

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)

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# 2019 Interim Report



Stock Code : 1833

This interim report (the "Interim Report") (in both English and Chinese versions) has been posted on the Company's website at [www.pahtg.com](http://www.pahtg.com). Shareholders who have chosen to rely on copies of the Corporate Communications (including but not limited to annual report and (where applicable) summary financial report, interim report and (where applicable) summary interim report, notice of meeting, listing document, circular and proxy form) posted on the Company's website in lieu of any or all the printed copies thereof may request the printed copy of the Interim Report.

Shareholders who have chosen or are deemed to have consented to receive the Corporate Communications using electronic means through the Company's website and who have difficulty in receiving or gaining access to the Interim Report posted on the Company's website will upon request be sent the Interim Report in printed form free of charge.

Shareholders may at any time choose to change their choice of means of receipt (in printed form or by electronic means through the Company's website) and language (in English only, in Chinese only or in both Chinese and English) of all future Corporate Communications from the Company by giving notice in writing by post to the Hong Kong Share Registrar at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong or by sending an email to [pahtg.ecom@computershare.com.hk](mailto:pahtg.ecom@computershare.com.hk).

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# Corporate Information

## Directors

### Executive Director

Mr. WANG Tao (Chairman)

### Non-executive Directors

Mr. LEE Yuan Siong

Mr. YAO Jason Bo

Ms. CAI Fangfang

Mr. DOU Wenwei

Ms. WANG Wenjun

Mr. LAW Siu Wah Eddie

### Independent Non-executive Directors

Mr. TANG Yunwei

Mr. GUO Tianyong

Mr. LIU Xin

Dr. CHOW Wing Kin Anthony

### Audit and Risk Management Committee

Mr. TANG Yunwei (Chairman)

Mr. GUO Tianyong

Mr. LIU Xin

Mr. YAO Jason Bo

Mr. LAW Siu Wah Eddie

### Nomination and Remuneration Committee

Mr. GUO Tianyong (Chairman)

Mr. TANG Yunwei

Dr. CHOW Wing Kin Anthony

Mr. LIU Xin

Ms. CAI Fangfang

Mr. YAO Jason Bo

Mr. LAW Siu Wah Eddie

### Joint Company Secretaries

Ms. LIN Yuan

Ms. CHEN Chun

### Authorised Representatives

Mr. WANG Tao

Ms. CHEN Chun

## Auditor

PricewaterhouseCoopers  
Certified Public Accountants  
22/F, Prince's Building  
Central  
Hong Kong

## Registered Office

The offices of Maples Corporate Service Limited  
PO Box 309  
Ugland House  
Grand Cayman  
KY1-1104  
Cayman Islands

## 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

40th Floor  
Sunlight Tower  
248 Queen's Road East  
Wanchai  
Hong Kong

## Legal Advisors

### As to Hong Kong and U.S. laws:

Clifford Chance  
27/F, Jardine House  
One Connaught Place  
Central  
Hong Kong

### As to PRC law:

Shanghai International Economic & Trade Law Office  
Room 305, Huaihai China Building  
No. 885 Renmin Road  
Shanghai  
PRC

### **As to Cayman Islands law:**

Maples and Calder (Hong Kong) LLP  
53rd Floor, The Center  
99 Queen's Road Central  
Hong Kong

### **Compliance Advisor**

Somerley Capital Limited  
20/F, China Building  
29 Queen's Road Central  
Hong Kong

### **Principal Share Registrar and Transfer Office**

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

### **Hong Kong Share Registrar**

Computershare Hong Kong Investor Services Limited  
Shops 1712-1716, 17th Floor  
Hopewell Centre  
183 Queen's Road East  
Wanchai  
Hong Kong

### **Principal Banks**

Bank of China (Hong Kong) Limited  
1 Garden Road  
Hong Kong

### **Stock Code**

1833

### **Company's Website**

[www.pahtg.com](http://www.pahtg.com)

### **Listing Date**

4 May 2018

# Key Financial and Operational Data

Registered users:

 **289.3** million

 An increase of **61.3** million during the past 12 months

MAU:

 **62.7** million

 year-on-year growth **29.0%**

Average daily consultations:

 **656** thousand

 year-on-year growth **23.5%**

MPU:

 **2.2** million

 year-on-year growth **61.2%**

Online Medical Services Revenue:

 **336.1** (RMB) million

 year-on-year growth **80.5%**

Revenue:

 **2,272.7** (RMB) million

 year-on-year growth **102.4%**

# CHAIRMAN'S STATEMENT

As a leading player in the industry, Ping An Good Doctor will directly benefit from the government's pro-active position and open policies on the industry. We strive to achieve the mission of "providing a family doctor for every family" through our ground-breaking products "Ping An Good Doctor VIP Membership" and our quality healthcare services.



## WANG TAO

Chairman and Chief Executive Officer

This is the best of times for Internet healthcare practitioners in China. It has been ten years since the Chinese government first undertook reforms of the healthcare industry with the promulgation of the *Opinions on Deepening the Reform of the Medical and Healthcare System* in 2009. In 2018, we saw a much higher frequency of further promulgations of medical and healthcare policies. These series of promulgations officially launched the prelude of China's "Internet + Healthcare" reforms: documents such as *Opinions of the General Office of the State Council on Promoting the Development of "Internet + Healthcare"*, the *Administrative Measures for Internet-based Consultations (for Trial Implementation)* and the *National Administrative Measures for Health Data Standards, Security and Services (for Trial Implementation)* further demonstrated the determination of the Chinese government to develop the new field of "Internet + Healthcare". In June 2019, the State Council promulgated the *Key Tasks for Deepening the Reform of the Medical and Healthcare System in 2019*, requiring relevant authorities to issue detailed regulations of Internet healthcare service charges and reimbursement by Social Health Insurance by the end of September 2019. The frequent issue of various policies and promulgations is proof that the country is determined to continue to deepen and promote "Internet + Healthcare". As a leading player in the industry, Ping An Good Doctor welcomes and directly benefits from the Chinese government's pro-active position and open policies on the industry. We shall continue be the leading player in Internet healthcare in China, providing our users with quality and efficient medical services and comprehensive health management services.

Ping An Good Doctor leverages on its in-house full-time medical team and its proprietary AI-based consultation system to provide users with timely and quality medical services, covering 24/7 hour (24 hours per day, 7 days per week) end-to-end services including online consultation, prescription, referral, registration, second medical opinion and 1-hour drug delivery. Meanwhile, the continuous expansion of our nationwide and global medical network provides users with a wide range of medical and healthcare services as well as personalized health management plans.

## Chairman's Statement

During the Reporting Period, total revenue of the Group amounted to RMB2,272.7 million, representing a year-on-year increase of 102.4%. Revenue growth remained robust across all business segments. In particular, revenue from Online Medical Services amounted to RMB336.1 million, representing a year-on-year growth of 80.5%. Online Medical Services revenue accounted for 14.8% of the Group's total revenue during the six months ended 30 June 2019, an increase from 12.3% recorded for the year ended 31 December 2018. With continuous improvement in business management and operating leverage, our net loss narrowed to RMB273.5 million, down 38.4% compared to the same period last year, while net loss margin decreased by 27.6 percentage points to 12.0% from 39.6% in the same period last year. Our core operating metrics also recorded strong growth: as of 30 June 2019, the number of registered users reached 289.3 million, an increase of 24.1 million from the end of 2018 and an increase of 61.3 million for the past 12 months; the number of monthly active users and the number of monthly paying users reached 62.7 million and 2.2 million respectively, an increase of 29.0% and 61.2% year-on-year respectively; our annual average conversion rate of paying users increased by 19.4% to 3.7% from 3.1% in the same period last year, reflecting improved monetization of our business model.

We recruit highly-skilled and experienced medical professionals from offline medical institutions to join our in-house medical team to provide our users with timely and efficient 24/7 consultation and diversified membership services. By combining our proprietary AI technology with our in-house medical team, we are able to significantly improve the efficiency of the medical consultation services offered to our users. For the six months ended 30 June 2019, our daily average consultations reached 656 thousand, representing an increase of 23.5% over the same period last year. Our strategy for monetizing Online Medical Services will continue to be collaboration with commercial insurance and offering membership products to our users. As of 30 June 2019, we have served over 1.4 million paid memberships. In addition to Ping An Insurance, we also actively expand our collaboration with other third-party commercial insurance companies and financial institutions. As of the end of July 2019, we have signed strategic cooperation agreements with PKU Founder Life, Pearl River Life, Minsheng Life and Everbright Bank respectively. Ping An Good Doctor will leverage our competitive advantages to help the insurance companies and financial institutions differentiate and enhance their value proposition and solve their customer pain points in accessing quality medical services.

Leveraging on experience gained from our existing membership products and capitalizing on our continuously improving and the evolving ecosystem, we officially launched our strategic membership product "Ping An Good Doctor VIP Membership" in June 2019 to offer comprehensive quality medical and healthcare services for wide sections of the community including children, adults, the elderly and the chronically ill. Customers will receive one-to-one private doctor service (such doctors being senior doctors from our own in-house medical team) and have access to an expert group of medical professionals comprising renowned doctors in the respective fields from the top 100 hospitals across the country. Our services include 24/7 online consultation, secondary medical opinion, offline hospital outpatient treatment arrangement, health management, and chronic disease management. We feel this innovative model can accurately target users' demands to offer precise and personalized medical and healthcare solutions. Importantly, it also builds a strong element of trust between doctors and patients, which in turn allows us to better serve the needs of our users.

We continue to expand and evolve our healthcare ecosystem and improve our services. As of 30 June 2019, our healthcare ecosystem comprised 400 traditional Chinese medicine clinics, over 1,600 health check-up centers, over 1,700 dental clinics, over 150 medical beauty clinics, and over 47,000 clinics on our cloud clinic network. During the Reporting Period, we partnered with offline retail pharmacies and embedded our online consultation service into their outlets. This new business model empowers traditional offline retail pharmacies to offer their customers medical and healthcare consultation and medication in a seamless, closed-loop environment. As the end of the Reporting Period, we have partnered with over 32 thousand offline retail pharmacies in offering our medical health services including online consultation service and 1-hour drug delivery. In recent years, China has introduced a number of policies to encourage bricks-and-mortar hospitals to develop internet hospitals to enhance



the efficiency of medical services and improve user experience. Ping An Good Doctor is fully aligned with the government's initiatives on Internet healthcare. By leveraging our expertise in operating Internet platforms and our world-leading AI-based medical system, we help local government hospitals develop cloud-based Internet hospitals and establish tiered diagnosis and treatment systems, thereby significantly improving operating efficiency of those hospitals. As of 30 June 2019, we have strategic cooperation with approximately 50 offline hospitals to help them develop an integrated Internet hospital platform comprising online diagnosis and treatment, prescription sharing and insurance payment. Ping An Good Doctor fully consider the different needs of governments and local medical institutions and use our expertise and capabilities to connect medical treatment, medication and Social Health Insurance coverage on the one Internet platform, thereby realizing the vision and objectives of the government's health reforms. In July 2019, we entered into a strategic agreement with the National Health Commission of the PRC in Quzhou city, Zhejiang province, to develop internet hospitals for all hospitals under their jurisdiction. As we expand our ecosystem, we empower our partners with our expertise in service, operations and technology. At the same time, our offline partners bring to us considerable user traffic as well as a vast pool of potential paying users, which in turn accelerate the monetization of our platform. As our ecosystem continues to improve, we are able to provide our users with more diverse medical and healthcare services, while fully supporting the rapid development of various businesses.

Our AI-based consultation system has accumulated about 530 million records by the end of June 2019. As a result of our continuous investment in deep learning technology, Natural Language Processing ("NLP"), knowledge graph and big data supercomputing platform, our AI-based consultation system is today applied to all departments of our in-house medical team and is used by approximately 150 offline hospitals across China. The technology helps our in-house medical team and offline hospitals to successfully automate medical information, standardize medical procedures and to improve efficiency of consultation. As of 30 June 2019, there were 1,193 members in our in-house medical team. In the first half of 2019, average daily consultations reached 656 thousand, up 23.5% from the same period of 2018. The accuracy rate of our proprietary AI-based consultation system also continues to improve.

In addition to developing the domestic market, Ping An Good Doctor also exports its technology and capabilities to overseas markets: in 2018, we established a joint venture with Grab Holdings Inc. ("Grab"), the largest O2O platform in Southeast Asia. The joint venture company has selected Indonesia as the first country to launch its online healthcare platform after conducting thorough market research. Indonesia has nearly half of the population of Southeast Asia and 130 million internet users; however, advanced and innovative medical solutions are urgently needed in the country due to severe shortage of local traditional medical resources. This presents a huge opportunity to develop online healthcare. We expect our medical and healthcare service offering in Indonesia, which include online consultation and health mall, to be available to users in Indonesia this year via a plug-in in the Grab mobile application. As another important part of our globalization strategy, Ping An Good Doctor has officially entered the online healthcare market in Japan by establishing a joint venture with SoftBank and is actively exploring local strategic partners including hospitals, doctors, insurance companies, pharmacies, logistics and delivery companies. Ping An Good Doctor will leverage on our expertise, capabilities and technology to bring quality healthcare services to users in Japan.

