

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)

2023 Interim Report



Stock Code: 1833.HK



As an integral part of Ping An Group's managed care model and the flagship unit in Ping An's healthcare ecosystem, Ping An Health has been implementing Strategy 2.0 Continuum and focusing on the integrated financial customers and the corporate clients with greater paying willingness and bigger growth potential. Ping An Health strives to build a bridge between providers and payers in the healthcare market, connecting online and offline services and creating a seamless experience. With the mission of "bridging doctors and patients with professionalism and safeguarding everyone's health", Ping An Health continues to build an integration of online and offline healthcare service platform covering health management, sub-health management, disease management, chronic disease management and elderlycare management, aiming to provide every enterprise with a harmonious workplace, every family with a dedicated doctor, and every user with a safe and healthy life.

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)
Mr. WU Jun

Non-executive Directors

Ms. TAN Sin Yin
Ms. FU Xin
Mr. ZHU Ziyang
Mr. LI Dou

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

Sustainable Development Committee

Dr. CHOW Wing Kin Anthony (Chairman)
Mr. FANG Weihao
Ms. FU Xin

Authorized Representatives

Mr. FANG Weihao
Mr. LIU Cheng

Company Secretary

Mr. LIU Cheng

Principal Share Registrar and Transfer Office

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Stock Code

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www.pagd.net

Listing Date

4 May 2018

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Chairman's Statement



FANG WEIHAO

Chairman and Chief Executive Officer

Practicing a sustainable development model with high-quality growth. Ping An Health always stays true to its original aspiration and works hard on the healthcare sector. Through the sustainable development model of “managed care + family doctor membership + O2O healthcare services”, we provide users with high-quality healthcare services and continuously create values for the Shareholders, users and the society.

Leading the industry, and improving profitability with high quality. In the first half of 2023, Ping An Health continued to lead in the field of corporate healthcare services. In terms of operation, we continued to focus on users of Ping An Group’s integrated financial services and corporate customers by upgrading products and services, building a membership growth system, continuing to expand and optimize online and offline healthcare service networks, and making use of technology and AI to assist doctors in improving efficiency, while further centring on highly profitable businesses which have high strategic relevance. Through multiple measures, the Company’s consolidated gross profit margin has been significantly improved, and so does our profitability. In terms of management, the Company continued to optimize resource allocation, further reducing costs and increasing efficiency, and achieving a substantial loss reduction as we further strengthened the middle and back office management system. During the Reporting Period, although the Company’s overall revenue declined year-on-year, the gross profit margin increased by 5.6 percentage points year-on-year. At

the same time, under the combined effect of a 15.8% drop in expenses during the period, the overall loss fell by 47.2% year-on-year. The Company was on track towards the break-even line quickly.

Working along with Ping An Group to create broad development room and achieve high-quality customer acquisition. Ping An Health, as an integral part of Ping An Group’s “integrated finance + healthcare” managed care model, is the flagship unit in Ping An’s healthcare ecosystem. In the first half of 2023, leveraging the organic collaboration of healthcare services and financial products, the Company deeply cooperated with Ping An Group for mutual benefit. Ping An Health helps Ping An Group improve customer experience and product differentiation, assisting it in providing “heartwarming financial services”. In the meantime, the financial institutions under Ping An Group help Ping An Health quickly and accurately reach target customer groups, assisting the Company in building solid and unique competitive advantages and barriers. With the support of Ping An Group’s strong resources and channels, the Company has huge room for future growth. As of 30 June 2023, the number of paid users of the Company in the past 12 months has exceed 45 million, and the cumulative number of corporate customers served has rapidly increased to 1,198.

People-oriented, polishing high-quality products and services. High-quality products and services are the foundation and essence of the Company. Ping An Health has always been adhering to the development vision of “aiming to provide every enterprise with a

harmonious workplace, every family with a dedicated doctor, and every user with a safe and healthy life", and is committed to providing users with professional, comprehensive, high-quality, one-stop healthcare products and services. During the Reporting Period, the Company further empowered family doctors with the help of AI technology. On the one hand, it supports efficient collection and analysis of basic information to form accurate user portraits. On the other hand, based on these user portraits, authorizing users are accurately fed with personalized information and services, which improves work efficiency of family doctors and user experience on the whole. At the same time, the Company upgraded its membership system, which can now allocate products and service rights to different types of members that best meet their core needs. Leveraging practical services of "family doctors + specialists + renowned doctors" and medical services as well as abundant online and offline healthcare service network resources, we ensure members a "worry-free, time-saving, and money-saving" experience. In terms of product and service upgrades, the Company continued to explore differentiation based on individuals, such as enriching the contents of physical examination products and upgrading optional customization functions, taking into account the physical and mental health of users. We also customize mental health service products to meet the differentiated needs of enterprises and individuals, and so on.

Improving healthcare service network to build a high-quality platform. An extensive and professional online and offline healthcare service network is an important support for the Company in serving customers. Ping An Health has always regarded suppliers as our strategic partners, respecting each other and developing together. In the first half of 2023, Ping An Health further expanded the service network of "online", "in-store" and "delivery to home/corporate" in order to leverage the best cost-effective service network with the widest coverage and deepest quality control in the industry, providing customers with one-stop and good reputation healthcare products and services. In this regard, the Company continued to optimize its supplier expansion mechanism, service standards and service supervision mechanism during the Reporting Period. On the one hand, we evaluate and introduce high-quality suppliers by means of the "four degrees and six dimensions" evaluation system of "breadth, depth, specificity, and speed" and "bargaining power, regional coverage, business undertaking ability, market control ability, responsiveness, and flexible cooperation ability". On the other hand, through standardizing various services, we ensure service quality and service results. At the same time, with the aid of the supplier management system and the service test acceptance and performance monitoring system, we effectively supervise the performance of suppliers and achieve high-quality platform operation. As of 30 June 2023, Ping An Health has cooperated with nearly 103,000 online and offline healthcare service institutions, as the Company further improved its platform operation capabilities.

Strengthening the concept of ESG development, establishing the Sustainable Development Committee under the Board of Directors. High-quality development is more balanced, comprehensive and sustainable development. In the first half of 2023, the Board of Directors of the Company set up the Sustainable Development Committee to provide holistic and scientific guidance and supervision for the formulation and implementation of ESG strategies. We have integrated more than 20 sustainable development issues into the daily operations of the Company, and set the goals and key performance of each issue, through which we firmly incorporate the concept of sustainable development into our business operations. "Healthcare" business is public welfare by nature. While the Company continues to explore and integrate commercial value and social value, we lock in development opportunities and continuously deepen and refine our business. "Bridging doctors and patients with professionalism and safeguarding everyone's health" is not only the mission of the Company, but also a heavy commitment of the Company. In the past, we devoted ourselves to the "difficult but correct" cause of healthcare without hesitation. Now, we are determined to "achieve our mission" and forge ahead!

