An Life Insurance from July 2002 to August 2013, including as deputy manager of the human resources planning division of the human resources department from July 2008 to March 2013 and the manager of the talent development division of the the human resources department from March 2013 to August 2013, and served as the deputy general manager of human resources and administration department of Ping An Health Insurance from March 2014 to January 2016.

Mr. Qin received his bachelor's degree in economic information management from Shandong Technology and Business University (山東工商學院, formerly known as China Institute of Economics for Coal Industry (中國煤炭經濟學院)) in July 2002.

DIRECTORS AND SENIOR MANAGEMENT

Save as disclosed herein, none of the senior management of our Company held any directorship in public companies, the securities of which are listed on any securities market in Hong Kong or overseas, in the last three years immediately preceding the date of this prospectus.

JOINT COMPANY SECRETARIES

Ms. LIN Yuan (林源), aged 38, has been a joint company secretary and the chief responsible person of the board office of our Company since December 2017 and September 2016, respectively. Ms. Lin joined Ping An Health Insurance in July 2010, and served as the manager of the chairman's office from September 2012 to January 2016. Ms. Lin joined Ping An Health Cloud and has been serving as a deputy general manager of the chairman's office since April 2017.

Ms. Lin obtained her bachelor's degree in arts from Jiangxi Science and Technology Normal University (江西科技師範學院) in July 2002, and her master's degree in Management from Shanghai University of Finance and Economics (上海財經大學) in January 2014.

Ms. CHEN Chun (陳淳), aged 29, has been a joint company secretary of our Company since January 20, 2018. Ms. Chen joined SW Corporate Services Group Limited in December 2013, and currently serves as a company secretarial senior officer providing support and advisory on listed companies' company secretarial work and compliance matters.

Ms. Chen obtained her bachelor's degree in economics from Shanghai Finance University (上海金融學院) in July 2010. Ms. Chen was admitted Associate of The Hong Kong Institute of Chartered Secretaries and elected Associate of The Institute of Chartered Secretaries and Administrators in March 2016.

REMUNERATION OF THE DIRECTORS AND SENIOR MANAGEMENT

The aggregate amount of fees, salaries, allowances, retirement benefits scheme contributions and other benefits we paid to our Directors in respect of the financial years ended December 31, 2015, 2016 and 2017 was approximately RMB0, RMB7.0 million and RMB16.3 million, respectively. Further information on the remuneration of each Director during the Track Record Period is set out in Appendix I to this prospectus.

In the financial years ended December 31, 2015, 2016 and 2017, the total remuneration (including fees, salaries, allowances, retirement benefit scheme contributions and other benefits) we paid to the five highest paid individuals amounted to approximately RMB20.0 million, RMB22.2 million and RMB34.9 million, respectively.

Under the arrangement currently in force, we estimate the total remuneration (before tax) payable to Directors for the year ending December 31, 2018 will be RMB19.9 million.

DIRECTORS AND SENIOR MANAGEMENT

During the Track Record Period, no remuneration was paid to our Directors or the five highest paid individuals as an inducement to join, or upon joining, our Group. During the Track Record Period, no compensation was paid to, or receivable by, our Directors, former Directors or the five highest paid individuals for the loss of office as director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group. None of our Directors waived any emoluments during the Track Record Period.

Save as disclosed above, no other payments have been paid or are payable in respect of the Track Record Period to our Directors by our Group.

For the details of the service contracts and appointment letters that we have entered into with our Directors, see the section headed “Statutory and General Information — C. Further Information about our Directors — 1. Directors’ service contracts” in Appendix IV to this prospectus.

CORPORATE GOVERNANCE

Audit and Risk Management Committee

We have established an audit and risk management committee in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code set out in Appendix 14 to the Listing Rules. The primary duties of the audit and risk management committee are to review and supervise the financial reporting process and internal controls system of the Group, review the financial information of the Group and consider issues relating to the external auditors and their appointment. The audit and risk management committee comprises two non-executive Directors, namely, Mr. YAO Jason Bo and Mr. LAW Siu Wah Eddie and three independent non-executive Directors, namely, Mr. TANG Yunwei, Mr. GUO Tianyong and Mr. LIU Xin. Mr. TANG Yunwei, being the chairman of the committee, is appropriately qualified as required under Rules 3.10(2) and 3.21 of the Listing Rules.

Nomination and Remuneration Committee

We have established a nomination and remuneration committee in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code set out in Appendix 14 to the Listing Rules. The primary duties of the nomination and remuneration committee are to review the structure, size and composition of the Board, assess the independence of the independent non-executive directors, make recommendations to the Board on the appointment and reappointment of directors and succession planning for directors, make recommendations to the Board on the Group’s policy and structure for all remuneration of directors and senior management, and on the establishment of a formal and transparent procedure for developing policy on such remuneration. The nomination and remuneration committee comprises three non-executive Directors, namely Ms. CAI Fangfang, Mr. YAO Jason Bo and Mr. LAW Eddie Siu Wah and four independent non-executive Directors, namely Mr. GUO Tianyong, Mr. TANG Yunwei, Mr. CHOW Wing Kin Anthony and Mr. LIU Xin. Mr. GUO Tianyong is the chairman of the committee.

DIRECTORS AND SENIOR MANAGEMENT

Employee Incentive Scheme

In order to incentivize our Directors, senior management and other participants for their contribution to our Group and to attract and retain suitable personnel to our Group, we adopted the Employee Incentive Scheme on December 26, 2014. For further details, see the section headed “Statutory and General Information — D. Employee Incentive Scheme” in Appendix V to this prospectus.

COMPLIANCE ADVISOR

We have appointed Somerley Capital Limited as our compliance advisor (the “**Compliance Advisor**”) pursuant to Rule 3A.19 of the Listing Rules. Our Compliance Advisor will provide us with guidance and advice as to compliance with the Listing Rules and applicable Hong Kong laws. Pursuant to Rule 3A.23 of the Listing Rules, our Compliance Advisor will advise our Company in certain circumstances including:

- (a) before the publication of any regulatory announcement, circular, or financial report;
- (b) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;
- (c) where we propose to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where the business activities, development or results of our Group deviate from any forecast, estimate or other information in this prospectus; and
- (d) where the Stock Exchange makes an inquiry to our Company regarding unusual movements in the price or trading volume of its listed securities or any other matters in accordance with Rule 13.10 of the Listing Rules.

The term of appointment of our Compliance Advisor shall commence on the Listing Date and is expected to end on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the Listing Date.

CORPORATE GOVERNANCE CODE

The Company is committed to achieving high standards of corporate governance with a view to safeguarding the interests of our Shareholders. To accomplish this, the Company intends to comply with the corporate governance requirements under the Corporate Governance Code and Corporate Governance Report set out in Appendix 14 to the Hong Kong Listing Rules after the Listing.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

OVERVIEW

As of the Latest Practicable Date, Ping An was indirectly interested in approximately 46.20% of our issued share capital through Glorious Peace, and Le Jin Xuan was directly interested in approximately 46.39% of our issued share capital.

Immediately following the completion of the Global Offering, Ping An, through Glorious Peace, and Le Jin Xuan will be interested in approximately 39.27% and 39.43% of our issued share capital assuming the Over-allotment Option is not exercised (or approximately 38.41% and 38.56% of our issued share capital assuming the Over-allotment Option is fully exercised). Therefore, each of Ping An and Le Jin Xuan will remain as our Controlling Shareholder upon Listing.

As a result of: (1) the acting in concert confirmation; (2) the arrangement of voting rights of Le An Xin in Le Jin Xuan; and (3) Le Jin Xuan's shareholders agreement as detailed in the section headed "History, Reorganization and Corporate Structure — Corporate Reorganization — Certain Arrangement of the Shareholders of Le Jin Xuan, Our Controlling Shareholder — Le Jin Xuan's shareholders agreement", as of the Latest Practicable Date, Le Jin Xuan was our largest shareholder with each member of the LJX Controlling Shareholder Group being a Controlling Shareholder whilst Glorious Peace was both our second largest shareholder and a Controlling Shareholder.

Based on the foregoing, each of Glorious Peace, Ping An and the members of the LJX Controlling Shareholder Group is a Controlling Shareholder of the Company.

OUR RELATIONSHIP WITH PING AN

Our principal business

Our main business lines encompass medical and wellness services, such as family doctor services, consumer healthcare services, health mall, as well as health management and wellness interaction.

Principal business of Ping An Group

Ping An is a joint stock limited company incorporated in the PRC with limited liability and its shares have been listed on the Main Board of the Stock Exchange since 2004, and on the Shanghai Stock Exchange since 2007.

Ping An is a leading insurance and financial services group in the PRC, which principally engages in the following four areas:

- **Insurance:** the insurance business of Ping An Group consists of life insurance and property and casualty insurance.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

- **Banking:** the banking business of Ping An Group is conducted through Ping An Bank, a national joint-stock commercial bank listed on the Shenzhen Stock Exchange providing corporate, retail and government clients with multiple financial services through outlets across the PRC.
- **Assets Management:** the asset management business of Ping An Group consists of: (i) trust business, offering investment and financing service to high-net-worth individuals, institutional clients, interbank clients and other subsidiaries of Ping An Group; (ii) securities business, providing securities brokerage, futures brokerage, investment banking, asset management and financial advisory services; (iii) investment management business, managing the insurance funds of Ping An Group and investable assets of other subsidiaries of Ping An Group and providing investment products and third-party asset management services to other investors through various channels; (iv) fund management business, engaging in securities investment fund raising, distribution, and asset management, providing specialized investment products and services to retail and institutional investors; and (v) financial leasing business.
- **Internet Finance and Healthcare:** the Internet finance and healthcare business of Ping An Group is conducted through: (i) OneConnect Financial Technology Co., Ltd. (Shanghai), a financial technology service company focusing on providing one-stop FinTech solutions, including smart sales, smart risk management, smart product, smart service, and smart operation solutions for financial institutions; (ii) Wanjia Healthcare, focusing on building an open platform for healthcare services in China through constructing a system information platform and a clinical standard recognition system; (iii) Ping An Healthcare Management, striving to become “China’s largest healthcare services platform under technology-driven management”, focusing on the major area of medical reforms, and establishing an accurate, reasonable and convenient novel ecosystem through efficiently and effectively liaising with and coordinating various stakeholders of medical healthcare services; (iv) E-wallet, an integrated platform operated by Ping An E-wallet Electronic Commerce Company Limited (the “Ping An E-wallet”) with the provision of payment services being the foundation, covering both online and offline living service and financial services, and seeking to provide users with innovative mobile finance and consumption experience; and (v) the Company, the principal business of which is set out in this section above.

Delineation of Businesses from those of Ping An Group

There is a clear delineation between our businesses and those of Ping An Group. Notwithstanding Ping An, through certain of its subsidiaries, such as Wanjia Healthcare and Ping An Healthcare Management, conduct healthcare related business, and through E-wallet Mall operated by Ping An E-wallet (the “E-wallet Mall”) and the Pocket Mall of Ping An Bank (the “Pocket Mall”) engage in online shopping business, our businesses and those of Ping An Group are distinct from each other in terms of business focus and strategy.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Delineation with Wanjia Healthcare

There is a clear delineation of the businesses between the Company and Wanjia Healthcare.

The Company mainly engages in the provision of online medical and wellness services for individuals, while Wanjia Healthcare engages in the provision of medical management services for medical institutions. Compared to our core business illustrated above, Wanjia Healthcare is mainly engaged in the provision of medical management services, such as system informatization, operation management and standard recognition services for grassroots medical institutions. In addition, the target end users of the Company and Wanjia Healthcare are also distinctly different from each other. The end users of the Company are mostly individuals with demands for healthcare services, whilst the end users of Wanjia Healthcare are generally grassroots medical institutions, such as clinics, with practice areas including dentistry, traditional Chinese medicine and general practice.

Delineation with Ping An Healthcare Management

There is a clear delineation of the businesses between the Company and Ping An Healthcare Management.

The business scopes and the target customers of the Company and Ping An Healthcare Management are substantially different from each other: (i) in contrast with the services provided by the Company as mentioned above, the businesses of Ping An Healthcare Management mainly include the provision of medical and health management and administrative services to government authorities, insurance companies and healthcare services institutions, such as social health insurance service, cost control, social security account management service and health records service; and (ii) whilst the target customers of the Company are mainly individuals with demands for healthcare services, the target customers of Ping An Healthcare Management are mostly government authorities, insurance companies and healthcare services institutions.

Delineation with the E-wallet Mall and the Pocket Mall of Ping An Bank

As stated above, the health mall of the Company constitutes one of the major parts of the businesses. We offer diversified and evolving offerings of healthcare and wellness related products through our health mall. Our customers are able to conduct online shopping through our health mall.

Although the health mall, the E-wallet Mall and the Pocket Mall are all engaged in the provision of online shopping platforms to customers, there is clear business delineation between the three as illustrated below. Moreover, e-commerce business is not the core business of Ping An, a leading personal financial service provider in China. Although certain members of the Ping An Group operate e-commerce platforms as a peripheral business, it does not give rise to significant competition between Ping An Group and the Company in the realm of the e-commerce market under Rule 8.10 of the Listing Rules.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Furthermore, the e-commerce businesses operated by the health mall of the Company, E-wallet Mall and Pocket Mall are well differentiated from each other in terms of business model, seller type, sources of revenue, inventory risk and revenue contribution, etc. In addition, there has been insignificant overlap in the products purchased by buyers through their online marketplaces. Based on the material differences as further elaborated below, any competition between our health mall and Ping An Group's E-wallet Mall and Pocket Mall is not extreme.

	Health Mall	E-wallet Mall	Pocket Mall
Business model	<p>Core business: business-to-consumer (“B2C”) direct sales ^{Note}</p> <p><i>Note:</i></p> <p>(i) <i>The following analysis relating to the health mall will be based on the B2C direct sales, which is the health mall’s predominant business model in terms of revenue. The Company also adopted the B2B2C business model to supplement the main B2C direct sales model.</i></p> <p>(ii) <i>For each of the two years ended December 31, 2017, the revenue generated through B2C direct sales accounted for approximately 95% and 96%^(Note) of the health mall’s total revenue, respectively. (Note: the figures are calculated by the revenue through direct sales being divided by the total revenue of the health mall.)</i></p>	<p>A mix of business-to-business-to-consumer (“B2B2C”) and B2C business models ^{Note}</p> <p><i>Note: Based on the internal business records of E-wallet Mall, for each of the two years ended December 31, 2017, the revenue generated through the B2B2C business model accounted for approximately 80% and 80% of the E-wallet Mall’s total revenue, respectively.</i></p>	<p>B2B2C</p>
Seller type	<p>The health mall is the sole seller (for B2C direct sales)</p>	<p>B2B2C: Storefront merchants</p> <p>B2C: E-wallet Mall is the sole seller</p>	<p>Storefront merchants</p>

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

	Health Mall	E-wallet Mall	Pocket Mall
Source of revenue	Mainly through B2B direct sales: direct merchandise sales, i.e. selling goods directly to individual buyers, and generating revenue from individual buyers through the sales of merchandise and recognises revenue on the gross value of the merchandise sold	B2B2C: charging storefront merchants sales-based commissions (typically based on a fixed percentage of the transaction amount for every order paid) B2C: generating revenue from individual buyers through the sales of merchandise and recognises revenue on the gross value of the merchandise sold	B2B2C: charging storefront merchants sales-based commissions (typically based on a fixed percentage of the transaction amount for every order paid)
Holding inventory risk?	Yes	B2B2C: No B2C: Yes	No
Percentage of product categories in terms of the total value of paid orders for products and services on each online shopping platform for the year ended December 31, 2017	<ul style="list-style-type: none"> • Medicine and medical equipment, healthcare products, maternal and infant supplies: 60% • cosmetics and cosmeceuticals, and sports products: 16% • daily supplies: 24% 	<ul style="list-style-type: none"> • Daily supplies, dresses, jewellery, cases and bags, outdoor and automobile accessories: 63% • Digital products: 20% • Food: 14% • Medicines, medical equipment, maternal and infant supplies and others: 3% 	<ul style="list-style-type: none"> • Digital products, outdoor and automobile accessories, cases and bags, food, jewellery and watches: 82% • Daily supplies and electrical appliances: 11% • Maternal and infant supplies: 2% • Medicines, medical equipment: Nil • Others: 5%
Revenue contribution of the online shopping platform for the year ended December 31, 2017	<ul style="list-style-type: none"> • Approximately 48%^(Note) of the Company's revenue <p><i>Note: The figure is calculated by the total revenue generated from the health mall being divided by the total revenue of the Group for the year ended December 31, 2017.</i></p>	<ul style="list-style-type: none"> • Less than 1%^(Note) of Ping An Group's revenue <p><i>Note: The figure is calculated by the total revenue generated from the E-wallet Mall being divided by the total revenue of Ping An Group for the year ended December 31, 2017.</i></p>	<ul style="list-style-type: none"> • Less than 1%^(Note) of Ping An Group's revenue <p><i>Note: The figure is calculated by the total revenue generated from the Pocket Mall being divided by the total revenue of Ping An Group for the year ended December 31, 2017.</i></p>

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

In line with the prevalent market practice, members or close associates of Ping An may each have developed their own official websites and mobile platforms dedicated for the promotion and sale of the insurance, banking, wealth management and other products of Ping An and its close associates. These websites and mobile platforms do not compete with the e-commerce business operated by the health mall. For the avoidance of doubt, certain of the websites and mobile platforms of the relevant members or close associates of Ping An may be labelled as “shopping mall” (e.g. Ping An Auto Owner Mall (平安車主商城)); nonetheless, they were set up for the purpose of maintaining customer loyalty and provide a variety of products for their own customers.

As of the Latest Practicable Date, our non-executive Director, Mr. LEE Yuan Siong, served as a director in each of Wanjia Healthcare and Ping An Healthcare Management. Moreover, both Mr. YAO Jason Bo and Ms. CAI Fangfang served as directors in Ping An Bank.

Based on the foregoing, our Directors believe that the principal businesses of the Group do not, and are not likely to, compete with the businesses of Ping An.

OUR RELATIONSHIP WITH GLORIOUS PEACE AND LJX CONTROLLING SHAREHOLDER GROUP

Glorious Peace was established as an SPV to hold interest in the Company for the benefit of Ping An. As of the Latest Practicable Date, Glorious Peace does not have any substantial business activities.

Le Jin Xuan was established as an SPV to consolidate the indirect shareholding interests of Le An Xin, Bang Qi Jian, Zheng He Pentagon Fund and Hop-Fast in the Company. As of the Latest Practicable Date, Le Jin Xuan, Le An Xin, Bang Qi Jian, Zheng He Pentagon Fund and Hop-Fast are all investment holding entities and do not have any substantial business activities.

CONFIRMATION OF DIRECTORS

Save as disclosed in this prospectus, our Directors, including Mr. Law, Ms. WANG Wenjun and Mr. DOU Wenwei who are among our Controlling Shareholders, have confirmed that they are not interested in any business, apart from the Company’s business, which competes or is likely to compete, either directly or indirectly, with the Company’s business under Rule 8.10 of the Listing Rules as of the Latest Practicable Date.

INDEPENDENCE FROM PING AN

Having considered the following factors, our Directors are satisfied that our business will function independently from Ping An upon Listing.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Operational Independence

Although Ping An will retain a controlling interest in our Company upon Listing, we believe that we can operate our business independently from Ping An due to the following reasons:

- we hold and enjoy the benefit of all relevant qualifications and licenses necessary to operate our businesses;
- we have a sufficient level of operations, assets, facilities and employees to support our own listing status and to operate and function independently from Ping An;
- we also maintain a comprehensive set of internal control procedures for facilitating the effective operation of our business. With reference to the relevant laws, regulations and rules, we have developed sound corporate governance practice and have adopted our rules of procedure for general meetings, rules of procedure for Board meetings and connected transactions regulations;
- we have our own financial planning and audit department, human resources and administration department, internal control department and technology department (including research and development function). These departments are led and supervised by our own senior management team. Our senior management report to the Board and make decisions and form business plan and strategies in sales, marketing, finance, technology, research and development and human resources management independently from Ping An. In addition, we have our own internal financial procedures and prepares our own financial budget independently; and
- we have also adopted a set of corporate governance measures and internal control procedures to maintain effective and independent operation. Please also refer to the corporate governance measures stipulated under “— Management Independence” in this section below.

We have entered into a number of transactions with Ping An in terms of our business cooperation with Ping An. Please see the section headed “Connected Transactions” in this prospectus for further details of, and the reasons for entering into, these transactions.

Among all the connected transactions, we have entered into the Services Purchasing Framework Agreement with Ping An, pursuant to which Ping An will provide a wide spectrum of services to us, which are confined to two main areas:

- (i) **consulting services:** Ping An will continue to provide consulting services to the Company such as capital management, brand management, compliance and legal matters and remuneration management. Such services are advisory and supportive in nature and do not affect the Company’s own decision-making process in these areas; and

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

- (ii) **outsourcing of procedural and commoditized work:** the Company has outsourced certain procedural and commoditized work to certain subsidiaries of Ping An, such as IT system support, payroll processing, enrolment and departure procedures of employees, bookkeeping and storage of documents, etc. The work outsourced to Ping An does not involve decision-making or strategic thinking and it is charged based on the volume of workload.

The Directors are of the view that the above arrangements with Ping An will be in the best interests of the Company and its Shareholders at the current stage, taking into account the following factors:

- (i) Ping An has been a listed company on the Stock Exchange for more than 13 years with a good track record of regulatory compliance. After the Listing, the Company will benefit from the experience and knowledge of Ping An in terms of corporate governance and internal control. Through the consulting advice provided by Ping An, the Company will more rapidly gain an understanding of the best practice for a company listed on the Stock Exchange;
- (ii) It would be more cost-effective for the Company to outsource procedural and commoditized work, whether to Ping An or to service providers which are Independent Third Parties, rather than maintain its own headcounts for processing such work. To continue with the existing outsourcing arrangement would minimise disruption to the Company's operation and internal procedures; and
- (iii) The Directors will closely monitor and supervise the above business arrangement with Ping An, and may consider engaging service providers which are Independent Third Parties in the event that such arrangement gives rise to material conflict of interests that would impact the Company's corporate governance, internal control and operational independence as a listed company on the Stock Exchange.

In addition, we have entered into the Provision of Products and Services Framework Agreement with Ping An, pursuant to which the Company provides various types of products and services to Ping An. Given (i) the Company was a subsidiary of Ping An prior to the Reorganisation, and the Company has historically built up close business relationship with Ping An and its close associates; and (ii) the Company is mainly engaged in the provision of healthcare services and products, and the nature of the Company's principal business is closely associated with life insurance industry in which Ping An has a leading industry position, so it is natural and in the best interests of our Company and our Shareholders to cooperate with Ping An. Nevertheless, we are not and will not be bound to cooperate with Ping An unless we agree to do so. In each of the three years ended December 31, 2017, the sales amount relating to our products and services subscribed by Ping An and its close associates was RMB288.2 million, RMB478.4 million and RMB1,108.3 million, respectively. The Company's revenue attributable to services/products subscribed by Ping An amounted to RMB235.0 million,

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

RMB256.5 million and RMB896.2 million, accounting for 84.3%, 42.7% and 48.0% of the Group's total revenue for the year ended December 31, 2015, 2016 and 2017, respectively. In addition, we have been engaged, and will continue to be engaged in, all forms of cooperation with other business partners that are independent of Ping An. Our Directors believe that the connected transactions under the Provision of Products and Services Framework Agreement will not give rise to any business dependence or reliance issue between our Company and Ping An in view of the decline in the percentage of revenue of the Company generated from Ping An and its close associates, and the Company's ability to find substitute service providers with respect to the services provided by Ping An to the Company.

Product and service referral arrangement with the Life Insurance Agents

During the Track Record Period, we have entered into product and service referral arrangement with the Life Insurance Agents. Under such arrangements, when the Life Insurance Agents discover that the customers may have the needs or interests in our product and service, the Life Insurance Agents will direct these customers to the links and pages to our product and service. The Life Insurance Agents are not employed by Ping An and have referred our products and services to customers in their personal capacity and on a voluntary basis without Ping An's participation. Pursuant to our product and service referral arrangement with the Life Insurance Agents, we provide the Life Insurance Agents with compensation for successfully referring our products and services to customers for purchase. The level of compensation is determined solely by us on a product-by-product basis, typically at a rate of 5% to 25% depending on the product type.

The above product and service referral arrangement has been driven and organised by the Company independently with minimum involvement from Ping An. The Life Insurance Agents are invited to refer our products and services in their personal capacity and on a voluntary basis. We do not enter into any written agreement with the Life Insurance Agents. We maintain contact with and inform them of the compensation rates applicable to different types of our products and services through online platforms and other routine communication channels without Ping An's involvement. We provide the Life Insurance Agents with training in relation to our product and service information. Referral compensation is usually settled on a monthly basis directly between the Company and the Life Insurance Agents.

In each of the three years ended December 31, 2017, approximately 68,978, 191,660 and 208,877 Life Insurance Agents had received compensation from the Company for referring products and services to their customer(s), respectively, while Ping An had approximately 1,325,000 Life Insurance Agents as at June 30, 2017. In 2015, 2016 and 2017, the total sales amount of our products and services was RMB401.9 million, RMB951.2 million and RMB2,102.3 million, respectively. In each of the three years ended December 31, 2017, the sales amount attributable to sales of services and products to customers referred by the Life Insurance Agents amounted to RMB105.6 million, RMB330.8 million and RMB375.6 million, accounting for approximately 26%, 35% and 18% of the Company's total sales amount, respectively. In each of the three years ended December 31, 2017, the total compensation paid by the Company for products and services referral amounted to approximately RMB19.3 million, RMB69.3 million and RMB118.7 million, respectively, more than 70% of which was paid to the Life Insurance Agents pursuant to the product and service referral arrangement.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

The Directors believe that the above product and service referral arrangement would not give rise to our reliance on Ping An in any material aspect for the following reasons: (i) the Company would be able to make similar product and service referral arrangements with Independent Third Parties. Substitutes for the Life Insurance Agents for product and service referral would include but not limited to other Independent Third Party insurance companies' agent force, commercial banks, post office networks and sales teams of health check-up centers, etc; and (ii) the Company's independent customer acquisition capability has been strengthened considerably during the Track Record Period. This is primarily due to the rapid expansion of our health mall business, market penetration through our mobile platform as well as the establishment of our in-house sales team.

As advised by our PRC Legal Advisor, (i) the applicable PRC laws and regulation do not prohibit or restrict life insurance agents from referring our products and services to their insurance customers and receiving compensation for such referral; and (ii) our product and service referral arrangement with the Life Insurance Agents are not in violation of any applicable PRC laws and regulations.

Financial Independence

During the Track Record Period and up to the Latest Practicable Date, we have established our own finance department with a team of independent financial staff who are responsible for our financial management, accounting, reporting, funding and internal control functions, which are independent from Ping An.

We are capable of making financial decisions independently according to our own needs, and Ping An does not and will not interfere with our use of funds. We maintain and manage bank accounts independently and do not share any bank accounts with Ping An and/or its close associates. We are registered independently for tax in accordance with applicable laws and we pay tax independently pursuant to applicable PRC tax laws and regulations, rather than on a combined basis with Ping An or other enterprises under its control.

During the Track Record Period, our Company has deposited funds with Ping An Bank, a subsidiary of Ping An. As at September 30, 2017, the Company had deposits with Ping An Bank amounting to approximately RMB1,997 million, and intends to continue to have deposit with Ping An Bank upon completion of the Global Offering in its ordinary course of business. Such deposit will constitute continuing connected transactions between Ping An and our Company. See section headed "Connected Transactions — Non-exempt Continuing Connected Transactions — 6. Financial Services Framework Agreement" in this prospectus for further details. However, such deposit arrangement does not affect the financial independence of the Company from Ping An, as no financial assistance is being provided by Ping An Bank to our Company.

In addition, our Company does not rely on Ping An for the provision of financial resources. As at the Latest Practicable Date, there is no loan, guarantee or other form of financial assistance provided by Ping An or its associates to the Company. Our Directors are of the view that we are capable of obtaining financing from external sources without reliance on Ping An.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Based on the above, our Directors believe that we have the ability to conduct our business independently from Ping An and/or its close associates from a financial perspective and are able to maintain financial independence from Ping An.

Management Independence

Our Board will consist of eleven Directors upon the Listing, including one executive Director, six non-executive Directors and four independent non-executive Directors.

Despite certain of our non-executive Directors also holding positions in Ping An and/or its close associates, our Directors believe that our Company and our management team are able to operate the Company's business independently from Ping An due to the following reasons:

- (i) The daily operation of our Company is managed by our experienced senior management team and overseen by our sole executive Director, Mr. Wang Tao:
 - (a) our sole executive Director, Mr. Wang Tao, has extensive experience in the management, technology and medical industry. He oversees and manages the day-to-day operation of our Company with support from our Company's experienced senior management team, and is responsible for our business operation. As at the Latest Practicable Date, Mr. Wang Tao does not hold any management position in Ping An or any of its close associates;
 - (b) out of the eleven Directors of our Company, five non-executive Directors held directorship and/or management positions in Ping An and/or its close associates, namely Mr. LEE Yuan Siong, Mr. YAO Jason Bo, Ms. CAI Fangfang, Mr. DOU Wenwei and Ms. WANG Wenjun. However, as non-executive Directors of our Company, they do not participate in our daily operation and management and only participate in the decision-making process of significant matters, such as our operational strategy.

Other than as stated above, none of our Directors hold any directorship or management position in Ping An or its close associates.

- (ii) Each of our Directors is fully aware of his/her fiduciary duties as a Director which require, among other things, that he/she acts for the benefit and in the best interests of our Company and our Shareholders as a whole and does not allow any conflict between his/her duties as a Director and his/her personal interest to exist.
- (iii) Our Directors believe that our Board has a balanced composition of executive Directors, non-executive Directors and independent non-executive Directors which ensures the independence of the Board in making decisions affecting our Company. Specifically, (a) our independent non-executive Directors account for more than one-third of the Board; (b) our independent non-executive Directors do not and will not take up any position in Ping An or its subsidiaries; (c) our independent non-executive Directors, details of whom are set out

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

in the section headed “Directors and Senior Management” in this prospectus, together possess the requisite industry knowledge and experience for their views to carry weight; and (d) three out of four of our independent non-executive Directors have experience as independent directors of listed companies and will be able to provide professional and experienced advice to our Company. In conclusion, the Directors believe that our independent non-executive Directors are able to bring impartial and sound judgment to the decision-making process of our Board and protect the interest of our Company and our Shareholders as a whole.

- (iv) Upon Listing, our Company will establish the following corporate governance measures to avoid any potential conflicts of interest as a result of the overlapping of Directors between us and Ping An. Therefore, the Directors believe that our Company has sufficient and effective control mechanisms to ensure that the Directors perform their respective duties properly and safeguard the interests of our Shareholders as a whole:
- (a) The decision-making mechanism of the Board as set out in the Articles of Association includes provisions to avoid conflicts of interest by providing, among other things, that Directors who are connected with the corporations involved in the matters to be resolved at the Board meeting shall neither vote on such resolution nor vote on behalf of other Directors;
 - (b) The independent non-executive Directors of our Company shall give their independent opinions to the Shareholders on the relevant connected transaction(s) pursuant to the Listing Rules;
 - (c) Our Directors shall abstain from voting on any Board resolutions approving any contract or arrangement or any other proposal with Ping An in which they have a material interest. In such a situation, our Directors who do not have any ongoing role with Ping An will vote and decide on such matters. In this context, a conflict, so far as our Company is concerned, will be taken to include any matter in which Ping An has a direct or indirect interest;
 - (d) Our Directors (including the independent non-executive Directors) will seek independent and professional opinions from external advisors at our Company’s cost as and when appropriate in accordance with the Code on Corporate Governance Practices and Corporate Governance Report as set out in Appendix 14 to the Listing Rules;
 - (e) Any transactions between our Company and its connected persons shall be in compliance with the relevant requirements of Chapter 14A of the Listing Rules, including the announcement, annual reporting and independent shareholders’ approval requirements (if applicable) under the Listing Rules; and

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

- (f) Our Company has appointed Somerley Capital Limited as our compliance advisor and will appoint a Hong Kong legal advisor upon completion of the Listing, which will provide advice and guidance to us in respect of compliance with the Listing Rules and applicable laws, rules, codes and guidelines, including but not limited to various requirements relating to Directors' duties and internal controls.

Therefore, the Directors believe that our Company has sufficient and effective control mechanisms to ensure that the Directors perform their respective duties properly and safeguard the interests of the Company and our Shareholders as a whole.

Based on the above, the Directors believe that our management team is independent from Ping An, that our Company can operate its business independently from Ping An, and that all of our Directors have relevant experience and ability to ensure proper and effective operation of the Board.

CONFIRMATION

Our Directors consider that we are capable of carrying on our business independently from our Controlling Shareholders and their close associates after the Listing without unduly relying upon them, taking into consideration the factors stated above.

SUBSTANTIAL SHAREHOLDERS

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the Global Offering, the following persons are expected to have an interest and/or short positions in the Shares or underlying Shares of our Company which would fall to be disclosed to us pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who are, directly or indirectly, interested in 10% or more of the nominal value of any class of our share capital carrying rights to vote in all circumstances at general meetings of our Company:

Name of shareholder	Nature of interest	Class A Ordinary Shares/Class B Ordinary Shares held as of the Latest Practicable Date		Shares* held immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised)		Shares* held immediately following the completion of the Global Offering (assuming the Over-allotment Option is exercised in full)	
		Number	(%)	Number	(%)	Number	(%)
Ping An ⁽¹⁾	Interest in controlled corporations	209,580,000	46.20%	419,160,000	39.27%	419,160,000	38.41%
An Ke Technology ⁽¹⁾	Interest in controlled corporations	209,580,000	46.20%	419,160,000	39.27%	419,160,000	38.41%
Glorious Peace ⁽¹⁾	Beneficial interest	209,580,000	46.20%	419,160,000	39.27%	419,160,000	38.41%
Ms. WANG Wenjun ⁽²⁾	Interest in controlled corporations	210,420,000	46.39%	420,840,000	39.43%	420,840,000	38.56%
Mr. DOU Wenwei ⁽²⁾	Interest in controlled corporations	210,420,000	46.39%	420,840,000	39.43%	420,840,000	38.56%
Bang Qi Jian ⁽²⁾	Interest in controlled corporations	210,420,000	46.39%	420,840,000	39.43%	420,840,000	38.56%
Mr. Law ⁽³⁾	Interest in controlled corporations	210,420,000	46.39%	420,840,000	39.43%	420,840,000	38.56%
Zheng He Pentagon Fund ⁽³⁾	Interest in controlled corporations	70,000,000	15.43%	140,000,000	13.12%	140,000,000	12.83%
Le An Xin	Beneficial interests	35,000,000	7.72%	70,000,000	6.56%	70,000,000	6.41%
Rui Jian	Interest in controlled corporations	35,000,000	7.72%	70,000,000	6.56%	70,000,000	6.41%
Mr. QIN Jian	Interest in controlled corporations	35,000,000	7.72%	70,000,000	6.56%	70,000,000	6.41%
Mr. ZHU Chengbo	Interest in controlled corporations	35,000,000	7.72%	70,000,000	6.56%	70,000,000	6.41%
Le Jin Xuan ⁽²⁾⁽³⁾	Beneficial interest	210,420,000	46.39%	420,840,000	39.43%	420,840,000	38.56%
SoftBank Vision Fund ⁽⁴⁾	Interest in controlled corporations	33,600,000	7.41%	67,200,000	6.30%**	67,200,000	6.16%
Vision Fund Singapore SPV	Beneficial interests	33,600,000	7.41%	67,200,000	6.30%**	67,200,000	6.16%

SUBSTANTIAL SHAREHOLDERS

Notes:

- * The Class A Ordinary Shares and the Class B Ordinary Shares will be redesignated to Shares immediately before Listing. Further, following the redesignation of the Class A Ordinary Shares and Class B Ordinary Shares, each issued and unissued ordinary share then of US\$0.00001 par value will be subdivided into 2 Shares of US\$0.000005 par value each.
- ** If the Vision Fund Anti-dilution Right is exercised in full, Vision Fund Singapore SPV shall hold 7.41% of our Shares immediately following the completion of the Global Offering.
- (1) As of the Latest Practicable Date, Glorious Peace directly held 209,580,000 Class A Ordinary Shares in our Company. Glorious Peace was a wholly-owned subsidiary of An Ke Technology. An Ke Technology was in turn wholly-owned by Ping An Group. By virtue of the SFO, each of Ping An Group and An Ke Technology was therefore deemed to have an interest in the Shares held by Glorious Peace.
- (2) As of the Latest Practicable Date, Le Jin Xuan directly held 210,420,000 Shares (of which 140,420,000 were Class A Ordinary Shares and 70,000,000 were Class B Ordinary Shares) in our Company. Bang Qi Jian held 44.91% of the issued share capital of Le Jin Xuan and was therefore deemed to have an interest in the Shares held by Le Jin Xuan. Ms. WANG Wenjun and Mr. DOU Wenwei each held 50% of the issued share capital of Bang Qi Jian as nominee shareholders, and were therefore deemed to have an interest in the Shares held by Le Jin Xuan.
- (3) As of the Latest Practicable Date, Le Jin Xuan directly held 210,420,000 Shares (of which 140,420,000 were Class A Ordinary Shares and 70,000,000 were Class B Ordinary Shares) in our Company. Zheng He Pentagon Fund and Hop-Fast respectively held 33.27% and 5.19% of the issued share capital of Le Jin Xuan. Since (1) Zheng He Pentagon Fund is controlled by Mr. Law and (2) Hop-Fast is wholly-owned by Mr. Law, he was deemed to have 38.46% shareholding interest in Le Jin Xuan. Further, Le An Xin has agreed that it shall exercise its voting rights in relation to its shares in Le Jin Xuan in such manner as ZH GP 5 Limited, the general partner of Zheng He Pentagon Fund, may direct. As such, Mr. Law was deemed to have 55.09% of the voting power in Le Jin Xuan, and was therefore deemed to have an interest in all of the Shares held by Le Jin Xuan.

All of the 10,920,000 Class A Ordinary Shares (which will become 21,840,000 Shares) held by Le Jin Xuan that are attributable to Hop-Fast (representing approximately 2.6% of the total number of issued Shares prior to the completion of the Global Offering) are subject to a charge granted by Le Jin Xuan (on behalf of Hop-Fast) (the “Charge”) in favor of an independent third party (the “Chargee”) in December 2017 to secure the performance of obligations of Hop Fast under certain loan facility provided by the Chargee to Hop Fast. Upon the Listing, the Chargee is restricted under the Charge to enforce the security during the period from the Listing Date to the date falling on twelve (12) months from the Listing Date (both dates inclusive).

- (4) As of the Latest Practicable Date, Vision Fund Singapore SPV was an indirectly wholly-owned subsidiary of SoftBank Vision Fund. Therefore, SoftBank Vision Fund was deemed to have an interest in the Shares held by Vision Fund Singapore SPV.

Except as disclosed above, our Directors are not aware of any other person who will, immediately following the completion of the Global Offering, have any interest and/or short positions in the Shares or underlying shares of our Company which would fall to be disclosed to us pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who are, directly or indirectly, interested in 10% or more of the nominal value of any class of our share capital carrying rights to vote in all circumstances at general meetings of our Company. Our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Company.

SHARE CAPITAL

AUTHORISED AND ISSUED SHARE CAPITAL

The following is a description of the authorised and issued share capital of our Company in issue and to be issued as fully paid or credited as fully paid immediately following the completion of the Global Offering:

	Percentage of the total numbers of Shares	Aggregate nominal value of Shares (US\$)
<u>As of the date of this Prospectus</u>		
<i>Authorized share capital</i>	100%	50,000
4,896,400,000 Class A Ordinary Shares of US\$0.00001 each	97.9%	48,964
103,600,000 Class B Ordinary Shares of US\$0.00001 each .	2.1%	1,036
<i>Issued share capital</i>	100%	4,536
350,000,000 Class A Ordinary Shares of US\$0.00001 each .	77.2%	3,500
103,600,000 Class B Ordinary Shares of US\$0.00001 each .	22.8%	1,036

<u>Immediately after completion of the share redesignation, share subdivision and the Global Offering</u>	Aggregate nominal value of Shares (US\$)
<i>Authorized Share capital</i>	
10,000,000,000 Shares of US\$0.000005 each	50,000
<i>Issued Share capital</i>	
907,200,000 Shares of US\$0.000005 each	4,536
<i>Shares to be issued under the Global Offering (assuming the Over-allotment Option is not exercised)</i>	
160,094,200 of US\$0.000005 each	800
<i>Total issued Shares immediately after completion of the Global Offering (assuming the Over-allotment Option is not exercised)</i>	
1,067,294,200 of US\$0.000005 each	5,336

ASSUMPTIONS

The above table assumes that the Global Offering becomes unconditional and the Shares are issued pursuant to the Global Offering. The above tables also do not take into account any Shares which may be issued or repurchased by us under the general mandates granted to our Directors as referred to below.

RANKING

The Offer Shares will rank pari passu in all respects with all Shares currently in issue or to be issued as mentioned in this prospectus, and will qualify and rank equally for all dividends or other distributions declared, made or paid on the Shares on a record date which falls after the date of this prospectus.

SHARE CAPITAL

CIRCUMSTANCES UNDER WHICH GENERAL MEETINGS ARE REQUIRED

Upon completion of the redesignation of our Class A Ordinary Shares and Class B Ordinary Shares and at the time of Listing, our Company will have only one class of Shares, namely ordinary shares, and each ranks *pari passu* with the other Shares.

Pursuant to the Cayman Companies Law and the terms of the Memorandum of Association and Articles of Association, our Company may from time to time by ordinary resolution of shareholders (i) increase its capital; (ii) consolidate and divide its capital into shares of larger amount; (iii) divide its shares into several classes; (iv) subdivide its shares into shares of smaller amount; and (v) cancel any shares which have not been taken. In addition, our Company may subject to the provisions of the Cayman Companies Law reduce its share capital or capital redemption reserve by its shareholders passing a special resolution. See the section headed “Summary of the Constitution of our Company and Cayman Companies Law — Summary of the Constitution of the Company — Articles of Association — Alteration of capital” for further details.

GENERAL MANDATE TO ISSUE SHARES

Subject to the Global Offering becoming unconditional, our Directors have been granted a general unconditional mandate to allot, issue and deal with Shares with a total nominal value of not more than the sum of:

- 20% of the aggregate nominal value of the Shares in issue immediately following completion of the Global Offering; and
- the aggregate nominal value of Shares repurchased by us under the authority referred to in the paragraph headed “— General Mandate to Repurchase Shares” in this section.

This general mandate to issue Shares will expire at the earliest of:

- the conclusion of the next annual general meeting of our Company unless otherwise renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions; or
- the expiration of the period within which our Company’s next annual general meeting is required by the Memorandum of Association and Articles of Association or any other applicable laws to be held; or
- the date on which it is varied or revoked by an ordinary resolution of our Shareholders in general meeting.

See the section headed “Statutory and General Information — A. Further Information about our Group — 4. Resolutions of the Shareholders of Our Company dated April 19, 2018” for further details.

SHARE CAPITAL

GENERAL MANDATE TO REPURCHASE SHARES

Subject to the Global Offering becoming unconditional, our Directors have been granted a general unconditional mandate to exercise all the powers of our Company to repurchase our own securities with nominal value of up to 10% of the aggregate nominal value of our Shares in issue immediately following the completion of the Global Offering.

The repurchase mandate only relates to repurchases made on the Stock Exchange, or on any other stock exchange on which our Shares are listed (and which are recognized by the SFC and the Stock Exchange for this purpose), and which are in accordance with the Listing Rules. A summary of the relevant Listing Rules is set out in the section headed “Statutory and General Information — A. Further Information about our Group — 5. Repurchase of Our Own Securities” in Appendix IV to this prospectus.

This general mandate to repurchase Shares will expire at the earliest of:

- the conclusion of the next annual general meeting of our Company unless otherwise renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions; or
- the expiration of the period within which our Company’s next annual general meeting is required by the Memorandum of Association and Articles of Association or any other applicable laws to be held; or
- the date on which it is varied or revoked by an ordinary resolution of our Shareholders in a general meeting.

See the section headed “Statutory and General Information — A. Further Information about our Group — 5. Repurchase of Our Own Securities” for further details.

EMPLOYEE INCENTIVE SCHEME

We adopted the Employee Incentive Scheme on December 26, 2014. See the section headed “Statutory and General Information — D. Employee Incentive Scheme” for further details.

OUR CORNERSTONE INVESTORS

THE CORNERSTONE PLACING

We have entered into cornerstone investor agreements with the cornerstone investors (the “Cornerstone Investors”) who have agreed to subscribe for such number of our Offer Shares (rounded down to the nearest whole board lot of 100 Shares) which may be purchased with an aggregate amount of approximately HK\$4,317.4 million.

Assuming an Offer Price of HK\$50.80 (being at the low end of the Offer Price range set out in this prospectus), the total number of Shares to be subscribed by the Cornerstone Investors would be approximately 84,988,500 Shares, representing approximately (i) 53.09% of the Offer Shares, assuming that the Over-allotment Option is not exercised, (ii) 7.96% of the Shares in issue upon completion of the Global Offering and assuming that the Over-allotment Option is not exercised, and (iii) 7.79% of the Shares in issue upon completion of the Global Offering and assuming that the Over-allotment Option is fully exercised.

Assuming an Offer Price of HK\$52.80 (being at the approximate mid-point of the Offer Price range set out in this prospectus), the total number of Shares to be subscribed by the Cornerstone Investors would be approximately 81,769,500 Shares, representing approximately (i) 51.08% of the Offer Shares, assuming that the Over-allotment Option is not exercised, (ii) 7.66% of the Shares in issue upon completion of the Global Offering and assuming that the Over-allotment Option is not exercised, and (iii) 7.49% of the Shares in issue upon completion of the Global Offering and assuming that the Over-allotment Option is fully exercised.

Assuming an Offer Price of HK\$54.80 (being at the high end of the Offer Price range set out in this prospectus), the total number of Shares to be subscribed by the Cornerstone Investors would be approximately 78,785,100 Shares, representing approximately (i) 49.21% of the Offer Shares, assuming that the Over-allotment Option is not exercised, (ii) 7.38% of the Shares in issue upon completion of the Global Offering and assuming that the Over-allotment Option is not exercised, and (iii) 7.22% of the Shares in issue upon completion of the Global Offering and assuming that the Over-allotment Option is fully exercised.

To the best knowledge of our Company, each of the Cornerstone Investors is an Independent Third Party and is not our connected person (as defined in the Listing Rules). The Cornerstone Investors will acquire the Offer Shares pursuant to, and as part of, the International Offering. The Offer Shares to be subscribed for by the Cornerstone Investors will rank *pari passu* in all respects with the other fully paid Shares in issue and will be counted towards the public float of our Company. None of the Cornerstone Investors will have any representation on the Board or becomes a substantial Shareholder of our Company upon completion of the Global Offering and will not subscribe for any Offer Shares under the Global Offering other than pursuant to the cornerstone investor agreements referred to below.

The Offer Shares to be subscribed by the Cornerstone Investors may be affected by reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering in the event of over-subscription under the Hong Kong Public Offering as described in the section headed “Structure of the Global Offering — The Hong Kong Public Offering — Reallocation and Clawback” in this prospectus. Details of the actual number of Offer Shares to be allocated to the Cornerstone Investors will be disclosed in the allotment results announcement to be issued by us on or around May 3, 2018.

OUR CORNERSTONE INVESTORS

OUR CORNERSTONE INVESTORS

Based on the Offer Price of HK\$50.80 (being the Minimum Offer Price)

Cornerstone Investor	Investment Amount	Number of Offer Shares (rounded down to nearest whole board lot of 100 Shares)	Approximate % of total number of Offer Shares		Approximate % of total Shares in issue immediately following the completion of the Global Offering	
			Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is exercised in full	Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is exercised in full
	<i>(US\$ in million)</i>					
Blackrock Funds	125	19,315,600	12.07%	10.49%	1.81%	1.77%
Capital Research and Management Company Funds	75	11,589,300	7.24%	6.29%	1.09%	1.06%
<i>New World Fund, Inc.</i>	53	8,189,800	5.12%	4.45%	0.77%	0.75%
<i>American Funds Insurance Series — New World Fund.</i>	21	3,245,000	2.03%	1.76%	0.30%	0.30%
<i>Capital Group New World Fund (LUX)</i>	1	154,500	0.10%	0.08%	0.01%	0.01%
GIC Private Limited	100	15,452,500	9.65%	8.39%	1.45%	1.42%
Canada Pension Plan Investment Board	100	15,452,500	9.65%	8.39%	1.45%	1.42%
Pantai Juara Investments Limited.	50	7,726,200	4.83%	4.20%	0.72%	0.71%
CT Bright Holdings Limited	50	7,726,200	4.83%	4.20%	0.72%	0.71%
Swiss Re Direct Investments Company	50	7,726,200	4.83%	4.20%	0.72%	0.71%
Total	550	84,988,500	53.09%	46.16%	7.96%	7.79%

Based on the Offer Price of HK\$52.80 (being the mid-point of the Offer Price Range)

Cornerstone Investor	Investment Amount	Number of Offer Shares (rounded down to nearest whole board lot of 100 Shares)	Approximate % of total number of Offer Shares		Approximate % of total Shares in issue immediately following the completion of the Global Offering	
			Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is exercised in full	Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is exercised in full
	<i>(US\$ in million)</i>					
Blackrock Funds	125	18,584,000	11.61%	10.09%	1.74%	1.70%
Capital Research and Management Company Funds	75	11,150,300	6.96%	6.06%	1.04%	1.02%
<i>New World Fund, Inc.</i>	53	7,879,600	4.92%	4.28%	0.74%	0.72%
<i>American Funds Insurance Series — New World Fund.</i>	21	3,122,100	1.95%	1.70%	0.29%	0.29%
<i>Capital Group New World Fund (LUX)</i>	1	148,600	0.09%	0.08%	0.01%	0.01%
GIC Private Limited	100	14,867,200	9.29%	8.08%	1.39%	1.36%
Canada Pension Plan Investment Board	100	14,867,200	9.29%	8.08%	1.39%	1.36%
Pantai Juara Investments Limited.	50	7,433,600	4.64%	4.04%	0.70%	0.68%
CT Bright Holdings Limited	50	7,433,600	4.64%	4.04%	0.70%	0.68%
Swiss Re Direct Investments Company	50	7,433,600	4.64%	4.04%	0.70%	0.68%
Total	550	81,769,500	51.08%	44.41%	7.66%	7.49%

OUR CORNERSTONE INVESTORS

Based on the Offer Price of HK\$54.80 (being the Maximum Offer Price)

Cornerstone Investor	Investment Amount	Number of Offer Shares (rounded down to nearest whole board lot of 100 Shares)	Approximate % of total number of Offer Shares		Approximate % of total Shares in issue immediately following the completion of the Global Offering	
			Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is exercised in full	Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is exercised in full
	<i>(US\$ in million)</i>					
Blackrock Funds	125	17,905,700	11.18%	9.73%	1.68%	1.64%
Capital Research and Management Company Funds	75	10,743,300	6.71%	5.84%	1.01%	0.98%
<i>New World Fund, Inc.</i>	53	7,592,000	4.74%	4.12%	0.71%	0.70%
<i>American Funds Insurance Series — New World Fund.</i>	21	3,008,100	1.88%	1.63%	0.28%	0.28%
<i>Capital Group New World Fund (LUX)</i>	1	143,200	0.09%	0.08%	0.01%	0.01%
GIC Private Limited	100	14,324,600	8.95%	7.78%	1.34%	1.31%
Canada Pension Plan Investment Board	100	14,324,600	8.95%	7.78%	1.34%	1.31%
Pantai Juara Investments Limited.	50	7,162,300	4.47%	3.89%	0.67%	0.66%
CT Bright Holdings Limited	50	7,162,300	4.47%	3.89%	0.67%	0.66%
Swiss Re Direct Investments Company	50	7,162,300	4.47%	3.89%	0.67%	0.66%
Total	550	78,785,100	49.21%	42.79%	7.38%	7.22%

The following information on the Cornerstone Investors was provided to the Company by the Cornerstone Investors.

Blackrock Funds

World Financials Fund, a sub-fund of BlackRock Global Funds, World Technology Fund, a sub-fund of BlackRock Global Funds, BlackRock Technology Opportunities Fund, a series of BlackRock Funds, BlackRock Science and Technology Trust, Global Allocation Fund, a sub-fund of BlackRock Global Funds, BlackRock Global Allocation V.I. Fund of the BlackRock Variable Series Funds, Inc., BlackRock Global Allocation Fund, Inc., BlackRock Global Allocation Collective Fund, BlackRock Global Allocation Fund (Australia), Global Dynamic Equity Fund, a sub-fund of BlackRock Global Funds, and BlackRock Global Allocation Portfolio of the BlackRock Series Fund, Inc. are each funds (“**BlackRock Funds**”) managed by investment subsidiaries of BlackRock, Inc. (“**BlackRock**”), which have discretionary investment management power over their respective BlackRock Funds. As of December 31, 2017, BlackRock managed approximately \$6.288 trillion in assets on behalf of investors worldwide.

In addition to the conditions precedent as set out in “— Conditions Precedent”, the subscription obligation of the BlackRock Funds is subject to the respective representations, warranties, undertakings and confirmations of the Company are accurate and true in all material respects and not misleading and that there is no material breach of the agreement on the part of the investor and the Company. Further, the BlackRock Funds is entitled to terminate the cornerstone investment agreement in the event that there is a material breach of the agreement by the Company or other contracting parties.

OUR CORNERSTONE INVESTORS

Capital Research and Management Company Funds

The Capital Research and Management Company Funds include New World Fund, American Funds Insurance Series — New World Fund, and Capital Group New World Fund (LUX) (collectively, the “**CapRe Funds**”), each of which is managed and advised by Capital Research and Management Company.

Capital Research and Management Company, an experienced investment management organization founded in 1931, serves as the investment adviser to each of the CapRe Funds and to other funds, including the American Funds. Capital Research and Management Company is a wholly owned subsidiary of The Capital Group Companies, Inc. (“**Capital Group**”) and is located at 333 South Hope Street, Los Angeles, California 90071, United States. Since 1931, Capital Group, home of the American Funds, has been singularly focused on delivering superior results for long-term investors using high-conviction portfolios, rigorous research and individual accountability. Capital Group manages more than US\$1.6 trillion (as of June 30, 2017) in equity and fixed income assets for millions of individuals and institutional investors around the world.

In addition to the conditions precedent as set out in “— Conditions Precedent”, the subscription obligation of the CapRe Funds is subject to the respective representations, warranties, undertakings and confirmations of the Company are accurate and true in all material respects and not misleading. Further, the CapRe Funds is entitled to terminate the cornerstone investment agreement in the event that there is a material breach of the agreement by the Company.

GIC Private Limited

GIC Private Limited (“**GIC**”) is a global investment management company established in 1981 to manage Singapore’s foreign reserves. GIC invests internationally in equities, fixed income, foreign exchange, commodities, money markets, alternative investments, real estate and private equity. With its current portfolio size of more than US\$100 billion, GIC is amongst the world’s largest fund management companies.

Canada Pension Plan Investment Board

Canada Pension Plan Investment Board is a professional investment management organization that invests the funds not needed by the Canada Pension Plan (“**CPP**”) to pay current benefits on behalf of 20 million contributors and beneficiaries. At 31 December 2017, the CPP Fund totaled C\$337.1 billion. In order to build a diversified portfolio of CPP Assets, Canada Pension Plan Investment Board invests in public equities, private equities, real estate, infrastructure and fixed income instruments.

Pantai Juara Investments Limited

Khazanah Nasional Berhad (“**Khazanah**”) is the strategic investment fund of the Government of Malaysia entrusted to hold and manage the commercial assets of the Government and to undertake strategic investments. Khazanah was incorporated under the Companies Act 1965 on September 3, 1993 as a public listed company. The share capital of Khazanah is owned by the Minister of Finance (Incorporated), a body incorporated pursuant to the Minister of Finance (Incorporation) Act, 1957.

OUR CORNERSTONE INVESTORS

Khazanah is involved in various sectors such as power, telecommunications, financial institutions, healthcare, aviation, infrastructure, leisure & tourism, property, creative & media, education, and innovation & technology. Some of the key listed companies in Khazanah's investment portfolio include Telekom Malaysia Bhd, Tenaga Nasional Bhd, CIMB Group, Axiata Group Bhd, IHH Healthcare Bhd, Malaysia Airports Holdings Bhd and UEM Sunrise Bhd. Khazanah has direct stakes in 29 listed companies with an aggregate market capitalization of approximately USD772 billion.

In addition, Pantai Juara Investments Limited is entitled to terminate the cornerstone investment agreement in the event that there is a material breach of the agreement by the Company or other contracting parties.

CT Bright Holding Limited

CT Bright Holdings Limited (正大光明控股有限公司) is an indirect wholly-owned subsidiary of Charoen Pokphand Group Co., Ltd. (together with its subsidiaries, "**CP Group**"). CP Group is engaged in a wide range of businesses including agro-industrial, food, retail and distribution, telecommunications, information and communications technology, logistics, finance and pharmaceutical. Founded in 1921, the geographical scope of CP Group's businesses currently covers all ASEAN countries, China, Europe and the United States of America."