While developing our business, Ping An Good Doctor has also actively undertaken social responsibilities and worked closely with local governments in China to implement the "Village Doctor" Scheme. During the Reporting Period, we provided high-tech products and services such as specific application software, examination and test equipment, and multi-scenario remote training programs to village doctors in remote and poverty-stricken areas in Guangxi, Jiangxi, Chongqing, and Inner Mongolia. As of 30 June 2019, we have upgraded over 600 rural clinics and trained over 7,000 village doctors to help the government alleviate the shortage of quality medical resources, enhanced the capacity and quality of medical services and lifted the overall quality of health in rural and under-privileged regions. Ping An Good Doctor also continued to carry out management training and industry standard certification services for offline clinics nationwide. Since the project was launched, a total of nearly 10,000

## Chairman's Statement

clinics, comprising comprehensive outpatient clinics, general clinics, dental, traditional Chinese medicine and other specialist clinics from more than 200 cities in 31 provinces were certified. We also helped local clinics connect to the Social Health Insurance system and improved their operational efficiency. At the end of June 2019, we had nearly 3,000 clinics in Shenzhen and Harbin in our ecosystem connected to the Social Health Insurance reimbursement system. In April 2019, China issued the *Guidelines on the Pilot Program for Promoting Development of Clinics*, highlighting the urgent need to comprehensively regulate and standardize medical clinics, develop more and better quality clinics, and turn these clinics into an important service provider in the overall public healthcare system. Going forward, we shall continue to improve the overall quality of clinics and do our part to help the government enhance the overall quality and efficiency of the public healthcare system.

In March 2019, the International Association for the Study of Insurance Economics, the world's authoritative insurance industry think tank, also known as the Geneva Association, used Ping An Good Doctor as a case-study in its report titled "Healthcare in Emerging Markets: Exploring the Protection Gaps". The report illustrated the many benefits Internet healthcare brings to the traditional medical system, e.g., expanding the coverage and improving the quality of medical services, and reducing government medical expenses. We are deeply encouraged and proud of this. At the same time, we are also aware of our responsibilities and mission. The continuous improvement of technology, the extensive application of cutting-edge technologies such as 5G, artificial intelligence and the Internet of Things have improved the quality and efficiency of medical services. Ping An Good Doctor firmly seizes the opportunities arising from this technology transformation and serves our role as the leader of Internet healthcare. We actively promote our globalization strategy, form close collaboration with offline medical partners and healthcare service providers both at home and abroad, and provide our users with worldwide, quality medical services to build the world's largest healthcare ecosystem. Our latest membership product, Ping An Good Doctor VIP Membership launched in the first half of the year, disrupts the conventional passive notion of patients seeking medical care only when necessary actively delivering medical and healthcare service and advice to users. We feel this will bring a completely new user experience and a fundamental change in behavior towards Internet healthcare.

It has been one year since the public listing of Ping An Good Doctor. During this period, we have implemented our strategy and developed our businesses with focus and diligence. On behalf of the Board, I would like to thank our shareholders, partners, customers, the management team and staff for their unwavering support. The first year after IPO is not only a summary of the past, but also the beginning of a new journey. Each one of us is full of enthusiasm and confidence about the prospects of the internet healthcare in China. We are committed to providing a family doctor for every family, creating an e-health profile for everyone, and setting up a health management plan for everyone. By doing so, we deliver quality services to users, create sustainable value for shareholders and contribute to the Healthy China strategy.

### **Wang Tao**

Chairman

Hong Kong, 6 August 2019

# Management Discussion and Analysis

## Key Financial Data

	Unaudited		Year-on-year change
	Six months ended 30 June		
	2019	2018	
	RMB'000	RMB'000	
Revenue	<b>2,272,659</b>	1,122,839	102.4%
Cost of sales	<b>(1,780,965)</b>	(813,921)	118.8%
Gross profit	<b>491,694</b>	308,918	59.2%
Selling and marketing expenses	<b>(376,666)</b>	(471,735)	-20.2%
Administrative expenses	<b>(544,131)</b>	(375,994)	44.7%
Other income	<b>9,263</b>	8,269	12.0%
Other gains – net	<b>27,045</b>	33,870	-20.2%
Finance income – net	<b>126,512</b>	54,876	130.5%
Share of losses of associates and joint ventures	<b>(3,743)</b>	(2,367)	58.1%
Loss before income tax	<b>(270,026)</b>	(444,163)	-39.2%
Income tax expense	<b>(3,514)</b>	–	Not applicable
Loss for the period	<b>(273,540)</b>	(444,163)	-38.4%
Loss attributable to:			
– Owners of the Company	<b>(272,502)</b>	(444,163)	-38.6%
– Non-controlling interests	<b>(1,038)</b>	–	Not applicable
Non-IFRS measure:			
Adjusted net loss	<b>(223,191)</b>	(387,928)	-42.5%

In the first half of 2019, total revenue of the Company amounted to RMB2,272.7 million, representing an increase of 102.4% from total revenue of RMB1,122.8 million recorded in the first half of 2018, driven by increases in all business segments. Gross profit for the first half of 2019 was RMB491.7 million, representing an increase of 59.2% from the gross profit of RMB308.9 million recorded in the first half of 2018. Selling and marketing expenses as a share of total revenue fell from 42.0% in the first half of 2018 to 16.6%, while administrative expenses as a share of total revenue also fell from 33.5% in the first half of 2018 to 23.9%. Net loss also narrowed 38.4%, from RMB444.2 million recorded in the first half of 2018 to RMB273.5 million in the first half of 2019.

## Management Discussion and Analysis

### Key Operational Data

	30 June 2019	31 December 2018	Year-on-year change
Number of registered users (in millions)	289.3 <sup>(1)</sup>	265.2	9.1%
Accumulative number of paying users in online medical services (in thousands)	1,439	1,043	38.0%
Accumulative consultation records (in millions)	526.0	407.1	29.2%

	Six months ended 30 June 2019	2018	Year-on-year change
Online Medical Services Revenue (RMB in thousands)	336,064	186,225	80.5%
Average Daily Consultations (in thousands)	656	531	23.5%

	2019	2018	Year-on-year change
MAU (in millions, in the month of June)	62.7	48.6	29.0%
MPU (in thousands, in the month of June)	2,229	1,383	61.2%
Conversion rate of paying users (average during the six-month period ended June)	3.7%	3.1%	19.4%

	Six months ended 30 June 2019	2018	Year-on-year change
GMV of the Health Mall <sup>(2)</sup> (RMB in millions)	2,343.5	1,022.5	129.2%

Notes:

- (1) Users from the plug-in of Ping An Group account for 49.5% of total number of registered users
- (2) GMV refers to the total value of all orders on the platform, including product and service orders under the direct sales and marketplace model (regardless of whether the products were returned), as well as procurement from the Health mall by corporate clients

## Analysis on Principal Business Operations

In 2019, despite the increasingly complicated international trade and economic situation, China's demand for and spending on healthcare services continued to grow steadily. According to data released by the National Bureau of Statistics, China's per capita healthcare spending grew at an annual average of 12.7% from 2014 to 2018, significantly above the growth in per capita total spending of 8.2% during the same period. Healthcare spending accounted for 8.5% of total spending in 2018, up from 7.2% in 2014. During the Reporting Period, the government adopted a number of policies favoring the "Internet + Healthcare" industry, providing clear guidance to support its development. In June 2019, the General Office of the State Council issued a document about *Key Tasks in 2019 for Deepening the Reform of the Healthcare System*, noting that regulatory details regarding online consultations and their coverage by social health insurance will be announced by the end of September 2019. Ping An Good Doctor was successfully listed a year ago, starting a new chapter in the Company's development. Despite having only a short history of five years since the founding of this company, we have overcome difficulties and explored monetization models to capitalise on market opportunities. At the same time, we have also been subject to rigours of the capital markets and scrutiny of investors. Since the beginning of 2019, we have moved progressively towards rapid revenue growth. We continue to enhance and strengthen our core business and competitive advantages in online medical services. We continue to capitalize on our competitive edge in AI technology to drive efficiency of our in-house medical team, thereby reducing the costs of medical service. We also continue to broaden the application of our AI technology, leveraging our capability in online healthcare to strengthen personal health management services, establish personalized health records and monitor individual health performance. Meanwhile, using our technical capabilities and managerial expertise, we empower partners in our ecosystem to create valuable synergies: our AI technology helps hospitals drive efficiency in medical diagnosis and alleviate the shortage of offline medical resources; our online medical services enables offline retail pharmacies provide professional medical advice to their customers, thereby creating a seamless, closed-loop environment for medical and healthcare advice and medication purchase; our expertise in providing medical service is used to accredit and certify offline primary healthcare clinics, standardize clinic management and improve overall service quality of primary healthcare.

### Core business stood out with the launch of strategic membership products

In the first half of 2019, the Group recorded rapid growth in all business segments. During the Reporting Period, total revenue grew by 102.4% year on year to RMB2,272.7 million. In particular, revenue from online medical services increased by 80.5% year on year to RMB336.1 million. Gross profit margin increased by 6.8 percentage points year on year to 50.5%. Revenue from online medical services accounted for 14.8% of the Group's total revenue during the six months ended 30 June 2019, up from 12.3% during the twelve months ended 31 December 2018. Meanwhile, operating expenses (including selling and marketing expenses and administrative expenses) accounted for 40.5% of total revenue in the first half of 2019, approximately 35.0 percentage points lower than the same period of 2018, reflecting improved operating leverage. Net loss narrowed by 38.4% to RMB273.5 million.

The key growth strategy for our core business, online medical services, continues to be collaborating with commercial insurance and offering our services via the membership model. Our annual fee-based membership products by capitation model, in collaboration with Ping An Insurance, have been well received since their launch in 2018. In addition to receiving protection from their insurance policies, customers also enjoy end-to-end membership services covering disease prevention, treatment and rehabilitation. Since 2018, our membership products have served over 1.4 million members. We will continue to build on our initial success in this model. In June 2019, we officially launched our latest membership product "Ping An Good Doctor VIP Membership" for paying users, offering comprehensive, high-quality healthcare service to a wide section of the community, including children, adults, the elderly and the chronically ill, by providing one-to-one medical services from their own private doctors. Such services include real-time consultations, second medical opinion from renowned doctors, arrangement for offline outpatient treatment and proactive health management advice, thereby creating a one-stop product addressing users' specific medical and health needs. Capitalizing on our high-quality in-house medical team and medical resources at home and abroad, as well as the world's leading AI technology, we are the first to disrupt the conventional passive model where patients have to go out and seek medical resources. By providing real-time, one-to-one medical and healthcare services through their own private doctors, we bring quality medical resources to patients. Our innovative model will transform the way medical and healthcare services are delivered to the Chinese people.

## Management Discussion and Analysis

### **Achieving better operational data to accelerate the monetization of the Internet platform**

Driven by China's huge demand for healthcare services and increasing healthcare spending, Ping An Good Doctor continues to maintain robust growth despite increasingly intense competition. As of 30 June 2019, our number of registered users reached 289.3 million. In the month of June 2019, the number of monthly active users reached 62.7 million, while the number of monthly paying users reached 2.2 million, with the latter representing an increase of 61.2% from June last year. Average conversion rate of paying users reached 3.7% in the first half of 2019. Such growth provides evidence that our one-stop healthcare platform is progressively changing people's healthcare behaviour and experience from offline to online. We believe the combination of our unique value proposition and continuously improving operational capabilities will generate strong user stickiness, providing the basis for future rapid monetization.

### **Enhancing AI capability continuously to facilitate medical services**

To solve the pain points of traditional medical service, we have developed our proprietary AI technology to enable an intelligent consultation process by reducing repetitive manual labor, shortening the time required for disease diagnosis and medication prescription. Our technology has significantly improved consultation efficiency, diagnosis accuracy and patient experience. We have made significant progress in AI research and development and application based on deep learning technology, NLP, knowledge graph and big data supercomputing platform. During the Reporting Period, we expanded the supercomputing platform to enhance efficiency in processing medical images and other information. We verified and trained increasingly complex models to accelerate deep learning and further optimize the AI-based consultation system. As of 30 June 2019, our AI-based consultation system has accumulated about 530 million records. At the same time, user satisfaction rate reached 98%. Our AI-based consultation system is currently applied across all departments of our in-house medical team and used by over 150 offline hospitals to assist doctors with their consultation and treatment.

### **Diversifying sales channels to help build a new "Healthcare +" ecosystem**

The growth of China's economy has seen rapid development in sectors such as finance, insurance and retail, successfully satisfying customers demand in these areas. However, the growth and availability of high-quality medical and health resources have not been commensurate with the overall increase in affluence. To address this huge user market, we have been exploring ways to combine Internet medical services with offline use cases to create new "Healthcare +" ecosystems. By partnering with key players in traditional industries, we incorporate our medical and healthcare services into their products, thereby creating differentiation and competitive advantage for our partners and improving their customer stickiness. In May 2019, we entered into a strategic partnership with Wyeth, a world-renowned nutrition brand, to provide Wyeth's high-end members with our Ping An Good Doctor VIP Membership services. As of the end of July 2019, we secured strategic cooperation with PKU Founder Life, Zhujiang Life Insurance and Minsheng Life to provide comprehensive and high-quality healthcare services for their insurance customers. Following our collaboration with Ping An Insurance over the past few years, this is our next and important step in expanding the "Healthcare + Insurance" ecosystem. In early July, Ping An Good Doctor signed a strategic cooperation agreement with China Everbright Bank, adding another new partner to our healthcare ecosystem. According to the agreement, Ping An Good Doctor will be introduced into Everbright's Mobile Banking to provide Ping An Good Doctor VIP Membership services to Everbright Bank's customers. The two sides have agreed to further integrate resources to build a comprehensive "Healthcare + Finance" ecosystem serving financial customers.

