

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)

2021 Interim Report



Stock Code: 1833.HK

The Nanjing Yangtze River Bridge is a grand double-deck road-rail truss bridge across the Yangtze River which was designed and built completely by Chinese people. Being a major achievement in the building of the Chinese economy and an important milestone in China's bridge construction, it has been hailed as the "National Bridge" and the "Credit-winning Bridge". As one of China's landmark structure, the Nanjing Yangtze River Bridge symbolizes China's technological and historical achievements, containing the fearless attitude as well as the craftsman spirit of pioneering and innovation among the older generation of builders, and embodying a sense of national pride.

"Build roads where there are mountains, and bridges where there are rivers." Just as the Nanjing Yangtze River Bridge breaking through the restrictions of the north-south traffic and spanning firmly across the Yangtze River, the Company has built bridges between doctors and patients by constantly breaking the limits of time and space. As China's leading online medical and healthcare service platform, the Company hopes to play an important role in the national economy improvement as with the Nanjing Yangtze River Bridge. To serve the nation and citizens better, the Company will remain committed to online healthcare, fulfill its corporate social responsibility, and manage the entire life cycle services covering prevention, treatment and rehabilitation. Thus, the Company will go all out to support the Healthy China Strategy in pursuit of the vision of making Chinese people healthier.

COVID-19 prevention and control is now being conducted on an ongoing basis. The Company, never forgetting its original aspiration, is committed to constructing a professional, convenient and trustworthy communication bridge between doctors and patients, building an online medical and healthcare service platform with the largest scale, the most advanced model and the deepest competitive moat in China.

This interim report (the "Interim Report") (in both English and Chinese versions) has been posted on the Company's website at www.pagd.net. Shareholders who have chosen to view 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 will upon request be sent the Interim Report in printed form free of charge.

Shareholders may at any time change their choice of means of receipt (in printed form or by electronic means through the Company's website) and the language (in English only, in Chinese only or in both Chinese and English) of the 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 pagd.ecom@computershare.com.hk.

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Corporate Information

Directors

Executive Director

Mr. FANG Weihao (Chairman)

Non-executive Directors

Ms. TAN Sin Yin

Ms. LIN Lijun

Mr. PAN Zhongwu

Independent Non-executive Directors

Mr. TANG Yunwei

Mr. GUO Tianyong

Dr. CHOW Wing Kin Anthony

Audit and Risk Management Committee

Mr. TANG Yunwei (Chairman)

Mr. GUO Tianyong

Ms. TAN Sin Yin

Nomination and Remuneration Committee

Mr. GUO Tianyong (Chairman)

Mr. TANG Yunwei

Dr. CHOW Wing Kin Anthony

Ms. TAN Sin Yin

Authorised Representatives

Mr. FANG Weihao

Mr. LIU Cheng

Joint Company Secretaries

Mr. LIU Cheng

Ms. CHEN Chun

Auditor

PricewaterhouseCoopers

Certified Public Accountants and Registered PIE Auditor

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Stock Code

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Company's Website

www.pagd.net

Listing Date

4 May 2018

Chairman's Statement



FANG WEIHAO

Chairman and Chief Executive Officer

From early 2021 to present, COVID-19 was effectively controlled in mainland China. We owe this success to the strong leadership of the Chinese Communist Party and government as well as to the concerted efforts of the entire nation. This public health event with the fastest spread, the widest range of infection and the greatest difficulty in prevention and control since the founding of the People's Republic of China has achieved a major milestone victory, with the wide availability of medical services and a substantial rise in vaccination rate. However, we still have a long way to go in the fight against the epidemic. As pointed out by Premier Li Keqiang in his *Report on the Work of the Government* this year, COVID-19 is far from over, we face formidable tasks in development, and our fight against this epidemic will be on an ongoing basis.

COVID-19 has greatly influenced the mindset and behavior of users, promoted the widespread adoption of Internet healthcare, enhanced people's understanding and recognition of Internet healthcare, and increased their trust and confidence in Internet healthcare. According to iiMedia's *2020 China Internet Medical Industry Development Research Report*, Internet healthcare has become a new normal among people when seeking medical consultation and treatment. About 74.4% of the Chinese surveyed Internet users used Internet healthcare services such as online consultation, pharmaceutical e-commerce and online health counseling during the outbreak of COVID-19. Over 70% surveyed Internet users took the view that Internet healthcare played an active role in reducing group gatherings and social contact, avoiding cross infection, and easing pressure on outpatient treatment through triage. Being a leader in China's Internet healthcare industry, Ping An Good Doctor has fully demonstrated the advantages of Internet healthcare in timeliness and efficiency, and won wide acclaim from provincial and municipal governments at all levels.

Government authorities continued to embark on an unprecedented wave of policy initiatives. In December 2020, China's National Health Commission (NHC) issued the *Notice on Further Promoting the Pilot Program of "Internet Plus Nursing Services,"* where the NHC proposed expanding the pilot program of "Internet Plus nursing services" in 2021, and required that the pilot program be carried out in at least one city in each province. In November 2020, the National Medical Products Administration (NMPA) promulgated the *Measures for Oversight and Management of Online Distribution of Drugs (draft for comments)*, permitting online distribution of prescription drugs on condition that e-prescriptions are from authentic and reliable sources. The policies continue to be broadly favorable in 2021. Ping An Good Doctor has grasped this opportunity to enhance risk management and set standards, committed to playing a vital role as a leading enterprise.

During the Reporting Period, Ping An Good Doctor kept up strong growth momentum, with balanced development in each business segment. Total revenue reached RMB3,818.4 million, representing a year-on-year increase of 39.0%. Specifically, revenue generated from our medical services business increased by 50.6% year on year to RMB1,066.8 million. Consumer healthcare staged a post-epidemic recovery, with revenue increasing 66.1% year on year to RMB713.9 million. Ping An Good Doctor continued to commit more to strategic upgrades. Net loss reached RMB879.3 million in the first half of 2021, representing an increase of RMB666.1 million from net losses recorded during the same period in 2020.

Benefiting from a growing awareness of Internet healthcare services among users, the core operating metrics of our Internet platform delivered remarkable performances. As of 30 June 2021, the number of our registered users reached 400 million, representing an increase of nearly 55 million or 15.7% from the same period in 2020. For the preceding 12 months ended 30 June 2021, the number of paying users reached 32.1 million, representing a year-on-year increase of 69.6%. We continued to conduct refined operations of user traffic, further focusing on the monetization of healthcare users in particular, with the conversion rate of monthly paying users increasing by one percentage point.

As a leading Internet healthcare service platform in China, Ping An Good Doctor is committed to "building a bridge of effective communication between doctors and patients." Leveraging our in-house medical team and proprietary AI-based medical system, we have developed robust medical service capabilities. Under the "health maintenance organisation (HMO)" model, we provide high-value healthcare management services for payers including commercial insurance, social health insurance, enterprises and individuals in the industry, acquire and retain high-value users from different sources, and improve user-perceived value and stickiness with prompt, quality and efficient services, thus developing our bargaining power. Under the "Medical Platform O2O" model, we build an open asset-light platform, distribute platform traffic to offline healthcare institutions in a targeted and reasonable manner, and provide follow-up services for those back from offline services, thus creating a closed loop of the value chain, and further integrating and empowering online and offline healthcare service providers.

In respect of medical service capabilities, Ping An Good Doctor pioneered online tiered diagnosis and treatment, and positioned about 2,000 in-house medical teams from 20 departments as "customer managers with medical knowledge." We coordinate the arrangement of a train of online-to-offline healthcare services for customers, come up with a user experience that is easier, faster and more affordable, and strive to provide a dedicated lifelong general practitioner (GP) for each customer, i.e. "one GP for one customer." We are to reach customers through four scenarios, namely health management, sub-health management, disease management and chronic disease management, creating a full-lifecycle electronic health record for each user.

In-house medical teams together with external doctors provide a firm guarantee for our medical service capabilities. In the first half of 2021, Ping An Good Doctor redoubled its efforts to bring in more external doctors. So far, our platform has attracted more than 38 thousand medical specialists across the country with about 70% of them from tertiary hospitals. They form the backbone of our doctor network. Famous doctors of them, in particular, have become a byword for curing diseases and saving lives. Ping An's Famous Doctor Studios function provides a platform for famous doctors to efficiently and precisely use their decades of offline experience in treating obscure and rare diseases. In addition, we adopt a "double-doctor" model, where full-time doctor assistants cover all links before, during and after medical treatment by famous doctors. Before treatment, doctor assistants collect basic information of patients to ensure that famous doctors are well informed about the medical history of patients before taking them. After treatment, doctor assistants pay regular visits to follow up rehabilitation and health management. While helping patients save time and enhance rehabilitation effects, such model can help famous doctors improve efficiency and build up their own IP by accurately matching patients to their specialties. So far, we have launched more than 450 Famous Doctor Studios, delivering more than 99% customer satisfaction in the past half of the year, and we also have accumulated scores of cases of helping cure patients with difficult and complicated cases.

Chairman's Statement

In the first half of 2021, our medical specialty operations have started paying off. More than 100 famous specialists have been staffed since operations of three major specialties, namely, dermatology, Traditional Chinese Medicine (TCM) and gynecology and obstetrics. The three major specialties and other specialties including ophthalmology, pediatrics, internal medicine, surgery and andrology were running in parallel. With our in-house medical teams' 24/7 services and external famous doctors' guidance in place, users can enjoy services including consultations, prescription, medication guides, results interpretation and follow-up care available at home.

Ping An Good Doctor is focusing on converting financial customers and corporate clients into high-value users. As the flagship platform in Ping An Group's healthcare ecosystem, the Company bears in mind its missions to bind customers together through healthcare services and empower the Group's heartwarming financial services. The Company extends its focus on the insurance channels including Ping An Life, Ping An Health, Ping An Property & Casualty and Ping An Annuity into the integrated finance channels including Ping An Bank and Ping An Puhui. The Company incorporates its membership service products (including online consultations, appointments, specialist consultations and inpatient arrangements), checkup services and health management services into the Group's financial businesses. By doing so, the Company manages to provide the Group's high-value integrated finance customers with lifecycle services, and refer customers to Ping An Good Doctor in an efficient way.

The Company also moves deeper into corporate client development. The Company pays on-site visits to enterprises to understand employers' and employees' demands for medical services and health services. Moreover, the Company customizes products catering to the industry attributes and employee profiles. Currently our corporate clients include large central enterprises, large local state-owned enterprises, public service units, Internet giants, large real-estate companies, and consumption leaders. During the Reporting Period, our well-designed packages have served nearly one million employees in more than 3,800 enterprises, not only helping reduce employers' medical costs but also providing employees with access to customized health management programs. Ping An Good Doctor has become a loyal health guardian for enterprises and employees.

The Company has discovered a clearer trajectory for Internet hospital development. Being the prime service provider in China's public health system, public medical facilities receive nearly ten billion medical visits each year, and serve as the most important offline partner and resource supplier for Internet healthcare. We have been licensed to develop Internet hospitals under the self-construction model in 10 cities, and signed Internet hospital co-construction agreements with 205 hospitals. We are dedicated to promoting inclusive, affordable, quality online medical services, securing healthcare traffic and availability of Social Health Insurance (SHI) payment at offline hospitals. We are also exploring ways for seamless online-to-offline experiences throughout the consultation and medical processes by integrating our medical, doctor and traffic resources with influential offline public hospitals. Going forward, the Company will shift its focus onto national and regional hospital giants. Our strategy is designed to focus on online famous hospitals, specialist centers and O2O specialist service packages in the short run, and online platform operations, tiered diagnosis and treatment services and availability of SHI payment at offline hospitals in the long run. The Company will strive for synergies with offline hospitals by leveraging the strengths of both short-term and long-term strategies. The Company will step up efforts to build an urban healthcare ecosystem network by centering around O2O healthcare services for 3A hospitals and co-constructed Internet hospitals in cities.

With its international presence, the Company is tentatively replicating its success overseas on the back of its service capabilities and AI technology, trying to enhance its brand identity and play a role in promoting healthcare for overseas enterprises and residents. After more than a year of expansion, our joint venture based in Southeast Asia had more than 13 million registered users in Indonesia. We collaborated with Thailand giants on online healthcare services. We also made strides in our overseas business in Japan. Our joint venture there provided quality medical and health services like online consultations and Health Mall for governments and corporate clients, and was designated as the official COVID-19 testing and vaccination service provider. Going forward, we will increase the range of services, and remain committed to building a one-stop Internet healthcare ecosystem platform for Japanese users.

Ping An Good Doctor is firmly committed to fulfilling its corporate social responsibilities and developing a heartwarming Internet healthcare service platform. The Company is devoted to the Healthy Village Program. In response to the Ping An Rural Communities Support, Ping An Good Doctor leverages its advantageous medical resources and helps improve basic medical services in poor regions. The Company has donated large quantities of supplies to Yanbian Korean Autonomous Prefecture in Jilin, Hunan and Guizhou. During the Healthy China Guardian Campaign, Ping An Good Doctor delivered health lectures and free medical examinations at Ping An Shunhe Hope Primary School, erecting a defensive rampart for rural children. Moreover, the Company is keen on spreading medical knowledge. As the official platform for the 2021 First Science Popularization Contest for Doctors, Ping An Good Doctor is a strong champion of medical expertise and healthy lifestyles.