Nourishing people with culture to ensure high-quality implementation of strategies. If talents are the cornerstone of the Company's high-quality development, then culture is the rich soil that nourishes talents. Excellent corporate culture plays an irreplaceable role in enhancing corporate cohesion, pressure resistance, competitiveness and vitality. Upholding "maximizing value is the standard for testing all work" as its value yardstick, Ping An Health adheres to the original intention of "professionalism leads to value creation" and shoulders the responsibility of providing the market with "worry-free, time-saving, and money-saving" healthcare services in the pursuit of value creation for customers, employees, the Shareholders, and the society. We believe that Ping An Health will soon achieve strategic deepening and profit-loss balance, and a bright future of Ping An Health is just ahead!

In the second half of 2023, Ping An Health will firmly implement the business philosophy of "optimizing structure, improving reputation, reducing costs and increasing efficiency, and operating in compliance with regulations". On the one hand, we are set to complete the adjustment and optimization of businesses with weak strategic relevance and low profitability in 2023 to comprehensively improve the quality and efficiency of operations. On the other hand, we shall strictly control costs and expenses, laying a solid foundation for high-quality and sustainable development, and creating value of sustainable and steady development for all stakeholders!

FANG Weihao

Chairman and Chief Executive Officer
Shanghai, 24 August 2023

Management Discussion and Analysis

Being an integral part of Ping An Group's "managed care model", Ping An Health is the flagship platform of Ping An Group's healthcare ecosystem. The Company continues to pursue a unique business model of "Managed Care + Family Doctor Memberships + O2O Healthcare Services" by leveraging its core competitive advantages including abundant payer resources, strong provider networks, leading healthcare service systems, and powerful Ping An ecosystem empowerment.

On the supply side, Ping An Health integrates suppliers on behalf of payers by centering on Family Doctor Memberships. The Company integrates online and offline healthcare resources and further expands healthcare service networks to help users bridge gaps in their medical process, thus developing a unique service model.

On the demand side, Ping An Health provides medical and health services for users of Ping An Group's integrated financial business (F-end payers) by means such as collaborative financial products with medical and healthcare service benefits. Moreover, Ping An Health improves health of these users through user operations including full-lifecycle medical and health management services. By doing so, Ping An Health helps Ping An Group build a brand of heartwarming integrated financial services, achieving synergies with Ping An Group's integrated financial businesses.

Meanwhile, Ping An Health provides professional, comprehensive, high-quality, one-stop corporate health management services for employees of corporate clients (B-end payers). By helping them improve health, Ping An Health reduces healthcare expenses paid by enterprises for their employees. Thus, Ping An Health helps enterprises create healthy workplaces and improve work efficiency of their employees, facilitating a transformation in the value of corporate health management plans, from mere employee benefits to worthwhile investments.

Key Financial Data

	Unaudited		
	Six months ended 30 June		
	2023	2022*	
	RMB'000	RMB'000	Year-on-year change
Revenue	2,222,177	2,830,955	-21.5%
Cost of sales	(1,506,815)	(2,079,317)	-27.5%
Gross profit	715,362	751,638	-4.8%
Selling and marketing expenses	(450,346)	(539,794)	-16.6%
Administrative expenses	(756,671)	(892,873)	-15.3%
- Including research and development expenses	(331,590)	(310,338)	+6.8%
Other income	55,274	140,746	-60.7%
Other gains - net	79,291	40,401	+96.3%
Finance income - net	115,242	74,610	+54.5%
Share of losses of associates and joint ventures	(2,415)	(35,131)	-93.1%
Loss before income tax	(244,263)	(460,403)	-46.9%
Income tax expense	(604)	(3,538)	-82.9%
Loss for the period	(244,867)	(463,941)	-47.2%
Loss attributable to:			
- Owners of the Company	(244,618)	(462,455)	-47.1%
- Non-controlling interests	(249)	(1,486)	-83.2%
Non-IFRS measure:			
Adjusted net loss	(249,267)	(427,719)	-41.7%

* The Group adopted the new standard from 1 January 2023, and comparatives for 2022 have been restated. For details, please refer to note 3 "Changes In Accounting Policy" to the interim condensed consolidated financial information.

Management Discussion and Analysis

- During the Reporting Period, the adjustments of Company's business with low strategic synergies were nearly completed. Total revenue of the Company recorded in the first half of 2023 was RMB2,222.2 million, representing a decrease of 21.5% from total revenue of RMB2,831.0 million recorded in the first half of 2022. This was due to a decline in revenue from the business with low strategic synergies, and a change in operating models of some businesses.
- During the Reporting Period, the Company continued to improve its business mix. Gross margin recorded in the first half of 2023 reached 32.2%, up 5.6 pps from 26.6% recorded in the first half of 2022.
- During the Reporting Period, despite revenue pressure from business adjustments, the Company saw its gross profit only edged down RMB36.3 million, representing a year-on-year decrease of 4.8%. The year-on-year decrease was attributable to the growth in the amount and proportion of revenue from strategic businesses with high gross profit.
- During the Reporting Period, expenses decreased significantly as the Company continued to optimize resource allocation and staffing, strengthen input-output management, and increase operational efficiency via informatization and digitalization. Of them, administrative expenses reached RMB756.7 million, representing a decrease of RMB136.2 million or a year-on-year decrease of 15.3%; and selling expenses reached RMB450.3 million, representing a decrease of RMB89.4 million or a year-on-year decrease of 16.6%.
- During the Reporting Period, net loss of the Company narrowed sharply to RMB244.9 million, representing a decrease of 47.2% from RMB463.9 million in the first half of 2022, mainly thanks to the continuous growth of strategic business revenue with high profitability, continuous optimization of resources allocation, as well as gradual improvement of digital operation efficiency. Meanwhile, the adjustment of business with low strategic synergies were basically completed.

Key Operational Data

	30 June 2023	31 December 2022	Change
LTM paying users (in million)	45.1	42.6	5.8%
Including: F-end LTM paying users (in million)	38.1	34.1	11.7%
B-end LTM paying users (in million)	3.9	2.9	32.4%
Number of B-end enterprises served	1,198	978	22.5%

Note: 1. Figures may not match the calculation due to rounding.

- The number of LTM paying users reached over 45 million for the 12 months ended 30 June 2023, representing an increase of 5.8% from that for the 12 months ended 31 December 2022, or an increase of 11.4% from that for the 12 months ended 30 June 2022.
- The number of F-end LTM paying users exceeded 38 million, representing an increase of 11.7% from that for the 12 months ended 31 December 2022, or an increase of 13.3% from that for the 12 months ended 30 June 2022.
- Meanwhile, the number of B-end LTM paying users reached approximately 3.9 million, representing an increase of 32.4% from that for the 12 months ended 31 December 2022, or an increase of 90.2% from that for the 12 months ended 30 June 2022.
- The number of B-end enterprises cumulatively served increased to 1,198, representing a increase of 22.5% from cumulative corporate clients as of 31 December 2022.

Management Discussion and Analysis

Analysis of Main Business Operations

The Company basically completed strategic adjustments to its business with low strategic synergies during the Reporting Period. Revenue from strategic businesses increased dramatically. Meanwhile, the Company's long-term growth drivers and growth path is clear. The Company is expected to accelerate the progress in achieving the profit target.