## Revenue and Gross Profit by Segment

	Six months ended 30 June		Year-on-year change
	2019 RMB'000	2018 RMB'000	
<b>Revenue:</b>			
Online medical services	<b>336,064</b>	186,225	80.5%
Consumer healthcare	<b>387,699</b>	248,263	56.2%
Health mall – individual consumers*	<b>714,571</b>	444,176	60.9%
Health management and wellness interaction	<b>93,705</b>	60,175	55.7%
<b>Subtotal of revenue</b>	<b>1,532,039</b>	938,839	63.2%
Health mall – corporate clients*	<b>740,620</b>	184,000	302.5%
<b>Total of revenue</b>	<b>2,272,659</b>	1,122,839	102.4%
<b>Gross profit:</b>			
Online medical services	<b>169,669</b>	81,449	108.3%
Consumer healthcare	<b>135,217</b>	113,838	18.8%
Health mall – individual consumers*	<b>72,136</b>	54,729	31.8%
Health management and wellness interaction	<b>79,508</b>	49,702	60.0%
<b>Subtotal of gross profit</b>	<b>456,530</b>	299,718	52.3%
Health mall – corporate clients*	<b>35,164</b>	9,200	282.2%
<b>Total of gross profit</b>	<b>491,694</b>	308,918	59.2%
<b>Gross margin:</b>			
Online medical services	<b>50.5%</b>	43.7%	+6.8 percentage points
Consumer healthcare	<b>34.9%</b>	45.9%	-11.0 percentage points
Health mall – individual consumers*	<b>10.1%</b>	12.3%	-2.2 percentage points
Health management and wellness interaction	<b>84.8%</b>	82.6%	+2.2 percentage points
<b>Subtotal of gross margin</b>	<b>29.8%</b>	31.9%	-2.1 percentage points
Health mall – corporate clients*	<b>4.7%</b>	5.0%	-0.3 percentage points
<b>Total of gross margin</b>	<b>21.6%</b>	27.5%	-5.9 percentage points

\* In previous years this part was included in Health mall segment.

## Management Discussion and Analysis

### Online medical services

Our proprietary AI technology and in-house medical team combine to provide users with comprehensive medical services including 24/7 online consultation, referral, registration, online drug purchase, and 1-hour drug delivery. In addition, we also provide membership customers with access to high quality, end-to-end medical and healthcare services. As of 30 June 2019, we had 1,193 in-house medical staff members and contracted with 5,324 renowned external doctors (associated chief physicians or above at Grade III 3A hospitals). Our hospital network comprised over 3,000 hospitals, including over 1,400 Grade III 3A hospitals. We partnered with over 32,000 offline pharmacies, representing an increase of 16,000 from the end of 2018. Our retail pharmacy network covered over 200 cities.

During the Reporting Period, revenue from our online medical services amounted to RMB336.1 million, representing a year-on-year increase of 80.5%, largely attributable to the significant growth in revenue from the new product VIP membership, the service-level agreements ("SLA") with Ping An Life Insurance, and other services associated with online consultation. Gross profit from online medical services amounted to RMB169.7 million. Gross profit margin reached 50.5%, an increase of 6.8 percentage points year on year. We experienced higher gross profit margin from our major products and services associated with online medical services. In addition, the SLAs with Ping An Life Insurance returned to profitability after we renewed the contract at higher service fees in the beginning of 2019.

	Six months ended 30 June		Year-on-year change
	2019 RMB'000	2018 RMB'000	
Revenue	<b>336,064</b>	186,225	80.5%
Gross profit	<b>169,669</b>	81,449	108.3%
Gross margin	<b>50.5%</b>	43.7%	+6.8 percentage points

### Consumer healthcare

By accurately targeting users' healthcare demands, we provide individual and corporate clients with standardized service packages covering health check-ups, medical beauty, dental check-ups and genetic testing services. Based on users' check-up results and their electronic health records, we provide users with value-added services including interpretation of check-up reports and arrangement of offline follow-ups to help improve their health status. We integrate the online and offline service networks to provide users with one-stop healthcare services. As of 30 June 2019, our healthcare provider network comprised 400 traditional Chinese medicine clinics, over 1,600 check-up centres, over 1,700 dental clinics, over 150 medical beauty clinics.



## Management Discussion and Analysis

During the Reporting Period, revenue from our consumer healthcare business amounted to RMB387.7 million, representing a year-on-year increase of 56.2%. Gross profit amounted to RMB135.2 million, representing a year-on-year increase of 18.8%. Higher revenue and profits were mainly attributable to the continued growth in the health check-up prepaid card business. In the first half of 2019, we concentrated our resources on developing corporate clients. This enabled us to acquire a large number of individual users more quickly and efficiently and provided an ideal channel to cross-sell other services and products to those members with strong stickiness. Since the beginning of 2019, we have strengthened our after-sales service to drive usage activation and user feedback. As a result, both activation and usage rates have increased. The gross profit margin of the consumer healthcare business was 34.9% in the first half of 2019, representing a year-on-year decrease of 11.0 percentage points. This reflects the increased proportion of revenue from corporate check-up business which generates higher volume and lower margin, and lower breakage income as a result of higher usage of our products. We expect the gross margin of this business segment to remain comparable to industry average and continue to grow healthily in the future.

	Six months ended 30 June		Year-on-year change
	2019 RMB'000	2018 RMB'000	
Revenue	<b>387,699</b>	248,263	56.2%
Gross profit	<b>135,217</b>	113,838	18.8%
Gross margin	<b>34.9%</b>	45.9%	-11.0 percentage points

### Health mall – individual consumers

Our health mall is an important part of our overall service proposition, with direct sales and marketplace businesses to provide a wide range of easy-to-access products, including Chinese and Western pharmaceuticals, nutrition and health products, medical devices, maternal and infant products, and sports and fitness products. During the Reporting Period, revenue from our health mall mobile application and plug-in amounted to RMB714.6 million, representing a year-on-year increase of 60.9%. Gross profit amounted to RMB72.1 million, representing a year-on-year increase of 31.8%. Gross profit margin was 10.1%.

Revenue growth was mainly attributable to the continued diversification of product offering. As of 30 June 2019, we collaborated with nearly 1,300 merchants, offering approximately 700,000 SKUs, an increase of 350 merchants and about 57,000 SKUs respectively from the same period in 2018. To provide excellent user experience, we have increased and differentiated our pharmaceutical and healthcare offerings, and accurately targeted users' demand with big data analyses together with enhanced offline logistic network.

	Six months ended 30 June		Year-on-year change
	2019 RMB'000	2018 RMB'000	
Revenue	<b>714,571</b>	444,176	60.9%
Gross profit	<b>72,136</b>	54,729	31.8%
Gross margin	<b>10.1%</b>	12.3%	-2.2 percentage points

### Health mall – corporate clients

During the Reporting Period, revenue from corporate clients' procurement amounted to RMB740.6 million, representing a year-on-year increase of 302.5%. Gross profit reached RMB35.2 million, representing a year-on-year increase of 282.2%, and gross profit margin was 4.7%, comparable to the same period last year.

## Management Discussion and Analysis

### *Health management and wellness interaction*

Leveraging on the medical and healthcare user traffic on our platform, our health management and wellness interaction business generates revenue by providing our corporate clients with precise advertising products and services targeting relevant customer groups. We innovate in marketing models and provide diverse services ranging from brand development, scenario-based user education to closed-loop marketing to help corporate clients respond to end-users' needs in a real time manner and maximize end-user value. Our advertising clients are typically reputable multinational and domestic corporations in the healthcare industry including Bayer, Johnson & Johnson, China Resources Sanjiu, Xian-Janssen and By-Health.

Based on the health data uploaded by users and behavioural data collected by our platform, we profile our users and personalize the information they receive on our mobile application. We design and optimize our health management plans, tests and courses by predicting users' interests and hobbies through our recommendation engine, enabling us to entice users with relevant products and services.

During the Reporting Period, revenue from the health management and wellness interaction business reached RMB93.7 million, representing a year-on-year increase of 55.7%. Gross profit reached RMB79.5 million, representing a year-on-year increase of 60.0%. Such growth was mainly attributable to our data precision capability and improved brand reputation. Gross profit margin reached 84.8%, which was slightly higher than the same period in 2018.

	Six months ended 30 June		
	2019 RMB'000	2018 RMB'000	Year-on-year change
Revenue	<b>93,705</b>	60,175	55.7%
Gross profit	<b>79,508</b>	49,702	60.0%
Gross margin	<b>84.8%</b>	82.6%	+2.2 percentage points

### Management Outlook

As a result of deepening and continuing medical reforms, the delivery of medical and healthcare services via the Internet is gaining increasing acceptance. Public hospitals have ceased to be the sole provider of medical services. The future will see provision of medical and healthcare services through integrating resources from online and offline, inside and outside hospitals, within and outside China. In recent years, driven by growing health awareness and greater demand for medical services, the Chinese people have been eager to access high-quality and personalized medical services to alleviate the pain points experienced in the public healthcare system. As a leader in the Internet healthcare industry, we shall accelerate research and development in emerging technologies such as artificial intelligence and the Internet of Things and continue to improve the quality and efficiency of medical services to enhance our leading edge. Meanwhile, we continue to innovative on products and business models to solve users' pain points. Our latest strategic product, "Ping An Good Doctor VIP Membership", launched in June 2019, enables users to access timely, consistent and precise medical services, while generating important trust between doctors and patients. In addition, we shall capitalize on the unique opportunities brought about by the favorable reforms and policy changes to help shape the future of Internet healthcare and its inclusion in social health insurance coverage. We shall work with local governments and hospitals to promote the adoption of Internet healthcare services across the country. In the midst of opportunities and challenges in the Chinese Internet healthcare industry, we shall continue to strive to realise our mission of "providing a family doctor for every family, creating an e-health profile for everyone, setting up a health management plan for everyone."

## Selling and Marketing Expenses

Selling and marketing expenses for the first half of 2019 amounted to RMB376.7 million, representing a decrease of 20.2% from RMB471.7 million for the first half of 2018. Selling and marketing expenses accounted for 16.6% of the revenues for the first half of 2019, representing a year-on-year decrease of 25.4 percentage points. We optimized our sales and marketing strategies in the first half of 2019 and improved precision in user recruitment and engagement expenses.

## Administrative Expenses

Administrative expenses for the first half of 2019 amounted to RMB544.1 million, representing an increase of 44.7% from RMB376.0 million for the first half of 2018. Higher administrative expenses were mainly attributable to higher employee benefit expenses, as well as IT related expenses.

## Other Gains – Net

Other net gains for the first half of 2019 amounted to RMB27.0 million, representing a decrease of 20.2% from RMB33.9 million for the first half of 2018. The decrease was mainly attributable to lower gains from movements in the US dollar (“USD”) against the Renminbi (“RMB”) during the Reporting Period.

## Finance Income – Net

Net finance income for the first half of 2019 amounted to RMB126.5 million, representing an increase of 130.5% from RMB54.9 million for the first half of 2018. The increase was mainly attributable to an increase in interest income arising from proceeds from financing raised after the public listing of the Company.

## Loss for the period and the Non-IFRS measure: adjusted net profit/(loss)

Our net loss for the first half of 2019 amounted to RMB273.5 million, representing a decrease of 38.4% compared with RMB444.2 million recorded for the first half of 2018. To supplement our consolidated financial information presented in accordance with IFRS, we also adopted the “adjusted net profit/(loss)” which is not a required standard under IFRS or which is presented not in accordance with IFRS requirements as an additional financial measure. For the purpose of this interim report and future interim reports, the “adjusted net profit/(loss)” may be used in exchange with the “net profit/(loss) not under GAAP”. We believe that this additional financial measure is useful for comparing our operating performance between different periods and different companies by eliminating the potential impact of items which, in the opinion of our management, are not indicative of our operating performance. We also believe that the additional measure can provide investors and other individuals with meaningful information, allowing them to understand and predict our consolidated operating results in the same way as our management. However, the “adjusted net profit/(loss)” presented by us may not necessarily be comparable with the similar measures presented by other companies. Such non-IFRS measure has a limitation as an analytical tool. Thus, a view should not be held that it is independent from or can replace the analysis of our operating results or financial position presented in accordance with IFRS. After excluding the impact of share-based payments, net foreign exchange gains and one-off listing expenses, the adjusted net loss amounted to RMB223.2 million in the first half of 2019, representing a decrease of 42.5% compared with RMB387.9 million for the first half of 2018. The following table sets forth the adjusted net loss for the six months ended 30 June 2019 and 2018 as the most directly comparable financial measure (namely, net loss for the period) calculated and presented in accordance with IFRS:

	Six months ended 30 June	
	2019 RMB'000	2018 RMB'000
Loss for the period	(273,540)	(444,163)
Excluding:		
Share-based payments	56,184	60,221
Net foreign exchange gains	(5,835)	(22,230)
One-off listing expenses	–	18,244
<b>Adjusted net loss</b>	<b>(223,191)</b>	<b>(387,928)</b>

## Management Discussion and Analysis

### Liquidity and Financial Resources

Our cash and other liquid financial resources as of 30 June 2019 and 31 December 2018 were as follows:

	30 June 2019 RMB'000	31 December 2018 RMB'000
Cash and cash equivalents	5,796,225	926,485
Term deposits	2,999,869	5,744,512
<b>Cash and other liquid financial resources</b>	<b>8,796,094</b>	<b>6,670,997</b>

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. Term deposits are bank deposits with original maturities over three months and within one year.

As of June 30 2019, the total funds available to us amounted to RMB9,567.6 million.

Our cash and cash equivalents, and term deposits are mostly denominated in USD and RMB.

Cash flows for the six months ended 30 June 2019 and six months ended 30 June 2018 were as follows:

	Unaudited Six months ended 30 June	
	2019 RMB'000	2018 RMB'000
Net cash used in operating activities	(505,446)	(731,548)
Net cash generated from/(used in) investing activities	5,364,816	(5,319,670)
Net cash (used in)/generated from financing activities	(29,973)	7,026,810
<b>Net increase in cash and cash equivalents</b>	<b>4,829,397</b>	<b>975,592</b>
Cash and cash equivalents at the beginning of the period	926,485	4,594,641
Effects of exchange rate changes on cash and cash equivalents	40,343	(73,437)
<b>Cash and cash equivalents at the end of the period</b>	<b>5,796,225</b>	<b>5,496,796</b>

Net cash generated from investing activities mainly included proceeds of RMB5,521.5 million from term deposits with initial term of over three months.

As of 30 June 2019, we had no outstanding borrowings. Therefore, the gearing ratio is not presented herein.

## Treasury Policy

Our 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 investments is to generate finance income at a yield higher than the interest rate of current bank deposits, with an emphasis on preserving principal and maintaining liquidity.