Swiss Re Direct Investments Company Ltd

Swiss Re Direct Investments Company Ltd, a wholly owned subsidiary of Swiss Re Ltd, is principally engaged in acquiring, holding and managing holdings in domestic and foreign listed and unlisted companies and partnerships.

Swiss Re Ltd listed in accordance with the International Reporting Standard on the SIX Swiss Exchange and trading under the ticker symbol SREN, is the holding company of the Swiss Re Group. The Swiss Re Group is a leading wholesale provider of reinsurance, insurance and other insurance-based forms of risk transfer. Founded in Zurich, Switzerland, in 1863, Swiss Re Group serves clients through a network of over 80 offices globally.

OUR CORNERSTONE INVESTORS

CONDITIONS PRECEDENT

The subscription obligation of each Cornerstone Investor is subject to, among other things, the following conditions precedent:

- (a) the Hong Kong Underwriting Agreement and the International Underwriting Agreement being entered into and having become effective and unconditional and not having been terminated (in accordance with their respective original terms or as subsequently waived or varied by agreement of the parties thereto) by no later than the time and date as specified in these underwriting agreements;
- (b) the Listing Committee having granted the listing of, and permission to deal in, the Shares and that such approval or permission not having been revoked prior to the commencement of dealings in the Shares;
- (c) no relevant laws or regulations shall have been enacted or promulgated by any governmental authority which prohibits the consummation of the transactions contemplated in the Hong Kong Public Offering, the International Offering or in the cornerstone investment agreements, and there shall be no orders or injunctions from a court of competent jurisdiction in effect precluding or prohibiting consummation of such transactions; and
- (d) the respective representations, warranties, undertakings and confirmations of the relevant Cornerstone Investor under the relevant cornerstone investment agreement are accurate and true in all respects and not misleading and that there is no material breach of the relevant cornerstone investment agreement on the part of the relevant Cornerstone Investor.

RESTRICTIONS ON DISPOSAL OF SHARES BY THE CORNERSTONE INVESTORS

Each of the Cornerstone Investors has agreed that it will not, whether directly or indirectly, at any time during the period of six months following the Listing Date (the “**Lock-up Period**”), dispose of any of the Shares they have purchased pursuant to the relevant cornerstone investor agreements, save for certain limited circumstances, such as transfers to any of its wholly-owned subsidiaries who will be bound by the same obligations of such Cornerstone Investor, including the Lock-up Period restriction.

FINANCIAL INFORMATION

You should read the following discussion and analysis with our audited consolidated financial information, including the notes thereto, included in the Accountant's Report in Appendix I to this document. Our consolidated financial information has been prepared in accordance with IFRS.

The following discussion and analysis contains forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties. In evaluating our business, you should carefully consider the information provided in this document, including, but not limited, to the sections headed "Risk Factors" and "Business."

OVERVIEW

We are a pioneer in the PRC Internet healthcare market and operated the largest Internet healthcare platform in terms of average MAUs and daily average online consultations in 2016, according to Frost & Sullivan. We deliver on-demand healthcare anytime and anywhere through our mobile platform.

Building upon an integrated technology platform, professional in-house medical team, network of quality healthcare service providers, diversified and evolving offerings of services and products, sophisticated consumer engagement strategies and well-established distribution channels, our solution primarily encompasses the following business segments:

- **Family Doctor Services.** Our family doctor services consist primarily of online consultation, hospital referral and appointment, inpatient arrangement and second opinion services by our AI-assisted in-house medical team and external doctors, as well as via our collaborative hospital network.
- **Consumer Healthcare.** We provide a variety of standardized service packages that integrate services at healthcare institutions to meet incremental, preventive and other health-related needs of our users, such as health check-ups, genetic testing and beauty care.
- **Health Mall.** Our health mall provides diversified and evolving product offerings, including (i) healthcare products such as medicines, health supplements and medical devices, (ii) wellness products such as fitness equipment and accessories and personal care products, as well as (iii) other products.
- **Health Management and Wellness Interaction.** We devise various wellness programs, tools and activities and recommend personalized content to our users to help maintain a healthy lifestyle.

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BASIS OF PRESENTATION

We were incorporated as an exempted company with limited liability in the Cayman Islands in November 2014 and formerly known as “Glorious Health Limited.” We are principally engaged in offering online medical and wellness services, such as family doctor services, consumer healthcare, health mall as well as health management and wellness interaction through our mobile platform (the “Listing Business”) in the PRC, which is operated by Ping An Health Cloud Company Limited (“PAHC”, together with its subsidiaries, “PRC Operating Entities”). In February 2015, Kang Jian Information Technology (Shenzhen) Co., Ltd. (“Kang Jian”) was incorporated in the PRC as our indirectly wholly owned subsidiary. Pursuant to a series of contractual agreements entered into between Kang Jian, the PRC Operating Entities and their respective equity holders, Kang Jian is able to effectively control, recognize and receive substantially all the economic benefit of the business and operations of the PRC Operating Entities. Accordingly, the PRC Operating Entities are treated as controlled structured entities of the Company and consolidated by the Company.

Our consolidated financial information has been prepared in accordance with the International Financial Reporting Standards (“IFRSs”) as issued by the International Accounting Standards Board and is presented in Renminbi (“RMB”) unless otherwise stated. Our consolidated financial information has been prepared under the historical cost convention, as modified by the revaluation of financial assets, which are carried at fair value. The preparation of our consolidated financial information in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying our accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to our consolidated financial information, are disclosed in Note 3 of the Accountant’s Report in Appendix I.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations have been, and are expected to continue to be, materially affected by a number of factors, many of which are outside of our control, including the following:

General Factors

Our business and operating results are affected by general factors affecting the broader Internet industry and the Internet healthcare industry in China, which include:

- China’s overall economic growth and level of per capita disposable income;
- growth of mobile Internet usage and penetration rate;
- governmental policies and initiatives affecting the Internet healthcare industry;

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- market and social acceptance of Internet healthcare;
- awareness and enforcement of intellectual property protection in China; and
- development of the healthcare industry in China and relevant governmental policies.

Unfavorable changes in any of these general industry conditions could negatively affect demand for our services and negatively and materially affect our results of operations.

Company Specific Factors

While our business is influenced by factors affecting the Internet and online healthcare industries in China generally, our results of operations are also affected by company specific factors, including the following major factors:

Our Ability to Create Value for Our Users and Generate Revenue

Our ability to create value for our users and generate revenue is driven by the factors described below:

- *Increasing engagement of users.* Users are attracted to our platform by the breadth of personalized content and the interactive user experience we offer. Our platform includes a comprehensive selection of product and service offerings as well as engaging content. The size and engagement of our online user base are crucial for the monetization capability and profitability of our business. A large and vibrant user base supplies us with high-quality user data, enabling us to provide better medical experience to our customers.
- *Broader value offered to healthcare providers and other businesses.* Taking advantage of the growing user base and high volume traffic on our platform, we channel our users to and create monetization opportunities for hospitals and other healthcare institutions in our network via our health mall and advertisement services. We lower the customer acquisition costs for healthcare institutions and help increase awareness and generate publicity as we integrate services provided at healthcare institutions. This also increases utilization efficiency of healthcare resources.
- *Empowering data and technology.* Our ability to engage consumers and empower merchants, brands and other businesses is affected by the breadth and depth of our data insights, the accuracy of our targeted marketing, and our technology capabilities and infrastructure, and our continued ability to develop scalable services and products that adapt to the quickly evolving industry trends and user preferences.

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Our Ability to Manage Our Mix of Product and Service Offerings

Our results of operations are also affected by the mix of services and products we offer:

- *Family doctor services.* High-quality family doctor services are pivotal to the success of our business. The quality of our family doctor services depends on the professional knowledge and capabilities of our AI-assisted in-house medical team, and caliber and effectiveness of our network.
- *Consumer healthcare.* The quality and customer satisfaction of our consumer healthcare services is affected by: (i) the quality of services delivered by our network of healthcare institutions, such as health check-up centers and aesthetic centers; and (ii) the capabilities of our distribution network in connecting our customers with the consumer healthcare services that best fit their needs.
- *Health mall.* We operate our health mall business under two business models, namely direct sales, where revenues are recorded on a gross basis, and marketplace, where we earn commissions and services fees from third-party sellers on our online marketplace. The results of operations of our health mall business are affected by the quality and diversity of its product offerings and how well such offerings address the needs of our online customers.
- *Health management and wellness interaction.* The results of operations of our health management and wellness interaction business are affected by the effectiveness of our health management and wellness interaction programs and advertising income generated.

Our Ability to Further Increase and Leverage our Scale of Business

Our results of operations are directly affected by our ability to further increase and leverage our scale of business. As our business further grows in scale, we expect to obtain more favorable terms from suppliers, including pricing terms and volume-based rebates. In addition, we aim to create value for our suppliers by providing an effective channel for selling large volumes of their products online, offering them comprehensive information on customer preferences and market demand, and ensuring the high quality of fulfillment services. We believe this value proposition also helps us obtain favorable terms from suppliers.

Our Investment in User Base, Technology, People and Infrastructure

We have made, and will continue to make, significant investments in our ecosystem to attract users, providers, sellers and other participants, enhance user experience and expand the capabilities and scope of our platform. We expect our investments will include enhancing our AI technologies and family doctor services, expanding our consumer healthcare and health mall offerings, further developing our health management and wellness interaction and advertisement programs, as well as executing our globalization strategy. Our operating leverage and margin levels enable us to continue to invest in our people, particularly medical professionals, engineers, product management personnel, as well as in our underlying technology capabilities and infrastructure.

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CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Some of our accounting policies require us to apply estimates and assumptions as well as complex judgments related to accounting items. The estimates and assumptions we use and the judgments we make in applying our accounting policies have a significant impact on our financial position and operational results. Our management continually evaluates such estimates, assumptions and judgments based on past experience and other factors, including industry practices and expectations of future events that are deemed to be reasonable under the circumstances. There has not been any material deviation from our management's estimates or assumptions and actual results, and we have not made any material changes to these estimates or assumptions during the Track Record Period. We do not expect any material changes in these estimates and assumptions in the foreseeable future.

We set forth below those accounting policies that we believe are of critical importance to us or involve the most significant estimates, assumptions and judgments used in the preparation of our financial statements. Our significant accounting policies, estimates, assumptions and judgments, which are important for understanding our financial condition and results of operations, are set forth in details in Notes 2 and 3 to the Accountant's Report in Appendix I to this document.

Revenue Recognition

Revenues are recognized when, or as, the control of the goods or services is transferred to the customer. Depending on the terms of the contract and the laws applicable, control of the goods and services may be transferred over time or at a point in time. Control of the goods and services is transferred over time if our performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates and enhances an asset that the customer controls as we perform; or
- does not create an asset with an alternative use to us and we have an enforceable right to payment for performance completed to date.

If control of the goods and services is transferred over time, revenue is recognized over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognized at a point in time when the customer obtains control of the goods and services.

The progress towards the complete satisfaction of performance obligation, depending on the nature of the goods and services to be transferred, is measured based on one of the following methods that best depicts our performance in satisfying the performance obligation:

- direct measurements of the value of individual services transferred by us to the customer;
or
- our efforts or inputs into the satisfaction of the performance obligation.

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If contracts involve sale of multiple goods, goods followed by related services, or multiple services, the transaction price will be allocated to each performance obligation based on their relative stand-alone selling prices. If the stand-alone selling prices are not directly observable, they are estimated based on expected cost plus margin or adjusted market assessment approach, depending on the availability of observable information.

When either party to a contract has performed, we present the contract in the statement of financial position as a contract asset or a contract liability, depending on the relationship between the entity's performance and the customer's payment.

A contract asset is our right to consideration in exchange for goods or services that we have transferred to a customer.

Incremental costs incurred to obtain a contract, if recoverable, are capitalized and presented as contract assets and subsequently amortized when the related revenue is recognized.

If a customer pays consideration or we have a right to an amount of consideration that is unconditional, before we transfer a good or service to the customer, we present the contract as a contract liability when the payment is made or a receivable is recorded (whichever is earlier). A contract liability is our obligation to transfer goods or services to a customer for which we have received consideration (or an amount of consideration is due) from the customer.

A receivable is recorded when we have an unconditional right to consideration. A right to consideration is unconditional if only the passage of time is required before the payment of that consideration is due.

Family Doctor Services

Family doctor services consist primarily of online consultation, hospital referral and appointment, inpatient arrangement and second opinion services provided by the AI-assisted in-house medical team and external doctors as well as via our collaborative hospital network. During the Track Record Period, this revenue stream is primarily derived from transactions with Ping An Life Insurance and Ping An Health Insurance.

We enter into agreements with Ping An Life Insurance and Ping An Health Insurance on annual basis to offer family doctor services to the policyholders of Ping An Life Insurance and Ping An Health Insurance. In addition to family doctor services, certain policyholders of Ping An Health Insurance are entitled to certain free healthcare products. The services under family doctor services are updated and adjusted over time in accordance with business strategies and market trends. Policyholders of Ping An Life Insurance are entitled to the services under family doctor services free of charge so long as the agreements with Ping An Life Insurance are effective, while policyholders of Ping An Health Insurance are entitled to our family doctor services free of charge when the insurance policies are effective, which is typically for a period of one year. We charge Ping An Life on an annual basis at

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a fixed fee regardless of the usage of the services or headcount of consumers and charge Ping An Health Insurance based on a fixed fee per headcount per annum. We charge one quarter of the annual fee to Ping An Life Insurance every three months in arrears, while we charge Ping An Health Insurance for the annual fee in advance based on the number of policyholders of An Kang and An Xiang entitled to our family doctor services and free healthcare products for the coming year.

Our packages of services are considered to consist of multiple elements of services. The transaction price of each service package is allocated between the family doctor services and healthcare products offered based on their relative stand-alone selling prices.

The revenue of the healthcare products to An Kang and An Xiang is recognized when the products are delivered while the revenue of family doctor services for Ping An Life Insurance and Ping An Health Insurance is recognized over the one-year contract period since we are obligated to provide a kind of standby service on a when-and-if-available basis to customers.

Revenue from family doctor services is recognized on a gross basis as we are regarded as the primary obligor since we have the ability to determine the pricing of the services, nature of services and is responsible for providing the services by its employees.

The contract payments are non-cancellable and non-refundable. We record a receivable from Ping An Life Insurance for the family doctor services after the services are rendered on a quarterly basis as the payment is in arrears and its right to consideration is unconditional. We record payment due from Ping An Health Insurance for the family doctor services and healthcare products as receivable as Ping An Health Insurance is obligated to pay for the service based on the number of customers within the service scope for the coming year; the corresponding unsatisfied performance obligation is recorded as a contract liability.

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Consumer Healthcare

We provide a variety of standardized service packages that integrate services at healthcare institutions to meet incremental, preventive and other health-related needs of the users, such as health check-ups, genetic testing and beauty care. Our consumer healthcare principally generates revenue from selling the standardized service packages to individual customers or corporate customers. Different types of service packages provide the customers with a specific number of times of services for each service offered. The service packages are considered to consist of multiple elements of services and products as individual services within the packages are regarded as separate performance obligations. The transaction price is allocated to each of the services and healthcare products in the service package based on their relative stand-alone selling prices.

The revenue of the health products is recognized when the products are delivered while the revenue of services is recognized upon the individual service is rendered to customers.

We sell the consumer healthcare packages either to individuals on a retail basis or to corporate customers for the benefit of their employees on a wholesale basis. The consumer healthcare services packages are offered to corporate customers through our sales team, and to individual customers through health mall or the Life Insurance Agents. Such Life Insurance Agents have entered into agency agreements with Ping An Group and agreed to distribute Ping An Group's products only. We have entered into product and service referral arrangement with the Life Insurance Agents. The Life Insurance Agents are not employed by Ping An Group and have referred the products and services to customers on a voluntary basis without Ping An Group's participation. Payments for consumer healthcare packages are settled by retail customers before delivery of service packages while payments for corporate customers can be settled in arrears after delivery depending on whether there is a credit term granted to the corporate customers.

We pay compensation to the Life Insurance Agents at a pre-determined percentage of the sales of products or services referred by the agents. The compensation paid for selling the service packages are capitalised and presented as contract assets which are subsequently amortised to profit and loss when the relevant revenue is recognised.

The service packages are non-refundable. The customers have to activate the service packages via our online platform before the expiry date as pre-printed in the packages. Once the service packages are activated, the customers can consume the services within one year after activation. Breakage for service packages is the extent to which outstanding performance obligations are not required because the customer does not take up all the services or goods within the valid period. Breakage for service packages is recognised upon the expiry date which is the later of expiry date pre-printed in the service package or one year after activation. In 2016 and 2017, we recognized RMB58.5 million and RMB173.7 million in breakage revenue, respectively. During the Track Record Period, the total cumulative breakage revenue for our services packages we recognized was equivalent to 7% of the total cumulative sales value of services and products packages sold during the same period.

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The online consultation services and hospital appointment services are performed by our service team. We are also continually expanding the network with healthcare institutions which provide offline services. Consumer healthcare customers can select the healthcare institutions from our pre-determined list of service providers through our online platform. We have the sole discretion to select the healthcare institutions and the purchase prices are negotiated separately with healthcare institutions. Since we have the ability to determine the pricing of the products or services and have the sole discretion to determine the healthcare institutions, to take responsibility for monitoring the quality of services provided and to negotiate the service terms, we are regarded as the primary obligor and recognize revenue from consumer healthcare on a gross basis.

We record contract liabilities for purchases from customers who have made payments before we render services in service packages since there is unsatisfied performance obligation owing to customers. For those customers who purchase service packages with credit terms, we record a receivable when our right to consideration is unconditional, which is normally upon service packages being delivered to customers. The contract liabilities are recognized as revenue over the period during which the individual services are rendered or goods are transferred to customers.

Health Mall

Our health mall provides diversified and evolving product offerings, including (i) healthcare products such as medicines, health supplements and medical devices, (ii) wellness products such as fitness equipment and accessories and personal care products, as well as (iii) other products. Our revenue from health mall is principally generated from our sales of products (“direct sales”), or from the commission income earned from third-party merchants (“marketplace”). We generate revenue from mobile app, WAP website as well as plug-ins of Ping An mobile apps.

We operate the health mall under two business models, namely the direct sales and marketplace models.

Direct sales

Under the direct sales model, we procure merchandise from suppliers and sell products directly to consumers through the platform. The suppliers consist primarily of distributors in the PRC. We are entitled to determine pricing and adjust offerings of products.

In this business model, we either manage our own inventories or have suppliers manage inventories and arrange delivery within 48 hours of the order being placed. In the former situation, we manage inventory by adjusting inventory levels based on fluctuation in supply and prices, seasonality, popularity of a particular product, and take into consideration the shelf life of pharmaceutical products. We either make sales promotion plans or report inventory write-downs depending on the status of the inventory. We also provide after-sales services, attend to customers’ complaints and respond to return requests. We generally require suppliers to cooperate with us in attending to customers’ complaints and responding to return requests.

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Under the direct sales model, since we have the sole discretion in determining the pricing, and have the obligation to fulfill the order, provide after-sales services, attend to customers' complaints and respond to return requests, we consider ourselves a principal and recognize revenues under the direct sales model based on the gross amount of products sales. We recognize revenue net of discounts and return allowances upon the time when the products are delivered to customers. Return allowances, which reduce net revenues, are estimated based on historical experiences. We offer our customers an unconditional right of return for a period of seven days on sales from our platform upon receipt of products. We recognize sales revenue from platform when products are delivered to customers because historical returns are insignificant.

Payment for the ordered products of individual customers is generally made upon orders placed by customers in platform and goods are dispatched within 48 hours after orders are placed. External logistics companies are responsible for delivery to customers. In certain cases, under the direct sales model, products in our health mall are also sold to corporate customers with credit term ranging from 5 days to 30 days.

We also sell prepaid health mall cards to corporate customers in credit terms. We have unconditional rights to receive the consideration after the prepaid health mall cards are delivered to customers, and therefore, we recognize receivables and contract liabilities accordingly. The contract liabilities are recognized as revenue when the products are delivered to customers.

Marketplace

We also provide an online marketplace that enables third-party vendors to sell their products to customers in our online platform. The marketplace vendors primarily consist of pharmacy chains and overseas shopping service providers. The commission fees are generally charged as a percentage of the merchandise sales depending on the product category and terms of contracts with vendors.

Under the marketplace model, the vendors manage inventories on their own and they are responsible for product delivery as well. Delivery of products are required within 24 hours after order placing for pharmacy chains or 96 hours after order placing for overseas shopping. The vendors are also responsible for after-sales services, attending to customers' complaints and responding to return requests. Revenue related to commission fees is recognized on a net basis and when the orders are placed and the payments are made by customers because historical returns on sales from platform are insignificant. Payment terms with third-party vendors are usually settled on a monthly basis for the commissions earned during the period.

Health management and wellness interaction

We offer various wellness programs, tools and activities and recommend personalized content to our users to help maintain a healthy lifestyle. The revenue from health management and wellness interaction is principally generated from advertisements placed by advertising agents or direct customers, for the purpose of assisting users in cultivating a healthy lifestyle. We work with pharmaceuticals and other health products companies as well as advertisement agencies for the advertising business.

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We mainly offer three types of advertisements, namely, display, search and sponsored stories through our mobile app. Display advertising involves placing images or rich media content alongside our platform and content. Search advertising places text-based advertisements alongside user query results. Sponsored story advertising delivers promotional marketing messages through editorial content via our health management and wellness interaction platform. Advertising fee is charged primarily on per thousand impressions, per click or per duration basis. Revenue from advertisements of number of impressions or clicks is recognized based on the actual number and unit price agreed in the contract, while revenue from advertisements of duration is recognized over the period during which the advertising services are provided.

The advertisers are usually required to pay for the advertisement in advance. The contracts are non-cancellable and non-refundable. We record receivables and contract liabilities correspondingly when the advertising contracts are signed with customers since we have unconditional rights to payments of advertising services which are due according to the contract terms. The contract liabilities are recognized as revenue when the advertisements are displayed or the services are provided.

Share-based Payments

An equity-settled, share-based compensation plan was granted to our employees, under which we receive services from employees as consideration for equity instruments (options) of ours. The fair value of the employee services received in exchange for the grant of the options is recognized as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance;
- excluding the impact of any service and non-market performance vesting conditions; and
- including the impact of any non-vesting conditions.

At the end of each reporting period, we revise our estimates of the number of options that are expected to vest based on the non-marketing performance and service conditions. We recognize the impact of the revision to original estimates, if any, in the statement of comprehensive income, with a corresponding adjustment to equity.

If the terms of an equity-settled award are modified, at a minimum an expense is recognized as if the terms had not been modified. An additional expense is recognized for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

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Tax

Since deferred tax assets are recognized for all unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilized, in assessing whether such unused tax losses can be utilized in the future, we need to make judgments and estimates on the ability of each of our subsidiaries to generate taxable income in the future years. Based on current information available and the tax planning strategies, we consider there is uncertainty regarding whether the unused tax losses could be utilized before expiration. Thus, we currently have not recognized any deferred tax assets resulting from operating loss and deductible temporary differences.

Provision for Sales Promotion

We provide “healthy reward points” for free to users of our mobile App, including those who are not existing service buyers of ours. Registered users may earn “healthy reward points,” based on the walk steps counted by our mobile App. Users can use the “healthy reward points” to redeem goods in the health mall of our mobile App without minimum purchase amount requirements. The “healthy reward points” expire six months after issuance. Costs of “healthy reward points” awarded from the users’ walk steps are included in our promotion expenses, and such outstanding “healthy reward points” are recognized as accrued promotion expenses based on the relative outstanding volume. Significant estimates on the expected redemption rate by users and the redemption value of the “healthy reward points” are needed to be made by us through analysis of historical trends as well as expectation of future usage when evaluating accrued promotion expenses.

Early Application of IFRS 15

IFRS 15 “Revenue from contracts with customers” replaces the previous revenue standards IAS 18 “Revenue” and IAS 11 “Construction Contracts” and the related interpretations. The standard is effective for annual periods beginning on or after January 1, 2018 and earlier application is permitted. We have elected to early apply IFRS 15, which has been applied consistently in the Track Record Period.

We have assessed the effects of early adoption of IFRS 15 on our financial statements and identified the following areas that have been affected:

- Accounting for certain costs incurred to obtain a contract. As of December 31, 2015, 2016 and 2017, contract assets of RMB12.8 million, RMB34.8 million and RMB58.0 million, respectively, were recognized since incremental costs incurred to obtain a contract are eligible to be capitalized and subsequently amortized under IFRS 15. However, they would not have been qualified for recognition as an asset should IAS 18 have been applied throughout the Track Record Period.

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- Presentation of contract assets and contract liabilities in the balance sheet. IFRS 15 requires separate presentation of contract assets and contract liabilities in the balance sheet. This has resulted in some reclassifications in relation to our unsatisfied performance obligations. As of December 31, 2015, 2016 and 2017, contract liabilities of RMB123.5 million, RMB467.3 million and RMB640.6 million, respectively, should have been presented as deferred revenue should IAS 18 have been applied throughout the Track Record Period.

Taking into account the impact disclosed above, we consider that the early adoption of IFRS 15 did not have significant impact on our financial position and performance during the Track Record Period.

DESCRIPTION OF MAJOR COMPONENTS OF OUR RESULTS OF OPERATIONS

The following table sets forth a summary of our consolidated statements of comprehensive income/(loss) with line items in absolute amounts and as percentages of our revenue for the periods indicated.

	Year ended December 31,		
	2015	2016	2017
	<i>(RMB in millions)</i>		
Revenue	278.7	601.5	1,868.0
Cost of sales	<u>(167.9)</u>	<u>(347.9)</u>	<u>(1,255.9)</u>
Gross profit	110.8	253.6	612.1
Selling and marketing expenses	(178.6)	(781.1)	(723.5)
Administrative expenses	(251.5)	(461.1)	(710.7)
Other income	1.2	9.8	24.9
Other gains/(losses) — net	<u>(5.0)</u>	<u>238.8</u>	<u>(199.2)</u>
Operating loss	(323.1)	(740.0)	(996.4)
Finance income	1.2	2.4	37.4
Finance costs	(1.6)	(17.7)	(37.6)
Share of loss of joint venture	<u>(0.2)</u>	<u>(2.9)</u>	<u>(4.6)</u>
Loss before income tax	(323.7)	(758.2)	(1,001.2)
Income tax expense	<u>0.0</u>	<u>0.0</u>	<u>(0.4)</u>
Loss for the year	<u><u>(323.7)</u></u>	<u><u>(758.2)</u></u>	<u><u>(1,001.6)</u></u>

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Revenue

The following table sets forth a breakdown of our revenue by business segment for the periods indicated:

	Year ended December 31,					
	2015		2016		2017	
	<i>RMB</i>	%	<i>RMB</i>	%	<i>RMB</i>	%
	<i>(in millions, except percentages)</i>					
Family doctor service	118.8	42.6%	136.5	22.7%	242.2	13.0%
Consumer healthcare	154.6	55.5%	388.1	64.5%	655.4	35.0%
Health mall	1.9	0.7%	63.1	10.5%	896.1	48.0%
Health management and wellness interaction.	3.4	1.2%	13.8	2.3%	74.3	4.0%
Total	278.7	100.0%	601.5	100.0%	1,868.0	100.0%

Family Doctor Services

We offer online consultation, hospital referrals and appointment primarily through our mobile platform. Such services are also accessible through add-ins of other mobile apps of Ping An Group, such as Ping An Jin Guan Jia, pursuant to a service-level agreement, or SLA, which we entered into with Ping An Life Insurance that offers family doctor services to customers of Ping An Life Insurance for a fixed service fee. We also offer our family doctor services in the form of An Kang and An Xiang value-added packages to customers of Ping An Health Insurance.

Consumer Healthcare

We offer a variety of health-related service packages for our users to meet their preventive care and other health-related needs. Such service packages can be used for services at offline third-party service providers such as health check-up centers and aesthetic centers. We generate revenue from (i) the sales of our service packages on a retail basis, and (ii) the sales of our service packages to member companies of Ping An Group on a wholesale basis.

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Health Mall

We offer a wide spectrum of products through our online health mall, including, but not limited to, health supplements, personal care products, TCM & chemical drugs, home appliances and medical devices. We operate our health mall under two business models, namely direct sales and marketplace. Under our direct sales model, we procure merchandise from suppliers and sell products directly to consumers through our online platform. Under our marketplace model, we provide third-party vendors with a platform that facilitates transactions between them and consumers, and we collect commission fees from such third-party vendors according to the terms of our contracts with them. In addition to sales through our mobile platform, we also generated revenue from sales to Ping An Group through the procurement channels of Ping An Group, which amounted to 0, RMB6.5 million and RMB428.7 million, respectively, in 2015, 2016 and 2017.

Health Management and Wellness Interaction

Our health management and wellness interaction platform provides our users with health and wellness related content in the format of articles and videos, health tests as well as health management programs. It also offers opportunities for our users to participate in wellness activities in return for “healthy reward points” for redemption of goods at our health mall. We generate advertising revenue from our health management and wellness interaction business.

Cost of Sales

The following table sets forth a breakdown of our cost of sales by business segment for the periods indicated:

	Year ended December 31,					
	2015		2016		2017	
	<i>RMB</i>	<i>%</i>	<i>RMB</i>	<i>%</i>	<i>RMB</i>	<i>%</i>
	<i>(in millions, except percentages)</i>					
Family doctor service	28.0	16.7%	81.0	23.3%	99.7	7.9%
Consumer healthcare	138.8	82.7%	211.9	60.9%	351.2	28.0%
Health mall	1.1	0.6%	51.7	14.9%	791.5	63.0%
Health management and wellness interaction.	0.0	0.0%	3.3	0.9%	13.5	1.1%
Total	167.9	100.0%	347.9	100.0%	1,255.9	100.0%

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The following table sets forth a breakdown of our cost of sales by nature for the periods indicated:

	Year ended December 31,					
	2015		2016		2017	
	<i>RMB</i>	%	<i>RMB</i>	%	<i>RMB</i>	%
	<i>(in millions, except percentages)</i>					
Employee benefit expenses	18.2	10.8%	53.8	15.5%	94.2	7.5%
Selling costs (service)	135.9	80.9%	208.6	60.0%	348.7	27.8%
Selling costs (goods)	6.0	3.6%	61.7	17.7%	792.2	63.1%
Other costs	7.8	4.7%	23.8	6.8%	20.8	1.6%
Total	167.9	100.0%	347.9	100.0%	1,255.9	100.0%

Our cost of sales primarily consists of employee benefit expenses and selling costs relating to services and goods.

- Employee benefit expenses mainly include salaries for our internal medical team.
- Selling costs relating to services mainly include costs of health check-ups and other health-related service packages paid to offline service providers under our consumer healthcare business.
- Selling costs relating to goods mainly include the procurement cost of products that we offer through our health mall under the direct sales model.
- Other costs mainly include the delivery cost of products that we offer through our health mall under the direct sales model.

Our in-house medical team routinely serves dual functions, namely, offering paid consultations and free consultations. During the Track Record Period, our management determined the headcount and budget of its in-house medical team according to (i) the normal average capacity of each member of the in-house medical team, and (ii) the respective expected demands from paid and free consultations based on our business plan. Our management allocated the employee benefit expenses between cost of sales and selling and marketing expenses based on the capacity spent by our in-house medical team on paid and free consultations.

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In 2015, 2016 and 2017, the cost of our in-house medical team was RMB43.2 million, RMB149.4 million and RMB170.7 million, respectively, of which RMB18.7 million, RMB59.8 million and RMB89.5 million was allocated to cost of sales, respectively. In 2015, 2016 and 2017, we provided 4.1 million, 15.6 million and 20.8 million paid consultations, respectively. During the same periods, we provided 7.5 million, 50.4 million and 113.4 million free consultations, respectively.

Gross Profit

The following table sets forth our gross profit in absolute amounts and as a percentage of revenue, or gross margins, for the periods indicated:

	Year ended December 31,					
	2015		2016		2017	
	<i>RMB</i>	%	<i>RMB</i>	%	<i>RMB</i>	%
	<i>(in millions, except percentages)</i>					
Family doctor services	90.8	76.4%	55.5	40.7%	142.5	58.9%
Consumer healthcare	15.8	10.2%	176.2	45.4%	304.2	46.4%
Health mall	0.8	43.8%	11.4	18.1%	104.6	11.7%
Health management and wellness interaction.	3.4	100%	10.5	76.1%	60.8	81.8%
Total	<u>110.8</u>	39.7%	<u>253.6</u>	42.2%	<u>612.1</u>	32.8%

Selling and Marketing Expenses

Our selling and marketing expenses primarily consist of employee benefit expenses relating to our in-house medical team and sales team, promotion expenses relating to our “healthy reward points” in our “step-for-reward” plan, advertising expenses and commission expenses relating to the sales agents in distributing our products. The following table sets forth a breakdown of the major components of our selling and marketing expenses for the periods indicated:

	Year ended December 31,		
	2015	2016	2017
	<i>(RMB in millions)</i>		
Employee benefit expenses	34.2	138.0	130.6
Promotion expenses	7.1	384.9	213.7
Advertising expenses	122.2	207.1	264.6
Commission expenses	6.5	47.4	95.5
Others	<u>8.6</u>	<u>3.7</u>	<u>19.1</u>
Total	<u>178.6</u>	<u>781.1</u>	<u>723.5</u>

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The following table sets forth a breakdown of our advertising expenses during the Track Record Period:

	Year Ended December 31,		
	2015	2016	2017
	<i>(RMB in millions)</i>		
Brand campaign and customer acquisition expenses ⁽¹⁾	110.6	152.7	177.0
Sales promotion and other expenses ⁽²⁾	11.6	54.4	87.6
Total advertising expenses	122.2	207.1	264.6

⁽¹⁾ Brand campaign and customer acquisition expenses refer to expenses arising from external marketing activities for acquiring users and increasing our brand recognition (e.g. advertisements and banners on renowned websites, app stores, search engines, and offline seasonal and holiday campaigns).

⁽²⁾ Sales promotion and other expenses refer to expenses arising from products related promotion activities (excluding user acquisition related activities).

Administrative Expenses

Our administrative expenses primarily consist of employee benefit expenses, consulting expenses, leasing expenses and postage and communication expenses. The following table sets forth a breakdown of the major components of our administrative expenses for the periods indicated:

	Year ended December 31,		
	2015	2016	2017
	<i>(RMB in millions)</i>		
Employee benefit expenses	164.0	263.0	433.7
Postage and communication expenses	4.3	29.1	22.9
Consulting expenses	21.5	58.7	58.1
Leasing expenses	27.1	38.6	50.6
Depreciation of property and equipment and lease improvement	3.1	11.6	23.3
Business tax and surcharges	7.4	1.3	12.5
Travelling and convention expenses	5.1	13.6	12.2
Listing expenses	0.0	0.0	34.3
Others	19.0	45.2	63.1
Total	251.5	461.1	710.7

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Other Income

Our other income primarily consists of government grants and investment income. The following table sets forth a breakdown of the major components of our other income for the periods indicated:

	Year ended December 31,		
	2015	2016	2017
	<i>(RMB in millions)</i>		
Government grants	0.7	8.3	14.0
Investment income	0.5	1.5	10.9
Total	1.2	9.8	24.9

During the Track Record Period, our investment income was generated by a wealth management product issued by Ping An Bank. Such wealth management product is principal guaranteed and redeemable upon request by holders, and its net value remains at RMB1.00 per unit as investment income is calculated and posted to the holder's account on a daily basis. Its investment scope includes, amongst other instruments, treasury bonds, central bank bills, note repurchases, inter-bank deposits as well as enterprise bonds, corporate bonds and short-term financing notes with high credit ratings.

Other Gains/(Losses), Net

Our other gains/(losses) primarily consist of net foreign exchange gains/(losses), which resulted from our holding of US dollars arising from our equity financing. The following table sets forth a breakdown of the major components of our other gains/(losses) for the periods indicated:

	Year ended December 31,		
	2015	2016	2017
	<i>(RMB in millions)</i>		
Net foreign exchange gains/(losses)	0.0	238.3	(179.6)
Forfeiture of rental deposits	(5.2)	0.0	0.0
Impairment loss of other intangible assets	0.0	0.0	(19.6)
Others	0.2	0.5	0.0
Total	(5.0)	238.8	(199.2)

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Finance Income and Costs

Finance income represents interest income on bank deposits. Finance costs primarily consist of interest expense on bank borrowings. The following table sets forth a breakdown of the major components of our finance income and costs for the periods indicated:

	Year ended December 31,		
	2015	2016	2017
	<i>(RMB in millions)</i>		
Finance income			
Interest income	1.2	2.4	37.4
Finance costs			
Interest expense on bank borrowing	(1.0)	(14.6)	(33.8)
Other items	(0.6)	(3.1)	(3.8)
Net finance costs	(0.4)	(15.3)	(0.2)

Share of Losses of Joint Ventures

Share of losses of joint ventures represents our share of losses resulting from investment in Ping An Yingjian Medical Management (Shanghai) Limited (“Yingjian Medical Management”), a company providing medical and healthcare consulting services in which we own a 50% equity interest.

Taxation

Income tax expense was 0, 0 and RMB408,000 in 2015, 2016 and 2017, respectively.

Loss for the Year

The following table sets forth our loss for the year in absolute amounts and as a percentage of our revenue, or net margin, for the periods indicated:

	Year ended December 31,					
	2015		2016		2017	
	<i>(RMB in millions, except percentages)</i>					
Loss for the year	(323.7)	(116.2%)	(758.2)	(126.1%)	(1,001.6)	(53.6%)

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NON-IFRS MEASURES

To supplement our consolidated financial statements which are presented in accordance with IFRS, we also use adjusted operating profit/(loss) and adjusted net profit/(loss) as additional financial measures, which are not required by, or presented in accordance with, IFRS. We believe that these non-IFRS measures facilitate comparisons of operating performance from period to period and company to company by eliminating potential impacts of items that our management do not consider to be indicative of our operating performance. We believe that these measures provide useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of the adjusted operating profit/(loss) and adjusted net profit/(loss) may not be comparable to similarly titled measures presented by other companies. The use of these non-IFRS measures has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for analysis of, our results of operations or financial condition as reported under IFRS.

We define adjusted operating profit/(loss) as profit/(loss) from operations for the period adjusted by adding back share-based payment, net foreign exchange (gain)/loss and one-off listing expenses. We define adjusted net profit/(loss) as net profit/(loss) for the period adjusted by adding back share-based payment, net foreign exchange (gain)/loss and one-off listing expenses. The following tables reconcile our adjusted operating profit/(loss) and adjusted net profit/(loss) for the periods presented to the most directly comparable financial measures calculated and presented in accordance with IFRS, which are operating profit/(loss) for the period and net profit/(loss) for the period:

	Year ended December 31,		
	2015	2016	2017
	<i>(RMB in millions)</i>		
Reconciliation of operating profit/(loss) to adjusted operating profit/(loss):			
Operating profit/(loss) for the period	(323.1)	(740.0)	(996.4)
Add:			
Share-based payment	0.8	14.6	47.6
Net foreign exchange (gain)/loss	(0.0)	(238.3)	179.6
One-off listing expenses	0.0	0.0	34.3
Adjusted operating profit/(loss)	(322.3)	(963.7)	(734.9)

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	Year ended December 31,		
	2015	2016	2017
	<i>(RMB in millions)</i>		
Reconciliation of net profit/(loss) to adjusted net profit/(loss):			
Net profit/(loss) for the period	(323.7)	(758.2)	(1,001.6)
Add:			
Share-based payment	0.8	14.6	47.6
Net foreign exchange (gain)/loss	(0.0)	(238.3)	179.6
One-off listing expenses	0.0	0.0	34.3
Adjusted net profit/(loss)	(322.9)	(981.9)	(740.1)

PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

2017 Compared to 2016

Revenue

Our total revenue increased significantly from RMB601.5 million in 2016 to RMB1,868.0 million in 2017.

Family Doctor Services

Revenue from our family doctor services business increased by 77.5% from RMB136.5 million in 2016 to RMB242.2 million in 2017, primarily due to the increase in revenue from our An Kang and An Xiang value-added packages provided to a greater number of policyholders of Ping An Health Insurance.

Consumer Healthcare

Revenue from our consumer healthcare business increased by 68.9% from RMB388.1 million in 2016 to RMB655.4 million in 2017, primarily due to (i) the increased usage of health check-up service packages; and (ii) revenue contribution from unused-and-expired service packages.

Health Mall

Revenue from our health mall business increased significantly from RMB63.1 million in 2016 to RMB896.1 million in 2017, primarily due to (i) the rapid ramp-up of our health mall business from a relatively small base in its second full year of operations, further diversification of health-related product offerings and our strategy to pivot toward direct sales; and (ii) the increase in purchases from members of the Ping An Group through the procurement channels of Ping An Group.

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Health Management and Wellness Interaction

Revenue from our health management and wellness interaction business increased significantly from RMB13.8 million in 2016 to RMB74.3 million in 2017, primarily because our advertisement business experienced rapid growth since August 2016, resulting from a fast-growing user base, enhanced user engagement and strengthening of our brand name.

Cost of Sales, Gross Profit and Gross Margin

Our cost of sales increased significantly from RMB347.9 million in 2016 to RMB1,255.9 million in 2017, at a pace faster than that of revenue growth during the same period.

Our gross profit increased significantly from RMB253.6 million in 2016 to RMB612.1 million in 2017, and our gross margin was 42.2% and 32.8% in 2016 and 2017, respectively. The decrease in our gross margin was mainly because revenue from our health mall business increased significantly in 2017, accounting for a greater proportion of our total revenue compared to in 2016, while segment gross margin of our health mall business, which had been relatively low compared to those of our other three segments, further decreased in 2017.

Family Doctor Services

Cost of sales for our family doctor services business increased by 23.0% from RMB81.0 million in 2016 to RMB99.7 million in 2017, primarily due to an increase in utilization of our revenue-generating consultation services, which resulted in a greater proportion of the total compensation of our in-house medical team being charged to the cost of sales of our family doctor services business.

Segment gross profit of our family doctor services business increased significantly from RMB55.5 million in 2016 to RMB142.5 million in 2017, and segment gross margin was 40.7% and 58.9% in 2016 and 2017, respectively. The increase in segment gross margin was mainly due to: (i) the higher sales volume of the An Xiang and An Kang value-added packages, which are our premium products offered to relatively high-end customers of Ping An Health Insurance; and (ii) the increased use of our AI Assistant, which enhanced the efficiency of our online consultations, partially offset by the lower margin of our services under the service-level agreement with Ping An Life Insurance, due to the greater utilization of such program reflecting greater customer engagement.

Consumer Healthcare

Cost of sales for our consumer healthcare business increased 65.8% from RMB211.9 million in 2016 to RMB351.2 million in 2017, corresponding to the increased usage of our consumer healthcare service packages.

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Segment gross profit of our consumer healthcare business increased by 72.7% from RMB176.2 million in 2016 to RMB304.2 million in 2017, and segment gross margin remained relatively stable at 45.4% and 46.4% in 2016 and 2017, respectively.

Health Mall

Cost of sales for our health mall business increased significantly from RMB51.7 million in 2016 to RMB791.5 million in 2017, primarily due to an increase in the cost of products sold, which was in line with the increase in our online direct sales.

Segment gross profit of our health mall business increased significantly from RMB11.4 million in 2016 to RMB104.6 million in 2017, and segment gross margin was 18.1% and 11.7% in 2016 and 2017, respectively. The decrease in segment gross margin was mainly due to an increase in the proportion of our direct sales in terms of GMV, the revenue from which is recognized on a gross basis. In particular, there was a substantial growth in purchases by members of the Ping An Group through the procurement channels of the Ping An Group in 2017, and due to the large purchase volume, the gross margin of such purchases was lower than purchases by customers through our mobile platform.

Health Management and Wellness Interaction

Cost of sales for our health management and wellness interaction business increased from RMB3.3 million in 2016 to RMB13.5 million in 2017, primarily due to an increase in cost relating to advertisement design and production and the compensation of our staff during the build-up of our advertising capabilities.

Segment gross profit of our health management and wellness interaction business increased significantly from RMB10.5 million in 2016 to RMB60.8 million in 2017, and segment gross margin was 76.1% and 81.8% in 2016 and 2017, respectively. The increase in segment gross margin was because segment revenue increased significantly due to the enhanced profile of our platform, while the increase in segment cost of sales was more moderate in 2017.

Selling and Marketing Expenses

Our selling and marketing expenses decreased by 7.4% from RMB781.1 million in 2016 to RMB723.5 million in 2017, primarily due to (i) a combination of better targeted marketing in an effort to improve the cost-effectiveness of our promotion expenses and a modification of our “health reward points” campaign; and (ii) a decrease in employee benefit expenses, because a greater proportion of the employee benefit expenses relating to our in-house medical team was allocated to cost of sales, which was partially offset by increases in commission expenses, which is a function of the growth of our consumer healthcare and health mall businesses, and advertising expenses, which resulted from more proactive advertising campaigns to promote our mobile platform.

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Administrative Expenses

Our administrative expenses increased by 54.1% from RMB461.1 million in 2016 to RMB710.7 million in 2017, primarily due to an increase in employee benefit expenses corresponding to (i) the increase in our overall staff headcount, the expansion of our IT capabilities and the increase in our share-based payments; and (ii) the incurrence of certain listing expenses in connection with this offering.

Other Income

Our other income increased significantly from RMB9.8 million in 2016 to RMB24.9 million in 2017, primarily due to: (i) a significant increase in our investment income from our short-term wealth management products; and (ii) an increase in government grants.

Other Gains/Losses, Net

We had net other gains of RMB238.8 million in 2016, compared with net other losses of RMB199.2 million in 2017, primarily due to the net foreign exchange losses from our holding of US dollars resulting from unfavorable foreign exchange movements with respect to the US dollar.

Operating Loss

As a result of the foregoing, our operating loss increased from RMB740.0 million in 2016 to RMB996.4 million in 2017.

Finance Income

Our finance income increased significantly from RMB2.4 million in 2016 to RMB37.4 million in 2017, primarily due to higher interest income from term deposits and cash and cash equivalents.

Finance Costs

Our finance costs increased significantly from RMB17.7 million in 2016 to RMB37.6 million in 2017, primarily due to an increase in the interest expense on short-term borrowings, which were repaid in November 2017.

Share of Losses of Joint Ventures

Our share of losses of joint ventures increased by 59.2% from RMB2.9 million in 2016 to RMB4.6 million in 2017, primarily due to an increase in our share of losses resulting from our investment in Yingjian Medical Management.

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Income Tax Expense

We had no income tax expense in 2016, compared to an income tax expense of RMB408,000 in 2017, in relation to our net foreign exchange gains in the PRC in 2016.

Loss for the Year

As a result of the foregoing, our loss for the year increased from RMB758.2 million in 2016 to RMB1,001.6 million in 2017.

2016 Compared to 2015

Revenue

Our total revenue increased significantly from RMB278.7 million in 2015 to RMB601.5 million in 2016.

Family doctor services

Our family doctor services revenue increased by 14.8% from RMB118.8 million in 2015 to RMB136.5 million in 2016, primarily due to a new revenue source from our An Kang and An Xiang value-added packages provided to policyholders of Ping An Health Insurance.

Consumer Healthcare

Revenue from consumer healthcare increased significantly from RMB154.6 million in 2015 to RMB388.1 million in 2016, primarily due to a higher volume of consumer healthcare service packages used or unused-and-expired.

Health Mall

Revenue from our health mall increased significantly from RMB1.9 million in 2015 to RMB63.1 million in 2016, primarily because we rapidly increased our online sales by diversifying our health-related product offerings, increasing SKUs and hosting targeted marketing activities since our health mall business commenced in August 2015.

Health Management and wellness Interaction

Revenue from health management and wellness interaction increased significantly from RMB3.4 million in 2015 to RMB13.8 million in 2016, primarily because our advertisement business started to develop rapidly since August 2016.

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Cost of Sales, Gross Profit and Gross Margin

Our cost of sales increased significantly from RMB167.9 million in 2015 to RMB347.9 million in 2016. The increase in our cost of sales was generally in line with the increase in revenue in the same period.

Our gross profit increased significantly from RMB110.8 million in 2015 to RMB253.6 million in 2016, and our gross margin increased from 39.7% in 2015 to 42.2% in 2016. The increase in our gross margin was mainly due to an increase in the share in our total revenue and the segment gross margin of our consumer healthcare business, partially offset by decreases in the segment gross margin of our other businesses.

Family Doctor services

Cost of sales for our family doctor services business increased significantly from RMB28.0 million in 2015 to RMB81.0 million in 2016, primarily due to (i) an increase in the total compensation of our in-house medical team as we recruited more medical staff; and (ii) greater utilization of our revenue-generating consultation services, which resulted in a greater proportion of the total compensation of our in-house medical team being charged to the cost of sales of our family doctor services business.

Segment gross profit of our family doctor services business decreased by 38.9% from RMB90.8 million in 2015 to RMB55.5 million in 2016, and segment gross margin was 76.4% and 40.7% in 2015 and 2016, respectively. The decrease in segment gross margin was mainly because, while segment revenue increased at a moderate pace, segment cost of sales increased significantly due to the foregoing reasons.

Consumer Healthcare

Cost of sales for our consumer healthcare business increased by 52.6% from RMB138.8 million in 2015 to RMB211.9 million in 2016, primarily due to an increase in the use of our consumer healthcare service packages.

Segment gross profit of our consumer healthcare business increased significantly from RMB15.8 million in 2015 to RMB176.2 million in 2016, and segment gross margin was 10.2% and 45.4% in 2015 and 2016, respectively. The increase in segment gross margin was mainly due to: (i) a lower proportion of sales offered to corporate customers at corporate rates which are lower than retail rates; and (ii) gross profit contribution from unused-and-expired service packages in 2016.

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Health Mall

Cost of sales for our health mall business increased significantly from RMB1.1 million in 2015 to RMB51.7 million in 2016, in line with the rapid increase in our direct sales since we commenced our health mall business in August 2015.

Segment gross profit of our health mall business increased significantly from RMB0.8 million in 2015 to RMB11.4 million in 2016, and segment gross margin was 43.8% and 18.1% in 2015 and 2016, respectively. The decrease in segment gross margin was primarily due to a rapid increase in the proportion of our direct sales, the revenue from which is recognized on a gross basis.

Health Management and Wellness Interaction

Cost of sales for our health management and wellness interaction business increased significantly from 0 in 2015 to RMB3.3 million in 2016. We started ramping up our in-house advertisement capabilities since August 2016.

Segment gross profit of our health management and wellness interaction business increased significantly from RMB3.4 million in 2015 to RMB10.5 million in 2016, and segment gross margin was 100.0% (because the revenue was generated from a one-time, ad-hoc advertisement service and no cost was incurred) and 76.1% in 2015 and 2016, respectively.

Selling and Marketing Expenses

Our selling and marketing expenses increased significantly from RMB178.6 million in 2015 to RMB781.1 million in 2016, primarily due to: (i) an increase in promotion expenses relating to the launch of our “step-for-reward” plan; (ii) an increase in our employee benefit expenses as our sales team expanded; (iii) an increase in our advertising expenses in relation to brand promotion and user acquisition; and (iv) an increase in commission expenses.

Administrative Expenses

Our administrative expenses increased by 83.3% from RMB251.5 million in 2015 to RMB461.1 million in 2016, primarily due to: (i) an increase in our employee benefit expenses in line with our business expansion; (ii) an increase in consulting expenses in connection with the Round A Investments in April 2016; and (iii) an increase in postage and communication expenses.

Other Income

Our other income increased significantly from RMB1.2 million in 2015 to RMB9.8 million in 2016, primarily because of: (i) an increase in government grants; and (ii) an increase in our investment income from our short-term wealth management products.

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Other Gains/Losses, Net

We had net other losses of RMB5.0 million in 2015, compared with net other gains of RMB238.8 million in 2016, primarily due to: (i) the significant increase in the net foreign exchange gains from our holding of US dollars and favorable foreign exchange movements with respect to US dollars; and (ii) a one-off forfeiture of rental deposits due to our early termination of a rental lease in 2015.

Operating Loss

As a result of the foregoing, our operating loss increased from RMB323.1 million in 2015 to RMB740.0 million in 2016.

Finance Income

Our finance income increased significantly from RMB1.2 million in 2015 to RMB2.4 million in 2016, primarily due to an increase in interest income from cash deposits.

Finance Costs

Our finance costs increased significantly from RMB1.6 million in 2015 to RMB17.7 million in 2016, primarily due to an increase in the interest expense on short-term borrowings.

Share of Losses of Joint Ventures

Our share of losses of joint ventures increased significantly from RMB0.2 million in 2015 to RMB2.9 million in 2016, primarily due to an increase in our share of losses resulting from our investments in Yingjian Medical Management.

Income Tax Expense

We did not incur any income tax expense in 2015 and 2016 because we did not have taxable income during these periods.

Loss for the Year

As a result of the foregoing, our loss for the year increased from RMB323.7 million in 2015 to RMB758.2 million in 2016.

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DISCUSSION OF CERTAIN KEY BALANCE SHEET ITEMS

The following table sets forth our non-current assets and liabilities as of the dates indicated:

	As of December 31,		
	2015	2016	2017
	<i>(RMB in millions)</i>		
Non-current assets			
Goodwill	0.0	5.1	5.1
Property, plant and equipment	24.7	108.8	103.3
Other intangible assets	19.6	19.6	0.9
Investment in joint ventures	9.8	14.4	9.7
Total non-current assets	<u>54.1</u>	<u>147.9</u>	<u>119.0</u>
Non-current liabilities			
Trade and other payables	0.1	0.1	0.0
Total non-current liabilities	<u>0.1</u>	<u>0.1</u>	<u>0.0</u>
Net non-current assets	<u>54.0</u>	<u>147.8</u>	<u>119.0</u>

The following table sets forth our current assets and liabilities as of the dates indicated:

	As of December 31,			As of
	2015	2016	2017	February 28,
	<i>(RMB in millions)</i>			<i>(unaudited)</i>
Current assets				
Inventory	0.8	0.9	6.6	11.5
Trade receivables	6.8	109.0	454.5	352.5
Contract assets	12.8	34.8	58.0	57.6
Prepayments and other receivables	26.9	204.2	136.8	206.7
Financial assets at fair value through profit or loss	100.6	213.3	272.6	46.8
Restricted cash	0.0	756.1	0.0	0.0
Term deposits	0.0	0.0	330.0	104.4
Cash and cash equivalents	<u>105.1</u>	<u>2,721.5</u>	<u>4,594.6</u>	<u>4,407.1</u>
Total current assets	<u>253.0</u>	<u>4,039.8</u>	<u>5,853.1</u>	<u>5,186.6</u>

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	As of December 31,			As of February 28,
	2015	2016	2017	2018
	<i>(RMB in millions)</i>			<i>(unaudited)</i>
Current liabilities				
Short-term borrowing	30.0	550.0	0.0	0.0
Trade and other payables	264.0	796.0	1,297.5	959.5
Contract liabilities	123.5	467.3	640.6	645.7
Total current liabilities	<u>417.5</u>	<u>1,813.3</u>	<u>1,938.1</u>	<u>1,605.2</u>
Net current (liabilities)/assets	<u>(164.5)</u>	<u>2,226.5</u>	<u>3,915.0</u>	<u>3,581.4</u>

Our net current assets decreased from RMB3,915.0 million as of December 31, 2017 to RMB3,581.4 million as of February 28, 2018, primarily due to the decreases in financial assets at fair value through profit or loss, term deposits and cash and cash equivalents, partially offset by a decrease in trade and other payables. Our net current assets increased from RMB2,226.5 million as of December 31, 2016 to RMB3,915.0 million as of December 31, 2017, primarily due to an increase in cash and cash equivalents. We had net current assets of RMB2,226.5 million as of December 31, 2016, compared to net current liabilities of RMB164.5 million as of December 31, 2015, primarily due to an increase in cash and cash equivalents.

Contract Assets and Liabilities

The following table sets forth our revenue-related contract assets and liabilities for the periods indicated:

	As of December 31,		
	2015	2016	2017
	<i>(RMB in millions)</i>		
Contract assets			
Contract cost for consumer healthcare	<u>12.8</u>	<u>34.8</u>	<u>58.0</u>
Contract liabilities			
Consumer healthcare	120.8	383.2	424.7
Family doctor services	0.5	68.2	73.0
Health mall	0.4	13.7	98.4
Health management and wellness interaction	1.8	2.2	44.5
Total	<u>123.5</u>	<u>467.3</u>	<u>640.6</u>

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Our contract assets increased from RMB12.8 million as of December 31, 2015 to RMB34.8 million as of December 31, 2016, and further to RMB58.0 million as of December 31, 2017, primarily due to the increased capitalization of compensation paid to the Life Insurance Agents in connection with the increased sales of our consumer healthcare service packages. Such contract assets are subsequently amortized as selling and marketing expenses when the relevant performance obligations are satisfied.