1. Basically completing adjustments of the business with low strategic synergies

While ensuring efficient operation of strategic businesses, the Company proactively promoted business adjustments during the Reporting Period through the optimization of resource allocation and operating mode adjustment (ex. for part of the businesses, the operating mode shifted from proprietary model to the platform-based model) and basically completed the adjustments at the end of the Reporting Period. As these adjustments led to a drop in revenue from the relevant business, total revenue of the Company decreased by 21.5% year-on-year.

Going forward, the Company will divert more resources into strategic businesses, so as to further improve the efficiency of resource allocation and use.

2. Seeking long-term value and focusing on the layout and development of strategic businesses

1) *Payers for Managed Care*

Ping An Group's integrated financial service customers (F-end)

Ping An Health synergizes with Ping An Group's integrated financial business, and provides medical and health services for Ping An Group's integrated financial service customers. This is an important element in our Strategy 2.0 Continuum, and also a key link in the implementation of Ping An Group's managed care model.

In respect of customers and users, with the implementation of Strategy 2.0 Continuum, the Company provides integrated online and offline, one-stop, 24/7 proactive medical and health services for users of Ping An Group's integrated financial business (F-end payers) including Ping An Life Insurance, Ping An Property & Casualty Insurance, Ping An Health Insurance and Ping An Bank. Thus, the Company helps improve health of these users, further advancing Ping An Group's "integrated finance + healthcare" strategy.

In respect of products and services, the Company continues to enhance synergies with Ping An Group's integrated financial business. The Company designs and combines medical and health services and products for different segments based on user profiling and healthcare needs. Through business models such as "collaborative products", "procurement of benefits," and "value-added services," the Company helps them with customer acquisition, stickiness, re-engagement and penetration, thus further synergizing with Ping An Group's integrated financial business.

Management Discussion and Analysis

Specifically, by different healthcare management services or benefits collaboration with insurance business, Ping An Health collaborated with Ping An Life on active health management of policyholders through models including “insurance+services”. For instance, the Company launched “Zhen Xiang RUN” Health Services Plan, providing Life customers with services including five highlights, namely unique checkups, online consultation, outpatient appointment assistance and escort, blood glucose control, and critical illness management. By doing so, the Company delivers one-stop “worry-free, time-saving, and money-saving” healthcare services. During the Reporting Period, Ping An Health devoted its efforts to building a service brand of “Ping An Family Doctor”, helping Ping An Life’s policyholders access diverse medical and health services. By continuously identifying user touchpoints based on these scenarios, Ping An Health creates health profiles for users, tracking and managing users’ health in real time, thus helping Ping An Life enhance differentiated competitiveness.

In addition, for collaboration with other payers including Ping An Property & Casualty Insurance, Ping An Health Insurance and Ping An Bank, the Company also pursued greater synergies via exploration, improving the service breadth (users reached) and depth (medical or health service scenarios expanded). For instance, we leveraged our strengths in online and offline healthcare management service networks, further collaborating with Ping An Property & Casualty Insurance and Ping An Health Insurance’s service scenarios. This helped us and our partners gain growing recognition and user activity. Meanwhile, we launched services including assistance in consultation with renowned doctors for users of Ping An Bank and other integrated finance channels of Ping An Group, helping them with more effective customer expansion and customer stickiness.

Thanks to the aforesaid optimization and development, the Company achieved further breakthroughs in stabilizing increments and focusing on high-value users. During the Reporting Period, F-end revenue of strategic businesses reached RMB1,078.1 million, increasing 12.6% year on year. Meanwhile, the number of F-end LTM paying users exceeded 38 million, representing a year-on-year increase of 13.3%, with a penetration rate of about 16.6% among 229 million¹ individual financial users of Ping An Group. While driving up user stickiness and recognition, the Company achieved steady growth in user penetration.

In the long run, we will continue to tap into customer segments and resource advantages of Ping An Group’s integrated financial business, facilitating the further conversion of users of Ping An Group’s integrated finance channels into our customers. Moreover, we will continue to enhance the stickiness of these users for our medical and health products and services, thus providing momentum for the Company’s long-term development.

Note: 1. Data from the results report of Ping An Group for the First Quarter of 2023.

Management Discussion and Analysis

Corporate clients (B-end)

Corporate health management is another important strategic element in the Company's Strategy 2.0 Continuum, and also a core driver of its long-term growth. The Company is committed to providing professional, comprehensive, high-quality, one-stop healthcare management solutions for employees of corporate clients (B-end), in order to enhance their employees' health and wellbeing, and thus help enterprises better fulfill their corporate social responsibility.

In respect of customers and users, we continue to improve our product portfolio and service quality, with our comprehensive service capability increasingly recognized by corporate clients. On one hand, we deepen cooperation with corporate clients from Ping An Group channels, and focus on the large and medium-sized enterprises with a large budget in corporate health management, clear plans for employee health management, and stronger ability and willingness to pay, providing them with comprehensive health management solutions. On the other hand, we take the initiative to expand our proprietary channels by leveraging experience and capability gained through cooperation with Ping An Group channels.

In respect of products and services, the Company has created the "Enterprise EZHealth" corporate health management product portfolio comprising two core solutions "Health Checkup +" and "Health Management +" based on in-depth research and exploration of employees' health management needs. The Company has built a differentiated product service system with competitive edges by combining different service modules to meet diverse needs of different enterprises.

During the Reporting Period, benefiting from access to a wider employee and user base, higher Average Revenue Per User ("ARPU") driven by constant product upgrading and also a higher corporate client penetration rate via cooperation with Ping An Group channels, revenue from B-end strategic businesses were up 88.9% year on year to RMB449.1 million. Ping An Health has served a total of 1,198 enterprises as the end of the Reporting Period, marking an accumulated year-on-year increase of 449. Our services have benefited nearly 3.9 million employees and users. Moreover, during the Reporting Period, the percentage of existing large-sized corporate clients² who renewed their subscriptions hit nearly 90%, the penetration rate among corporate clients using services in Ping An Group's healthcare ecosystem was about 2.2%³, and the penetration rate among employees of the corporate clients under Ping An Group's ecosystems was 15.6%, indicating plenty of room to improve.

Specifically, "Health Checkup +" is one of the effective solution produced by the Company for corporate clients (B-end). During the Reporting Period, "Health Checkup +" cumulatively served 722 corporate clients, representing an accumulated year-on-year increase of 67.9%, thanks to the continuous upgrading of products and services, improvement of customers' retention and market promotion. By taking "Health Checkup +" as an entry point for corporate health management, the Company provides enterprises with digital, end-to-end management, and employees with concierge services, so as to help enterprises effectively prevent health management risks. Before the checkup, the Company fully leverages its own platform advantages and efficient coordination capabilities to meet the needs of large-sized enterprises for health checkups nationwide. In addition, the Company has established the Digital Health Checkup Research Center, partnering with internal and external experts to develop the most effective and targeted, customized group health checkup plans for enterprises based on their needs. During the checkup, the Company serves the corporate clients' employees dispersed across multiple locations through its extensive, nationwide network of branches. After the checkup, the Company delivers checkup report interpretation services to employees, and provides services such as Corporate Health Officer for enterprises.