Given the favorable regulatory policies and environments, Ping An Good Doctor will grasp enormous opportunities in the healthcare market, and take a well-targeted approach to address diversified demands in the healthcare ecosystem. As the flagship platform in Ping An Group's healthcare ecosystem, Ping An Good Doctor will develop high-quality customers through diversified channels. The Company will continue to commit to building a leading medical service network and upgrading medical technologies to cement its status as China's biggest Internet healthcare traffic portal. We are making all-out efforts to address pain points in medical and health management, and playing our part in the "Healthy China 2030" Initiative. As the longest journey starts with a single step, we believe that we can create great things through steady accumulation and untiring perseverance.

FANG Weihao

Chairman and Chief Executive Officer

Shanghai, 24 August 2021

Management Discussion and Analysis

Key Financial Data

	Unaudited Six months ended 30 June		Year-on-year change
	2021 RMB'000	2020 RMB'000	
Revenue	3,818,356	2,746,645	39.0%
Cost of sales	(2,793,137)	(1,925,042)	45.1%
Gross profit	1,025,219	821,603	24.8%
Selling and marketing expenses	(1,104,374)	(679,219)	62.6%
Administrative expenses	(899,542)	(483,663)	86.0%
Other income	132,620	102,865	28.9%
Other (losses)/gains – net	(91,215)	29,811	N/A
Finance income – net	76,326	54,495	40.1%
Share of losses of associates and joint ventures	(9,692)	(54,913)	-82.4%
Loss before income tax	(870,658)	(209,021)	316.5%
Income tax expense	(8,685)	(4,184)	107.6%
Loss for the period	(879,343)	(213,205)	312.4%
Loss attributable to:			
– Owners of the Company	(879,559)	(213,586)	311.8%
– Non-controlling interests	216	381	-43.3%
Non-IFRS measure:			
Adjusted net loss	(791,440)	(208,039)	280.4%

Total revenue of the Company recorded in the first half of 2021 was RMB3,818.4 million, representing an increase of 39.0% from total revenue of RMB2,746.6 million recorded in the first half of 2020. Revenue growth was seen across all business segments. Gross profit recorded in the first half of 2021 was RMB1,025.2 million, representing an increase of 24.8% from RMB821.6 million recorded in the first half of 2020. Gross margin recorded in the first half of 2021 reached 26.8%, down 3.1 percentage points from gross margin of 29.9% recorded in the first half of 2020. Net loss recorded in the first half of 2021 was RMB879.3 million, representing an increase of 312.4% from net loss of RMB213.2 million recorded in the first half of 2020.

Key Operational Data

	30 June 2021	31 December 2020	Change
Registered users (in million)	400.6*	372.8	7.5%
Cumulative consultations (in million)	1,182.7	1,004.2	17.8%

	Six months ended 30 June 2021	2020	Year-on-year change
Medical services revenue (RMB in thousand)	1,066,818	708,286	50.6%

	2021	2020	Year-on-year change
Cumulative paying users (LTM) (in million)	32	19	69.6%
Conversion rate of monthly paying users (in the month of June)	5.4%	4.4%	+1.0 percentage point

	Six months ended 30 June 2021	2020	Year-on-year change
GMV of online mall (RMB in million)	2,951.5	2,168.5	36.1%

Note:

* Number of users from the plug-in of Ping An Group accounted for 47.6% of total number of registered users

Management Discussion and Analysis

Analysis of Principal Business Operations

In the first half of 2021, the entire nation went all out to combat COVID-19 under the leadership of the central government and governments at all levels, making major strategic achievements in epidemic prevention and control. With the arrival of the post-epidemic era, social and economic activities gradually got back on track, and people's lifestyle entered a new normal. More and more people are willing to replace traditional offline medical services with online ones by trying Internet healthcare services. Meanwhile, favorable policies and regulations continued to encourage more players to accelerate their business expansion, which offered a bright industry prospect.

As an industry leader, with public health security as its mission, Ping An Good Doctor stepped up its efforts to develop all of its business segments by capitalizing on the contactless, efficient and convenient Internet healthcare as well as the post-epidemic market recovery. The Group reclassified segment revenues in its financial results according to business attributes. As of 30 June 2021, total revenue of the Group grew 39.0% year on year to RMB3,818.4 million, with total gross margin being 26.8%. Our core business medical services continued to grow steadily. Its revenue reached RMB1,066.8 million, representing a year-on-year increase of 50.6%, accounting for 27.9% of the Group's total revenue versus 25.8% recorded in the first half of 2020. In order to cope with the growing competition and keep the lead in the industry, Ping An Good Doctor continued with strategic upgrades in the first half of 2021, committing more to channels, services and capabilities. Net loss reached RMB879.3 million, representing a year-on-year increase of 312.4% from RMB213.2 million recorded during the same period of 2020.

The COVID-19 epidemic in 2021 drove more people to seek consultation and drug purchase online, which will continue to benefit Internet healthcare, and accelerate the penetration of Internet healthcare into traditional offline medical services. As of 30 June 2021, the number of registered users reached 400 million, representing an increase of nearly 55 million or 15.7% from 30 June 2020. We strived to retain customers through high-value medical services and health management services after customer acquisition, and saw increasingly growing user stickiness and willingness to pay. From 1 July 2020 to 30 June 2021, the cumulative number of paying users reached 32.1 million, up 69.6% year on year.

Ping An Good Doctor has taken a deep dive into the Internet healthcare industry. Through enduring efforts and ongoing trial-and-error, Ping An Good Doctor has bridged providers and payers in the medical industry chain. In addition to providing full-lifecycle healthcare services for payers, Ping An Good Doctor acts as an enabler and an integrator to take an active part in bridging online and offline medical resources. Being an online medical service platform in pursuit of trust, expertise and convenience, Ping An Good Doctor focuses on five aspects, namely medical service capabilities, service channels, service networks, technological capabilities, and ecosystem building, with considerable progress made in each of them. Ping An Good Doctor is steadily working its way up to the largest Internet healthcare platform in China.

Medical service capabilities

Connection to offline medical institutions is most essential to our medical services. We regard offline medical institutions as our important partners. Through 24/7 services, we aim to help doctors with patients' full-lifecycle disease management outside the hospital. We started sifting through common and obscure diseases in early 2021, provided users with specialty solutions through in-house clinics, and improved the user retention and chronic illness management by connecting internal and external services and building an online-merge-offline experience. The first three specialties we rolled out are Traditional Chinese Medicine (TCM), Dermatology, and Obstetrics and Gynecology, for which we have created a full process of medical treatment. Before medical treatment, patients are educated about basic information, preventive measures and causes of the illness in advance. During medical treatment, specialists communicate with patients about treatment principles and plans, as well as medication plans and follow-up visits while giving diagnoses. After medical treatment, in-house medical teams and AI assistants provide regular follow-up visits, recuperation plans and further medical guidance if there's any need for a referral to offline hospitals. Our medical specialties are led by TCM masters and academicians, with specialists spread all over sub-divisions. Our three specialties are staffed by more than 100 famous doctors. We have also pioneered the Online Smart TCM Syndrome Differentiation Platform, which covers over 80 patient profiles, 50 characteristics based on the four diagnostic methods ("observation, listening, questioning, and pulse analysis"), and 266 common diseases, being able to screen for critical illnesses like coronary heart disease.

Excellent doctors are seen as a guarantee of medical service capabilities. Ping An Good Doctor has further reinforced its four-tier doctor network and improved medical capabilities through effective collaboration between in-house and external doctors, which may be fostered via multiple means. Firstly, external doctors contracted to our Famous Doctor Studios may provide training for in-house medical teams through academic exchanges. Secondly, patients will be paired with famous doctors for consultation and diagnosis after pre-diagnoses by in-house medical teams who will also take charge of regular follow-up visits, rehabilitation tracking and health management. Thirdly, external famous doctors may share their prescriptions with in-house medical teams, which in-house medical teams may use for particular diseases. Hence, in-house medical teams receive first-class training indirectly while serving users. Take the Integrated Pan-tumor Precision Diagnosis and Treatment Platform for example. It was jointly launched by Ping An Good Doctor and Roche Pharmaceuticals. Top tumor specialists are contracted to our Famous Doctor Studios; patients may make appointments with their most suitable tumor specialists for consultation after tentative diagnosis by in-house medical teams; and specialists provide professional, convenient and efficient consultation and treatment plans for patients through online consultation supported by images, text, speech, videos, etc. In this way, more people are able to access high-quality medical resources.

Service channels – Integrated finance

Ping An Good Doctor has always been focusing on exploring synergies between healthcare services and financial and insurance services. In this regard, the collaboration with Ping An Group is one of our great advantages. Our first priority is to provide excellent services for over 200 million financial customers within Ping An Group and efficiently convert them. Taking Ping An Life as our most important channel, we continued to upgrade our products from early 2021, in a bid to widen users' access to our quality services through inclusive product packages. We added "Zhen Xiang RUN" services to Ping An Life's critical illness policies, with a view to helping policyholders maintain good health, improve sub-health, and manage minor illnesses, chronic illnesses and major illnesses. Policyholders are entitled to a complete set of value-added health services including Private Doctor, Personal Trainer, medical escort, postoperative care and critical illness management after purchasing flagship critical illness products. We upgraded "Health Guard 360" to include such value-added services as TCM consultation and medical assistance. Being "customer managers with medical knowledge," our in-house medical teams provide access to diversified, comprehensive services for more existing and new users of Ping An Life through careful explanations and considerate services. In the long run, we will focus on high-quality customer conversion, and encourage them to buy more products and services on our platform, so as to improve the full-lifecycle value of users.

In addition, we continued to diversify membership products, and attract high-quality customers through multiple channels. We launched e Sheng Bao Outpatient in collaboration with Ping An Health, and Drug Purchase and Consultation Service jointly with Ping An Property & Casualty. In the future, we will explore ways to leverage Ping An Group's integrated finance channels to offer medical and health service products with stronger synergies and higher value.

Management Discussion and Analysis

Service channels – Enterprises

We have kept attracting corporate clients and extending our services to them since early 2021. We have served more than 3,800 corporate clients so far, covering nearly one million corporate employees. The “Pocket Health” app is tailored to meet all possible needs of corporate employees, such as health records, convenient medical treatment services, health management, consumer healthcare, and healthy products. Supported by a resource pool of several million corporate clients in Ping An Group’s healthcare ecosystem, we customized service products, contents and cycles in line with the needs of corporate clients by starting with checkup services. In respect of health management services, we improved our capability for interpreting employee health checkup results, and upgraded health records and health management. Through offering tailored employee health profiles, we have delivered more considerate services. We leveraged medical technologies to design service plans according to work scenarios and health risks of corporate employees of different levels in different positions, providing them with prevention-oriented health management. In respect of medical services, we further enhanced online consultation experience of corporate employees, improved our online and offline full scene service processes, and further resolved pain points of inadequate medical services and resources facing corporate employees and their family members due to an uneven distribution of local medical resources. In the future, we hope that we can develop innovative health plans for tens of thousands of large and medium-sized corporate clients, and provide heartwarming, tailored products for their employees.

Service channels – Internet hospitals

With regard to the Internet hospital project, Ping An Good Doctor will leverage its own online capabilities to empower offline hospitals and further extend the service chain. As of now, we have obtained necessary qualifications for establishing Internet hospitals in 10 cities, including Yinchuan, Qingdao, Chengdu, Hainan and Nanning, and we have obtained in Tianjin the first Internet hospital license for non-government medical treatment in the Beijing-Tianjin-Hebei region. Moreover, we have reached agreements with 205 offline hospitals on co-constructed Internet hospital platforms, with 100 of them completed and launched. We pushed ahead with the roll-out of both self-built and co-constructed Internet hospitals. As for co-constructed Internet hospitals, we focused on improving hospital basic operations and monetizing hospital traffic. Thanks to our long-term, deep commitment, the Internet hospital jointly built by the Company and the Affiliated Shunde Hospital of Jinan University saw its online daily consultations peak at 34% of total consultations of the hospital in June 2021. In addition, Internet hospital platforms of the Third People’s Hospital of Shenzhen and the Guangzhou Overseas Chinese Hospital saw their online daily consultations peak at over 20% of total consultations of the Hospitals, marking a significant milestone in growth. As for self-built Internet hospitals, we enabled individual SHI account payment on our self-built Internet hospital platform in Yinchuan. Meanwhile, we received approval from Yinchuan Healthcare Security Administration on 18 May 2021 for outpatient treatment of eight serious diseases and risk-pooling funds for outpatient treatment.

We have made headway in our medical O2O model. We achieved online to offline traffic referral through consultation, triage, and medical specialties. For example, in collaborating with the Children’s Hospital of Shanghai on a medical treatment platform for children’s obscure and rare diseases, we collected targeted traffic online for specific referrals to offline hospitals. In addition, we achieved offline-to-online traffic referral by assisting hospitals with in-depth operations, service packages, post-diagnosis rehabilitation, etc. For instance, in collaborating with the Thoracic Department of West China Hospital, we provided a full-process lung cancer management service package including medical escort, hospitalization, and postoperative management, connecting the dots before, during and after medical treatment.

Service network

We continued to develop our offline ecosystem and integrate offline high-quality service resources, in a bid to build an online-merge-offline medical and health service platform. As of 30 June 2021, our service network has comprised about 3,000 hospitals, including approximately 50% of 3A hospitals. We have had 163 thousand pharmacy partners, covering more than 25% of pharmacies across China. We have collaborated with 85 thousand healthcare institutions, covering thousands of health service providers like checkup centers and dental clinics, as well as tens of thousands of medical clinics. We have developed our bargaining power as a platform fueled by our multi-channel customer acquisition and proven capability for traffic distribution. We can empower standalone healthcare management institutions and help them formulate uniform processes and standards through systems, traffic and services.