Our contract liabilities increased significantly from RMB123.5 million as of December 31, 2015 to RMB467.3 million as of December 31, 2016, and further to RMB640.6 million as of December 31, 2017, primarily due to increases in sales proceeds from our consumer healthcare service packages, An Kang and An Xiang value-added packages and “Healthy Life Pass” cards, which are recorded as contract liabilities at the point of sale. Such contract liabilities are subsequently amortized as revenue when the relevant performance obligations are satisfied.

Inventory

Our inventory mainly consists of OTC medicines and health supplements products sold through our online health mall.

The following table sets forth our inventory as of the dates indicated:

	As of December 31,		
	2015	2016	2017
	<i>(RMB in millions)</i>		
Inventory in warehouse	0.8	0.9	6.6

Our inventory remained relatively stable at RMB0.8 million and RMB0.9 million as of December 31, 2015 and 2016, respectively. Our inventory increased significantly to RMB6.6 million as of December 31, 2017, because of the increased direct sales of our online health mall.

Approximately RMB5.2 million, or 79.1%, of our inventory as of December 31, 2017 had been sold as of February 28, 2018.

The following table sets forth the turnover days of our inventory for the periods indicated:

	Year ended December 31,		
	2015	2016	2017
Inventory turnover days ⁽¹⁾	0.9	0.9	1.1

⁽¹⁾ Inventory turnover days for a period equals the average of the opening and closing inventory balance divided by selling costs (goods) for the relevant period and multiplied by the number of days in the relevant period.

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Our inventory turnover days remained stable at around 0.9 days in 2015 and 2016. Our inventory turnover days increased to 1.1 days in 2017.

Trade Receivables

Trade receivables represent outstanding amounts due from our customers for the purchase of the services we performed or products we sold in the ordinary course of business.

Our trade receivables increased significantly from RMB6.8 million as of December 31, 2015 to RMB109.0 million as of December 31, 2016, and further to RMB454.5 million as of December 31, 2017, primarily due to significant increases in our business volume.

Approximately RMB217.0 million, or 47.7%, of our trade receivables as of December 31, 2017 had been settled as of February 28, 2018.

The following table sets forth an aging analysis of our trade receivables as of the dates indicated:

	As of December 31,		
	2015	2016	2017
	<i>(RMB in millions)</i>		
Up to 3 months	6.7	99.0	391.6
3 to 6 months	0.1	8.5	30.4
6 months to 1 year	0.0	1.5	15.7
1 to 2 years	0.0	0.0	16.8
Total	6.8	109.0	454.5

The following table sets forth the turnover days of our trade receivables for the periods indicated:

	Year ended December 31,		
	2015	2016	2017
Trade receivables turnover days ⁽¹⁾	5.0	35.1	55.1

⁽¹⁾ Trade receivables turnover days for a period equals the average of the opening and closing trade receivables divided by revenue for the relevant period and multiplied by the number of days in the relevant period.

Our trade receivables turnover days increased from 35.1 days in 2016 to 55.1 days in 2017, primarily because we granted an extension of credit period to our key customers in view of our business relationships. Our trade receivables turnover days was only 5.0 days as our business was nascent in 2015.

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Prepayments and Other Receivables

Prepayments and other receivables primarily comprise receivables due from shareholders, advance payments, payments due from related parties, deposits and taxes retained.

The following table sets forth our prepayments and other receivables as of the dates indicated:

	As of December 31,		
	2015	2016	2017
	<i>(RMB in millions)</i>		
Amounts due from shareholders	0.0	138.7	0.0
Advance payment	5.1	44.0	90.4
Amounts due from related parties	7.8	4.4	13.7
Deposit	7.1	4.3	13.2
Tax retained	3.6	4.3	6.4
Prepaid expenses	0.4	2.8	1.5
Low-valued consumable	1.1	2.6	2.6
Others	1.8	3.1	9.0
Total	26.9	204.2	136.8

Our prepayments and other receivables increased significantly from RMB26.9 million as of December 31, 2015 to RMB204.2 million as of December 31, 2016, primarily due to: (i) an increase in amount due from shareholders, which mainly consisted of an amount due from a Round A investor, which experienced difficulty in acquiring the necessary foreign currency to settle its share subscription and transferred its shareholding interests to another investor in October 2017; and (ii) a significant increase in our advance payment, mainly for rentals and telecommunication costs. Our prepayments and other receivables decreased by 33.0% from RMB204.2 million as of December 31, 2016 to RMB136.8 million as of December 31, 2017, primarily due to a decrease in amounts due from shareholders from RMB138.7 million as of December 31, 2016 to 0 as of December 31, 2017 since a Round A investor settled its share subscription through transferring its shareholding interests to a third party in October 2017, which was partially offset by increases in advance payment, deposit and others.

During the Track Record Period, the amounts due from shareholders and the amounts due from related parties were of a non-trade nature, and the amounts due from related parties arose from the ordinary course of business, and mainly consisted of interest receivable from Ping An Bank and prepaid expenses for other related parties.

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Trade and Other Payables (as Current Liabilities)

Trade and other payables (as current liabilities) primarily comprise accrued expenses, trade payables, wages payable and deposits.

The following table sets forth a breakdown of our trade and other payables (as current liabilities) as of the dates indicated:

	As of December 31,		
	2015	2016	2017
	<i>(RMB in millions)</i>		
Accrued expenses	54.4	264.0	433.4
Trade payables	114.2	182.9	466.5
Wages payable	74.4	142.5	206.4
Deposits	0.0	130.0	0.0
Amounts due to suppliers	2.3	23.2	65.1
Amounts due to related parties	8.2	28.5	36.0
Others	10.5	24.9	90.1
Total	264.0	796.0	1,297.5

Our trade and other payables (as current liabilities) increased significantly from RMB264.0 million as of December 31, 2015 to RMB796.0 million as of December 31, 2016, primarily due to (i) increases in accrued expenses in relation to our “step-for-reward” plan, which was only launched in December 2015, (ii) deposits paid by a Round A investor, (iii) trade payables in line with our expanding business, and (iv) wages payable corresponding to increases in employee benefit expenses. Our trade and other payables (as current liabilities) further increased by 63.0% to RMB1,297.5 million as of December 31, 2017, primarily due to increases in (i) trade payables in line with our expanding business, (ii) accrued expenses driven primarily by the expansion and overall volume of our “step-for-reward” plan; (iii) wages payable corresponding to increases in employee benefit expenses, and (iv) amounts due to suppliers corresponding to increases in selling and marketing expenses and administrative expenses, partially offset by a decrease in deposit because a Round A investor withdrew its deposit after settling its share subscription by transferring its shareholding interests to a third party in October 2017.

Our trade payables primarily result from the sales of service packages under our consumer healthcare business and the direct sales of products under our health mall business. During the Track Record Period, the amounts due to related parties arose from the ordinary course of business, and mainly consisted of expenses payable to related parties for outsourced services. Approximately RMB421.0 million, or 90.2%, of our trade payables as of December 31, 2017 had been settled as of February 28, 2018.

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The following table sets forth an aging analysis of our trade payables based on invoice date as of the dates indicated:

	As of December 31,		
	2015	2016	2017
	<i>(RMB in millions)</i>		
Up to 3 months	114.2	106.5	375.4
3 to 6 months	0.0	35.4	30.9
6 months to 1 year	0.0	40.9	60.2
1 to 2 years	0.0	0.1	0.0
Total	114.2	182.9	466.5

The following table sets forth the turnover days of our trade payables for the periods indicated:

	Year ended December 31,		
	2015	2016	2017
Trade payables turnover days ⁽¹⁾	124.1	155.8	94.4

⁽¹⁾ Trade payables turnover days for a period equals the average of the opening and closing trade payables balance divided by cost of sales for the relevant period and multiplied by the number of days in the relevant period.

Our trade payables turnover days decreased from 155.8 days in 2016 to 94.4 days in 2017, primarily because our health mall business, which had a relatively short trade payable settlement period, comprised a greater share of cost of sales. Our trade payables turnover days increased from 124.1 days in 2015 to 155.8 days in 2016, primarily because our consumer healthcare business, which had relatively long trade payable settlement period, comprised a greater share of cost of sales.

During the Track Record Period, we did not have any material default on any trade and other payables.

FINANCIAL INFORMATION

KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios for the periods indicated:

	As of or for the year ended December 31,		
	2015	2016	2017
		(%)	
Total revenue growth	N/A	115.8	210.6
Gross margin ⁽¹⁾	39.7	42.2	32.8
Net margin ⁽²⁾	(116.2)	(126.1)	(53.6)
Adjusted operating margin ⁽³⁾	(115.7)	(160.2)	(41.2)
Adjusted net margin ⁽⁴⁾	(115.9)	(163.3)	(41.5)
Gearing ratio ⁽⁵⁾	(27.2)	23.2	0.0

⁽¹⁾ Gross margin equals gross profit divided by revenue for the period and multiplied by 100%.

⁽²⁾ Net margin equals net profit/(loss) divided by revenue for the period and multiplied by 100%.

⁽³⁾ Adjusted operating margin equals adjusted operating profit/(loss) divided by revenue for the year and multiplied by 100%.

⁽⁴⁾ Adjusted net margin equals adjusted net profit/(loss) for the period divided by revenue for the year and multiplied by 100%.

⁽⁵⁾ Gearing ratio equals total interest-bearing debt divided by total (deficit)/equity at the end of the year and multiplied by 100%.

See “— Period-to-Period Comparison of Results of Operations” in this section for a discussion of the factors affecting our results of operations during the respective periods.

LIQUIDITY AND CAPITAL RESOURCES

We have historically funded our cash requirements principally from proceeds from issue of shares and bank borrowings. We expect to use a portion of the proceeds from the Global Offering to fund our working capital requirements. We currently do not have any plans for material additional external financing.

As of December 31, 2015, 2016 and 2017, we had cash and cash equivalents of RMB105.1 million, RMB2,721.5 million and RMB4,594.6 million, respectively.

FINANCIAL INFORMATION

Cash Flow

The following table sets forth our cash flows for the periods indicated:

	Year ended December 31,		
	2015	2016	2017
	<i>(RMB in millions)</i>		
Net cash used in operating activities	(44.9)	(263.1)	(483.9)
Net cash (used in)/generated from investing activities	(124.4)	(976.5)	325.9
Net cash generated from financing activities	108.7	3,617.5	2,154.0
Net (decrease)/increase in cash and cash equivalents	(60.6)	2,377.9	1,996.0
Cash and cash equivalents at the beginning of the year	165.7	105.1	2,721.5
Effects of exchange rate changes on cash and cash equivalents	0.0	238.5	(122.9)
Cash and cash equivalents at the end of the year	105.1	2,721.5	4,594.6

Net Cash Flows Used in Operating Activities

Net cash flows used in operating activities primarily comprise our loss for the period adjusted by non-cash and non-operating items and changes in working capital.

Net cash flows used in operating activities were RMB483.9 million in 2017, which were primarily attributable to our net loss of RMB1,001.6 million for the same period, as adjusted by: (i) changes in working capital, which primarily comprised an increase in trade payables and other liabilities of RMB680.8 million, partially offset by an increase in trade receivables and other assets of RMB430.3 million, and (ii) the add-back of non-cash and non-operating items, primarily comprising depreciation and amortization of RMB26.5 million, impairment of other intangible asset of RMB19.6 million, share option expenses of RMB47.6 million and net foreign differences losses of RMB179.6 million, partially offset by gains on financial assets at fair value through profit or loss of RMB10.9 million.

Net cash flows used in operating activities were RMB263.1 million in 2016, which were primarily attributable to our net loss of RMB758.2 million for the same period, as adjusted by: (i) the add-back of non-cash and non-operating items, primarily comprising net foreign differences gains of RMB238.3 million, partially offset by depreciation and amortization of RMB14.4 million, share option expenses of RMB14.6 million and net finance costs of RMB15.3 million; and (ii) changes in working capital, which primarily comprised an increase in accounts and other payables of RMB786.8 million, partially offset by an increase in accounts and other receivables of RMB99.0 million.

FINANCIAL INFORMATION

Net cash flows used in operating activities were RMB44.9 million in 2015, which were primarily attributable to our net loss of RMB323.7 million for the same period, as adjusted by: (i) the add-back of non-cash and non-operating items, primarily comprising depreciation and amortization of RMB4.6 million and share option expenses of RMB0.8 million, partially offset by fair value gains on financial assets at fair value through profit or loss of RMB0.5 million; and (ii) changes in working capital, which primarily comprised an increase in accounts and other payables of RMB306.8 million, partially offset by an increase in accounts and other receivables of RMB33.5 million.

Net Cash Flows Generated from/(Used in) Investing Activities

In 2017, our net cash flows generated from investing activities were RMB325.9 million, which were primarily attributable to proceeds from sales of financial assets at fair value through profit or loss of RMB605.7 million, proceeds from restricted cash of RMB717.8 million and interest received of RMB12.1 million, partially offset by payments for financial assets at fair value through profit or loss of RMB654.2 million, payments for restricted cash of RMB342.2 million and payments for property, plant and equipment and intangible assets of RMB12.1 million.

In 2016, our net cash flows used in investing activities were RMB976.5 million, which were primarily attributable to payments for financial assets at fair value through profit or loss of RMB539.0 million, payments for restricted cash of RMB756.1 million and payments for property, plant and equipment and intangible assets of RMB98.1 million, partially offset by proceeds from sales of financial assets at fair value through profit or loss of RMB427.8 million.

In 2015, our net cash flows used in investing activities were RMB124.4 million, which were primarily attributable to payments for financial assets at fair value through profit or loss of RMB110.0 million, payments for property, plant and equipment and intangible assets of RMB14.4 million and capital injection to joint venture of RMB10.0 million, partially offset by proceeds from sales of financial assets at fair value through profit or loss of RMB10.0 million.

Net Cash Flows Generated from Financing Activities

In 2017, our net cash flows generated from financing activities were RMB2,154.0 million, which were primarily attributable to proceeds from issue of shares of RMB2,746.3 million and proceeds from borrowings of RMB400.0 million, partially offset by payments for borrowings of RMB950.0 million, payments for interests of RMB34.6 million and payments for listing expenses of RMB7.7 million.

In 2016, our net cash flows generated from financing activities were RMB3,617.5 million, which were primarily attributable to proceeds from issue of shares of RMB3,110.9 million and proceeds from borrowings of RMB900.0 million, partially offset by payments for borrowings of RMB380.0 million and payments for interests of RMB13.4 million.

FINANCIAL INFORMATION

In 2015, our net cash flows generated from financing activities were RMB108.7 million, which were primarily attributable to capital contribution from owners of RMB78.7 million and proceeds from borrowings of RMB30.0 million.

INDEBTEDNESS

The following table sets forth our secured and unsecured short-term borrowings included in current liabilities as of the dates indicated:

	<u>As of December 31,</u>		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
	<i>(RMB in millions)</i>		
Secured	0.0	550.0	0.0
Unsecured	<u>30.0</u>	<u>0.0</u>	<u>0.0</u>
Total	<u><u>30.0</u></u>	<u><u>550.0</u></u>	<u><u>0.0</u></u>

As of February 28, 2018, we did not have any indebtedness or unutilized banking facilities.

As of December 31, 2017, our bank borrowings had been fully paid off.

As of December 31, 2016, secured borrowings of RMB550.0 million were secured by deposit of USD109.0 million of Glorious Delight from Ping An Bank, and the weighted average interest rate of short-term borrowings was 4.35% per annum.

As of December 31, 2015, unsecured borrowings of RMB30.0 million were from Ping An Financial Technology, and the weighted average interest rate of short-term borrowings was 5.40% per annum.

During the Track Record Period, we did not have any material default on our bank borrowings.

CONTINGENT LIABILITIES

We did not have any material contingent liabilities as of December 31, 2015, 2016 and 2017.

FINANCIAL INFORMATION

CAPITAL EXPENDITURES

The following table sets forth our capital expenditures for the periods indicated:

	Year ended December 31,		
	2015	2016	2017
	<i>(RMB in millions)</i>		
Purchase of property, plant and equipment	14.4	98.1	21.2
Purchase of intangible assets	0.0	0.0	1.0
Total	14.4	98.1	22.2

Our historical capital expenditures primarily included purchase of property, plant and equipment such as office and IT equipment. We funded our capital expenditure requirements during the Track Record Period mainly from capital contribution from shareholders. Our capital expenditures were RMB14.4 million, RMB98.1 million and RMB22.2 million in 2015, 2016 and 2017, respectively.

CONTRACTUAL OBLIGATIONS

Operating Lease Commitments

Our commitments primarily relate to the leases of offices under non-cancellable operating lease agreements. The lease terms under those agreements are between one and five years.

Our future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	As of December 31,		
	2015	2016	2017
	<i>(RMB in millions)</i>		
No later than 1 year	33.3	49.3	51.3
Later than 1 year and no later than 2 years	28.4	44.8	49.0
Later than 2 years and no later than 3 years	28.2	42.1	21.0
Later than 3 years	38.4	18.2	6.6
	128.3	154.4	127.9

FINANCIAL INFORMATION

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we did not have any material off-balance sheet commitments or arrangements.

MATERIAL RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. During the Track Record Period, we have entered into a number of related party transactions pursuant to which: (i) we provided family doctor services comprising online consultation and appointment making services, as well as offline hospital referral, hospitalization and second opinion services to certain of our related parties; (ii) we provided the “Healthy Life Pass” cards and health check-up service packages to certain of our related parties; (iii) we provided products to certain of our related parties via our health mall; (iv) we provided advertising services to certain of our related parties under our health management and wellness interaction business; and (v) we received consulting, leasing, business promotion, settlement, insurance, online traffic diversion and other services and products from certain of our related parties. For more details about our related party transactions, see Note 34 to the Accountant’s Report in Appendix I to this document.

Our Directors believe that our transactions with related parties during the Track Record Period were conducted on an arm’s length basis, and they did not distort our results of operations or make our historical results not reflective of our future performance.

FINANCIAL RISK DISCLOSURE

We are exposed to a variety of financial risks, including market risk, credit risk and liquidity risk.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risks, which arise from foreign exchange rates (currency risk), market interest rates (interest rate risk) and market prices (price risk).

Currency risk

Foreign currency risk is the risk of loss resulting from changes in foreign currency exchange rates. Fluctuations in exchange rates between the RMB and other currencies in which we conduct business may affect our financial position and results of operations. The foreign currency risk assumed by us mainly comes from movements in the USD/RMB exchange rates. We seek to limit our exposure to foreign currency risk by minimizing our net foreign currency position.

FINANCIAL INFORMATION

Price risk

Our price risk exposure relates to financial assets and liabilities whose values will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign currency risk), which mainly include investment classified as financial assets at fair value through profit or loss.

The above investments are exposed to price risk because of changes in market prices, where changes are caused by factors specific to the individual financial instruments or their issuers, or factors affecting all similar financial instruments traded in the market.

However, there is no significant price risk as the equity investment product is a wealth management product issued by a bank with principal guaranteed which is redeemable upon request by holders.

We are exposed to no significant commodity price risk as we hold limited inventory for the Track Record Period.

Interest rate risk

Interest rate risk is the risk that the value/future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Floating rate instruments expose us to cash flow interest rate risk, whereas fixed rate instruments expose us to fair value interest risk.

All of our financial assets at fair value through profit or loss are equity investments which do not expose us to interest rate risk.

Our exposure to fair value interest risk is attributable to its fixed interest rate borrowings, details of which have been disclosed in Note 29 of the Accountant's Report in Appendix I. As of December 31, 2015, 2016 and 2017, our borrowings were borrowings that carried at fixed rates, which did not expose us to cash flow interest rate risk.

Credit Risk

Our credit risk is mainly associated with cash and cash equivalent, restricted cash, financial assets at fair value through profit or loss, trade receivables and other receivables. The carrying amounts of each class of the above financial assets represent our maximum exposure to credit risk in relation to financial assets.

Our cash and cash equivalent and restricted cash are mainly deposited in reputable banks and financial institutions which are generally considered to be relatively stable. Our financial assets at fair value through profit or loss are issued by Ping An Bank. We consider that there is no significant credit risk of material losses due to the default of the other parties.

FINANCIAL INFORMATION

Our trade receivables mainly come from customers. We mitigate credit risk by setting a shorter credit period or arranging the installment payment and prepayment method.

For other receivables, we make periodic collective assessment as well as individual assessment on the recoverability of other receivables based on historical settlement records and historical experience.

Liquidity Risk

We aim to maintain sufficient cash and cash equivalents and marketable securities. Due to the dynamic nature of the underlying businesses, we maintain flexibility in funding by maintaining adequate cash and cash equivalents.

For the maturity profile of our financial liabilities based on our remaining undiscounted cash flows based on the estimated timing of the net cash outflows, see Note 4.1(c) to the Accountant's Report in Appendix I to this document.

DIVIDEND

We are a holding company incorporated under the laws of the Cayman Islands. As a result, the payment and amount of any future dividend will depend on the availability of dividends received from our subsidiaries. PRC laws require a foreign-invested enterprise to make up for its accumulative losses out of its after-tax profits and allocate at least 10% of its remaining after-tax profits, if any, to fund its statutory reserves until the aggregate amount of its statutory reserves exceeds 50% of its registered capital.

Any amount of dividends we pay will be at the discretion of our Directors and will depend on our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors which our Directors consider relevant. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the Cayman Companies Law. Our Shareholders in a general meeting may approve any declaration of dividends, which must not exceed the amount recommended by our Board. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. Our future declarations of dividends may or may not reflect our historical declarations of dividends and will be at the absolute discretion of the Board.

Historically, we have not declared or paid any dividend to our Shareholders, and there is no assurance that dividends of any amount will be declared or distributed in any year. As of December 31, 2017, our accumulated loss was RMB2,221.1 million. Currently, we do not have a formal dividend policy or a fixed dividend distribution ratio.

FINANCIAL INFORMATION

WORKING CAPITAL CONFIRMATION

Taking into account the financial resources available to us, including our cash and cash equivalents on hand and the estimated net proceeds from the Global Offering (after a possible Downward Offer Price Adjustment setting the final Offer Price up to 10% below HK\$50.80, being the low end of the Offer Price range), our Directors are of the view that we have sufficient working capital to meet our present requirements and for the next 12 months from the date of this document.

DISTRIBUTABLE RESERVES

As of December 31, 2017, we did not have any distributable reserves.

LISTING EXPENSES

Listing expenses represent professional fees, underwriting commissions and other fees incurred in connection with the Global Offering. The total estimated listing expenses are approximately HK\$245.6 million (based on the mid-point of the indicative Offer Price range and assuming the Over-allotment Option is not exercised), of which approximately HK\$177.1 million will be directly attributable to the issue of our Shares and capitalized, and the remaining HK\$68.5 million has been or will be expensed in 2017 and 2018. Our Directors do not expect such expenses to materially impact our results of operations in 2018.

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following is an illustrative and pro forma statement of adjusted consolidated net tangible assets of our Group which has been prepared in accordance with Rule 4.29 of the Listing Rules and on the basis of the notes set out below for the purpose of illustrating the effect of the Global Offering on the consolidated net tangible assets of our Group attributable to the owners of the Company as of December 31, 2017 as if the Global Offering had taken place on December 31, 2017.

FINANCIAL INFORMATION

This unaudited pro forma statement of adjusted consolidated net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of our Group had the Global Offering been completed as of December 31, 2017 or at any future date.

Consolidated net tangible assets of our Group attributable to the owners of our Company as of December 31, 2017	Estimated net proceeds from the Global Offering	Unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to owners of our Company	Unaudited pro forma adjusted consolidated net tangible assets per share	Unaudited pro forma adjusted consolidated net tangible assets per share
	<i>(RMB in millions)</i>		<i>RMB</i>	<i>HK\$</i>
<i>(Note 1)</i>	<i>(Note 2)</i>		<i>(Note 3)</i>	<i>(Note 4)</i>
Based on an Offer Price of HK\$45.75 per Share after a Downward Offer Price Adjustment of 10%	4,027.9	5,708.7	9,736.6	9.12
Based on an offer price of HK\$50.80 per Share	4,027.9	6,341.7	10,369.6	9.72
Based on an offer price of HK\$54.80 per Share	4,027.9	6,843.1	10,871.0	10.19

- (1) The consolidated net tangible assets of our Group attributable to the owners of our Company as of December 31, 2017 is extracted from the historical financial information contained in the Accountant's Report set out in Appendix I to this prospectus which is based on the audited consolidated net assets of our Group attributable to the owners of our Company as of December 31, 2017 of RMB4,034.0 million less intangible assets and goodwill of RMB6.1 million.
- (2) The estimated net proceeds from the Global Offering are based on the offering price of HK\$50.80 to HK\$54.80 per Share respectively, and also based on an offer price of HK\$45.75 per Share, after making a downward offer price adjustment of 10%, after deduction of relevant estimated underwriting fees and other related fees and expenses payable by our Group (the amount of listing-related expenses which has been accounted for in the consolidated statement of comprehensive income up to December 31, 2017 is RMB34.3 million) but takes no account of any Shares which may be issued upon the exercise of the Over-allotment Option.
- (3) The unaudited pro forma adjusted consolidated net tangible assets per share is arrived at after the adjustments as described in note 2 above and is based on the total number of 1,067,294,200 shares in issue immediately after the listing (assuming that the Global Offering had been completed on December 31, 2017, after the share redesignation and share subdivision), without taking into account any Shares which may be issued upon the exercise of the Over-allotment Option.
- (4) For the purpose of this unaudited pro forma adjusted consolidated net tangible assets per share, the amounts stated in Renminbi are converted into Hong Kong dollars at a rate of RMB1.0000 to HK\$1.2515. No representation is made that Renminbi has been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate.
- (5) No adjustments have been made to the unaudited pro forma adjusted net tangible assets of our Group to reflect any trading result or other transactions of our Group entered into subsequent to December 31, 2017.

FINANCIAL INFORMATION

NO MATERIAL ADVERSE CHANGE

After performing sufficient due diligence work which our Directors consider appropriate and after due and careful consideration, the Directors confirm that, up to the date of this document, there has been no material adverse change in our financial or trading position or prospects since December 31, 2017, being the end date of the periods reported on in the Accountant's Report in Appendix I to this document, and there has been no event since December 31, 2017 that would materially affect the information as set out in the Accountant's Report in Appendix I to this document.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirm that, as of the Latest Practicable Date, there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

See “Business — Our Strategies” in this prospectus for a detailed description of our future plans.

USE OF PROCEEDS

Assuming an Offer Price of HK\$52.80 per Share (being the mid-point of the Offer Price Range of between HK\$50.80 and HK\$54.80 per Share), we estimate that we will receive net proceeds of approximately HK\$8,250.3 million from the Global Offering after deducting the underwriting commissions and other estimated expenses paid and payable by us in connection with the Global Offering and assuming that the Over-allotment Option is not exercised. In line with our strategies, we intend to use our proceeds from the Global Offering for the purposes and in the amounts set forth below:

- approximately 40% of the net proceeds, or approximately HK\$3,300.1 million, is expected to be used for business expansion, including:
 - expanding our e-commerce business by increasing product offerings through (i) building up our sourcing capacity, (ii) engaging more quality suppliers and vendors for our health mall, (iii) keeping more inventories to support increases in sales and (iv) renting more warehouses to ensure timely and quality delivery of products, increasing network coverage through opening up new pharmacies and/or expanding our cooperation with third-party pharmacy chains, increasing service capabilities through developing new service initiatives and expanding our customer service team via both internal development and external cooperation;
 - continuously attracting and retaining high-quality personnel including sales and medical personnel through investing in the recruitment of high-quality professionals such as medical staff and sales personnel, and offering attractive compensation packages to retain our employees;
 - acquiring new users and improving user engagement, through means such as increasing the variety of reward plans to our users, developing more targeted programs for user groups with specific health demands, and developing new data-driven and predictive healthcare services; and
 - funding our marketing and promotional campaigns through online and offline marketing activities, including marketing channels such as app store ranking, search engine optimization, website banner and ground campaigns, as well as launching seasonal promotional campaigns targeted towards specific user groups and holiday campaigns;

FUTURE PLANS AND USE OF PROCEEDS

- approximately 30% of the net proceeds, or approximately HK\$2,475.1 million, is expected to be used for funding our potential investments in, acquisitions of and strategic alliances with domestic companies as well as our overseas expansion plan. We are interested in companies with advanced technology and service solutions and wellness products, home diagnostic devices companies, companies with complimentary business lines or companies that have demonstrated adequate capabilities that we believe are synergistic to our current business. We also interested in establishing partnerships with quality local partners in developing countries that share similar characteristics with China. As of the Latest Practicable Date, we had not identified any potential acquisition targets;
- approximately 20% of the net proceeds, or approximately HK\$1,650.1 million, is expected to be used for research and development, including the development of our information infrastructure, recruitment of high-quality AI professionals domestically and internationally and providing competitive compensation packages to AI talents, as well as collaboration with leading research institutions and universities and partnership with industry-leading technology companies for research and development;
- approximately 10% of the net proceeds, or approximately HK\$825.0 million, is expected to be used for working capital and general corporate purposes.

We do not expect the expansion plan to have a material impact on our gross margin in the near term, though our gross margin might fluctuate over time due to the changes in our product mix in each business segment and the features of the individual products. Our incremental expenditure on promotional initiatives may contribute to higher selling and marketing expenses as percentage of revenue as well as larger net loss. Meanwhile, we expect our business expansion plans can improve our cash flows from operations. Our overseas expansion plans may expose us to specific geographical, political and/or foreign exchange risks that we currently do not foresee. However, as the foregoing statements are forward-looking in nature, we caution you not to place undue reliance on such statements. See “Risk Factors — Risks Relating to Our Business and Industry — We may not be able to manage the growth of our business and operations or implement our business strategies on schedule or within our budget, or at all.”

In the event that the Offer Price is set at the Maximum Offer Price or the Minimum Offer Price of the indicative Offer Price range, the net proceeds of the Global Offering will increase or decrease by approximately HK\$313.8 million, respectively. If we make a Downward Offer Price Adjustment to set the final Offer Price at HK\$45.75 per Offer Share, the estimated net proceeds we will receive from the Global Offering will be further reduced by an additional amount of approximately HK\$792.2 million.

The additional net proceeds that we would receive if the Over-allotment Option were exercised in full would be (i) HK\$1,289.7 million (assuming an Offer Price of HK\$54.80 per Share, being the Maximum Offer Price), (ii) HK\$1,242.6 million (assuming an Offer Price of HK\$52.80 per Share, being the mid-point of the Offer Price Range) and (iii) HK\$1,195.5 million (assuming an Offer Price of HK\$50.80 per Share, being the Minimum Offer Price).

To the extent that the net proceeds from the Global Offering (including the net proceeds from the exercise of the Over-allotment Option) are either more or less than expected, we may adjust our allocation of the net proceeds for the above purposes on a pro rata basis.

FUTURE PLANS AND USE OF PROCEEDS

To the extent that the net proceeds of the Global Offering are not immediately required for the above purposes or if we are unable to put into effect any part of our plan as intended, we may hold such funds in short-term deposits or other money market products 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.

UNDERWRITING

HONG KONG UNDERWRITERS

CCB International Capital Limited
China International Capital Corporation Hong Kong Securities Limited
China Merchants Securities (HK) Co., Limited
Citigroup Global Markets Asia Limited
CLSA Limited
CMB International Capital Limited
The Hongkong and Shanghai Banking Corporation Limited
J.P. Morgan Securities (Asia Pacific) Limited
Ping An of China Securities (Hong Kong) Company Limited
UBS AG Hong Kong Branch

UNDERWRITING

This prospectus is published solely in connection with the Hong Kong Public Offering. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters on a conditional basis. The International Offering is expected to be fully underwritten by the International Underwriters. If, for any reason, the Offer Price is not agreed between the Joint Global Coordinators (on behalf of the Underwriters) and the Company, the Global Offering will not proceed and will lapse.

The Global Offering comprises the Hong Kong Public Offering of initially 10,406,200 Hong Kong Offer Shares and the International Offering of initially 149,688,000 International Offer Shares, subject, in each case, to reallocation on the basis as described in the section headed “Structure of the Global Offering” in this prospectus as well as to the Over-allotment Option (in the case of the International Offering).

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

The Hong Kong Underwriting Agreement was entered into on April 19, 2018. Pursuant to the Hong Kong Underwriting Agreement, the Company is offering the Hong Kong Offer Shares for subscription on the terms and conditions set out in this prospectus, the Application Forms and the Hong Kong Underwriting Agreement at the Offer Price.

Subject to (a) the Listing Committee granting approval for the listing of, and permission to deal in, the Shares on the Main Board of the Stock Exchange and such approval not having been subsequently revoked prior to the commencement of trading of the Shares on the Stock Exchange and (b) certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have agreed severally but not jointly to procure subscribers for, or themselves to subscribe for, their respective applicable proportions of the Hong Kong Offer Shares being offered which are not taken up under the Hong Kong Public Offering on the terms and conditions set out in this prospectus, the Application Forms and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional on, among other things, the International Underwriting Agreement having been executed and becoming unconditional and not having been terminated in accordance with its terms.

UNDERWRITING

Grounds for termination

If any of the events set out below occur at any time prior to 8:00 a.m. on the Listing Date, the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) shall be entitled by written notice to the Company to terminate the Hong Kong Underwriting Agreement with immediate effect:

- (a) there develops, occurs, exists or comes into effect:
 - (i) any national or international event, or series of events, in the nature of force majeure (including, without limitation, any acts of government, declaration of a national or international emergency or war, calamity, crisis, epidemic, pandemic, large scale outbreaks of diseases (including, without limitation, SARS, swine or avian flu, H5N1, H1 N1, H7N9 and such related/mutated forms), economic sanctions, strikes, labour disputes, lock-outs, fire, explosion, flooding, earthquake, civil commotion, riots, public disorder, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God or acts of terrorism (whether or not responsibility has been claimed)) in or affecting Hong Kong, Singapore, the PRC, Japan, the Cayman Islands, the United States or the United Kingdom or the European Union (or any member thereof) (collectively, the “**Relevant Jurisdictions**”);
 - (ii) any change or development involving a prospective change, or any event or circumstances or series of events likely to result in any change or development involving a prospective change, in any local, national, regional or international financial, economic, political, military, industrial, legal, fiscal, regulatory, currency, credit or market matters or conditions, equity securities or exchange control or any monetary or trading settlement system or other financial markets (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, the interbank markets and credit markets), in or affecting any of the Relevant Jurisdictions;
 - (iii) any moratorium, suspension or restriction (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) in or on trading in securities generally on the Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market, the London Stock Exchange, the Shanghai Stock Exchange, Shenzhen Stock Exchange or Tokyo Stock Exchange;
 - (iv) any general moratorium on commercial banking activities in Hong Kong (imposed by the Financial Secretary or the Hong Kong Monetary Authority or other competent authority), New York (imposed at the U.S. Federal or New York State level or by any other competent authority), London, (only relevant jurisdictions would be relevant, and if so, no need repeat) or any of the other Relevant Jurisdictions or any disruption in commercial banking or foreign exchange trading or securities settlement or clearance services, procedures or matters in or affecting any of the Relevant Jurisdictions;

UNDERWRITING

- (v) any new law or regulation or any change or development involving a prospective change in existing laws or regulations or any change or development involving a prospective change in the interpretation or application thereof by any court or any governmental authority in or affecting any of the Relevant Jurisdictions;
- (vi) the imposition of economic sanctions, in whatever form, directly or indirectly, by, or for, any of the Relevant Jurisdictions in respect of any jurisdiction relevant to the business operations of any member of the Group;
- (vii) any change or development or a prospective change or amendment in or affecting taxation or foreign exchange control, currency exchange rates or foreign investment regulations (including, without limitation, a material devaluation of the Hong Kong dollar or RMB against any foreign currencies, a change in the system under which the value of the Hong Kong dollar is linked to that of the United States dollar or RMB is linked to any foreign currency or currencies), or the implementation of any exchange control, in any of the Relevant Jurisdictions or adversely affecting an investment in the Offer Shares;
- (viii) the issue or requirement to issue by the Company of a supplement or amendment to this prospectus any Application Forms or other documents in connection with the offer and sale of the Offer Shares pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance or the Listing Rules or upon any requirement or request of the Stock Exchange and/or the SFC that is in the opinion of the Joint Sponsors materially adverse to the completion of the Global Offering;
- (ix) the Chief Executive Officer, any directors or members of senior management of the Company is vacating his office;
- (x) any director being charged with an indictable offence or prohibited operation of Law or otherwise disqualified from taking part in the management of a company or there is the commencement by any governmental, political or regulatory body of any investigation or other action against any Director in his or her capacity as such or any member of the Group or an announcement by any governmental, political or regulatory body that it intends to commence any such investigation or take any such action;
- (xi) any prohibition on the Company for whatever reason from offering, allotting, issuing or selling any of the Offer Shares (including any additional Shares to be issued pursuant to the Over-allotment Option) pursuant to the terms of the Global Offering;
- (xii) any change or development involving a prospective change in, or a materialization of, any of the risks set out in the section headed “Risk Factors” of this prospectus;
- (xiii) termination or withdrawal of significant bookbuilding orders;
- (xiv) any order or petition for the winding-up or liquidation of any member of the Group or any composition or arrangement made by any member of the Group with its

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creditors or a scheme of arrangement entered into by any member of the Group or any resolution for the winding-up of any member of the Group or the appointment of a provisional liquidator, receiver or manager over all or part of the assets or undertaking of any member of the Group or anything analogous thereto occurring in respect of any member of the Group;

- (xv) any litigation, dispute, legal action or claim being threatened or instigated against any member of the Group;
- (xvi) any contravention by the Company or any member of the Group of any applicable laws and regulations including the Listing Rules; or
- (xvii) any non-compliance of this prospectus (or any other documents used in connection with the contemplated subscription and sale of the Offer Shares) or any aspect of the Global Offering with the Listing Rules or any other applicable laws and regulations;

which, individually or in the aggregate, in the sole and absolute opinion of the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters),

- (1) has or will or is likely to have a material adverse effect;
 - (2) has or will have or is likely to have a material adverse effect on the completion of the Global Offering or the level of applications of the Offer Shares under the Hong Kong Public Offering or the level of interest under the International Offering;
 - (3) makes or will make or is likely to make it inadvisable, inexpedient, impracticable or incapable for the Hong Kong Public Offering and/or the International Offering to proceed or to market the Global Offering or the delivery or distribution of the Offer Shares on the terms and in the manner contemplated by this prospectus; or
 - (4) has or will or is likely to have the effect of making any material part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or preventing the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof; or
- (b) there has come to the notice of the Joint Global Coordinators that:
- (i) any statement contained in this prospectus, the Application Forms, the Formal Notice and/or any notices, announcements, advertisements, communications or other documents (including any announcement, circular, document or other communication pursuant to the Hong Kong Underwriting Agreement) issued or used by or on behalf of the Company in connection with the Hong Kong Public Offering and the Global Offering (including any supplement or amendment thereto (the “**Offer-Related Documents**”) but excluding information relating to the Underwriters) was, when it

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was issued, or has become, untrue, incorrect, inaccurate, incomplete in any material respects or misleading or deceptive, or that any estimate, forecast, expression of opinion, intention or expectation contained in any of such documents is not fair and honest and based on reasonable grounds or reasonable assumptions;

- (ii) any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, constitute a material omission from, or misstatement in, any of the Offer-Related Documents;
- (iii) there is a material breach of any of the obligations imposed upon the Company under the Hong Kong Underwriting Agreement (other than upon any of the Joint Global Coordinators, the Joint Sponsors or the Underwriters), as applicable;
- (d) there is an event, act or omission which gives or is likely to give rise to any material liability of the Company pursuant to the indemnities given by any of them under the Hong Kong Underwriting Agreement;
- (e) there is any material adverse change or development or likely to be any prospective material adverse change or development in the assets, liabilities, general affairs, business, management, prospects, shareholders' equity, profits, losses, earnings, solvency, liquidity position, funding, results of operations, performance, position or condition, financial or otherwise, of the Group as a whole;
- (f) the approval of the Listing Committee of the listing of, and permission to deal in, the Shares in issue and the Shares to be issued pursuant to the Global Offering (including the additional Shares which may be issued upon the exercise of the Over-allotment Option) is refused or not granted, other than subject to customary conditions, on or before the date of the Listing, or if granted, the approval is subsequently withdrawn, cancelled, qualified (other than by customary conditions), revoked or withheld;
- (g) any expert, whose consent is required for the issue of this prospectus with the inclusion of its reports, letters or opinions and references to its name included in the form and context in which it respectively appears (other than any of the Joint Sponsors) has withdrawn its consent to the issue of this prospectus with the inclusion of its reports, letters and/or legal opinions (as the case may be) and references to its name included in the form and context in which it respectively appears;
- (h) the Company withdraws this prospectus (and/or any other documents issued or used in connection with the Global Offering) or the Global Offering;
- (i) there is a prohibition by a competent authority on the Company for whatever reason from offering, allotting, issuing or selling any of the Offer Shares pursuant to the terms of the Global Offering;
- (j) there is any order or petition for the winding-up of any member of the Group or any composition or arrangement made by any member of the Group with its creditors or a

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scheme of arrangement entered into by any member of the Group or any resolution for the winding-up of any member of the Group or the appointment of a provisional liquidator, receiver or manager over all or part of the material assets or undertaking of any member of the Group or anything analogous thereto occurring in respect of any member of the Group.

Undertakings to the Stock Exchange pursuant to the Listing Rules

(A) Undertakings by the Company

Pursuant to Rule 10.08 of the Listing Rules, the Company has undertaken to the Stock Exchange that it will not exercise its power to issue any further Shares, or securities convertible into equity securities of the Company (whether or not of a class already listed) or enter into any agreement to such an issue within six months from the Listing Date (whether or not such issue of Shares or securities will be completed within six months from the Listing Date), except (a) pursuant to the Global Offering and the Over-allotment Option or (b) under any of the circumstances provided under Rule 10.08 of the Listing Rules.

(B) Undertakings by the Controlling Shareholders

Pursuant to Rule 10.07 of the Listing Rules, the Controlling Shareholders have undertaken to the Stock Exchange and the Company that he/it will not and will procure that the relevant registered holder(s) will not:

- (i) in the period commencing on the date by reference to which disclosure of his/its holding of Shares is made in this prospectus and ending on the date which is six months from the Listing Date, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances (save as disclosed in the Prospectus) in respect of, any of the Shares directly or indirectly beneficially owned by us; and
- (ii) in the period of six months commencing on the date on which the period referred to in paragraph (i) above expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares referred to in paragraph (i) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, he/it would cease to be a controlling shareholder of the Company, in each case, save as permitted under the Listing Rules.

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Pursuant to Note 3 to Rule 10.07(2) of the Listing Rules, the Controlling Shareholders have undertaken to the Stock Exchange and the Company that, within the period commencing on the date by reference to which disclosure of his/its holding of Shares is made in this prospectus and ending on the date which is 12 months from the Listing Date, he/it will:

- (1) when he/it pledges or charges any Shares beneficially owned by him/it in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) pursuant to Note 2 to Rule 10.07(2) of the Listing Rules, immediately inform the Company in writing of such pledge or charge together with the number of Shares so pledged or charged; and
- (2) when he/it receives indications, either verbal or written, from the pledgee or chargee of any Shares that any of the pledged or charged Shares will be disposed of, immediately inform the Company of such indications.

Undertakings pursuant to the Hong Kong Underwriting Agreement

(A) Undertakings by the Company

The Company has undertaken to each of the Joint Global Coordinators, the Joint Sponsors and the Hong Kong Underwriters not to (save for the issue, offer or sale of the Offer Shares by the Company pursuant to the Global Offering (including pursuant to the Over-allotment Option), without the prior written consent of the Joint Global Coordinators (on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules, at any time during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on, and including, the date that is six months after the Listing Date (the “**First Six-Month Period**”):

- (i) offer, allot, issue, sell, accept subscription for, contract to allot, issue or sell, contract or agree to allot, issue or sell, assign, grant or sell any option, warrant, right or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, or otherwise transfer or dispose of, or agree to transfer or dispose of, either directly or indirectly, conditionally or unconditionally, or repurchase, any legal or beneficial interest in any Shares or other equity securities of the Company, or any interests in any of the foregoing (including, but not limited to, any securities that are convertible into or exercisable or exchangeable for, or that represent the right to receive, or any warrants or other rights to purchase, any Shares or other securities of the Company); or
- (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of subscription or ownership (legal or beneficial) of any Shares or other securities of the Company, or any interest therein (including, without limitation, any securities of which are convertible into or exchangeable or exercisable for, or represent the right to receive, or any warrants or other rights to purchase, any Shares or other equity securities of the Company); or

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- (iii) enter into any transaction with the same economic effect as any transaction described in paragraphs (i) or (ii) above; or
- (iv) offer to or contract to or agree to announce, or publicly disclose that the Company will or may enter into any such transaction described in paragraphs (i), (ii) or (iii) above, in each case, whether any such transaction described in paragraphs (i), (ii) or (iii) above is to be settled by delivery of Shares or other equity securities of the Company, in cash or otherwise (whether or not the issue of such Shares or other securities of the Company will be completed within the First Six-Month Period).

In the event that, during the period of six months commencing on the date on which the First Six-Month Period expires (the “**Second Six-Month Period**”), the Company enters into any such transactions or offers or agrees or contracts to, or announces, or publicly discloses, any intention to, enter into any such transactions, the Company will take all reasonable steps to ensure that it will not create a disorderly or false market in the securities of the Company.

Hong Kong Underwriters’ interests in the Company

Save for their respective obligations under the Hong Kong Underwriting Agreement, as of the Latest Practicable Date, none of the Hong Kong Underwriters was interested, legally or beneficially, directly or indirectly, in any Shares or any securities of any member of the Group or had any right or option (whether legally enforceable or not) to subscribe for or purchase, or to nominate persons to subscribe for or purchase, any Shares or any securities of any member of the Group.

Following the completion of the Global Offering, the Hong Kong Underwriters and their affiliated companies may hold a certain portion of the Shares as a result of fulfilling their respective obligations under the Hong Kong Underwriting Agreement.

International Offering

International Underwriting Agreement

In connection with the International Offering, the Company and the Controlling Shareholders expect to enter into the International Underwriting Agreement with the International Underwriters on the Price Determination Date. Under the International Underwriting Agreement and subject to the Over-allotment Option, the International Underwriters would, subject to certain conditions set out therein, agree severally but not jointly to procure subscribers for, or themselves to subscribe for, their respective applicable proportions of the International Offer Shares initially being offered pursuant to the International Offering. It is expected that the International Underwriting Agreement may be terminated on similar grounds as the Hong Kong Underwriting Agreement. Potential investors should note that in the event that the International Underwriting Agreement is not entered into, the Global Offering will not proceed. See “Structure of the Global Offering — The International Offering.”

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Over-allotment Option

The Company is expected to grant to the International Underwriters the Over-allotment Option, exercisable by the Joint Global Coordinators on behalf of the International Underwriters at any time from the Listing Date until 30 days after the last day for lodging applications under the Hong Kong Public Offering, pursuant to which the Company may be required to issue up to an aggregate of 24,014,100 Shares, representing not more than 15% of the number of Offer Shares initially available under the Global Offering, at the Offer Price, to, among other things, cover over-allocations in the International Offering, if any. See “Structure of the Global Offering — Over-allotment Option.”

Commissions and Expenses

The Underwriters will receive an underwriting commission of 1.5% of the aggregate Offer Price of all the Offer Shares (including any Offer Shares to be issued pursuant to the exercise of the Over-allotment Option), out of which they will pay any sub-underwriting commissions and other fees.

The Underwriters may receive a discretionary incentive fee of up to 0.5% of the aggregate Offer Price of all the Offer Shares (including any Offer Shares to be issued pursuant to the exercise of the Over-allotment Option).

For any unsubscribed Hong Kong Offer Shares reallocated to the International Offering, the underwriting commission will not be paid to the Hong Kong Underwriters but will instead be paid, at the rate applicable to the International Offering, to the relevant International Underwriters.

The aggregate underwriting commissions payable to the Underwriters in relation to the Global Offering (assuming an Offer Price of HK\$52.80 per Offer Share (which is the mid-point of the Offer Price range), the full payment of the discretionary incentive fee and the exercise of the Over-allotment Option in full) will be approximately HK\$202.27 million.

The aggregate underwriting commissions and fees together with the Stock Exchange listing fees, the SFC transaction levy and the Stock Exchange trading fee, legal and other professional fees and printing and all other expenses relating to the Global Offering are estimated to be approximately HK\$270.97 million (assuming an Offer Price of HK\$52.80 per Offer Share (which is the mid-point of the Offer Price range), the full payment of the discretionary incentive fee and the exercise of the Over-allotment Option in full) and will be paid by our Company.

Indemnity

The Company has agreed to indemnify the Hong Kong Underwriters for certain losses which they may suffer or incur, including losses arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any breach by any of the Company and the Controlling Shareholders of the Hong Kong Underwriting Agreement.

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ACTIVITIES BY SYNDICATE MEMBERS

The underwriters of the Hong Kong Public Offering and the International Offering (together, the “**Syndicate Members**”) and their affiliates may each individually undertake a variety of activities (as further described below) which do not form part of the underwriting or stabilizing process.

The Syndicate Members and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the account of others. In the ordinary course of their various business activities, the Syndicate Members and their respective affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers. Such investment and trading activities may involve or relate to assets, securities and/or instruments of the Company and/or persons and entities with relationships with the Company and may also include swaps and other financial instruments entered into for hedging purposes in connection with the Group’s loans and other debt.

In relation to the Shares, the activities of the Syndicate Members and their affiliates could include acting as agent for buyers and sellers of the Shares, entering into transactions with those buyers and sellers in a principal capacity, including as a lender to initial purchasers of the Shares (which financing may be secured by the Shares) in the Global Offering, proprietary trading in the Shares, and entering into over the counter or listed derivative transactions or listed or unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have as their underlying assets, assets including the Shares. Such transactions may be carried out as bilateral agreements or trades with selected counterparties. Those activities may require hedging activity by those entities involving, directly or indirectly, the buying and selling of the Shares, which may have a negative impact on the trading price of the Shares. All such activities could occur in Hong Kong and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/or short positions in the Shares, in baskets of securities or indices including the Shares, in units of funds that may purchase the Shares, or in derivatives related to any of the foregoing.

In relation to issues by Syndicate Members or their affiliates of any listed securities having the Shares as their underlying securities, whether on the Stock Exchange or on any other stock exchange, the rules of the stock exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in the Shares in most cases.

All such activities may occur both during and after the end of the stabilizing period described in the section headed “Structure of the Global Offering” in this prospectus. Such activities may affect the market price or value of the Shares, the liquidity or trading volume in the Shares and the volatility of the price of the Shares, and the extent to which this occurs from day to day cannot be estimated.

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It should be noted that when engaging in any of these activities, the Syndicate Members will be subject to certain restrictions, including the following:

- (a) the Syndicate Members (other than the Stabilizing Manager or any person acting for it) must not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative transactions relating to the Offer Shares), whether in the open market or otherwise, with a view to stabilizing or maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and
- (b) the Syndicate Members must comply with all applicable laws and regulations, including the market misconduct provisions of the SFO, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

Certain of the Syndicate Members or their respective affiliates have provided from time to time, and expect to provide in the future, investment banking and other services to the Company and each of its affiliates for which such Syndicate Members or their respective affiliates have received or will receive customary fees and commissions.

In addition, the Syndicate Members or their respective affiliates may provide financing to investors to finance their subscriptions of Offer Shares in the Global Offering.

STRUCTURE OF THE GLOBAL OFFERING

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. Citigroup Global Markets Asia Limited, J.P. Morgan Securities (Asia Pacific) Limited, Ping An of China Securities (Hong Kong) Company Limited and UBS AG Hong Kong Branch are the Joint Global Coordinators of the Global Offering.

The listing of the Shares on the Stock Exchange is sponsored by the Joint Sponsors. The Joint Sponsors have made an application on behalf of the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus.

160,094,200 Offer Shares will initially be made available under the Global Offering comprising:

- (a) the Hong Kong Public Offering of initially 10,406,200 Shares (subject to reallocation) in Hong Kong as described in the sub-section “The Hong Kong Public Offering” in this section below; and
- (b) the International Offering of initially 149,688,000 Shares (subject to reallocation and the Over-allotment Option) (i) in the United States solely to QIBs in reliance on Rule 144A or another exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and (ii) outside the United States (including to professional and institutional investors within Hong Kong) in offshore transactions in reliance on Regulation S, as described in the sub-section headed “The International Offering” this section below.

Investors may either:

- (i) apply for Hong Kong Offer Shares under the Hong Kong Public Offering; or
- (ii) apply for or indicate an interest for International Offer Shares under the International Offering,

but may not do both.

The Offer Shares will represent approximately 15% of the total Shares in issue immediately following the completion of the Global Offering, assuming the Over-allotment Option is not exercised. If the Over-allotment Option is exercised in full, the Offer Shares will represent approximately 16.87% of the total Shares in issue immediately following the completion of the Global Offering.

References in this prospectus to applications, Application Forms, application monies or the procedure for applications relate solely to the Hong Kong Public Offering.

STRUCTURE OF THE GLOBAL OFFERING

THE HONG KONG PUBLIC OFFERING

Number of Offer Shares initially offered

The Company is initially offering 10,406,200 Shares for subscription by the public in Hong Kong at the Offer Price, representing approximately 6.5% of the total number of Offer Shares initially available under the Global Offering. The number of Offer Shares initially offered under the Hong Kong Public Offering, subject to any reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, will represent approximately 1.5% of the total Shares in issue immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised).

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities that regularly invest in shares and other securities.

Completion of the Hong Kong Public Offering is subject to the conditions set out in the sub-section headed “Conditions of the Global Offering” in this section.

Allocation

Allocation of Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which could mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

For allocation purposes only, the total number of Hong Kong Offer Shares available under the Hong Kong Public Offering (after taking into account any reallocation referred to below) will be divided equally (to the nearest board lot) into two pools: pool A and pool B. The Hong Kong Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate price of HK\$5 million (excluding the brokerage, the SFC transaction levy and the Stock Exchange trading fee payable) or less. The Hong Kong Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate price of more than HK\$5 million (excluding the brokerage, the SFC transaction levy and the Stock Exchange trading fee payable) and up to the total value in pool B.

Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If any Hong Kong Offer Shares in one (but not both) of the pools are unsubscribed, such unsubscribed Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. For the purpose of the immediately preceding paragraph only, the “price” for Hong Kong Offer Shares means the price payable on

STRUCTURE OF THE GLOBAL OFFERING

application therefor (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of Hong Kong Offer Shares from either pool A or pool B and not from both pools. Multiple or suspected multiple applications under the Hong Kong Public Offering and any application for more than 5,203,100 Hong Kong Offer Shares is liable to be rejected.

Reallocation and Clawback

The allocation of Shares between the Hong Kong Public Offering and the International Offering is subject to adjustment. If the number of Shares validly applied for in the Hong Kong Public Offering represents (i) 10 times or more but less than 40 times, (ii) 40 times or more but less than 95 times, and (iii) 95 times or more, of the number of Hong Kong Offer Shares initially available under the Hong Kong Public Offering, the total number of Hong Kong Offer Shares available under the Hong Kong Public Offering will be increased to 16,009,600, 20,011,800 and 40,023,600 Shares, respectively, representing approximately 10% (in the case of (i)), 12.5% (in the case of (ii)) and 25% (in the case of (iii)), respectively, of the total number of Offer Shares initially available under the Global Offering (before any exercise of the Over-allotment Option), reallocation being referred to in this prospectus as “Mandatory Reallocation”. In such cases, the number of Offer Shares allocated in the International Offering will be correspondingly reduced, in such manner as the Joint Global Coordinators and the Joint Sponsors deem appropriate, and such additional Offer Shares will be reallocated to Pool A and Pool B. If the Hong Kong Offer Shares are not fully subscribed, the Joint Global Coordinators have the authority to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Offering, in such proportions as the Joint Global Coordinators and the Joint Sponsors deem appropriate. In addition to any Mandatory Reallocation which may be required, the Joint Global Coordinators and the Joint Sponsors may, at their discretion, reallocate Shares initially allocated for the International Offering to the Hong Kong Public Offering to satisfy valid applications in Pool A and Pool B under the Hong Kong Public Offering, regardless of whether the Mandatory Reallocation is triggered. In the event that the International Offer Shares are undersubscribed and the Hong Kong Offer Shares are oversubscribed irrespective of the number of times, up to 10,406,200 Offer Shares may be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of the Shares available under the Hong Kong Public Offer will be increased to 20,812,400 Offer Shares, representing 13% of the number of the Offer Shares initially available under the Share Offer (before any exercise of the Over-allotment Option). If the above event takes place, the Offer Price shall be fixed at the low end of the indicative Offer Price range (i.e. HK\$50.80 per Share) stated in this prospectus.

If the final Offer Price is less than HK\$50.80 due to the operation of the Downward Offer Price Adjustment, the waiver in relation to the clawback mechanism will be automatically withdrawn by the Stock Exchange.

Applications

Each applicant under the Hong Kong Public Offering will be required to give an undertaking and confirmation in the application submitted by him that he and any person(s) for whose benefit he is making the application has not applied for or taken up, or indicated an interest for, and will not apply

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for or take up, or indicate an interest for, any International Offer Shares under the International Offering. Such applicant's application is liable to be rejected if such undertaking and/or confirmation is/are breached and/or untrue (as the case may be) or if he has been or will be placed or allocated International Offer Shares under the International Offering.