- Notes:
2. Enterprises with employees > 3,000.
 3. Ping An healthcare ecosystem had over 55,000 paying corporate clients and their 25 million plus employees were served in 2022.

Management Discussion and Analysis

Meanwhile, “Health Management +” is another effective solution produced by the Company for corporate clients (B-end), and also a core driver for long-term growth of the corporate health management business. As the end of the Reporting Period, the Company cumulatively served 555 corporate clients, increasing 46.8% accumulated year-on-year. The cumulative overlapping number of corporate clients from both “Health Management +” and “Health Checkup +” was 129, increasing 34.4% accumulated year-on-year, accounting for 17.9% of total corporate clients of “Health Checkup +”. Being flexible, customizable, efficient, and exclusive, “Health Management +” provides employees with premium medical resources, such as assisting in outpatient appointments and hospitalization arrangements. Such services can help improve employees’ healthcare efficiency, thus helping corporate clients better address employees’ everyday health management needs.

In addition, Ping An Health strengthens synergies with Ping An Group channels in the corporate business through means including the operation of an employee health management benefit mall, making a further foray into the corporate health management business sector.

Individual customers (C-end)

Ping An Health has been proactively penetrating the healthcare sector for years, and has gained huge amounts of platform traffic. During the Reporting Period, the Company successfully retained customers as it dedicated itself to optimizing user quality and service experience. By refining both healthcare solutions and operations tailored to diverse user needs, the Company effectively covered various C-end individual customers. Moreover, the Company remained committed to developing and managing target paying users or members.

2) Family Doctor Memberships

Family doctor memberships has been the Ping An Health’s unique core competitiveness. The Company has been continuously enhancing the service capabilities of the family doctor, the specialist doctor and the renowned doctor, thus providing users with comprehensive, professional healthcare services.

As of 30 June 2023, Ping An Health had around 50,000 in-house doctors and contracted external doctors in 22 specialties who are providing full-scenario, multi-tiered healthcare services to meet users’ needs.

For online services, Ping An Health designed specialty membership services for users with long-lasting diseases. Doctors customize and optimize follow-up visit strategies based on disease dimensions including disease types, risk, and reach frequency, and care for users with long-lasting diseases by providing active disease management along the whole patient journey. By doing so, the Company ensured full-lifecycle management and better user experience, and also boosted user conversion.

For offline services, Ping An Health enhanced its service capabilities by advancing cooperation with external quality doctors. As of 30 June 2023, the Company had nearly 2,400 cumulative contracted renowned doctors and experts, the Company continued to improve the disease treatment service capability.

Moreover, the Company continuously improved specialty services to strengthen its disease treatment service capability. The Company set up 23 specialty medical centers which cover eight medical specialties. With these specialty medical centers, the Company provided standard medical solutions before, during and after medical consultation, and refined management and one-stop healthcare management services throughout the patient journey. Take critical illness management throughout the patient journey for example. The Company leverages its full-time Oncologist + Nutritionist Team to link with offline specialists, helping arrange for a wide variety of solutions from disease treatment to health improvement, thus providing end-to-end services for critical illness insurance users.

Management Discussion and Analysis

Moreover, Ping An Health continued to improve its medical service security mechanisms for the purpose of providing fast, precise, efficient services. The Company measured fulfillment of service commitments by using metrics including speed of service, customer feedback, service fulfillment efficiency, and service satisfaction. During the Reporting Period, the Company got five-star reviews for its medical consultation service from more than 98% of users.

3) O2O Healthcare Service Network

Ping An Health kept improving its “online, in-store, and home/workplace-delivered” service network to improve service quality and user experience. The Company has developed an extensive provider network featuring close collaboration and high cost-effectiveness. Moreover, the Company has established centralized procurement and service standards to improve service quality and lower the service costs, and to monitor services and improve service experience.

In respect of the medical service network, Ping An Health provided users with more collaborative and better services by further pooling online and offline medical service resources and developing a one-stop service delivery system. As of 30 June 2023, the Company partnered with nearly 4,000 hospitals and 226 thousand pharmacies, providing 1-hour drug delivery services in 249 cities and 24/7 drug delivery services in 91 cities. Of them, the Company covers nearly 1,300 pharmacies in 26 provinces across China via the DTP network, meeting medical needs of people with carriers for cancer.

In respect of the health service network, Ping An Health partnered with nearly 103,000 health service providers and over 2,000 health checkup institutions to offer various products and services including health checkups, dental services, anti-aging, and panhealth.

3. Thriving with technology empowerment and profitability expected to achieve in an accelerated manner

During the Reporting Period, Ping An Health kept pushing the boundaries of research and development and further enhanced informatization and digitalization capabilities by tapping into Ping An Group’s technological strength. In this way, the Company optimized its operating process and improve operational efficiency.

In respect of personal information security and privacy protection, Ping An Health was certified with ISO 27799 Information Security Management in Healthcare issued by DNV, becoming the first digital healthcare company passing DNV’s certification. This certificate is a testimony to Ping An Health’s efforts to protect user information security by complying with the industry-leading requirements for information security management in healthcare.

Moreover, Ping An Health passed the Trusted Technology Selection Assessment for Healthcare Mobile Application organized by the China Academy of Information and Communication Technology and the Internet Healthcare Industry Alliance. Ping An Health has earned acclaim for its technological capabilities and technology maturity in the healthcare sector as it delivers efficient, safe, compliant healthcare services while promoting compliant, orderly, sustainable development of the sector.

Ping An Health basically finished strategic adjustments to its business with low strategic synergies. As the Company’s strategic business plans and long-term plans have become clearer and technology assists in optimizing the production and reduce costs with higher efficiency, the Company is expected to accelerate the progress in achieving the profit target as its financial performance keeps improving.

Long-term Strategies and Management Outlook

Commercial insurers, one of the major payers for medical and health expenditures in China, are playing an important role in creating financial synergies. According to the Report of the 20th National Congress of the CPC, China will further integrate commercial insurance with the basic social medical insurance programs at different levels, improve major disease insurance and medical assistance schemes, and see that medical expenses can be settled simultaneously where they are incurred. China will institute an insurance system to support long-term care and vigorously develop commercial medical insurance. In accordance with the *Opinion on Promoting Commercial Insurance Development in Social Services* jointly issued by 13 ministries and commissions including CBIRC in 2020, China's commercial insurance sector will total more than RMB2 trillion in 2025, playing an important part in the medical security system with Chinese characteristics. During the reporting period, The *Agreement on Promoting Information Sharing by Commercial Health Insurance Information Platforms and the National Medical Security Information Platform* for public comments marked solid progress in advancing social health insurance and commercial insurance information sharing, thus to ensuring the commercial health insurance to effectively play its benefit function.