## Capital Expenditures

	Six months ended 30 June	
	2019 RMB'000	2018 RMB'000
Purchase of property, plant and equipment, intangible assets and other assets	<b>41,970</b>	24,176

Our capital expenditures primarily comprised the expenditure for the purchase of property, plant and equipment (mainly office and telecommunication equipment) as well as intangible assets (mainly software).

## Foreign Exchange Risk

For the six months ended 30 June 2019, we mainly operated our businesses in China with most of the transactions settled in RMB, the functional currency of our Company. Foreign exchange risk is the risk of incurring losses due to changes in foreign exchange rates. Fluctuations in the exchange rates between RMB and other currencies that we use to conduct our business operations may affect our financial position and operating results. The foreign exchange risk assumed by us primarily arises from movements in the USD/RMB exchange rates. We did not utilise any financial instruments for hedging any foreign exchange movements for the first half of 2019 (first half of 2018: Nil).

## Pledge of Assets

As of 30 June 2019, none of our assets were pledged.

## Contingent Liabilities

As of 30 June 2019, we did not have any material contingent liabilities.

## Dividend

During the six months ended 30 June 2019, we did not pay or declare any dividend.

## Bank Loans and Other Borrowings

As of 30 June 2019, we did not have any material bank loans, debt securities, borrowings, debts, guarantees, hire purchase commitments or mortgages.

## Significant Investments Held

During the six months ended 30 June 2019, we did not hold any material investments in the equity interest of other companies.

## Management Discussion and Analysis

### Material Investment and Future Plans of Capital Assets

As of 30 June 2019, we had no material investment and other plans for capital assets.

### Material Acquisitions and Disposals of Subsidiaries and Associates

We did not have any material acquisitions or disposals of subsidiaries and associates during the six months ended 30 June 2019.

### Employee and Remuneration Policy

The Group had a total of 2,711 employees as of 30 June 2019, the majority of whom were based in various cities in the PRC, including Shanghai, Shenzhen, Beijing, Guangzhou, Hefei and Qingdao. The Group has established the remuneration system of "Cash Salary + benefit + long-term incentive". Remuneration is determined with reference to market conditions and individual employees' performance, qualifications and experience. In line with the performance of the Company and individual employees, a competitive remuneration package is offered to retain employees, including salaries, discretionary bonuses and benefit plans. Employees of the Company are eligible participants of the Pre-IPO employee share option scheme, details of which are set out in the Prospectus. In addition to on-the-job training, we have also adopted training policies to provide a wide range of in-house and external trainings for employees. During the Reporting Period, the relationship between the Company and our employees was stable. We did not experience any strikes or other labor disputes which materially affected our business activities.

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

As of 30 June 2019, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of our Company or its associated corporations, within the meaning of Part XV of the Securities and Futures Ordinance, which have been 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 was taken or deemed to have taken under such provisions of the SFO), or were recorded in the register required to be maintained by the Company pursuant to section 352 of the SFO, or which were notified to our Company and the Stock Exchange pursuant to the Model Code, are as follows:

### Long positions/short positions in the shares of the Company

Name of Director	Nature of interest	Number of shares held	Long position/short position	Approximate percentage of shareholding <sup>(1)</sup>
DOU Wenwei <sup>(2)</sup>	Interest in controlled corporations	223,162,500	Long position	20.90%
WANG Wenjun <sup>(2)</sup>	Interest in controlled corporations	223,162,500	Long position	20.90%
Law Siu Wah Eddie <sup>(3)</sup>	Beneficial owner	46,694,117	Long position	4.37%
	Beneficial owner	494,117	Short position	0.05%
WANG Tao <sup>(4)</sup>	Beneficial owner	4,700,000	Long position	0.44%

Notes:

- (1) The calculation is based on the total number of Shares in issue of 1,067,294,200 Shares as of 30 June 2019.
- (2) As of 30 June 2019, each of Ms. Wang Wenjun and Mr. Dou Wenwei held a total of 223,162,500 Shares, among which each of Ms. Wang Wenjun and Mr. Dou Wenwei held 94,500,000 Shares through Bang Qi Jian and 128,662,500 Shares through Le Jin Xuan. Bang Qi Jian held 73.45% of the issued share capital of Le Jin Xuan. Each of Ms. Wang Wenjun and Mr. Dou Wenwei held 50% of the issued share capital of Bang Qi Jian. As such, each of Ms. Wang Wenjun and Mr. Dou Wenwei was deemed to be interested in the shares held by Bang Qi Jian and Le Jin Xuan.
- (3) As of 30 June 2019, Mr. Law Siu Wah Eddie ("Mr. Law") was interested in the long position of a total of 46,694,117 Shares, among which 46,200,000 Shares were held through Hero Wall Limited, a company wholly owned by Mr. Law, and 494,117 Shares were held through Hop-Fast Limited ("Hop-Fast"), a company wholly owned by Mr. Law. In addition, Hop-Fast granted a call option to Glorious Peace Limited ("Glorious Peace"), pursuant to which Glorious Peace was entitled to acquire 494,117 Shares from Hop-Fast.
- (4) As of 30 June 2019, Mr. Wang Tao was entitled to 4,700,000 Shares pursuant to the Employee Incentive Scheme, including 2,345,000 Shares held upon exercise of part of EIS Options under the Employee Incentive Scheme.

Save as disclosed above, as of 30 June 2019, so far as known to the Directors, none of the Directors or chief executives of the Company had or was deemed to have interests or short positions in the shares, underlying shares or debentures of our Company or any of its associated corporations, within the meaning of Part XV of the SFO, which were 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 was taken or deemed to have under such provisions of the SFO), or which were, pursuant to section 352 of the SFO, recorded in the register required to be maintained by the Company, or which were notified to our Company and the Stock Exchange pursuant to the Model Code.

## Other Information

### Substantial Shareholders' Interests and Short Positions in the Shares and Underlying Shares of the Company

As of 30 June 2019, so far as known to the Directors, the following persons (other than the Directors or chief executives of the Company) had interests or short positions in the shares or underlying shares of the Company which have been disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO, or who was, directly or indirectly, interested in 5% or more of the shares of the Company:

#### Long positions/short positions in the shares of the Company

Name of shareholder	Nature of interest	Number of shares held	Long position/short position	Approximate percentage of shareholding <sup>(1)</sup>
Le An Xin (PTC) Limited <sup>(2)</sup>	Beneficial owner	33,492,500	Long position	6.33%
	Other interests (beneficial interests in equity derivatives)	34,162,500	Long position	
Rui Jian Limited <sup>(2)</sup>	Interest in controlled corporations	67,655,000	Long position	6.33%
QIN Jian <sup>(2)</sup>	Interest in controlled corporations	67,655,000	Long position	6.33%
ZHU Chengbo <sup>(2)</sup>	Interest in controlled corporations	67,655,000	Long position	6.33%
SVF Ping Subco (Singapore) Pte. Ltd <sup>(3)</sup>	Beneficial owner	67,200,000	Long position	6.30%
SoftBank Vision Fund L.P. <sup>(3)</sup>	Interest in controlled corporations	67,200,000	Long position	6.30%
Le Jin Xuan Limited	Beneficial owner	128,662,500	Long position	12.05%
Bang Qi Jian Limited <sup>(4)</sup>	Beneficial owner	94,500,000	Long position	20.90%
	Interest in controlled corporations	128,662,500	Long position	
Glorious Peace Limited <sup>(5)</sup>	Beneficial owner	440,505,883	Long position	41.31%
	Other interests	494,117	Long position	
An Ke Technology Company Limited <sup>(5)</sup>	Interest in controlled corporations	440,505,883	Long position	41.31%
	Other interests	494,117	Long position	
Ping An Insurance (Group) Company of China, Ltd. <sup>(5)</sup>	Interest in controlled corporations	440,505,883	Long position	41.31%
	Other interests	494,117	Long position	

Notes:

- (1) The calculation is based on the total number of shares in issue of 1,067,294,200 Shares as of 30 June 2019.
- (2) As of 30 June 2019, Le An Xin (PTC) Limited ("Le An Xin") held a total of 67,655,000 Shares as the trustee on behalf of the beneficiaries under the Employee Incentive Scheme, among which Le An Xin held 33,492,500 Shares directly and held 34,162,500 Shares through Le Jin Xuan Limited ("Le Jin Xuan"). Le An Xin was directly wholly-owned by Rui Jian Limited ("Rui Jian"), which in turn was held by Mr. Qin Jian as to 50.1% and Mr. Zhu Chengbo as to 49.9%. As such, each of Rui Jian, Mr. Qin Jian and Mr. Zhu Chengbo was deemed to be interested in the shares held by Le An Xin.
- (3) As of 30 June 2019, SoftBank Vision Fund L.P. held 67,200,000 Shares through SVF Ping Subco (Singapore) Pte. Ltd. ("Vision Fund Singapore SPV"). Vision Fund Singapore SPV was directly wholly-owned by SVF Holdco (Singapore) Pte. Ltd., which in turn was directly wholly-owned by SVF Holdings (Cayman) Ltd., which was directly wholly-owned by SVF Holdings (UK) LLP, which in turn was directly wholly-owned by SoftBank Vision Fund L.P. As such, each of SoftBank Vision Fund L.P., SVF Holdings (UK) LLP, SVF Holdings (Cayman) Ltd and SVF Holdco (Singapore) Pte. Ltd was deemed to be interested in the shares held by Vision Fund Singapore SPV.
- (4) As of 30 June 2019, Bang Qi Jian held a total of 223,162,500 Shares, among which Bang Qi Jian held 94,500,000 Shares directly and held 128,662,500 Shares through Le Jin Xuan. Bang Qi Jian held 73.45% of the issued share capital of Le Jin Xuan and was therefore deemed to be interested in the shares held by Le Jin Xuan.
- (5) As of 30 June 2019, Ping An Insurance (Group) Company of China, Ltd. held 441,000,000 Shares through Glorious Peace. Glorious Peace held a total of 441,000,000 Shares, among which 440,505,883 Shares were held directly and 494,117 Shares were entitled to be acquired from Hop-Fast pursuant to the share purchase agreement entered into between Glorious Peace and Hop-Fast on 1 December, 2017 and partially exercised on 7 May, 2019. Glorious Peace was directly wholly-owned by An Ke Technology Company Limited, which in turn was directly wholly-owned by Ping An Insurance (Group) Company of China, Ltd. As such, each of Ping An Insurance (Group) Company of China, Ltd. and An Ke Technology Company Limited was deemed to be interested in the shares held by Glorious Peace.



Save as disclosed above, as of 30 June 2019, the Directors were not aware of any other persons (other than the Directors or chief executives of the Company) had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO, or who was, directly or indirectly, interested in 5% or more of the shares of the Company.

### Employee Incentive Scheme

Employee Incentive Scheme was approved by the Board on 26 December 2014 and amended by the Board from time to time. 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.

The EIS Shares had been issued, which were directly held by Le An Xin and held by Le An Xin through Le Jin Xuan. The Employee Incentive Scheme is not subject to the provisions of Chapter 17 of the Listing Rules of the Stock Exchange 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 of the Stock Exchange. As of 30 June 2019, the aggregate number of outstanding Shares underlying the EIS Options as granted by the Company under the Employee Incentive Scheme was 49,419,674, representing 4.63% of our Company's issued share capital. All such Shares underlying the EIS Options have been issued.

### Purchase, Sale or Redemption of the Company's Listed Securities

For the six months ended 30 June 2019, the Company and any member of the Group have not purchased, sold or redeemed any of the Company's listed securities.

### Change in Information of Directors and Chief Executives

Pursuant to the disclosure requirement under Rule 13.51B(1) of the Listing Rules of the Stock Exchange, the change in information of the Director is as follows:

Mr. Tang Yunwei, an independent non-executive director for the Company, has served as an independent director of China Jushi Co. Ltd., a company listed on the Shanghai Stock Exchange (Stock code: 600176) since May 2019.

Save as disclosed above, as of 30 June 2019, there was no change in the information of Directors or chief executives of the Company required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules of the Stock Exchange.

### Audit and Risk Management Committee

The Company has established an Audit and Risk Management Committee in compliance with the Corporate Governance Code. 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 three independent non-executive directors, namely, Mr. TANG Yunwei, Mr. GUO Tianyong and Mr. LIU Xin and two non-executive directors, namely, Mr. YAO Jason Bo and Mr. LAW Siu Wah Eddie. Mr. TANG Yunwei, being the chairman of the Audit and Risk Management Committee, is appropriately qualified as required.

## Other Information

The Audit and Risk Management Committee has reviewed the unaudited interim financial accounts of the Group for the six months ended 30 June 2019. The Audit and Risk Management Committee has also discussed with management of the Company the accounting policies and practices and internal controls adopted by the Company. Based on the above review and discussion with management, the Audit and Risk Management Committee is satisfied that the unaudited interim financial information of the Group has been prepared in accordance with the applicable accounting standards.

## Compliance with Code of Conduct Regarding Directors' Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules of the Stock Exchange as the code of conduct regarding directors' dealings in the securities of the Company. Having made specific enquiry of all the directors of the Company, all the directors of the Company confirmed that they have complied with the required standards set out in the Model Code for the six months ended 30 June 2019.

The Board has also established written guidelines to regulate all dealings by informed persons who are likely to be in possession of inside information in respect of the Company's securities and unpublished information as referred to in code provision A.6.4 of the Corporate Governance Code.

## Compliance with the Corporate Governance Code

Save as disclosed below, none of the Directors of the Company is aware of any information that would reasonably indicate that the Company did not meet the applicable code provisions set out in the Corporate Governance Code for any part of the period of the six months ended June 30 2019.