Applicants under the Hong Kong Public Offering are required to pay, on application, the Maximum Offer Price of HK\$54.80 per Offer Share in addition to the brokerage, the SFC transaction levy and the Stock Exchange trading fee payable on each Offer Share, amounting to a total of HK\$5,535.22 for one board lot of 100 Shares. If the Offer Price, as finally determined in the manner described in the sub-section headed "Pricing and Allocation" in this section below, is less than the Maximum Offer Price of HK\$54.80 per Offer Share, appropriate refund payments (including the brokerage, the SFC transaction levy and the Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. Further details are set out in the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus.

THE INTERNATIONAL OFFERING

Number of Offer Shares initially offered

The International Offering will consist of an offering of initially 149,688,000 Shares, representing approximately 93.5% of the total number of Offer Shares initially available under the Global Offering (subject to reallocation and the Over-allotment Option). The number of Offer Shares initially offered under the International Offering, subject to any reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, will represent approximately 13.5% of the total Shares in issue immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised).

Allocation

The International Offering will include selective marketing of Offer Shares to QIBs in the United States as well as institutional and professional investors and other investors anticipated to have a sizeable demand for such Offer Shares in Hong Kong and other jurisdictions outside the United States in reliance on Regulation S. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities that regularly invest in shares and other securities. Allocation of Offer Shares pursuant to the International Offering will be effected in accordance with the "book-building" process described in sub-section headed "Pricing and Allocation" in this section and based on a number of factors, including the level and timing of demand, the total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Shares and/or hold or sell its Shares after the Listing. Such allocation is intended to result in a distribution of the Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of the Group and the Shareholders as a whole.

STRUCTURE OF THE GLOBAL OFFERING

The Joint Global Coordinators (on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Offering and who has made an application under the Hong Kong Public Offering to provide sufficient information to the Joint Global Coordinators so as to allow it to identify the relevant applications under the Hong Kong Public Offering and to ensure that they are excluded from any allocation of Offer Shares under the Hong Kong Public Offering.

Reallocation

The total number of Offer Shares to be issued or sold pursuant to the International Offering may change as a result of the clawback arrangement described in the subsection “The Hong Kong Public Offering — Reallocation” in this section above, the exercise of the Over-allotment Option in whole or in part and/or any reallocation of unsubscribed Offer Shares originally included in the Hong Kong Public Offering.

OVER-ALLOTMENT OPTION

In connection with the Global Offering, the Company is expected to grant the Over-allotment Option to the International Underwriters, exercisable by the Joint Global Coordinators (on behalf of the International Underwriters).

Pursuant to the Over-allotment Option, the International Underwriters will have the right, exercisable by the Joint Global Coordinators (on behalf of the International Underwriters) at any time from the Listing Date until 30 days after the last day for lodging applications under the Hong Kong Public Offering, to require the Company to issue up to an aggregate of 24,014,100 additional Shares, representing not more than 15% of the total number of Offer Shares initially available under the Global Offering, at the Offer Price under the International Offering to, among other things, cover over-allocations in the International Offering, if any.

If the Over-allotment Option is exercised in full, the additional Offer Shares to be issued pursuant thereto will represent approximately 2.2% of the total Shares in issue immediately following the completion of the Global Offering. If the Over-allotment Option is exercised, an announcement will be made.

STABILIZATION

Stabilization is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilize, the underwriters may bid for, or purchase, the securities in the secondary market during a specified period of time, to retard and, if possible, prevent a decline in the initial public market price of the securities below the offer price. Such transactions may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulatory requirements, including those of Hong Kong. In Hong Kong, the price at which stabilization is effected is not permitted to exceed the offer price.

In connection with the Global Offering, the Stabilizing Manager (or any person acting for it), on behalf of the Underwriters, may over-allocate or effect transactions with a view to stabilizing or supporting the market price of the Shares at a level higher than that which might otherwise prevail for

STRUCTURE OF THE GLOBAL OFFERING

a limited period after the Listing Date. However, there is no obligation on the Stabilizing Manager (or any person acting for it) to conduct any such stabilizing action. Such stabilizing action, if taken, (a) will be conducted at the absolute discretion of the Stabilizing Manager (or any person acting for it) and in what the Stabilizing Manager reasonably regards as the best interest of the Company, (b) may be discontinued at any time and (c) is required to be brought to an end within 30 days of the last day for lodging applications under the Hong Kong Public Offering.

STRUCTURE OF THE GLOBAL OFFERING

Stabilization action permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilizing) Rules of the SFO includes (a) over-allocating for the purpose of preventing or minimizing any reduction in the market price of the Shares, (b) selling or agreeing to sell the Shares so as to establish a short position in them for the purpose of preventing or minimizing any reduction in the market price of the Shares, (c) purchasing, or agreeing to purchase, the Shares pursuant to the Over-allotment Option in order to close out any position established under paragraph (a) or (b) above, (d) purchasing, or agreeing to purchase, any of the Shares for the sole purpose of preventing or minimizing any reduction in the market price of the Shares, (e) selling or agreeing to sell any Shares in order to liquidate any position established as a result of those purchases and (f) offering or attempting to do anything as described in paragraph (b), (c), (d) or (e) above.

Specifically, prospective applicants for and investors in the Offer Shares should note that:

- (a) the Stabilizing Manager (or any person acting for it) may, in connection with the stabilizing action, maintain a long position in the Shares;
- (b) there is no certainty as to the extent to which and the time or period for which the Stabilizing Manager (or any person acting for it) will maintain such a long position;
- (c) liquidation of any such long position by the Stabilizing Manager (or any person acting for it) and selling in the open market may have an adverse impact on the market price of the Shares;
- (d) no stabilizing action can be taken to support the price of the Shares for longer than the stabilization period, which will begin on the Listing Date, and is expected to expire on Saturday, May 26, 2018, being the 30th day after the last day for lodging applications under the Hong Kong Public Offering. After this date, when no further stabilizing action may be taken, demand for the Shares, and therefore the price of the Shares, could fall;
- (e) the price of the Shares cannot be assured to stay at or above the Offer Price by the taking of any stabilizing action; and
- (f) stabilizing bids or transactions effected in the course of the stabilizing action may be made at any price at or below the Offer Price and can, therefore, be done at a price below the price paid by applicants for, or investors in, the Offer Shares.

STRUCTURE OF THE GLOBAL OFFERING

The Company will ensure or procure that an announcement in compliance with the Securities and Futures (Price Stabilizing) Rules of the SFO will be made within seven days of the expiration of the stabilization period.

Over-Allocation

Following any over-allocation of Shares in connection with the Global Offering, the Stabilizing Manager (or any person acting for it) may cover such over-allocations by, among other methods, exercising the Over-allotment Option in full or in part, by using Shares purchased by the Stabilizing Manager (or any person acting for it) in the secondary market at prices that do not exceed the Offer Price.

PRICING AND ALLOCATION

Pricing for the Offer Shares for the purpose of the various offerings under the Global Offering will be fixed on the Price Determination Date, which is expected to be on or about Thursday, April 26, 2018 and, in any event, no later than Thursday, May 3, 2018, by agreement between the Joint Global Coordinators (on behalf of the Underwriters) and the Company, and the number of Offer Shares to be allocated under the various offerings will be determined shortly thereafter.

The Offer Price will not be more than HK\$54.80 per Offer Share and is expected to be not less than HK\$50.80 per Offer Share, unless otherwise announced, as further explained below. Applicants under the Hong Kong Public Offering must pay, on application, the Maximum Offer Price of HK\$54.80 per Offer Share plus brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%, amounting to a total of HK\$5,535.22 for one board lot of 100 Shares. **Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the minimum Offer Price stated in this prospectus. (subject to a Downward Offer Price Adjustment)**

Announcement of Offer Price Reduction

The Joint Global Coordinators (for themselves and on behalf of the Underwriters) may, where considered appropriate, based on the level of interest expressed by prospective investors during the book-building process, and with the consent of the Company, determine the final Offer Price to be no more than 10% below the bottom end of the indicative Offer Price range, at any time on or prior to the Expected Price Determination Date.

In such situation, the Company will, as soon as practicable following the decision to set the final Offer Price below the bottom end of the indicative Offer Price range, publish on the website of the Stock Exchange (www.hkexnews.hk) and the Company's website (www.pahtg.com) an announcement of the final Offer Price after making a Downward Offer Price Adjustment. Such announcement will be issued before and separate from the announcement of the results of allocations expected to be announced on Thursday, May 3, 2018. The Offer Price announced following making of a Downward Offer Price Adjustment shall be the final Offer Price and shall not be subsequently changed.

STRUCTURE OF THE GLOBAL OFFERING

In the absence of an announcement that a Downward Offer Price Adjustment has been made, the final Offer Price will not be outside the indicative Offer Price range as disclosed in this prospectus unless the Withdrawal Mechanism is utilised.

STRUCTURE OF THE GLOBAL OFFERING

The International Underwriters will be soliciting from prospective investors indications of interest in acquiring Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as “book-building,” is expected to continue up to, and to cease on or about, the last day for lodging applications under the Hong Kong Public Offering.

The Joint Global Coordinators (on behalf of the Underwriters) may, where they deem appropriate, based on the level of interest expressed by prospective investors during the book-building process in respect of the International Offering, and with the consent of the Company, reduce the number of Offer Shares offered and/or the Offer Price Range below that stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, the Company will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering, cause to be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) and on the websites of the Company and the Stock Exchange at www.pahtg.com and www.hkexnews.hk, respectively, notices of the reduction. Upon the issue of such a notice, the revised number of Offer Shares and/or the Offer Price range will be final and conclusive and the Offer Price, if agreed upon by the Joint Global Coordinators (on behalf of the Underwriters) and the Company, will be fixed within such revised Offer Price Range. If the number of Offer Shares and/or the Offer Price range is so reduced, all applicants who have already submitted an application will need to confirm their applications in accordance with the procedures set out in the supplemental prospectus and all unconfirmed applications will not be valid.

Before submitting applications for the Hong Kong Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares and/or the Offer Price range may not be made until the last day for lodging applications under the Hong Kong Public Offering. Such notice will also include confirmation or revision, as appropriate, of the working capital statement and the Global Offering statistics as currently set out in this prospectus, and any other financial information which may change as a result of any such reduction. In the absence of any such notice so published, the number of Offer Shares will not be reduced and/or the Offer Price, if agreed upon by the Joint Global Coordinators (on behalf of the Underwriters) and the Company, will under no circumstances be set outside the Offer Price Range as stated in this prospectus.

STRUCTURE OF THE GLOBAL OFFERING

Irrespective of whether a Downward Offer Price Adjustment is made, the final Offer Price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering, the basis of allocations of the Hong Kong Offer Shares and the results of allocations in the Hong Kong Public Offering are expected to be made available through a variety of channels in the manner described in the section headed “How to Apply for Hong Kong Offer Shares — Publication of Results” in this prospectus.

UNDERWRITING

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms and conditions of the Hong Kong Underwriting Agreement and is subject to, among other things, the Joint Global Coordinators (on behalf of the Underwriters) and the Company agreeing on the Offer Price.

The Company expects to enter into the International Underwriting Agreement relating to the International Offering on the Price Determination Date.

These underwriting arrangements, including the Underwriting Agreements, are summarized in the section headed “Underwriting” in this prospectus.

CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for Offer Shares will be conditional on:

- (a) the Listing Committee granting approval for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering on the Main Board of the Stock Exchange and such approval not subsequently having been withdrawn or revoked prior to the Listing Date;
- (b) the Offer Price having been agreed between the Joint Global Coordinators (on behalf of the Underwriters) and the Company;
- (c) the execution and delivery of the International Underwriting Agreement on or about the Price Determination Date; and
- (d) the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement and the obligations of the International Underwriters under the International Underwriting Agreement becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements,

in each case on or before the dates and times specified in the respective Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times) and, in any event, not later than the date which is 30 days after the date of this prospectus.

STRUCTURE OF THE GLOBAL OFFERING

If, for any reason, the Offer Price is not agreed between the Joint Global Coordinators (on behalf of the Underwriters) and the Company on or before Thursday, May 3, 2018, the Global Offering will not proceed and will lapse.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with its terms.

If the above conditions are not fulfilled or waived prior to the dates and times specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be published by the Company in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) and on the websites of the Company and the Stock Exchange at www.pahtg.com and www.hkexnews.hk, respectively, on the next day following such lapse. In such a situation, all application monies will be returned, without interest, on the terms set out in the section headed “How to Apply for Hong Kong Offer Shares — Refund of Application Monies” in this prospectus. In the meantime, all application monies will be held in separate bank account(s) with the receiving banks or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).

Share certificates for the Offer Shares will only become valid at 8:00 a.m. on Friday, May 4, 2018, provided that the Global Offering has become unconditional in all respects at or before that time.

DEALINGS IN THE SHARES

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Friday, May 4, 2018, it is expected that dealings in the Shares on the Stock Exchange will commence at 9:00 a.m. on Friday, May 4, 2018.

The Shares will be traded in board lots of 100 Shares each and the stock code of the Shares will be 1833.

HOW TO APPLY FOR HONG KONG OFFER SHARES

1. HOW TO APPLY

If you apply for Hong Kong Offer Shares, then you may not apply for or indicate an interest for International Offer Shares.

To apply for Hong Kong Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form;
- apply online via the **White Form eIPO** service at www.eipo.com.hk; or
- electronically cause HKSCC Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

The Company, the Joint Global Coordinators, the **White Form eIPO** Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

2. WHO CAN APPLY

You can apply for Hong Kong Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States, and are not a United States Person (as defined in Regulation S under the U.S. Securities Act); and
- are not a legal or natural person of the PRC.

If you apply online through the **White Form eIPO** service, in addition to the above, you must also: (i) have a valid Hong Kong identity card number and (ii) provide a valid e-mail address and a contact telephone number.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the application form must be signed by a duly authorised officer, who must state his representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, the Joint Global Coordinators may accept it at their discretion and on any conditions they think fit, including evidence of the attorney's authority.

HOW TO APPLY FOR HONG KONG OFFER SHARES

The number of joint applicants may not exceed four and they may not apply by means of **White Form eIPO** service for the Hong Kong Offer Shares.

Unless permitted by the Listing Rules, you cannot apply for any Hong Kong Offer Shares if you are:

- an existing beneficial owner of Shares in the Company and/ or any its subsidiaries;
- a Director or chief executive officer of the Company and/ or any of its subsidiaries;
- an associate (as defined in the Listing Rules) of any of the above;
- a connected person (as defined in the Listing Rules) of the Company or will become a connected person of the Company immediately upon completion of the Global Offering; and
- have been allocated or have applied for any International Offer Shares or otherwise participate in the International Offering.

3. APPLYING FOR HONG KONG OFFER SHARES

Which Application Channel to Use

For Hong Kong Offer Shares to be issued in your own name, use a **WHITE** Application Form or apply online through the **White Form eIPO** service at www.eipo.com.hk.

For Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

Where to Collect the Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours from 9:00 a.m. on Monday, April 23, 2018 until 12:00 noon on Thursday, April 26, 2018 from:

- (i) any of the following offices of the Joint Bookrunners:

CCB International Capital Limited
12/F CCB Tower
Connaught Road Central
Central
Hong Kong

HOW TO APPLY FOR HONG KONG OFFER SHARES

China International Capital Corporation Hong Kong Securities Limited

29/F One International Finance Centre
1 Harbour View Street
Central
Hong Kong

CLSA Limited

18/F One Pacific Place
88 Queensway
Hong Kong

China Merchants Securities (HK) Co., Limited

48/F One Exchange Square
Central
Hong Kong

CMB International Capital Limited

45/F, Champion Tower
3 Garden Road
Central, Hong Kong

The Hongkong and Shanghai Banking Corporation Limited

Level 10 HSBC Main Building
1 Queen's Road Central
Hong Kong

J.P. Morgan Securities (Asia Pacific) Limited

(in relation to the Hong Kong Public Offering only)
6, 7, 23-29/F Chater House
8 Connaught Road Central
Hong Kong

J.P. Morgan Securities plc

(in relation to the International Offering only)
25 Bank Street
Canary Wharf
London E14 5JP
United Kingdom

Ping An of China Securities (Hong Kong) Company Limited

Units 3601, 07 & 11-13, 36/F The Center
99 Queen's Road Central
Hong Kong

HOW TO APPLY FOR HONG KONG OFFER SHARES

UBS AG Hong Kong Branch

52/F, Two International Finance Centre
8 Finance Street
Central
Hong Kong

(ii) any of the designated branches of the following receiving banks:

(a) Bank of China (Hong Kong) Limited

	Branch Name	Address
Hong Kong Island	Bank of China Tower Branch	3/F, 1 Garden Road
	King's Road Branch	131-133 King's Road, North Point
	Causeway Bay Branch	505 Hennessy Road, Causeway Bay, Hong Kong
Kowloon	Wong Tai Sin Branch	Shop G13, Wong Tai Sin Plaza, Wong Tai Sin
	Telford Plaza Branch	Shop Unit, P2-P7, Telford Plaza, No.33 Wai Yip Street, Kowloon Bay, Kowloon
New Territories	Tai Po Plaza Branch	Unit 4, Level 1 Tai Po Plaza, 1 On Tai Road, Tai Po
	Metro City Branch	Shop 209, Level 2, Metro City Phase 1, Tseung Kwan O
	Sheung Shui Branch Securities Services Centre	136 San Fung Avenue, Sheung Shui

(b) The Hongkong and Shanghai Banking Corporation Limited

	Branch Name	Address
Hong Kong Island	Hong Kong Office	Level 3, 1 Queen's Road Central
	Des Voeux Road Central Branch	China Insurance Group Bldg, 141 Des Voeux Road Central
	Aberdeen Centre Branch	Shop 2, G/F, Site I, Aberdeen Centre, Aberdeen
Kowloon	Mong Kok Branch	Basement & U/G, 673 Nathan Road, Mong Kok
	Hung Hom Branch	G/F, Hung Hom Commercial Centre, 37-39 Ma Tau Wai Road, Hung Hom

HOW TO APPLY FOR HONG KONG OFFER SHARES

New Territories	Citywalk Branch	Shops G21-22, Citywalk, 1 Yeung Uk Road, Tsuen Wan
	Tuen Mun Town Plaza Branch	Shop 1, UG/F, Shopping Arcade Phase II, Tuen Mun Town Plaza, Tuen Mun

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Monday, April 23, 2018 until 12:00 noon on Thursday, April 26, 2018 from the Depository Counter of HKSCC at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong or from your stockbroker.

Time for Lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with a cheque or a banker's cashier order attached and marked payable to "BANK OF CHINA (HONG KONG) NOMINEES LIMITED — PING AN HEALTHCARE AND TECHNOLOGY PUBLIC OFFER" for the payment, should be deposited in the special collection boxes provided at any of the designated branches of the receiving banks listed above, at the following times:

- Monday, April 23, 2018 9:00 a.m. to 4:30 p.m.
- Tuesday, April 24, 2018 9:00 a.m. to 4:30 p.m.
- Wednesday, April 25, 2018 9:00 a.m. to 4:30 p.m.
- Thursday, April 26, 2018 9:00 a.m. to 12:00 noon

The application lists will be open from 11:45 a.m. to 12:00 noon on Thursday, April 26, 2018, the last application day or such later time as described in "Effect of Bad Weather on the Opening of the Applications Lists" in this section.

4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Form carefully; otherwise, your application may be rejected.

By submitting an Application Form or applying through the **WHITE Form eIPO** service, among other things, you:

- undertake to execute all relevant documents and instruct and authorise the Company and/or the Joint Global Coordinators (or their agents or nominees), as agents of the Company, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;
- agree to comply with the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- (iii) confirm that you have read the terms and conditions and application procedures set out in this prospectus and in the Application Form and agree to be bound by them;
- (iv) confirm that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;
- (v) confirm that you are aware of the restrictions on the Global Offering in this prospectus;
- (vi) agree that none of the Company, the Joint Global Coordinators, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering is or will be liable for any information and representations not in this prospectus (and any supplement to it);
- (vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering nor participated in the International Offering;
- (viii) agree to disclose to the Company, our Hong Kong Share Registrar, receiving banks, the Joint Global Coordinators, the Underwriters and/ or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;
- (ix) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of the Company, the Joint Global Coordinators and the Underwriters nor any of their respective officers or advisers will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Form;
- (x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;
- (xi) agree that your application will be governed by the laws of Hong Kong;
- (xii) represent, warrant and undertake that (i) you understand that the Hong Kong Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Hong Kong Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;
- (xiii) warrant that the information you have provided is true and accurate;
- (xiv) agree to accept the Hong Kong Offer Shares applied for, or any lesser number allocated to you under the application;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- (xv) authorise the Company to place your name(s) or the name of the HKSCC Nominees, on the Company's register of members as the holder(s) of any Hong Kong Offer Shares allocated to you, and the Company and/ or its agents to send any share certificate(s) and/ or any e-Refund payment instructions and/ or any refund cheque(s) to you or the firstnamed applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you are eligible to collect the share certificate(s) and/ or refund cheque(s) in person;
- (xvi) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;
- (xvii) understand that the Company and the Joint Global Coordinators will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;
- (xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving electronic application instructions to HKSCC or to the **WHITE Form eIPO** Service Provider by you or by any one as your agent or by any other person; and
- (xix) (if you are making the application as an agent for the benefit of another person) warrant that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC; and (ii) you have due authority to sign the Application Form or give **electronic application instructions** on behalf of that other person as their agent.

Additional Instructions for YELLOW Application Forms

You may refer to the **YELLOW** Application Form for details.

5. APPLYING THROUGH THE WHITE FORM eIPO SERVICE

General

Individuals who meet the criteria in "Who can apply" section, may apply through the **WHITE Form eIPO** service for the Offer Shares to be allotted and registered in their own names through the designated website at www.eipo.com.hk.

Detailed instructions for application through the **WHITE Form eIPO** service are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to the Company. If you apply through the designated website, you authorise the **WHITE Form eIPO** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **WHITE Form eIPO** service.

HOW TO APPLY FOR HONG KONG OFFER SHARES

Time for Submitting Applications under the **WHITE Form eIPO**

You may submit your application to the **WHITE Form eIPO** Service Provider at www.eipo.com.hk (24 hours daily, except on the last application day) from 9:00 a.m. on Monday, April 23, 2018 until 11:30 a.m. on Thursday, April 26, 2018 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Thursday, April 26, 2018 or such later time under the “Effects of Bad Weather on the Opening of the Applications Lists” in this section.

No Multiple Applications

If you apply by means of **WHITE Form eIPO** service, once you complete payment in respect of any electronic application instruction given by you or for your benefit through the **WHITE Form eIPO** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an electronic application instruction under **WHITE Form eIPO** service more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **WHITE Form eIPO** service or by any other means, all of your applications are liable to be rejected.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, the Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give electronic application instructions is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

Environmental Protection

The obvious advantage of **WHITE Form eIPO** service is to save the use of paper via the self-serviced and electronic application process. Computershare Hong Kong Investor Services Limited, being the designated **WHITE Form eIPO** Service Provider, will contribute HK\$2 for each “PING AN HEALTHCARE AND TECHNOLOGY COMPANY LIMITED” **WHITE Form eIPO** application submitted via the www.eipo.com.hk to support the funding of “Dongjiang River Source Tree Planting” project initiated by Friends of the Earth (HK).

6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give **electronic application instructions** to apply for the Hong Kong Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

HOW TO APPLY FOR HONG KONG OFFER SHARES

If you are a **CCASS Investor Participant**, you may give these **electronic application instructions** through the CCASS Phone System by calling +852 2979 7888 or through the CCASS Internet System (<https://ip.ccass.com>) (using the procedures in HKSCC’s “An Operating Guide for Investor Participants” in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Center
1/F, One & Two Exchange Square,
8 Connaught Place, Central
Hong Kong

and complete an input request form.

You can also collect a prospectus from this address.

If you are not a **CCASS Investor Participant**, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give electronic application instructions via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf.

You will be deemed to have authorised HKSCC and/ or HKSCC Nominees to transfer the details of your application to the Company, the Joint Global Coordinators and our Hong Kong Share Registrar.

Giving Electronic Application Instructions to HKSCC via CCASS

Where you have given **electronic application instructions** to apply for the Hong Kong Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

- (i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;
- (ii) HKSCC Nominees will do the following things on your behalf:
 - agree that the Hong Kong Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant’s stock account on your behalf or your CCASS Investor Participant’s stock account;
 - agree to accept the Hong Kong Offer Shares applied for or any lesser number allocated;
 - undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- (if the electronic application instructions are given for your benefit) declare that only one set of **electronic application instructions** has been given for your benefit;
- (if you are an agent for another person) declare that you have only given one set of electronic application instructions for the other person's benefit and are duly authorised to give those instructions as their agent;
- confirm that you understand that the Company, the Directors and the Joint Global Coordinators will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted if you make a false declaration;
- authorise the Company to place HKSCC Nominees' name on the Company's register of members as the holder of the Hong Kong Offer Shares allocated to you and to send share certificate(s) and/ or refund monies under the arrangements separately agreed between us and HKSCC;
- confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;
- confirm that you have received and/ or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;
- agree that none of the Company, the Joint Global Coordinators, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);
- agree to disclose your personal data to the Company, our Hong Kong Share Registrar, receiving banks, the Joint Global Coordinators, the Underwriters and/ or its respective advisers and agents;
- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;
- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of the Company agreeing that it will not offer any Hong Kong Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may

HOW TO APPLY FOR HONG KONG OFFER SHARES

revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;

- agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by the Company's announcement of the Hong Kong Public Offering results;
- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving electronic application instructions to apply for Hong Kong Offer Shares;
- agree with the Company, for itself and for the benefit of each Shareholder (and so that the Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving electronic application instructions) to observe and comply with the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association; and
- agree that your application, any acceptance of it and the resulting contract will be governed by the Laws of Hong Kong.

Effect of Giving Electronic Application Instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to the Company or any other person in respect of the things mentioned below:

- instructed and authorised HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Shares on your behalf;
- instructed and authorised HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/ or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and

HOW TO APPLY FOR HONG KONG OFFER SHARES

- instructed and authorised HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

Minimum Purchase Amount and Permitted Numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** for a minimum of 100 Hong Kong Offer Shares. Instructions for more than 100 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

Time for Inputting Electronic Application Instructions

CCASS Clearing/ Custodian Participants can input electronic application instructions at the following times on the following dates:

- | | |
|-----------------------------|--|
| • Monday, April 23, 2018 | 9:00 a.m. to 8:30 p.m. ⁽¹⁾ |
| • Tuesday, April 24, 2018 | 8:00 a.m. to 8:30 p.m. ⁽¹⁾ |
| • Wednesday, April 25, 2018 | 8:00 a.m. to 8:30 p.m. ⁽¹⁾ |
| • Thursday, April 26, 2018 | 8:00 a.m. ⁽¹⁾ to 12:00 noon |

Note:

- ⁽¹⁾ These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/ Custodian Participants.

CCASS Investor Participants can input electronic application instructions from 9:00 a.m. on Monday, April 23, 2018 until 12:00 noon on Thursday, April 26, 2018 (24 hours daily, except on the last application day).

The latest time for inputting your electronic application instructions will be 12:00 noon on Thursday, April 26, 2018, the last application day or such later time as described in “Effect of Bad Weather on the Opening of the Application Lists” in this section.

No Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares for which you have given such instructions and/ or for which such instructions have been given for your benefit. Any electronic application instructions to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, the Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give electronic application instructions is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

HOW TO APPLY FOR HONG KONG OFFER SHARES

Personal Data

The section of the Application Form headed “Personal Data” applies to any personal data held by the Company, the Hong Kong Share Registrar, the receiving bankers, the Joint Global Coordinators, the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

7. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Hong Kong Offer Shares through the **White Form eIPO** service is also only a facility provided by the White Form eIPO Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. The Company, the Directors, the Joint Bookrunners, the Joint Sponsors, the Joint Global Coordinators and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **White Form eIPO** service will be allotted any Hong Kong Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/ CASS Internet System for submission of **electronic application instructions**, they should either (i) submit a **WHITE** or **YELLOW** Application Form, or (ii) go to HKSCC’s Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Thursday, April 26, 2018, the last day for applications, or such later time as described in “Effect of Bad Weather on the Opening of the Application Lists” below.

8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Hong Kong Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked “For nominees” you must include:

- an account number; or
- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

HOW TO APPLY FOR HONG KONG OFFER SHARES

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or through the **White Form eIPO** service, is made for your benefit (including the part of the application made by HKSCC Nominees acting on electronic application instructions). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

“Unlisted company” means a company with no equity securities listed on the Stock Exchange.

“Statutory control” means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

9. HOW MUCH ARE THE HONG KONG OFFER SHARES

The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form or through the **White Form eIPO** service in respect of a minimum of 100 Hong Kong Public Offer Shares. Each application or electronic application instruction in respect of more than 100 Hong Kong Public Offer Shares must be in one of the numbers set out in the table in the Application Form, or as otherwise specified on the designated website at www.eipo.com.hk.

If your application is successful, brokerage will be paid to the Exchange Participants, and the SFC transaction levy and the Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

For further details on the Offer Price, see the section headed “Structure of the Global Offering — Pricing and Allocation”.

HOW TO APPLY FOR HONG KONG OFFER SHARES

10. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above; or
- a “black” rainstorm warning,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, April 26, 2018. Instead they will open between 11:45 a.m. and 12:00 noon on the next business day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Thursday, April 26, 2018 or if there is a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in the section headed “Expected Timetable”, an announcement will be made in such event.

11. PUBLICATION OF RESULTS

The Company expects to announce the final Offer Price, the level of indication of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Offer Shares on Thursday, May 3, 2018 in the South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) on the Company’s website at www.pahtg.com and the website of the Stock Exchange at www.hkexnews.hk.

The results of allocations and the Hong Kong identity card/ passport/ Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering will be available at the times and date and in the manner specified below:

- in the announcement to be posted on the Company’s website at www.pahtg.com and the Stock Exchange’s website at www.hkexnews.hk by no later than 9:00 a.m. on Thursday, May 3, 2018;
- from the designated results of allocations website at www.iporesults.com.hk (alternatively: English <https://www.eipo.com.hk/en/Allotment>; Chinese <https://www.eipo.com.hk/zh-hk/Allotment>) with a “search by ID” function on a 24-hour basis from 8:00 a.m. on Thursday, May 3, 2018 to 12:00 midnight on Wednesday, May 9, 2018;
- by telephone enquiry line by calling +852 2862 8669 between 9:00 a.m. and 10:00 p.m. from Thursday, May 3, 2018 to Sunday, May 6, 2018;
- in the special allocation results booklets which will be available for inspection during opening hours from Thursday, May 3, 2018 to Saturday, May 5, 2018 at all the receiving bank designated branches and referred to above.

HOW TO APPLY FOR HONG KONG OFFER SHARES

If the Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/ or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Hong Kong Offer Shares if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. Further details are contained in the section headed “Structure of the Global Offering”.

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED OFFER SHARES

You should note the following situations in which the Hong Kong Offer shares will not be allotted to you:

(i) **If your application is revoked:**

By completing and submitting an Application Form or giving electronic application instructions to HKSCC or to the **White Form eIPO** Service Provider, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with the Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits that person’s responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(ii) **If the Company or its agents exercise their discretion to reject your application:**

The Company, the Joint Global Coordinators, the **White Form eIPO** Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

HOW TO APPLY FOR HONG KONG OFFER SHARES

(iii) **If the allotment of Hong Kong Offer Shares is void:**

The allotment of Hong Kong Offer Shares will be void if the Listing Committee of the Stock Exchange does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Listing Committee notifies the Company of that longer period within three weeks of the closing date of the application lists.

(iv) **If:**

- you make multiple applications or suspected multiple applications;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/ or provisionally) Hong Kong Offer Shares and International Offer Shares;
- your Application Form is not completed in accordance with the stated instructions;
- your electronic application instructions through the **White Form eIPO** service are not completed in accordance with the instructions, terms and conditions on the designated website;
- your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonoured upon its first presentation;
- the Underwriting Agreements do not become unconditional or are terminated;
- the Company or the Joint Global Coordinators believe that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or
- your application is for more than 50% of the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering.

13. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the Maximum Offer Price of HK\$54.80 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Hong Kong Public Offering are not fulfilled in accordance with "Structure of the Global Offering — Conditions of the Hong Kong Public Offering" in this prospectus or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Stock Exchange trading fee, will be refunded, without interest or the cheque or banker's cashier order will not be cleared.

HOW TO APPLY FOR HONG KONG OFFER SHARES

Any refund of your application monies will be made on or before Thursday, May 3, 2018.

14. DESPATCH/ COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one share certificate for all Hong Kong Offer Shares allotted to you under the Hong Kong Public Offering (except pursuant to applications made on **YELLOW** Application Forms or by **electronic application instructions** to HKSCC via CCASS where the share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE** or **YELLOW** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- share certificate(s) for all the Hong Kong Offer Shares allotted to you (for **YELLOW** Application Forms, share certificates will be deposited into CCASS as described below); and
- refund cheque(s) crossed “Account Payee Only” in favour of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Hong Kong Offer Shares, wholly or partially unsuccessfully applied for; and/ or (ii) the difference between the Offer Price and the Maximum Offer Price per Offer Share paid on application in the event that the Offer Price is less than the Maximum Offer Price (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest). Part of the Hong Kong identity card number/ passport number, provided by you or the first-named applicant (if you are joint applicants), may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/ passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/ passport number may invalidate or delay encashment of your refund cheque(s).

Subject to arrangement on dispatch/collection of share certificates and refund monies as mentioned below, any refund cheques and share certificates are expected to be posted on or before Thursday, May 3, 2018. The right is reserved to retain any share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker’s cashier’s order(s).

Share certificates will only become valid at 8:00 a.m. on Friday, May 4, 2018, provided that the Global Offering has become unconditional and the right of termination described in the “Underwriting” section in this prospectus has not been exercised. Investors who trade shares prior to the receipt of Share certificates or the Share certificates becoming valid do so at their own risk.

Personal Collection

(i) *If you apply using a WHITE Application Form*

If you apply for 1,000,000 or more Hong Kong Offer Shares and have provided all information required by your Application Form, you may collect your refund cheque(s) and/ or share certificate(s)

HOW TO APPLY FOR HONG KONG OFFER SHARES

from the Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Thursday, May 3, 2018 or such other date as notified by us in the newspapers.

If you are an individual who is eligible for personal collection, you must not authorise any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorised representative must bear a letter of authorisation from your corporation stamped with your corporation's chop. Both individuals and authorised representatives must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Share Registrar.

If you do not collect your refund cheque(s) and/ or share certificate(s) personally within the time specified for collection, they will be despatched promptly to the address specified in your Application Form by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) and/ or share certificate(s) will be sent to the address on the relevant Application Form on or before Thursday, May 3, 2018, by ordinary post and at your own risk.

(ii) *If you apply using a YELLOW Application Form*

If you apply for 1,000,000 Hong Kong Offer Shares or more, please follow the same instructions as described above. If you have applied for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on or before Thursday, May 3, 2018, by ordinary post and at your own risk.

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participant's stock account as stated in your Application Form on Thursday, May 3, 2018, or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

- *If you apply through a designated CCASS participant (other than a CCASS investor participant)*

For Hong Kong Offer Shares credited to your designated CCASS participant's stock account (other than CCASS Investor Participant), you can check the number of Hong Kong Offer Shares allotted to you with that CCASS participant.

- *If you are applying as a CCASS investor participant*

The Company will publish the results of CCASS Investor Participants' applications together with the results of the Hong Kong Public Offering in the manner described in "Publication of Results" above. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Thursday, May 3, 2018 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Hong Kong Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.

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(iii) If you apply through the White Form eIPO service

If you apply for 1,000,000 Hong Kong Offer Shares or more and your application is wholly or partially successful, you may collect your Share certificate(s) from Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Thursday, May 3, 2018, or such other date as notified by the Company in the newspapers as the date of despatch/collection of Share certificates/e-Refund payment instructions/ refund cheques.

If you do not collect your Share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your Share certificate(s) (where applicable) will be sent to the address specified in your application instructions on or before Thursday, May 3, 2018 by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be despatched to that bank account in the form of e-Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be despatched to the address as specified in your application instructions in the form of refund cheque(s) by ordinary post at your own risk.

(iv) If you apply via Electronic Application Instructions to HKSCC

Allocation of Hong Kong Offer Shares

For the purposes of allocating Hong Kong Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives electronic application instructions or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of Share Certificates into CCASS and Refund of Application Monies

- If your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Thursday, May 3, 2018, or, on any other date determined by HKSCC or HKSCC Nominees.
- The Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, the Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/ passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Hong Kong Public Offering in the manner specified in "Publication of Results" above on Thursday, May 3, 2018. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Thursday, May 3, 2018 or such other date as determined by HKSCC or HKSCC Nominees.

HOW TO APPLY FOR HONG KONG OFFER SHARES

- If you have instructed your broker or custodian to give electronic application instructions on your behalf, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.
- If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Thursday, May 3, 2018. Immediately following the credit of the Hong Kong Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.
- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/ or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Thursday, May 3, 2018.

15. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

The following is the text of a report set out on pages I-1 to I-3, received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus. It is prepared and addressed to the directors of the Company and to the Joint Sponsors pursuant to the requirements of HKSIR 200 Accountants' Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants.



羅兵咸永道

ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF PING AN HEALTHCARE AND TECHNOLOGY COMPANY LIMITED (FORMERLY KNOWN AS "GLORIOUS HEALTH LIMITED"), CITIGROUP GLOBAL MARKETS ASIA LIMITED AND J.P. MORGAN SECURITIES (FAR EAST) LIMITED

Introduction

We report on the historical financial information of Ping An Healthcare and Technology Company Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-84, which comprises the consolidated statements of financial position as at 31 December 2015, 2016 and 2017, the Company's statements of financial position as at 31 December 2015, 2016 and 2017, and the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the periods then ended (the "Track Record Period") and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-4 to I-84 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 23 April 2018 (the "Prospectus") in connection with the initial listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

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Reporting accountant's responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200, Accountants' Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountant's judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountant considers internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion the Historical Financial Information gives, for the purposes of the accountant's report, a true and fair view of the financial position of the Company as at 31 December 2015, 2016 and 2017, the consolidated financial position of the Group as at 31 December 2015, 2016 and 2017, and of its consolidated financial performance and its consolidated cash flows for the Track Record Period in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the Companies (Winding Up and Miscellaneous Provisions) Ordinance***Adjustments***

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

No dividends have been paid by Ping An Healthcare and Technology Company Limited in respect of the Track Record Period.

No statutory financial statements for the Company

No statutory financial statements have been prepared for the Company since its date of incorporation.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong
23 April 2018

I HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Set out below is the Historical Financial Information which forms an integral part of this accountant's report. The financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by PricewaterhouseCoopers in accordance with International Standards on Auditing issued by the IAASB ("Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Section II Notes	Year ended 31 December		
		2015	2016	2017
		RMB'000	RMB'000	RMB'000
Revenue	5	278,690	601,494	1,868,021
Cost of sales	5,6	(167,923)	(347,915)	(1,255,951)
Gross profit		110,767	253,579	612,070
Selling and marketing expenses	6	(178,558)	(781,079)	(723,556)
Administrative expenses	6	(251,474)	(461,058)	(710,665)
Other income	10	1,156	9,675	24,936
Other (losses)/gains - net	11	(4,994)	238,838	(199,210)
Operating loss		(323,103)	(740,045)	(996,425)
Finance income	12	1,152	2,382	37,415
Finance costs	12	(1,529)	(17,633)	(37,579)
Finance costs - net	12	(377)	(15,251)	(164)
Share of losses of joint venture	18	(228)	(2,919)	(4,646)
Loss before income tax		(323,708)	(758,215)	(1,001,235)
Income tax expense	13	—	—	(408)
Loss for the year		(323,708)	(758,215)	(1,001,643)
Loss attributable to:				
- Owners of the Company		<u>(323,708)</u>	<u>(758,215)</u>	<u>(1,001,643)</u>
Total comprehensive loss for the year		<u>(323,708)</u>	<u>(758,215)</u>	<u>(1,001,643)</u>
Loss per share				
- Basic (RMB yuan)	14	<u>(0.92)</u>	<u>(1.91)</u>	<u>(2.39)</u>
- Diluted (RMB yuan)	14	<u>(0.92)</u>	<u>(1.91)</u>	<u>(2.39)</u>

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Section II Notes	As at 31 December		
		2015	2016	2017
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
ASSETS				
Non-current assets				
Goodwill	15	—	5,119	5,119
Property, plant and equipment	16	24,746	108,757	103,257
Other intangible assets	17	19,569	19,624	944
Investment in joint venture	18	9,772	14,353	9,707
Total non-current assets		<u>54,087</u>	<u>147,853</u>	<u>119,027</u>
Current assets				
Inventory	19	782	880	6,575
Trade receivables	20	6,809	109,027	454,456
Contract assets	5	12,807	34,794	57,970
Prepayments and other receivables	21	26,942	204,199	136,769
Financial assets at fair value through profit or loss	22	100,541	213,247	272,665
Restricted cash	23	—	756,133	—
Term deposits	24	—	—	329,977
Cash and cash equivalents	24	105,121	2,721,537	4,594,641
Total current assets		<u>253,002</u>	<u>4,039,817</u>	<u>5,853,053</u>
Total assets		<u>307,089</u>	<u>4,187,670</u>	<u>5,972,080</u>
EQUITY AND LIABILITIES				
Equity				
Share capital	25	21	26	28
Treasury shares		—	—	(2)
Reserves	26	350,786	3,593,745	6,255,055
Accumulated losses		(461,261)	(1,219,476)	(2,221,119)
Total (deficit)/equity		<u>(110,454)</u>	<u>2,374,295</u>	<u>4,033,962</u>
Liabilities				
Non-current liabilities				
Trade and other payables	30	44	47	44
Total non-current liabilities		<u>44</u>	<u>47</u>	<u>44</u>
Current liabilities				
Short-term borrowings	29	30,000	550,000	—
Trade and other payables	30	263,982	795,957	1,297,479
Contract liabilities	5	123,517	467,371	640,595
Total current liabilities		<u>417,499</u>	<u>1,813,328</u>	<u>1,938,074</u>
Total liabilities		<u>417,543</u>	<u>1,813,375</u>	<u>1,938,118</u>
Total equity and liabilities		<u>307,089</u>	<u>4,187,670</u>	<u>5,972,080</u>

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	Section II Notes	As at 31 December		
		2015	2016	2017
		RMB'000	RMB'000	RMB'000
ASSETS				
Non-current assets				
Prepayments and other receivables	21	—	3,052,280	2,875,048
Total non-current assets		—	3,052,280	2,875,048
Current assets				
Prepayments and other receivables	21	23	138,740	162
Cash and cash equivalents	24	—	254,571	2,984,115
Total current assets		23	393,311	2,984,277
Total assets		23	3,445,591	5,859,325
EQUITY AND LIABILITIES				
Equity				
Share capital	25	21	26	28
Reserves	26	—	3,230,199	5,843,877
(Accumulated losses)/Retained earnings		(42)	215,319	(18,120)
Total (deficit)/equity	27	(21)	3,445,544	5,825,785
Liabilities				
Non-current liabilities				
Trade and other payables		44	47	44
Total non-current liabilities		44	47	44
Current liabilities				
Trade and other payables		—	—	33,496
Total current liabilities		—	—	33,496
Total liabilities		44	47	33,540
Total equity and liabilities		23	3,445,591	5,859,325

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Section II Notes	Attributable to owners of the Company				Total equity RMB'000
		Share capital	Reserves	Treasury shares	Accumulated losses	
		RMB'000	RMB'000	RMB'000	RMB'000	
As at 1 January 2015		<u>—</u>	<u>271,250</u>	<u>—</u>	<u>(137,553)</u>	<u>133,697</u>
Loss for the year		—	—	—	(323,708)	(323,708)
Capital contribution from owners	25	21	78,750	—	—	78,771
Share-based payments	26	—	786	—	—	786
As at 31 December 2015		<u>21</u>	<u>350,786</u>	<u>—</u>	<u>(461,261)</u>	<u>(110,454)</u>
Loss for the year		—	—	—	(758,215)	(758,215)
Issuance of ordinary shares . .	25	5	3,230,199	—	—	3,230,204
Share-based payments	26	—	12,760	—	—	12,760
As at 31 December 2016		<u>26</u>	<u>3,593,745</u>	<u>—</u>	<u>(1,219,476)</u>	<u>2,374,295</u>
Loss for the year		—	—	—	(1,001,643)	(1,001,643)
Repurchase of ordinary shares	25	(13)	—	—	—	(13)
Issuance of ordinary shares . .	25,26	15	2,613,678	—	—	2,613,693
Consolidation of employee trust	26	—	2	(2)	—	—
Share-based payments	26	—	47,630	—	—	47,630
As at 31 December 2017		<u>28</u>	<u>6,255,055</u>	<u>(2)</u>	<u>(2,221,119)</u>	<u>4,033,962</u>

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Section II Notes	Year ended 31 December		
		2015 <i>RMB'000</i>	2016 <i>RMB'000</i>	2017 <i>RMB'000</i>
Cash flows from operating activities				
Cash used in operations	32(a)	(44,925)	(263,072)	(483,942)
Net cash used in operating activities		(44,925)	(263,072)	(483,942)
Cash flows from investing activities				
Capital injection to joint venture		(10,000)	(7,500)	—
Proceeds from disposal of property, plant and equipment and intangible assets		—	—	315
Payments for property, plant and equipment and intangible assets		(14,425)	(98,147)	(12,068)
Payment for acquisition of subsidiary, net of cash acquired		—	(3,464)	(1,500)
Proceeds from sales of financial assets at fair value through profit or loss		10,000	427,751	605,708
Payments for financial assets at fair value through profit or loss		(110,000)	(539,000)	(654,220)
Interest received		—	—	12,088
Proceeds from restricted cash		—	—	717,753
Payments for restricted cash		—	(756,133)	(342,207)
Net cash (used in)/generated from investing activities		(124,425)	(976,493)	325,869
Cash flows from financing activities				
Proceeds from issue of shares		—	3,110,895	2,746,256
Capital contribution from owners		78,750	—	—
Payments for borrowings	32(b)	—	(380,000)	(950,000)
Payments for interests		—	(13,423)	(34,649)
Proceeds from borrowings	32(b)	30,000	900,000	400,000
Payments for listing expenses		—	—	(7,652)
Net cash generated from financing activities		108,750	3,617,472	2,153,955
Net (decrease)/increase in cash and cash equivalents				
Cash and cash equivalents at the beginning of the year		(60,600)	2,377,907	1,995,882
Effects of exchange rate changes on cash and cash equivalents		1	238,509	(122,778)
Cash and cash equivalents at the end of year	24	105,121	2,721,537	4,594,641

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1 General information, reorganization and basis of presentation

1.1 General information

Ping An Healthcare and Technology Company Limited (formerly known as “Glorious Health Limited”) (the “Company”) was incorporated in the Cayman Islands on 12 November 2014 as an exempted company with limited liability under the Companies Law (Cap. 22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of the Company’s registered office is PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (together, the “Group”) are principally engaged in offering online medical and wellness services, such as family doctor services, consumer healthcare services, health mall as well as health management and wellness interaction programs through the Group’s mobile platform (the “Listing Business”) in the People’s Republic of China (the “PRC”).

1.2 History and reorganization of the Group

Prior to the completion of the Group’s reorganization (as described below), the Listing Business was carried out through a domestic company and its subsidiaries, incorporated in the PRC, namely Ping An Health Cloud Company Limited (“PAHC”). PAHC was incorporated on 20 August 2014 by Shenzhen Ping An Financial Technology Consulting Co., Ltd. (“Ping An Fintech”), which is a subsidiary of Ping An Insurance (Group) Company of China, Ltd. (“Ping An”) and Urumqi Guang Feng Qi Equity Investment Limited Partnership (“Guang Feng Qi”) (the “Registered Shareholders”) with respectively ownership of 70% and 30%. PAHC and its subsidiaries are collectively defined as the “PRC Operating Entities” thereafter.

Reorganisation of the Group

For the purpose of introduction of overseas investors and preparation for a listing of the Company’s shares on the overseas capital markets, the Company and its shareholders underwent a series of reorganization (the “Reorganization”). The Reorganization mainly involved the following:

- (i) On 12 November 2014, the Company was incorporated in the Cayman Islands by Glorious Peace Limited, (“Glorious Peace”), a subsidiary of Ping An Fintech, and Bang Qi Jian Limited, a special purpose vehicle set up by the same individual shareholders of Guang Feng Qi (“Bang Qi Jian”). The Company was owned as to 70% and 30% by Glorious Peace and Bang Qi Jian, respectively;
- (ii) On 14 November 2014, Glorious Delight Limited (“Glorious Delight”) was incorporated in Hong Kong as a wholly owned subsidiary of the Company;

- (iii) On 13 February 2015, Kang Jian Information Technology (Shenzhen) Co., Ltd. (“Kang Jian”) was incorporated in the PRC as a wholly owned subsidiary of Glorious Delight.
- (iv) The PRC regulations restrict foreign ownership of companies that provide value-added telecommunications services, which include activities and services operated by the Group. The Group operates the online medical business through a series of contractual arrangements dated 25 February 2016 between Kang Jian, the PRC Operating Entities and their respective equity holders, after which Kang Jian is able to effectively control, recognize and receive substantially all the economic benefit of the business and operations of the PRC Operating Entities. Accordingly, the PRC Operating Entities are treated as controlled structured entities of the Company and consolidated by the Company.

Other changes of the Company’s shareholders subsequent to the Reorganisation

- (i) The Company has completed Round A investments (the “Round A Investments”) in April 2016 with 12 institutional investors (the 12 institutional investors collectively, the “Round A Investors”). The Round A Investors have subscribed for 70,000,000 ordinary shares of the Company at a total consideration of approximately USD500 million.
- (ii) In order to comply with the relevant laws and regulations in the PRC, Ping An Fintech underwent a series of onshore reorganization in late 2017 and enter into new contractual arrangements (the “Contractual Arrangements”) with PAHC, other shareholders of PAHC and Kang Jian. The key terms of the Contractual Arrangements kept primarily the same with previous arrangements dated 25 February 2016. Further detail of the Contractual Arrangements are set out in Note 2.2.1 (a) below.
- (iii) SVF Ping Subco (Singapore) PTE. Ltd. (“Vision Fund Singapore SPV”), which is an indirectly wholly-owned subsidiary of SoftBank Vision Fund L.P., completed its subscription of 33,600,000 ordinary shares of the Company at a total consideration of USD400 million as a pre-IPO investor on 29 December 2017.
- (iv) In preparation for the listing, the Group underwent a series of offshore reorganization in late 2017. Upon completion of the corporate reorganization and pre-IPO investment, Le Jin Xuan Limited, Glorious Peace and Vision Fund Singapore SPV become the three shareholders of the Company, holding respectively 46.39%, 46.20% and 7.41% shareholding interest in the Company.

APPENDIX I
ACCOUNTANT'S REPORT

As at 31 December 2017, the Company had direct or indirect interests in the following subsidiaries.

Company name	Place and date of incorporation/ establishment	Issued and paid-in capital	Attributable economic interest to the Group				As at the date of this report	Principal activities/ Place of operations	Note
			31 December						
			2015	2016	2017				
Directly owned:									
Glorious Delight	Hong Kong/ 14 November 2014	HKD	1	100%	100%	100%	100%	Investment Holding/ Hong Kong	(a)(d)
Le An Xin (PTC) Limited("Le An Xin")	BVI/ 17 October 2017	USD	0	—	—	—	—	Investment Holding/ BVI	(b)(c)
Indirectly owned:									
Kang Jian.	the PRC/ 13 February 2015	USD240,050,000	100%	100%	100%	100%	100%	Investment Holding/ the PRC	(b)(d)
Controlled by the Company pursuant to the Contractual Agreements									
PAHC.	the PRC/ 20 August 2014	RMB350,000,000	100%	100%	100%	100%	100%	Development and operation of apps/ the PRC	(e)(f)
Jiangxi Nabaite Pharmacy Company Limited*("Jiangxi Nabaite")	the PRC/ 24 January 2014	RMB 2,000,000	—	100%	100%	100%	100%	Medicine Marketing/ the PRC	(b)(d)(g)
Hefei Kuaiyijie Medical Electronic Commerce Company Limited*("Kuaiyijie").	the PRC/ 29 March 2005	RMB 15,000,000	100%	100%	100%	100%	100%	Technology Development/ the PRC	(b)(d)(h)
Shanghai Pingan Health Culture Communication Company Limited*	the PRC/ 21 November 2016	RMB 3,000,000	—	100%	100%	100%	100%	Technology Service/ the PRC	(b)(d)(i)
Pingan (Qingdao) Internet Hospital Company Limited*	the PRC/ 24 April 2017	RMB 10,000,000	—	—	100%	100%	100%	Hospital/ the PRC	(b)(d)(j)
Pingan (Hefei) Internet Hospital Company Limited*	the PRC/ 21 September 2017	RMB	0	—	—	100%	100%	Hospital/ the PRC	(b)(k)
Jiangsu Nabaite Pharmacy Company Limited* ("Jiangsu Nabaite").	the PRC/ 11 October 2017	RMB	0	—	—	100%	100%	Medicine Marketing/ the PRC	(b)(l)
Shanghai Hao Yi Smart Technology Company Limited*	the PRC/ 21 November 2017	RMB	0	—	—	70%	70%	Technology Development/ the PRC	(b)(m)

* Subsidiaries of PAHC

Notes:

- (a) The statutory auditor of this subsidiary for the period from 14 November 2014 (date of incorporation) to 30 November 2015 and for the thirteen months ended 31 December 2016 was PricewaterhouseCoopers.
- (b) No statutory financial statements had been prepared by this subsidiary in 2015 and 2016.
- (c) Le An Xin was incorporated under the laws of BVI on 17 October 2017 as a vehicle to hold the ordinary shares for the Company's employees under the equity-settled share-based compensation plan ("the Share Option Plan") disclosed in Note 28. As the Company has the power to govern the relevant activities of Le An Xin and can derive benefits from the contributions of the eligible directors, employees and other persons (collectively, the "Grantees") who are awarded with the options under the Share Option Plan, the directors of the Company consider that it is appropriate to consolidate Le An Xin.
- (d) The statutory auditor of this subsidiary for the year ended 31 December 2017 was PricewaterhouseCoopers Zhong Tian LLP.
- (e) The statutory auditor of this subsidiary for the years ended 31 December 2015, 2016 and 2017 was PricewaterhouseCoopers Zhong Tian LLP.
- (f) This subsidiary is controlled through Contractual Arrangements and the Group does not have legal ownership in equity of this subsidiary, as the PRC regulations restrict foreign ownership of companies that provide value-added telecommunications services, which include activities and services operated by PAHC and its subsidiaries.
- (g) Jiangxi Nabaite was established in the PRC on 24 January 2014 and was subsequently acquired by the Group for RMB 5,470,000 on 20 April 2016.
- (h) Kuaiyijie was established in the PRC on 29 March 2005 and was subsequently acquired by the Group for RMB 14,000,000 on 6 June 2014.
- (i) Shanghai Pingan Health Culture Communication Company Limited was established by the Group in the PRC on 21 November 2016. It is a wholly-owned subsidiary of PAHC.
- (j) Pingan (Qingdao) Internet Hospital Company Limited was established by the Group in the PRC on 24 April 2017. It is a wholly-owned subsidiary of PAHC.
- (k) Pingan (Hefei) Internet Hospital Company Limited was established by the Group in the PRC on 21 September 2017. It is a wholly-owned subsidiary of PAHC.
- (l) Jiangsu Nabaite was established by the Group in the PRC on 11 October 2017. It is a wholly-owned subsidiary of Jiangxi Nabaite.
- (m) The Group established Shanghai Hao Yi Smart Technology Company Limited pursuant to a business cooperation agreement with Beijing Unisound Information Technology Co., Ltd ("Unisound") on 21 November 2017, in which the Group owned 70% and Unisound owned 30% of the equity interests.

During the thirteen months ended 31 December 2016, Glorious Delight has changed its financial year end date from 30 November to 31 December. Having considered being consistent with the parent company and those subsidiaries, the directors of Glorious Delight considered that the change would result in a more appropriate presentation.

Except for Glorious Delight, all companies of the Group have adopted 31 December as their financial year end date.

The Group's major subsidiaries are based in the PRC and the majority of their transactions are denominated in RMB. The conversion of RMB into foreign currencies is subject to the rules and regulations for foreign exchange control promulgated by the PRC government. As at 31 December 2015, 2016 and 2017, other than the restrictions from exchange control regulations, there is no significant restriction on the Group's ability to access or use the assets and settle the liabilities of the Group.

1.3 Basis of presentation

Immediately prior to and after the Reorganization, the Listing Business is held by PAHC. Pursuant to the Reorganization, PAHC and the Listing Business are transferred to and controlled by the Company. The Company and those companies newly set up during the Reorganization have not been involved in any other business prior to the Reorganization and their operations do not meet the definition of a business. The Reorganization is merely a recapitalization of the Listing Business with no change in management of such business and its ultimate owners. Accordingly, the Group resulting from the Reorganization is regarded as a continuation of the Listing Business under PAHC and, for the purpose of this report, the Historical Financial Information has been prepared and presented as a continuation of the consolidated financial information of PAHC, with the assets and liabilities of the Group recognized and measured at the carrying amounts of the Listing Business as recorded in the consolidated financial statements of PAHC for all periods presented.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of the Historical Financial Information are set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

2.1 Basis of preparation

The Historical Financial Information of the Group has been prepared in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB"). The Historical Financial Information has been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss, which are carried at fair value.