For corporate health management, enterprises are another payer for medical and health expenditures in China. China has a large workforce. In 2021, 350 million employees were covered by the employee basic medical insurance. The employee health management market is expanding from tier-1 cities to tier-2 and tier-3 cities as not only large enterprises but also a growing number of medium and small-sized enterprises are becoming more aware of and in need of health management. Currently, enterprises in China have relevant disburseable accounts, which comprise 4% of wages disburseable on supplementary medical insurance, 14% of wages disburseable on employee benefits, and 2% of wages disburseable on trade union funds. In theory, the potential corporate health management market in China is expected to total RMB2-3 trillion in the long run.

Leveraging Ping An Group's capability advantages from the managed care model and the healthcare ecosystem, Ping An Health is able to reach Ping An Group's commercial insurance customers, corporate clients and individual customers by capitalizing on Ping An Group's integrated finance channel (F-end) and corporate clients (B-end) business resources advantages, against the background of continuous development of commercial insurance and employee health management. By doing so, the Company will further strengthen its core competitiveness and continuously increase the penetration rate and boost customer value through enhancing synergies with Ping An Group and mutual empowerment.

Moreover, with the first-mover advantage in digital healthcare and also a good understanding of end users' demands for healthcare, Ping An Health will continue to optimize its medical and health product portfolios, upgrade core products such as "Insurance + Healthcare" and "Finance + Healthcare" for F-end customers, improve employee health management for B-end clients, devise a membership product system, and provide a wealth of customized products for different channels and customer groups, meeting diverse needs of payers.

In addition, Ping An Health will further emphasize the role of family doctors in providing end-to-end services and proactive management, and continue to expand the high-quality service network, providing users with professional, comprehensive, premium, one-stop, "worry-free, time-saving and money-saving" medical and health services, and constantly improving user experience.

Going forward, Ping An Health will forge ahead, strive to provide premium medical and health management services, support the Digital China and the Healthy China initiatives, and deliver steady returns to shareholders.

Management Discussion and Analysis

Revenue and Gross Profit by Segment

	Six months ended 30 June		
	2023 RMB'000	2022* RMB'000	Year-on-year change
Revenue:			
Medical services	1,033,533	1,134,706	-8.9%
Health services	1,188,644	1,696,249	-29.9%
Total of revenue	2,222,177	2,830,955	-21.5%
Gross profit:			
Medical services	443,357	420,134	+5.5%
Health services	272,005	331,504	-17.9%
Total of gross profit	715,362	751,638	-4.8%
Gross margin:			
Medical services	42.9%	37.0%	+5.9 pps
Health services	22.9%	19.5%	+3.4 pps
Total of gross margin	32.2%	26.6%	+5.6 pps

Medical Services

During the Reporting Period, revenue from medical services recorded RMB1,033.5 million, representing a decrease of 8.9% from RMB1,134.7 million in the same period of 2022.

The year-on-year decrease in revenue from medical services was mainly due to the Company's continuously advancing its strategy and focusing on medical services, providing quality medical services such as drug and consultation services for Ping An Group's integrated financial users through business models such as "collaborative products". Thus, the decreases were mainly attributable to declined revenue contribution from businesses with low strategic synergies.

During the Reporting Period, gross margin of medical services recorded 42.9%, representing an year-on-year increase of 5.9 pps. The increases were mainly attributable to changes in the business mix resulting from increase of the proportion of business with strong profitability.

	Six months ended 30 June		
	2023 RMB'000	2022* RMB'000	Year-on-year change
Revenue	1,033,533	1,134,706	-8.9%
Gross profit	443,357	420,134	+5.5%
Gross margin	42.9%	37.0%	+5.9 pps

Management Discussion and Analysis

Health Services

During the Reporting Period, revenue from health services recorded RMB1188.6 million, representing a decrease of 29.9% from RMB1696.2 million in the same period of 2022.

The decreases were mainly attributable to Ping An Health's adjustment to the health service business (such as some physical sales businesses) which have low synergies with the managed care strategy and also have low profitability.

During the Reporting Period, gross margin of health services recorded 22.9%, representing an increase of 3.4 pps year on year, mainly due to business mix optimization resulting from the declined proportion of revenue from physical sales businesses with low gross margin.

	Six months ended 30 June		
	2023 RMB'000	2022* RMB'000	Year-on-year change
Revenue	1,188,644	1,696,249	-29.9%
Gross profit	272,005	331,504	-17.9%
Gross margin	22.9%	19.5%	+3.4 pps

Selling and Marketing Expenses

Selling and marketing expenses amounted to RMB450.3 million in the first half of 2023, representing a decrease of 16.6% from RMB539.8 million in the first half of 2022. The decrease was mainly due to the strengthened resource allocation and continuous optimization of production efficiency.

Administrative Expenses

Administrative expenses amounted to RMB756.7 million in the first half of 2023, representing a decrease of 15.3% from RMB892.9 million in the first half of 2022. The decrease was mainly attributable to the decrease in manpower and related expenses as a result of the continuous optimization of operation efficiency and staff efficiency.

Other Income

Other income amounted to RMB55.3 million in the first half of 2023, representing a decrease of 60.7% from RMB140.7 million in the first half of 2022, which was mainly attributable to the changes in the balance of wealth management products during the period.

Other Gains - Net

Other net gains amounted to RMB79.3 million in the first half of 2023, representing an increase of RMB38.9 million from RMB40.4 million of net gains in the first half of 2022, which was mainly attributable to the change in impairment amount of financial assets.

Finance Income - Net

Net finance income amounted to RMB115.2 million in the first half of 2023, representing an increase of 54.5% from RMB74.6 million in the first half of 2022, which was mainly attributable to an increase in interest income of the Company.

Management Discussion and Analysis

Loss for the Period and the Non-IFRS Measure: Adjusted Net Loss

Our net loss for the first half of 2023 amounted to RMB244.9 million, representing a decrease of 47.2% compared with net loss of RMB463.9 million recorded in the first half of 2022. To supplement our consolidated financial information presented in accordance with IFRS, we also adopted the “adjusted net 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 loss” may be used in exchange with the “net 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 assess our consolidated operating results in the same way as our management. However, the “adjusted net loss” presented by us may not necessarily be comparable with the similar measures presented by other companies. Such non-IFRS measure has a limitation as an analytical tool. Thus, a view should not be held that it is independent from or can replace the analysis of our operating results or financial position presented in accordance with IFRS. After excluding the impact of share-based payments, net foreign exchange losses/(gains) and net gains on disposal of a joint venture, the adjusted net loss in the first half of 2023 amounted to RMB249.3 million, representing a decrease of 41.7% compared with the adjusted net loss of RMB427.7 million in the first half of 2022. The following table sets forth the adjusted net loss for the six months ended 30 June 2023 and 2022 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	
	2023 RMB'000	2022* RMB'000
Net loss for the period	(244,867)	(463,941)
Excluding:		
Share-based payments	5,912	45,895
Net foreign exchange losses/(gains)	1,899	(9,673)
Net gains on disposal of a joint venture	(12,211)	-
Adjusted net loss	(249,267)	(427,719)

Liquidity and Financial Resources

Our cash and other liquid financial resources as of 30 June 2023 and 31 December 2022 were as follows:

	30 June 2023 RMB'000	31 December 2022 RMB'000
	RMB	4,508,821
USD	59,807	152,723
HKD	26,630	23,016
JPY	-	1
	4,595,258	3,700,689

Cash and cash equivalents include cash in hand and at banks, bank deposits, deposits held at call with banks, and other short-term highly liquid deposits 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 2023, our total available funds were RMB12,524.6 million, including cash and cash equivalents of RMB4,595.3 million, restricted cash of RMB75.0 million, term deposits of RMB4,572.9 million, and financial assets of RMB3,281.4 million. The financial assets, purchased mainly from Ping An Bank, 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 2023 and six months ended 30 June 2022 were as follows:

	Unaudited	
	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Net cash used in operating activities	(67,262)	(88,519)
Net cash generated from investing activities	984,553	472,255
Net cash used in financing activities	(28,733)	(263,966)
Net increase in cash and cash equivalents	888,558	119,770
Cash and cash equivalents at the beginning of the period	3,700,689	3,064,876
Effects of exchange rate changes on cash and cash equivalents	6,011	11,439
Cash and cash equivalents at the end of the period	4,595,258	3,196,085

Net cash generated from investing activities mainly included proceeds of RMB5,481.6 million from redemption of financial assets and term deposits and subscription of wealth management products and time deposits of RMB 4,420.6 million.

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, and to maintain liquidity.

Capital Expenditure

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Purchase of property, plant and equipment, intangible assets and other assets	17,138	29,906

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).

Management Discussion and Analysis

Foreign Exchange Risk

For the six months ended 30 June 2023, 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 2023 in response to the fluctuations in the exchange rates at any time.

Pledge of Assets

As of 30 June 2023, none of our assets were pledged.

Provisions

For the provisions, please refer to note 29 “Provisions” to the interim condensed consolidated financial information.

Dividend

For the six months ended 30 June 2023, we did not pay or declare any dividend.

Bank Loans and Other Borrowings

As at 30 June 2023, except for the borrowings obtained by Pingan Yingjian, a subsidiary of the Company, from its shareholder, Yingjian Enterprise Management Consulting, we did not have any outstanding loans. As at 30 June 2023, the Group’s gearing ratio was 19.88%, which was calculated by dividing the Group’s total liabilities by its total assets as at 30 June 2023.

Significant Investments Held

As at 30 June 2023, we did not hold any material investments with a value of 5% or more of the Group’s total assets.

Material Investment and Future Plans of Capital Assets

As of 30 June 2023, we did not have any material investment and other plans of capital assets.

Material Acquisitions and Disposals of Subsidiaries and Associates

For the six months ended 30 June 2023, we did not carry out any material acquisitions and disposals of subsidiaries and associates.

Employee and Remuneration Policy

The Group had a total of 1,980 employees as of 30 June 2023, the majority of whom were based in various cities in the PRC, including Shanghai, Guangzhou, Hefei, Shenzhen, Qingdao and Beijing. 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 2023, 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	Long positions/ short positions	Approximate percentage of interest held in the Company ⁽¹⁾
FANG Weihao ⁽²⁾	Beneficial owner	650,000	Long positions	0.05%
WU Jun ⁽³⁾	Beneficial owner	336,431	Long positions	0.03%

Notes:

- (1) The calculation is based on the total number of Shares in issue of 1,118,812,900 Shares as of 30 June 2023.
- (2) As of 30 June 2023, Mr. FANG Weihao was entitled to 650,000 Shares pursuant to the Employee Incentive Scheme, where no Share was held upon exercise of EIS Options under the Employee Incentive Scheme.
- (3) As of 30 June 2023, Mr. WU Jun was entitled to 336,431 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 2023, 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 the Company or any of its associated corporations, within the meaning of Part XV of the SFO, which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken 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 the 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

So far as known to the Directors, as of 30 June 2023, 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 were, directly or indirectly, interested in 5% or more of the Shares of the Company:

Other Information

Long positions/short positions in the Shares of the Company

Name of Shareholder	Nature of interest	Number of Shares	Long positions/ short positions	Approximate percentage of interest held in the Company ⁽¹⁾
Glorious Peace ⁽²⁾	Beneficial owner	441,000,000	Long positions	39.41%
An Ke Technology Company Limited ⁽²⁾	Interest in controlled corporations	441,000,000	Long positions	39.41%
Ping An ⁽²⁾	Interest in controlled corporations	441,000,000	Long positions	39.41%
Hopson Development Holdings Limited ⁽³⁾	Interest in controlled corporations	101,708,800	Long positions	9.09%
Sounda Properties Limited ⁽³⁾	Interest in controlled corporations	101,708,800	Long positions	9.37%
CHU Mang Yee ⁽³⁾	Beneficial owner	3,084,700	Long positions	
	Interest in controlled corporations	104,793,500	Long positions	9.37%

Notes:

- (1) The calculation is based on the total number of Shares in issue of 1,118,812,900 Shares as of 30 June 2023.
- (2) As of 30 June 2023, 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.
- (3) According to the form of disclosure of interest dated 30 June 2022 filed by Hopson Development Holdings Limited ("Hopson Development") in relation to the relevant event on 28 June 2022, Hopson Development, through a series of corporations controlled by it, was interested in an aggregate of 101,708,800 Shares. According to the form of disclosure of interest filed by Sounda Properties Limited ("Sounda") dated 30 June 2022 in relation to the relevant event on 28 June 2022, Sounda was interested in 104,793,500 Shares, comprising 101,708,800 Shares indirectly held by Hopson Development which was controlled by Sounda, and 3,084,700 Shares directly held by Sounda. According to the form of disclosure of interest filed by Mr. CHU Mang Yee dated 30 June 2022 in relation to the relevant event on 28 June 2022, 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.
- (4) Pursuant to Section 336 of the SFO, the Shareholders are required to file form of disclosure of interest 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 forms of disclosure of interest for the relevant events as of 30 June 2023 filed by substantial Shareholders. The Company may not have sufficient information on the breakdown of the relevant interests and cannot verify the accuracy of information on the form of disclosure of interest.

Save as disclosed above, as of 30 June 2023, 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. Given the EIS Shares had already been issued, there will not be any dilution effect to the proportion of shareholding 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 2023, the aggregate number of outstanding Shares underlying the EIS Options as granted by the Company under the Employee Incentive Scheme was 18,901,778, representing 1.69% of our Company's issued share capital. All such Shares underlying the EIS Options have been issued.