Technological capabilities

Underpinned by our medical professionals, over 1.18 billion online consultation records and Ping An Smart AI AskBob, and five databases (disease database, drug/medical device database, prescription/therapy database, medical resource database and personal health database, incorporating tens of millions of entries including 300 million medical concepts and over 140 million medical relations), Ping An Good Doctor employs cutting-edge deep learning algorithms to train billions of data points on large clusters, and keeps upgrading the databases by means of data mining and analysis. By doing so, our AI system is able to assist doctors in issues from information gathering to medical diagnoses throughout the consultation process, thus achieving better user experiences and making consultation more efficient. Ping An Good Doctor constantly upgrades its AI-based medical system based on the five databases. As of 30 June 2021, the AI-based medical system was more than 99% accurate in guidance and more than 95% accurate in AI-based diagnosis and consultation.

Ping An Good Doctor continues to upgrade its AI-based medical system in line with the Company's specialty-oriented operations strategy, empowering the TCM, dermatology and ophthalmology departments with AI technology. Ping An Good Doctor launches China's first Online Smart TCM Syndrome Differentiation Platform on which AI-based image recognition helps accurately identify basic characteristics from tongue diagnosis and facial diagnosis, with 85% accuracy in identifying 13 basic tongue characteristics and more than 80% accuracy in recognizing 7 basic facial characteristics on average. Ping An Good Doctor has innovated the algorithm for diagnosis by listening and respiration and remote pulse diagnosis. Ping An Good Doctor leverages an AI-based self-assessment tool to manage dermatoses and skins for more user-friendly interactions. The AI-based self-assessment tool is applicable to more than 50 common skin diseases, and has up to 88% accuracy in auxiliary diagnosing top three skin diseases. Ping An Good Doctor empowers ophthalmologists by introducing the world's first smart eye diseases screening system using the optical coherence tomography (OCT).

Healthcare ecosystem

As the flagship platform in Ping An Group's healthcare ecosystem, the Company seeks greater synergies with Ping An Group's advantageous resources by focusing on payers, healthcare service providers, technologies, and government, trying to accelerate the development of a closed loop for the healthcare ecosystem and support the "Healthy China 2030" Initiative. The Company creates more synergies with Ping An Group on the back of heartwarming financial services provided through integrated finance collaboration, and strengthens co-operation with local SHIs through working with Ping An HealthKconnect. Ping An Good Doctor develops an online-merge-offline medical and health service platform by building bridges with Ping An Group's offline medical and health service networks. The Company capitalizes on Ping An Group's technological strengths to constantly upgrade the AI-based medical system. The Company has access to favorable policies by further engaging with the government in coordination with Ping An HealthKconnect and Ping An Smart City.

Management Discussion and Analysis

Revenue and Gross Profit by Segment

	Six months ended 30 June		Year-on-year change
	2021 RMB'000	2020* RMB'000	
Revenue:			
Medical services	1,066,818	708,286	50.6%
Consumer healthcare	713,945	429,702	66.1%
Online mall	1,908,754	1,492,776	27.9%
Health management and wellness interaction	128,839	115,881	11.2%
Total of revenue	3,818,356	2,746,645	39.0%
Gross profit:			
Medical services	554,173	382,684	44.8%
Consumer healthcare	279,252	210,967	32.4%
Online mall	109,861	132,078	-16.8%
Health management and wellness interaction	81,933	95,874	-14.5%
Total of gross profit	1,025,219	821,603	24.8%
Gross margin:			
Medical services	51.9%	54.0%	-2.1 percentage points
Consumer healthcare	39.1%	49.1%	-10.0 percentage points
Online mall	5.8%	8.8%	-3.0 percentage points
Health management and wellness interaction	63.6%	82.7%	-19.1 percentage points
Total of gross margin	26.8%	29.9%	-3.1 percentage points

* Comparatives for 2020 have been restated as the Group has reclassified segment revenues according to business attributes.

Medical services

Ping An Good Doctor continues to improve its medical services capabilities. Our increasingly sophisticated four-tier doctor network is applied to four scenarios, namely, health management, sub-health management, disease management and chronic disease management, catering to people in need of medical and health services. As of 30 June 2021, our in-house medical team remained stable with sustained improvement in AI-based diagnosis capabilities. Our AI-based medical system is equipped with diagnosis models covering over 3,000 diseases, enabling doctors in over 20 departments to diagnose patients more effectively and accurately online. We contracted more than 38,000 external doctors who mainly provide services such as real-time and non-real-time online consultation and offline second medical opinions, increasing by approximately 17,000 from 31 December 2020. In response to users' needs for more healthcare services, Ping An Good Doctor has accelerated collaboration with famous doctors including academicians, TCM masters and academic leaders of major specialized departments in 3A hospitals. As of 30 June 2021, Ping An Good Doctor has established more than 450 Famous Doctor Studios, dedicated to offering our users excellent online and offline healthcare services.

As of 30 June 2021, our hospital network comprised about 3,000 hospitals, and about 50% were 3A hospitals. Ping An Good Doctor takes advantage of its traffic to refer users to offline pharmacies for order fulfilment. Moreover, Ping An Good Doctor leverages its supply chain capabilities to bring extra supply to the offline pharmacies. As of 30 June 2021, our partner pharmacies increased by over 10 thousand to 163 thousand, compared to 151 thousand at the end of 2020, covering 379 cities in 32 provincial-level regions across China. We improved the drug logistics efficiency through our Central Warehouse Project. As of 30 June 2021, our superfast drug delivery service was available at 56 front-rank cities in 26 provincial-level regions.

During the Reporting Period, revenue from our medical services business amounted to RMB1,066.8 million, representing a year-on-year increase of 50.6%, largely attributable to the significant growth in the revenue from the membership service products (including Zhen Xiang RUN and Private Doctor Membership), medication purchase based on electronic prescriptions attached to online consultation and drug distribution via pharmacy networks. The quality of our medical services business continued to improve, with gross margin remained stable at 51.9%, slightly decreasing by 2.1 percentage points from 54.0% during the same period in 2020. The decreased gross margin was mainly attributable to higher usage rate of our membership service products compared with the same period last year.

Management Discussion and Analysis

	Six months ended 30 June		Year-on-year change
	2021 RMB'000	2020 RMB'000	
Revenue	1,066,818	708,286	50.6%
Gross profit	554,173	382,684	44.8%
Gross margin	51.9%	54.0%	-2.1 percentage points

Consumer healthcare

By accurately targeting users' healthcare needs, we provide individual customers and corporate clients with standardized healthcare service packages consisting of health checkups, medical beauty, dental checkups and genetic testing services. Our diversified distribution networks provide access to such services for end users. In the first half of 2021, we focused on developing corporate clients and managed to attract them with group checkup service packages, driving rapid growth of revenue from the checkup business.

As the COVID-19 epidemic stabilized, consumer healthcare services gradually recovered. In the first half of 2021, revenue from our consumer healthcare business amounted to RMB713.9 million, representing a year-on-year increase of 66.1%. The gross margin of our consumer healthcare business reached 39.1%, representing a year-on-year decrease of 10.0 percentage points. The gross margin gradually returned to the pre-COVID-19 level as more users turned to offline consumer healthcare services. In the medium and long-term, our consumer healthcare operation which is dominated by checkup products will focus on the development of integrated finance customers and corporate clients. We will provide comprehensive one-stop services based on a matrix driven by checkup products and medical membership products.

	Six months ended 30 June		Year-on-year change
	2021 RMB'000	2020 RMB'000	
Revenue	713,945	429,702	66.1%
Gross profit	279,252	210,967	32.4%
Gross margin	39.1%	49.1%	-10.0 percentage points

Management Discussion and Analysis

Online mall

Our online mall provides a closed loop of end-to-end services and meets all needs of customers for medical and health products including Chinese and Western pharmaceuticals (OTC drugs), nutrition and health products, medical devices, maternal and infant products, personal protective equipment, and sports and fitness products. During the Reporting Period, revenue from our online mall business amounted to RMB1,908.8 million, representing a year-on-year increase of 27.9%. The gross margin dropped by 3.0 percentage points to 5.8% as a result of fiercer competition in the industry.

	Six months ended 30 June		
	2021 RMB'000	2020 RMB'000	Year-on-year change
Revenue	1,908,754	1,492,776	27.9%
Gross profit	109,861	132,078	-16.8%
Gross margin	5.8%	8.8%	-3.0 percentage points

Health management and wellness interaction

The Company has extended its health management and wellness interaction business from multiple sources, and diversified health management offerings to keep quality customers engaged. Drawing on joint management by personal trainers, nutritionists and counseling psychologists, smart hardware upgrading and health records, the Company has developed about 1,000 health courses. The Company works with a growing number of healthcare institutions to enhance user experience for insurance customers and corporate clients through highly engaged, interactive health management. During the Reporting Period, revenue from our health management and wellness interaction business reached RMB128.8 million, representing a year-on-year increase of 11.2%. Gross profit reached RMB81.9 million, and gross margin was 63.6%. Gross profit margin decreased by 19.1 percentage points year-on-year due to more diversified product categories and changes in revenue structure.

	Six months ended 30 June		
	2021 RMB'000	2020 RMB'000	Year-on-year change
Revenue	128,839	115,881	11.2%
Gross profit	81,933	95,874	-14.5%
Gross margin	63.6%	82.7%	-19.1 percentage points

Management Discussion and Analysis

Management Outlook

We were under the pall of COVID-19 in the past year. The year 2021 marks the start of the 14th Five-year Plan for China's national development. As the state and all parts of society are embracing the "Healthy China 2030" Initiative, the medical and healthcare sectors are coming under the spotlight, and people are impressed by increasing professionalism of medical and healthcare institutions, practitioners, services and products. At the opportunities offered by redistribution of labor and restructuring of the industry, the Company drives technological, business model, and managerial innovation that echoes social and customer needs. The Company is positioned to strengthen its core competitiveness and maintain a lead in the industry. Going forward, the Company and its partners will continue to work in unison, strive for the development of the Internet healthcare, and deliver steady returns to shareholders.

Selling and Marketing Expenses

Selling and marketing expenses amounted to RMB1,104.4 million in the first half of 2021, representing an increase of 62.6% from RMB679.2 million in the first half of 2020. The increase was mainly due to growth in commissions and selling expenses.

Administrative Expenses

Administrative expenses amounted to RMB899.5 million in the first half of 2021, representing an increase of 86.0% from RMB483.7 million in the first half of 2020. The increase was mainly attributable to higher labor costs.

Other Income

Other income amounted to RMB132.6 million in the first half of 2021, representing an increase of 28.9% from RMB102.9 million in the first half of 2020, which was mainly attributable to growing income from wealth management products.

Other (Losses)/Gains – Net

Other net losses amounted to RMB91.2 million in the first half of 2021, representing a decrease of RMB121.0 million from RMB29.8 million of net gains in the first half of 2020, which was mainly attributable to lower gains from movements in USD against RMB and an increase of the loss allowance for some receivables.

Finance Income – Net

Net finance income amounted to RMB76.3 million in the first half of 2021, representing an increase of 40.1% from RMB54.5 million in the first half of 2020, which was mainly attributable to an increase in interest income.

Loss for the Period and the Non-IFRS Measure: Adjusted Net Profit/(Loss)

Our net loss for the first half of 2021 amounted to RMB879.3 million, representing an increase of 312.4% compared with RMB213.2 million recorded in the first half of 2020. 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 and net foreign exchange gains, the adjusted net loss in the first half of 2021 amounted to RMB791.4 million, representing an increase of 280.4% compared with the adjusted net loss of RMB208.0 million in the first half of 2020. The following table sets forth the adjusted net loss for the six months ended 30 June 2021 and 2020 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	
	2021	2020
	RMB'000	RMB'000
Net loss for the period	(879,343)	(213,205)
Excluding:		
Share-based payments	51,800	30,395
Net foreign exchange losses/(gains)	36,103	(25,229)
Adjusted net loss	(791,440)	(208,039)

Liquidity and Financial Resources

Our cash and other liquid financial resources as of 30 June 2021 and 31 December 2020 were as follows:

Cash and cash equivalents

	30 June	31 December
	2021	2020
	RMB'000	RMB'000
RMB	3,571,024	1,921,869
USD	159,147	5,816,650
HKD	48,896	181,856
	3,779,067	7,920,375

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. Our cash and cash equivalents are mostly denominated in RMB.

Management Discussion and Analysis

As of 30 June 2021, our total available funds were RMB14,580.8 million, including cash and cash equivalents of RMB3,779.1 million, restricted cash of RMB76.0 million, term deposits of RMB2,572.3 million, and financial assets of RMB8,153.4 million. The financial assets, purchased mainly from Ping An Bank, Ping An Fund and Ping An Asset Management, have effectively improved the yields and liquidity of the Company's idle funds.