The preparation of the Historical Financial Information in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in Note 3 below.

New and amended standards early adopted by the Group

IFRS 15, 'Revenue from contracts with customers' replaces the previous revenue standards IAS 18 'Revenue' and IAS 11 'Construction Contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. The Group has elected to early apply IFRS 15 which has been applied consistently in the Track Record Period.

New standards and interpretations not yet adopted

Standards, amendments and interpretations that have been issued but not yet effective on 1 January 2017 and not been early adopted by the Group as of the Track Record Period are as follows:

	Effective for annual periods beginning on or after
IFRS 9 Financial instruments	1 January 2018
IFRS 16 Leases	1 January 2019
IFRS 17 Insurance Contracts	1 January 2021
Amendments to IFRS 2 . . . Share-based payment : Classification and measurement of share-based payment transactions	1 January 2018
Amendments to IFRS 4 . . . Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	1 January 2018 or when the entity first applies IFRS 9
Amendments to IFRS 9 . . . Prepayment Features With Negative Compensation	1 January 2019
Amendments to IFRS 10 Sale or contribution of assets and IAS 28 between an investor and its associate or joint venture	To be determined
Amendments to IAS 19 . . . Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to IAS 28 . . . Long-term interest in associate or joint ventures	1 January 2019
Amendments to IAS 40 . . . Transfers of investment property	1 January 2018
Annual improvements Annual improvements 2014-2016 2016 cycle	1 January 2018
Annual improvements Annual improvements 2016-2017 2017 cycle	1 January 2019
IFRIC 22 Foreign currency transactions and advance consideration	1 January 2018
IFRIC 23 Uncertainty over income tax treatments	1 January 2019

The Group has already commenced an assessment of the impact of these new or revised standards which are relevant to the Group's operation. Except as described below, the Group considers that the application of amendments to IFRSs, amendments to IASs and the new interpretations is unlikely to have a material impact on the Group's financial position and performance as well as disclosure in the future.

According to the preliminary assessment made by the directors of the Company, no significant impact on the financial performance and positions of the Group is expected when adopting IFRS 9. The directors expect the adoption of IFRS 16 would result in the recognition of the right-of-use assets and corresponding lease liabilities arising from accounting for operating leases by the Company as a lessee.

IFRS 9

IFRS 9, "Financial instruments", addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the "hedged ratio" to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Group will apply the new rules from 1 January 2018, with the practical expedients permitted under the standard, and accordingly will not restate comparative periods in the year of initial application. During the Track Record Period, the Group's financial assets and financial liabilities carried at amortised costs were without significant impairment on the former. The Group also has investments in financial assets at fair value through profit or loss, and under IFRS 9, there were no changes to the classification and measurement. Thus, the implementation of IFRS 9 is not expected to result in any significant impact on the Group's financial position and results of operations.

IFRS 16

IFRS 16, 'Leases', addresses the definition of a lease, recognition and measurement of leases and establishes principles for reporting useful information to users of financial statements about the leasing activities of both lessees and lessors. A key change arising from IFRS 16 is that almost all operating leases will be accounted for on balance sheet for lessees, and the only optional exemptions are for certain short-term leases and leases of low-value assets. The standard replaces IAS 17 'Leases', and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2019 and earlier application is permitted but only in conjunction with adopting IFRS 15 'Revenue from contracts with customers' at the same time.

The Group is a lessee of various offices, which are currently classified as operating leases. The Group's current accounting policy for such leases is set out in Note 2.21 under which operating lease payment is accounted for in the consolidated statements of comprehensive income when incurred and the Group's future operating lease commitments are not reflected in the consolidated balance sheets but are disclosed in Note 33. IFRS 16 provides new provisions for the accounting treatment of leases and all long-term leases, including future operating lease commitments, must be recognised in the form of an asset (for the right of use) and a financial liability (for the payment obligation). Thus each lease will be mapped in the Group's consolidated balance sheets. In the income statement, leases will be recognised in the future as capital expenditure on the purchasing side and will no longer be recorded as an operating expense.

The new standard will therefore result in an increase in right of use asset and an increase in lease liability in the consolidated statements of financial position. As for the financial performance impact in the consolidated statements of comprehensive income, leasing expense will be replaced with straight-line depreciation expense on the right of use asset and interest expense on the lease liability. The combination of straight-line depreciation of the right of use asset and effective interest rate method applied on the lease liability will result in a higher total charge to profit or loss in the initial years of the lease, and decreasing expense during the latter part of the lease term.

As at 31 December 2017, total non-cancellable operating lease commitments of the Group amounted to RMB127,897 thousand and the leasing expense for the year ended 2017 was RMB52,537 thousand. The Group does not expect the adoption of IFRS 16 as compared with the current accounting policy would result any significant impact on the total expense to be recognised over the entire lease period and the Group's financial performance but it is expected that the lease commitments will be required to be recognised in the consolidated statements of financial position as a right of use asset and a lease liability other than the short-term and low value leases which will be recognised on a straight-line basis as an expense in profit or loss. The adoption of IFRS 16 would not affect total cash flows in respect the lease. The Group is continuing to assess the specific magnitude of the adoption of IFRS 16 to relevant financial statement areas and will conduct a more detailed assessment on the impact as information become available closer to the planned initial date of adoption of 1 January 2019.

Amendments to IFRS 2

This amendment clarifies the measurement basis for cash-settled share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in IFRS 2. Where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority, the whole award will be treated as if it was equity-settled provided it would have been equity-settled without the net settlement feature. This amendment is not expected to have a material impact on the Group's financial performance and position.

2.2 Subsidiaries**2.2.1 Consolidation**

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

(a) Subsidiaries controlled through Contractual Agreements

As described in Note 1.2, the wholly-owned subsidiary of the Company, Kang Jian, has entered into the Contractual Agreements, including the Exclusive Business Cooperation Agreement, Exclusive Equity Option Agreement, Exclusive Asset Option Agreement, Powers of Attorney and Equity Pledge Agreement, with PAHC and its equity holders, which enable Kang Jian and the Group to control PAHC by:

- Governing the financial and operating policies of PAHC;
- Exercising equity holders' voting rights of PAHC;
- Receiving substantially all of the economic interest returns generated by PAHC in consideration for the business support, technical and consulting services provided by Kang Jian. Kang Jian has the obligation to provide financial assistance by way of entrusted bank loans, loans or other means;
- Obtaining an irrevocable and exclusive right to purchase, or to designate one or more persons to purchase, all or part of the equity interests or assets in PAHC from the respective equity holders at a minimum purchase price permitted under PRC laws and regulations. Kang Jian may exercise such options at any time. The right is automatically renewable upon expiry unless it is superseded by a new term confirmed by Kang Jian; and

- Obtaining a pledge over the entire equity interests of PAHC from its respective equity holders as collateral security for all of PAHC' payments due to Kang Jian and to secure performance of PAHC' obligation under the Contractual Arrangements.

Nevertheless, there are still uncertainties regarding the interpretation and application of current and future PRC laws and regulations. The directors of the Company, based on the advice of its legal counsel, consider that the use of Contractual Arrangements is currently enforceable in the PRC except for certain provisions and does not constitute a breach of the relevant laws and regulations. Accordingly, the subsidiaries controlled through Contractual Agreements were consolidated in the financial statements during Track Record Period.

As a result of the Contractual Arrangements, the Group is considered to control PAHC as it has rights to exercise power over PAHC, receive variable returns from its involvement with PAHC, and has the ability to affect those returns through its power over PAHC. Consequently, the Company regarded PAHC and its subsidiaries as controlled structured entities and consolidated the financial position and results of operations of these entities in the consolidated financial statements of the Group during the Track Record Period (Refer to Note 1.3 of Section II above for details of the related presentation basis).

(b) *Business combination*

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by IFRS.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

2.2.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.3 Joint venture

Interests in joint venture are accounted for using the equity method. Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. Dividends received or receivable from joint venture are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint venture are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 2.8.

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("CODM"). CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors that make strategic decisions.

2.5 Foreign currency translation

Functional and presentation currency

Items included in the Historical Financial Information of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of the Company is RMB since the Company's primary subsidiaries were incorporated and are operating in the PRC and these subsidiaries considered RMB as their functional currency. The Historical Financial Information is presented in RMB, which is the Company's functional and the Group's presentation currency (unless otherwise stated).

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statements of comprehensive income, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses are presented in the statement of comprehensive income within "Other (losses)/gains - net".

2.6 Property and equipment and depreciation

Property and equipment are stated at cost less accumulated depreciation and any impairment losses. An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognized in the statement of comprehensive income in the year in which the asset is derecognized is the difference between the net sales proceeds and the carrying amount of the relevant asset.

The cost of an item of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of comprehensive income in the year in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment, and where the cost of the item can be measured reliably, the expenditure is capitalized as an additional cost of that asset or as a replacement.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal assumptions used for this purpose are as follows:

Category	Expected useful life	Estimated residual value rate	Annual depreciation rate
Office and telecommunication equipment . . .	5 years	5%	19%
Leasehold improvements	2 years	0%	50%

The useful lives and depreciation methods are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from the items of property and equipment.

Fully depreciated assets are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these assets.

2.7 Intangible assets

(a) *Goodwill*

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognized for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognized in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group’s cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognized. An impairment loss recognized for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed in these circumstances is measured based on the relative value of the disposed operation and the portion of the cash-generating unit retained.

(b) *Other intangible assets*

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortized on the straight-line basis over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortized. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

The useful lives of intangible assets are set as below:

	Expected useful life
Software	3 years
Online drug sales license	Indefinite useful lives

2.8 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that a non-financial asset other than deferred tax assets may be impaired. If any such indication exists, or when annual impairment testing for a non-financial asset is required, the Group makes an estimate of the asset's recoverable amount. A non-financial asset's recoverable amount is the higher of the asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. Where the carrying amount of a non-financial asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to disposal, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

For non-financial assets other than goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such an indication exists, the Group makes an estimate of the recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such a reversal is recognized in the statement of comprehensive income.

Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment is determined by assessing the recoverable amount of the cash-generating unit (or group of cash-generating units), to which the goodwill relates. The recoverable amount is the higher of its fair value less costs of disposal and its value-in-use, determined on an individual asset (or cash-generating unit) basis, unless the individual asset (or cash-generating unit) does not generate cash flows that are largely independent from those of other assets or groups of assets (or groups of cash-generating units). Impairment losses recognized in relation to goodwill are not reversed for subsequent increases in its recoverable amount.

Intangible assets with indefinite useful lives are tested for impairment annually at each year end either individually or at the cash-generating unit level, as appropriate.

2.9 Financial assets

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss and loans and receivables as appropriate.

The classification depends on the purpose for which the investments were acquired or originated. Financial assets are classified as at fair value through profit or loss where the Group's documented investment strategy is to manage financial investments on a fair value basis.

Financial instruments at fair value through profit or loss have two sub-categories namely financial instruments held for trading and those designated at fair value through profit or loss at inception. Financial instruments typically bought with the intention to sell in the near future are classified as held for trading. A financial instrument can only be designated at inception as at fair value through profit or loss and cannot be subsequently changed. For financial instruments designated at fair value through profit or loss, the following criteria must be met:

- the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognizing the gains or losses on them on a different basis; or
- the assets and liabilities are part of a group of financial assets, financial liabilities or both which are managed with their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or
- the financial asset contains an embedded derivative that needs to be separately recorded.

These financial instruments are initially recorded at fair value. Subsequent to initial recognition, they are remeasured at fair value. Fair value adjustments and realized gains and losses are recognized in the statement of comprehensive income.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables acquired by the Group are initially recognized at cost, being the fair value of the consideration paid for the acquisition of the investment. All transaction costs directly attributable to the acquisition are also included in the cost of the investment. Subsequent to initial recognition, these investments are carried at amortized cost, using the effective interest method less any provision for impairment. Gains and losses are recognized in the statement of comprehensive income when the investments are derecognized or impaired, as well as through the amortization process.

2.10 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

2.11 Impairment of financial assets

The Group assesses at the end of the reporting period the carrying amount of financial assets. If there is any objective evidence that a financial asset is impaired, the Group provides for such impairment losses. The objective evidence which indicates impairment of financial assets represents events actually occurring after initial recognition of financial assets which have an impact on the financial assets' estimated future cash flows, and the impact can be reliably measured.

Financial assets carried at amortized cost

If financial assets carried at amortized cost are impaired, the carrying amount of the financial assets is reduced to the present value of estimated future cash flows (excluding future credit losses that have not been incurred) and the reduction is recognized as an impairment loss in the statement of comprehensive income. The present value of estimated future cash flows shall be calculated with the financial asset's original effective interest rate and the related collateral value shall also be taken into account.

For a financial asset that is individually significant, the Group assesses the asset individually for impairment, and recognizes the amount of impairment in profit or loss. For a financial asset that is not individually significant, the Group assesses the asset individually for impairment or includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether the financial asset is individually significant or not, the financial asset is included in a group of financial assets with similar credit risk characteristics and collectively assessed for impairment. Financial assets for which an impairment loss is individually recognized are not included in the collective assessment for impairment.

After the Group recognizes an impairment loss of financial assets carried at amortized cost, if there is objective evidence that the financial assets' value restores and the restoration can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss shall be reversed and recognized in profit or loss. However, the reversal shall not result in a carrying amount of the financial asset that exceeds what the amortized cost would have been had the impairment not been recognized at the date the impairment was reversed.

2.12 Inventories

Inventories are mainly merchandize and are stated at the lower of cost and net realizable value. Cost is determined using the first-in, first-out (FIFO) method. Costs of purchased inventories are determined after deducting rebates and discounts. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.13 Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.14 Cash and cash equivalents

In the consolidated statements of cash flows, cash and cash equivalents include cash in hand and at banks, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

2.15 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.16 Treasury shares

Le An Xin was set up as a special vehicle for the purpose of holding the ordinary shares for the Company's employees under the Share Option Plan which will be awarded to employees in the future (the "Trustee"). As the Company has the power to govern the relevant activities of Le An Xin and can derive benefits from the contributions of the Grantees, the directors of the Company consider that it is appropriate to consolidate Le An Xin.

2.17 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

2.18 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

2.19 Employee benefits

(a) *Pension obligations*

The employees of the Group are mainly covered by various defined contribution pension plans. The Group makes and accrues contributions on a monthly basis to the pension plans, which are mainly sponsored by the related government authorities that are responsible for the pension liability to retired employees. Under such plans, the Group has no other significant legal or constructive obligations for retirement benefits beyond the said contributions, which are expensed as incurred. Certain employees are also provided with group life insurance but the amounts involved are insignificant.

(b) *Housing benefits*

The employees of the Group are entitled to participate in various government-sponsored housing funds. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees. The Group's liability in respect of these funds is limited to the contributions payable in each period.

(c) *Medical benefits*

The Group makes monthly contributions for medical benefits to the local authorities in accordance with relevant local regulations for the employees. The Group's liability in respect of employee medical benefits is limited to the contributions payable in each period.

2.20 Share-based payments

An equity-settled share-based compensation plan was granted to the employees, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognized as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance;
- excluding the impact of any service and non-market performance vesting conditions;
- including the impact of any non-vesting conditions.

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-market performance and service conditions. It recognizes the impact of the revision to original estimates, if any, in the statement of comprehensive income, with a corresponding adjustment to equity.

If the terms of an equity-settled award are modified, at a minimum an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

2.21 Revenue recognition

Revenues are recognised when, or as, the control of the goods or services is transferred to the customer. Depending on the terms of the contract and the laws applicable, control of the goods and services may be transferred over time or at a point in time. Control of the goods and services is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates and enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods and services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods and services.

The progress towards complete satisfaction of performance obligation, depending on the nature of the good and service to be transferred, is measured based on one of the following methods that best depicts the Group's performance in satisfying the performance obligation:

- direct measurements of the value of individual services transferred by the Group to the customer; or
- the Group's efforts or inputs to the satisfaction of the performance obligation.

If contracts involve the sale of multiple goods, goods followed by related services, or multiple services, the transaction price will be allocated to each performance obligation based on their relative stand-alone selling prices. If the stand-alone selling prices are not directly observable, they are estimated based on expected cost plus a margin or adjusted market assessment approach, depending on the availability of observable information.

When either party to a contract has performed, the Group presents the contract in the statement of financial position as a contract asset or a contract liability, depending on the relationship between the entity's performance and the customer's payment.

A contract asset is the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer.

Incremental costs incurred to obtain a contract, if recoverable, are capitalised and presented as contract assets and subsequently amortised when the related revenue is recognised.

If a customer pays consideration or the Group has a right to an amount of consideration that is unconditional, before the Group transfers a good or service to the customer, the Group presents the contract as a contract liability when the payment is made or the a receivable is recorded (whichever is earlier). A contract liability is the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A receivable is recorded when the Group has an unconditional right to consideration. A right to consideration is unconditional if only the passage of time is required before payment of that consideration is due.

The following is a description of the accounting policy for the principal revenue streams of the Group.

(a) *Family doctor services*

Family doctor services consist primarily of online consultation, hospital referral and appointment, inpatient arrangement and second opinion services provided by the AI-assisted in-house medical team of the Group. During the Track Record Period, this revenue stream is primarily derived from transactions with Ping An Life Insurance Company of China, Ltd. ("Ping An Life") and Ping An Health Insurance Company of China, Ltd. ("Ping An Health").

The Group enters into agreements with Ping An Life and Ping An Health on annual basis to offer family doctor services to the policyholders of Ping An Life and Ping An Health. In addition to family doctor services, certain policyholders of Ping An Health are entitled to certain free healthcare products. The services under family doctor services are updated and adjusted over time in accordance with business strategies and market trends. Policyholders of Ping An Life are entitled to the services under family doctor services free of charge whenever the agreement with Ping An Life is effective while the policyholders of Ping An Health are entitled to the service under family doctor services free of charge when the insurance policies are effective, which is typically for a period of one year. The Group charges Ping An Life on an annual basis at a fixed fee regardless of the usage of the services or head count of consumers and charges Ping An Health based on a fixed fee per individual headcount per annum. The Group charges one quarter of the annual fee to Ping An Life every three months in arrears while it charges Ping An Health for the annual fee in advance based on the number of the policyholders entitled to the family doctor services and free healthcare products for the coming year.

The packages of services are considered to consist of multiple elements of services. The transaction price is allocated between the family doctor services and healthcare products offered based on their relative stand-alone selling prices.

The revenue of the healthcare products to the policyholders of Ping An Health is recognized when the products are delivered while the revenue of family doctor services for Ping An Life and Ping An Health is recognized over the one-year contract period since the Group is obligated to provide a kind of standby service on a when-and-if-available basis to customers.

Revenue from family doctor services is recognised on a gross basis as the Group is regarded as the primary obligor since the Group has the ability to determine the pricing of the services, nature of services and is responsible for providing the services by its employees.

The contract payments are non-cancellable and non-refundable. The Group records a receivable from Ping An Life for the family doctor services after the services are rendered on a quarterly basis as the payment is in arrears and its right to consideration is unconditional. The Group records payment due from Ping An Health for the family doctor services and healthcare products as receivable when Ping An Health is obligated to pay for the service based on the head count of the customers within the service scope for the coming year and the corresponding unsatisfied performance obligation is recorded as contract liabilities.

(b) *Consumer healthcare*

The Group provides a variety of standardized service packages that integrate services at healthcare institutions to meet incremental, preventive and other health-related needs of the users, such as health check-ups, genetic testing and beauty care. Consumer healthcare of the Group principally generates revenue from selling the standardized service packages to individual customers or corporate customers. Different types of service packages provide the customers with a specific number of times of services for each service offered.

The service packages are considered to consist of multiple elements of services and products as individual services within the packages are regarded as separate performance obligations. The transaction price is allocated to each of the services and healthcare products in the service package based on their relative stand-alone selling prices.

The revenue of the health products is recognized when the products are delivered while the revenue of services is recognized upon the individual performance obligation is rendered to customers.

The Group sells the consumer healthcare packages either to individual on a retail basis or to corporate customers for the benefit of their employees on a wholesale basis. The consumer healthcare service packages are offered to corporate customers through the sales team of the Group, and to individual customers through health mall or individual agents. Such individual agents have entered into agency agreements with Ping An and its subsidiaries (“Ping An Group”) and agreed to distribute Ping An Group’s products only (the “Life Insurance Agents”). The Group has entered into product and service referral arrangement with the Life Insurance Agents. The Life Insurance Agents are not employed by Ping An Group and have referred the products and services to customers on voluntary

basis without Ping An Group's participation. Payments for consumer healthcare packages are settled by retail customers before delivery of service packages while payments for corporate customers can be settled in arrears after delivery depending on whether there is a credit term granted to the corporate customers.

The Group pays compensation to the Life Insurance Agents at a pre-agreed percentage of the sales of products or services referred by the agents. The compensation paid for selling the service packages are capitalised and presented as contract assets which are subsequently amortised to profit and loss when the relevant revenue is recognised.

The service packages is non-refundable. The customers have to activate the service packages via the Group's online platform before the expiry date as pre-printed in the packages. Once the service packages are activated, the customers can consume the services within one year after activation. Breakage for the service packages is the extent to which outstanding performance obligations are not required because the customer does not take up all the services or goods within the valid period. During the Track Record Period, with limited historical data for estimating breakage, the Group cannot reasonably estimate the amount of such breakage. Thus the Group recognizes breakage amount as revenue upon the expiry date which is the later of expiry date pre-printed in the service package or one year after activation.

The online consultation services and hospital appointment services are performed by service team of the Group. The Group is also continually expanding the network with healthcare institutions which provide offline services. Consumer healthcare customers can select the healthcare institutions from the Group's pre-determined list of service provider through the Group online platform. The Group has the sole discretion to select the healthcare institutions and the purchase prices are negotiated separately with healthcare institutions. Since the Group has the ability to determine the pricing of the products or services and has the sole discretion to determine the healthcare institutions, to take responsibility for monitoring the quality of services provided and to negotiate the service terms, the Group is regarded as the primary obligor and recognises revenue from consumer healthcare on a gross basis.

The Group records contract liabilities for purchases from customers who made payments before rendering of services in service packages since there is unsatisfied performance obligation owing to customers. For those customers who purchase service packages with credit terms, the Group records a receivable when its right to consideration is unconditional, which is normally upon service packages are delivered to customers. The contract liabilities are recognised as revenue over the period during which the individual services are rendered or goods are transferred to customers.

(c) *Health mall*

The Group's health mall provides diversified and evolving product offerings, including (i) healthcare products such as medicines, health supplements and medical devices, (ii) wellness products such as fitness equipment and accessories and personal care products, as well as (iii) other products.

Health mall revenue stream of the Group principally generates revenue from selling the products by the Group (“direct sales”), or from the commission income earned from third-party merchants (“marketplace”). The Group generates revenue from mobile app, WAP website as well as plug-ins of Ping An mobile apps.

The Company operates the health mall under two business models, mainly the direct sales model and the marketplace model.

Direct sales

Under the direct sales model, the Group procures merchandise from suppliers and sells products directly to consumers through the platform. The suppliers consist primarily of distributors in the PRC. The Group is entitled to determine pricing and adjust offerings of products.

In this business model, the Group either manage its own inventories or have suppliers manage inventories and arrange delivery within 48 hours of the order placed. In the former situation, the Group manage inventory by adjusting inventory level based on fluctuation in supply and prices, seasonality, popularity of a particular product and also take into consideration of shelf life of pharmaceutical products. The Group either makes sales promotion plans or reports inventory write-downs depending on the status of the inventory. The Group also provides after-sales services, attends customers’ complaints and responds to return requests. The Group generally requires the suppliers to cooperate with the Group in attending to customers’ complaints and responding to return requests.

Under direct sales model, since the Group has sole discretion in determining the pricing, and has the obligation to fulfil the order, provide after-sales services, attending to customers’ complaints and responding to return requests, the Group considers it is a principal and recognizes revenues under direct sales model based on the gross amount of products sales. The Group recognizes revenue net of discounts and return allowances upon the time when the products are delivered to customers. Return allowances, which reduce net revenues, are estimated based on historical experiences. The Group offers its customers an unconditional right of return for a period of seven days on sales from its platform upon receipt of products. The Group recognizes sales revenue from platform when products are delivered to customers while historical returns are insignificant.

Payment for the ordered products is generally made upon orders placed by individual customers in platform and goods are dispatched within 48 hours after orders are placed. External logistics companies are responsible for delivery to customers. In certain cases, direct sales in sales mall are also sold to corporate customers with credit term ranging from 5 days to 30 days.

The Group also sells prepaid health mall cards to corporate customers in credit terms. The Group has unconditional rights to receive the consideration after the prepaid health mall cards are delivered to customers, and therefore, the Group recognizes receivables and contract liabilities accordingly. The contract liabilities are recognized as revenue when the products are delivered to customers.

Marketplace

The Group also provides an online marketplace that enables third-party vendors to sell their products to customers in the Group's online platform. The marketplace vendors consist primarily of pharmacy chains and overseas shopping service providers. The commission fees are generally charged as a percentage of the merchandise sales depending on the product category and terms of contracts with the vendors.

The marketplace vendors manage inventories on their own and the vendors are responsible for product delivery as well. Delivery of products are required within 24 hours after order placing for pharmacy chains or 96 hours after order placing for overseas shopping. The vendors are also responsible for after sales services, attending to customers' complaints and responding to return requests. Revenue related to commissions is recognized on a net basis and when the orders are placed and payments are made by customers while historical returns on sales from platform are insignificant. Payment terms with third-party vendors are usually settled on a monthly basis for the commissions earned during the period.

(d) *Health management and wellness interaction*

The Group devises various wellness programs, tools and activities and recommend personalized content to its users to help maintain a healthy lifestyle. The revenue from health management and wellness interaction is principally generated from advertisements placed by advertising agents or direct customers, for the purpose of assisting users in cultivating a healthy lifestyle. The Company works with pharmaceuticals and other health products companies as well as advertisement agencies for the advertising business.

The Group mainly offers three types of advertisements, namely, display, search and sponsored stories through its mobile app. Display advertising involves placing images or rich media content alongside its platform and content. Search advertising places text-based advertisements alongside user query results. Sponsored story advertising delivers promotional marketing messages through editorial content via its health management and wellness interaction platform. Advertising fee is charged primarily on per thousand impressions, per click or per duration basis. Revenue from advertisements of number of impressions or clicks are recognized based on the actual number and unit price agreed in the contract while revenue from advertisements of duration is recognised over the period during which the advertising services are provided.

The advertisers are usually required to pay for the advertisement in advance. The contracts are non-cancellable and non-refundable. The Group records receivables and contract liabilities correspondingly when the advertising contracts are signed with customers since the Group has unconditional rights to payments of advertising services which are due according to the contract terms. The contract liabilities are recognised as revenue when the advertisements are displayed or services are provided.

2.22 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

2.23 Interest income

Interest income is recognized using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans and receivables is recognized using the original effective interest rate.

2.24 Dividend income

Dividend income is recognized when the right to receive payment is established.

2.25 Government grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate.

2.26 Tax

Income tax comprises current and deferred tax. Income tax is recognized in the statement of comprehensive income, or in other comprehensive income or in equity if it relates to items that are recognized in the same or a different period directly in other comprehensive income or in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in jointly controlled entities, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry-forward of unused tax credits and any unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilized, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in jointly controlled entities, deferred tax assets are only recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Conversely, previously unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

3 Critical accounting estimates and judgments

The Group makes estimates and judgments that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities in these financial statements. Estimates and judgments are continually assessed based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In the process of applying the Group's accounting policies, management has made the following judgments and accounting estimation, which have the most significant effect on the amounts recognized in the financial statements.

(a) *Principal versus agent considerations*

Revenue from provision of consumer healthcare services

The Group engages 3rd party vendors (such as health check clinics) etc. to provide some of the consumer healthcare services to the customers. In determining whether the Group is acting as a

principal or as an agent in the provision of consumer healthcare services requires judgement and consideration of all relevant facts and circumstances. In evaluation of the Group acting as a principal or an agent, the Group considers whether it obtains control of the service and if necessary, also considers individually or in combination, whether the Group is primarily responsible for fulfilling the contract, is subject to inventory risk, has discretion in establishing prices. Having considered the relevant facts and circumstances, management considers that the Group obtains control of those services before they are transferred to the customer. Accordingly, the Group is acting as a principal for the consumer healthcare services and the related revenue is presented on a gross basis.

Revenue from sales of goods via online health mall

The Group offers a wide spectrum of products via its online health mall to its contract customers. The Group's business model in online health mall can be further categorised into two types, that is, online direct sales; and marketplace.

In determining whether the Group is acting as a principal or as an agent in the sales of goods via online health mall requires judgement and consideration of all relevant facts and circumstances. In evaluation of the Group acting as a principal or an agent, the Group considers whether it obtains control of the goods and if necessary, also considers individually or in combination, whether the Group is primarily responsible for fulfilling the contract, is subject to inventory risk, has discretion in establishing prices. Significant judgement is required when inventory risk is not significant. Having considered the relevant facts and circumstances, management considers that the Group obtains control of goods sold through online direct sales while the Group does not obtain control of goods sold through marketplace before the goods are transferred to the customers. Accordingly, the Group is acting as a principal for the online direct sales and the related revenue is presented on a gross basis while the Group is acting as an agent for the marketplace and the related revenue is presented on a net basis.

(b) *Allocation of transaction price to performance obligations*

Revenue arrangements with distinct performance obligation are divided into separate units of accounting and the transaction price is allocated based on relative stand-alone selling prices. If the stand-alone selling prices are not directly observable, they are estimated based on expected cost plus a margin.

When assessing if the margin is reasonable, the Group considers following facts:

- Margins achieved on stand-alone sales of similar products or services by the entity;
- Market data related to historical margins within the industry;
- Industry sales price averages;
- Market conditions;
- Profit objectives.

Significant assumptions and estimates have been made in estimating the standalone selling price of each distinct performance obligation, and changes in judgments on these assumptions and estimates could materially impact the timing of revenue recognition.

(c) *Recognition of share-based compensation expenses*

As mentioned in Note 28, an equity-settled share-based compensation plan was granted to the employees. The directors have used the Binomial option-pricing model to determine the total fair value of the options granted to employees, which is to be expensed over the vesting period. Significant estimate on assumptions, such as the underlying equity value, risk-free interest rate, expected volatility and dividend yield, is required to be made by the directors in applying the Binomial option-pricing model.

(d) *Uncertain tax positions*

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilized. In assessing whether such unused tax losses can be utilized in the future, the Group needs to make judgments and estimates on the ability of each of its subsidiary to generate taxable income in the future years. Based on current information available and the tax planning strategies, the Group considered there is uncertainty regarding whether the unused tax losses could be utilized before expiration. Thus, the Group currently has not recognized any deferred tax assets resulting from operating loss and deductible temporary differences.

(e) *Provision for sales promotion*

As disclosed as promotion expenses in Note 6, the Group provides “healthy reward points” for free to its users of the Group’s mobile platform, including those who are not existing service buyers of the Group. Registered users may earn “healthy reward points” through the “step-for-reward” plans which were launched on 4 December 2015, based on the walk steps counted by the Group’s mobile platform. The users can use the “healthy reward points” to redeem goods in the health mall of the Group’s mobile platform without minimum purchase amount requirements. The “healthy reward points” expire the six months upon issuance. Costs of “healthy reward points” awarded from the users’ walk steps are included in promotion expenses which are recorded upon the issuance of points to users, and such outstanding “healthy reward points” are recognized as accrued promotion expenses. Significant estimates on the expected redemption rate by the users and redemption value of the “healthy reward points” are needed to be made by the Group through analysis of historical trends as well as expectation of future usage when evaluating the accrued promotion expenses.

4 Management of financial risk

4.1 Financial Risk

(a) *Market risk*

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risks, which arise from foreign exchange rates (currency risk), market interest rates (interest rate risk) and market prices (price risk).

Currency risk

Foreign currency risk is the risk of loss resulting from changes in foreign currency exchange rates. Fluctuations in exchange rates between the RMB and other currencies in which the Group conducts business may affect its financial position and results of operations. The foreign currency risk assumed by the Group mainly comes from movements in the USD/RMB exchange rates. The Group mainly operates in the PRC with most of the transactions settled in RMB. The Group is not exposed to foreign exchange risk as there are no significant financial assets or liabilities of the Group denominated in the currencies other than the respective functional currency, except for the cash, term deposits and restricted cash in USD which were primarily received from the investors as capital contributions as mentioned in Note 23 and Note 24.

Sensitivities

The analysis below is performed for reasonably possible movements in key variables with all other variables held constant, showing the pre-tax impact on profit and equity. The correlation of variables will have a significant effect on determining the ultimate impact on market risk, but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis.

The Group is primarily exposed to changes in USD/RMB exchange rates. The sensitivity of profit or loss to changes in the exchange rates arises mainly from USD denominated financial assets.

<u>Currency</u>	<u>Changes in exchange rate</u>	<u>Impact on profit and equity</u>		
		<u>31 December 2015</u>	<u>31 December 2016</u>	<u>31 December 2017</u>
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
USD	+ 5%	(18)	172,260	233,282
USD	- 5%	<u>18</u>	<u>(172,260)</u>	<u>(233,282)</u>

Price risk

The Group's price risk exposure relates to financial assets and liabilities whose values will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign currency risk), which mainly include investment classified as financial assets at fair value through profit or loss.

The above investments are exposed to price risk because of changes in market prices, where changes are caused by factors specific to the individual financial instruments or their issuers, or factors affecting all similar financial instruments traded in the market.

However, there is no significant price risk as the equity investment product is a wealth management product issued by a bank with principal guaranteed which is redeemable upon request by holders.

Interest rate risk

Interest rate risk is the risk that the value/future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Floating rate instruments expose the Group to cash flow interest rate risk, whereas fixed rate instruments expose the Group to fair value interest risk.

All of the Group's financial assets at fair value through profit or loss are equity investments which do not expose the Group to interest rate risk. The Group has no significant interest-bearing assets except for term deposits, cash and cash equivalents and short-term borrowings, details of which have been disclosed in Notes 24 and 29.

The Group's exposure to fair value interest risk is attributable to its fixed interest rate borrowings, details of which have been disclosed in Note 29. As at 31 December 2015, 2016 and 31 December 2017, the Group's borrowings were borrowings that carried at fixed rates, which did not expose the Group to cash flow interest rate risk.

(b) *Credit risk*

The Group's credit risk is mainly associated with cash and cash equivalents, restricted cash, financial assets at fair value through profit or loss, trade receivables and other receivables. The carrying amounts of each class of the above financial assets represent the Group's maximum exposure to credit risk in relation to financial assets.

The Group's cash and cash equivalents and restricted cash are mainly deposited in reputable banks and financial institutions which are generally considered to be relatively stable. The Group's financial assets at fair value through profit or loss are issued by Ping An Bank Co., Ltd ("Ping An Bank"). The Group considers that there is no significant credit risk and does not generate any material losses due to the default of the other parties.

The Group's trade receivables mainly come from customers. The Group mitigates credit risk by setting a shorter credit period or arranging the instalment payment and prepayment method.

For other receivables, the Group makes periodic collective assessment as well as individual assessment on the recoverability of other receivables based on historical settlement records and historical experience.

(c) *Liquidity risk*

The Group aims to maintain sufficient cash and cash equivalents and marketable securities to mitigate its liquidity risk. Due to the dynamic nature of the underlying businesses, the Group maintains flexibility in funding by maintaining adequate cash and cash equivalents.

The table below analyses the Group's financial liabilities into relevant maturity grouping based on the remaining period at the end of each reporting period to the contractual maturity date. The amounts disclosed in the table are undiscounted contractual cash flows.

As at 31 December 2015						
	On demand	Within 1 year	1 to 5 years	Over 5 years	Undated	Total
Liabilities:						
Short-term borrowings	—	31,487	—	—	—	31,487
Trade and other payables	—	189,557	—	—	44	189,601
Total	—	221,044	—	—	44	221,088
As at 31 December 2016						
	On demand	Within 1 year	1 to 5 years	Over 5 years	Undated	Total
Liabilities:						
Short-term borrowings	—	570,648	—	—	—	570,648
Trade and other payables	—	653,501	—	—	47	653,548
Total	—	1,224,149	—	—	47	1,224,196
As at 31 December 2017						
	On demand	Within 1 year	1 to 5 years	Over 5 years	Undated	Total
Liabilities:						
Trade and other payables	—	1,091,082	—	—	44	1,091,126
Total	—	1,091,082	—	—	44	1,091,126

4.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to enhance shareholders' value in the long-term.

The Group monitors capital (including share capital and reserves) by regularly reviewing the capital structure. As a part of this review, the Company considers the cost of capital and the risks associated with the issued share capital. The Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or repurchase the Company's shares. In the opinion of the directors of the Company, the Group's capital risk is low.

4.3 Fair value estimation

Fair value estimates are made at a specific point in time based on relevant market information and information about financial instruments. When an active market exists, such as an authorized securities exchange, the market value is the best reflection of the fair values of financial instruments. For financial instruments where there is no active market, fair value is determined using valuation techniques.

The Group's financial assets mainly include financial assets at fair value through profit or loss.

Determination of fair value and fair value hierarchy

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchies. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three broad levels. The level in the fair value hierarchy within which the fair value measurement is categorized in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

The levels of the fair value hierarchy are as follows:

- (a) Fair value is based on quoted prices (unadjusted) in active markets for identical assets or liabilities ("Level 1");
- (b) Fair value is based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) ("Level 2"); and
- (c) Fair value is based on inputs for the asset or liability that are not based on observable market data (unobservable inputs) ("Level 3").

The level of fair value calculation is determined by the lowest level input that is significant in the overall calculation. As such, the significance of the input should be considered from an overall perspective in the calculation of fair value.

For Level 2 financial instruments, valuations are generally obtained from third party pricing services for identical or comparable assets, or through the use of valuation methodologies using observable market inputs, or recent quoted market prices. Valuation service providers typically gather, analyse and interpret information related to market transactions and other key valuation model inputs from multiple sources, and through the use of widely accepted internal valuation models, provide a theoretical quote on various securities.

For Level 3 financial instruments, prices are determined using valuation methodologies such as discounted cash flow models and other similar techniques. Determinations to classify fair value measurement within Level 3 of the valuation hierarchy are generally based on the significance of the unobservable factors to the overall fair value measurement, and valuation methodologies such as discounted cash flow models and other similar techniques.

For assets and liabilities that are recognized at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The following tables provide the fair value measurement hierarchy of the Group's financial assets and liabilities:

	As at 31 December 2015			
	Level 1	Level 2	Level 3	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Assets measured at fair value				
Financial assets at fair value through profit or loss				
- Equity investments	—	100,541	—	100,541

	As at 31 December 2016			
	Level 1	Level 2	Level 3	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Assets measured at fair value				
Financial assets at fair value through profit or loss				
- Equity investments	—	213,247	—	213,247

	As at 31 December 2017			
	Level 1	Level 2	Level 3	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Assets measured at fair value				
Financial assets at fair value through profit or loss				
- Equity investments	—	272,665	—	272,665

For the Track Record Period, there were no transfers among different levels of fair values measurement.

Valuation techniques

The fair value of the unquoted equity investments has been determined using valuation techniques such as comparable company valuation multiples, recent transaction prices of the same or similar instruments, with appropriate adjustments made where applicable, for example, for lack of liquidity using option pricing models. The valuation requires management to make certain assumptions about unobservable inputs to the model, which mainly include historical volatility and estimated time period prior to the listing of the unquoted equity instruments, etc. The fair value of the unquoted equity investments is not significantly sensitive to a reasonable change in these unobservable inputs.

5 Revenue and segment information

(a) *Disaggregation of revenue from contracts with customers*

The Group's business activities, for which discrete financial statements are available, are regularly reviewed and evaluated by CODM. CODM, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the executive directors of the Company that make strategic decisions. As a result of this evaluation, the Group determined that it has operating segments as follows:

- Family doctor services
- Consumer healthcare
- Health mall
- Health management and wellness interaction

CODM assesses the performance of the operating segments mainly based on segment revenue and gross profit of each operating segment which is used by management as a basis for the purpose of resource allocation and assessment of segment performance. The selling and marketing expenses and administrative expenses are not included in the measurement of the segments' performance. Other income, other (losses)/gains - net, finance income/(costs) - net, shares of losses of joint venture, and income tax expense are also not allocated to individual operating segments.

Revenues from external customers reported to CODM are measured as segment revenue, which is derived from the customers in each segment. Cost of revenue primarily comprises cost of medical service fee, inventories consumed, salary and compensation expenses, and others.

The segment information provided to CODM is measured in a manner consistent with that applied in these financial statements. There was no information on separate segment assets and segment liabilities provided to CODM, as CODM does not use such information to allocate resources to or evaluate the performance of the operating segments.

The revenue segment information reported to CODM for Track Record Period is as follows:

For the year ended 31 December 2015

	Family doctor services	Consumer healthcare	Health mall	Health management and wellness interaction	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue from customers	118,838	154,631	1,855	3,366	278,690
Medical related services	113,544	152,785	—	—	266,329
Sales of goods	5,294	1,846	1,776	—	8,916
Commission income	—	—	79	—	79
Advertising services	—	—	—	3,366	3,366
Cost of sales	<u>28,044</u>	<u>138,837</u>	<u>1,042</u>	<u>—</u>	<u>167,923</u>
Gross Profit	<u>90,794</u>	<u>15,794</u>	<u>813</u>	<u>3,366</u>	<u>110,767</u>

For the year ended 31 December 2016

	Family doctor services	Consumer healthcare	Health mall	Health management and wellness interaction	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue from customers	136,460	388,063	63,124	13,847	601,494
Medical related services	125,424	384,277	—	—	509,701
Sales of goods	11,036	3,786	59,717	—	74,539
Commission income	—	—	3,407	—	3,407
Advertising services	—	—	—	13,847	13,847
Cost of sales	<u>80,982</u>	<u>211,908</u>	<u>51,718</u>	<u>3,307</u>	<u>347,915</u>
Gross Profit	<u>55,478</u>	<u>176,155</u>	<u>11,406</u>	<u>10,540</u>	<u>253,579</u>

For the year ended 31 December 2017

	Family doctor services	Consumer healthcare	Health mall	Health management and wellness interaction	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue from customers	242,163	655,397	896,122	74,339	1,868,021
Medical related services	241,350	652,460	—	—	893,810
Sales of goods	813	2,937	859,639	—	863,389
Commission income	—	—	36,483	—	36,483
Advertising services	—	—	—	74,339	74,339
Cost of sales	<u>99,638</u>	<u>351,249</u>	<u>791,529</u>	<u>13,535</u>	<u>1,255,951</u>
Gross Profit	<u>142,525</u>	<u>304,148</u>	<u>104,593</u>	<u>60,804</u>	<u>612,070</u>

The Company is domiciled in the Cayman Islands while the Group mainly operates its businesses in the PRC and earns substantially all of the revenues from external customers attributed to the PRC.

As at 31 December 2015, 2016 and 2017, substantially all of the non-current assets of the Group were located in the PRC.

The major customers which contributed more than 10% of the total revenue of the Group for the years ended 31 December 2015, 2016 and 2017 are listed as below.

	For the year ended 31 December		
	2015	2016	2017
	%	%	%
Percentage of revenue from the major customers to the total revenue of the Group			
Family doctor services			
Client A	40.62%	18.82%	6.06%
Consumer healthcare			
Client A	8.39%	7.51%	4.07%
Client B	12.97%	*	*
Health Mall			
Client A	0.00%	0.90%	18.45%
Health management and wellness interaction			
Client A	0.00%	0.69%	0.26%
Total			
Client A	<u>49.01%</u>	<u>27.92%</u>	<u>28.84%</u>
Client B	<u>12.97%</u>	<u>*</u>	<u>*</u>

Note:

* represents that the amount of aggregate revenue from such customer is less than 10% of the total revenue for that period.

(b) *Contract assets and liabilities*

The Group has recognized the following revenue-related contract assets and liabilities

	For the year ended 31 December		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
Contract assets			
Contract cost for consumer healthcare	<u>12,807</u>	<u>34,794</u>	<u>57,970</u>
Contract liabilities			
Family doctor services	538	68,173	72,959
Consumer healthcare	120,794	383,217	424,711
Health mall	369	13,749	98,382
Health management and wellness interaction	<u>1,816</u>	<u>2,232</u>	<u>44,543</u>
	<u>123,517</u>	<u>467,371</u>	<u>640,595</u>

(i) *Significant changes in contract assets and liabilities*

Contract assets representing the compensation paid for obtaining the contracts for the family doctor services and consumer healthcare business. The increase in the contract assets are mainly attributable to the significant increase of consumer health business.

Contract liabilities for the consumer healthcare business and health mall business mainly arise from the service packages as well as prepaid health mall cards sold to the customers upon which the performance obligations have been established while the underlying services and goods are to be provided. Contract liabilities for health management and wellness interaction business are due to the contract signed with advertisers while the Group has unconditional rights to consideration based on contract terms. The contract liabilities for family doctor services mainly arise from the unsatisfied performance obligations for the payments due from Ping An Health, based on the head count of the customers within the service scope for the coming year. Such liabilities increased as a result of the growth of the businesses.

(ii) *Revenue recognised in relation to contract liabilities*

The following table shows how much of the revenue recognized in the current reporting period relates to carried-forward contract liabilities.

	For the year ended 31 December		
	2015	2016	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue recognised that was included in the contract liability balance at the beginning of the period			
Family doctor services	—	538	68,105
Consumer healthcare.	6,384	116,876	374,637
Health mall.	—	369	13,749
Health management and wellness interaction	—	1,816	2,232
	<u>6,384</u>	<u>119,599</u>	<u>458,723</u>

(iii) *Unsatisfied performance obligations*

The following table shows unsatisfied performance obligations as at 31 December 2015, 2016 and 2017.

	At 31 December		
	2015	2016	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Family doctor services	538	68,173	72,959
Consumer healthcare	120,794	383,217	424,711
Health mall	369	13,749	98,382
Health management and wellness interaction	1,816	23,421	65,067
	<u>123,517</u>	<u>488,560</u>	<u>661,119</u>

Management expects that 90% of the transaction price allocated to the unsatisfied contracts as of 31 December 2017 will be recognized as revenue during the next reporting period. The remaining 10% will be recognized in the 2019 financial year.

(iv) *Assets recognised from incremental costs to obtain a contract*

In addition to the contract balances disclosed above, the Group has also recognized an asset in relation to incremental costs to obtain a contract. This is presented within contract assets in the balance sheet.

	For the year ended 31 December		
	2015	2016	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Asset recognised from costs incurred to obtain a contract at 31 December 2015, 2016 and 2017			
Consumer healthcare	<u>12,807</u>	<u>34,794</u>	<u>57,970</u>
Amortisation recognised as selling and marketing expenses of providing services during the period			
Consumer healthcare	<u>6,349</u>	<u>38,328</u>	<u>64,963</u>

In adopting IFRS 15, the Group recognized an asset in relation to compensation charged for products and service referred from the Life Insurance Agents which is incremental cost incurred to obtain a contract. The asset is amortized over the term of the specific contract it relates to, consistent with the pattern of recognition of the associated revenue. There were no impairment losses recognized on any contract assets.

6 Expenses by nature

	For the year ended 31 December		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
Cost of merchandise	5,979	61,702	792,223
Employee benefit expenses (Note 7)	216,357	454,883	658,584
Cost for service fee paid to vendors	135,898	208,591	348,711
Advertising expenses	122,217	207,137	264,610
Promotion expenses(Note 3(e))	7,125	384,864	213,670
Commission expenses	6,504	47,359	95,547
Consulting expenses	21,515	58,810	58,268
Leasing expenses	30,524	43,894	52,537
Postage and communication expenses	6,858	41,282	35,349
Listing expenses	—	—	34,304
Depreciation of property, plant and equipment	4,078	14,347	26,432
Travelling and convention expenses	5,985	15,298	15,931
Tax and surcharges (Note a)	7,422	1,280	12,485
Audit fee	660	780	1,456
Others	26,833	49,825	80,065
	<u>597,955</u>	<u>1,590,052</u>	<u>2,690,172</u>

- (a) Pursuant to the 'Circular on the Comprehensive Plan for Levying VAT in place of Business Tax' (Cai Shui [2016] No. 36) jointly issued by the Ministry of Finance and the State Administration of Taxation, business tax used to be levied on taxable income of the Group and its subsidiaries in PRC was replaced by VAT from 1 May 2016.

7 Employee benefit expenses (Including directors' emoluments)

	For the year ended 31 December		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
Wages, salaries and bonuses	169,457	343,184	463,882
Welfare and other benefits	46,114	97,136	147,072
Share-based payments (Note 28)	786	14,563	47,630
	<u>216,357</u>	<u>454,883</u>	<u>658,584</u>

8 Directors' remuneration

	For the Year ended 31 December		
	2015	2016	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Wages, salaries and bonuses	—	6,653	12,739
Pension costs — defined contribution plans	—	—	—
Other social security costs, housing benefits and other employee benefits	—	294	572
Share-based payments	—	81	3,035
	<u>—</u>	<u>7,028</u>	<u>16,346</u>

Executive directors and non-executive directors

	For the Year ended 31 December 2015				
	Wages, salaries and bonuses	Pension costs — defined contribution plans	Other social security costs, housing benefits and other employee benefits	Share-based payments	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Shi Dong Sheng	—	—	—	—	—
Xie Hong	—	—	—	—	—
Peng Li	—	—	—	—	—
Lin Lijun	—	—	—	—	—
Gao Peng	—	—	—	—	—
Choy Siu Kam David	—	—	—	—	—
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

For the Year ended 31 December 2016

	Wages, salaries and bonuses	Pension costs — defined contribution plans	Other social security costs, housing benefits and other employee benefits	Share-based payments	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Wang Tao ¹	6,653	—	294	81	7,028
Shi Dong Sheng ²	—	—	—	—	—
Xie Hong ²	—	—	—	—	—
Peng Li ²	—	—	—	—	—
Lin Lijun ²	—	—	—	—	—
Gao Peng ²	—	—	—	—	—
Choy Siu Kam David ²	—	—	—	—	—
Law Siu Wah Eddie ³	—	—	—	—	—
Cai Fang Fang ⁴	—	—	—	—	—
Rong Guo Qiang ⁴	—	—	—	—	—
Tan Hendra ⁴	—	—	—	—	—
Yao Jason Bo ⁴	—	—	—	—	—
Lee Yuan Siong ⁴	—	—	—	—	—
	6,653	—	294	81	7,028

1. Executive Directors since May 2016

2. Resign from non-executive directors since May 2016

3. Non-executive Directors since March 2016

4. Non-executive Directors since May 2016

For the Year ended 31 December 2017

	Wages, salaries and bonuses	Pension costs — defined contribution plans	Other social security costs, housing benefits and other employee benefits	Share-based payments	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Wang Tao	12,739	—	572	3,035	16,346
Law Siu Wah Eddie	—	—	—	—	—
Cai Fang Fang	—	—	—	—	—
Rong Guo Qiang	—	—	—	—	—
Tan Hendra	—	—	—	—	—
Yao Jason Bo	—	—	—	—	—
Lee Yuan Siong	—	—	—	—	—
	<u>12,739</u>	<u>—</u>	<u>572</u>	<u>3,035</u>	<u>16,346</u>

9 Five highest paid individuals

Details of the remuneration of the highest paid non-director individuals are as follows:

	For the Year ended 31 December		
	2015	2016	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Wages, salaries and bonuses	9,291	10,521	14,766
Pension costs — defined contribution plans	171	208	180
Other social security costs, housing benefits and other employee benefits	639	757	948
Share-based payments	98	480	4,069
	<u>10,199</u>	<u>11,966</u>	<u>19,963</u>

The number of highest paid non-director individuals whose remuneration fell within the following bands is set out below:

	For the Year ended 31 December		
	2015	2016	2017
Nil to RMB1,000,000.	—	—	—
RMB1,000,001 to RMB2,000,000.	2	1	1
RMB2,000,001 to RMB3,000,000.	3	3	1
RMB3,000,001 to RMB4,000,000.	—	1	—
RMB4,000,001 to RMB5,000,000.	—	—	—
RMB5,000,001 to RMB6,000,000.	—	—	3
	<u>5</u>	<u>5</u>	<u>5</u>

10 Other income

	For the year ended 31 December		
	2015	2016	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Government grants.	615	8,218	14,030
Investment income.	541	1,457	10,906
	<u>1,156</u>	<u>9,675</u>	<u>24,936</u>

11 Other (losses)/gains - net

	For the year ended 31 December		
	2015	2016	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Net foreign exchange gains/(losses).	1	238,293	(179,552)
Forfeiture of rental deposits.	(5,242)	—	—
Impairment loss of other intangibles assets	—	—	(19,569)
Others	247	545	(89)
	<u>(4,994)</u>	<u>238,838</u>	<u>(199,210)</u>

12 Finance costs - net

	For the year ended 31 December		
	2015	2016	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Finance income			
Interest income.....	<u>1,152</u>	<u>2,382</u>	<u>37,415</u>
Finance costs			
Interest expense on bank borrowings.....	(962)	(14,586)	(33,761)
Others.....	<u>(567)</u>	<u>(3,047)</u>	<u>(3,818)</u>
	<u>(1,529)</u>	<u>(17,633)</u>	<u>(37,579)</u>
	<u>(377)</u>	<u>(15,251)</u>	<u>(164)</u>

13 Income tax expense

The income tax expense of the Group for the years ended 31 December 2015, 2016 and 2017 is analysed as follows:

	For the year ended 31 December		
	2015	2016	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Current income tax.....	<u>—</u>	<u>—</u>	<u>408</u>

The tax on the Group's loss before income tax differs from the theoretical amount that would arise using the statutory tax rate applicable to loss of the consolidated entities as follows

	For the year ended 31 December		
	2015	2016	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Loss before income tax	(323,708)	(758,215)	(1,001,235)
Tax calculated at PRC statutory income tax rate of 25%	(80,927)	(189,554)	(250,309)
Tax effects of			
- Differential income tax rates applicable to subsidiaries (Note a)(Note b).	17	(53,840)	50,348
- Income not subject to tax	—	—	(15,777)
- Tax losses and temporary differences for which no deferred income tax asset was recognized	57,670	200,302	181,812
- Expense not deductible for tax purposes	23,240	43,092	33,926
- Adjustments for current tax of prior periods.	—	—	408
Income tax expense	<u>—</u>	<u>—</u>	<u>408</u>

The unused tax losses for the years ended 31 December 2015, 2016 and 2017 is analysed as follows:

	At 31 December		
	2015	2016	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Unused tax losses for which no deferred tax asset has been recognised	381,862	1,166,596	1,668,954
Potential tax benefit @ 25%	95,460	291,638	416,886
Potential tax benefit @ 16.5%	3	8	233

The expiry dates of the unused tax losses for the years ended 31 December 2015, 2016 and 2017 are listed as follows:

	At 31 December		
	2015	2016	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Year 2019	137,469	137,469	137,469
Year 2020	244,393	244,393	244,393
Year 2021	—	784,734	784,734
Year 2022	—	—	502,358
	<u>381,862</u>	<u>1,166,596</u>	<u>1,668,954</u>

Notes:

(a) **Cayman Islands and Tax**

The Company is incorporated under the laws of the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and is not subject to Cayman Islands income tax.

(b) **Hong Kong Income Tax**

Hong Kong income tax rate is 16.5%. No Hong Kong profits tax was provided for as there was no estimated assessable profit that was subject to Hong Kong profits tax during the Track Record Period.

(c) **PRC Corporate Income Tax ("CIT")**

The income tax provision of the Group in respect of its operations in PRC was calculated at the tax rate of 25% on the assessable profits for the Track Record Period, based on the existing legislation, interpretations and practices in respect thereof.

(d) **PRC Withholding Tax ("WHT")**

According to the New Corporate Income Tax Law ("New CIT Law"), distribution of profits earned by PRC companies since 1 January 2008 to foreign investors is subject to withholding tax of 5% or 10%, depending on the country of incorporation of the foreign investor, upon the distribution of profits to overseas-incorporated immediate holding companies.

During the Track Record Period, no deferred income tax liability on WHT was accrued as at the end of each reporting period because the subsidiaries of the Group were loss making in the Track Record Period.

14 Loss per share

- (a) Basic loss per share for the years ended 31 December 2015, 2016 and 2017 are calculated by dividing the loss attributable to the Company's equity holder by the weighted average number of ordinary shares in issue during the years.

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

	For the year ended 31 December		
	2015	2016	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Loss for the year	(323,708)	(758,215)	(1,001,643)
Weighted average number of ordinary shares in issue ('000)	350,000	396,667	419,030
Basic loss per share (RMB yuan)	<u>(0.92)</u>	<u>(1.91)</u>	<u>(2.39)</u>

- (b) Diluted earnings or loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

As the Group incurred losses for the years ended 31 December 2015, 2016 and 2017, the potential ordinary shares were not included in the calculation of dilutive loss per share, as their inclusion would be anti-dilutive. Accordingly, diluted loss per share for the years ended 31 December 2015, 2016 and 2017 are same as basic loss per share of respective years.