The following table shows details of the options granted under the EIS for the six months ended 30 June 2023:

Name	Position	Date of grant ^{1&2}	Number of grants (Shares)	Vesting period ⁴	Exercise price (HKD/share)	Outstanding	Exercised	Cancelled/	Outstanding
						as of 1 January 2023 (Shares)	during the Reporting Period ³ (Shares)	Lapsed during the Reporting Period (Shares)	as of 30 June 2023 (Shares)
FANG Weihao	Executive	11 January 2021	300,000	21 October 2021 to 21 October 2024	-	300,000	-	-	300,000
	Director, chairman of the Board and chief executive officer	24 August 2021	150,000	24 August 2022 to 24 August 2025	-	150,000	-	-	150,000
		23 October 2022	200,000	23 October 2023 to 23 October 2026	-	200,000	-	-	200,000
WU Jun ⁵	Executive Director and president	26 October 2021	300,000	26 October 2022 to 26 October 2025	-	236,431	-	-	236,431
		23 October 2022	100,000	23 October 2023 to 23 October 2026	-	100,000	-	-	100,000
Five highest paid individuals in aggregate		21 October 2020	100,000	21 October 2021 to 21 October 2024	-	100,000	44,939	3,946	51,115
		11 January 2021	300,000	21 October 2021 to 21 October 2024	-	300,000	-	-	300,000
		24 August 2021	150,000	24 August 2022 to 24 August 2025	-	150,000	-	-	150,000
		26 October 2021	300,000	26 October 2022 to 26 October 2025	-	236,431	-	-	236,431
		29 January 2022	430,000	29 January 2023 to 29 January 2026	-	150,000	31,784	-	118,216
	15 March 2022	250,000	15 March 2023 to 15 March 2026	-	250,000	-	-	250,000	

Other Information

Name	Position	Date of grant ^{1&2}	Number of grants (Shares)	Vesting period ⁶	Exercise price (HKD/share)	Outstanding as of 1 January 2023 (Shares)	Exercised during the Reporting Period ³ (Shares)	Cancelled/ Lapsed during the Reporting Period (Shares)	Outstanding as of 30 June 2023 (Shares)
		23 October 2022	400,000	23 October 2023 to 23 October 2026	-	400,000	-	-	400,000
		19 December 2022	40,000	19 December 2023 to 19 December 2026	-	40,000	-	-	40,000
Other grantees		31 December 2014	4,917,500	31 December 2015 to 31 December 2018	0.63	501,352	2,000	-	499,352
		31 March 2015	280,000	31 March 2016 to 31 March 2019	0.63	31,500	-	-	31,500
		30 June 2015	148,000	30 June 2016 to 30 June 2019	0.63	2,000	1,500	-	500
		01 October 2015	11,534,500	1 October 2016 to 1 October 2019	0.91	1,680,298	37,876	-	1,642,422
		25 February 2016	3,923,000	25 February 2017 to 25 February 2020	5.95	236,300	37,900	-	198,400
		31 March 2017	16,475,800	31 March 2018 to 31 March 2021	26.47	4,606,043	184,150	3,132,800	1,289,093
		30 November 2017	14,287,098	30 November 2018 to 30 November 2021	37.84	4,653,699	-	2,823,741	1,829,958
		31 December 2017	840,000	31 December 2018 to 31 December 2021	37.84	370,000	-	-	370,000
		28 February 2019	3,867,694	28 February 2020 to 28 February 2023	0-36.21	1,443,701	111,994	22,219	1,309,488
		31 May 2019	188,335	31 May 2020 to 31 May 2023	-	71,781	7,113	-	64,668
		31 August 2019	110,713	31 August 2020 to 31 August 2023	-	71,876	4,615	-	67,261
		08 September 2019	100,000	8 September 2020 to 8 September 2023	-	53,811	-	-	53,811
		30 November 2019	25,575	30 November 2020 to 30 November 2023	-	3,300	1,045	-	2,255
		21 October 2020	1,852,100	21 October 2021 to 21 October 2024	-	1,516,310	128,086	430,671	957,553
		31 December 2020	166,600	31 December 2021 to 31 December 2024	-	133,418	-	7,625	125,793
		31 May 2021	260,000	31 May 2022 to 31 May 2025	-	233,875	-	-	233,875
		24 August 2021	3,134,700	24 August 2022 to 24 August 2025	-	259,031	148,235	75,892	34,904
		26 October 2021	248,600	26 October 2022 to 26 October 2025	-	81,034	5,508	-	75,526

Other Information

Name	Position	Date of grant ^{1&2}	Number of grants (Shares)	Vesting period ⁶	Exercise price (HKD/share)	Outstanding as of 1 January 2023 (Shares)	Exercised during the Reporting Period ³ (Shares)	Cancelled/ Lapsed during the Reporting Period (Shares)	Outstanding as of 30 June 2023 (Shares)
		29 January 2022	2,799,200	29 January 2023 to 29 January 2026	-	2,783,053	-	115,396	2,667,657
		20 May 2022	230,000	20 May 2023 to 20 May 2026	-	230,000	-	-	230,000
		26 July 2022	25,000	26 July 2023 to 26 July 2026	-	25,000	-	-	25,000
		23 October 2022	175,000	23 October 2023 to 23 October 2026	-	175,000	-	-	175,000
		19 December 2022	5,472,000	19 December 2023 to 19 December 2026	-	5,472,000	-	-	5,472,000
Total⁴			73,031,415⁷			26,260,813	746,745	6,612,290	18,901,778

Notes:

- EIS options were granted on 29 January 2022, 15 March 2022, 20 May 2022, 26 July 2022, 23 October 2022 and 19 December 2022, respectively. The closing prices immediately before the date on which the EIS options were granted were HKD25.05, 18.26, 18.86, 21.95, 15.08 and 25.05 per share, respectively;
- The performance of the EIS options granted during the year depended on the degree of satisfaction of specific performance, including fulfillment of the key performance indicators by the Company overall as a group and the grantee;
- The weighted average closing price immediately before the date on which the EIS options were exercised was HKD27.32/share;
- For the avoidance of double counting, it represents the sum of the options of the five highest paid individuals (including the Directors FANG Weihao and WU Jun) and other grantees;
- Mr. WU Jun was appointed as an executive Director on 13 March 2023;
- The EIS options may be exercised once vested, subject to a period of 10 years commencing from the date of grant;
- The number of shares granted was the number of shares originally granted, including the number of shares cancelled/lapsed and re-granted.

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

For the six months ended 30 June 2023, the Company or any of its subsidiaries have not purchased, sold or redeemed any of the Company's listed securities.

Other Information

Changes of Directors and Chief Executives and Their Information

During the Reporting Period, 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. Zhu Ziyang, a non-executive Director, has been a non-executive director of YSB Inc. (a company whose shares are listed on the Stock Exchange on 28 June 2023, stock code: 9885) since February 2021;
2. Mr. Pan Zhongwu, a non-executive Director, resigned on 13 March 2023 due to personal work arrangement;
3. Mr. Wu Jun was appointed as an executive Director on 13 March 2023;
4. Ms. Fu Xin was appointed as a non-executive Director on 13 March 2023;
5. Ms. Lin Lijun, a non-executive Director, passed away on 12 April 2023;
6. Mr. Tang Yunwei, an independent non-executive Director, ceased to be an independent director of Universal Scientific Industrial (Shanghai) Co., Ltd. (a company listed on the Shanghai Stock Exchange, stock code: 601231) in April 2023;
7. Ms. Fu Xin, a non-executive Director, has served as a non-executive director of Ping An Asset Management since April 2023;
8. Mr. Fang Weihao, an executive Director and CEO, ceased to be the vice chairman of Ping An Property & Casualty Insurance since 24 May 2023, but will remain as a director;
9. Mr. Li Dou was appointed as a non-executive director of the Company on 24 August 2023.