Cash flows for the six months ended 30 June 2021 and six months ended 30 June 2020 were as follows:

	Unaudited	
	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Net cash used in operating activities	(317,520)	(359,484)
Net cash used in investing activities	(3,812,473)	(385,416)
Net cash generated from/(used in) financing activities	23,698	(28,519)
Net decrease in cash and cash equivalents	(4,106,295)	(773,419)
Cash and cash equivalents at the beginning of the period	7,920,375	4,965,455
Effects of exchange rate changes on cash and cash equivalents	(35,013)	25,229
Cash and cash equivalents at the end of the period	3,779,067	4,217,265

Net cash used in investing activities mainly included payments of RMB15,120.0 million for financial assets and term deposits, and proceeds of RMB11,562.8 million from redemption of financial assets.

As of 30 June 2021, 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 Expenditure

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Purchase of property, plant and equipment, intangible assets and other assets	32,195	42,665

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 2021, 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. Considering foreign exchange risk potentially brought by the fluctuations in the exchange rates, we completed preparation for utilization of financial instruments in 2020 and held such financial instruments in the first half of 2021 in response to the fluctuations in the exchange rates at any time (the first half of 2020: Nil).

Pledge of Assets

As of 30 June 2021, none of our assets were pledged.

Contingent Liabilities

As of 30 June 2021, we did not have any material contingent liabilities.

Dividend

For the six months ended 30 June 2021, we did not pay or declare any dividend.

Bank Loans and Other Borrowings

As of 30 June 2021, we did not have any material outstanding bank loans, debt securities, borrowings, debts, guarantees, hire purchase commitments or mortgages.

Significant Investments Held

For the six months ended 30 June 2021, we did not hold any material investments in the equity interest of other companies.

Material Investment and Future Plans of Capital Assets

As of 30 June 2021, we had no material investment or other plans for capital assets.

Material Acquisitions and Disposals of Subsidiaries and Associates

For the six months ended 30 June 2021, we did not have any material acquisitions or disposals of subsidiaries and associates.

Employee and Remuneration Policy

The Group had a total of 4,561 employees as of 30 June 2021, the majority of whom were based in various cities in the PRC, including Shanghai, Shenzhen, Beijing, Guangzhou, Hefei, Qingdao and Chengdu. 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.

Other Information

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

As of 30 June 2021, 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 SFO, which were required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she 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 under section 352 of the SFO, or as otherwise notified to our Company and the Stock Exchange pursuant to the Model Code, were 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 ⁽¹⁾
FANG Weihao ⁽²⁾	Beneficial owner	300,000	Long position	0.03%

Notes:

- (1) The calculation is based on the total number of Shares in issue of 1,147,294,200 Shares as of 30 June 2021.
- (2) Mr. FANG Weihao was entitled to 300,000 Shares pursuant to the Employee Incentive Scheme, where no Share was held upon exercise of EIS Options under the Employee Incentive Scheme.

Save as disclosed above, as of 30 June 2021, 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.

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

As of 30 June 2021, 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 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:

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 ⁽¹⁾
Bang Qi Jian ⁽²⁾	Beneficial owner	121,110,000	Long position	10.55%
		14,500,000	Short position	1.26%
DOU Wenwei ⁽²⁾	Interest in controlled corporations	121,110,000	Long position	10.55%
		14,500,000	Short position	1.26%
WANG Wenjun ⁽²⁾	Interest in controlled corporations	121,110,000	Long position	10.55%
		14,500,000	Short position	1.26%
Glorious Peace ⁽³⁾	Beneficial owner	441,000,000	Long position	38.43%
An Ke Technology Company Limited ⁽³⁾	Interest in controlled corporations	441,000,000	Long position	38.43%
Ping An ⁽³⁾	Interest in controlled corporations	441,000,000	Long position	38.43%
Hopson Development Holdings Limited ⁽⁴⁾	Interest in controlled corporations	73,081,200	Long position	6.37%
Sounda Properties Limited ⁽⁴⁾	Interest in controlled corporations	68,141,200	Long position	6.02%
	Beneficial owner	955,000	Long position	
CHU Mang Yee ⁽⁴⁾	Interest in controlled corporations	69,096,200	Long position	6.02%

Notes:

- (1) The calculation is based on the total number of Shares in issue of 1,147,294,200 Shares as of 30 June 2021.
- (2) As of 30 June 2021, Bang Qi Jian directly held 121,110,000 Shares (long positions) and 14,500,000 Shares (short positions) in the Company. Each of Ms. WANG Wenjun and Mr. DOU Wenwei owned 50% shareholding interest in 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.
- (3) As of 30 June 2021, Glorious Peace directly held a total of 441,000,000 Shares. Glorious Peace was wholly-owned by An Ke Technology Company Limited, which in turn was wholly-owned by Ping An. As such, each of Ping An and An Ke Technology Company Limited was deemed to be interested in the Shares held by Glorious Peace.

Other Information

- (4) According to the disclosure of interest forms (the "DI Forms") dated 31 December 2020 filed by Hopson Development Holdings Limited ("Hopson Development") in relation to the relevant event on 29 December 2020, Hopson Development, through a series of corporations controlled by it, was interested in an aggregate of 73,081,200 Shares (including cash-settled unlisted derivatives representing 1,510,000 Shares). According to the DI Forms filed by Sounda Properties Limited ("Sounda") dated 31 December 2020 in relation to the relevant event on 28 December 2020, Sounda was deemed to be interested in 69,096,200 Shares, comprising 68,141,200 Shares indirectly held through Hopson Development which was controlled by Sounda, and 955,000 Shares directly held by Sounda. According to the DI Forms filed by Mr. CHU Mang Yee dated 31 December 2020 in relation to the relevant event on 28 December 2020, Sounda was wholly-owned by Mr. Chu Mang Yee. As such, Mr. Chu Mang Yee was deemed to be interested in the interest held by Sounda.
- (5) Pursuant to Section 336 of the SFO, the Shareholders are required to file disclosure of interests forms when certain criteria are fulfilled and the full details of the requirements are available on the Stock Exchange's official website. When a Shareholder's shareholdings in the Company changes, it is not necessary to notify the Company and the Stock Exchange unless certain criteria are fulfilled. Therefore, substantial Shareholders' latest shareholdings in the Company may be different to the shareholdings filed with the Company and the Stock Exchange. The above statements of substantial Shareholders' interests are prepared based on the information in the relevant DI Forms received by the Company as of 30 June 2021. The Company may not have sufficient information on the breakdown of the relevant interests and cannot verify the accuracy of information on the DI Forms.

Save as disclosed above, as of 30 June 2021, the Directors were not aware of any person (other than the Directors or chief executives of the Company) who 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 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

The 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. The Employee Incentive Scheme is not subject to the provisions of Chapter 17 of the Listing Rules as the Employee Incentive Scheme does not involve the grant of options by our Company to subscribe for new Shares upon our Listing. Given the EIS Shares had already been issued, there will not be any dilution effect to the issued Shares upon the exercise of the options granted under the EIS Options. In addition, the grant of EIS Options by our Company or transfer upon vesting of the EIS Options of any of the EIS Shares pursuant to the Employee Incentive Scheme by any trustee or trust holding entities to a connected person of our Company should not be subject to the requirement of Chapter 14A of the Listing Rules. As of 30 June 2021, the aggregate number of outstanding Shares underlying the EIS Options as granted by the Company under the Employee Incentive Scheme was 23,682,373, representing 2.06% 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 2021, the Company or any of its subsidiaries have not purchased, sold or redeemed any of the Company's listed securities.

Changes of Directors and Chief Executives and Their Information

During the Reporting Period and as of the date of this interim report, changes in information of Directors are as follows:

1. Ms. TAN Sin Yin was appointed as a member of the Audit and Risk Management Committee and a member of the Nomination and Remuneration Committee on 24 August 2021;
2. Mr. YAO Jason Bo ceased to be a non-executive Director, a member of the Audit and Risk Management Committee and a member of the Nomination and Remuneration Committee on 24 August 2021;
3. Ms. CAI Fangfang ceased to be a non-executive Director and a member of the Nomination and Remuneration Committee on 24 August 2021;
4. Mr. LIU Xin ceased to be an independent non-executive Director, a member of the Audit and Risk Management Committee and a member of the Nomination and Remuneration Committee on 24 August 2021.

Pursuant to the disclosure requirement under Rule 13.51B(1) of the Listing Rules, the changes in individual information of the Directors are as follows:

1. Mr. FANG Weihao, the executive Director, has served as the chairman of the board of HealthKonnnect Medical and Health Technology Management Company Limited since January 2021;
2. Ms. TAN Sin Yin, a non-executive Director, ceased to be the chief operating officer of Ping An in February 2021, a non-executive director of Lufax Holding Ltd. in January 2021 and the chairman of Ping An Technology (Shenzhen) Co., Ltd. in March 2021;
3. Mr. YAO Jason Bo, a former non-executive Director, ceased to be the chief actuary of Ping An in March 2021, and a non-executive director of Lufax Holding Ltd. in January 2021;
4. Dr. CHOW Wing Kin Anthony, an independent non-executive Director, has served as an independent non-executive director of Beijing North Star Company Limited (a company whose shares are listed on the Shanghai Stock Exchange and the Stock Exchange, SSE: 601588, SEHK: 00588) since May 2021.

Save as disclosed above, as of the date of this interim report, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

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 two independent non-executive Directors, namely, Mr. TANG Yunwei and Mr. GUO Tianyong and one non-executive Director, namely, Ms. TAN Sin Yin. Mr. TANG Yunwei, being the chairman of the Audit and Risk Management Committee, is appropriately qualified as required.

The Audit and Risk Management Committee has reviewed the unaudited interim financial accounts of the Group for the six months ended 30 June 2021. 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.

Other Information

Compliance with Code of Conduct Regarding Directors' Securities Transactions

The Company has adopted the Model Code as the code of conduct regarding directors' dealings in the securities of the Company. Having made specific enquiry of all the Directors, all the Directors confirmed that they have complied with the required standards set out in the Model Code for the six months ended 30 June 2021.

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 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 30 June 2021.

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. FANG Weihao has occupied the positions of both the chairman and the chief executive officer. 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 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

Use of Net Proceeds from Listing

The Shares of the Company were listed on the Main Board of the Stock Exchange on the Listing Date with net proceeds received by the Company from the global offering in the amount of approximately HK\$8,564.0 million after deducting underwriting commissions and all related expenses. The proceeds from the Listing were used and are proposed to be used according to the intentions previously disclosed by the Company. The following table sets forth the Group's intended timetable for use of proceeds from listing as of 30 June 2021.

Intended use of net proceeds	Allocation of net proceeds	Amount of proceeds utilized as of 30 June 2021 (HK\$ in millions)	Balance of net proceeds unutilized as of 30 June 2021	Intended timetable for use of the unutilized net proceeds
(i) Business expansion	3,425.6	303.9	3,121.7	Before 31 December 2024
(ii) Funding our potential investments in acquisitions of domestic companies and the strategic alliances with domestic companies as well as our overseas expansion plan	2,569.2	257.2	2,312.0	Before 31 December 2025
(iii) Research and development	1,712.8	229.5	1,483.3	Before 31 December 2026
(iv) Working capital and general corporate purposes	856.4	856.4	0	N/A

Use of Net Proceeds from Placing

Reference is made to the announcement of the Company dated 30 September 2020 and 9 October 2020 (the "Announcements"), for the purposes of seizing market opportunities, solidifying the Company's leading position in the industry and maintaining a solid foundation for business expansion, on 30 September 2020, the Company entered into a placing agreement with the placing agents in relation to the placing of an aggregate of 80,000,000 new Shares with the aggregate nominal value of US\$400, at the placing price of HK\$98.20 per placing share on the terms and conditions set out in the placing agreement. The market price of the placing shares was HK\$99.25 on the date of the placing agreement.

On 9 October 2020, the Company has completed the placing of 80,000,000 Shares to not fewer than six places who are Independent Third Parties of the Company at a price of HK\$98.20 per placing share with net proceeds received by the Company from the placing in the amount of approximately HK\$7,828.0 million after deducting the commission, incentive fee and expense, representing a net issue price of approximately HK\$97.85 per placing share. The proceeds from the Placing are proposed to be used according to the intentions previously disclosed by the Company. The following table sets forth the Group's intended timetable for use of proceeds from the placing as of 30 June 2021.