Code provision A.2.1 of the Corporate Governance Code provides that the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual. Mr. WANG Tao has occupied the positions of both the Chairman and the Chief Executive Officer of the Company. However, the Board is of the opinion that the Company has built up a structure of the Board and has developed a very structured and strict operation system and a set of procedural rules for the meeting of the Board. The Chairman does not have any power different from that of other Directors of the Company in relation to the decision making process of the Company. Also, in the day-to-day operation of the Company, the Company has put in place an integrated management system and structure. Decisions on all material matters will be subject to complete and stringent deliberation and decision making procedures in order to ensure that the Chief Executive Officer can perform his duties diligently and effectively. Based on the above reasons, the Board is of the opinion that the Company's management structure is able to provide the Company with efficient management and at the same time, protect all shareholders' rights to the greatest extent.

Therefore, the Company does not currently intend to separate the roles of the Chairman and the Chief Executive Officer.

## Use of Proceeds from Global Offering

Upon the listing of the shares of the Company on the Stock Exchange on 4 May 2018, the proceeds from the Global Offering will be utilized for the purposes as set out in the Prospectus published on 23 April 2018. Up to 30 June 2019, such proceeds have not been utilized.

# Report on review of Interim Financial Information

**TO THE BOARD OF DIRECTORS OF PING AN HEALTHCARE AND TECHNOLOGY COMPANY LIMITED**  
(incorporated in the Cayman Islands with limited liability)

## Introduction

We have reviewed the interim financial information set out on pages 26 to 60, which comprises the interim condensed consolidated statement of financial position of Ping An Healthcare and Technology Company Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30 June 2019 and the interim condensed consolidated income statement, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “Interim Financial Reporting”. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with International Accounting Standard 34 “Interim Financial Reporting”.

**PricewaterhouseCoopers**  
Certified Public Accountants

Hong Kong, 6 August 2019

# Interim Condensed Consolidated Income Statement

For the six months ended 30 June 2019

(All amounts expressed in RMB thousand unless otherwise stated)

	Note	Six months ended 30 June	
		2019 (unaudited)	2018 (unaudited)
Revenue	6	2,272,659	1,122,839
Cost of sales	6,7	(1,780,965)	(813,921)
<b>Gross profit</b>		<b>491,694</b>	308,918
Selling and marketing expenses	7	(376,666)	(471,735)
Administrative expenses	7	(544,131)	(375,994)
Other income		9,263	8,269
Other gains – net	8	27,045	33,870
<b>Operating loss</b>		<b>(392,795)</b>	(496,672)
Finance income	9	132,994	54,876
Finance costs	9	(6,482)	–
Finance income – net	9	126,512	54,876
Share of losses of associates and joint ventures		(3,743)	(2,367)
<b>Loss before income tax</b>		<b>(270,026)</b>	(444,163)
Income tax expense	10	(3,514)	–
<b>Loss for the period</b>		<b>(273,540)</b>	(444,163)
<b>Loss attributable to:</b>			
– Owners of the Company		(272,502)	(444,163)
– Non-controlling interests		(1,038)	–
		<b>(273,540)</b>	(444,163)
<b>Loss per share attributable to owners of the Company</b>			
– Basic (RMB yuan)	11	(0.27)	(0.50)
– Diluted (RMB yuan)	11	(0.27)	(0.50)

The accompanying notes form an integral part of the interim condensed consolidated financial information.

# Interim Condensed Consolidated Statement of Comprehensive Income

For the six-months ended 30 June 2019

(All amounts expressed in RMB thousand unless otherwise stated)

	Six months ended 30 June		
	Note	2019 (unaudited)	2018 (unaudited)
<b>Loss for the period</b>		<b>(273,540)</b>	(444,163)
<b>Other comprehensive income</b>			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		<b>5,699</b>	–
Other comprehensive income for the period, net of tax		<b>5,699</b>	–
<b>Total comprehensive loss for the period</b>		<b>(267,841)</b>	(444,163)
<b>Total comprehensive loss attributable to:</b>			
– Owners of the Company		<b>(267,582)</b>	(444,163)
– Non-controlling interests		<b>(259)</b>	–
		<b>(267,841)</b>	(444,163)

The accompanying notes form an integral part of the interim condensed consolidated financial information.

# Interim Condensed Consolidated Statement of Financial Position

As at 30 June 2019

(All amounts expressed in RMB thousand unless otherwise stated)

	Note	As at 30 June 2019 (unaudited)	As at 31 December 2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	12	966,763	966,763
Property, plant and equipment	13	170,437	172,473
Right-of-use assets	3	121,774	–
Other intangible assets	14	92,517	86,047
Investments in associates		249,811	250,000
Investments in joint ventures	15	54,386	5,419
Term deposits	20(b)	–	2,799,031
<b>Total non-current assets</b>		<b>1,655,688</b>	<b>4,279,733</b>
<b>Current assets</b>			
Inventories	16	32,900	38,570
Trade receivables	17	770,112	431,011
Contract assets	6	94,118	60,920
Prepayments and other receivables	18	222,806	371,552
Financial assets at fair value through profit or loss	19	771,540	520,738
Term deposits	20(b)	2,999,869	5,744,512
Cash and cash equivalents	20(a)	5,796,225	926,485
<b>Total current assets</b>		<b>10,687,570</b>	<b>8,093,788</b>
<b>Total assets</b>		<b>12,343,258</b>	<b>12,373,521</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	21	33	33
Treasury shares		(2)	(2)
Reserves	22	13,393,225	13,331,702
Accumulated losses		(3,408,780)	(3,132,813)
<b>Total equity attributable to owners of the Company</b>		<b>9,984,476</b>	<b>10,198,920</b>
Non-controlling interests		61,713	68,372
<b>Total equity</b>		<b>10,046,189</b>	<b>10,267,292</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Lease liabilities	3	60,495	–
Trade and other payables	24	47	47
<b>Total non-current liabilities</b>		<b>60,542</b>	<b>47</b>
<b>Current liabilities</b>			
Trade and other payables	24	1,430,711	1,487,530
Contract liabilities	6	741,600	618,652
Lease liabilities	3	64,216	–
<b>Total current liabilities</b>		<b>2,236,527</b>	<b>2,106,182</b>
<b>Total liabilities</b>		<b>2,297,069</b>	<b>2,106,229</b>
<b>Total equity and liabilities</b>		<b>12,343,258</b>	<b>12,373,521</b>

The interim condensed consolidated financial information and the accompanying notes starting from page 26 to page 60 are signed by:

**WANG Tao**  
(Director)

**WANG Wenjun**  
(Director)

The accompanying notes form an integral part of the interim condensed consolidated financial information.

# Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2019

(All amounts expressed in RMB thousand unless otherwise stated)

	For the six months ended 30 June 2019 (unaudited)							
	Attributable to owners of the Company							Non-controlling interests
Note	Share capital	Reserves	Treasury shares	Accumulated losses	Total			
<b>As at 1 January 2019</b>		33	13,331,702	(2)	(3,132,813)	10,198,920	68,372	10,267,292
Loss for the period		-	-	-	(272,502)	(272,502)	(1,038)	(273,540)
Other comprehensive income for the period		-	4,920	-	-	4,920	779	5,699
Share-based payments	23	-	56,184	-	-	56,184	-	56,184
Acquisition of non-controlling interests in subsidiaries	5	-	-	-	(3,465)	(3,465)	(6,400)	(9,865)
Exercise of share options	22	-	419	-	-	419	-	419
<b>As at 30 June 2019</b>		33	13,393,225	(2)	(3,408,780)	9,984,476	61,713	10,046,189

	For the six months ended 30 June 2018 (unaudited)							
	Attributable to owners of the Company							Non-controlling interests
Note	Share capital	Reserves	Treasury shares	Accumulated losses	Total			
<b>As at 1 January 2018</b>		28	6,255,055	(2)	(2,221,119)	4,033,962	-	4,033,962
Change in accounting policy		-	-	-	(32)	(32)	-	(32)
<b>Restated total equity as at 1 January 2018</b>		28	6,255,055	(2)	(2,221,151)	4,033,930	-	4,033,930
Loss for the period		-	-	-	(444,163)	(444,163)	-	(444,163)
Issuance of ordinary shares relating to initial public offering, net of underwriting commissions and other issuance costs	21,22	5	6,948,698	-	-	6,948,703	-	6,948,703
Share-based payments	23	-	60,221	-	-	60,221	-	60,221
Exercise of share options	22	-	1,004	-	-	1,004	-	1,004
<b>As at 30 June 2018</b>		33	13,264,978	(2)	(2,665,314)	10,599,695	-	10,599,695

The accompanying notes form an integral part of the interim condensed consolidated financial information.

# Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2019

(All amounts expressed in RMB thousand unless otherwise stated)

	Six months ended 30 June		
	Note	2019 (unaudited)	2018 (unaudited)
<b>Cash flows from operating activities</b>			
Cash used in operations		(504,053)	(731,548)
Income tax paid		(1,393)	–
<b>Net cash used in operating activities</b>		<b>(505,446)</b>	<b>(731,548)</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment and other intangible assets		(46,769)	(28,868)
Proceeds from disposal of property, plant and equipment and other intangible assets		–	143
Payments for financial assets at fair value through profit or loss		(934,764)	(1,158,080)
Proceeds from investment in financial assets at fair value through profit or loss		705,363	874,302
Payments for term deposits with initial term of over three months		–	(5,336,960)
Proceeds from term deposits with initial term of over three months		5,521,540	326,824
Interest received from term deposits with initial term of over three months		178,729	6,488
Payments for Investments in joint ventures		(49,418)	–
Payments for acquisition of non-controlling interests in subsidiaries		(9,865)	–
Payment for acquisition of subsidiary, net of cash acquired		–	(3,519)
<b>Net cash generated from/(used in) investing activities</b>		<b>5,364,816</b>	<b>(5,319,670)</b>
<b>Cash flows from financing activities</b>			
Payments for lease liabilities		(29,973)	–
Proceeds from issue of ordinary shares		–	7,099,594
Proceeds from exercise of share options		–	1,004
Payments for ordinary shares issuance costs		–	(94,747)
Interest received from listing subscription deposits		–	20,959
<b>Net cash (used in)/generated from financing activities</b>		<b>(29,973)</b>	<b>7,026,810</b>
<b>Net increase in cash and cash equivalents</b>		<b>4,829,397</b>	<b>975,592</b>
Cash and cash equivalents at the beginning of the period		926,485	4,594,641
Effects of exchange rate changes on cash and cash equivalents		40,343	(73,437)
<b>Cash and cash equivalents at the end of the period</b>	20	<b>5,796,225</b>	<b>5,496,796</b>

The accompanying notes form an integral part of the interim condensed consolidated financial information.



# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2019

(All amounts expressed in RMB thousand unless otherwise stated)

## 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’s shares have been listed on the Main Board of the Stock Exchange of Hong Kong Limited since 4 May 2018 by way of its initial public offering (the “Listing”).

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 online medical services, consumer healthcare services, health mall as well as health management and wellness interaction programs through the Group’s mobile platform in the People’s Republic of China (the “PRC”).

Glorious Peace Limited (“Glorious Peace”) is the controlling shareholder of the Company, holding 41.27% of the shareholding interest in the Company as at 30 June 2019.

## 2 Basis of Preparation and Significant Accounting Policies

### 2.1 Basis of preparation

This interim condensed consolidated financial information for the six months ended 30 June 2019 has been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” issued by the International Accounting Standards Board (“IASB”), as part of the International Financial Reporting Standards (“IFRSs”).

This interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2018.

### 2.2 Significant accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2018, except for the adoption of new or amended standards and interpretations as at 1 January 2019.

#### (a) *New and amended standards adopted by the Group*

The Group has adopted IFRS 16 Leases from 1 January 2019 and has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard.

The impact of the adoption of IFRS 16 is explained and the new accounting policies are disclosed in Note 3 below. The impact of adoption of the other amended or improved standards and interpretations currently has been either not applicable or not significant on these consolidated financial statements.

#### (b) *New and amended standards not yet adopted by the Group*

The Group has already commenced an assessment of the impact of the new or revised standards that have been issued but either not yet effective for the financial period beginning 1 January 2019 or not been early adopted by the Group which are relevant to the Group’s operation. The Group believes 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 statement of financial position and performance as well as disclosure in the future.

## Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2019

(All amounts expressed in RMB thousand unless otherwise stated)

### 3 Changes in Accounting Policies

This note explains the impact of the adoption of IFRS 16 Leases on the Group's financial statements and also discloses the new accounting policies that have been applied from 1 January 2019 in Note 3.2 below.

#### 3.1 Adjustments recognised on adoption of IFRS 16

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as at 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 4.75%.

	2019
Operating lease commitments disclosed as at 31 December 2018	177,565
Discounted using the lessee's incremental borrowing rate at the date of initial application	166,596
(Less): short-term leases recognised on a straight-line basis as expense	(3,373)
(Less): low-value leases recognised on a straight-line basis as expense	(48)
<b>Lease liabilities recognised as at 1 January 2019</b>	<b>163,175</b>
Of which are:	
Current lease liabilities	83,133
Non-current lease liabilities	80,042
	<b>163,175</b>

The associated right-of-use assets for property leases were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position as at 31 December 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The recognised right-of-use assets relate to the following types of assets:

	As at 30 June 2019	As at 1 January 2019
Properties	121,774	166,959
<b>Total right-of-use assets</b>	<b>121,774</b>	<b>166,959</b>

The change in accounting policy affected the following items in the statement of financial position on 1 January 2019:

- right-of-use assets – increase by RMB166,959 thousand,
- prepayments and other receivables- decrease by RMB3,784 thousand,
- lease liabilities – increase by RMB163,175 thousand.

There was no impact on accumulated losses on 1 January 2019.

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2019

(All amounts expressed in RMB thousand unless otherwise stated)

## 3 Changes in Accounting Policies (Continued)

### 3.1 Adjustments recognised on adoption of IFRS 16 (Continued)

#### (i) Impact on loss per share

Loss per share increased by RMB0.0045 yuan per share for the six months ended 30 June 2019 as a result of the adoption of IFRS 16.