15 Goodwill

	<i>RMB'000</i>
Cost	
As at 1 January 2015 and 31 December 2015	—
Arising on acquisition of subsidiary (Note 1.2(g))	<u>5,119</u>
As at 31 December 2016 and 31 December 2017	<u>5,119</u>

The goodwill balance mainly arose from the acquisition of 100% equity interests in Jiangxi Nabaite on 24 April 2016. Goodwill is attributable to the acquired market share and economies of scale expected to be derived from combining with the Health mall operations of the Group and the amount is attributable to the Jiangxi Nabaite as a whole as a CGU of the Group.

Impairment review on the goodwill of the Group has been conducted by the management as at 31 December 2016 and 2017 according to IAS 36 “Impairment of assets”. For the purposes of impairment review, the recoverable amount of goodwill is determined based on value-in-use calculations. The value-in-use calculations use cash flow projections based on financial budgets approved by management of the Group covering a five-year period. Cash flows beyond the five-year period were extrapolated using the estimated annual growth rates of 5%. Pre-tax discount rate of 15% was used to reflect market assessments of time value and the specific risks relating to the industry in which the Group operated. The financial projection was determined by the management of the Group based on its expectation for market development.

Based on the result of the goodwill impairment testing, the estimated recoverable amount exceeded its carrying amount by approximately RMB14.88 million and RMB26.08 million as of 31 December 2016 and 2017, respectively. The management of the Group has not identified that a reasonable possible change in any of the key assumptions that could cause the carrying amount to exceed the recoverable amount. The following table shows the amount by which the assumption of annual revenue growth rate would need to change individually for the estimated recoverable amount to be equal to the carrying amount.

In percent	Change required for carrying amount to equal recoverable amount	
Annual growth rate	2016	2017
	<i>RMB'000</i>	<i>RMB'000</i>
	Assuming the annual growth rate for each year during the five-year period decreased by 20% and shall be no less than the terminal growth rate of 5%	Assuming the annual growth rate for each year during the five-year period decreased by 20% and shall be no less than the terminal growth rate of 5%

16 Property, plant and equipment

	Office and telecommunication equipment	Leasehold improvements	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at 1 January 2015			
Cost	14,619	735	15,354
Accumulated depreciation	(898)	(57)	(955)
Net book amount	<u>13,721</u>	<u>678</u>	<u>14,399</u>
Year ended 31 December 2015			
Opening net book amount	13,721	678	14,399
Additions	11,526	2,899	14,425
Depreciation charge	(3,449)	(629)	(4,078)
Closing net book amount	<u>21,798</u>	<u>2,948</u>	<u>24,746</u>
As at 31 December 2015			
Cost	26,139	3,634	29,773
Accumulated depreciation	(4,341)	(686)	(5,027)
Net book amount	<u>21,798</u>	<u>2,948</u>	<u>24,746</u>
Year ended 31 December 2016			
Opening net book amount	21,798	2,948	24,746
Additions	90,216	7,920	98,136
Acquisition of a subsidiary	222	—	222
Depreciation charge	(11,588)	(2,759)	(14,347)
Closing net book amount	<u>100,648</u>	<u>8,109</u>	<u>108,757</u>
As at 31 December 2016			
Cost	116,717	11,554	128,271
Accumulated depreciation	(16,069)	(3,445)	(19,514)
Net book amount	<u>100,648</u>	<u>8,109</u>	<u>108,757</u>

	Office and telecommunication equipment	Leasehold improvements	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Year ended 31 December 2017			
Opening net book amount	100,648	8,109	108,757
Additions	6,650	14,581	21,231
Disposal	(299)	—	(299)
Depreciation charge	<u>(21,652)</u>	<u>(4,780)</u>	<u>(26,432)</u>
Closing net book amount	<u>85,347</u>	<u>17,910</u>	<u>103,257</u>
As at 31 December 2017			
Cost	122,677	26,135	148,812
Accumulated depreciation	<u>(37,330)</u>	<u>(8,225)</u>	<u>(45,555)</u>
Net book amount	<u>85,347</u>	<u>17,910</u>	<u>103,257</u>

17 Other intangible assets

	Software	Online drug sales license	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at 1 January 2015			
Cost	588	19,569	20,157
Accumulated amortisation	(49)	—	(49)
Net book amount	<u>539</u>	<u>19,569</u>	<u>20,108</u>
Year ended 31 December 2015			
Opening net book amount	539	19,569	20,108
Amortisation	(539)	—	(539)
Closing net book amount	<u>—</u>	<u>19,569</u>	<u>19,569</u>
As at 31 December 2015			
Cost	588	19,569	20,157
Accumulated amortisation	(588)	—	(588)
Net book amount	<u>—</u>	<u>19,569</u>	<u>19,569</u>
Year ended 31 December 2016			
Opening net book amount	—	19,569	19,569
Additions	12	—	12
Acquisition of a subsidiary	58	—	58
Amortisation	(15)	—	(15)
Closing net book amount	<u>55</u>	<u>19,569</u>	<u>19,624</u>
As at 31 December 2016			
Cost	707	19,569	20,276
Accumulated amortisation	(652)	—	(652)
Net book amount	<u>55</u>	<u>19,569</u>	<u>19,624</u>

	Software	Online drug sales license	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Year ended 31 December 2017			
Opening net book amount	55	19,569	19,624
Additions	989	—	989
Amortisation	(100)	—	(100)
Impairment charge (Note a)	—	(19,569)	(19,569)
Closing net book amount	<u>944</u>	<u>—</u>	<u>944</u>
As at 31 December 2017			
Cost	1,696	19,569	21,265
Accumulated amortisation and impairment	(752)	(19,569)	(20,321)
Net book amount	<u>944</u>	<u>—</u>	<u>944</u>

Online drug sales license is a license issued by PRC governmental authorities that enabled the Group to provide pharmaceutical dealing service through an internet online platform before its cancellation as disclosed in Note a. This acquired online drug sales license was measured and recorded at historical cost. The online drug sales license was regarded as having an indefinite useful life and was not amortized when there was no foreseeable limit to the years over which the asset was expected to generate economic benefits for the Group. In accordance with relevant regulations as at 31 December 2015 and 2016, the Group needed to apply to the regulator for the renewal of the license every five years and the Group considered that there were no practical difficulties in the renewal.

Impairment reviews of online drug sales licenses were undertaken annually or more frequently if events or changes in circumstances indicated a potential impairment.

As at 31 December 2015 and 2016, the carrying amount of online drug sales license was allocated to a CGU related to the online drug sales business of Kuaiyijie. The recoverable amount of CGU was determined based on value-in-use calculations which required the use of assumptions. The calculations used cash flow projections based on financial budgets approved by management of the Group covering a five-year period. Cash flows beyond the five-year period were extrapolated using the estimated annual growth rates of 5%. Pre-tax discount rate of 15% was used to reflect market assessments of time value and the specific risks relating to the industry in which the Group operated. The financial projection was determined by the management of the Group based on its expectation for market development.

Based on the result of the impairment reviews of online drug sales licenses, the estimated recoverable amount exceeded its carrying amount by approximately RMB9.33 million and RMB10.92 million as of 31 December 2015 and 2016, respectively. The management of the Group has not identified that a reasonable possible change in any of the key assumptions that could cause the carrying amount to exceed the recoverable amount. The following table shows the amount by which the assumption of annual revenue growth rate would need to change individually for the estimated recoverable amount to be equal to the carrying amount.

In percent	Change required for carrying amount to equal recoverable amount	
Annual growth rate	2015	2016
	<i>RMB'000</i>	<i>RMB'000</i>
	Assuming the annual growth rate for each year during the five-year period decreased by 6% and shall be no less than the terminal growth rate of 5%	Assuming the annual growth rate for each year during the five-year period decreased by 7% and shall be no less than the terminal growth rate of 5%

- (a) According to Decision of the State Council to cancel a batch of administrative licenses (Guo Fa[2017]#46) released in 2017, online drug sales no longer need approval from the State Food and Drug Administration. As at 31 December 2017, the carrying amount of online drug sales license was reduced to zero through recognition of an impairment loss of RMB19,569 thousand.

18 Investment in joint venture

	At 31 December		
	2015	2016	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At the beginning of the year	—	9,772	14,353
Additions	10,000	7,500	—
Share of losses of joint venture	(228)	(2,919)	(4,646)
At the end of the year	<u>9,772</u>	<u>14,353</u>	<u>9,707</u>

On 24 April 2015, PAHC set up Pingan Yingjian Medical Management (Shanghai) Limited (“Yingjian”) together with Human Health Holdings Limited as a joint venturer at a consideration of RMB17,500,000. Yingjian is a company focusing on medical and healthcare consulting services.

The investments in joint venture as at 31 December 2017 are as follows:

	<u>Place of business and incorporation</u>	<u>Principal activities</u>	<u>Percentage of equity interest</u>	<u>Percentage of voting rights</u>
Yingjian	Shanghai	Medical, healthcare consulting services	50%	50%

Summarized financial information for investment in joint venture.

	<u>Year ended 31 December</u>		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
The joint venture's net loss	(456)	(5,837)	(9,292)
The joint venture's other comprehensive income	—	—	—

As at 31 December 2017, Yingjian was still in the early stage of development and the economic performance was not worse than expected. There were no significant changes with an adverse effect on Yingjian taken place during the Track Record Period, or are expected to take place in the near future.

As at 31 December 2017, the Group did not recognise any impairment loss on its investment in joint venture.

19 Inventory

	<u>At 31 December</u>		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Inventories in warehouse	<u>782</u>	<u>880</u>	<u>6,575</u>
Less: impairment provision	<u>—</u>	<u>—</u>	<u>—</u>
	<u>782</u>	<u>880</u>	<u>6,575</u>

20 Trade receivables

	At 31 December		
	2015	2016	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Health mall	60	2,040	231,951
Family doctor services	4,554	78,518	157,445
Consumer healthcare	2,195	28,069	46,753
Health management and wellness interaction	—	400	18,307
	6,809	109,027	454,456
Less: impairment provision	—	—	—
	<u>6,809</u>	<u>109,027</u>	<u>454,456</u>

(a) Aging analysis of trade receivables based on invoice date is as follows:

	At 31 December		
	2015	2016	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Up to 3 month	6,747	98,990	391,524
3 to 6 months	24	8,519	30,433
6 months to 1 year	38	1,480	15,708
1 to 2 years	—	38	16,791
	<u>6,809</u>	<u>109,027</u>	<u>454,456</u>

- (b) The Group allows a credit period of 5 to 30 days to its customers. As at 31 December 2015, 2016 and 2017, trade receivables of RMB892 thousand, RMB17,803 thousand and RMB256,704 thousand were past due but not impaired. These mainly relate to a number of customers for whom there is no significant financial difficulty and based on past experience, the overdue amounts can be recovered. The ageing analysis of these trade receivables is as follows:

	At 31 December		
	2015	2016	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Up to 3 month	830	7,766	193,772
3 to 6 months	24	8,519	30,433
6 months to 1 year	38	1,480	15,708
1 to 2 years	—	38	16,791
	892	17,803	256,704

21 Prepayments and other receivables

Group

	At 31 December		
	2015	2016	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Included in current assets			
Advance payments	5,091	43,991	90,362
Amounts due from related parties (Note a)	7,816	4,396	13,669
Deposits	7,124	4,251	13,191
Recoverable value-added tax	3,584	4,260	6,376
Low-valued consumables	1,138	2,621	2,558
Prepaid expenses	424	2,811	1,541
Amounts due from shareholders (Note a, b)	23	138,740	—
Others	1,742	3,129	9,072
	26,942	204,199	136,769

Company

	At 31 December		
	2015	2016	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Included in current assets			
Amounts due from shareholders (Note a, b)	23	138,740	—
Advance payments	<u>—</u>	<u>—</u>	<u>162</u>
	<u>23</u>	<u>138,740</u>	<u>162</u>
Included in non-current assets			
Amounts due from subsidiary (Note c)	<u>—</u>	<u>3,052,280</u>	<u>2,875,048</u>

Notes:

- (a) During the Track Record Period, the amounts due from shareholders and the amounts due from related parties were of a non-trade nature.
- (b) As at 31 December 2016, receivables of paid in capital of USD20 million (Note 25) represented unpaid capital contribution from a round A investor. The unpaid amount was subsequently settled following the change of the investor in 2017.
- (c) USD440,000,000 of receivables due from Glorious Delight is equivalent to RMB3,052,280,000 at 31 December 2016, and equivalent to RMB2,875,048,000 at 31 December 2017.

22 Financial assets at fair value through profit or loss

	At 31 December		
	2015	2016	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Wealth management products (Note a)	<u>100,541</u>	<u>213,247</u>	<u>272,665</u>

- (a) The Group invested in wealth management products issued by Ping An Bank with principal guaranteed which are redeemable upon request by holders.

23 Restricted cash

	At 31 December		
	2015	2016	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Deposit	—	756,133	—

As at 31 December 2016, USD109,000,000 (equivalent to RMB756,133,000) of restricted deposits were held in Ping An Bank as a collateral for short-term borrowings of PAHC from Ping An Bank (Note 29).

24 Cash and cash equivalents and term deposits

Group

	At 31 December		
	2015	2016	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cash	1	—	—
Bank balances and term deposits	102,262	2,716,441	4,914,620
Less: Term deposits with initial term of over three months	—	—	(329,977)
Other cash equivalents	2,858	5,096	9,998
Cash and cash equivalents	<u>105,121</u>	<u>2,721,537</u>	<u>4,594,641</u>
Maximum exposure to credit risk	<u>105,121</u>	<u>2,721,537</u>	<u>4,924,618</u>

Company

	At 31 December		
	2015	2016	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cash and cash equivalents	—	254,571	2,984,115
Maximum exposure to credit risk	—	254,571	2,984,115

Bank balances and term deposits are denominated in the following currencies:

Group

	At 31 December		
	2015	2016	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
USD.	332	2,551,097	4,665,632
RMB	<u>104,789</u>	<u>170,440</u>	<u>258,986</u>
	<u>105,121</u>	<u>2,721,537</u>	<u>4,924,618</u>

Company

	At 31 December		
	2015	2016	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
USD.	<u>—</u>	<u>254,571</u>	<u>2,984,115</u>

Term deposits with initial terms of over three months were neither past due nor impaired. The directors of the Company considered that the carrying amount of the term deposits with initial terms of over three months approximated to their fair value as at 31 December 2017.

The weighted average effective interest rate of the term deposits of the Group for the year ended 31 December 2017 is 1.99%.

25 Share capital**Group and Company**

	Number of shares	USD
Authorised		
Ordinary shares of USD0.00001 each at 31 December 2015, 31 December 2016, 31 December 2017 (Note a)	<u>5,000,000,000</u>	<u>50,000</u>

	Number of shares	USD	Equivalent to RMB
Issued			
Ordinary shares of USD0.00001 each at 1 January 2015, and 31 December 2015 (Note b) (Note c)	350,000,000	3,500	21,480
Newly issued ordinary shares (Note d)	70,000,000	700	4,522
Ordinary shares of USD0.00001 at 31 December 2016 (Note e).	<u>420,000,000</u>	<u>4,200</u>	<u>26,002</u>
Newly issued ordinary shares (Note f) (Note g)	244,020,000	2,440	15,335
Repurchased ordinary shares (Note f)	(210,420,000)	(2,104)	(13,140)
Ordinary shares of USD0.00001 at 31 December 2017 (Note h)	453,600,000	4,536	28,197

Notes:

- (a) The Company was incorporated on 12 November 2014 with an authorized share capital of USD50,000 divided into 5,000,000,000 ordinary shares of USD0.00001 each.
- (b) On 11 December 2014, Glorious Peace and Bang Qi Jian owned respectively 70% and 30% of 350,000,000 issued ordinary shares of the Company, totalling USD3,500 (equivalent to approximately RMB21,480). All issued ordinary shares were fully paid in March 2016.
- (c) As at 1 January 2015 and 31 December 2015, 350,000,000 ordinary shares of USD3,500 were issued but none was paid.
- (d) The Company has completed Round A investments ("Round A Investments") in April 2016 with 12 investors. 70,000,000 ordinary shares of USD700 (equivalent to approximately RMB4,522) were issued to the Round A Investors at a price of USD7.1429 per share for an aggregated consideration of approximately USD500 million.
- (e) As at 31 December 2016, 420,000,000 ordinary shares were all issued and 2,800,000 ordinary shares of USD28 (equivalent to approximately RMB181) were still unpaid by China Mobile Fund, one of Round A Investors. China Mobile Fund subsequently transferred the ordinary shares to Jumbo Sheen 6 and the consideration was paid by Jumbo Sheen 6 on 26 October 2017.
- (f) On 19 December 2017, the Company repurchased all the ordinary shares held by Hong Qi Jian Limited, Bang Qi Jian, the Round A Investors and Hop-Fast Limited ("Hop-Fast") of USD2,104 (equivalent to approximately RMB13,140) at par value and cancelled the 210,420,000 ordinary shares immediately upon the repurchase. On the same date, the Company allotted and issued the same number of ordinary shares to Le Jin Xuan, a special purpose vehicle incorporated on 10 November 2017 to act as the immediate direct shareholder of the Company with Le An Xin, Bang Qi Jian, Hop-Fast and Zheng He Pentagon Fund L.P. becoming the shareholders of Le Jin Xuan.

- (g) Vision Fund Singapore SPV, which is an indirectly wholly-owned subsidiary of SoftBank Vision Fund L.P., completed its subscription of 33,600,000 ordinary shares of USD336 (equivalent to approximately RMB2,195) at a price of USD11.9048 per share for an aggregated consideration of USD400 million in the Company as a pre-IPO investor.
- (h) As at 31 December 2017, 453,600,000 ordinary shares were all issued and fully paid.

26 Reserves

Group

	At 31 December		
	2015	2016	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Share-based payments (Note 28)	786	13,546	61,176
Reorganization (Note a)	350,000	350,000	350,000
Share premium (Note b) (Note c)	—	3,230,199	5,843,877
Other	—	—	2
	<u>350,786</u>	<u>3,593,745</u>	<u>6,255,055</u>

Company

	At 31 December		
	2015	2016	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Share premium (Note b)	—	3,230,199	5,843,877
	<u>—</u>	<u>3,230,199</u>	<u>5,843,877</u>

Notes:

- (a) PAHC was incorporated on 20 August 2014 with issued share capital of RMB350,000,000 divided into 350,000,000 ordinary shares of RMB1 each. After the Reorganization, PAHC is controlled by Kang Jian through the Contractual Arrangements. The share capital of RMB350,000,000 is treated as a deemed distribution from the owners.
- (b) The Company has completed Round A Investments in April 2016. The excess of the consideration paid by Round A investors over the par value for 70,000,000 ordinary shares (Note 25(d)) was credited to the share premium account with aggregate amounts of approximately RMB3,230,199,458.
- (c) The Company completed pre-IPO investment of USD400,000,000 in December 2017 by Vision Fund Singapore SPV. The excess of the consideration paid by Vision Fund Singapore SPV over the par value for the 33,600,000 ordinary shares issued to Vision Fund Singapore SPV (Note 25(g)) was credited to the share premium account with aggregate amounts of approximately RMB2,613,677,805.

27 Statements of changes in equity of the Company

	Share capital	Reserves	Accumulated losses	Total equity
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at 1 January 2015	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Loss for the year	—	—	(42)	(42)
Capital injection	<u>21</u>	<u>—</u>	<u>—</u>	<u>21</u>
As at 31 December 2015	<u>21</u>	<u>—</u>	<u>(42)</u>	<u>(21)</u>
Profit for the year	—	—	215,361	215,361
Issuance of ordinary shares	<u>5</u>	<u>3,230,199</u>	<u>—</u>	<u>3,230,204</u>
As at 31 December 2016	<u>26</u>	<u>3,230,199</u>	<u>215,319</u>	<u>3,445,544</u>
Loss for the year	—	—	(233,439)	(233,439)
Repurchase of ordinary shares	(13)	—	—	(13)
Issuance of ordinary shares	<u>15</u>	<u>2,613,678</u>	<u>—</u>	<u>2,613,693</u>
As at 31 December 2017	<u>28</u>	<u>5,843,877</u>	<u>(18,120)</u>	<u>5,825,785</u>

28 Share-based payments

On 26 December 2014, an equity-settled share-based compensation plan was granted to the employees with the objective to recognize and reward the contribution of the Grantees for the growth and development of the Group. The Share Option Plan is valid and effective for 10 years from the grant date. Upon the establishment of Share Option Plan, 35,000,000 shares have been reserved by two shareholders of the Company, namely Glorious Peace and Bang Qi Jian. Under the Share Option Plan, a special purpose vehicle named Hong Qi Jian Limited (“Hong Qi Jian”), was set up by Glorious Peace and Bang Qi Jian to hold shares contributed by Glorious Peace and Bang Qi Jian.

Le An Xin was incorporated on 17 October 2017 as a vehicle to replace Hong Qi Jian to hold the 35,000,000 ordinary shares for the Company’s employees under the Share Option Plan (Note 25(f)), with no changes to the rest of the conditions and the Grantees of the Share Option Plan. As the Company has the power to govern the relevant activities of Le An Xin and can derive benefits from the services to be rendered by the Grantees, the directors of the Company consider that it is appropriate to consolidate Le An Xin.

Subject to the Grantee continuing to be a service provider, 100% of these options will be vested over 4 years upon fulfilling the service conditions and non-market performance conditions prescribed in the share option agreement.

The options should be exercised no earlier than 180 days before the Company successfully completes an initial public offering and the Company's shares get listed in the stock exchange ("IPO and Listing") and no later than 30 days after the IPO and Listing. The vesting date is determined by the Board of Directors of the Company. On 20 January 2018, amendments to the Share Option Plan were approved by the directors of the Company and the vesting date was changed to no earlier than 180 days before IPO and Listing or no earlier than 12 months after IPO and Listing. The amendments have no impact on the financial statements of the Group.

Movements in the number of share options granted to employees are as follows:

	Number of share options		
	At 31 December		
	2015	2016	2017
At the beginning of the year	3,480,000	9,934,250	10,372,875
Granted	6,454,250	2,000,000	16,215,000
Forfeited	—	(1,561,375)	(1,692,275)
At the end of the year	<u>9,934,250</u>	<u>10,372,875</u>	<u>24,895,600</u>

Share options outstanding at the end of the year have the following expiry dates and exercise prices.

Grant Year	Expiry Year	Exercise price	Number of share options		
			At 31 December		
			2015	2016	2017
2014	2024	1.00	3,480,000	2,395,850	2,281,850
2015	2025	1.50	6,454,250	6,091,125	5,376,350
2016	2026	10.00	—	1,885,900	1,326,800
2017	2027	47.00-64.00	—	—	15,910,600
			<u>9,934,250</u>	<u>10,372,875</u>	<u>24,895,600</u>

The Company have used the discounted cash flow method to determine the underlying equity fair value of the Company and adopted equity allocation model to determine the fair value of the underlying ordinary share. Key assumptions, such as discount rate and projections of future performance, are required to be determined by the Company with best estimate.

Based on fair value of the underlying ordinary share, the Company have used Binomial option-pricing model to determine the fair value of the share options as at the grant date. Key assumptions are set as below:

	At 31 December		
	2015	2016	2017
Discount rate	21.00%	21.00%	14%-21%
Risk-free interest rate	3.63%	2.91%	3.31%-3.92%
Volatility	60.2%	62.21%	41.39%-44.67%
Dividend yield	0%	0%	3.00%

The total expenses recognized in the consolidated statements of comprehensive income for Share Option Plan is disclosed in Note 7.

The remaining contractual life of share options outstanding as at 31 December 2015, 2016 and 2017 is 9.5 years, 8.6 years and 8.9 years respectively.

29 Short-term borrowings

	At 31 December		
	2015	2016	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Secured	—	550,000	—
Unsecured	30,000	—	—
	30,000	550,000	—

At as 31 December 2016, secured borrowings of RMB550,000,000 from Ping An Bank were secured by deposits USD109,000,000 of Glorious Delight Limited, and the weighted average interest rate of short-term borrowings was 4.35% per annum.

At as 31 December 2015, unsecured borrowings of RMB30,000,000 were borrowed from Ping An Fintech and the weighted average interest rate of short-term borrowings was 5.40% per annum.

30 Trade and other payables

	At 31 December		
	2015	2016	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Included in current liabilities			
Trade payables (Note a)	114,184	182,876	466,541
Accrued expense	54,388	264,001	433,421
Wages payable	74,425	142,456	206,397
Amounts due to suppliers	2,306	23,164	65,100
Amounts due to related parties	8,152	28,543	35,986
Deposit (Note b)	—	130,016	—
Others	10,527	24,901	90,034
	<u>263,982</u>	<u>795,957</u>	<u>1,297,479</u>
Included in non-current liabilities			
Amounts due to related parties	<u>44</u>	<u>47</u>	<u>44</u>

(a) Aging analysis of trade payables based on invoice date is as follows:

	At 31 December		
	2015	2016	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Up to 3 month	114,172	106,429	375,456
3 to 6 months	—	35,448	30,881
6 months to 1 year	12	40,942	60,179
1 to 2 years	—	57	25
	<u>114,184</u>	<u>182,876</u>	<u>466,541</u>

(b) As at 31 December 2016, payables of deposit for unpaid ordinary shares of Round A investments from China Mobile equals to RMB130,016,000.

31 Dividends

No dividends have been paid or declared by the Company during the years ended 31 December 2015, 2016 and 2017.

32 Cash flow information

(a) Cash used in operations

	For the year ended 31 December		
	2015	2016	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Loss for the year	(323,708)	(758,215)	(1,001,643)
Depreciation and amortisation	4,617	14,362	26,532
Impairment of other intangible asset	—	—	19,569
Gains on financial assets at fair value through profits or loss	(541)	(1,457)	(10,906)
Share of losses of joint venture	228	2,919	4,646
Share option expenses	786	14,563	47,630
Finance costs - net	377	15,251	164
Net foreign differences (gains)/ losses	(1)	(238,293)	179,552
Increase in trade receivables and other assets	(33,491)	(99,049)	(430,321)
Increase in trade payables and other liabilities	306,808	786,847	680,835
	<u>(44,925)</u>	<u>(263,072)</u>	<u>(483,942)</u>

(b) Reconciliation of liabilities arising from financing activities

	Short-term borrowings
	<i>RMB'000</i>
As at 1 January 2015	—
Cash flows in	30,000
As at 31 December 2015	30,000
Cash flows in	900,000
Cash flows out	(380,000)
As at 31 December 2016	550,000
Cash flows in	400,000
Cash flows out	(950,000)
As at 31 December 2017	<u>—</u>

33 Operating lease commitments

The Group's future aggregate minimum lease payments due under non-cancellable operating leases are as follows:

	At 31 December		
	2015	2016	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
No later than 1 year	33,257	49,314	51,255
Later than 1 year and no later than 2 years	28,383	44,784	48,998
Later than 2 years and no later than 3 years	28,235	42,071	21,032
Later than 3 years	38,373	18,197	6,612
	128,248	154,366	127,897

34 Related party transactions

The following significant transactions were carried out between the Group and its related parties during the Track Record Period. In the opinion of the directors of the Company, the related party transactions were carried out in the normal course of business and at terms negotiated between the Group and the respective related parties. The Group's pricing policies on the transactions with related parties are determined on the basis of mutual negotiations between the relevant parties.

(a) *Names and relationships with related parties*

Name of related parties	Relationship with the Company
Glorious Peace	A shareholder that has significant influence over the Group
Ping An	Ultimate parent company of Glorious Peace
Ping An Fintech	Controlled by Ping An
Ping An Life	Controlled by Ping An
Ping An Health	Controlled by Ping An
Ping An Property & Casualty Insurance Company of China, Ltd. (Ping An Property & Casualty)	Controlled by Ping An
Ping An Puhui Investment Consultant Co., Ltd.(Puhui Investment)	Associate of Ping An

Name of related parties	Relationship with the Company
Ping An Bank	Controlled by Ping An
Ping An Annuity Insurance Company of China, Ltd. (Ping An Annuity)	Controlled by Ping An
Lufax (Shanghai) Technology Service Co., Ltd.(Lufax SH)	Associate of Ping An
Ping An Securities Co., Ltd. (Ping An Securities) .	Controlled by Ping An
Shenzhen Ping An Financial Services Co., Ltd.(Financial Services)	Controlled by Ping An
Shenzhen Wanlitong Network Information Technology Co., Ltd. (Shenzhen Wanlitong)	Controlled by Ping An
Ping An Pay Technology Service Co., Ltd (Ping An Pay Tech)	Controlled by Ping An
Ping An E-wallet Electronic Commerce Company Limited (E-Wallet)	Controlled by Ping An
Ping An Technology (Shenzhen) Co., Ltd. (Ping An Technology)	Controlled by Ping An
Ping An Insurance Agency Co., Ltd.(Ping An Insurance Agency)	Controlled by Ping An
Shenzhen Ping An Financial Technology Consulting Co., Ltd.(Ping An Financial Tech) . . .	Controlled by Ping An
Shenzhen Ping An Communication Technology Co., Ltd.(Ping An Communication Technology) .	Controlled by Ping An
Shanghai Zean Investment Management Co., Ltd (Zean Investment)	Controlled by Ping An
Shanghai Youwan Internet Technology Co., Ltd.(YouWan)	Controlled by Ping An

Upon the completion of the offshore reorganization in 2017, Ping An is no longer the ultimate controlling shareholder of the Company.

(b) *Significant transactions with related parties*

	For the year ended 31 December		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
Trademark licensing			
Ping An	—	—	—
Provision of products and services (included in contract liabilities and revenue)			
Ping An Life	167,621	193,551	655,961
Ping An Property & Casualty	40,237	84,511	221,906
Ping An Health	13,020	98,236	118,872
Ping An Bank	33,953	33,446	38,310
Ping An Annuity	5,276	5,809	17,645
Puhui Investment	1,424	22,821	13,066
Shenzhen Wanlitong	768	16,915	7,215
Lufax SH	—	5,966	6,790
Financial Services	2,555	5,387	4,822
Ping An Securities	3,636	2,040	4,714
E-Wallet	4,405	—	262
Ping An Insurance Agency	6,183	313	—
Services purchasing			
Ping An Technology	250	4,336	20,778
Shenzhen Wanlitong	1	25,247	17,443
Financial Services	813	3,318	5,671
Ping An	1,523	4,654	4,585
Property leasing			
Zean Investment	19,774	25,966	25,240
Ping An Property & Casualty	—	92	2,013
Ping An Life	245	1,517	1,544
Deposit interests			
Ping An Bank	1,148	1,313	35,559
Interest expenses			
Ping An Financial Tech	581	10,885	—
Ping An Bank	—	2,846	33,761
Investment income			
Ping An Bank	541	1,457	10,906

Trademark licensing

The Group enters into a trademark licensing framework agreement with Ping An (the “Trademark Licensing Framework Agreement”), pursuant to which Ping An grants to the Group non-exclusive and non-transferable licenses for the use of certain trademarks that are either registered or for which registration applications have been filed in the PRC or Hong Kong owned by Ping An on a royalty-free basis. The initial term of the Trademark Licensing Framework Agreement commenced on 15 November 2017 and ends on 14 November 2022.

Provision of products and services

The Group provides various types of products and services to Ping An Group, including, but not limited to, (1) family doctor services comprising online consultation, hospital referral and appointment, inpatient arrangement and second opinion services; (2) “Healthy Life Pass” prepaid cards and health check-up service package; (3) products in the health mall; and (4) advertising services. Fees are paid to the Group by Ping An Group in respect of the provision of such products and services.

The products and services fees the Group charges to Ping An Group are determined on the basis of mutual negotiations between the relevant parties. For the various types of services provided by the Group to Ping An Group, the service fee is determined on a cost-plus margin basis, and for which the prices shall not lower than prices at which the Group provides similar services to independent third parties. For the products provided by the Group to Ping An Group, the price of the products is the same as the price the Group charged to independent third parties under similar terms, with the volume of the purchase taken into consideration.

Services purchasing

Ping An Group provides a wide spectrum of services to the Group, including but not limited to consulting services, business promotion services, settlement services, insurance services, online traffic diversion services and customer referral services. The Group, in return, pays service fees to Ping An Group. The precise scope of service, service fee calculation, method of payment and other details of the service arrangement are agreed between the relevant parties separately.

The services fees paid by the Group to Ping An Group are determined on the following basis: (1) through bidding procedure according to the internal rules and procedures of the Group; and (2) if no tendering and bidding process is required under the Group’s internal rules, through mutual negotiations between the parties based on historical fees of such services and comparable market rates. The terms are no less favorable to the Group than terms of services available to independent third parties (if applicable) to the Group.

Property leasing

The Group leases properties from Ping An Group for office use.

The monthly rents payable by the Group during the leasing term are determined based on mutual negotiations between the relevant parties, and the rents are no more than the prevailing market price of properties of comparable size and quality situated in the same locality available to independent third parties.

Financial Service

Ping An Group provides deposit service, financing service and wealth management service to the Group.

The deposit interest rates and the borrowing interest rates are determined which are no less favorable than (1) those available to the Group from independent third parties; and (2) those offered by Ping An Group to independent third parties for deposits under similar or comparable terms. The investment income received by the Group are in line with the average investment income generated by similar types of wealth management services of Ping An Bank provided to independent third parties under similar terms and conditions.

(c) *Year end balances with related parties*

	At 31 December		
	2015	2016	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cash, term deposits and restricted cash			
Ping An Bank	100,926	3,468,418	4,902,273
Financial assets at fair value through profit or loss			
Ping An Bank	100,541	213,247	272,665
Trade receivables			
Ping An Life	288	2,241	179,494
Ping An Health	4,568	80,381	119,254
Ping An Property & Casualty	—	15,277	109,506
Ping An Bank	318	1,419	6,161
Shenzhen Wanlitong	—	1,980	4,204
Ping An Annuity	—	534	3,155
Ping An Pay Tech	162	560	2,342
Trade and other payables			
Ping An Technology	—	1,603	22,369
Ping An Communication Technology	—	1,256	4,303
Ping An Health	—	6,102	4,238
Ping An Property & Casualty	—	1,329	2,812
Financial Services	147	365	867
Ping An Life	7,100	726	589
Zean Investment	—	15,400	—
Prepayments and other receivables			
Ping An Bank	—	—	6,920
YouWan	—	—	3,000
Ping An Property & Casualty	—	2,593	2,458
Ping An Health	7,839	1,126	1,131
Deposits			
Zean Investment	4,403	—	4,403
Short-term borrowings			
Ping An Bank	—	550,000	—
Ping An Fintech	30,000	—	—

Apart from the interest receivables generated from term deposits and restricted cash calculated based on deposit interest rates due from Ping An Bank, the other balances including other prepayments and other receivables, trade receivables and deposits due from related parties are unsecured, interest-free and repayable on demand.

Apart from short-term borrowings, the other balances including trade and other payables due to related parties are unsecured, interest-free and repayable on demand.

(d) *Key management personnel compensations*

Key management includes directors (executive and non-executive) and senior officers. The compensations paid or payable to key management for employee services are shown below:

	For the year ended 31 December		
	2015	2016	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Wages, salaries and bonuses	16,903	24,243	30,676
Welfare and other benefits	1,038	1,577	1,958
Share-based payments	192	618	8,408
	<u>18,133</u>	<u>26,438</u>	<u>41,042</u>

35 **Contingencies**

The Group did not have any material contingent liabilities as at 31 December 2015, 2016 and 2017.

36 **Subsequent Events**

Post Track Record Period Acquisition

Kang Jian entered into a share purchase agreement on 18 January 2018 with Ms. Zhang Yanlin in relation to the acquisition of 100% shareholding interest of Jiangsu Zhongyikang Pharmaceutical Company Limited (“Zhongyikang”) for a consideration of RMB6.9 million. The change of shareholder registration in the local industrial and commercial administration for Zhongyikang was completed on 13 March 2018.

Amendments to the Share Option Plan

On 20 January 2018, amendments to the Share Option Plan were approved by the directors of the Company. Le An Xin replaced Hong Qi Jian to hold the ordinary shares for the Company's employees under the Share Option Plan. The vesting date was changed to no earlier than 180 days before IPO and Listing or no earlier than 12 months after IPO and Listing. The rest of the conditions and the Grantees of the Share Option Plan remained the same, and the amendments have no impact on the financial statements of the Group.

37 Subsequent financial statements

No audited financial statements have been prepared by the Company or the Group in respect of any period subsequent to 31 December 2017 and up to the date of this report. Save as disclosed in this report, no dividend or distribution has been declared or made by the Group in respect of any period subsequent to 31 December 2017.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

The information set out in this appendix does not form part of the Accountant's Report from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, the reporting accountant of the Company, as set out in Appendix I to this prospectus, and is included herein for information purposes only. The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and the Accountant's Report set out in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following is an illustrative and pro forma statement of adjusted consolidated net tangible assets of the Group which has been prepared in accordance with Rule 4.29 of the Listing Rules and on the basis of the notes set out below for the purpose of illustrating the effect of the Global Offering on the consolidated net tangible assets of our Group attributable to the owners of the Company as at December 31, 2017 as if Global Offering had taken place on December 31, 2017.

This unaudited pro forma statement of adjusted consolidated net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of the Group had the Global Offering been completed as at December 31, 2017 or at any future date.

Consolidated net tangible assets of the Group attributable to the owners of the Company as at December 31, 2017	Estimated net proceeds from the Global Offering	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company	Unaudited pro forma adjusted consolidated net tangible assets per share	Unaudited pro forma adjusted consolidated net tangible assets per share
<i>RMB'000</i> <i>(Note 1)</i>	<i>RMB'000</i> <i>(Note 2)</i>	<i>RMB'000</i>	<i>RMB</i> <i>(Note 3)</i>	<i>HK\$</i> <i>(Note 4)</i>
Based on an offer price of HK\$45.75 per Share, after a Downward Offer Price Adjustment of 10%	4,027,899	5,708,676	9,736,575	9.12
Based on an offer price of HK\$50.80 per Share	4,027,899	6,341,722	10,369,621	9.72
Based on an offer price of HK\$54.80 per Share	4,027,899	6,843,145	10,871,044	10.19

1. The consolidated net tangible assets of the Group attributable to the owners of the Company as at December 31, 2017 is extracted from the historical financial information contained in the Accountant's Report set out in Appendix I to this prospectus which is based on the audited consolidated net assets of the Group attributable to the owners of the Company as at December 31, 2017 of RMB4,033,962 thousand less intangible assets and goodwill of RMB6,063 thousand.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

2. The estimated net proceeds from the Global Offering are based on the offering price of HK\$50.80 and HK\$54.80 per Share respectively, and also based on an offer price of HK\$45.75 per Share, after making a downward offer price adjustment of 10%, after deduction of relevant estimated underwriting fees and other related fees and expenses payable by the Group (the amount of listing-related expenses which has been accounted for in the consolidated statement of comprehensive income up to December 31, 2017 is RMB34,304 thousand) but takes no accounts of any Shares which may be issued upon the exercise of the Over-allotment Option.
3. The unaudited pro forma adjusted consolidated net tangible assets per share is arrived at after the adjustments as described in note 2 above and on the basis of 1,067,294,200 shares are in issue assuming that the Global Offering has been completed on December 31, 2017 (after the share redesignation and share subdivision), without taking into account of any Shares which may be issued upon the exercise of the Over-allotment Option.
4. For the purpose of this unaudited pro forma adjusted consolidated net tangible assets per share, the amounts stated in Renminbi are converted into Hong Kong dollar at a rate of RMB1.0000 to HK\$1.2515. No representation is made that Renminbi has been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate.
5. No adjustments have been made to the unaudited pro forma adjusted net tangible assets of the Group to reflect any trading result or other transactions of the Group entered into subsequent to December 31, 2017.

B. REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.



羅兵咸永道

**INDEPENDENT REPORTING ACCOUNTANT’S ASSURANCE REPORT ON THE
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION**

To the Directors of Ping An Healthcare and Technology Company Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Ping An Healthcare and Technology Company Limited (the “Company”) and its subsidiaries (collectively the “Group”) by the directors for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted net tangible assets of the Group as at 31 December 2017, and related notes (the “Unaudited Pro Forma Financial Information”) as set out on pages II-1 to II-2 of the Company’s prospectus dated 23 April 2018, in connection with the proposed initial public offering of the shares of the Company. The applicable criteria on the basis of which the directors have compiled the Unaudited Pro Forma Financial Information are described on pages II-1 to II-2.

The Unaudited Pro Forma Financial Information has been compiled by the directors to illustrate the impact of the proposed initial public offering on the Group’s financial position as at 31 December 2017 as if the proposed initial public offering had taken place at 31 December 2017. As part of this process, information about the Group’s financial position has been extracted by the directors from the Group’s financial information for the period ended 31 December 2017, on which an accountant’s report has been published.

Directors’ Responsibility for the Unaudited Pro Forma Financial Information

The directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong (the “Listing Rules”) and with reference to Accounting Guideline 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* (“AG 7”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

*PricewaterhouseCoopers, 22/F Prince’s Building, Central, Hong Kong
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APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

Our firm applies Hong Kong Standard on Quality Control 1 issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard Assurance Engagements 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the HKICPA. This standard requires that the reporting accountant plans and performs procedures to obtain reasonable assurance about whether the directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of unaudited pro forma financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the proposed initial public offering at 31 December 2017 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the company, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our work has not been carried out in accordance with auditing standards or other standards and practices generally accepted in the United States of America or auditing standards of the Public Company Accounting Oversight Board (United States) and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

PricewaterhouseCoopers
Certified Public Accountants
HongKong, 23 April 2018

APPENDIX III SUMMARY OF THE CONSTITUTION OF THE COMPANY AND CAYMAN COMPANIES LAW

SUMMARY OF THE CONSTITUTION OF THE COMPANY

1 Memorandum of Association

The Memorandum of Association was conditionally adopted on April 19, 2018 with effect from the Listing Date and states, inter alia, that the liability of the members of the Company is limited, that the objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by the Companies Law or any other law of the Cayman Islands.

The Memorandum of Association is available for inspection at the address specified in Appendix V in the section headed “Documents available for inspection”.

2 Articles of Association

The Articles of Association were conditionally adopted on April 19, 2018 with effect from the Listing Date and include provisions to the following effect:

2.1 *Classes of Shares*

The share capital of the Company consists of ordinary shares. The authorised share capital of the Company at the date of adoption of the Articles is US\$50,000 divided into 10,000,000,000 shares of a par value US\$0.000005 each.

2.2 *Directors*

(a) *Power to allot and issue Shares*

Subject to the provisions of the Companies Law and the Memorandum and Articles of Association, the unissued shares in the Company (whether forming part of its original or any increased capital) shall be at the disposal of the Directors, who may offer, allot, grant options over or otherwise dispose of them to such persons, at such times and for such consideration, and upon such terms, as the Directors shall determine.

Subject to the provisions of the Articles of Association and to any direction that may be given by the Company in general meeting and without prejudice to any special rights conferred on the holders of any existing shares or attaching to any class of shares, any share may be issued with or have attached thereto such preferred, deferred, qualified or other special rights or restrictions, whether in regard to dividend, voting, return of capital or otherwise, and to such persons at such times and for such consideration as the Directors may determine. Subject to the Companies Law and to any special rights conferred on any shareholders or attaching to any class of shares, any share may, with the sanction of a special resolution, be issued on terms that it is, or at the option of the Company or the holder thereof, liable to be redeemed.

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(b) *Power to dispose of the assets of the Company or any subsidiary*

The management of the business of the Company shall be vested in the Directors who, in addition to the powers and authorities by the Articles of Association expressly conferred upon them, may exercise all such powers and do all such acts and things as may be exercised or done or approved by the Company and are not by the Articles of Association or the Companies Law expressly directed or required to be exercised or done by the Company in general meeting, but subject nevertheless to the provisions of the Companies Law and of the Articles of Association and to any regulation from time to time made by the Company in general meeting not being inconsistent with such provisions or the Articles of Association, provided that no regulation so made shall invalidate any prior act of the Directors which would have been valid if such regulation had not been made.

(c) *Compensation or payment for loss of office*

Payment to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must first be approved by the Company in general meeting.

(d) *Loans to Directors*

There are provisions in the Articles of Association prohibiting the making of loans to Directors or their respective close associates which are equivalent to the restrictions imposed by the Companies Ordinance.

(e) *Financial assistance to purchase Shares*

Subject to all applicable laws, the Company may give financial assistance to Directors and employees of the Company, its subsidiaries or any holding company or any subsidiary of such holding company in order that they may buy shares in the Company or any such subsidiary or holding company. Further, subject to all applicable laws, the Company may give financial assistance to a trustee for the acquisition of shares in the Company or shares in any such subsidiary or holding company to be held for the benefit of employees of the Company, its subsidiaries, any holding company of the Company or any subsidiary of any such holding company (including salaried Directors).

(f) *Disclosure of interest in contracts with the Company or any of its subsidiaries*

No Director or proposed Director shall be disqualified by his office from contracting with the Company either as vendor, purchaser or otherwise nor shall any such contract or any contract or arrangement entered into by or on behalf of the Company with any person, company or partnership of or in which any Director shall be a member or otherwise interested be capable on that account of being avoided, nor shall any Director so contracting or being any member or so interested be liable to account to the Company for any profit so realised by any such contract or arrangement by reason

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only of such Director holding that office or the fiduciary relationship thereby established, provided that such Director shall, if his interest in such contract or arrangement is material, declare the nature of his interest at the earliest meeting of the board of Directors at which it is practicable for him to do so, either specifically or by way of a general notice stating that, by reason of the facts specified in the notice, he is to be regarded as interested in any contracts of a specified description which may be made by the Company.

A Director shall not be entitled to vote on (nor shall be counted in the quorum in relation to) any resolution of the Directors in respect of any contract or arrangement or any other proposal in which the Director or any of his close associates (or, if required by the Listing Rules, his other associates) has any material interest, and if he shall do so his vote shall not be counted (nor is he to be counted in the quorum for the resolution), but this prohibition shall not apply to any of the following matters, namely:

- (i) the giving to such Director or any of his close associates of any security or indemnity in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;
- (ii) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or any of his close associates has himself/themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (iii) any proposal concerning an offer of shares, debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase where the Director or any of his close associates is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (iv) any proposal or arrangement concerning the benefit of employees of the Company or any of its subsidiaries including:
 - (A) the adoption, modification or operation of any employees' share scheme or any share incentive scheme or share option scheme under which the Director or any of his close associates may benefit; or
 - (B) the adoption, modification or operation of a pension or provident fund or retirement, death or disability benefits scheme which relates both to Directors, their close associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or any of his close associates, as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and

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- (v) any contract or arrangement in which the Director or any of his close associates is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company.

(g) *Remuneration*

The Directors shall be entitled to receive by way of remuneration for their services such sum as shall from time to time be determined by the Directors, or the Company in general meeting, as the case may be, such sum (unless otherwise directed by the resolution by which it is determined) to be divided amongst the Directors in such proportions and in such manner as they may agree, or failing agreement, equally, except that in such event any Director holding office for less than the whole of the relevant period in respect of which the remuneration is paid shall only rank in such division in proportion to the time during such period for which he has held office. Such remuneration shall be in addition to any other remuneration to which a Director who holds any salaried employment or office in the Company may be entitled by reason of such employment or office.

The Directors shall also be entitled to be paid all expenses, including travel expenses, reasonably incurred by them in or in connection with the performance of their duties as Directors including their expenses of travelling to and from board meetings, committee meetings or general meetings or otherwise incurred whilst engaged on the business of the Company or in the discharge of their duties as Directors.

The Directors may grant special remuneration to any Director who shall perform any special or extra services at the request of the Company. Such special remuneration may be made payable to such Director in addition to or in substitution for his ordinary remuneration as a Director, and may be made payable by way of salary, commission or participation in profits or otherwise as may be agreed.

The remuneration of an executive Director or a Director appointed to any other office in the management of the Company shall from time to time be fixed by the Directors and may be by way of salary, commission or participation in profits or otherwise or by all or any of those modes and with such other benefits (including share option and/or pension and/or gratuity and/or other benefits on retirement) and allowances as the Directors may from time to time decide. Such remuneration shall be in addition to such remuneration as the recipient may be entitled to receive as a Director.

(h) *Retirement, appointment and removal*

The Directors shall have power at any time and from time to time to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until the next general meeting of the Company and shall then be eligible for re-election at that meeting.

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The Company may by ordinary resolution remove any Director (including a Managing Director or other executive Director) before the expiration of his period of office notwithstanding anything in the Articles of Association or in any agreement between the Company and such Director (but without prejudice to any claim for compensation or damages payable to him in respect of the termination of his appointment as Director or of any other appointment of office as a result of the termination of this appointment as Director). The Company may by ordinary resolution appoint another person in his place. Any Director so appointed shall hold office during such time only as the Director in whose place he is appointed would have held the same if he had not been removed. The Company may also by ordinary resolution elect any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at such meeting. No person shall, unless recommended by the Directors, be eligible for election to the office of Director at any general meeting unless, during the period, which shall be at least seven days, commencing no earlier than the day after the despatch of the notice of the meeting appointed for such election and ending no later than seven days prior to the date of such meeting, there has been given to the Secretary of the Company notice in writing by a member of the Company (not being the person to be proposed) entitled to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also notice in writing signed by the person to be proposed of his willingness to be elected.

There is no shareholding qualification for Directors nor is there any specified age limit for Directors.

The office of a Director shall be vacated:

- (i) if he resigns his office by notice in writing to the Company at its registered office or its principal office in Hong Kong;
- (ii) if an order is made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs and the Directors resolve that his office be vacated;
- (iii) if, without leave, he is absent from meetings of the Directors (unless an alternate Director appointed by him attends) for 12 consecutive months, and the Directors resolve that his office be vacated;
- (iv) if he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;
- (v) if he ceases to be or is prohibited from being a Director by law or by virtue of any provision in the Articles of Association;

APPENDIX III SUMMARY OF THE CONSTITUTION OF THE COMPANY AND CAYMAN COMPANIES LAW

- (vi) if he is removed from office by notice in writing served upon him signed by not less than three-fourths in number (or, if that is not a round number, the nearest lower round number) of the Directors (including himself) for the time being then in office; or
- (vii) if he shall be removed from office by an ordinary resolution of the members of the Company under the Articles of Association.

At every annual general meeting of the Company one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third, shall retire from office by rotation, provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall retain office until the close of the meeting at which he retires and shall be eligible for re-election thereat. The Company at any annual general meeting at which any Directors retire may fill the vacated office by electing a like number of persons to be Directors.

(i) *Borrowing powers*

The Directors may from time to time at their discretion exercise all the powers of the Company to raise or borrow or to secure the payment of any sum or sums of money for the purposes of the Company and to mortgage or charge its undertaking, property and assets (present and future) and uncalled capital or any part thereof.

(j) *Proceedings of the Board*

The Directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings and proceedings as they think fit in any part of the world. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have a second or casting vote.

2.3 *Alteration to constitutional documents*

No alteration or amendment to the Memorandum or Articles of Association may be made except by special resolution.

2.4 *Variation of rights of existing shares or classes of shares*

If at any time the share capital of the Company is divided into different classes of shares, all or any of the rights attached to any class of shares for the time being issued (unless otherwise provided for in the terms of issue of the shares of that class) may, subject to the provisions of the Companies Law, be varied or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class. To every such separate meeting all the provisions of the Articles of Association relating to general meetings shall

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mutatis mutandis apply, but so that the quorum for the purposes of any such separate meeting and of any adjournment thereof shall be a person or persons together holding (or representing by proxy or duly authorised representative) at the date of the relevant meeting not less than one-third in nominal value of the issued shares of that class.

The special rights conferred upon the holders of shares of any class shall not, unless otherwise expressly provided in the rights attaching to or the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

2.5 *Alteration of capital*

The Company may, from time to time, whether or not all the shares for the time being authorised shall have been issued and whether or not all the shares for the time being issued shall have been fully paid up, by ordinary resolution, increase its share capital by the creation of new shares, such new capital to be of such amount and to be divided into shares of such respective amounts as the resolution shall prescribe.

The Company may from time to time by ordinary resolution:

- (a) consolidate and divide all or any of its share capital into shares of a larger amount than its existing shares. On any consolidation of fully paid shares and division into shares of larger amount, the Directors may settle any difficulty which may arise as they think expedient and in particular (but without prejudice to the generality of the foregoing) may as between the holders of shares to be consolidated determine which particular shares are to be consolidated into each consolidated share, and if it shall happen that any person shall become entitled to fractions of a consolidated share or shares, such fractions may be sold by some person appointed by the Directors for that purpose and the person so appointed may transfer the shares so sold to the purchaser thereof and the validity of such transfer shall not be questioned, and so that the net proceeds of such sale (after deduction of the expenses of such sale) may either be distributed among the persons who would otherwise be entitled to a fraction or fractions of a consolidated share or shares rateably in accordance with their rights and interests or may be paid to the Company for the Company's benefit;
- (b) cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled subject to the provisions of the Companies Law; and
- (c) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association, subject nevertheless to the provisions of the Companies Law, and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred or other special rights, over, or may have such deferred rights or be subject to any such restrictions as compared with the others as the Company has power to attach to unissued or new shares.

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The Company may by special resolution reduce its share capital or any capital redemption reserve in any manner authorised and subject to any conditions prescribed by the Companies Law.

2.6 *Special resolution — majority required*

A “special resolution” is defined in the Articles of Association to have the meaning ascribed thereto in the Companies Law, for which purpose, the requisite majority shall be not less than three-fourths of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given and includes a special resolution approved in writing by all of the members of the Company entitled to vote at a general meeting of the Company in one or more instruments each signed by one or more of such members, and the effective date of the special resolution so adopted shall be the date on which the instrument or the last of such instruments (if more than one) is executed.

In contrast, an “ordinary resolution” is defined in the Articles of Association to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting held in accordance with the Articles of Association and includes an ordinary resolution approved in writing by all the members of the Company aforesaid.

2.7 *Voting rights*

Subject to any special rights, privileges or restrictions as to voting for the time being attached to any class or classes of shares, at any general meeting on a poll every member present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy shall have one vote for each share registered in his name in the register of members of the Company.

Where any member is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

In the case of joint registered holders of any share, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at any meeting personally or by proxy, that one of the said persons so present being the most or, as the case may be, the more senior shall alone be entitled to vote in respect of the relevant joint holding and, for this purpose, seniority shall be determined by reference to the order in which the names of the joint holders stand on the register in respect of the relevant joint holding.

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A member of the Company in respect of whom an order has been made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs may vote by any person authorised in such circumstances to do so and such person may vote by proxy.

Save as expressly provided in the Articles of Association or as otherwise determined by the Directors, no person other than a member of the Company duly registered and who shall have paid all sums for the time being due from him payable to the Company in respect of his shares shall be entitled to be present or to vote (save as proxy for another member of the Company), or to be reckoned in a quorum, either personally or by proxy at any general meeting.

At any general meeting a resolution put to the vote of the meeting shall be decided by way of a poll save that the chairman of the meeting may allow a resolution which relates purely to a procedural or administrative matter as prescribed under the Listing Rules to be voted on by a show of hands.

If a recognised clearing house (or its nominee(s)) is a member of the Company it may authorise such person or persons as it thinks fit to act as its proxy(ies) or representative(s) at any general meeting of the Company or at any general meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be entitled to exercise the same rights and powers on behalf of the recognised clearing house (or its nominee(s)) which he represents as that recognised clearing house (or its nominee(s)) could exercise as if it were an individual member of the Company holding the number and class of shares specified in such authorisation, including, where a show of hands is allowed, the right to vote individually on a show of hands.

2.8 *Annual general meetings*

The Company shall hold a general meeting as its annual general meeting each year, within a period of not more than 15 months after the holding of the last preceding annual general meeting (or such longer period as the Stock Exchange may authorise). The annual general meeting shall be specified as such in the notices calling it.

2.9 *Accounts and audit*

The Directors shall cause to be kept such books of account as are necessary to give a true and fair view of the state of the Company's affairs and to show and explain its transactions and otherwise in accordance with the Companies Law.

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The Directors shall from time to time determine whether, and to what extent, and at what times and places and under what conditions or regulations, the accounts and books of the Company, or any of them, shall be open to the inspection of members of the Company (other than officers of the Company) and no such member shall have any right of inspecting any accounts or books or documents of the Company except as conferred by the Companies Law or any other relevant law or regulation or as authorised by the Directors or by the Company in general meeting.

The Directors shall, commencing with the first annual general meeting, cause to be prepared and to be laid before the members of the Company at every annual general meeting a profit and loss account for the period, in the case of the first account, since the incorporation of the Company and, in any other case, since the preceding account, together with a balance sheet as at the date to which the profit and loss account is made up and a Director's report with respect to the profit or loss of the Company for the period covered by the profit and loss account and the state of the Company's affairs as at the end of such period, an auditor's report on such accounts and such other reports and accounts as may be required by law. Copies of those documents to be laid before the members of the Company at an annual general meeting shall not less than 21 days before the date of the meeting, be sent in the manner in which notices may be served by the Company as provided in the Articles of Association to every member of the Company and every holder of debentures of the Company provided that the Company shall not be required to send copies of those documents to any person of whose address the Company is not aware or to more than one of the joint holders of any shares or debentures.