Intended use of net proceeds	Allocation of net proceeds	Amount of proceeds utilized as of 30 June 2021 (HK\$ in millions)	Balance of net proceeds unutilized as of 30 June 2021	Intended timetable for use of the unutilized net proceeds
Further developing core businesses of the Group	7,828.0	0	7,828.0	Before 31 December 2030

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 29 to 63, 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 2021 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, 24 August 2021

Interim Condensed Consolidated Income Statement

For the six months ended 30 June 2021

(All amounts expressed in RMB thousand unless otherwise stated)

	Note	Six months ended 30 June	
		2021 (unaudited)	2020 (unaudited)
Revenue	6	3,818,356	2,746,645
Cost of sales	6,7	(2,793,137)	(1,925,042)
Gross profit		1,025,219	821,603
Selling and marketing expenses	7	(1,104,374)	(679,219)
Administrative expenses	7	(899,542)	(483,663)
Other income	8	132,620	102,865
Other (losses)/gains – net	9	(91,215)	29,811
Operating loss		(937,292)	(208,603)
Finance income	10	80,047	57,264
Finance costs	10	(3,721)	(2,769)
Finance income – net	10	76,326	54,495
Share of losses of associates and joint ventures		(9,692)	(54,913)
Loss before income tax		(870,658)	(209,021)
Income tax expense	11	(8,685)	(4,184)
Loss for the period		(879,343)	(213,205)
Loss attributable to:			
– Owners of the Company		(879,559)	(213,586)
– Non-controlling interests		216	381
		(879,343)	(213,205)
Loss per share attributable to owners of the Company			
– Basic (RMB yuan)	12	(0.80)	(0.21)
– Diluted (RMB yuan)	12	(0.80)	(0.21)

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 2021

(All amounts expressed in RMB thousand unless otherwise stated)

	Six months ended 30 June		
	Note	2021 (unaudited)	2020 (unaudited)
Loss for the period		(879,343)	(213,205)
Other comprehensive income			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		2,253	358
Other comprehensive income for the period, net of tax		2,253	358
Total comprehensive loss for the period		(877,090)	(212,847)
Total comprehensive loss attributable to:			
– Owners of the Company		(877,306)	(213,228)
– Non-controlling interests		216	381
		(877,090)	(212,847)

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 2021

(All amounts expressed in RMB thousand unless otherwise stated)

	Note	As at 30 June 2021 (unaudited)	As at 31 December 2020
ASSETS			
Non-current assets			
Goodwill	13	969,929	969,929
Right-of-use assets	14	186,685	115,417
Property, plant and equipment	15	158,949	166,265
Other intangible assets	16	87,730	101,973
Investments in associates	17	387,144	382,823
Investments in joint ventures	18	193,614	68,660
Prepayments and other receivables	21	–	76,851
Financial assets at amortized cost	22	2,597,487	571,493
Financial assets at fair value through profit or loss	23	15,730	15,730
Term deposits	24(c)	2,572,292	837,791
Total non-current assets		7,169,560	3,306,932
Current assets			
Inventories	19	112,075	160,465
Trade receivables	20	1,042,682	1,058,211
Contract assets	6	133,216	102,031
Prepayments and other receivables	21	711,787	439,297
Financial assets at amortized cost	22	–	2,009,785
Financial assets at fair value through profit or loss	23	5,540,150	3,565,775
Restricted cash	24(b)	76,075	–
Cash and cash equivalents	24(a)	3,779,067	7,920,375
Total current assets		11,395,052	15,255,939
Total assets		18,564,612	18,562,871
EQUITY AND LIABILITIES			
Equity			
Share capital	25	36	36
Treasury shares		(2)	(2)
Reserves	26	20,706,342	20,651,792
Accumulated losses		(5,698,175)	(4,818,616)
Total equity attributable to owners of the Company		15,008,201	15,833,210
Non-controlling interests		23,205	22,989
Total equity		15,031,406	15,856,199
Liabilities			
Non-current liabilities			
Lease liabilities	14	98,141	39,121
Trade and other payables	28	43	44
Total non-current liabilities		98,184	39,165
Current liabilities			
Trade and other payables	28	2,383,432	1,862,855
Contract liabilities	6	960,492	729,808
Lease liabilities	14	91,098	74,844
Total current liabilities		3,435,022	2,667,507
Total liabilities		3,533,206	2,706,672
Total equity and liabilities		18,564,612	18,562,871

The interim condensed consolidated financial information and the accompanying notes starting from page 29 to page 63 are signed by:

FANG Weihao
(Director)

LIN Lijun
(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 2021

(All amounts expressed in RMB thousand unless otherwise stated)

	For the six months ended 30 June 2021 (unaudited)							
	Attributable to owners of the Company							Non-
Note	Share capital	Reserves	Treasury shares	Accumulated losses	Total	controlling interests		
As at 1 January 2021		36	20,651,792	(2)	(4,818,616)	15,833,210	22,989	15,856,199
Loss for the period		-	-	-	(879,559)	(879,559)	216	(879,343)
Other comprehensive income for the period		-	2,253	-	-	2,253	-	2,253
Share-based payments	27	-	51,800	-	-	51,800	-	51,800
Exercise of share options	27	-	497	-	-	497	-	497
As at 30 June 2021		36	20,706,342	(2)	(5,698,175)	15,008,201	23,205	15,031,406

	For the six months ended 30 June 2020 (unaudited)							
	Attributable to owners of the Company							Non-
Note	Share capital	Reserves	Treasury shares	Accumulated losses	Total	controlling interests		
As at 1 January 2020		33	13,518,868	(2)	(3,870,138)	9,648,761	20,726	9,669,487
Loss for the period		-	-	-	(213,586)	(213,586)	381	(213,205)
Other comprehensive income for the period		-	358	-	-	358	-	358
Share-based payments	27	-	30,395	-	-	30,395	-	30,395
Exercise of share options	27	-	18,963	-	-	18,963	-	18,963
Non-controlling interests arising from acquiring control over joint venture		-	-	-	-	-	2,288	2,288
As at 30 June 2020		33	13,568,584	(2)	(4,083,724)	9,484,891	23,395	9,508,286

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 2021

(All amounts expressed in RMB thousand unless otherwise stated)

	Note	Six months ended 30 June	
		2021 (unaudited)	2020 (unaudited)
Cash flows from operating activities			
Cash used in operations		(314,002)	(358,228)
Income tax paid		(3,518)	(1,256)
Net cash used in operating activities		(317,520)	(359,484)
Cash flows from investing activities			
Payments for property, plant and equipment and other intangible assets		(36,280)	(24,540)
Payments for restricted cash		(76,075)	–
Proceeds from acquiring control over joint venture		–	5,204
Payments for financial assets at fair value through profit or loss		(13,420,020)	(2,750,165)
Proceeds from sale of financial assets at fair value through profit or loss		11,499,871	3,132,966
Payments for financial assets at amortized cost		–	(500,000)
Interest received from financial assets at amortized cost		45,022	51,119
Payments for term deposits with initial term of over three months		(1,700,000)	(300,000)
Interest received from term deposits with initial term of over three months		17,910	–
Payments for investments in joint ventures		(142,901)	–
Net cash used in investing activities		(3,812,473)	(385,416)
Cash flows from financing activities			
Payments for lease liabilities		(49,946)	(39,782)
Proceeds from exercise of share options		73,644	11,263
Net cash generated/(used in) from financing activities		23,698	(28,519)
Net decrease in cash and cash equivalents		(4,106,295)	(773,419)
Cash and cash equivalents at the beginning of the period	24	7,920,375	4,965,455
Effects of exchange rate changes on cash and cash equivalents		(35,013)	25,229
Cash and cash equivalents at the end of the period	24	3,779,067	4,217,265

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 2021

(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, Uglund 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 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 medical services, consumer healthcare services, online 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 major shareholder of the Company, holding 38.43% of the shareholding interest in the Company as at 30 June 2021.

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 2021 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 2020.

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 2020, except for the adoption of new or amended standards and interpretations since 1 January 2021.

(a) New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period. The impact of adoption of the 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 issued but 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 2021 or not been early adopted by the Group which are relevant to the Group’s operation. Except as described below, 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 2021

(All amounts expressed in RMB thousand unless otherwise stated)

2 Basis of Preparation and Significant Accounting Policies (Continued)

2.2 Significant accounting policies (Continued)

(b) New and amended standards issued but not yet adopted by the Group (Continued)

IFRS 17

IFRS 17 was issued in May 2017 and will replace the current IFRS 4 “Insurance Contracts”. It applies to the measurement of insurance contracts issued, all reinsurance contracts and investment contracts with discretionary participating features. It requires a current measurement model where estimates are re-measured at each reporting period. Contracts are measured using the building blocks of:

- discounted probability-weighted cash flows
- an explicit risk adjustment, and
- a contractual service margin (“CSM”) representing the unearned profit of the contract which is recognized as revenue over the coverage period.

The Group entered into a few service contracts that meet the definition of “insurance contract” in IFRS 4. For the six month ended 30 June 2021, the Group recorded revenue of RMB301,479 thousand from such service contracts and as at 30 June 2021, the liability arising from such service contracts amounted to RMB348,722 thousand.

The standard is currently mandatorily effective for annual periods beginning on or after 1 January 2023 and earlier application is permitted.

The Group is in the process of assessing the impact of the adoption of IFRS 17. The Group expects that the impact is significant and the accounting policy regarding the above service contracts will have fundamental changes after the adoption of IFRS 17.

3 Estimates

The preparation of interim condensed consolidated financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim condensed consolidated financial information, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group’s annual financial statements for the year ended 31 December 2020.

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, price risk and interest rate risk), credit risk, liquidity risk and insurance 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 2020.

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

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2021

(All amounts expressed in RMB thousand unless otherwise stated)

4 Management of Financial Risk (Continued)

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 2021					Total
	On demand	Within 1 year	1 to 5 years	Over 5 years	Undated	
Liabilities:						
Lease liabilities	–	93,185	122,385	–	–	215,570
Trade and other payables	–	1,771,207	–	–	43	1,771,250
	–	1,864,392	122,385	–	43	1,986,820

	As at 31 December 2020					Total
	On demand	Within 1 year	1 to 5 years	Over 5 years	Undated	
Liabilities:						
Lease liabilities	–	76,626	44,566	–	–	121,192
Trade and other payables	–	1,280,325	–	–	44	1,280,369
	–	1,356,951	44,566	–	44	1,401,561

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.

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2021

(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 levels of the fair value hierarchy are as follows:

- (a) Fair value is based on quoted prices (unadjusted) in active markets for identical assets or liabilities ("Level 1");
- (b) Fair value is based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) ("Level 2"); and
- (c) Fair value is based on inputs for the asset or liability that are not based on observable market data (unobservable inputs) ("Level 3").

The level of fair value calculation is determined by the lowest level input that is significant in the overall calculation. As such, the significance of the input should be considered from an overall perspective in the calculation of fair value.

For Level 2 financial instruments, valuations are generally obtained from third party pricing services for identical or comparable assets, or through the use of valuation methodologies using observable market inputs, or recent quoted market prices. Valuation service providers typically gather, analyse and interpret information related to market transactions and other key valuation model inputs from multiple sources, and through the use of widely accepted internal valuation models, provide a theoretical quote on various securities.

For Level 3 financial instruments, prices are determined using valuation methodologies such as discounted cash flow models and other similar techniques. Determinations to classify fair value measurement within Level 3 of the valuation hierarchy are generally based on the significance of the unobservable factors to the overall fair value measurement, and valuation methodologies such as discounted cash flow models and other similar techniques.

For assets and liabilities that are recognized at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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

	As at 30 June 2021			Total
	Level 1	Level 2	Level 3	
Assets measured at fair value				
Financial assets at fair value through profit or loss				
– Equity investments	–	3,472,034	2,083,846	5,555,880

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2021

(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)

	As at 31 December 2020			Total
	Level 1	Level 2	Level 3	
Assets measured at fair value				
Financial assets at fair value through profit or loss				
– Equity investments	–	2,923,391	658,114	3,581,505

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 the Group.

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2021

(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 2021 are set out below:

(a) Subsidiaries

Company name	Place and date of incorporation/ establishment	Issued and paid-in capital	Attributable economic interest to the Group		Principal activities/ Place of operations	Notes
			30 June 2021	31 December 2020		
Directly owned:						
Glorious Delight	Hong Kong/ 14 November 2014	USD200,000,001	100%	100%	Investment Holding/ Hong Kong	
Le An Xin	British Virgin Islands ("BVI")/ 17 October 2017	USD0	–	–	Investment Holding/ BVI	
Good Doctor Online Healthcare Limited	Cayman Islands/ 23 July 2018	USD21,950,001	100%	100%	Investment Holding/ Cayman Islands	
Yu Kang Limited	Hong Kong/ 12 December 2018	USD21,000,000	100%	100%	Investment Holding/ Hong Kong	
Indirectly owned:						
Kang Jian	the PRC/ 13 February 2015	USD440,050,000	100%	100%	Investment Holding/ the PRC	
Zhongyikang	the PRC/ 14 December 2006	RMB5,000,000	100%	100%	Medicine Marketing/ the PRC	
Shanghai Yiteng Enterprise Management Consulting Co., Ltd	the PRC/ 21 November 2016	RMB3,000,000	100%	100%	Technology Service/ the PRC	(i)
Controlled by the Company pursuant to the Contractual Agreements:						
Ping An Health Cloud ("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	
Tianjin Kuaiyijie Medical Electronic Commerce Company Limited	the PRC/ 29 March 2005	RMB15,000,000	100%	100%	Technology Development/ the PRC	(ii)
Qingdao Pingan Good Doctor Internet Hospital Company Limited	the PRC/ 24 April 2017	RMB10,000,000	100%	100%	Hospital/the PRC	
Hefei Ping An Kangjian Internet Hospital Company Limited	the PRC/ 21 September 2017	RMB150,000	100%	100%	Hospital/the PRC	
Jiangsu Nabaite	the PRC/ 11 October 2017	RMB10,000,000	100%	100%	Medicine Marketing/ the PRC	
Shanghai Hao Yi	the PRC/ 21 November 2017	RMB71,400,000	70%	70%	Technology Development/ the PRC	

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2021

(All amounts expressed in RMB thousand unless otherwise stated)

5 Scope of Consolidation (Continued)

(a) Subsidiaries (Continued)