#### (ii) Practical expedients applied

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics,
- reliance on previous assessments on whether leases are onerous,
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases,
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying IAS 17 and IFRIC 4 "Determining whether an Arrangement contains a Lease".

### 3.2 The Group's leasing activities and how these are accounted for

The Group leases various offices, warehouses, retail stores, equipment, etc. Rental contracts are typically made for fixed periods of 1 to 3 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the 2018 financial year, leases of property, plant and equipment were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date when the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2019

(All amounts expressed in RMB thousand unless otherwise stated)

## 3 Changes in Accounting Policies (Continued)

### 3.2 The Group's leasing activities and how these are accounted for (Continued)

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable,
- variable lease payment that are based on an index or a rate,
- amounts expected to be payable by the lessee under residual value guarantees,
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as expenses in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets mainly comprise IT-equipment.

## Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2019

(All amounts expressed in RMB thousand unless otherwise stated)

### 4 Management of Financial Risk

#### 4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

The interim condensed consolidated financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2018.

There have been no changes in the risk management policies for the Group since year end.

#### 4.2 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 30 June 2019					Total
	On demand	Within 1 year	1 to 5 years	Over 5 years	Undated	
Liabilities:						
Lease liabilities	–	67,330	75,931	–	–	143,261
Trade and other payables	–	1,072,243	–	–	47	1,072,290
	–	1,139,573	75,931	–	47	1,215,551

	As at 31 December 2018					Total
	On demand	Within 1 year	1 to 5 years	Over 5 years	Undated	
Liabilities:						
Trade and other payables	–	1,120,756	–	–	47	1,120,803

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2019

(All amounts expressed in RMB thousand unless otherwise stated)

## 4 Management of Financial Risk (Continued)

### 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 that 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.

## Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2019

(All amounts expressed in RMB thousand unless otherwise stated)

### 4 Management of Financial Risk (Continued)

#### 4.3 Fair value estimation (Continued)

##### *Determination of fair value and fair value hierarchy* (Continued)

The following tables provide the fair value measurement hierarchy of the Group's financial assets and liabilities:

	As at 30 June 2019			Total
	Level 1	Level 2	Level 3	
<b>Assets measured at fair value</b>				
Financial assets at fair value through profit or loss				
– Equity investments	–	755,810	15,730	771,540

	As at 31 December 2018			Total
	Level 1	Level 2	Level 3	
<b>Assets measured at fair value</b>				
Financial assets at fair value through profit or loss				
– Equity investments	–	520,738	–	520,738

For the 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.

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2019

(All amounts expressed in RMB thousand unless otherwise stated)

## 5 Scope of Consolidation

Particulars of the subsidiaries and entities in the scope of consolidation of the Group at 30 June 2019 are set out below:

Company name	Place and date of incorporation/ establishment	Issued and paid-in capital (in unit)	Attributable economic interest to the Group		Principal activities/Place of operations	Notes
			30 June 2019	31 December 2018		
<b>Directly owned:</b>						
Glorious Delight Limited	Hong Kong/ 14 November 2014	HKD0	100%	100%	Investment Holding/ Hong Kong	
Good Doctor Online Healthcare Limited	Cayman Islands/ 23 July 2018	USD1	100%	100%	Investment Holding/ Cayman Islands	
Yu Kang Limited	Hong Kong/ 12 December 2018	HKD1	100%	100%	Investment Holding/ Hong Kong	
Le An Xin (PTC) Limited ("Le An Xin") (Note 23)	British Virgin Islands ("BVI")/ 17 October 2017	USD0	–	–	Investment Holding/ BVI	
<b>Indirectly owned:</b>						
Kang Jian Information Technology (Shenzhen) Co., Ltd. ("Kang Jian")	the PRC/ 13 February 2015	USD440,050,000	100%	100%	Investment Holding/ the PRC	
Good Doctor Technology Limited	Cayman Islands/ 23 July 2018	USD100	70%	70%	Online Medical and health services/ Cayman Islands	
Good Doctor Technology (Singapore) Pte. Ltd.	Singapore/ 11 December 2018	SGD0	70%	70%	Online Medical and health services/ Singapore	
Jiangsu Zhongyikang Pharmaceutical Company Limited	the PRC/ 14 December 2006	RMB5,000,000	100%	100%	Medicine Marketing/ the PRC	
Shanghai Pingan Health Culture Communication Company Limited	the PRC/ 21 November 2016	RMB3,000,000	100%	100%	Technology Service/ the PRC	
<b>Controlled by the Company pursuant to the Contractual Agreements:</b>						
Ping An Health Cloud Company Limited ("PAHC")	the PRC/ 20 August 2014	RMB350,000,000	100%	100%	Development and operation of apps/ the PRC	
Jiangxi Pingan Good Doctor Pharmacy Company Limited *	the PRC/ 24 January 2014	RMB2,000,000	100%	100%	Medicine Marketing/ the PRC	
Hefei Kuaiyijie Medical Electronic Commerce Company Limited *	the PRC/29 March 2005	RMB15,000,000	100%	100%	Technology Development/the PRC	
Qingdao Pingan Good Doctor Internet Hospital Company Limited ("Qingdao Hospital")*	the PRC/ 24 April 2017	RMB10,000,000	100%	100%	Hospital/the PRC	(a)



# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2019

(All amounts expressed in RMB thousand unless otherwise stated)

## 5 Scope of Consolidation (Continued)

Company name	Place and date of incorporation/ establishment	Issued and paid-in capital (in unit)	Attributable economic interest to the Group		Principal activities/Place of operations	Notes
			30 June 2019	31 December 2018		

### Controlled by the Company pursuant to the Contractual Agreements: (Continued)

Pingan (Hefei) Internet Hospital Company Limited*	the PRC/ 21 September 2017	RMB50,000	100%	100%	Hospital/the PRC	
Jiangsu Nabaite Pharmacy Company Limited	the PRC/ 11 October 2017	RMB10,000,000	100%	100%	Medicine Marketing/ the PRC	
Shanghai Hao Yi Smart Technology Company Limited*	the PRC/ 21 November 2017	RMB71,400,000	70%	70%	Technology Development/the PRC	
Yinchuan Pingan Internet Hospital Company Limited*	the PRC/ 12 March 2018	RMB500,000	100%	100%	Hospital/the PRC	
Pingan Wanjia Healthcare Investment Management Co., Ltd.*	the PRC/ 4 July 2016	RMB400,000,000	100%	100%	Technology Development/the PRC	
Shanghai Pingan Wanjia Healthcare Management Company Limited	the PRC/ 8 December 2016	RMB100,000,000	100%	100%	Technology Development/the PRC	
Shenzhen Pingan Wanjia Healthcare Investment Company Limited ("Shenzhen Wanjia")	the PRC/ 11 August 2016	RMB30,000,000	100%	100%	Investment Holding/ the PRC	
Xiamen Wanjia Healthcare Investment Company Limited ("Xiamen Wanjia")	the PRC/ 6 December 2016	RMB20,000,000	100%	55%	Investment Holding/ the PRC	(b)
Xiamen Siming Wanjia Enjoyment Center Outpatient Service Department ("Siming Clinic")	the PRC/ 26 July 2017	RMB11,000,000	100%	55%	Clinic/the PRC	(b)
Shenzhen Anan Outpatient Service Department	the PRC/ 20 June 2017	RMB400,000	100%	100%	Clinic/the PRC	
Guang Dong Y.C. Insurance Agency Co., Ltd.*	the PRC/ 10 February 2011	RMB50,000,000	100%	100%	Insurance Agency/ the PRC	
Pingan (Nantong) Internet Hospital Company Limited*	the PRC/ 15 November 2018	RMBO	100%	100%	Hospital/the PRC	

\* Directly owned subsidiaries of PAHC

Notes:

(a) Qingdao Hospital was formerly named Pingan (Qingdao) Internet Hospital Company Limited.

(b) Shenzhen Wanjia entered into a share purchase agreement on 29 March 2019 with Xiamen Yirui Investment Management Company Limited in relation to the acquisition of 45% shareholding interest of Xiamen Wanjia. The change of shareholder registration in the local industrial and commercial administration for Xiamen Wanjia was completed on 8 April 2019. Siming Clinic is the subsidiary of Xiamen Wanjia.

## Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2019

(All amounts expressed in RMB thousand unless otherwise stated)

### 6 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 Chief Operation Decision Maker ("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:

- Online medical services (formerly named "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 gains – net, finance income – net, share of losses of associates and joint ventures, 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 or 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 the reporting period is as follows:

#### For the six months ended 30 June 2019

	Online medical services	Consumer healthcare	Health mall	Health management and wellness interaction	Total
Revenue from customers	336,064	387,699	1,455,191	93,705	2,272,659
Medical related services	265,994	387,367	13,929	–	667,290
Sales of goods	69,575	332	1,428,255	–	1,498,162
Commission income	495	–	13,007	–	13,502
Advertising and other services	–	–	–	93,705	93,705
Cost of sales	(166,395)	(252,482)	(1,347,891)	(14,197)	(1,780,965)
<b>Gross Profit</b>	<b>169,669</b>	<b>135,217</b>	<b>107,300</b>	<b>79,508</b>	<b>491,694</b>

## Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2019

(All amounts expressed in RMB thousand unless otherwise stated)

### 6 Revenue and Segment Information (Continued)

#### (a) Disaggregation of revenue from contracts with customers (Continued)

For the six months ended 30 June 2018

	Online medical services	Consumer healthcare	Health mall	Health management and wellness interaction	Total
Revenue from customers	186,225	248,263	628,176	60,175	1,122,839
Medical related services	168,686	246,541	68,504	–	483,731
Sales of goods	17,539	1,722	550,522	–	569,783
Commission income	–	–	9,150	–	9,150
Advertising and other services	–	–	–	60,175	60,175
Cost of sales	(104,776)	(134,425)	(564,247)	(10,473)	(813,921)
<b>Gross Profit</b>	<b>81,449</b>	<b>113,838</b>	<b>63,929</b>	<b>49,702</b>	<b>308,918</b>

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 30 June 2019 and 31 December 2018, most of the non-current assets of the Group were located in the PRC.

#### (b) Contract assets and liabilities

The Group has recognized the following revenue-related contract assets and liabilities.

	As at 30 June 2019	As at 31 December 2018
Contract assets		
Online medical services	<b>12,592</b>	7,100
Consumer healthcare	<b>81,526</b>	53,820
	<b>94,118</b>	60,920
Contract liabilities		
Online medical services	<b>83,737</b>	67,613
Consumer healthcare	<b>578,644</b>	426,739
Health mall	<b>63,187</b>	92,695
Health management and wellness interaction	<b>16,032</b>	31,605
	<b>741,600</b>	618,652

## Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2019

(All amounts expressed in RMB thousand unless otherwise stated)

### 7 Expenses by Nature

	For the six months ended 30 June	
	2019	2018
Cost of merchandise	1,386,515	532,991
Employee benefit expenses	552,244	366,592
Cost for service fee paid to vendors	271,792	186,763
Commission expenses	104,345	90,512
Advertising expenses	70,412	159,916
Consulting expenses	67,219	42,135
Change of contract liabilities of health membership plans	44,985	27,881
Depreciation of right-of-use assets	30,601	–
Depreciation of property, plant and equipment	27,992	16,188
Promotion expenses	25,779	109,385
Postage and communication expenses	17,191	28,095
Travelling and convention expenses	13,164	11,388
Leasing expenses	9,911	22,024
Amortization of other intangible assets	9,544	594
Listing expenses	–	18,244
Others	70,068	48,942
	<b>2,701,762</b>	<b>1,661,650</b>

### 8 Other Gains – Net

	For the six months ended 30 June	
	2019	2018
Fair value gains on financial assets at fair value through profit or loss	11,922	13,525
Gains on disposal of financial assets at fair value through profits or loss	8,293	–
Net foreign exchange gains	5,835	22,230
Net impairment gains/(losses) on financial assets	1,606	(1,576)
Others	(611)	(309)
	<b>27,045</b>	<b>33,870</b>

### 9 Finance Income – Net

	For the six months ended 30 June	
	2019	2018
Finance income		
Interest income	132,994	54,876
Finance costs		
Interest expenses on lease liabilities	(6,482)	–
	<b>126,512</b>	<b>54,876</b>

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2019

(All amounts expressed in RMB thousand unless otherwise stated)

## 10 Income Tax Expense

The income tax expense of the Group for the period ended 30 June 2019 is analysed as follows:

	For the six months ended 30 June	
	2019	2018
Current income tax	3,514	–

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 six months ended 30 June	
	2019	2018
<b>Loss before income tax</b>	<b>(270,026)</b>	(444,163)
Tax calculated at PRC statutory income tax rate of 25%	<b>(67,507)</b>	(111,041)
Tax effects of		
– Differential income tax rates applicable to subsidiaries (Note a) (Note b)	<b>(47,569)</b>	(34,166)
– Income not subject to tax	–	(867)
– Tax losses and temporary differences for which no deferred income tax asset was recognized	<b>96,685</b>	109,222
– Expense not deductible for tax purposes	<b>23,058</b>	36,852
– Previously unrecognised tax losses now recouped to reduce current tax expense	<b>(1,153)</b>	–
<b>Income tax</b>	<b>3,514</b>	–

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 six months ended 30 June 2019 and 30 June 2018.

(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, 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.

The Group does not have any plan to require its PRC subsidiaries to distribute their retained earnings and intends to retain them to operate and expand its business in the PRC. Accordingly, no deferred income tax liability on WHT was accrued as at 30 June 2019 (31 December 2018: nil).

## Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2019

(All amounts expressed in RMB thousand unless otherwise stated)

### 11 Loss Per Share

- (a) Basic loss per share for the six months ended 30 June 2019 and 2018 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 periods.