The Company shall at every annual general meeting appoint an auditor or auditors of the Company who shall hold office until the next annual general meeting. The remuneration of the auditors shall be fixed by the Company at the annual general meeting at which they are appointed provided that in respect of any particular year the Company in general meeting may delegate the fixing of such remuneration to the Directors.

2.10 Notice of meetings and business to be conducted thereat

An annual general meeting shall be called by not less than 21 days' notice in writing and any extraordinary general meeting shall be called by not less than 14 days' notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and shall specify the time, place and agenda of the meeting, particulars of the resolutions and the general nature of the business to be considered at the meeting. The notice convening an annual general meeting shall specify the meeting as such, and the notice convening a meeting to pass a special resolution shall specify the intention to propose the resolution as a special resolution. Notice of every general meeting shall be given to the auditors and all members of the Company (other than those who, under the provisions of the Articles of Association or the terms of issue of the shares they hold, are not entitled to receive such notice from the Company).

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Notwithstanding that a meeting of the Company is called by shorter notice than that mentioned above, it shall be deemed to have been duly called if it is so agreed:

- (a) in the case of a meeting called as an annual general meeting, by all members of the Company entitled to attend and vote thereat or their proxies; and
- (b) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than 95% in nominal value of the shares giving that right.

2.11 *Transfer of shares*

Transfers of shares may be effected by an instrument of transfer in the usual common form or in such other form as the Directors may approve which is consistent with the standard form of transfer as prescribed by the Stock Exchange.

The instrument of transfer shall be executed by or on behalf of the transferor and, unless the Directors otherwise determine, the transferee, and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members of the Company in respect thereof. All instruments of transfer shall be retained by the Company.

The Directors may refuse to register any transfer of any share which is not fully paid up or on which the Company has a lien. The Directors may also decline to register any transfer of any shares unless:

- (a) the instrument of transfer is lodged with the Company accompanied by the certificate for the shares to which it relates (which shall upon the registration of the transfer be cancelled) and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer;
- (b) the instrument of transfer is in respect of only one class of shares;
- (c) the instrument of transfer is properly stamped (in circumstances where stamping is required);
- (d) in the case of a transfer to joint holders, the number of joint holders to whom the share is to be transferred does not exceed four;
- (e) the shares concerned are free of any lien in favour of the Company; and
- (f) a fee of such amount not exceeding the maximum amount as the Stock Exchange may from time to time determine to be payable (or such lesser sum as the Directors may from time to time require) is paid to the Company in respect thereof.

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If the Directors refuse to register a transfer of any share they shall, within two months after the date on which the transfer was lodged with the Company, send to each of the transferor and the transferee notice of such refusal.

The registration of transfers may, on 10 business days' notice (or on 6 business days' notice in the case of a rights issue) being given by advertisement published on the Stock Exchange's website, or, subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association or by advertisement published in the newspapers, be suspended and the register of members of the Company closed at such times for such periods as the Directors may from time to time determine, provided that the registration of transfers shall not be suspended or the register closed for more than 30 days in any year (or such longer period as the members of the Company may by ordinary resolution determine provided that such period shall not be extended beyond 60 days in any year).

2.12 Power of the Company to purchase its own shares

The Company is empowered by the Companies Law and the Articles of Association to purchase its own shares subject to certain restrictions and the Directors may only exercise this power on behalf of the Company subject to the authority of its members in general meeting as to the manner in which they do so and to any applicable requirements imposed from time to time by the Stock Exchange and the Securities and Futures Commission of Hong Kong. Shares which have been repurchased will be treated as cancelled upon the repurchase.

2.13 Power of any subsidiary of the Company to own shares

There are no provisions in the Articles of Association relating to the ownership of shares by a subsidiary.

2.14 Dividends and other methods of distribution

Subject to the Companies Law and Articles of Association, the Company in general meeting may declare dividends in any currency but no dividends shall exceed the amount recommended by the Directors. No dividend may be declared or paid other than out of profits and reserves of the Company lawfully available for distribution, including share premium.

Unless and to the extent that the rights attached to any shares or the terms of issue thereof otherwise provide, all dividends shall (as regards any shares not fully paid throughout the period in respect of which the dividend is paid) be apportioned and paid pro rata according to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. For these purposes no amount paid up on a share in advance of calls shall be treated as paid up on the share.

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The Directors may from time to time pay to the members of the Company such interim dividends as appear to the Directors to be justified by the profits of the Company. The Directors may also pay half-yearly or at other intervals to be selected by them at a fixed rate if they are of the opinion that the profits available for distribution justify the payment.

The Directors may retain any dividends or other monies payable on or in respect of a share upon which the Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists. The Directors may also deduct from any dividend or other monies payable to any member of the Company all sums of money (if any) presently payable by him to the Company on account of calls, instalments or otherwise.

No dividend shall carry interest against the Company.

Whenever the Directors or the Company in general meeting have resolved that a dividend be paid or declared on the share capital of the Company, the Directors may further resolve: (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up on the basis that the shares so allotted are to be of the same class as the class already held by the allottee, provided that the members of the Company entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or (b) that the members of the Company entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Directors may think fit on the basis that the shares so allotted are to be of the same class as the class already held by the allottee. The Company may upon the recommendation of the Directors by ordinary resolution resolve in respect of any one particular dividend of the Company that notwithstanding the foregoing a dividend may be satisfied wholly in the form of an allotment of shares credited as fully paid without offering any right to members of the Company to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to a holder of shares may be paid by cheque or warrant sent through the post addressed to the registered address of the member of the Company entitled, or in the case of joint holders, to the registered address of the person whose name stands first in the register of members of the Company in respect of the joint holding or to such person and to such address as the holder or joint holders may in writing direct. Every cheque or warrant so sent shall be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register of members of the Company in respect of such shares, and shall be sent at his or their risk and the payment of any such cheque or warrant by the bank on which it is drawn shall operate as a good discharge to the Company in respect of the dividend and/or bonus represented thereby, notwithstanding that it may subsequently appear that the same has been stolen or that any endorsement thereon has been forged. The Company may cease sending such cheques for dividend entitlements or dividend warrants by post if such cheques or warrants have been left uncashed on two consecutive occasions. However, the Company may exercise its power to cease sending cheques for dividend entitlements or dividend warrants after the first occasion on which such a cheque or warrant is returned undelivered. Any one of two or more joint holders may give effectual receipts for any dividends or other monies payable or property distributable in respect of the shares held by such joint holders.

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Any dividend unclaimed for six years from the date of declaration of such dividend may be forfeited by the Directors and shall revert to the Company.

The Directors may, with the sanction of the members of the Company in general meeting, direct that any dividend be satisfied wholly or in part by the distribution of specific assets of any kind, and in particular of paid up shares, debentures or warrants to subscribe securities of any other company, and where any difficulty arises in regard to such distribution the Directors may settle it as they think expedient, and in particular may disregard fractional entitlements, round the same up or down or provide that the same shall accrue to the benefit of the Company, and may fix the value for distribution of such specific assets and may determine that cash payments shall be made to any members of the Company upon the footing of the value so fixed in order to adjust the rights of all parties, and may vest any such specific assets in trustees as may seem expedient to the Directors.

2.15 *Proxies*

Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person who must be an individual as his proxy to attend and vote instead of him and a proxy so appointed shall have the same right as the member to speak at the meeting. A proxy need not be a member of the Company.

Instruments of proxy shall be in common form or in such other form as the Directors may from time to time approve provided that it shall enable a member to instruct his proxy to vote in favour of or against (or in default of instructions or in the event of conflicting instructions, to exercise his discretion in respect of) each resolution to be proposed at the meeting to which the form of proxy relates. The instrument of proxy shall be deemed to confer authority to vote on any amendment of a resolution put to the meeting for which it is given as the proxy thinks fit. The instrument of proxy shall, unless the contrary is stated therein, be valid as well for any adjournment of the meeting as for the meeting to which it relates provided that the meeting was originally held within 12 months from such date.

The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney authorised in writing or if the appointor is a corporation either under its seal or under the hand of an officer, attorney or other person authorised to sign the same.

The instrument appointing a proxy and (if required by the Directors) the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, shall be delivered at the registered office of the Company (or at such other place as may be specified in the notice convening the meeting or in any notice of any adjournment or, in either case, in any document sent therewith) not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote or, in the case of a poll taken subsequently to the date of a meeting or adjourned meeting, not less than 48 hours before the time appointed for the taking of the poll and in default the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of 12 months

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from the date named in it as the date of its execution. Delivery of any instrument appointing a proxy shall not preclude a member of the Company from attending and voting in person at the meeting or poll concerned and, in such event, the instrument appointing a proxy shall be deemed to be revoked.

2.16 Calls on shares and forfeiture of shares

The Directors may from time to time make calls upon the members of the Company in respect of any monies unpaid on their shares (whether on account of the nominal amount of the shares or by way of premium or otherwise) and not by the conditions of allotment thereof made payable at fixed times and each member of the Company shall (subject to the Company serving upon him at least 14 days' notice specifying the time and place of payment and to whom such payment shall be made) pay to the person at the time and place so specified the amount called on his shares. A call may be revoked or postponed as the Directors may determine. A person upon whom a call is made shall remain liable on such call notwithstanding the subsequent transfer of the shares in respect of which the call was made.

A call may be made payable either in one sum or by instalments and shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed. The joint holders of a share shall be jointly and severally liable to pay all calls and instalments due in respect of such share or other monies due in respect thereof.

If a sum called in respect of a share shall not be paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the sum from the day appointed for payment thereof to the time of actual payment at such rate, not exceeding 15% per annum, as the Directors may determine, but the Directors shall be at liberty to waive payment of such interest wholly or in part.

If any call or instalment of a call remains unpaid on any share after the day appointed for payment thereof, the Directors may at any time during such time as any part thereof remains unpaid serve a notice on the holder of such shares requiring payment of so much of the call or instalment as is unpaid together with any interest which may be accrued and which may still accrue up to the date of actual payment.

The notice shall name a further day (not being less than 14 days from the date of service of the notice) on or before which, and the place where, the payment required by the notice is to be made, and shall state that in the event of non-payment at or before the time and at the place appointed, the shares in respect of which such call was made or instalment is unpaid will be liable to be forfeited.

If the requirements of such notice are not complied with, any share in respect of which such notice has been given may at any time thereafter, before payment of all calls or instalments and interest due in respect thereof has been made, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends and bonuses declared in respect of the forfeited shares and not actually paid before the forfeiture. A forfeited share shall be deemed to be the property of the Company and may be re-allotted, sold or otherwise disposed of.

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A person whose shares have been forfeited shall cease to be a member of the Company in respect of the forfeited shares but shall, notwithstanding the forfeiture, remain liable to pay to the Company all monies which at the date of forfeiture were payable by him to the Company in respect of the shares, together with (if the Directors shall in their discretion so require) interest thereon at such rate not exceeding 15% per annum as the Directors may prescribe from the date of forfeiture until payment, and the Directors may enforce payment thereof without being under any obligation to make any allowance for the value of the shares forfeited, at the date of forfeiture.

2.17 Inspection of register of members

The register of members of the Company shall be kept in such manner as to show at all times the members of the Company for the time being and the shares respectively held by them. The register may, on 10 business days' notice (or on 6 business days' notice in the case of a rights issue) being given by advertisement published on the Stock Exchange's website, or, subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association or by advertisement published in the newspapers, be closed at such times and for such periods as the Directors may from time to time determine either generally or in respect of any class of shares, provided that the register shall not be closed for more than 30 days in any year (or such longer period as the members of the Company may by ordinary resolution determine provided that such period shall not be extended beyond 60 days in any year).

Any register of members kept in Hong Kong shall during normal business hours (subject to such reasonable restrictions as the Directors may impose) be open to inspection by any member of the Company without charge and by any other person on payment of a fee of such amount not exceeding the maximum amount as may from time to time be permitted under the Listing Rules as the Directors may determine for each inspection.

2.18 Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment, choice or election of a chairman which shall not be treated as part of the business of the meeting.

Two members of the Company present in person or by proxy shall be a quorum provided always that if the Company has only one member of record the quorum shall be that one member present in person or by proxy.

A corporation being a member of the Company shall be deemed for the purpose of the Articles of Association to be present in person if represented by its duly authorised representative being the person appointed by resolution of the directors or other governing body of such corporation or by power of attorney to act as its representative at the relevant general meeting of the Company or at any relevant general meeting of any class of members of the Company.

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The quorum for a separate general meeting of the holders of a separate class of shares of the Company is described in paragraph 2.4 above.

2.19 Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles of Association concerning the rights of minority shareholders in relation to fraud or oppression.

2.20 Procedure on liquidation

If the Company shall be wound up, and the assets available for distribution amongst the members of the Company as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members of the Company in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively. If in a winding up the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed amongst the members of the Company in proportion to the capital paid up at the commencement of the winding up on the shares held by them respectively. The foregoing is without prejudice to the rights of the holders of shares issued upon special terms and conditions.

If the Company shall be wound up, the liquidator may with the sanction of a special resolution of the Company and any other sanction required by the Companies Law, divide amongst the members of the Company in specie or kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may, for such purpose, set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members of the Company. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the members of the Company as the liquidator, with the like sanction and subject to the Companies Law, shall think fit, but so that no member of the Company shall be compelled to accept any assets, shares or other securities in respect of which there is a liability.

2.21 Untraceable members

The Company shall be entitled to sell any shares of a member of the Company or the shares to which a person is entitled by virtue of transmission on death or bankruptcy or operation of law if: (a) all cheques or warrants, not being less than three in number, for any sums payable in cash to the holder of such shares have remained uncashed for a period of 12 years; (b) the Company has not during that time or before the expiry of the three month period referred to in (d) below received any indication of the whereabouts or existence of the member; (c) during the 12 year period, at least three dividends in respect of the shares in question have become payable and no dividend during that period has been claimed by the member; and (d) upon expiry of the 12 year period, the Company has caused an advertisement to be published in the newspapers or subject to the Listing Rules, by electronic

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communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association, giving notice of its intention to sell such shares and a period of three months has elapsed since such advertisement and the Stock Exchange has been notified of such intention. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds it shall become indebted to the former member for an amount equal to such net proceeds.

SUMMARY OF CAYMAN ISLANDS COMPANY LAW AND TAXATION

1 Introduction

The Companies Law is derived, to a large extent, from the older Companies Acts of England, although there are significant differences between the Companies Law and the current Companies Act of England. Set out below is a summary of certain provisions of the Companies Law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of corporate law and taxation which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

2 Incorporation

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 12 November 2014 under the Companies Law. As such, its operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the size of its authorised share capital.

3 Share Capital

The Companies Law permits a company to issue ordinary shares, preference shares, redeemable shares or any combination thereof.

The Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premia on those shares shall be transferred to an account called the “share premium account”. At the option of a company, these provisions may not apply to premia on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The Companies Law provides that the share premium account may be applied by a company, subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation:

- (a) paying distributions or dividends to members;
- (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares;

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- (c) in the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Law);
- (d) writing-off the preliminary expenses of the company;
- (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company; and
- (f) providing for the premium payable on redemption or purchase of any shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid the company will be able to pay its debts as they fall due in the ordinary course of business.

The Companies Law provides that, subject to confirmation by the Grand Court of the Cayman Islands, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, by special resolution reduce its share capital in any way.

Subject to the detailed provisions of the Companies Law, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. The manner of such a purchase must be authorised either by the articles of association or by an ordinary resolution of the company. The articles of association may provide that the manner of purchase may be determined by the directors of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any member of the company holding shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and to act in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

APPENDIX III SUMMARY OF THE CONSTITUTION OF THE COMPANY AND CAYMAN COMPANIES LAW

4 Dividends and Distributions

With the exception of section 34 of the Companies Law, there are no statutory provisions relating to the payment of dividends. Based upon English case law which is likely to be persuasive in the Cayman Islands in this area, dividends may be paid only out of profits. In addition, section 34 of the Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account (see paragraph 3 above for details).

5 Shareholders' Suits

The Cayman Islands courts can be expected to follow English case law precedents. The rule in *Foss v. Harbottle* (and the exceptions thereto which permit a minority shareholder to commence a class action against or derivative actions in the name of the company to challenge (a) an act which is *ultra vires* the company or illegal, (b) an act which constitutes a fraud against the minority where the wrongdoers are themselves in control of the company, and (c) an action which requires a resolution with a qualified (or special) majority which has not been obtained) has been applied and followed by the courts in the Cayman Islands.

6 Protection of Minorities

In the case of a company (not being a bank) having a share capital divided into shares, the Grand Court of the Cayman Islands may, on the application of members holding not less than one-fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Grand Court shall direct.

Any shareholder of a company may petition the Grand Court of the Cayman Islands which may make a winding up order if the court is of the opinion that it is just and equitable that the company should be wound up.

Claims against a company by its shareholders must, as a general rule, be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

The English common law rule that the majority will not be permitted to commit a fraud on the minority has been applied and followed by the courts of the Cayman Islands.

7 Disposal of Assets

The Companies Law contains no specific restrictions on the powers of directors to dispose of assets of a company. As a matter of general law, in the exercise of those powers, the directors must discharge their duties of care and to act in good faith, for a proper purpose and in the interests of the company.

APPENDIX III SUMMARY OF THE CONSTITUTION OF THE COMPANY AND CAYMAN COMPANIES LAW

8 Accounting and Auditing Requirements

The Companies Law requires that a company shall cause to be kept proper books of account with respect to:

- (a) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place;
- (b) all sales and purchases of goods by the company; and
- (c) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

9 Register of Members

An exempted company may, subject to the provisions of its articles of association, maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as its directors may from time to time think fit. There is no requirement under the Companies Law for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection.

10 Inspection of Books and Records

Members of a company will have no general right under the Companies Law to inspect or obtain copies of the register of members or corporate records of the company. They will, however, have such rights as may be set out in the company's articles of association.

11 Special Resolutions

The Companies Law provides that a resolution is a special resolution when it has been passed by a majority of at least two-thirds of such members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given, except that a company may in its articles of association specify that the required majority shall be a number greater than two-thirds, and may additionally so provide that such majority (being not less than two-thirds) may differ as between matters required to be approved by a special resolution. Written resolutions signed by all the members entitled to vote for the time being of the company may take effect as special resolutions if this is authorised by the articles of association of the company.

APPENDIX III SUMMARY OF THE CONSTITUTION OF THE COMPANY AND CAYMAN COMPANIES LAW

12 Subsidiary Owning Shares in Parent

The Companies Law does not prohibit a Cayman Islands company acquiring and holding shares in its parent company provided its objects so permit. The directors of any subsidiary making such acquisition must discharge their duties of care and to act in good faith, for a proper purpose and in the interests of the subsidiary.

13 Mergers and Consolidations

The Companies Law permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes, (a) “merger” means the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such companies as the surviving company, and (b) “consolidation” means the combination of two or more constituent companies into a consolidated company and the vesting of the undertaking, property and liabilities of such companies to the consolidated company. In order to effect such a merger or consolidation, the directors of each constituent company must approve a written plan of merger or consolidation, which must then be authorised by (a) a special resolution of each constituent company and (b) such other authorisation, if any, as may be specified in such constituent company’s articles of association. The written plan of merger or consolidation must be filed with the Registrar of Companies of the Cayman Islands together with a declaration as to the solvency of the consolidated or surviving company, a list of the assets and liabilities of each constituent company and an undertaking that a copy of the certificate of merger or consolidation will be given to the members and creditors of each constituent company and that notification of the merger or consolidation will be published in the Cayman Islands Gazette. Dissenting shareholders have the right to be paid the fair value of their shares (which, if not agreed between the parties, will be determined by the Cayman Islands court) if they follow the required procedures, subject to certain exceptions. Court approval is not required for a merger or consolidation which is effected in compliance with these statutory procedures.

14 Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing 75% in value of shareholders or creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the Grand Court of the Cayman Islands. Whilst a dissenting shareholder would have the right to express to the Grand Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Grand Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management and if the transaction were approved and consummated the dissenting shareholder would have no rights comparable to the appraisal rights (i.e. the right to receive payment in cash for the judicially determined value of his shares) ordinarily available, for example, to dissenting shareholders of United States corporations.

APPENDIX III SUMMARY OF THE CONSTITUTION OF THE COMPANY AND CAYMAN COMPANIES LAW

15 Take-overs

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may at any time within two months after the expiration of the said four months, by notice require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Grand Court of the Cayman Islands within one month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Grand Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

16 Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

17 Liquidation

A company may be placed in liquidation compulsorily by an order of the court, or voluntarily (a) by a special resolution of its members if the company is solvent, or (b) by an ordinary resolution of its members if the company is insolvent. The liquidator's duties are to collect the assets of the company (including the amount (if any) due from the contributories (shareholders)), settle the list of creditors and discharge the company's liability to them, rateably if insufficient assets exist to discharge the liabilities in full, and to settle the list of contributories and divide the surplus assets (if any) amongst them in accordance with the rights attaching to the shares.

18 Stamp Duty on Transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

19 Taxation

Pursuant to section 6 of the Tax Concessions Law (2011 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor in Cabinet:

- (a) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to the Company or its operations; and

APPENDIX III SUMMARY OF THE CONSTITUTION OF THE COMPANY AND CAYMAN COMPANIES LAW

- (b) in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable:
 - (i) on or in respect of the shares, debentures or other obligations of the Company; or
 - (ii) by way of the withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Law (2011 Revision).

The undertaking is for a period of twenty years from 25 November 2014.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are not party to any double tax treaties that are applicable to any payments made by or to the Company.

20 Exchange Control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

21 General

Maples and Calder (Hong Kong) LLP, the Company's legal advisors on Cayman Islands law, have sent to the Company a letter of advice summarising aspects of Cayman Islands company law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in the section headed "Documents available for inspection" in Appendix V. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he/she is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR GROUP**1. Incorporation**

Our Company was incorporated in the Cayman Islands on November 12, 2014 as an exempted company with limited liability. Our registered office address is at the offices of Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. Accordingly, our Company's corporate structure and Memorandum and Articles of Association are subject to the relevant laws of the Cayman Islands. A summary of our Memorandum and Articles of Association is set out in Appendix III to this prospectus.

Our registered place of business in Hong Kong is at 5301, 53/F, the Center, 99 Queen's Road Central, Hong Kong. We were registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on December 8, 2017 with the Registrar of Companies in Hong Kong. Mr. WANG Tao and Ms. CHEN Chun have been appointed as the authorised representatives of our Company for the acceptance of service of process in Hong Kong. The address for service of process is 5301, 53/F, the Center, 99 Queen's Road Central, Hong Kong.

As at the date of this prospectus, our Company's head office was located at 16-19/F, Block B, Shanghai Ping An Building, No. 166, Kaibin Road, Shanghai, PRC.

2. Changes in Share Capital

On November 12, 2014, our Company was incorporated with an authorized share capital of U.S.\$50,000 divided into 5,000,000,000 shares of a par value of U.S.\$0.00001 each.

The following changes in the share capital of our Company took place during the two years immediately preceding the date of this prospectus:

April 1, 2016:

- (i) 3,040,333 Class B Ordinary Shares were issued to GTJA
- (ii) 2,100,000 Class B Ordinary Shares were issued to JICC Wealth
- (iii) 2,641,333 Class B Ordinary Shares were issued to New Alliance

April 5, 2016:

- (i) 5,600,000 Class B Ordinary Shares were issued to Jumbo Sheen 1
- (ii) 2,800,000 Class B Ordinary Shares were issued to Redmount Investments

April 6, 2016:

- (i) 2,086,000 Class B Ordinary Shares were issued to Hero Treasure
- (ii) 2,800,000 Class B Ordinary Shares were issued to Clearvue Partners

April 29, 2016:

- (i) 7,179,667 Class B Ordinary Shares were issued to GTJA
- (ii) 2,800,000 Class B Ordinary Shares were issued to JICC Wealth
- (iii) 1,558,667 Class B Ordinary Shares were issued to New Alliance
- (iv) 6,580,000 Class B Ordinary Shares were issued to Jumbo Sheen 1
- (v) 23,100,000 Class B Ordinary Shares were issued to Hero Wall
- (vi) 2,800,000 Class B Ordinary Shares were issued to China Mobile
- (vii) 2,100,000 Class B Ordinary Shares were issued to Harmony Field
- (viii) 980,000 Class B Ordinary Shares were issued to Regent Capital

October 26, 2017:

- (i) 2,800,000 Class B Ordinary Shares were repurchased from China Mobile
- (ii) 2,800,000 Class B Ordinary Shares were issued to Jumbo Sheen 6

December 11, 2017:

- (i) 10,920,000 Class A Ordinary Shares were transferred from Glorious Peace to Hop-Fast

December 19, 2017:

- (i) 35,000,000 Class A Ordinary Shares were repurchased from Hong Qi Jian
- (ii) 1,834,000 Class B Ordinary Shares were repurchased from LYFE Capital
- (iii) 10,220,000 Class B Ordinary Shares were repurchased from GTJA
- (iv) 4,900,000 Class B Ordinary Shares were repurchased from JICC Wealth
- (v) 4,200,000 Class B Ordinary Shares were repurchased from New Alliance
- (vi) 12,180,000 Class B Ordinary Shares were repurchased from Jumbo Sheen 1
- (vii) 2,800,000 Class B Ordinary Shares were repurchased from Redmount Investments
- (viii) 2,086,000 Class B Ordinary Shares were repurchased from Hero Treasure
- (ix) 2,800,000 Class B Ordinary Shares were repurchased from Clearvue Partners
- (x) 23,100,000 Class B Ordinary Shares were repurchased from Hero Wall
- (ix) 2,100,000 Class B Ordinary Shares were repurchased from Harmony Field
- (xi) 980,000 Class B Ordinary Shares were repurchased from Regent Capital
- (xii) 2,800,000 Class B Ordinary Shares were repurchased from Jumbo Sheen 6
- (xiii) 10,920,000 Class A Ordinary Shares were repurchased from Hop-Fast
- (xiv) 140,420,000 Class A Ordinary Shares were issued to Le Jin Xuan
- (xv) 70,000,000 Class B Ordinary Shares were issued to Le Jin Xuan

December 29, 2017:

- (i) 33,600,000 Class B Ordinary Shares were issued to Vision Fund Singapore SPV

Save as disclosed above, there has been no alteration in the share capital of our Company during the two years immediately preceding the date of this prospectus.

3. Changes in the share capital of our subsidiaries and the Operating Entities

A summary of the corporate information and the particulars of our subsidiaries are set out in the Accountant's Report as set out in Appendix I to this prospectus.

The following sets out the changes in the share capital of our subsidiaries and the Operating Entities during the two years immediately preceding the date of this prospectus:

Kang Jian

In January 2017, the registered capital of Kang Jian was increased from U.S.\$50,000 to U.S.\$240,050,000;

Save as disclosed above, there has been no alteration in the share capital of any of the subsidiaries and the Operating Entities of our Company within the two years immediately preceding the date of this prospectus.

Save for the subsidiaries and Operating Entities mentioned in the Accountant's Report set out in Appendix I to this prospectus, our Company has no other subsidiaries or Operating Entities.

4. Resolutions of the Shareholders of Our Company dated April 19, 2018

On April 19, 2018, resolutions of the Company were passed by the Shareholders that, among other things, conditional upon the satisfaction (or, if applicable, waiver) of the conditions set out in "*Structure of the Global Offering — Conditions of the Global Offering*" and pursuant to the terms set out therein:

- (1) the Company approved and adopted the amended and restated Memorandum and Articles of Association with effect from the Listing Date;
- (2) the Global Offering and the grant of the Over-allotment Option were approved and the Directors, were authorised to allot and issue new Shares pursuant to the Global Offering;
- (3) the Listing was approved and the Directors, or a committee of Directors duly authorised by the Directors or the Authorised Signatory, were authorised to implement the Listing;
- (4) each of all the issued and unissued Class A Ordinary Shares and Class B Ordinary Shares were re-designated to ordinary shares, and immediately upon the completion of the re-designation, each issued and unissued ordinary share then of US\$0.00001 par value was subdivided into two Shares of US\$0.000005 par value each;

(5) subject to the “lock-up” provisions under Rule 10.08 of the Listing Rules, a general unconditional mandate was granted to the Directors pursuant to the Articles of Association to allot, issue and deal with the Shares or securities convertible into Shares or options, warrants or similar rights to subscribe for the Shares or such convertible securities and to make or grant offers, agreements or options which would or might require the exercise of such powers whether during or after the end of the Relevant Period (as defined below), provided that the aggregate number of Shares allotted or agreed to be allotted by the Directors other than pursuant to a (i) rights issue, (ii) any scrip dividend scheme or similar arrangement providing for the allotment of the Shares in lieu of the whole or part of a dividend on the Shares or (iii) a specific authority granted by the Shareholders in general meeting, shall not exceed the aggregate of:

(A) 20% of the total number of Shares in issue immediately following the completion of the Global Offering; and

(B) the aggregate number of Shares repurchased by the Company (if any) under the general mandate to repurchase Shares referred to in paragraph below,

such mandate to remain in effect during the period from the passing of the resolution until the earliest of (I) the conclusion of the next annual general meeting of the Company, unless renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions, (II) the end of the period within which the Company is required by the Articles of Association or any applicable laws to hold its next annual general meeting and (III) the date on which the mandate is varied or revoked by an ordinary resolution of the Shareholders in general meeting (the “**Relevant Period**”), and the Directors were authorised to exercise the powers of the Company referred to above in respect of the share capital of the Company referred to in paragraph (B) above; and

(6) a general unconditional mandate was granted to the Directors to exercise all the powers of the Company to repurchase the Shares on the Stock Exchange, or on any other stock exchange on which the Shares may be listed (and which is recognised by the SFC and the Stock Exchange for this purpose) not exceeding in aggregate 10% of the total number of Shares in issue immediately following the completion of the Global Offering in accordance with all applicable laws and the requirements of the Listing Rules, such mandate to remain in effect during the period from the passing of the resolution until the earliest of (I) the conclusion of the next annual general meeting of the Company unless renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions, (II) the end of the period within which the Company is required by the Articles of Association or any applicable laws to hold its next annual general meeting and (III) the date on which the mandate is varied or revoked by an ordinary resolution of the Shareholders in general meeting.

5. Repurchase of Our Own Securities

The following paragraphs include, among others, certain information required by the Stock Exchange to be included in this prospectus concerning the repurchase of our own securities.

(a) *Provision of the Listing Rules*

The Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their own securities on the Stock Exchange subject to certain restrictions, the most important of which are summarised below:

(i) *Shareholders' Approval*

All proposed repurchases of securities (which must be fully paid up in the case of shares) by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholders in general meeting, either by way of general mandate or by specific approval of a particular transaction.

Pursuant to a resolution passed by our Shareholders on April 19, 2018, the Repurchase Mandate was given to our Directors authorising them to exercise all powers of our Company to repurchase Shares on the Stock Exchange, or on any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, with a total nominal value up to 10% of the aggregate nominal value of our Shares in issue immediately following the completion of the Global Offering (excluding any Shares which may be issued under the Over-allotment Option), with such mandate to expire at the earliest of (i) the conclusion of the next annual general meeting of our Company (unless renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions), (ii) the expiration of the period within which our Company's next annual general meeting is required by the Articles of Association or any other applicable laws to be held, and (iii) the date when it is varied or revoked by an ordinary resolution of our Shareholders in general meeting.

(ii) *Source of Funds*

Purchases must be funded out of funds legally available for the purpose in accordance with the Memorandum and Articles of Association and the applicable laws and regulations of Hong Kong and the Cayman Islands. A listed company may not purchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time. As a matter of Cayman law, any purchases by the Company may be made out of profits or out of the proceeds of a new issue of shares made for the purpose of the purchase or from sums standing to the credit of our share premium account or out of capital, if so authorised by the Articles of Association and subject to

the Cayman Companies Law. Any premium payable on the purchase over the par value of the shares to be purchased must have been provided for out of profits or from sums standing to the credit of our share premium account or out of capital, if so authorised by the Articles of Association and subject to the Cayman Companies Law.

(iii) *Trading Restrictions*

The total number of shares which a listed company may repurchase on the Stock Exchange is the number of shares representing up to a maximum of 10% of the aggregate number of shares in issue. A company may not issue or announce a proposed issue of new securities for a period of 30 days immediately following a repurchase (other than an issue of securities pursuant to an exercise of warrants, share options or similar instruments requiring the company to issue securities which were outstanding prior to such repurchase) without the prior approval of the Stock Exchange. In addition, a listed company is prohibited from repurchasing its shares on the Stock Exchange if the purchase price is 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on the Stock Exchange. The Listing Rules also prohibit a listed company from repurchasing its securities if the repurchase would result in the number of listed securities which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Stock Exchange. A company is required to procure that the broker appointed by it to effect a repurchase of securities discloses to the Stock Exchange such information with respect to the repurchase as the Stock Exchange may require.

(iv) *Status of Repurchased Shares*

The listing of all purchased securities (whether on the Stock Exchange or, otherwise) is automatically cancelled and the relative certificates must be cancelled and destroyed. Under the laws of the Cayman Islands, unless, prior to the purchase the directors of the Company resolve to hold the shares purchased by the Company as treasury shares, shares purchased by the Company shall be treated as cancelled and the amount of the Company's issued share capital shall be diminished by the nominal value of those shares. However, the purchase of shares will not be taken as reducing the amount of the authorised share capital under Cayman Companies Law.

(v) *Suspension of Repurchase*

A listed company may not make any repurchase of securities after a price sensitive development has occurred or has been the subject of a decision until such time as the price sensitive information has been made publicly available. In particular, during the period of one month immediately preceding the earlier of (a) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of a listed company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules) and (b) the deadline for publication of an announcement of a listed company's results for any year or half-year under the Listing Rules, or quarterly or any

other interim period (whether or not required under the Listing Rules), the listed company may not repurchase its shares on the Stock Exchange other than in exceptional circumstances. In addition, the Stock Exchange may prohibit a repurchase of securities on the Stock Exchange if a listed company has breached the Listing Rules.

(vi) *Reporting Requirements*

Certain information relating to repurchases of securities on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following business day. In addition, a listed company's annual report is required to disclose details regarding repurchases of securities made during the year, including a monthly analysis of the number of securities repurchased, the purchase price per share or the highest and lowest price paid for all such repurchases, where relevant, and the aggregate prices paid.

(vii) *Core Connected Persons*

The Listing Rules prohibit a company from knowingly purchasing securities on the Stock Exchange from a "core connected person," that is, a director, chief executive or substantial shareholder of the company or any of its subsidiaries or a close associate of any of them (as defined in the Listing Rules) and a core connected person shall not knowingly sell his securities to the company.

(b) *Reasons for Repurchases*

Our Directors believe that it is in the best interests of our Company and Shareholders for our Directors to have a general authority from the Shareholders to enable our Company to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made where our Directors believe that such repurchases will benefit our Company and Shareholders.

(c) *Funding of Repurchases*

Repurchase of the Shares must be funded out of funds legally available for such purpose in accordance with the Articles of Association and the applicable laws of the Cayman Islands. Our Directors may not repurchase the Shares on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange. Subject to the foregoing, our Directors may make repurchases with profits of the Company or out of a new issuance of shares made for the purpose of the repurchase or, if authorised by the Articles of Association and subject to the Cayman Companies Law, out of capital and, in the case of any premium payable on the repurchase, out of profits of the Company or from sums standing to the credit of the share premium account of the Company or, if authorised by the Articles of Association and subject to Cayman Companies Law, out of capital.

However, our Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Company or its gearing levels which, in the opinion of our Directors, are from time to time appropriate for our Company.

(d) *General*

The exercise in full of the Repurchase Mandate, on the basis of 1,067,294,200 Shares in issue immediately following the completion of the Global Offering, but the Over-allotment Option is not exercised, could accordingly result in up to approximately 106,729,420 Shares being repurchased by our Company during the period prior to the earliest of:

- the conclusion of the next annual general meeting of our Company unless renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions;
- the expiration of the period within which our Company's next annual general meeting is required by the Articles of Association or any other applicable laws to be held; or
- the date when it is varied or revoked by an ordinary resolution of our Shareholders in general meeting.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws in the Cayman Islands.

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their respective close associates, have any present intention, if the Repurchase Mandate is exercised, to sell any Shares to our Company.

No core connected person (as defined in the Listing Rules) has notified us that he/she or it has a present intention to sell Shares to us, or has undertaken not to do so, if the Buyback Mandate is exercised.

If, as a result of any repurchase of Shares, a Shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purposes of the Hong Kong Code on Takeovers and Mergers (the "**Takeovers Code**"). Accordingly, a Shareholder or a group of Shareholders acting in concert, depending on the level of increase of Shareholders' interest, could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, our Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate.

Any repurchase of Shares that results in the number of Shares held by the public being reduced to less than 21.3% of the Shares then in issue could only be implemented if the Stock Exchange agreed to waive the Listing Rules requirements regarding the public shareholding referred to above. It is believed that a waiver of this provision would not normally be given other than in exceptional circumstances.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of Material Contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of our Group within the two years preceding the date of this prospectus and are or may be material:

- (a) a letter agreement dated April 28, 2016 entered into among our Company, Regent Capital Venture Ltd. (“Regent Capital”), Kang Jian and Shenzhen Youjin No. 1 Capital Investment Centre (Limited Partnership) (深圳酉金一號資本投資基金中心(有限合夥)) regarding the amendments to the closing arrangements of the subscription of certain new shares of the Company by Regent Capital;
- (b) a letter agreement dated April 29, 2016 entered into among our Company, Kang Jian and China Mobile Fund (中移創新產業基金(深圳)合夥企業(有限合夥)) (“China Mobile Fund”) regarding the amendments to the closing arrangements of the subscription of certain new shares of the Company by China Mobile Fund;
- (c) an amended and restated shareholders agreement dated April 29, 2016 entered into among our Company, Glorious Peace, Bang Qi Jian, Hong Qi Jian and Round A Investors;
- (d) a share transfer agreement dated October 18, 2017 entered into among Ping An Financial Technology, Kang Rui Jian and Kang Wei Jian, pursuant to which Ping An Financial Technology transferred 41,195,000 shares and 29,155,000 shares in Ping An Health Cloud to Kang Rui Jian and Kang Wei Jian, respectively, at the respective consideration of RMB41,195,000 and RMB29,155,000;
- (e) a termination agreement dated October 18, 2017 entered into among Ping An Financial Technology, Guang Feng Qi, Ping An Health Cloud and Kang Jian, pursuant to which the parties agreed to terminate the exclusive consultation services agreement, exclusive acquisition option agreement, shareholders voting proxy agreement and share pledge agreement which were all dated February 25, 2016;
- (f) an equity pledge agreement dated October 18, 2017 entered into among Kang Jian, Ping An Financial Technology, Kang Wei Jian, Kang Rui Jian, Guang Feng Qi, Ping An Health Cloud, Mr. QIN Jian (秦戡), Mr. ZHU Chengbo (朱承波), Ms. WANG Wenjun (王文君) and Mr. DOU Wenwei (竇文偉), pursuant to which Ping An Financial Technology, Kang Wei Jian, Kang Rui Jian and Guang Feng Qi agreed to pledge all of their existing and future equity interests in Ping An Health Cloud to Kang Jian;

- (g) a power of attorney dated October 18, 2017 entered into among Ping An Financial Technology, Kang Wei Jian, Kang Rui Jian, Guang Feng Qi, Kang Jian, Ping An Health Cloud, Mr. QIN Jian (秦戩), Mr. ZHU Chengbo (朱承波), Ms. WANG Wenjun (王文君), Mr. DOU Wenwei (竇文偉), pursuant to which Ping An Financial Technology, Kang Wei Jian, Kang Rui Jian and Guang Feng Qi authorized Kang Jian, directors authorized by Kang Jian (except the PAHC Shareholders) and his/her successors, or a liquidator replacing Kang Jian's director to exercise all of their rights as shareholders of Ping An Health Cloud;
- (h) an exclusive business cooperation agreement dated October 18, 2017 entered into among Kang Jian and Ping An Health Cloud, pursuant to which Ping An Health Cloud agreed to engage Kang Jian as the exclusive service provider to provide Ping An Health Cloud with business support, technical and consulting services in return for service fees;
- (i) an exclusive equity option agreement dated October 18, 2017 entered into among Kang Jian, Ping An Financial Technology, Kang Wei Jian, Kang Rui Jian, Guang Feng Qi, Ping An Health Cloud, Mr. QIN Jian (秦戩), Mr. ZHU Chengbo (朱承波), Ms. WANG Wenjun (王文君) and Mr. DOU Wenwei (竇文偉), pursuant to which Ping An Financial Technology, Kang Wei Jian, Kang Rui Jian and Guang Feng Qi agreed to grant Kang Jian an exclusive and irrevocable right to purchase, or to designate one or more persons to purchase, from Ping An Financial Technology, Kang Wei Jian, Kang Rui Jian and Guang Feng Qi all or part of their equity interests in Ping An Health Cloud at the higher of a nominal price or the lowest price permissible under PRC Laws;
- (j) an exclusive asset option agreement dated October 18, 2017 entered into among Kang Jian, Ping An Financial Technology, Kang Wei Jian, Kang Rui Jian, Guang Feng Qi, Ping An Health Cloud, Mr. QIN Jian (秦戩), Mr. ZHU Chengbo (朱承波), Ms. WANG Wenjun (王文君), Mr. DOU Wenwei (竇文偉), pursuant to which Ping An Health Cloud agreed to grant Kang Jian an exclusive and irrevocable option to purchase from Ping An Health Cloud all or part of its assets at the higher of a nominal price or the lowest price permissible under PRC Laws;
- (k) a shareholders agreement dated December 19, 2017 entered into among our Company, Glorious Peace and Le Jin Xuan;
- (l) a share subscription agreement dated December 21, 2017 entered into among our Company and Vision Fund Singapore SPV pursuant to which Vision Fund Singapore SPV agreed to subscribe for a total of 33,600,000 Class B Ordinary Shares of our Company for a total consideration of US\$400,000,000;
- (m) an amended and restated shareholders agreement dated December 29, 2017 entered into among our Company, Glorious Peace and Le Jin Xuan;

- (n) a termination agreement dated March 15, 2018 entered into among our Company, Hong Qi Jian, Bang Qi Jian and Glorious Peace, pursuant to which the amended and restated entrustment agreement dated October 31, 2016 was terminated;
- (o) the cornerstone investment agreement dated April 19, 2018 entered into among the Company, New World Fund, Inc., Citigroup Global Markets Asia Limited, J.P. Morgan Securities (Far East) Limited, Citigroup Global Markets Limited, J.P. Morgan Securities (Asia Pacific) Limited and J.P. Morgan Securities plc, details of which are included in the section headed “Our Cornerstone Investors” in this prospectus;
- (p) the cornerstone investment agreement dated April 19, 2018 entered into among the Company, American Funds Insurance Series — New World Fund, Citigroup Global Markets Asia Limited, J.P. Morgan Securities (Far East) Limited, Citigroup Global Markets Limited, J.P. Morgan Securities (Asia Pacific) Limited and J.P. Morgan Securities plc, details of which are included in the section headed “Our Cornerstone Investors” in this prospectus;
- (q) the cornerstone investment agreement dated April 19, 2018 entered into among the Company, Capital Group New World Fund (LUX), Citigroup Global Markets Asia Limited, J.P. Morgan Securities (Far East) Limited, Citigroup Global Markets Limited, J.P. Morgan Securities (Asia Pacific) Limited and J.P. Morgan Securities plc, details of which are included in the section headed “Our Cornerstone Investors” in this prospectus;
- (r) the cornerstone investment agreement dated April 19, 2018 entered into among the Company, World Financials Fund, a sub-fund of BlackRock Global Funds, World Technology Fund, a sub-fund of BlackRock Global Funds, BlackRock Technology Opportunities Fund, a series of BlackRock Funds, BlackRock Science and Technology Trust, Global Allocation Fund, a sub-fund of BlackRock Global Funds, BlackRock Global Allocation V.I. Fund of the BlackRock Variable Series Funds, Inc., BlackRock Global Allocation Fund, Inc., BlackRock Global Allocation Collective Fund, BlackRock Global Allocation Fund (Australia), Global Dynamic Equity Fund, a sub-fund of BlackRock Global Funds, and BlackRock Global Allocation Portfolio of the BlackRock Series Fund, Inc., Citigroup Global Markets Asia Limited, J.P. Morgan Securities (Far East) Limited, Citigroup Global Markets Limited, J.P. Morgan Securities (Asia Pacific) Limited and J.P. Morgan Securities plc, details of which are included in the section headed “Our Cornerstone Investors” in this prospectus;
- (s) the cornerstone investment agreement dated April 19, 2018 entered into among the Company, CT Bright Holdings Limited, Citigroup Global Markets Asia Limited, J.P. Morgan Securities (Far East) Limited, Citigroup Global Markets Limited, J.P. Morgan Securities (Asia Pacific) Limited and J.P. Morgan Securities plc, details of which are included in the section headed “Our Cornerstone Investors” in this prospectus;

- (t) the cornerstone investment agreement dated April 19, 2018 entered into among the Company, GIC Private Limited, Citigroup Global Markets Asia Limited, J.P. Morgan Securities (Far East) Limited, Citigroup Global Markets Limited, J.P. Morgan Securities (Asia Pacific) Limited and J.P. Morgan Securities plc, details of which are included in the section headed “Our Cornerstone Investors” in this prospectus;
- (u) the cornerstone investment agreement dated April 19, 2018 entered into among the Company, Swiss Re Direct Investments Company Ltd and UBS AG Hong Kong Branch, details of which are included in the section headed “Our Cornerstone Investors” in this prospectus;
- (v) the cornerstone investment agreement dated April 19, 2018 entered into among the Company, Canada Pension Plan Investment Board and UBS AG Hong Kong Branch, details of which are included in the section headed “Our Cornerstone Investors” in this prospectus;
- (w) the cornerstone investment agreement dated April 19, 2018 entered into among the Company, Pantai Juara Investments Limited, J.P. Morgan Securities (Far East) Limited, J.P. Morgan Securities (Asia Pacific) Limited, J.P. Morgan Securities plc and UBS AG Hong Kong Branch, details of which are included in the section headed “Our Cornerstone Investors” in this prospectus;
- (x) the Hong Kong Underwriting Agreement.

2. Intellectual Property Rights

(a) Trademarks

(i) Trademarks Registered in China

As at the Latest Practicable Date, we had registered the following trademarks in the PRC which we consider to be or may be material to our business:


No.	Trademark	Registered Owner
1.		Hefei Kuaiyijie
2.		Jiangxi Nabaite

(ii) *Trademarks Registered in Hong Kong*

As at the Latest Practicable Date, we had no trademarks in Hong Kong which we consider to be or may be material to our business.

(iii) *Trademarks Applications Pending in China*

As at the Latest Practicable Date, we had applied for the registration of the following trademarks in the PRC which we consider to be or may be material to our business.




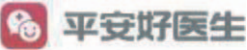

No.	Trademark	Applicant
1.		Hefei Kuaiyijie
2.		Hefei Kuaiyijie
3.		Jiangxi Nabaite
4.		Jiangxi Nabaite
5.		Ping An Health Cloud
6.		Ping An Health Cloud
7.		Ping An Health Cloud
8.		Ping An Health Cloud
9.		Ping An Health Cloud

(iv) *Trademarks Applications Pending in Hong Kong*



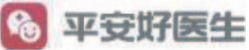

As at the Latest Practicable Date, we had not applied for the registration of any trademarks in the Hong Kong which we consider to be or may be material to our business.

(v) Trademarks licensed by Ping An Group

As at the Latest Practicable Date, we were licensed to use the following registered trademarks which we consider to be or may be material to our business:

No.	Trademark	Registered Owner	Place of registration
1.		Ping An Group	PRC
2.		Ping An Group	PRC
3.	 平安好医生	Ping An Group	PRC
4.		Ping An Group	PRC
5.		Ping An Group	PRC
6.	中国平安 保险·银行·投资	Ping An Group	PRC
7.	平安健康	Ping An Group	PRC
8.	健康平安	Ping An Group	PRC
9.	平安医生	Ping An Group	PRC

As at the Latest Practicable Date, we were licensed to use the following trademarks which have been applied for the registration that we consider to be or may be material to our business:

No.	Trademark	Applicant	Place of registration
1.		Ping An Group	PRC
2.	 平安好医生	Ping An Group	PRC
3.		Ping An Group	PRC
4.		Ping An Group	PRC
5.	平安好医生	Ping An Group	PRC
6.	平安医生	Ping An Group	PRC
7.	(1) 平安健康医疗科技 PING AN HEALTHCARE AND TECHNOLOGY (2) PING AN HEALTHCARE AND TECHNOLOGY 平安健康医疗科技 (3) 平安健康醫療科技 PING AN HEALTHCARE AND TECHNOLOGY (4) PING AN HEALTHCARE AND TECHNOLOGY 平安健康醫療科技	Ping An Group	Hong Kong

(b) *Copyrights*

As at the Latest Practicable Date, we had registered the following copyrights which we consider to be or may be material to our business.

No.	Copyright	Version	Registration Number
1.	Baobao Red Buttocks	N/A	Guo Zuo Deng Zi-2015-L-00224919
2.	PingAn Health Doctor Series	N/A	Guo Zuo Deng Zi-2015-F-00224918
3.	28Days Habit Series	N/A	Guo Zuo Deng Zi-2015-L-00224917
4.	Shenjin Doctor Animation Expression Series	N/A	Guo Zuo Deng Zi-2015-F-00224916
5.	New Parents Cartoon Image Series	N/A	Guo Zuo Deng Zi-2015-F-00224915
6.	Healthy Guidance Series	N/A	Guo Zuo Deng Zi-2015-F-00224914
7.	System Error	N/A	Guo Zuo Deng Zi-2015-F-00224913
8.	Diaosi	N/A	Guo Zuo Deng Zi-2015-F-00224912
9.	Guolaosi Home Page	N/A	Guo Zuo Deng Zi-2015-F-00224911
10.	Fuqibixiuke	N/A	Guo Zuo Deng Zi-2015-F-00224910
11.	Buxiangshangban	N/A	Guo Zuo Deng Zi-2015-F-00224909
12.	Huodong	N/A	Guo Zuo Deng Zi-2015-F-00224908
13.	Mobile Phone Lock Screen Picture	N/A	Guo Zuo Deng Zi-2015-F-00224907
14.	Yangyang	N/A	Guo Zuo Deng Zi-2015-F-00224906
15.	Yilingquguojiarichangfei	N/A	Guo Zuo Deng Zi-2015-F-00224905
16.	PingAn Doctor Brand Vision Application.. PingAn Doctor slogan	N/A	Guo Zuo Deng Zi-2016-F-00280681
17.	PingAn Doctor Brand Vision Application..QR Code	N/A	Guo Zuo Deng Zi-2016-F-00280683
18.	Step-for-reward	N/A	Guo Zuo Deng Zi-2016-L-00285188
19.	PingAn Doctor Brand Vision Application.. PingAn Health website	N/A	Guo Zuo Deng Zi-2016-F-00280682
20.	PingAn Doctor Brand Vision Application.. PingAn Health	N/A	Guo Zuo Deng Zi-2016-F-00280680
21.	PingAn Doctor Brand Vision Application.. PingAn Doctor	N/A	Guo Zuo Deng Zi-2016-F-00280678
22.	PingAn Doctor Brand Vision Application..PINGAN DOCTOR	N/A	Guo Zuo Deng Zi-2016-F-00280679
23.	PingAn Doctor Brand Vision Application..Name card	N/A	Guo Zuo Deng Zi-2016-F-00280684
24.	Shenjin Doctor	N/A	Guo Zuo Deng Zi-2015-F-00192362
25.	PingAn Doctor User Software (Android version)	V1.0	2015SR135501
26.	PingAn Doctor Doctor Software (iOS version)	V1.0	2015SR135496

No.	Copyright	Version	Registration Number
27.	PingAn Doctor Doctor Work Station Software	V1.0	2015SR135488
28.	PingAn Doctor User Software (iOS version)	V1.0	2015SR135466
29.	PingAn Doctor Doctor Software (Android version)	V1.0	2015SR135439
30.	Huizhitang Hospital Website Management System	V1.0	2012SR013398
31.	Huizhitang Medical Company Procurement Sales Warehouse Management System	V1.0	2012SR013195
32.	Huizhitang Hospital Information Management System	V1.0	2012SR013175
32.	Huizhitang Client Marketing Management System	V1.0	2012SR013174
34.	Huizhitang Drug Store Management System	V1.0	2012SR011590
35.	Huizhitang Booking Management System	V1.0	2012SR010920
36.	Kuaiyijie Drug Online Transaction Platform Software	V1.0	2012SR009461
37.	Kuaiyijie Medical E-Commerce Procurement Sales Warehouse Management System	V1.0	2017SR273217
38.	Kuaiyijie Medical E-Commerce Member Marketing Management System	V1.0	2017SR282505

(c) *Patents*

As at the Latest Practicable Date, we had no patent which we consider to be or may be material to our business.

As at the Latest Practicable Date, we had applied for the registration of the following patents which we consider to be or may be material to our business:

No.	Patent	Applicant	Place of Application	Application Number
1.	Intelligence robots (health consultations and inquiries)	Ping An Health Cloud	PRC	201830010484.7
2.	Interaction system and its method between operating back-desk and host	Ping An Health Cloud	PRC	201610578782.6
3.	Interaction system and its method between service and host	Ping An Health Cloud	PRC	201610575748.3
4.	Interaction system and its method based on host	Ping An Health Cloud	PRC	201610575719.7

No.	Patent	Applicant	Place of Application	Application Number
5.	Communication system and its method designated for private message of host	Ping An Health Cloud	PRC	201610575692.1
6.	Interaction system and its method between IM and host	Ping An Health Cloud	PRC	201610573156.8
7.	A drug tracing system based on chain of evidence and supply chain	Hefei Kuaiyijie	PRC	201610821479.4
8.	A drug remaining shelf life enquiry system based on QR code technology	Hefei Kuaiyijie	PRC	201610822986.X
9.	A drug message push system based on user data	Hefei Kuaiyijie	PRC	201610822987.4
10.	A remaining goods sales system	Hefei Kuaiyijie	PRC	201610822989.3
11.	A method and device for handling goods payment information	Hefei Kuaiyijie	PRC	201610823002.X

3. Domain names

As at the Latest Practicable Date, we owned the following domain names which we consider to be or may be material to our business:

No.	Domain Name	Registered Owner	Expiry Date
1.	jk.cn	Ping An Health Cloud	21/03/2023
2.	pajk.cn	Ping An Health Cloud	25/02/2018
3.	pajk.com.cn	Ping An Health Cloud	25/02/2018
4.	pahys.com.cn	Ping An Health Cloud	29/12/2020
5.	jkzhibo.com	Ping An Health Cloud	27/01/2019
6.	yp900.com	Hefei Kuaiyijie	25/04/2019
7.	nbt dyf.com	Jiangxi Nabaite	15/08/2018
8.	pahtg.com	the Company	23/11/2019
9.	jkwlx.cn	Ping An Health Cloud	29/12/2020
10.	jkwlx.com.cn	Ping An Health Cloud	29/12/2020
11.	jkwlx.net	Ping An Health Cloud	29/12/2020
12.	pahys.net	Ping An Health Cloud	29/12/2020
13.	hy-ai.top	Shanghai Hao Yi	04/01/2023
14.	hyzn.tech	Shanghai Hao Yi	05/01/2023
15.	hyzn.info	Shanghai Hao Yi	19/01/2023
16.	hyzn.mobi	Shanghai Hao Yi	19/01/2023
17.	hyzn.online	Shanghai Hao Yi	20/01/2023

Save as aforesaid, as of the Latest Practicable Date, there were no other trade or service marks, patents, intellectual or industrial property rights which were material in relation to our business.

C. FURTHER INFORMATION ABOUT OUR DIRECTORS**1. Directors' service contracts**

Each of our Director has entered into a service contract with our Company on April 19, 2018. The principal particulars of these service contracts are (a) for a term of three years commencing from their respective effective date of appointment until the day on which the next general meeting of the shareholders for re-election of Directors is held, and (b) are subject to termination in accordance with their respective terms. The service contracts may be renewed in accordance with our Articles of Association and the applicable Listing Rules.

Save as disclosed above, none of our Director has entered into, or has proposed to enter into, a service contract with us (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

2. Remuneration of Directors

- (a) Remuneration and benefits in kind of approximately RMB0, RMB7.0 million and RMB16.3 million in aggregate were paid and granted by our Group to our Directors in respect of the years ended December 31, 2015, 2016 and 2017.
- (b) Under the arrangement currently in force, we estimate the total fixed remuneration (before tax) payable to Directors for the year ending December 31, 2018 will be RMB19.9 million.
- (c) During the Track Record Period, no fees were paid by the Group to any of the Directors or the five highest paid individuals as an inducement to join us or as compensation for loss of office and none of the Directors waived any remuneration during the relevant period.