Company name	Place and date of incorporation/ establishment	Issued and paid-in capital	Attributable economic interest to the Group		Principal activities/ Place of operations	Notes
			30 June 2021	31 December 2020		
Controlled by the Company pursuant to the Contractual Agreements: (Continued)						
Yinchuan Pingan Internet Hospital Company Limited	the PRC/ 12 March 2018	RMB3,000,000	100%	100%	Hospital/the PRC	
Wanjia Healthcare	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	the PRC/ 11 August 2016	RMB30,000,000	100%	100%	Investment Holding/ the PRC	
Xiamen Wanjia Healthcare Investment Company Limited	the PRC/ 6 December 2016	RMB20,000,000	100%	100%	Investment Holding/ the PRC	
Xiamen Siming Wanjia Enjoyment Outpatient Service Department Company Limited	the PRC/ 26 July 2017	RMB11,000,000	100%	100%	Clinic/the PRC	
Shenzhen Anan Outpatient Service Department	the PRC/ 20 June 2017	RMB400,000	100%	100%	Clinic/the PRC	
Pingan Health Insurance Agency Co. Ltd	the PRC/ 10 February 2011	RMB50,000,000	100%	100%	Insurance Agency/ the PRC	(iii)
Guangzhou Jifan	the PRC/ 23 July 2015	RMB100,000	100%	100%	Medicine Marketing/ the PRC	
Pingan (Nantong) Internet Hospital Company Limited	the PRC/ 15 November 2018	RMB10,000	100%	100%	Hospital/the PRC	
Hainan Pingan Health	the PRC/ 15 October 2019	RMB610,000	100%	100%	Medicine Marketing/ the PRC	
Hebei Nabaite	the PRC/ 28 December 2019	RMB4,200,000	100%	100%	Medicine Marketing/ the PRC	
Pingan Yingjian	the PRC/ 24 April 2015	RMB35,000,000	50%	50%	Medical Service/ the PRC	
Shanghai Yingjian Clinics Co., Ltd	the PRC/ 12 December 2016	RMB10,000,000	50%	50%	Clinic/the PRC	
Fuzhou Kangjian	the PRC/ 8 April 2020	RMB50,000,000	100%	100%	Technology Development/ the PRC	
Guangxi Pingan Good Doctor Internet Hospital Company Limited	the PRC/ 13 April 2020	RMB2,040,000	51%	51%	Hospital/the PRC	
Pingan Good Doctor Nanjing Medical Technology Company Limited	the PRC/ 20 May 2020	RMB900,000	100%	100%	Technology Development/ the PRC	

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2021

(All amounts expressed in RMB thousand unless otherwise stated)

5 Scope of Consolidation (Continued)

(a) Subsidiaries (Continued)

Company name	Place and date of incorporation/ establishment	Issued and paid-in capital	Attributable economic interest to the Group		Principal activities/ Place of operations	Notes
			30 June 2021	31 December 2020		
Controlled by the Company pursuant to the Contractual Agreements: (Continued)						
Shenyang Kangjian	the PRC/ 22 May 2020	RMB1,200,000	100%	100%	Hospital/the PRC	
Chengdu Ping An Kangjian Internet Hospital Management Company Limited	the PRC/ 14 January 2020	RMB31,600,000	100%	100%	Hospital/the PRC	
Taiyuan Pingan Internet Hospital Company Limited	the PRC/ 30 April 2020	RMB2,000	100%	100%	Hospital/the PRC	
Shanghai No.8 Pingan Good Doctor Internet Hospital Company Limited	the PRC/ 11 June 2020	RMB6,300,000	100%	100%	Hospital/the PRC	
Weihai Kangjian	the PRC/ 6 July 2020	RMB500,000	100%	100%	Hospital/the PRC	
Tianjin Pingan Kangjian Internet Hospital Co., Ltd.	the PRC/ 27 September 2020	RMB1,000	100%	100%	Hospital/the PRC	
Harbin Haoyikang Internet Hospital Co., Ltd.	the PRC/ 4 September 2020	RMB2,400,000	100%	100%	Hospital/the PRC	
Zhengzhou Pingan Internet Hospital Co., Ltd.	the PRC/ 10 September 2020	RMBO	100%	100%	Hospital/the PRC	
Hangzhou Kangyijian	the PRC/ 13 August 2020	RMB1,000	100%	100%	Technology Development/ the PRC	
Guangzhou Kangjian Internet Hospital Co., Ltd.	the PRC/ 2 December 2020	RMBO	100%	100%	Hospital/the PRC	
Chongqing Haoyi Health Internet Hospital Co., Ltd.	the PRC/ 10 December 2020	RMBO	100%	100%	Hospital/the PRC	
Ping An Health (Jiangsu) Internet Co., Ltd.	the PRC/ 17 November 2020	RMB30,000,000	100%	100%	Hospital/the PRC	
Kunming Haoyi Health Internet Hospital Co., Ltd.	the PRC/ 24 December 2020	RMBO	100%	100%	Hospital/the PRC	

* All of the subsidiaries of the Company established in the PRC were limited liability company.

Notes:

- (i) Shanghai Yiteng Enterprise Management Consulting Co., Ltd was formerly named as Shanghai Pingan Health Culture Communication Company Limited.
- (ii) Tianjin Kuaiyijie Medical Electronic Commerce Company Limited was formerly named as Hefei Kuaiyijie Medical Electronic Commerce Company Limited.
- (iii) Pingan Health Insurance Agency Co. Ltd was formerly named as Guang Dong Y.C. Insurance Agency Company Limited.

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2021

(All amounts expressed in RMB thousand unless otherwise stated)

5 Scope of Consolidation (Continued)

(b) Structured entities

Name	Attributable equity interest	Paid-in capital (RMB)	Principal activities
Ping An Huitong Jinyu No.17 Assets Management*	100%	1,500,000	Investment in debts
Ping An Huitong Jinyu No.19 Assets Management*	100%	570,000	Investment in debts
Ping An Huitong Jinyu No.22 Assets Management*	100%	500,000	Investment in debts

* The asset manager of above asset management plans is Shenzhen Ping An Huitong Investment Management Company Limited, which is controlled by Ping An Insurance (Group) Company of China, Ltd. ("Ping An").

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:

- Medical service (formerly named "Online medical services")
- Consumer healthcare
- Online mall (formerly named "Health mall")
- Health management and wellness interaction

As CODM has changed the structure of internal organisation in a manner that causes the composition of the Group's reportable segments to change. The main change is that the pharmaceutical wholesale business is integrated into medical services, which is formerly allocated in health mall. The corresponding items of segment information for earlier period has been restated.

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/(losses) – 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.

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2021

(All amounts expressed in RMB thousand unless otherwise stated)

6 Revenue and Segment Information (Continued)

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

The revenue segment information reported to CODM for the reporting period is as follows:

For the six months ended 30 June 2021

	Medical service	Consumer healthcare	Online mall	Health management and wellness interaction	Total
Revenue from customers	1,066,818	713,945	1,908,754	128,839	3,818,356
Medical related services	501,986	713,940	–	47,248	1,263,174
Sales of goods	564,328	5	1,908,754	–	2,473,087
Commission income	504	–	–	10,443	10,947
Advertising and other services	–	–	–	71,148	71,148
Cost of sales	(512,645)	(434,693)	(1,798,893)	(46,906)	(2,793,137)
Gross Profit	554,173	279,252	109,861	81,933	1,025,219

For the six months ended 30 June 2020 (restated)

	Medical service	Consumer healthcare	Online mall	Health management and wellness interaction	Total
Revenue from customers	708,286	429,702	1,492,776	115,881	2,746,645
Medical related services	461,067	429,627	–	5,231	895,925
Sales of goods	246,749	75	1,492,776	–	1,739,600
Commission income	470	–	–	3,231	3,701
Advertising and other services	–	–	–	107,419	107,419
Cost of sales	(325,602)	(218,735)	(1,360,698)	(20,007)	(1,925,042)
Gross Profit	382,684	210,967	132,078	95,874	821,603

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 in the PRC.

As at 30 June 2021 and 31 December 2020, most of the non-current assets of the Group were located in the PRC.

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2021

(All amounts expressed in RMB thousand unless otherwise stated)

6 Revenue and Segment Information (Continued)

(b) Contract assets and liabilities

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

	As at 30 June 2021	As at 31 December 2020
Contract assets		
Medical service	1,633	6,486
Consumer healthcare	131,583	95,545
	133,216	102,031
Contract liabilities		
Medical service	128,972	173,679
Consumer healthcare	756,860	446,399
Online mall	6,278	18,350
Health management and wellness interaction	68,382	91,380
	960,492	729,808

7 Expenses by Nature

	For the six months ended 30 June	
	2021	2020
Cost of merchandise (Note a)	2,280,391	1,488,297
Employee benefit expenses	944,913	555,417
Direct sale and business development fee (Note b)	760,883	421,470
Cost for service fee paid to vendors	422,586	244,914
Consulting expenses	109,265	60,686
Travelling, entertainment and general office expenses	60,949	45,494
Depreciation of right-of-use assets	47,484	35,504
Depreciation of property, plant and equipment	38,078	33,081
Postage and communication expenses	37,319	28,042
Tax and surcharges	17,829	5,437
Amortization of other intangible assets	15,676	12,937
Leasing expenses	4,611	11,734
Change of contract liabilities of Health Membership Plans	(20,368)	97,785
Others	77,437	47,126
	4,797,053	3,087,924

Notes:

(a) Provision for impairment of inventories has been included in cost of merchandise.

(b) The direct sale and business development fee includes commission expenses, advertising expenses and promotion expenses.

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2021

(All amounts expressed in RMB thousand unless otherwise stated)

8 Other Income

	For the six months ended 30 June	
	2021	2020
Interest on financial assets at amortized cost	57,472	44,257
Government grants	41,711	26,045
Short-term investments placed with banks	33,437	32,563
	132,620	102,865

9 Other (Losses)/Gains – Net

	For the six months ended 30 June	
	2021	2020
Net foreign exchange (losses)/gains	(36,103)	25,229
Fair value gains on financial assets at fair value through profit or loss	26,893	19,147
(Losses)/gains on disposal of financial assets at fair value through profits or loss	(6,104)	16,314
Net gains on deemed disposals of joint ventures	–	3,166
Impairment losses on financial assets	(73,404)	(31,786)
Others	(2,497)	(2,259)
	(91,215)	29,811

10 Finance Income – Net

	For the six months ended 30 June	
	2021	2020
Finance income		
Interest income	80,047	57,264
Finance costs		
Interest expenses on lease liabilities	(3,721)	(2,769)
	76,326	54,495

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2021

(All amounts expressed in RMB thousand unless otherwise stated)

11 Income Tax Expense

The income tax expense of the Group for the period ended 30 June 2021 is analysed as follows:

	For the six months ended 30 June	
	2021	2020
Current income tax	8,685	4,184

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	
	2021	2020
Loss before income tax	(870,658)	(209,021)
Tax calculated at PRC statutory income tax rate of 25%	(217,664)	(52,255)
Tax effects of		
– Differential income tax rates applicable to subsidiaries (Note a) (Note b)	9,777	(20,575)
– Tax losses and temporary differences for which no deferred income tax asset was recognized	128,114	23,203
– Expense not deductible for tax purposes	83,970	87,333
– PRC withholding income tax	5,581	3,223
– Previously unrecognised tax losses now recouped to reduce current tax expense	(1,093)	(36,745)
Income tax expense	8,685	4,184

Notes:

(a) *Cayman Islands Income 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 accordingly 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 2021 and 30 June 2020.

(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. According to the relevant tax circulars issued by the PRC tax authorities, some subsidiaries of the Group are entitled to certain tax concessions because they are small and micro enterprises.

(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. WHT of the Group was levied on the interests generated from the loan advanced to PAHC by the Company.

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 2021 (31 December 2020: nil).

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2021

(All amounts expressed in RMB thousand unless otherwise stated)

12 Loss Per Share

- (a) Basic loss per share for the six months ended 30 June 2021 and 2020 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	
	2021	2020
Loss attributable to owners of the Company for the period	(879,559)	(213,586)
Weighted average number of ordinary shares in issue ('000)	1,100,404	1,009,764
Basic loss per share (RMB yuan)	(0.80)	(0.21)

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

13 Goodwill

	As at 1 January 2021 and 30 June 2021
Wanjia Healthcare	961,644
Jiangxi Pingan Good Doctor Pharmacy Company Limited	5,119
Pingan Yingjian	3,166
Total	969,929
Less: impairment losses	–
Net book value	969,929

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2021

(All amounts expressed in RMB thousand unless otherwise stated)

14 Leases

(a) Amounts recognized in the statement of financial position

The statement of financial position shows the following amounts relating to leases:

	As at 30 June 2021	As at 31 December 2020
Right-of-use assets		
Properties	186,685	115,417
Lease liabilities		
Current	91,098	74,844
Non-current	98,141	39,121
	189,239	113,965

Additions to the cost of right-of-use assets during the six months ended 30 June 2021 were RMB118,752 thousand.