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

	For the six months ended 30 June	
	2019	2018
Loss attributable to owners of the Company for the period	<b>(272,502)</b>	(444,163)
Weighted average number of ordinary shares in issue ('000)	<b>999,061</b>	888,736
Basic loss per share (RMB yuan)	<b>(0.27)</b>	(0.50)

- (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 six months ended 30 June 2019 and 2018, the potential ordinary shares were not included in the calculation of dilutive loss per share, as their inclusion would be anti-dilutive. Accordingly, diluted loss per share for the six months ended 30 June 2019 and 2018 are same as basic loss per share of respective periods.

### 12 Goodwill

	Cost
As at 31 December 2018 and 30 June 2019 (note a)	966,763

- (a) *The goodwill arising from the acquisition of 100% equity interests in Ping An Wanjia Healthcare Investment Management Co., Ltd. ("Wanjia Healthcare") on 8 October 2018 amounted to RMB961,644 thousand. As at 31 December 2018, goodwill was attributable to Wanjia Healthcare as a whole as a Cash Generating Unit ("CGU") of the Group.*

*After a period of independent operation, at 30 April 2019, the management of the Group decided to reorganize the business operational structure of Wanjia Healthcare and the decision resulted in change of management's reporting structure where the whole CGU was integrated with online medical services segment and consumer healthcare segment of the Group in order to better realize the synergy of combination and economies of scale. The reorganization changed the composition of CGU to which goodwill had been allocated.*

*Because the goodwill allocated to Wanjia Healthcare cannot be non-arbitrarily identified or associated with an asset group at a level lower than Wanjia Healthcare, on the same date of the reorganization, approximately RMB582,398 thousand and RMB379,246 thousand of goodwill respectively were reallocated to the online medical services segment and the consumer healthcare segment. The reallocation was performed using a relative value approach on the basis of the relative values of the two portions of Wanjia Healthcare before they were integrated with the segments of the Group.*

## Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2019

(All amounts expressed in RMB thousand unless otherwise stated)

### 13 Property, Plant and Equipment

	Office and telecommunication equipment	Leasehold improvements	Total
<b>As at 1 January 2019</b>			
Cost	212,618	46,184	258,802
Accumulated depreciation	(67,798)	(18,531)	(86,329)
<b>Net book amount</b>	<b>144,820</b>	<b>27,653</b>	<b>172,473</b>
<b>Six months ended 30 June 2019</b>			
Opening net book amount	144,820	27,653	172,473
Additions	21,869	4,087	25,956
Depreciation charge	(21,178)	(6,814)	(27,992)
<b>Closing net book amount</b>	<b>145,511</b>	<b>24,926</b>	<b>170,437</b>
<b>As at 30 June 2019</b>			
Cost	234,487	50,271	284,758
Accumulated depreciation	(88,976)	(25,345)	(114,321)
<b>Net book amount</b>	<b>145,511</b>	<b>24,926</b>	<b>170,437</b>
<b>As at 1 January 2018</b>			
Cost	122,677	26,135	148,812
Accumulated depreciation	(37,330)	(8,225)	(45,555)
<b>Net book amount</b>	<b>85,347</b>	<b>17,910</b>	<b>103,257</b>
<b>Six months ended 30 June 2018</b>			
Opening net book amount	85,347	17,910	103,257
Additions	11,670	372	12,042
Disposal	(122)	–	(122)
Depreciation charge	(11,856)	(4,332)	(16,188)
<b>Closing net book amount</b>	<b>85,039</b>	<b>13,950</b>	<b>98,989</b>
<b>As at 30 June 2018</b>			
Cost	134,103	26,507	160,610
Accumulated depreciation	(49,064)	(12,557)	(61,621)
<b>Net book amount</b>	<b>85,039</b>	<b>13,950</b>	<b>98,989</b>

## Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2019

(All amounts expressed in RMB thousand unless otherwise stated)

### 14 Other Intangible Assets

	Software	Licences	Total
<b>As at 1 January 2019</b>			
Cost	58,034	54,672	112,706
Accumulated amortisation	(4,530)	(2,560)	(7,090)
Accumulated impairment	–	(19,569)	(19,569)
<b>Net book amount</b>	<b>53,504</b>	<b>32,543</b>	<b>86,047</b>
<b>Six months ended 30 June 2019</b>			
Opening net book amount	53,504	32,543	86,047
Additions	16,014	–	16,014
Amortisation	(6,504)	(3,040)	(9,544)
<b>Closing net book amount</b>	<b>63,014</b>	<b>29,503</b>	<b>92,517</b>
<b>As at 30 June 2019</b>			
Cost	74,048	54,672	128,720
Accumulated amortisation	(11,034)	(5,600)	(16,634)
Accumulated impairment	–	(19,569)	(19,569)
<b>Net book amount</b>	<b>63,014</b>	<b>29,503</b>	<b>92,517</b>
<b>As at 1 January 2018</b>			
Cost	1,696	19,569	21,265
Accumulated amortisation	(752)	–	(752)
Accumulated impairment	–	(19,569)	(19,569)
<b>Net book amount</b>	<b>944</b>	<b>–</b>	<b>944</b>
<b>Six months ended 30 June 2018</b>			
Opening net book amount	944	–	944
Additions	12,134	6,900	19,034
Amortisation	(134)	(460)	(594)
<b>Closing net book amount</b>	<b>12,944</b>	<b>6,440</b>	<b>19,384</b>
<b>As at 30 June 2018</b>			
Cost	13,830	26,469	40,299
Accumulated amortisation	(886)	(460)	(1,346)
Accumulated impairment	–	(19,569)	(19,569)
<b>Net book amount</b>	<b>12,944</b>	<b>6,440</b>	<b>19,384</b>



## Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2019

(All amounts expressed in RMB thousand unless otherwise stated)

### 15 Investments in Joint Ventures

	As at 30 June 2019	As at 31 December 2018
At the beginning of the period	5,419	9,707
Additions (Note a)	49,418	–
Share of losses of joint ventures	(3,554)	(4,288)
Exchange differences on translation	3,103	–
<b>At the end of the period</b>	<b>54,386</b>	<b>5,419</b>

- (a) On 10 April 2019, Yu Kang Limited, a subsidiary of the Company entered into a shareholder's agreement with SoftBank Corp. to subscribe 50% of the shares of Health Technologies Corp. at a consideration of JPY825,000,000. Health Technologies Corp. is a company incorporated under the Laws of Japan which will mainly engage in online health consultations, online drug mall and other medical services.

### 16 Inventories

	As at 30 June 2019	As at 31 December 2018
Inventories in warehouse	31,989	38,570
Inventories held with distributors on consignment	911	–
Less: impairment provision	–	–
	<b>32,900</b>	<b>38,570</b>

## Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2019

(All amounts expressed in RMB thousand unless otherwise stated)

### 17 Trade Receivables

	As at 30 June 2019	As at 31 December 2018
Online medical services	230,455	174,218
Consumer healthcare	109,380	52,685
Health mall	370,257	193,985
Health management and wellness interaction	60,020	10,123
	<b>770,112</b>	431,011
Less: impairment provision	–	–
	<b>770,112</b>	431,011

(a) Aging analysis of trade receivables based on invoice date is as follows:

	As at 30 June 2019	As at 31 December 2018
Up to 3 months	246,073	238,230
3 to 6 months	282,530	101,729
6 months to 1 year	160,411	76,028
1 to 2 years	81,098	15,024
	<b>770,112</b>	431,011

(b) Fair values of trade receivables

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

(c) Impairment and risk exposure

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

As the majority of trade receivables of the Group were due from its related parties and there had been no historical default record of trade receivables, the identified loss allowance was immaterial and the Group did not recognise loss allowance for trade receivables during the period.

## Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2019

(All amounts expressed in RMB thousand unless otherwise stated)

### 18 Prepayments and Other Receivables

	As at 30 June 2019	As at 31 December 2018
Included in current assets		
Interest receivable	84,151	149,748
Advance payments	59,666	102,030
Deposits	28,014	16,547
Recoverable value-added tax	16,653	69,460
Amounts due from related parties (Note a)	11,443	10,376
Prepaid expenses	4,631	2,419
Others	18,248	20,972
	<b>222,806</b>	<b>371,552</b>

(a) During the period, the amounts due from related parties were of a non-trade nature.

(b) As at 30 June 2019, the carrying amounts of deposits and other assets (excludes advance payments and recoverable value-added tax), were approximate to their fair values. Deposits and other assets were neither past due nor impaired. Their recoverability was assessed with reference to the credit status of the counterparties and credit history.

### 19 Financial Assets at Fair Value through Profit or Loss

	As at 30 June 2019	As at 31 December 2018
Equity investments		
Investment funds	462,453	343,470
Asset management products	280,809	–
Equity investments in unlisted companies	15,730	–
Wealth management products	12,548	177,268
	<b>771,540</b>	<b>520,738</b>

## Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2019

(All amounts expressed in RMB thousand unless otherwise stated)

### 20 Cash and Cash Equivalents and Term Deposits

#### (a) Cash and cash equivalents

	As at 30 June 2019	As at 31 December 2018
Cash	1	2
Cash at bank	4,945,802	818,968
Short-term bank deposits with initial term within three months	832,420	90,000
Other cash equivalents	18,002	17,515
	<b>5,796,225</b>	<b>926,485</b>

Cash and cash equivalents are denominated in the following currencies:

	As at 30 June 2019	As at 31 December 2018
RMB	3,478,991	524,124
USD	2,301,375	388,011
HKD	11,638	14,350
SGD	4,221	–
	<b>5,796,225</b>	<b>926,485</b>

#### (b) Term deposits

	As at 30 June 2019	As at 31 December 2018
Term deposits with initial term of over three months and less than one year	3,000,000	5,745,280
Term deposits with initial term of over one year	–	2,800,000
Less: Loss allowance of term deposits	(131)	(1,737)
	<b>2,999,869</b>	<b>8,543,543</b>

Term deposits are denominated in the following currencies:

	As at 30 June 2019	As at 31 December 2018
RMB	3,000,000	5,800,000
USD	–	2,745,280
	<b>3,000,000</b>	<b>8,545,280</b>

The weighted average effective interest rate of the term deposits of the Group for the six-month period ended 30 June 2019 is 2.25% (Year ended 31 December 2018: 2.89%).

## Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2019

(All amounts expressed in RMB thousand unless otherwise stated)

### 21 Share Capital

	Number of shares	USD
Authorised		
Ordinary shares of USD0.000005 each at 1 January 2019 and 30 June 2019	10,000,000,000	50,000
Ordinary shares of USD0.00001 each at 1 January 2018 (Note a)	5,000,000,000	50,000
Effect of share subdivision (Note b)	5,000,000,000	–
Ordinary shares of USD0.000005 each at 30 June 2018 (Note b)	10,000,000,000	50,000

	Number of shares	USD	Equivalent to RMB yuan
Issued			
Ordinary shares of USD0.000005 each at 1 January 2019 and 30 June 2019 (Note d)	1,067,294,200	5,336	33,282
Ordinary shares of USD0.00001 each at 1 January 2018	453,600,000	4,536	28,197
Effect of share subdivision (Note b)	453,600,000	–	–
Newly issued ordinary shares (Note c)	160,094,200	800	5,085
Ordinary shares of USD0.000005 each at 30 June 2018	1,067,294,200	5,336	33,282

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 19 April 2018, the Company's shareholders resolved that subject to the completion of initial public offering and fulfilment of certain other conditions, all the issued and unissued ordinary shares with a par value of USD0.00001 each in the share capital of the Company be subdivided into two ordinary shares with a par value of USD0.000005 each, and all the subdivided shares be ranked *pari passu* in all respects with each other, such that thereafter, the authorized share capital of the Company should be USD50,000 divided into 10,000,000,000 ordinary shares of par value USD0.000005 each.
- (c) On 4 May 2018, upon its Listing on the Main Board of the Stock Exchange of Hong Kong Limited, the Company issued 160,094,200 new ordinary shares at par value of USD0.000005 per share, the respective share capital amount was approximately RMB5,085 yuan.
- (d) As at 30 June 2019, 1,067,294,200 ordinary shares were all issued and fully paid.

## Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2019

(All amounts expressed in RMB thousand unless otherwise stated)

### 22 Reserves

	As at 30 June 2019	As at 31 December 2018
Other reserves		
– share-based payments – value of employee services (Note 23)	<b>243,606</b>	187,632
Reorganization (Note a)	<b>350,000</b>	350,000
Share premium		
– share premium from capital injection (Note b) (Note c) (Note d)	<b>12,792,575</b>	12,792,575
– share-based payments – value of employee services (Note 23)	<b>699</b>	489
– exercise of share options (Note 23)	<b>1,423</b>	1,004
Exchange differences on translation of foreign operations	<b>4,920</b>	–
Other	<b>2</b>	2
	<b>13,393,225</b>	13,331,702

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 was credited to the share premium account with aggregate amounts of approximately RMB3,230,199,458.
- (c) Vision Fund Singapore SPV completed pre-IPO investment of USD400,000,000 in the Company in December 2017. The excess of the consideration paid by Vision Fund Singapore SPV over the par value for 33,600,000 ordinary shares issued was credited to the share premium account with aggregate amounts of approximately RMB2,613,677,805.
- (d) On 4 May 2018, upon its Listing on the Main Board of the Stock Exchange of Hong Kong Limited, the Company issued 160,094,200 new ordinary shares at par value of USD0.000005 per share for cash consideration of HKD54.80 each, and raised gross proceeds of approximately HKD8,773,162,160 (equivalent to approximately RMB7,099,593,746). The respective share capital amount was approximately RMB5,085 and share premium arising from the issuance was approximately RMB6,948,698,151, net of the share issuance costs after deduction of listing subscription deposits interest. The share issuance costs paid and payable mainly include share underwriting commissions, lawyers' fees, reporting accountant's fee and other related costs associated with the Listing, which are incremental costs directly attributable to the issuance of the new shares. These costs amounting to RMB150,890,510, after deduction of listing subscription deposits interest, were treated as a deduction against the share premium arising from the issuance.