3. Disclosure of interests

- (a) *Interests and short positions of our Directors in the share capital of our Company and its associated corporations following completion of the Global Offering*

Immediately following completion of the Global Offering (taking no account of any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option), the interests or short positions of our Directors and chief executives in the Shares, underlying shares and debentures of our Company and its associated corporations, within the meaning of Part XV of the SFO, which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she is taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO,

to be recorded in the register referred to therein, or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, will be as follows:

Interest in Shares

Name of Director or chief executive	Nature of interest	Number and class of securities ⁽¹⁾	Approximate percentage of interest in our Company immediately after the Global Offering ⁽¹⁾
Mr. WANG Tao ⁽²⁾	Beneficiary of a trust	3,025,000	0.28%
Mr. LAW Siu Wah Eddie ⁽³⁾	Interest in controlled corporations	420,840,000	39.43%
Ms. WANG Wenjun ⁽⁴⁾	Interest in controlled corporations	420,840,000	39.43%
Mr. DOU Wenwei ⁽⁴⁾	Interest in controlled corporations	420,840,000	39.43%

Notes:

- (1) The Class A Ordinary Shares and the Class B Ordinary Shares will be redesignated to shares immediately before Listing. Further, following the redesignation of the Class A Ordinary Shares and Class B Ordinary Shares, each issue and unissued ordinary share then of US\$0.00001 par value will be subdivided into two Shares of US\$0.000005 par value each (the “Share Subdivision”). Assuming the Over-Allotment Option is not exercised, the total number of issued Shares will be 1,067,294,200 with a par value of US\$0.000005 each.
- (2) Mr. WANG Tao is entitled to EIS Shares equivalent to 2,350,000 Shares before the Share Subdivision, part of which (837,500 Shares) are exercised pursuant to the Employee Incentive Scheme.
- (3) As of the Latest Practicable Date, Le Jin Xuan directly held 140,420,000 Class A Ordinary Shares and 70,000,000 Class B Ordinary Shares) in our Company. Zheng He Pentagon Fund and Hop-Fast respectively held 33.27% and 5.19% of the issued share capital of Le Jin Xuan. Since (1) Zheng He Pentagon Fund is controlled by Mr. Law and (2) Hop-Fast is wholly-owned by Mr. Law, he was deemed to have 38.46% shareholding interest in Le Jin Xuan. Further, Le An Xin has agreed that it shall exercise its voting rights in relation to its shares in Le Jin Xuan in such manner as ZH GP 5, the general partner of Zheng He Pentagon Fund, may direct. As such, Mr. Law was deemed to have 55.09% of the voting power in Le Jin Xuan, and was therefore deemed to have an interest in all of the Shares held by Le Jin Xuan.

All of the 10,920,000 Class A Ordinary Shares (which will become 21,840,000 Shares) held by Le Jin Xuan that are attributable to Hop-Fast (representing approximately 2.6% of the total number of issued Shares prior to the completion of the Global Offering) are subject to a charge granted by Le Jin Xuan (on behalf of Hop-Fast) (the “Charge”) in favor of an independent third party (the “Chargee”) in December 2017 to secure the performance of obligations of Hop Fast under certain loan facility provided by the Chargee to Hop Fast. Upon the Listing, the Chargee is restricted under the Charge to enforce the security during the period from the Listing Date to the date falling on twelve (12) months from the Listing Date (both dates inclusive).

- (4) As of the Latest Practicable Date, Le Jin Xuan directly held 210,420,000 Shares (of which 140,420,000 were Class A Ordinary Shares and 70,000,000 were Class B Ordinary Shares) in our Company. Bang Qi Jian held 44.91% of the issued share capital of Le Jin Xuan and was therefore deemed to have an interest in the Shares held by Le Jin Xuan. Ms. WANG Wenjun and Mr. DOU Wenwei each held 50% of the issued share capital of Bang Qi Jian as nominee shareholders, and were therefore deemed to have an interest in the Shares held by Le Jin Xuan.

(b) *Interests and short positions disclosable under Divisions 2 and 3 of Part XV of the SFO*

For information on the persons who will, immediately following the completion of the Global Offering, having or be deemed or taken to have beneficial interests or short position in our Shares or underlying shares which would fall to be disclosed to our Company under the provisions of 2 and 3 of Part XV of the SFO, or directly or indirectly be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group, please refer to the section headed “Substantial Shareholders” in this prospectus.

Save as set out above, as of the Latest Practicable Date, our Directors were not aware of any persons who would, immediately following the completion of the Global Offering, be interested, directly or indirectly, in 10% or more of the nominal of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group.

4. Disclaimers

Save as disclosed in this prospectus:

- (a) none of the Directors or any experts named in the paragraph headed “E. Other Information—4. Consents of Experts” below has any direct or indirect interest in the promotion of, or in any assets which have been, within the two years immediately preceding the date of this prospectus, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group;
- (b) none of the Directors or any experts named in the paragraph headed “E. Other Information—4. Consents of Experts” below is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group taken as a whole;
- (c) none of our Directors or any of experts named in the paragraph headed “E. Other Information—4. Consents of Experts” below has any existing or proposed service contracts with any member of our Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation));
- (d) taking no account of any Shares which may be taken up under the Global Offering, so far as is known to any Director or chief executive of the Company, no other person (other than a Director or chief executive of the Company) will, immediately following completion of the Global Offering, have interests or short positions in the Shares and underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the

provisions of Divisions 2 and 3 of Part XV of the SFO or (not being a member of the Group), be interested, directly or indirectly, in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group; and

- (e) none of the Directors or chief executive of the Company has any interests or short positions in the Shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which will have to be 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 he is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered into the register referred to therein, or will be required, pursuant to the Model Code for Securities Transaction by Directors of Listed Issuers, to be notified to the Company and the Stock Exchange once the Shares are listed thereon.
- (f) so far as is known to our Directors, none of our Directors, their respective close associates or our Shareholders who are interested in more than 5% of the share capital of our Group has any interests in the five largest customers or the five largest supplier of our Group.

D. EMPLOYEE INCENTIVE SCHEME

1. Overview

The following is a summary of the principal terms of the Employee Incentive Scheme of our Company as approved by the Board on December 26, 2014 and amended and restated by the Board on May 12, 2017 and January 20, 2018.

The EIS Shares had been issued and were held by Le An Xin through Le Jin Xuan as of the Latest Practicable Date. The Employee Incentive Scheme is not subject to the provisions of Chapter 17 of the Listing Rules as the Employee Incentive Scheme does not involve the grant of options by our Company to subscribe for new Shares upon our Listing. Given the EIS Shares had already been issued, there will not be any dilution effect to the issued Shares upon the exercise of the EIS Options. In addition, the grant of Employee Incentive Scheme options (the “**EIS Options**”) by our Company or transfer upon vesting of the EIS Options of any of the EIS Shares pursuant to the Employee Incentive Scheme by any trustee or trust holding entities to a connected person of our Company should not be subject to the requirement of Chapter 14A of the Listing Rules.

As of the Latest Practicable Date, the aggregate number of Shares underlying the EIS Options as granted by the Company under the Employee Incentive Scheme was 24,033,486, representing 5.30% of our Company’s issued share capital. All such Shares underlying the EIS Options have been issued.

2. Purpose

The purpose of the Employee Incentive Scheme is to attract and retain talents, to promote the long-term sustainable development of our Company and related entities, to realize the maximization of value for shareholders, and to achieve mutual benefit for shareholders, Company and staff.

3. EIS Options

The EIS Option gives an eligible participant of the Employee Incentive Scheme (the “**EIS Participants**”) the right to purchase a certain number of the EIS Shares at a consideration to be agreed when specific conditions and timing requirements have been fulfilled.

4. Administration of the Employee Incentive Scheme

Our Company has appointed Le An Xin as the trustee (the “**Trustee**”) to assist with the administration and vesting of EIS Options granted pursuant to the Employee Incentive Scheme. Our Company has entered into a deed of trust for the establishment of Good Doctor Le An Xin Trust I (the “**Trust**”) with the Trustee, pursuant to which the Trust Fund will be held by the Trustee.

5. Participants in the Employee Incentive Scheme

The EIS Participants include employees and any other persons as determined by the Board. The scope of grantees, specific targets and the number of EIS Options to be granted in each tranche will be determined by the Board with reference to the posts and performance of the EIS Participants.

6. Maximum number of Shares pursuant to the Employee Incentive Scheme

The EIS Shares are the 35,000,000 Shares of our Company held by Le An Xin through Le Jin Xuan.

7. Term of the Employee Incentive Scheme

The Employee Incentive Scheme commenced on December 26, 2014 and shall continue in effect for a term of 10 years. The Board may extend the Scheme before the end of the tenth anniversary of the date the Employee Incentive Scheme commenced.

8. Grant of EIS Options

The Board will, pursuant to the business development needs, review and determine in each year whether EIS Options shall be granted.

The grant, vesting and exercise of EIS Options shall comply with the scheme rules of the Employee Incentive Scheme, the terms of the Trust, the relevant resolutions as passed by the Board and the requirements of applicable laws.

No consideration shall be paid by EIS Participants for accepting the EIS Options.

9. Rights attached to EIS Options and EIS Shares

An EIS Participant does not have any contingent interest in any EIS Shares underlying the EIS Options and is not entitled to any right of dividend, voting right or other shareholder’s interest or right in respect of any EIS Options or the underlying EIS Shares before exercise of the EIS Options and the completion of the registration of the EIS Participant as a Shareholder of our Company.

After an EIS Participant has become a shareholder of our Company pursuant to his/her exercise of the EIS Options pursuant to the Employee Incentive Scheme, the EIS Participant shall be bound by the articles of association of our Company and other relevant documents. Unless as otherwise agreed by the Board, the EIS Participants shall only transfer the EIS Shares on secondary open market. Transfer of EIS Shares by the EIS Participants shall comply with applicable laws and the Listing Rules (including but not limited to the requirement on black-out period, if applicable).

10. **Transfer of EIS Options**

Subject to the prior approval of the Board, the EIS Participants can transfer the EIS Options to the Trust or a company established for the benefit of the EIS Participants under the Employee Incentive Scheme. Unless otherwise required under applicable laws and agreed by the Board, the EIS Participants shall not pledge, transfer or dispose of the EIS Options in any other manner within the Validity Period. If any EIS Options are disposed of in breach of the scheme rules of the Employee Incentive Scheme, all EIS Options (whether vested or not) held by the EIS Participants will be invalidated. Without prejudice to the foregoing provision, the Employee Incentive Scheme shall be equally binding on the successor or transferee to the EIS Participants.

11. **Vesting Schedule**

Unless otherwise determined by the Board, the EIS Options granted will vest in four years, subject to a maximum of 25% each year. The first vesting date will be on the first anniversary of the date of grant of EIS Options (the “**Grant Date**”).

12. **Exercise of EIS Options**

(i) *Exercise Price*

Subject to the Listing Rules and the applicable laws, the Board shall have the sole discretion on the determination of the exercise price of the EIS Options granted.

(ii) *Exercise Period*

Unless otherwise provided in the scheme rules of the Employee Incentive Scheme, the Validity Period for the EIS Options granted to the EIS Participants shall be 10 years commencing from the Grant Date. Any unexercised EIS Options beyond the Validity Period shall be invalidated.

Unless otherwise provided in the scheme rules of the Employee Incentive Scheme, or required by the Board, the Trustee or under the applicable laws, (1) with the prior approval of the Board, the EIS Participants may exercise the vested EIS Options at their own discretion before the Listing from the first exercisable date to the day before Listing; (2) the EIS Participants may exercise the effective EIS Options at its own discretion after the Listing from the first exercisable date to the end of the Validity Period. The first exercisable date of the EIS Options shall not be more than 8 years from the Grant Date and: (1) before the Listing, shall not be earlier than 180 days before the Listing Date, and (2) after the Listing, shall not be earlier than 12 months from the date of Listing. The Board shall determine the actual exercisable date.

(iii) *Exercise Methods*

The EIS Participants may elect to exercise his/her EIS Options by (i) being transferred the underlying EIS Shares; or (ii) to the extent permitted by applicable laws and with consent from the Board, by instructing the Trustee to sell the underlying EIS Shares, provided that the proceeds from the sale of EIS Shares shall be sufficient to cover the exercise price.

The EIS Options shall only be exercised by the EIS Participants and their respective successors.

(iv) *Taxes and Expenses*

The EIS Participants shall exercise the EIS Options at the exercise price as determined at the time of grant and shall bear the costs incurred as a result of the exercise such as taxes and foreign exchange conversion costs.

13. Adjustment

If our Company conducts share split, bonus distribution, share combination and redesignation or similar transactions affecting the Shares, leading to an increase or decrease in the number of issued Shares, the Board shall have the sole discretion to adjust the number, price and other aspects of the EIS Options and/or EIS Shares. If our Company issues any new Shares, the number of the EIS Shares shall remain unchanged and the percentage of the EIS Shares in the total issued Shares of our Company will decrease accordingly.

14. Details of the EIS Options granted under the Employee Incentive Scheme

Under the Employee Incentive Scheme, the EIS Participants may exercise the EIS Options before Listing or after 12 months from the Listing Date. See section “— 12. Exercise of EIS Options — (ii) Exercise Period” for further details. As of the Latest Practicable Date, the aggregate number of Shares underlying the EIS Options granted to (a) the Directors and Senior management and (b) other grantees amounted to 6,458,915 and 17,574,571 representing 1.42% and 3.87% of our Company’s total issued share capital respectively.

Mr. WANG Tao, Mr. WU Zongxun, Mr. WANG Qi and Ms. BAI Xue have the right to subscribe for more than 1 million Shares under the Employee Incentive Schemes. Details of the EIS Options granted as of the Latest Practicable Date pursuant to the Employee Incentive Scheme to our Directors and Senior Management are set out below:

Name of Director or Senior Management and his/her address	Date of Grant	Number of Shares underlying the EIS Options granted (as of the Latest Practicable Date)	Exercise Price (RMB)	Vesting Period (subject to other conditions in the Employee Incentive Scheme)
Mr. WANG Tao, Executive Director No 24-802, Lane 183, Yunjin Road, Xuhui District, Shanghai, PRC	December 31, 2014	670,000	1	<ul style="list-style-type: none"> • 25% of which vested on December 31, 2015* • 25% of which vested on December 31, 2016* • 25% of which vested on December 31, 2017* • 25% of which will vest on December 31, 2018
	October 1, 2015	670,000	1.5	<ul style="list-style-type: none"> • 25% of which vested on October 1, 2016* • 25% of which vested on October 1, 2017* • 25% of which will vest on October 1, 2018 • 25% of which will vest on October 1, 2019
	March 31, 2017	660,000	47	<ul style="list-style-type: none"> • 25% of which will vest on March 31, 2018 • 25% of which will vest on March 31, 2019 • 25% of which will vest on March 31, 2020 • 25% of which will vest on March 31, 2021
	November 30, 2017	350,000	64	<ul style="list-style-type: none"> • 25% of which will vest on November 30, 2018 • 25% of which will vest on November 30, 2019 • 25% of which will vest on November 30, 2020 • 25% of which will vest on November 30, 2021

* Mr. WANG Tao completed the exercise of 502,500 EIS Options at RMB1 each and 335,000 EIS Options at RMB1.5 each on March 1, 2018.

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Name of Director or Senior Management and his/her address	Date of Grant	Number of Shares underlying the EIS Options granted (as of the Latest Practicable Date)	Exercise Price (RMB)	Vesting Period (subject to other conditions in the Employee Incentive Scheme)
Mr. WU Zongxun, Chief Product Officer No. 46-12, Rihuilucun, Xuhui District, Shanghai, PRC	December 31, 2014	270,000	1	<ul style="list-style-type: none"> • 25% of which vested on December 31, 2015 • 25% of which vested on December 31, 2016 • 25% of which vested on December 31, 2017 • 25% of which will vest on December 31, 2018
	October 1, 2015	270,000	1.5	<ul style="list-style-type: none"> • 25% of which vested on October 1, 2016 • 25% of which vested on October 1, 2017 • 25% of which will vest on October 1, 2018 • 25% of which will vest on October 1, 2019
	March 31, 2017	260,000	47	<ul style="list-style-type: none"> • 25% of which will vest on March 31, 2018 • 25% of which will vest on March 31, 2019 • 25% of which will vest on March 31, 2020 • 25% of which will vest on March 31, 2021
	November 30, 2017	300,000	64	<ul style="list-style-type: none"> • 25% of which will vest on November 30, 2018 • 25% of which will vest on November 30, 2019 • 25% of which will vest on November 30, 2020 • 25% of which will vest on November 30, 2021
Mr. WANG Qi, Chief Technology Officer No. 164-1103, Lane 99, Wanding Road, Shanghai, PRC .	December 31, 2014	270,000	1	<ul style="list-style-type: none"> • 25% of which vested on December 31, 2015 • 25% of which vested on December 31, 2016 • 25% of which vested on December 31, 2017 • 25% of which will vest on December 31, 2018

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Name of Director or Senior Management and his/her address	Date of Grant	Number of Shares underlying the EIS Options granted (as of the Latest Practicable Date)	Exercise Price (RMB)	Vesting Period (subject to other conditions in the Employee Incentive Scheme)
	October 1, 2015	270,000	1.5	<ul style="list-style-type: none"> • 25% of which vested on October 1, 2016 • 25% of which vested on October 1, 2017 • 25% of which will vest on October 1, 2018 • 25% of which will vest on October 1, 2019
	March 31, 2017	260,000	47	<ul style="list-style-type: none"> • 25% of which will vest on March 31, 2018 • 25% of which will vest on March 31, 2019 • 25% of which will vest on March 31, 2020 • 25% of which will vest on March 31, 2021
	November 30, 2017	300,000	64	<ul style="list-style-type: none"> • 25% of which will vest on November 30, 2018 • 25% of which will vest on November 30, 2019 • 25% of which will vest on November 30, 2020 • 25% of which will vest on November 30, 2021
Ms. BAI Xue, Chief Operation Officer No. 2500, Public Households, Longhua Road, Xuhui District, Shanghai, PRC	December 31, 2014	270,000	1	<ul style="list-style-type: none"> • 25% of which vested on December 31, 2015 • 25% of which vested on December 31, 2016 • 25% of which vested on December 31, 2017 • 25% of which will vest on December 31, 2018
	October 1, 2015	270,000	1.5	<ul style="list-style-type: none"> • 25% of which vested on October 1, 2016 • 25% of which vested on October 1, 2017 • 25% of which will vest on October 1, 2018 • 25% of which will vest on October 1, 2019

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Name of Director or Senior Management and his/her address	Date of Grant	Number of Shares underlying the EIS Options granted (as of the Latest Practicable Date)	Exercise Price (RMB)	Vesting Period (subject to other conditions in the Employee Incentive Scheme)
	March 31, 2017	260,000	47	<ul style="list-style-type: none"> • 25% of which will vest on March 31, 2018 • 25% of which will vest on March 31, 2019 • 25% of which will vest on March 31, 2020 • 25% of which will vest on March 31, 2021
	November 30, 2017	300,000	64	<ul style="list-style-type: none"> • 25% of which will vest on November 30, 2018 • 25% of which will vest on November 30, 2019 • 25% of which will vest on November 30, 2020 • 25% of which will vest on November 30, 2021
Mr. QIN Jian, general manager of human resources and administration department No. 701, Building 1, Hualijiazu Mansion, Lane 666, Jinxiu Road, Pudong New Zone, Shanghai, PRC	December 31, 2014	100,000	1	<ul style="list-style-type: none"> • 25% of which vested on December 31, 2015 • 25% of which vested on December 31, 2016 • 25% of which vested on December 31, 2017 • 25% of which will vest on December 31, 2018
	October 1, 2015	230,000	1.5	<ul style="list-style-type: none"> • 25% of which vested on October 1, 2016 • 25% of which vested on October 1, 2017 • 25% of which will vest on October 1, 2018 • 25% of which will vest on October 1, 2019
	February 25, 2016	41,300	10	<ul style="list-style-type: none"> • 25% of which vested on February 25, 2017 • 25% of which will vest on February 25, 2018 • 25% of which will vest on February 25, 2019 • 25% of which will vest on February 25, 2020

Name of Director or Senior Management and his/her address	Date of Grant	Number of Shares underlying the EIS Options granted (as of the Latest Practicable Date)	Exercise Price (RMB)	Vesting Period (subject to other conditions in the Employee Incentive Scheme)
	March 31, 2017	154,200	47	<ul style="list-style-type: none"> • 25% of which will vest on March 31, 2018 • 25% of which will vest on March 31, 2019 • 25% of which will vest on March 31, 2020 • 25% of which will vest on March 31, 2021
	November 30, 2017	83,415	64	<ul style="list-style-type: none"> • 25% of which will vest on November 30, 2018 • 25% of which will vest on November 30, 2019 • 25% of which will vest on November 30, 2020 • 25% of which will vest on November 30, 2021
Mr. Edwin Morris, Chief Financial Officer No. 11, Lane 81, Xingeng Road, Xuhui District, Shanghai, PRC	December 28, 2017	200,000	64	<ul style="list-style-type: none"> • 25% of which will vest on December 28, 2018 • 25% of which will vest on December 28, 2019 • 25% of which will vest on December 28, 2020 • 25% of which will vest on December 28, 2021

Details of the EIS Options granted as of the Latest Practicable Date pursuant to the Employee Incentive Scheme to persons other than our Directors and Senior Management, who are entitled to 200,000 Shares or more underlying the EIS Options granted, are set out below, with a total number of 7,620,250 Shares underlying the EIS Options granted:

Name of Grantees and his/her address	Date of Grant	Number of Shares underlying the EIS Options granted (as of the Latest Practicable Date)	Exercise Price per EIS Option (in RMB)	Vesting Period (subject to other conditions in the Employee Incentive)
WANG Kun, Vice President, Healthmall Business, Apartment 202, No. 21, Lane 399, Ruiyi Road, Zhoupu Town, Pudong New District, Shanghai City, PRC	March 31, 2017	450,000	47	<ul style="list-style-type: none"> • 25% of which vested on March 31, 2018 • 25% of which will vest on March 31, 2019 • 25% of which will vest on March 31, 2020 • 25% of which will vest on March 31, 2021
	November 30, 2017	100,500	64	<ul style="list-style-type: none"> • 25% of which will vest on November 30, 2018 • 25% of which will vest on November 30, 2019 • 25% of which will vest on November 30, 2020 • 25% of which will vest on November 30, 2021
CHEN Binbo General Manager, Retail Sales Center Apartment 202, No. 15, Lane 200, Gaocheng Road, Pudong New District, Shanghai City, PRC	December 31, 2014	10,000	1	<ul style="list-style-type: none"> • 25% of which vested on December 31, 2015 • 25% of which vested on December 31, 2016 • 25% of which vested on December 31, 2017 • 25% of which will vest on December 31, 2018
	February 28, 2015	35,000	1	<ul style="list-style-type: none"> • 25% of which vested on February 28, 2016 • 25% of which vested on February 28, 2017 • 25% of which vested on February 28, 2018 • 25% of which will vest on February 28, 2019
	October 1, 2015	200,000	1.5	<ul style="list-style-type: none"> • 25% of which vested on October 1, 2016 • 25% of which vested on October 1, 2017 • 25% of which vested on October 1, 2018 • 25% of which will vest on October 1, 2019
	March 31, 2017	50,000	47	<ul style="list-style-type: none"> • 25% of which vested on March 31, 2018 • 25% of which will vest on March 31, 2019 • 25% of which will vest on March 31, 2020 • 25% of which will vest on March 31, 2021
	November 30, 2017	253,700	64	<ul style="list-style-type: none"> • 25% of which will vest on November 30, 2018 • 25% of which will vest on November 30, 2019 • 25% of which will vest on November 30, 2020 • 25% of which will vest on November 30, 2021
ZHOU Liang, Sales Director Apartment 902, No. 2, Lane 297, Zhaoyang Road, Shanghai City	December 1, 2017	500,000	64	<ul style="list-style-type: none"> • 25% of which will vest on December 1, 2018 • 25% of which will vest on December 1, 2019 • 25% of which will vest on December 1, 2020 • 25% of which will vest on December 1, 2021

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Name of Grantees and his/her address	Date of Grant	Number of Shares underlying the EIS Options granted (as of the Latest Practicable Date)	Exercise Price per EIS Option (in RMB)	Vesting Period (subject to other conditions in the Employee Incentive)
WANG Jian Senior Product Director 17-202, Zijing Garden, Gongshu District, Hongzhou City, Zhejiang Province	December 31, 2014	50,000	1	<ul style="list-style-type: none"> • 25% of which vested on December 31, 2015 • 25% of which vested on December 31, 2016 • 25% of which vested on December 31, 2017 • 25% of which will vest on December 31, 2018
	October 1, 2015	250,000	1.5	<ul style="list-style-type: none"> • 25% of which vested on October 1, 2016 • 25% of which vested on October 1, 2017 • 25% of which vested on October 1, 2018 • 25% of which will vest on October 1, 2019
	March 31, 2017	110,000	47	<ul style="list-style-type: none"> • 25% of which vested on March 31, 2018 • 25% of which will vest on March 31, 2019 • 25% of which will vest on March 31, 2020 • 25% of which will vest on March 31, 2021
	November 30, 2017	53,600	64	<ul style="list-style-type: none"> • 25% of which will vest on November 30, 2018 • 25% of which will vest on November 30, 2019 • 25% of which will vest on November 30, 2020 • 25% of which will vest on November 30, 2021
CHEN Haihua Vice President, Medical Technology Apartment 702, No. 3, Lane 98, Wuhua Road, Hongkou District, Shanghai City	December 31, 2014	50,000	1	<ul style="list-style-type: none"> • 25% of which vested on December 31, 2015 • 25% of which vested on December 31, 2016 • 25% of which vested on December 31, 2017 • 25% of which will vest on December 31, 2018
	October 1, 2015	270,000	1.5	<ul style="list-style-type: none"> • 25% of which vested on October 1, 2016 • 25% of which vested on October 1, 2017 • 25% of which vested on October 1, 2018 • 25% of which will vest on October 1, 2019
	March 31, 2017	50,000	47	<ul style="list-style-type: none"> • 25% of which vested on March 31, 2018 • 25% of which will vest on March 31, 2019 • 25% of which will vest on March 31, 2020 • 25% of which will vest on March 31, 2021
	November 30, 2017	40,000	64	<ul style="list-style-type: none"> • 25% of which will vest on November 30, 2018 • 25% of which will vest on November 30, 2019 • 25% of which will vest on November 30, 2020 • 25% of which will vest on November 30, 2021

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Name of Grantees and his/her address	Date of Grant	Number of Shares underlying the EIS Options granted (as of the Latest Practicable Date)	Exercise Price per EIS Option (in RMB)	Vesting Period (subject to other conditions in the Employee Incentive)
Yue JIANG, Vice President, Medical Business Department Apartment 1002, Xinchang Building, No. 102, Guang Ling Si Road, Shanghai City	December 31, 2014	80,000	1	<ul style="list-style-type: none"> • 25% of which vested on December 31, 2015 • 25% of which vested on December 31, 2016 • 25% of which vested on December 31, 2017 • 25% of which will vest on December 31, 2018
	October 1, 2015	220,000	1.5	<ul style="list-style-type: none"> • 25% of which vested on October 1, 2016 • 25% of which vested on October 1, 2017 • 25% of which vested on October 1, 2018 • 25% of which will vest on October 1, 2019
	March 31, 2017	50,000	47	<ul style="list-style-type: none"> • 25% of which vested on March 31, 2018 • 25% of which will vest on March 31, 2019 • 25% of which will vest on March 31, 2020 • 25% of which will vest on March 31, 2021
	November 30, 2017	40,000	64	<ul style="list-style-type: none"> • 25% of which will vest on November 30, 2018 • 25% of which will vest on November 30, 2019 • 25% of which will vest on November 30, 2020 • 25% of which will vest on November 30, 2021
WANG Xiuhua, Vice General Manager, Medical O2O Development Department Apartment 601, No.42, Lane 995, Xinchuan Road, Pudong, Shanghai	February 28, 2015	20,000	1	<ul style="list-style-type: none"> • 25% of which vested on February 28, 2016 • 25% of which vested on February 28, 2017 • 25% of which vested on February 28, 2018 • 25% of which will vest on February 28, 2019
	October 1, 2015	80,000	1.5	<ul style="list-style-type: none"> • 25% of which vested on October 1, 2016 • 25% of which vested on October 1, 2017 • 25% of which vested on October 1, 2018 • 25% of which will vest on October 1, 2019
	March 31, 2017	40,000	47	<ul style="list-style-type: none"> • 25% of which vested on March 31, 2018 • 25% of which will vest on March 31, 2019 • 25% of which will vest on March 31, 2020 • 25% of which will vest on March 31, 2021
	November 30, 2017	240,000	64	<ul style="list-style-type: none"> • 25% of which will vest on November 30, 2018 • 25% of which will vest on November 30, 2019 • 25% of which will vest on November 30, 2020 • 25% of which will vest on November 30, 2021

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Name of Grantees and his/her address	Date of Grant	Number of Shares underlying the EIS Options granted (as of the Latest Practicable Date)	Exercise Price per EIS Option (in RMB)	Vesting Period (subject to other conditions in the Employee Incentive)
TAO Dayou, Senior Product Operation Director Apartment 11-1-402, West Zone, Fuxin Garden, Wen Er West Road, Hangzhou City, Zhejiang Province	December 31, 2014	20,000	1	<ul style="list-style-type: none"> • 25% of which vested on December 31, 2015 • 25% of which vested on December 31, 2016 • 25% of which vested on December 31, 2017 • 25% of which will vest on December 31, 2018
	October 1, 2015	250,000	1.5	<ul style="list-style-type: none"> • 25% of which vested on October 1, 2016 • 25% of which vested on October 1, 2017 • 25% of which vested on October 1, 2018 • 25% of which will vest on October 1, 2019
	March 31, 2017	40,000	47	<ul style="list-style-type: none"> • 25% of which vested on March 31, 2018 • 25% of which will vest on March 31, 2019 • 25% of which will vest on March 31, 2020 • 25% of which will vest on March 31, 2021
	November 30, 2017	53,600	64	<ul style="list-style-type: none"> • 25% of which will vest on November 30, 2018 • 25% of which will vest on November 30, 2019 • 25% of which will vest on November 30, 2020 • 25% of which will vest on November 30, 2021
XING Lingwei, Consultant 12-1-201 Shengdayuan, Shengshijiyuan, 99 Tianmushan West Road, Hangzhou City, Zhejiang Province	December 31, 2014	80,000	1	<ul style="list-style-type: none"> • 25% of which vested on December 31, 2015 • 25% of which vested on December 31, 2016 • 25% of which vested on December 31, 2017 • 25% of which will vest on December 31, 2018
	October 1, 2015	120,000	1.5	<ul style="list-style-type: none"> • 25% of which vested on October 1, 2016 • 25% of which vested on October 1, 2017 • 25% of which vested on October 1, 2018 • 25% of which will vest on October 1, 2019
	February 25, 2016	25,000	10	<ul style="list-style-type: none"> • 25% of which vested on February 25, 2017 • 25% of which vested on February 25, 2018 • 25% of which will vest on February 25, 2019 • 25% of which will vest on February 25, 2020
	March 31, 2017	60,000	47	<ul style="list-style-type: none"> • 25% of which vested on March 31, 2018 • 25% of which will vest on March 31, 2019 • 25% of which will vest on March 31, 2020 • 25% of which will vest on March 31, 2021
	November 30, 2017	70,000	64	<ul style="list-style-type: none"> • 25% of which will vest on November 30, 2018 • 25% of which will vest on November 30, 2019 • 25% of which will vest on November 30, 2020 • 25% of which will vest on November 30, 2021

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Name of Grantees and his/her address	Date of Grant	Number of Shares underlying the EIS Options granted (as of the Latest Practicable Date)	Exercise Price per EIS Option (in RMB)	Vesting Period (subject to other conditions in the Employee Incentive)
LU Wei, Consultant, 404, Block 3, No. 35, Xiangwang Road, Suzhou City	February 25, 2016	20,000	10	<ul style="list-style-type: none"> • 25% of which vested on February 25, 2017 • 25% of which vested on February 25, 2018 • 25% of which will vest on February 25, 2019 • 25% of which will vest on February 25, 2020
	March 31, 2017	30,000	47	<ul style="list-style-type: none"> • 25% of which vested on March 31, 2018 • 25% of which will vest on March 31, 2019 • 25% of which will vest on March 31, 2020 • 25% of which will vest on March 31, 2021
	November 30, 2017	285,000	64	<ul style="list-style-type: none"> • 25% of which will vest on November 30, 2018 • 25% of which will vest on November 30, 2019 • 25% of which will vest on November 30, 2020 • 25% of which will vest on November 30, 2021
Zhu Chengbo, Consultant 1-1-101, Zhu Hai Shui Yun Lu Hua Zhou, Xianlin Street, Yuhang District, Hongzhou City, Zhejiang Province	December 31, 2014	13,600	1	<ul style="list-style-type: none"> • 25% of which vested on December 31, 2015 • 25% of which vested on December 31, 2016 • 25% of which vested on December 31, 2017 • 25% of which will vest on December 31, 2018
	February 28, 2015	20,000	1	<ul style="list-style-type: none"> • 25% of which vested on February 28, 2016 • 25% of which vested on February 28, 2017 • 25% of which vested on February 28, 2018 • 25% of which will vest on February 28, 2019
	May 31, 2015	4,500	1	<ul style="list-style-type: none"> • 25% of which vested on May 31, 2016 • 25% of which vested on May 31, 2017 • 25% of which vested on May 31, 2018 • 25% of which will vest on May 31, 2019
	October 1, 2015	180,000	1.5	<ul style="list-style-type: none"> • 25% of which vested on October 1, 2016 • 25% of which vested on October 1, 2017 • 25% of which vested on October 1, 2018 • 25% of which will vest on October 1, 2019
	March 31, 2017	72,000	47	<ul style="list-style-type: none"> • 25% of which vested on March 31, 2018 • 25% of which will vest on March 31, 2019 • 25% of which will vest on March 31, 2020 • 25% of which will vest on March 31, 2021
	November 30, 2017	40,000	64	<ul style="list-style-type: none"> • 25% of which will vest on November 30, 2018 • 25% of which will vest on November 30, 2019 • 25% of which will vest on November 30, 2020 • 25% of which will vest on November 30, 2021

APPENDIX IV
STATUTORY AND GENERAL INFORMATION

Name of Grantees and his/her address	Date of Grant	Number of Shares underlying the EIS Options granted (as of the Latest Practicable Date)	Exercise Price per EIS Option (in RMB)	Vesting Period (subject to other conditions in the Employee Incentive)
ZHANG Zhen, Personal Channel Manager Unit 401, 8 Gongkang Village 4, Zhanglin Road, Jin-an District, Shanghai	March 31, 2017	20,000	47	<ul style="list-style-type: none"> • 25% of which vested on March 31, 2018 • 25% of which will vest on March 31, 2019 • 25% of which will vest on March 31, 2020 • 25% of which will vest on March 31, 2021
	November 30, 2017	293,500	64	<ul style="list-style-type: none"> • 25% of which will vest on November 30, 2018 • 25% of which will vest on November 30, 2019 • 25% of which will vest on November 30, 2020 • 25% of which will vest on November 30, 2021
DENG Yuande, Consultant 404, Unit 63, Block 26, Qian Hu Li Yuan, Dongqian Lake Resort, Ningbo City, Zhejiang Province	October 1, 2015	80,000	1.5	<ul style="list-style-type: none"> • 25% of which vested on October 1, 2016 • 25% of which vested on October 1, 2017 • 25% of which vested on October 1, 2018 • 25% of which will vest on October 1, 2019
	February 25, 2016	30,000	10	<ul style="list-style-type: none"> • 25% of which vested on February 25, 2017 • 25% of which vested on February 25, 2018 • 25% of which will vest on February 25, 2019 • 25% of which will vest on February 25, 2020
	March 31, 2017	100,000	47	<ul style="list-style-type: none"> • 25% of which vested on March 31, 2018 • 25% of which will vest on March 31, 2019 • 25% of which will vest on March 31, 2020 • 25% of which will vest on March 31, 2021
	November 30, 2017	60,300	64	<ul style="list-style-type: none"> • 25% of which will vest on November 30, 2018 • 25% of which will vest on November 30, 2019 • 25% of which will vest on November 30, 2020 • 25% of which will vest on November 30, 2021
ZHANG Wei, Testing Director Unit 1201, 199 Lane 333, Hongde Road, Jia ding District, Shanghai	December 31, 2014	30,000	1	<ul style="list-style-type: none"> • 25% of which vested on December 31, 2015 • 25% of which vested on December 31, 2016 • 25% of which vested on December 31, 2017 • 25% of which will vest on December 31, 2018
	October 1, 2015	130,000	1.5	<ul style="list-style-type: none"> • 25% of which vested on October 1, 2016 • 25% of which vested on October 1, 2017 • 25% of which vested on October 1, 2018 • 25% of which will vest on October 1, 2019
	March 31, 2017	50,000	47	<ul style="list-style-type: none"> • 25% of which vested on March 31, 2018 • 25% of which will vest on March 31, 2019 • 25% of which will vest on March 31, 2020 • 25% of which will vest on March 31, 2021

APPENDIX IV
STATUTORY AND GENERAL INFORMATION

Name of Grantees and his/her address	Date of Grant	Number of Shares underlying the EIS Options granted (as of the Latest Practicable Date)	Exercise Price per EIS Option (in RMB)	Vesting Period (subject to other conditions in the Employee Incentive)
	November 30, 2017	33,500	64	<ul style="list-style-type: none"> • 25% of which will vest on November 30, 2018 • 25% of which will vest on November 30, 2019 • 25% of which will vest on November 30, 2020 • 25% of which will vest on November 30, 2021
SUN Zhibo, Consultant Unit 1201, No. 82 Lane 517, Lianhuashan Road, Shanghai, PRC	December 31, 2014	50,000	1	<ul style="list-style-type: none"> • 25% of which vested on December 31, 2015 • 25% of which vested on December 31, 2016 • 25% of which vested on December 31, 2017 • 25% of which will vest on December 31, 2018
	October 1, 2015	100,000	1.5	<ul style="list-style-type: none"> • 25% of which vested on October 1, 2016 • 25% of which vested on October 1, 2017 • 25% of which vested on October 1, 2018 • 25% of which will vest on October 1, 2019
	March 31, 2017	50,000	47	<ul style="list-style-type: none"> • 25% of which vested on March 31, 2018 • 25% of which will vest on March 31, 2019 • 25% of which will vest on March 31, 2020 • 25% of which will vest on March 31, 2021
	November 30, 2017	40,200	64	<ul style="list-style-type: none"> • 25% of which will vest on November 30, 2018 • 25% of which will vest on November 30, 2019 • 25% of which will vest on November 30, 2020 • 25% of which will vest on November 30, 2021
XU Rui, Talent Development Office Manager Apartment 1002, No. 98 Lane 58, Yinzun Road, Pudong New District, Shanghai, PRC	December 31, 2014	6,000	1	<ul style="list-style-type: none"> • 25% of which vested on December 31, 2015 • 25% of which vested on December 31, 2016 • 25% of which vested on December 31, 2017 • 25% of which will vest on December 31, 2018
	February 28, 2015	4,000	1	<ul style="list-style-type: none"> • 25% of which vested on February 28, 2016 • 25% of which vested on February 28, 2017 • 25% of which vested on February 28, 2018 • 25% of which will vest on February 28, 2019
	October 1, 2015	40,000	1.5	<ul style="list-style-type: none"> • 25% of which vested on October 1, 2016 • 25% of which vested on October 1, 2017 • 25% of which vested on October 1, 2018 • 25% of which will vest on October 1, 2019
	March 31, 2017	170,000	47	<ul style="list-style-type: none"> • 25% of which vested on March 31, 2018 • 25% of which will vest on March 31, 2019 • 25% of which will vest on March 31, 2020 • 25% of which will vest on March 31, 2021

APPENDIX IV
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Name of Grantees and his/her address	Date of Grant	Number of Shares underlying the EIS Options granted (as of the Latest Practicable Date)	Exercise Price per EIS Option (in RMB)	Vesting Period (subject to other conditions in the Employee Incentive)
	November 30, 2017	20,100	64	<ul style="list-style-type: none"> • 25% of which will vest on November 30, 2018 • 25% of which will vest on November 30, 2019 • 25% of which will vest on November 30, 2020 • 25% of which will vest on November 30, 2021
YIN Kang, Technology Director Apartment 402, Block 26, Taoyuan Village, Nanshan District, Shenzhen, Guangdong Province, PRC	February 25, 2016	100,000	10	<ul style="list-style-type: none"> • 25% of which vested on February 25, 2017 • 25% of which vested on February 25, 2018 • 25% of which will vest on February 25, 2019 • 25% of which will vest on February 25, 2020
	March 31, 2017	70,000	47	<ul style="list-style-type: none"> • 25% of which vested on March 31, 2018 • 25% of which will vest on March 31, 2019 • 25% of which will vest on March 31, 2020 • 25% of which will vest on March 31, 2021
	November 30, 2017	53,600	64	<ul style="list-style-type: none"> • 25% of which will vest on November 30, 2018 • 25% of which will vest on November 30, 2019 • 25% of which will vest on November 30, 2020 • 25% of which will vest on November 30, 2021
YIN Zhengwen, Consultant Unit 502, 19 Lane 300, Wahpeng Road, Pudong New District, Shanghai	December 31, 2014	50,000	1	<ul style="list-style-type: none"> • 25% of which vested on December 31, 2015 • 25% of which vested on December 31, 2016 • 25% of which vested on December 31, 2017 • 25% of which will vest on December 31, 2018
	May 31, 2015	40,000	1	<ul style="list-style-type: none"> • 25% of which vested on May 31, 2016 • 25% of which vested on May 31, 2017 • 25% of which will vest on May 31, 2018 • 25% of which will vest on May 31, 2019
	October 1, 2015	130,000	1.5	<ul style="list-style-type: none"> • 25% of which vested on October 1, 2016 • 25% of which vested on October 1, 2017 • 25% of which vested on October 1, 2018 • 25% of which will vest on October 1, 2019
XIE Hong, Senior Medical Director, Apartment 702, Block 11, Dongcheng Shui'an, No. 399 Longpan Central Avenue, Nanjing, Jiangsu Province, PRC	February 28, 2015	30,000	1	<ul style="list-style-type: none"> • 25% of which vested on February 28, 2016 • 25% of which vested on February 28, 2017 • 25% of which vested on February 28, 2018 • 25% of which will vest on February 28, 2019
	May 31, 2015	10,000	1	<ul style="list-style-type: none"> • 25% of which vested on May 31, 2016 • 25% of which vested on May 31, 2017 • 25% of which will vest on May 31, 2018 • 25% of which will vest on May 31, 2019

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STATUTORY AND GENERAL INFORMATION

Name of Grantees and his/her address	Date of Grant	Number of Shares underlying the EIS Options granted (as of the Latest Practicable Date)	Exercise Price per EIS Option (in RMB)	Vesting Period (subject to other conditions in the Employee Incentive)
	October 1, 2015	100,000	1.5	<ul style="list-style-type: none"> • 25% of which vested on October 1, 2016 • 25% of which vested on October 1, 2017 • 25% of which vested on October 1, 2018 • 25% of which will vest on October 1, 2019
	March 31, 2017	40,000	47	<ul style="list-style-type: none"> • 25% of which vested on March 31, 2018 • 25% of which will vest on March 31, 2019 • 25% of which will vest on March 31, 2020 • 25% of which will vest on March 31, 2021
	November 30, 2017	40,000	64	<ul style="list-style-type: none"> • 25% of which will vest on November 30, 2018 • 25% of which will vest on November 30, 2019 • 25% of which will vest on November 30, 2020 • 25% of which will vest on November 30, 2021
ZHANG Shufang, Vice General Manager, Finance Planning Department (Corporate Planning) Apartment 901, No. 167 Lane 377, Chenhui Road, Pudong New District, Shanghai, PRC	October 1, 2015	40,000	1.5	<ul style="list-style-type: none"> • 25% of which vested on October 1, 2016 • 25% of which vested on October 1, 2017 • 25% of which vested on October 1, 2018 • 25% of which will vest on October 1, 2019
	March 31, 2017	130,000	47	<ul style="list-style-type: none"> • 25% of which vested on March 31, 2018 • 25% of which will vest on March 31, 2019 • 25% of which will vest on March 31, 2020 • 25% of which will vest on March 31, 2021
	November 30, 2017	40,200	64	<ul style="list-style-type: none"> • 25% of which will vest on November 30, 2018 • 25% of which will vest on November 30, 2019 • 25% of which will vest on November 30, 2020 • 25% of which will vest on November 30, 2021
CHEN Liang, Consultant Unit 104, Block 13, Merchants Mister Garden, 7-40 Deng Liang Road, Nanshan District, Shenzhen, Guangdong Province	February 25, 2016	12,000	10	<ul style="list-style-type: none"> • 25% of which vested on February 25, 2017 • 25% of which vested on February 25, 2018 • 25% of which will vest on February 25, 2019 • 25% of which will vest on February 25, 2020
	March 31, 2017	178,000	47	<ul style="list-style-type: none"> • 25% of which vested on March 31, 2018 • 25% of which will vest on March 31, 2019 • 25% of which will vest on March 31, 2020 • 25% of which will vest on March 31, 2021
	November 30, 2017	20,100	64	<ul style="list-style-type: none"> • 25% of which will vest on November 30, 2018 • 25% of which will vest on November 30, 2019 • 25% of which will vest on November 30, 2020 • 25% of which will vest on November 30, 2021

APPENDIX IV
STATUTORY AND GENERAL INFORMATION

Name of Grantees and his/her address	Date of Grant	Number of Shares underlying the EIS Options granted (as of the Latest Practicable Date)	Exercise Price per EIS Option (in RMB)	Vesting Period (subject to other conditions in the Employee Incentive)
SU Yancheng, Deputy General Manager, Hiring Management Department No. 146 North District, Group 8, Qianpo Village, Cizao Township, Jinjiang, Fujian Province, PRC	December 31, 2014	4,000	1	<ul style="list-style-type: none"> • 25% of which vested on February 28, 2016 • 25% of which vested on February 28, 2017 • 25% of which vested on February 28, 2018 • 25% of which will vest on February 28, 2019
	February 28, 2015	1,000	1	<ul style="list-style-type: none"> • 25% of which vested on May 31, 2016 • 25% of which vested on May 31, 2017 • 25% of which will vest on May 31, 2018 • 25% of which will vest on May 31, 2019
	October 1, 2015	10,000	1.5	<ul style="list-style-type: none"> • 25% of which vested on October 1, 2016 • 25% of which vested on October 1, 2017 • 25% of which vested on October 1, 2018 • 25% of which will vest on October 1, 2019
	February 25, 2016	10,000	10	<ul style="list-style-type: none"> • 25% of which vested on February 25, 2017 • 25% of which vested on February 25, 2018 • 25% of which will vest on February 25, 2019 • 25% of which will vest on February 25, 2020
	March 31, 2017	160,000	47	<ul style="list-style-type: none"> • 25% of which vested on March 31, 2018 • 25% of which will vest on March 31, 2019 • 25% of which will vest on March 31, 2020 • 25% of which will vest on March 31, 2021
	November 30, 2017	16,750	64	<ul style="list-style-type: none"> • 25% of which will vest on November 30, 2018 • 25% of which will vest on November 30, 2019 • 25% of which will vest on November 30, 2020 • 25% of which will vest on November 30, 2021
FAN Yin, Investment Director Apartment 2003, Block 1, Shanghai Bund Garden, No. 288 Baidu Road, Huangpu District, Shanghai, PRC	March 31, 2017	100,000	47	<ul style="list-style-type: none"> • 25% of which vested on March 31, 2018 • 25% of which will vest on March 31, 2019 • 25% of which will vest on March 31, 2020 • 25% of which will vest on March 31, 2021
	November 30, 2017	100,500	64	<ul style="list-style-type: none"> • 25% of which will vest on November 30, 2018 • 25% of which will vest on November 30, 2019 • 25% of which will vest on November 30, 2020 • 25% of which will vest on November 30, 2021

APPENDIX IV
STATUTORY AND GENERAL INFORMATION

Name of Grantees and his/her address	Date of Grant	Number of Shares underlying the EIS Options granted (as of the Latest Practicable Date)	Exercise Price per EIS Option (in RMB)	Vesting Period (subject to other conditions in the Employee Incentive)
XU Jiye, Vice President Marketing No. 11-2-301 Zhonghai Fenglian Mountain Villa, Yongfeng Road, Haidian District, Beijing, PRC	December 25, 2017	200,000	64	<ul style="list-style-type: none"> • 25% of which will vest on December 25, 2018 • 25% of which will vest on December 25, 2019 • 25% of which will vest on December 25, 2020 • 25% of which will vest on December 25, 2021

Details of the EIS Options granted as of the Latest Practicable Date pursuant to the Employee Incentive Scheme to persons other than our Directors and Senior Management and those who are entitled to 200,000 Shares or more underlying the EIS Options granted, totalling 1,010 individuals in total, are set out below, with a total number of 9,954,321 shares underlying the EIS Options granted:

Date of Grant	Number of Shares underlying the EIS Options granted (as of the Latest Practicable Date)	Exercise Price per EIS Option (in RMB)	Vesting Period (subject to other conditions in the Employee Incentive Scheme)
December 31, 2014 .	254,050	1	<ul style="list-style-type: none"> • 25% of which vested on December 31, 2015 • 25% of which vested on December 31, 2016 • 25% of which vested on December 31, 2017 • 25% of which will vest on December 31, 2018
February 28, 2015 . .	5,000	1	<ul style="list-style-type: none"> • 25% of which vested on February 28, 2016 • 25% of which vested on February 28, 2017 • 25% of which will vest on February 28, 2018 • 25% of which will vest on February 28, 2019
May 31, 2015	41,000	1	<ul style="list-style-type: none"> • 25% of which vested on May 31, 2016 • 25% of which vested on May 31, 2017 • 25% of which will vest on May 31, 2018 • 25% of which will vest on May 31, 2019
June 30, 2015	56,000	1	<ul style="list-style-type: none"> • 25% of which vested on June 30, 2016 • 25% of which vested on June 30, 2017 • 25% of which will vest on June 30, 2018 • 25% of which will vest on June 30, 2019

Date of Grant	Number of Shares underlying the EIS Options granted (as of the Latest Practicable Date)	Exercise Price per EIS Option (in RMB)	Vesting Period (subject to other conditions in the Employee Incentive Scheme)
October 1, 2015 . . .	1,307,350	1.5	<ul style="list-style-type: none"> • 25% of which vested on October 1, 2016 • 25% of which vested on October 1, 2017 • 25% of which will vest on October 1, 2018 • 25% of which will vest on October 1, 2019
February 25, 2016 . .	1,049,000	10	<ul style="list-style-type: none"> • 25% of which vested on February 25, 2017 • 25% of which will vest on February 25 2018 • 25% of which will vest on February 25, 2019 • 25% of which will vest on February 25, 2020
March 31, 2017. . . .	3,719,950	47	<ul style="list-style-type: none"> • 25% of which will vest on March 31, 2018 • 25% of which will vest on March 31, 2019 • 25% of which will vest on March 31, 2020 • 25% of which will vest on March 31, 2021
November 30, 2017 .	3,501,971	64	<ul style="list-style-type: none"> • 25% of which will vest on November 30, 2018 • 25% of which will vest on November 30, 2019 • 25% of which will vest on November 30, 2020 • 25% of which will vest on November 30, 2021
December 29, 2017 .	20,000	64	<ul style="list-style-type: none"> • 25% of which will vest on December 29, 2018 • 25% of which will vest on December 29, 2019 • 25% of which will vest on December 29, 2020 • 25% of which will vest on December 29, 2021

E. OTHER INFORMATION

1. Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries.

2. Litigation

Save as disclosed in this prospectus and so far as our Directors are aware, no litigation or claim of material importance is pending or threatened against any member of our Group.

3. Joint Sponsors

The Joint Sponsors have made an application on our behalf to the Listing Committee for the listing of, and permission to deal in, the Shares in issue, the Shares to be issued pursuant to the Global Offering (including any Shares which may fall to be issued pursuant to the exercise of the Over-allotment Option).

Each of the Joint Sponsors satisfies the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules. The Joint Sponsors will be paid by the Company a total fee of US\$1 million to act as joint sponsors to the Company in connection with the Global Offering.

4. Consents of Experts

The following experts have each given and have not withdrawn their respective written consents to the issue of this prospectus with copies of their reports, letters, opinions or summaries of opinions (as the case may be) and the references to their names included herein in the form and context in which they are respectively included.

Name	Qualification
Citigroup Global Markets Asia Limited .	A licensed corporation to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance) and Type 7 (providing automated trading services) of the regulated activities under the SFO
J.P. Morgan Securities (Far East) Limited	A licensed corporation to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) of the regulated activities under the SFO
PricewaterhouseCoopers	Certified public accountants
Haiwen & Partners	Qualified PRC Lawyers
Maples and Calder (Hong Kong) LLP . .	Cayman Islands attorneys-at-law
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Industry consultant

As of the Latest Practicable Date, none of the experts named above has any shareholding interest in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

5. Binding Effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies Ordinance so far as applicable.

6. Bilingual Prospectus

The English language and Chinese language versions of this prospectus are being published separately in reliance upon the exemption provided by section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

7. Preliminary Expenses

The preliminary listing expenses of the Global Offering are estimated to be approximately HK\$314.5 million and are payable by our Company.

8. Miscellaneous

- (a) Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus:
- (i) no share or loan capital or debenture of our Company or any of our subsidiaries has been issued or agreed to be issued or is proposed to be issued for cash or as fully or partly paid other than in cash or otherwise;
 - (ii) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option; and
 - (iii) no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries.
- (b) Save as disclosed in this prospectus:
- (i) there are no founder, management or deferred shares nor any debentures in our Company or any of our subsidiaries;
 - (ii) no share or loan capital or debenture of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option; and
 - (iii) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of our Company or any of its subsidiaries by our Company for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscriptions, for any shares in or debentures of our Company or any of our subsidiaries.
- (c) Save as disclosed in the paragraph headed “B. Further Information about our Business — 1. Summary of Material Contracts” in this section, none of our Directors or proposed Directors or experts (as named in this prospectus), have any interest, direct or indirect, in any assets which have been, within the two years immediately preceding the date of this prospectus, acquired or disposed of by or leased to, any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group.
- (d) We do not have any promoter. No cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to any promoters in connection with the Global Offering and the related transactions described in this prospectus within the two years immediately preceding the date of this prospectus.

- (e) No equity or debt securities of any company within our Group is presently listed on any stock exchange or traded on any trading system nor is any listing or permission to deal being or proposed to be sought.
- (f) Our Company has no outstanding convertible debt securities or debentures.
- (g) There is no arrangement under which future dividends are waived or agreed to be waived.

APPENDIX V DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG AND AVAILABLE FOR INSPECTION

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were, among other documents:

- (a) copies of **white, yellow** and **green** Application Forms;
- (b) the written consents referred to under the paragraph headed “Statutory and General Information — E. Other Information — 4. Consents of experts” in Appendix IV to this prospectus; and
- (c) copies of the material contracts referred to in the paragraph headed “Statutory and General Information — B. Further Information about Our Business — 1. Summary of Material Contracts” in Appendix IV to this prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at our office in Hong Kong at Clifford Chance at 27/F, Jardine House, One Connaught Place, Central, Hong Kong during normal business hours from 9:00 a.m. to 5:00 p.m. up to and including the date which is 14 days from the date of this prospectus:

- (a) the Memorandum of Associations and the Articles of Association;
- (b) the Accountant’s Report of our Group from PricewaterhouseCoopers, the text of which is set out in Appendix I to this prospectus;
- (c) the report on the unaudited pro forma financial information of our Group from PricewaterhouseCoopers, the text of which is set out in Appendix II to this prospectus;
- (d) the audited consolidated financial statements of our Group for the three financial years ended 31 December 2015, 2016 and 2017;
- (e) the PRC legal opinions issued by Haiwen & Partners, our legal advisors as to PRC law, in respect of certain general corporate matters and property interests of our Group;
- (f) the letter of advice prepared by Maples and Calder (Hong Kong) LLP, our legal advisors as to Cayman Islands law, summarising certain aspects of the Cayman Companies Law referred to in Appendix III to this prospectus;
- (g) the Cayman Companies Law;

**APPENDIX V DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES
IN HONG KONG AND AVAILABLE FOR INSPECTION**

- (h) the report issued by Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., the summary of which is set forth in the section headed “Industry Overview” in this prospectus;
- (i) the written consents referred to under the paragraph headed “Statutory and General Information — E. Other Information — 4. Consents of experts” in Appendix IV to this prospectus;
- (j) the material contracts referred to in “Statutory and General Information — B. Further Information about Our Business — 1. Summary of Material Contracts” in Appendix IV to this prospectus;
- (k) the service contracts with our Directors referred to in “Statutory and General Information — C. Further Information about our Directors — 1. Directors’ service contracts” in Appendix IV to this prospectus;
- (l) the terms of the Employee Incentive Scheme; and
- (m) the full list of all the Grantees of the Employee Incentive Scheme, containing all details as required under Rule 17.02(1)(b), paragraph 27 of Appendix 1A to the Listing Rules and paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance.



平安健康醫療科技有限公司
PING AN HEALTHCARE AND TECHNOLOGY COMPANY LIMITED