(b) Amounts recognized in the income statement

The income statement shows the following amounts relating to leases:

	For the six months ended 30 June 2021	2020
Depreciation of right-of-use assets		
Properties	(47,484)	(35,504)
Finance costs	(3,721)	(2,769)

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2021

(All amounts expressed in RMB thousand unless otherwise stated)

15 Property, Plant and Equipment

	Office and telecommunication equipment	Leasehold improvements	Total
As at 1 January 2021			
Cost	297,371	87,343	384,714
Accumulated depreciation	(168,673)	(49,776)	(218,449)
Net book amount	128,698	37,567	166,265
Six months ended 30 June 2021			
Opening net book amount	128,698	37,567	166,265
Additions	26,000	4,762	30,762
Depreciation charge	(29,852)	(8,226)	(38,078)
Closing net book amount	124,846	34,103	158,949
As at 30 June 2021			
Cost	323,371	92,105	415,476
Accumulated depreciation	(198,525)	(58,002)	(256,527)
Net book amount	124,846	34,103	158,949
As at 1 January 2020			
Cost	255,583	74,340	329,923
Accumulated depreciation	(111,449)	(32,029)	(143,478)
Net book amount	144,134	42,311	186,445
Six months ended 30 June 2020			
Opening net book amount	144,134	42,311	186,445
Acquisition of a subsidiary	2,763	1,566	4,329
Additions	16,639	5,078	21,717
Depreciation charge	(24,749)	(8,332)	(33,081)
Closing net book amount	138,787	40,623	179,410
As at 30 June 2020			
Cost	280,838	83,065	363,903
Accumulated depreciation	(142,051)	(42,442)	(184,493)
Net book amount	138,787	40,623	179,410

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2021

(All amounts expressed in RMB thousand unless otherwise stated)

16 Other Intangible Assets

	Software	Licences	Total
As at 1 January 2021			
Cost	117,734	57,472	175,206
Accumulated amortisation	(36,832)	(16,832)	(53,664)
Accumulated impairment	–	(19,569)	(19,569)
Net book amount	80,902	21,071	101,973
Six months ended 30 June 2021			
Opening net book amount	80,902	21,071	101,973
Additions	1,433	–	1,433
Amortisation	(11,886)	(3,790)	(15,676)
Closing net book amount	70,449	17,281	87,730
As at 30 June 2021			
Cost	119,167	57,472	176,639
Accumulated amortisation	(48,718)	(20,622)	(69,340)
Accumulated impairment	–	(19,569)	(19,569)
Net book amount	70,449	17,281	87,730
As at 1 January 2020			
Cost	94,626	57,472	152,098
Accumulated amortisation	(17,069)	(9,251)	(26,320)
Accumulated impairment	–	(19,569)	(19,569)
Net book amount	77,557	28,652	106,209
Six months ended 30 June 2020			
Opening net book amount	77,557	28,652	106,209
Acquisition of a subsidiary	43	–	43
Additions	20,948	–	20,948
Amortisation	(9,147)	(3,790)	(12,937)
Closing net book amount	89,401	24,862	114,263
As at 30 June 2020			
Cost	115,668	57,472	173,140
Accumulated amortisation	(26,267)	(13,041)	(39,308)
Accumulated impairment	–	(19,569)	(19,569)
Net book amount	89,401	24,862	114,263

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2021

(All amounts expressed in RMB thousand unless otherwise stated)

17 Investments in Associates

	As at 30 June 2021	As at 31 December 2020
Investments in associates		
Unlisted entities	255,240	251,246
Listed entities	131,904	131,577
At the end of the period	387,144	382,823

	For the six months ended 30 June	
	2021	2020
At the beginning of the period	382,823	381,712
Share of profit in associates	4,321	694
At the end of the period	387,144	382,406

18 Investments in Joint Ventures

	For the six months ended 30 June	
	2021	2020
At the beginning of the period	68,660	127,833
Additions (Note a)	142,901	–
Converted from a joint venture to a subsidiary	–	(2,288)
Share of losses of joint ventures	(14,013)	(55,607)
Share of other comprehensive income of joint ventures	(3,934)	358
At the end of the period	193,614	70,296

Note:

(a) In April 2021, Good Doctor Online Healthcare Limited, the wholly owned subsidiary of the Company, injected additional capital of USD21,950,000 to Good Doctor Technology Limited which was established in Cayman.

19 Inventories

	As at 30 June 2021	As at 31 December 2020
Inventories in warehouse	112,075	152,958
Inventories held with distributors on consignment	–	7,507
Less: impairment provision	–	–
	112,075	160,465

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2021

(All amounts expressed in RMB thousand unless otherwise stated)

20 Trade Receivables

	As at 30 June 2021	As at 31 December 2020
Medical services	496,560	408,378
Consumer healthcare	63,310	93,178
Online mall	466,185	461,218
Health management and wellness interaction	130,511	133,664
	1,156,566	1,096,438
Less: loss allowance	(113,884)	(38,227)
	1,042,682	1,058,211

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

	As at 30 June 2021	As at 31 December 2020
Up to 3 months	871,025	744,081
3 to 6 months	75,942	111,651
6 months to 1 year	55,671	72,487
1 to 2 years	56,860	146,914
More than 2 years	97,068	21,305
	1,156,566	1,096,438
Less: loss allowance	(113,884)	(38,227)
	1,042,682	1,058,211

Approximately 85% of trade receivables aged more than one year are due from related parties.

(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 measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

This resulted in an increase of the loss allowance on 30 June 2021 to RMB113,884 thousand for trade receivables (31 December 2020: RMB38,227 thousand).

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2021

(All amounts expressed in RMB thousand unless otherwise stated)

21 Prepayments and Other Receivables

	As at 30 June 2021	As at 31 December 2020
Included in current assets		
Agent business related receivable	313,066	–
Advance payments	214,412	210,089
Recoverable value-added tax	73,690	48,578
Deposits	41,641	35,940
Amounts due from related parties (Note a)	19,036	5,900
Exercise cost of share options	10,453	83,600
Interest receivable	4,967	20,177
Prepaid expenses	4,100	7,977
Others	30,422	27,036
	711,787	439,297
Included in non-current assets		
Agent business related receivable	–	76,851

Notes:

- (a) During the period, the amounts due from related parties were of a non-trade nature.
- (b) As at 30 June 2021, the carrying amounts of deposits and other assets (excludes advance payments, prepaid expenses 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.

22 Financial Assets at Amortized Cost

	As at 30 June 2021	As at 31 December 2020
Included in current assets		
Debt schemes	–	2,020,215
Less: provision for impairment losses	–	(10,430)
	–	2,009,785
Included in non-current assets		
Debt schemes	2,610,414	577,749
Less: provision for impairment losses	(12,927)	(6,256)
	2,597,487	571,493

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2021

(All amounts expressed in RMB thousand unless otherwise stated)

23 Financial Assets at Fair Value through Profit or Loss

	As at 30 June 2021	As at 31 December 2020
Included in current assets		
Equity investments		
Investment funds	3,472,034	2,923,391
Wealth management products	2,068,116	642,384
	5,540,150	3,565,775
Included in non-current assets		
Equity investments in unlisted companies	15,730	15,730

24 Cash and Cash Equivalents, Restricted Cash and Term Deposits

(a) Cash and cash equivalents

	As at 30 June 2021	As at 31 December 2020
Cash	44	97
Cash at bank	1,748,660	7,881,530
Short-term bank deposits with initial term within three months	1,999,410	–
Other cash equivalents	30,953	38,748
	3,779,067	7,920,375

Cash and cash equivalents are denominated in the following currencies:

	As at 30 June 2021	As at 31 December 2020
RMB	3,571,024	1,921,869
USD	159,147	5,816,650
HKD	48,896	181,856
	3,779,067	7,920,375

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2021

(All amounts expressed in RMB thousand unless otherwise stated)

24 Cash and Cash Equivalents, Restricted Cash and Term Deposits (Continued)

(b) Restricted cash

As at 30 June 2021, restricted deposits held at banks amounted to RMB76,075 thousand, of which RMB70,000 thousand is legally frozen due to litigation.

(c) Term deposits

	As at 30 June 2021	As at 31 December 2020
Term deposits with initial term of over one year	2,573,791	838,373
Less: loss allowance of term deposits	(1,499)	(582)
	2,572,292	837,791

Term deposits are denominated in the following currencies:

	As at 30 June 2021	As at 31 December 2020
RMB	2,573,791	838,373

The weighted average effective interest rate of the term deposits of the Group as at 30 June 2021 is 4.15% (As at 31 December 2020: 4.23%).

25 Share Capital

	Number of shares	USD
Authorised		
Ordinary shares of USD0.000005 each at 1 January 2021 and 30 June 2021	10,000,000,000	50,000

	Number of shares	USD	Equivalent to RMB
Issued			
Ordinary shares of USD0.000005 each at 1 January 2021 and 30 June 2021 (Note a)	1,147,294,200	5,736	35,994

Notes:

(a) As at 30 June 2021, 1,147,294,200 ordinary shares were all issued and fully paid.

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2021

(All amounts expressed in RMB thousand unless otherwise stated)

26 Reserves

	As at 30 June 2021	As at 31 December 2020
Other reserves		
– share-based payments – value of employee services (Note 27)	271,876	220,271
Reorganization (Note a)	350,000	350,000
Share premium		
– share premium from capital injection	19,662,022	19,662,022
– share-based payments – value of employee services (Note 27)	124,843	124,648
– proceeds from exercise of share options (Note 27)	296,463	295,965
Exchange differences on translation of foreign operations	1,136	(1,116)
Other	2	2
	20,706,342	20,651,792

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. For the purpose of introduction of overseas investors and preparation for a listing of the Company's shares on the overseas capital markets, the Company and its shareholders underwent a series of reorganization (the "Reorganization"). 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.

Notes to the Interim Condensed Consolidated Financial Information

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(All amounts expressed in RMB thousand unless otherwise stated)

27 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 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 the 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 after 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 31 May 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.

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

	Number of share options For the six months ended 30 June	
	2021	2020
At the beginning of the period	25,804,241	37,857,318
Granted	320,000	–
Exercised (Note a)	(651,350)	(2,556,925)
Forfeited	(1,790,518)	(461,990)
At the end of the period	23,682,373	34,838,403

Notes:

(a) During the six months ended 30 June 2021, 651,350 ordinary shares were exercised (six months ended 30 June 2020: 2,556,925 ordinary shares) at the total consideration of approximately RMB497 thousand (six months ended 30 June 2020: RMB18,963 thousand). The exercise prices range from RMB0 each to RMB32 each.

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2021

(All amounts expressed in RMB thousand unless otherwise stated)

27 Share-Based Payments (Continued)

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 2021	As at 31 December 2020
2014	2024	0.50	569,230	806,105
2015	2025	0.75	3,141,387	3,553,262
2016	2026	5.00	677,250	677,250
2017	2027	23.50-32.00	12,183,322	13,203,809
2019	2029	0-30.95	3,020,056	3,391,740
2020	2030	0	3,803,736	4,172,075
2021	2031	0	287,392	–
			23,682,373	25,804,241

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. 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.

During the six months ended 30 June 2021, the Group recorded share-based payments of approximately RMB51,800 thousand (six months ended 30 June 2020: RMB30,395 thousand) related to the Share Option Plan.

The remaining contractual life of share options outstanding as at 30 June 2021 and 31 December 2020 is 6.5 years and 6.9 years respectively.

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2021

(All amounts expressed in RMB thousand unless otherwise stated)

28 Trade and Other Payables

	As at 30 June 2021	As at 31 December 2020
Included in current liabilities		
Trade payables (Note a)	569,039	390,605
Accrued expense	511,255	326,792
Wages payable	507,369	448,518
Contract liabilities of Health Membership Plans	348,722	369,090
Amounts due to suppliers	248,137	118,744
Tax payables	104,856	134,012
Amounts due to related parties	63,032	61,728
Others	31,022	13,366
	2,383,432	1,862,855
Included in non-current liabilities		
Amounts due to related parties	43	44

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

	As at 30 June 2021	As at 31 December 2020
Up to 3 months	416,902	358,437
3 to 6 months	59,097	6,021
6 months to 1 year	86,386	9,605
1 to 2 years	6,654	16,542
	569,039	390,605

29 Dividends

No dividends have been paid or declared by the Company during the six months ended 30 June 2021 (six months ended 30 June 2020: nil).