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2019

(All amounts expressed in RMB thousand unless otherwise stated)

## 23 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 the eligible directors, employees and other persons (collectively, the "Grantees") for the growth and development of the Group ("the Share Option Plan"). 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, Glorious Peace and Bang Qi Jian Limited ("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, 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. The total number of shares pursuant to the Share Option Plan is 70,000,000 considering the effect of the share subdivision upon the completion of the Listing.

Subject to the Grantees 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. On 27 February 2019, amendments to the Share Option Plan were approved by the directors of the Company to modify the vesting conditions of the nil-priced share options granted after 27 February 2019. The options vest in full or in part depending on the satisfaction of specified performance conditions, including growth rate of the share price of the Company and KPIs achievement of the Group as a whole and of the Grantees. The amendments impact the grant date fair value of nil-priced share option since the market condition need to be considered.

## Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2019

(All amounts expressed in RMB thousand unless otherwise stated)

### 23 Share-Based Payments (Continued)

Movements in the number of share options granted to employees are as follows:

	Number of share options For the six months ended 30 June	
	2019	2018
At the beginning of the period	<b>44,293,574</b>	49,791,200
Granted	<b>6,935,000</b>	–
Exercised (Note a)	<b>(670,000)</b>	(1,675,000)
Forfeited	<b>(1,138,900)</b>	(2,757,822)
At the end of the period	<b>49,419,674</b>	45,358,378

Notes:

- (a) During the six months ended 30 June 2019, 670,000 ordinary shares were exercised (six months ended 30 June 2018: 1,675,000 ordinary shares) at the total consideration of approximately RMB419 thousand (six months ended 30 June 2018: RMB1,004 thousand). The exercise prices range from RMB0.5 each to RMB0.75 each.

Share options outstanding at the end of the period/year have the following expiry dates and exercise prices.

Grant Year	Expiry Year	Exercise price (RMB yuan)	Number of share options	
			As at 30 June 2019	As at 31 December 2018
2014	2024	0.50	<b>3,212,500</b>	3,547,500
2015	2025	0.75	<b>9,606,200</b>	9,948,200
2016	2026	5.00	<b>2,333,200</b>	2,370,200
2017	2027	23.50-32.00	<b>27,872,774</b>	28,427,674
2019	2029	0-30.95	<b>6,395,000</b>	–
			<b>49,419,674</b>	44,293,574



# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2019

(All amounts expressed in RMB thousand unless otherwise stated)

## 23 Share-Based Payments (Continued)

Before the Listing, the Company had 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 had used Binomial option-pricing model to determine the fair value of the share options as at the grant date.

After the Listing, the fair value of the awarded share options was calculated by reference to the market price of the Company's shares at the respective grant date.

The weighted average fair value of awarded share options granted during the six months ended 30 June 2019 was HKD23.12 per share (equivalent to approximately RMB19.71 yuan per share) (six months ended 30 June 2018: not applicable).

For those nil-priced options with market-based performance conditions, the fair value is calculated using a Monte-Carlo simulation model. The Monte-Carlo simulation model reflected the historical volatility of the Company's share price and those of all other companies to which the Company's performance would be compared, over a period equal to the vesting period of the awards.

Key assumptions are set as below:

	For the six months ended 30 June 2019
Share price	<b>HKD39.40</b>
Risk-free interest rate	<b>1.78%</b>
Volatility	<b>39.9%</b>
Dividend yield	<b>0%</b>

During the six months ended 30 June 2019, the Group recorded share-based payments of approximately RMB56,184 thousand (six months ended 30 June 2018: RMB60,221 thousand) related to the Share Option Plan.

The remaining contractual life of share options outstanding as at 30 June 2019 and 31 December 2018 is 7.8 years and 7.8 years respectively.

## Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2019

(All amounts expressed in RMB thousand unless otherwise stated)

### 24 Trade and Other Payables

	As at 30 June 2019	As at 31 December 2018
Included in current liabilities		
Accrued expense	493,335	542,750
Wages payable	308,005	323,817
Trade payables (Note a)	287,159	328,960
Amounts due to suppliers	104,418	91,764
Contract liabilities of Health membership plans	102,968	57,983
Tax payables	50,463	42,957
Amounts due to related parties	48,251	44,439
Others	36,112	54,860
	<b>1,430,711</b>	<b>1,487,530</b>
Included in non-current liabilities		
Amounts due to related parties	47	47

(a) Aging analysis of trade payables is as follows:

	As at 30 June 2019	As at 31 December 2018
Up to 3 months	144,654	323,073
3 to 6 months	107,664	2,978
6 months to 1 year	33,875	1,668
1 to 2 years	966	1,241
	<b>287,159</b>	<b>328,960</b>

### 25 Dividends

No Dividends have been paid or declared by the Company during the six months ended 30 June 2019 (six months ended 30 June 2018: nil).

## Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2019

(All amounts expressed in RMB thousand unless otherwise stated)

### 26 Operating Lease Commitments

From 1 January 2019, the Group has recognised right-of-use assets for its operating leases, except for short term and low-value leases, see Note 3 for further information. The Group's future aggregate minimum lease payments due under non-cancellable operating leases are as follows:

	As at 30 June 2019	As at 31 December 2018
No later than 1 year	–	88,814
Later than 1 year and no later than 2 years	–	47,058
Later than 2 years and no later than 3 years	–	26,739
Later than 3 years	–	14,954
	–	177,565

### 27 Related Party Transactions

The following significant transactions were carried out between the Group and its related parties. 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 of 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 Insurance (Group) Company of China, Ltd. ("Ping An")	Ultimate parent company of Glorious Peace
Ping An Life Insurance Company of China, Ltd. ("Ping An Life")	Controlled by Ping An
Ping An Health Insurance Company of China, Ltd. ("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 Bank Co., Ltd. ("Ping An Bank")	Controlled by Ping An
Ping An Annuity Insurance Company of China, Ltd. ("Ping An Annuity")	Controlled by 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 Technology (Shenzhen) Co., Ltd. ("Ping An Technology")	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
Shenzhen PingAn-UOB Huitong Wealth Management Company Limited ("UOB Huitong")	Controlled by Ping An
Ping An Asset Management Co. Ltd. ("Ping An Asset Management")	Controlled by Ping An
Ping An Fund Management Co., Ltd. ("Ping An Fund Management")	Controlled by Ping An
Shanghai Anyitong Electronic Commerce Company Limited ("Anyitong")	Controlled by Ping An

## Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2019

(All amounts expressed in RMB thousand unless otherwise stated)

### 27 Related Party Transactions (Continued)

#### (b) Significant transactions with related parties

	For the six months ended 30 June	
	2019	2018
<b>Trademark licensing</b>		
Ping An	–	–
<b>Provision of products and services</b> (included in contract liabilities and revenue)		
Ping An Life	<b>687,248</b>	262,444
Ping An Property & Casualty	<b>330,649</b>	81,996
Ping An Health	<b>78,093</b>	51,368
Ping An Bank	<b>15,094</b>	4,120
Ping An Annuity	<b>13,658</b>	10,943
Financial Services	<b>2,816</b>	342
Ping An Securities	<b>2,295</b>	2,243
<b>Services purchasing</b>		
Ping An Communication Technology	<b>18,015</b>	9,092
Shenzhen Wanlitong	<b>15,486</b>	7,865
Ping An Technology	<b>12,500</b>	9,936
Financial Services	<b>5,858</b>	3,242
Ping An	<b>4,401</b>	2,766
Ping An Property & Casualty	<b>2,907</b>	1,046
Anyitong	<b>2,129</b>	–
<b>Property leasing – leasing expenses</b>		
Zean Investment	<b>5,821</b>	13,066
<b>Property leasing – depreciation of right-of-use assets</b>		
Zean Investment	<b>12,198</b>	–
<b>Deposit interests</b>		
Ping An Bank	<b>44,179</b>	45,599
<b>Investment income</b>		
Ping An Bank	<b>1,130</b>	3,028
UOB Huitong	–	1,412

## Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2019

(All amounts expressed in RMB thousand unless otherwise stated)

### 27 Related Party Transactions (Continued)

#### (c) Period/Year end balances with related parties

	As at 30 June 2019	As at 31 December 2018
<b>Cash and cash equivalents and term deposits</b>		
Ping An Bank	4,010,180	3,340,964
Ping An Pay Tech	11,123	8,946
<b>Financial assets at fair value through profit or loss</b>		
Ping An Fund Management	100,031	–
Ping An Bank	12,548	126,838
Ping An Asset Management	–	50,430
<b>Trade receivables</b>		
Ping An Property & Casualty	247,093	77,413
Ping An Life	222,968	144,860
Ping An Health	115,229	118,123
Ping An Bank	15,073	11,256
Ping An Annuity	3,933	2,827
Shenzhen Wanlitong	3,437	4,442
Financial Services	2,391	–
Ping An Pay Tech	2,176	753
Ping An Securities	2,051	1,133
<b>Prepayments and other receivables</b>		
Ping An Annuity	3,542	1,980
Ping An Bank	3,070	4,206
Ping An Property & Casualty	2,483	2,457
Ping An Health	1,242	1,180
<b>Prepayment and other receivables-deposits</b>		
Zean Investment	4,565	4,403
<b>Prepayment and other receivables-interests receivable</b>		
Ping An Bank	17,336	64,656
<b>Trade and other payables</b>		
Ping An Health	16,961	13,620
Ping An Technology	7,347	5,523
Ping An Property & Casualty	7,245	7,092
Ping An Communication Technology	5,984	4,311
Financial Services	3,211	2,439
Ping An	2,336	3

Apart from the interest receivables generated from term deposits 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.

The balances including trade and other payables due to related parties are unsecured, interest-free and repayable on demand.

## **Notes to the Interim Condensed Consolidated Financial Information**

For the six months ended 30 June 2019

(All amounts expressed in RMB thousand unless otherwise stated)

### **28 Contingencies**

The Group did not have any material contingent liabilities as at 30 June 2019.

### **29 Subsequent Events**

The Group does not have any significant subsequent events.

### **30 Comparative Figures**

Certain comparative figures have been reclassified or restated to conform to the interim condensed consolidated financial information's presentation.

### **31 Approval of the Financial Information**

The interim condensed consolidated financial information was approved and authorized for issue by the Board of Directors of the Company on 6 August 2019.

# Definitions

*In this interim report, unless the context otherwise requires, the following expressions shall have the following meanings:*

“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
“Bang Qi Jian”	Bang Qi Jian Limited (幫騏鍵有限公司), a company incorporated under the laws of BVI on 10 November 2014, held by Ms. WANG Wenjun and Mr. DOU Wenwei on behalf
“Board”	the board of directors of our Company
“BVI”	the British Virgin in Islands
“Cayman 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
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company”, “our Company”, “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 12 November 2014
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Corporate Governance Code”	the Corporate Governance code as set out in Appendix 14 to the Listing Rules
“Director(s)”	the director(s) of our Company
“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)”	Ordinary Shares of our Company held by Le An Xin through Le Jin Xuan under the Employee Incentive Scheme
“Employee Incentive Scheme”	the scheme adopted by our Company on 26 December 2014, as amended or otherwise modified from time to time, to grant options to the incentive targets
“Glorious Peace”	Glorious Peace Limited (安鑫有限公司), a company incorporated under the laws of BVI on 10 November 2014 and an indirect wholly-owned subsidiary of Ping An, and the Company’s Controlling Shareholder

## 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
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong Share Registrar”	Computershare Hong Kong Investor Services Limited
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hop-Fast”	Hop-Fast Limited, a company incorporated under the laws of BVI on 7 May 2015, which is wholly-owned by Mr. Law
“IFRS”	International Financial Reporting Standard
“Le An Xin”	Le An Xin (PTC) Limited, a company incorporated under the laws of BVI on 17 October 2017
“Le Jin Xuan”	Le Jin Xuan Limited (樂錦煊有限公司), a company incorporated under the laws of BVI on 10 November 2017
“Listing”	the listing of the Shares on the Main Board
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Main Board”	the stock 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
“MAU”	monthly active users who access services or products through mobile apps, WAP or plug-in channels at least once during a calendar month
“Minsheng Life”	Minsheng Life Insurance Company Ltd. (民生人壽保險股份有限公司), a company incorporated under the laws of the PRC on 18 June 2002
“Mr. Law”	Mr. Law Siu Wah Eddie, one of our non-executive Directors
“MPU”	monthly paying users, meaning the number of users that purchase our products or services on our platform through mobile app, WAP or plug-in channels at least once during a calendar month
“O2O”	Online to Offline
“Pearl River Life”	Pearl River Life Insurance Co., Ltd. (珠江人壽保險股份有限公司), a company incorporated under the laws of the PRC on 26 September 2012



“Ping An Group”	Ping An and its subsidiaries
“PKU Founder”	PKU Founder Life Insurance Co., Ltd. (北大方正人壽保險有限公司), a company incorporated under the laws of the PRC on 28 November 2002
“PRC” or “China”	The People’s Republic of China. For the purposes of this report only and except where the context requires otherwise, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Prospectus”	the prospectus dated 19 April 2018 of the Company being issued in connection with the Hong Kong Public Offering
“Reporting Period”	the six months ended 30 June 2019
“RMB” or “Renminbi”	Renminbi, the lawful currency of China
“Rui Jian”	Rui Jian Limited (銳鍵有限公司), a company incorporated under the laws of BVI on 27 September 2017, which is held by Mr. QIN Jian as to 50.1% and Mr. ZHU Chengbo as to 49.9%
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“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
“Shareholder(s)”	holder(s) of the Shares
“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
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto in section 15 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“substantial shareholder(s)”	has the meaning ascribed thereto in the Listing Rules of the Stock Exchange
“USD”	United States dollars, the lawful currency of the United States

## Definitions

“Vision Fund Singapore SPV”	SVF Ping Subco (Singapore) PTE. Ltd., a company incorporated under the laws of Singapore on 8 December 2017 and one of our Shareholders
“WAP”	wireless application protocol, referring to access via a mobile browser using this protocol
“Wyeth”	Wyeth, an enterprise established in the United States
“%”	per cent