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2021

(All amounts expressed in RMB thousand unless otherwise stated)

30 Related Party Transactions

Save as those disclosed in the other notes, 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 of and relationships with related parties

Name of related parties	Relationship with the Company
Glorious Peace	A shareholder that has significant influence over the Group
Ping An	Ultimate parent company of Glorious Peace
Ping An 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
Shanghai An Yi Tong Electronic Commerce Co., Ltd. ("An Yi Tong")	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
Ping An International Financial Leasing Company Limited ("Ping An Financial Leasing")	Controlled by Ping An
Ping An Trust Co., Ltd. ("Ping An Trust")	Controlled by Ping An
Shenzhen Ping An Real Estate Investment Co., Ltd. ("Ping An Real Estate")	Controlled by Ping An
Shenzhen Pingan Decheng Investment Co., Ltd. ("Ping An Decheng")	Controlled by Ping An
Shenzhen Ping An Huitong Investment Management Co., Ltd. ("Ping An Huitong")	Controlled by Ping An
Ping An Fund Management Co., Ltd. ("Ping An Fund")	Controlled by Ping An
Ping An Asset Management Co. Ltd. ("Ping An Asset Management")	Controlled by Ping An
Ping An Wealth Management Management Co., Ltd. ("Ping An Wealth Management")	Controlled by Ping An
Shenzhen Ping An Yuanxin Investment Co., Ltd. ("Ping An Yuanxin")	Controlled by Ping An
Ping An Real Estate Co., Ltd. ("Ping An Properties")	Controlled by Ping An
Health Technologies Corp.	Joint venture of the Group
Good Doctor Technology Limited	Joint venture of the Group

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2021

(All amounts expressed in RMB thousand unless otherwise stated)

30 Related Party Transactions (Continued)

(b) Significant transactions with related parties

	For the six months ended 30 June	
	2021	2020
Trademark licensing		
Ping An	–	–
Provision of products and services (included in contract liabilities and revenue)		
Ping An Life	890,198	803,930
Ping An Bank	183,762	109,780
Ping An Property & Casualty	65,690	62,918
Ping An Health	33,997	69,286
Ping An Annuity	25,196	8,554
Health Technologies Corp.	10,072	–
Good Doctor Technology Limited	7,362	–
Ping An Securities	6,050	4,929
Financial Services	5,912	11,137
Ping An Fund	3,503	2,799
Ping An Trust	3,312	860
Ping An Wealth Management	2,145	231
Ping An Financial Leasing	–	4,006
Services purchasing		
Ping An Bank	148,178	208,072
Shenzhen Wanlitong	48,137	33,547
Ping An Communication Technology	24,594	21,240
Ping An Properties	22,713	115
Ping An Technology	19,454	17,818
Financial Services	11,648	10,443
Ping An	4,731	3,460
An Yi Tong	4,627	5,085
Ping An Huitong	3,862	3,358
Depreciation of right-of-use assets and interest expenses on lease liabilities		
Zean Investment	13,661	12,467
Ping An Life	5,061	–
Deposit interests		
Ping An Bank	11,241	24,438
Investment income		
Ping An Real Estate	35,313	–
Ping An Asset Management	23,310	–
Ping An Bank	15,163	24,519
Ping An Decheng	9,703	–
Ping An Yuanxin	–	31,912

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2021

(All amounts expressed in RMB thousand unless otherwise stated)

30 Related Party Transactions (Continued)

(c) Period/Year end balances with related parties

	As at 30 June 2021	As at 31 December 2020
Cash and cash equivalents and term deposits		
Ping An Bank	3,532,825	7,258,899
Ping An Pay Tech	13,513	25,077
Financial assets at fair value through profit or loss		
Ping An Asset Management	1,756,416	1,146,416
Ping An Bank	1,209,475	40,156
Trade receivables		
Ping An Life	284,968	294,837
Ping An Property & Casualty	223,158	307,484
Ping An Bank	82,769	46,721
Good Doctor Technology Limited	26,383	19,015
Ping An Annuity	19,911	5,755
Ping An Health	19,789	43,893
Health Technologies Corp.	11,974	16,215
Ping An Financial Leasing	2,963	3,516
Prepayments and other receivables		
Ping An Property & Casualty	228,790	2,534
Ping An Health	9,335	1,462
Ping An Annuity	7,393	3,879
Ping An Life	1,160	1,613
Prepayment and other receivables-deposits		
Zean Investment	7,417	7,417
Ping An Life	2,999	183
Prepayment and other receivables-interests receivable		
Ping An Bank	2,122	19,495
Debt schemes		
Ping An Real Estate	1,513,896	1,512,366
Ping An Decheng	497,922	497,418
Trade and other payables		
Ping An Bank	105,166	85
Ping An Communication Technology	25,509	18,653
Ping An Technology	19,269	18,205
Ping An Property & Casualty	8,749	8,171
Ping An Health	5,558	4,621
Financial Services	1,399	3,380

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2021

(All amounts expressed in RMB thousand unless otherwise stated)

30 Related Party Transactions (Continued)

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

Apart from the debt schemes with principal of RMB1,500,000 thousand due from Ping An Real Estate and of RMB500,000 thousand due from Ping An Decheng which bear interest rates of 4.3% and 3% per annum respectively, and the interest receivables generated from term deposits and financial assets at fair value through profit or loss due from Ping An Bank calculated based on deposit interest rates, 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.

31 Contingencies

The Group did not have any material contingent liabilities as at 30 June 2021.

32 Subsequent Events

The Group does not have any significant subsequent events.

33 Comparative Figures

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

34 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 24 August 2021.

Definitions

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

“3A hospitals”	hospitals classified as first grade and first sub-level in accordance with the 3-tier system adopted in 2008 in China taking into account a hospital’s ability to provide medical care, medical education, and conduct medical research
“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
“Audit and Risk Management Committee”	the audit and risk management committee under the Board
“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
“Board”	the board of directors of our Company
“close associate”	has the meaning ascribed to it under the Listing Rules
“Companies Ordinance”	Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company”, “the Company” or “Ping An Good Doctor”	Ping An Healthcare and Technology Company Limited (平安健康醫療科技有限公司), 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 Shareholders”	has the meaning ascribed to it 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 the Company
“EIS Option(s)”	the option(s) granted and to be granted to the Directors and employees of the Group under the Employee Incentive Scheme
“EIS Share(s)”	the Share(s) under the EIS Options which are directly held by Le An Xin
“Employee Incentive Scheme” or “EIS”	the scheme adopted by the Company on 26 December 2014, as amended or otherwise modified from time to time, to grant options to the incentive targets
“Fuzhou Kangjian”	Fuzhou Kangjian Medical Technology Co., Ltd. (福州康健醫療科技有限公司), a company incorporated under the laws of the PRC on 8 April 2020, a wholly-owned subsidiary of Ping An Health Cloud and one of our Operating Entities

“Glorious Delight”	Glorious Delight Limited (鑫悦有限公司), a company incorporated under the laws of Hong Kong on 14 November 2014 and a wholly-owned subsidiary of the Company
“Glorious Peace”	Glorious Peace Limited (安鑫有限公司), a company incorporated under the laws of BVI on 10 November 2014, an indirect wholly-owned subsidiary of Ping An and our Controlling Shareholder
“GMV”	gross merchandise volume, the total value of all orders on the platform, including product and service orders under the direct sales and marketplace model (regardless whether the products were returned), as well as the procurement from the health mall by corporate clients
“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 the Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of the Company at the relevant time
“Guangzhou Jifan”	Guangzhou Jifan Biotechnology Co., Ltd. (廣州市濟帆生物科技有限公司), a company incorporated under the laws of the PRC on 23 July 2015, a wholly-owned subsidiary of Jiangxi Nabaite and one of our Operating Entities
“Hainan Pingan Health”	Hainan Pingan Health Technology Co., Ltd. (海南平安健康醫療科技有限公司), a company incorporated under the laws of the PRC on 15 October 2019, a wholly-owned subsidiary of Ping An Health Cloud and one of our Operating Entities
“Hangzhou Kangyijian”	Hangzhou Kangyijian Medical Technology Co., Ltd. (杭州康醫健醫療科技有限公司), a company incorporated under the laws of the PRC on 22 July 2020, a wholly-owned subsidiary of Ping An Health Cloud and one of our Operating Entities
“Hebei Nabaite”	Hebei Nabaite Pharmacy Co., Ltd. (河北納百特大藥房有限公司), a company incorporated under the laws of the PRC on 28 December 2019, a wholly-owned subsidiary of Jiangxi Nabaite and one of our Operating Entities
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HMO”	Health Maintenance Organization, a medical insurance group that provides comprehensive health services to the insured voluntarily in specific regions for a fixed upfront annual fee
“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
“IFRS”	International Financial Reporting Standard
“Independent Third Party(ies)”	has the meaning ascribed to it under the Listing Rules

Definitions

“Jiangsu Nabaite”	Jiangsu Nabaite Pharmacy Company Limited (江蘇納百特大藥房有限公司), a company incorporated under the laws of the PRC on 11 October 2017, a wholly-owned subsidiary of Jiangxi Nabaite and one of our Operating Entities
“Kang Jian”	Kang Jian Information Technology (Shenzhen) Co., Ltd. (康鍵信息技術(深圳)有限公司), a company incorporated under the laws of the PRC on 13 February 2015 and a wholly-owned subsidiary of the Company
“Le An Xin”	Le An Xin (PTC) Limited, a company incorporated under the laws of BVI on 17 October 2017
“Listing”	the listing of the Shares on the Main Board of the Stock Exchange
“Listing Date”	4 May 2018, the date on which the Shares were listed and on which dealings in the Shares were first permitted to take place on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“LTM”	last twelve months
“Main Board”	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers
“Nomination and Remuneration Committee”	the nomination and remuneration committee under the Board
“O2O”	online-to-offline
“Operating Entities”	the entities we control through the contractual arrangements, namely Ping An Health Cloud and its subsidiaries
“Paying users”	the number of users that purchase products and/or services on our platform through mobile APP, WAP or plug in channels at least once during a certain period of time
“Ping An Annuity”	Ping An Annuity Insurance Company of China, Ltd. (平安養老保險股份有限公司), a company incorporated under the laws of the PRC on 13 December 2004 and a subsidiary of Ping An
“Ping An”/“Ping An Insurance (Group)”	Ping An Insurance (Group) Company of China, Ltd. (中國平安保險(集團)股份有限公司), a company incorporated under the laws of the PRC whose shares are dually listed on the Shanghai Stock Exchange and the Stock Exchange (SSE: 601318; SEHK: 2318). It is our Controlling Shareholder

“Ping An Asset Management”	Ping An Asset Management Co., Ltd. (平安資產管理有限責任公司), a company incorporated under the laws of the PRC on 27 May 2005, a subsidiary of Ping An
“Ping An Bank”	Ping An Bank Co., Ltd. (平安銀行股份有限公司), a company incorporated under the laws of the PRC on 22 December 1987 whose shares are listed on the Shenzhen Stock Exchange (SZSE: 000001), and a subsidiary of Ping An
“Ping An Group”	Ping An and its subsidiaries
“Ping An Health Cloud” or “PAHC”	Ping An Health Cloud Company Limited (平安健康互聯網股份有限公司), a company incorporated under the laws of the PRC on 20 August 2014 and one of our Operating Entities
“Ping An Health Insurance”	Ping An Health Insurance Company of China, Ltd. (平安健康保險股份有限公司), a company incorporated under the laws of the PRC on 13 June 2005 and a subsidiary of Ping An
“Ping An HealthKonnect”	HealthKonnect Medical and Health Technology Management Company Limited (醫健通醫療健康科技管理有限公司), a company incorporated under the laws of Cayman Islands on 27 October 2017 and an associate of Ping An
“Ping An Life Insurance”	Ping An Life Insurance Company of China, Ltd. (中國平安人壽保險股份有限公司), a company incorporated under the laws of the PRC on 17 December 2002 and a subsidiary of Ping An
“Ping An Property & Casualty Insurance”	Ping An Property & Casualty Insurance Company of China, Ltd. (中國平安財產保險股份有限公司), a company incorporated under the laws of the PRC on 24 December 2002 and a subsidiary of Ping An
“Ping An Puhui”	Ping An Puhui Investment Consultation Co., Ltd. (平安普惠投資諮詢有限公司), a company incorporated under the laws of the PRC on 5 September 2005 and a close associate of Ping An, Ms. WANG Wenjun and Mr. DOU Wenwei respectively
“Pingan Health Insurance Agency”	Pingan Health Insurance Agency Co., Ltd (平安健康保險代理有限公司), formerly known as Guangdong Yecheng Insurance Agent Company Limited, a company incorporated under the laws of the PRC on 10 February 2011, a wholly-owned subsidiary of Ping An Health Cloud and one of our Operating Entities
“Pingan Yingjian”	Pingan Yingjian Medical Management (Shanghai) Co., Ltd. (平安盈健醫療管理(上海)有限公司), a company incorporated under the laws of the PRC on 24 April 2015, a subsidiary of Ping An Health Cloud and one of our Operating Entities
“Prospectus”	the prospectus of the Company dated 23 April 2018
“Reporting Period”	the six months ended 30 June 2021

Definitions

“RMB” or “Renminbi”	Renminbi, the lawful currency of China
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Shanghai Hao Yi”	Shanghai Hao Yi Smart Technology Company Limited (上海濔醫智能科技有限公司), a company incorporated under the laws of the PRC on 21 November 2017, a subsidiary of Ping An Health Cloud and one of our Operating Entities
“Share(s)”	ordinary share(s) in the share capital of the 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
“Shenyang Kangjian”	Shenyang Kangjian Intelligent Internet Hospital Co., Ltd. (瀋陽康健智慧互聯網醫院有限公司), a company incorporated under the laws of the PRC on 22 May 2020, a wholly-owned subsidiary of Ping An Health Cloud and one of our Operating Entities
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Tianjin Kuaiyijie”	Tianjin Kuaiyijie Medical Electronic Commerce Company Limited (天津快易捷醫藥電子商務有限公司) formerly known as Hefei Kuaiyijie Medical Electronic Commerce Company Limited, a company incorporated under the laws of the PRC on 29 March 2005, a wholly-owned subsidiary of Ping An Health Cloud and one of our Operating Entities
“USD”	United States dollars, the lawful currency of the United States
“Wanjia Healthcare”	Ping An Wanjia Healthcare Investment Management Co., Ltd. (平安萬家醫療投資管理有限責任公司), a company incorporated under the laws of the PRC on 4 July 2016 and a wholly-owned subsidiary of Ping An Health Cloud and one of our Operating Entities
“Weihai Kangjian”	Weihai Kangjian Internet Hospital Co., Ltd. (威海康健互聯網醫院有限公司), a company incorporated under the laws of the PRC on 6 July 2020, a wholly-owned subsidiary of Ping An Health Cloud and one of our Operating Entities
“Zhongyikang”	Jiangsu Zhongyikang Pharmaceutical Company Limited (江蘇眾益康醫藥有限公司), a company incorporated under the laws of the PRC on 14 December 2006 and a wholly-owned subsidiary of Kang Jian
“%”	per cent