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 2023. The Audit and Risk Management Committee has also discussed with management of the Company the accounting policies and practices and internal controls adopted by the Company. Based on the above review and discussion with management, the Audit and Risk Management Committee is satisfied that the unaudited interim financial information of the Group has been prepared in accordance with the applicable accounting standards.

Compliance with Code of Conduct Regarding Directors' Securities Transactions

The Company has adopted the Model Code 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 2023.

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 C.1.3 of the Corporate Governance Code.

Compliance with the Corporate Governance Code

The Directors confirmed that the Company had complied with all the applicable code provisions as set out in the Corporate Governance Code for the six months ended 30 June 2023, except for code provision C.2.1.

Code provision C.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. Meanwhile, based on the actual situation of the Company and taking into account Mr. FANG Weihao's professional competence and extensive experience in management, finance and especially in medical technology, vesting the roles of chairman and chief executive officer in the same person is beneficial to the implementation and execution of the Company's strategies and business. Based on the above reasons, the Board is of the opinion that the Company's management structure is better than the arrangement under the Code Provisions, which 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.

Other Information

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 2023.

Intended use of net proceeds	Allocation of net proceeds	Amount of proceeds utilized for the six months ended 30 June 2023 (HK\$ in millions)	Balance of net proceeds unutilized as of 30 June 2023	Intended timetable for use of the unutilized net proceeds
(i) Business expansion	3,425.6	397.9	1,276.2	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	78.7	1,537.9	Before 31 December 2025
(iii) Research and development	1,712.8	303.8	-	Before 31 December 2026
(iv) Working capital and general corporate purposes	856.4	-	-	N/A

Use of Net Proceeds from Placing

References are made to the announcements 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 ordinary 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 2023.

Intended use of net proceeds	Allocation of net proceeds	Amount of proceeds utilized for the six months ended 30 June 2023 (HK\$ in millions)	Balance of net proceeds unutilized as of 30 June 2023	Intended timetable for use of the unutilized net proceeds
Further developing core businesses of the Group	7,828.0	-	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 28 to 68, 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 2023 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 selected 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 2023

Interim Condensed Consolidated Income Statement

For the six months ended 30 June 2023

(All amounts expressed in RMB thousand unless otherwise stated)

	Note	Six months ended 30 June	
		2023 (unaudited)	2022 Restated (unaudited)
Revenue	7	2,222,177	2,830,955
Cost of sales	7,8	(1,506,815)	(2,079,317)
Gross profit		715,362	751,638
Selling and marketing expenses	8	(450,346)	(539,794)
Administrative expenses	8	(756,671)	(892,873)
Other income	9	55,274	140,746
Other gains - net	10	79,291	40,401
Operating loss		(357,090)	(499,882)
Finance income	11	119,285	79,860
Finance costs	11	(4,043)	(5,250)
Finance income - net	11	115,242	74,610
Share of losses of associates and joint ventures		(2,415)	(35,131)
Loss before income tax		(244,263)	(460,403)
Income tax expense	12	(604)	(3,538)
Loss for the period		(244,867)	(463,941)
Loss attributable to:			
- Owners of the Company		(244,618)	(462,455)
- Non-controlling interests		(249)	(1,486)
		(244,867)	(463,941)
Loss per share attributable to owners of the Company			
- Basic (RMB yuan)	13	(0.23)	(0.43)
- Diluted (RMB yuan)	13	(0.23)	(0.43)

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 2023

(All amounts expressed in RMB thousand unless otherwise stated)

	Six months ended 30 June		
	Note	2023 (unaudited)	2022 Restated (unaudited)
Loss for the period		(244,867)	(463,941)
Other comprehensive income			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		52,139	56,602
Other comprehensive income for the period, net of tax		52,139	56,602
Total comprehensive loss for the period		(192,728)	(407,339)
Total comprehensive loss attributable to:			
- Owners of the Company		(192,479)	(405,853)
- Non-controlling interests		(249)	(1,486)
		(192,728)	(407,339)

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 2023

(All amounts expressed in RMB thousand unless otherwise stated)

	Note	As at 30 June 2023 (unaudited)	As at 31 December 2022 Restated
ASSETS			
Non-current assets			
Goodwill	14	1,677,692	1,677,692
Right-of-use assets	15	119,629	160,030
Property, plant and equipment	16	93,456	111,468
Other intangible assets	17	57,542	74,578
Investments in associates and joint ventures	18	356,634	356,615
Financial assets at fair value through profit or loss	23	17,970	17,970
Term deposits	24(c)	995,478	2,279,986
Total non-current assets		3,318,401	4,678,339
Current assets			
Inventories	19	162,552	246,063
Trade receivables	20	994,886	1,510,336
Contract assets	7	225,618	193,191
Prepayments and other receivables	21	449,372	378,002
Financial assets at amortized cost	22	-	497,271
Financial assets at fair value through profit or loss	23	3,263,450	5,089,556
Restricted cash	24(b)	75,000	75,000
Term deposits	24(c)	3,577,402	815,733
Cash and cash equivalents	24(a)	4,595,258	3,700,689
Total current assets		13,343,538	12,505,841
Total assets		16,661,939	17,184,180
EQUITY AND LIABILITIES			
Equity			
Share capital	25	35	35
Treasury shares		(1)	(1)
Reserves	26	20,487,182	20,423,914
Accumulated losses		(7,136,194)	(6,891,576)
Total equity attributable to owners of the Company		13,351,022	13,532,372
Non-controlling interests		(1,321)	(1,072)
Total equity		13,349,701	13,531,300
Liabilities			
Non-current liabilities			
Lease liabilities	15	70,746	103,490
Trade and other payables	28	10,736	43
Provisions	29	97,107	97,107
Total non-current liabilities		178,589	200,640
Current liabilities			
Trade and other payables	28	1,991,822	2,240,073
Contract liabilities	7	1,077,620	1,139,165
Lease liabilities	15	64,207	73,002
Total current liabilities		3,133,649	3,452,240
Total liabilities		3,312,238	3,652,880
Total equity and liabilities		16,661,939	17,184,180

The interim condensed consolidated financial information and the accompanying notes starting from page 28 to page 68 are signed by:

FANG Weihao
(Director)

WU Jun
(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 2023

(All amounts expressed in RMB thousand unless otherwise stated)

	For the six months ended 30 June 2023 (unaudited)							
	Attributable to owners of the Company						Non-	Total
	Note	Share capital	Reserves	Treasury shares	Accumulated losses	Total	controlling interests	equity
As at 1 January 2023								
as originally presented		35	20,423,914	(1)	(6,964,368)	13,459,580	(1,072)	13,458,508
Change in accounting policy		-	-	-	72,792	72,792	-	72,792
As at 1 January 2023 restated		35	20,423,914	(1)	(6,891,576)	13,532,372	(1,072)	13,531,300
Loss for the period		-	-	-	(244,618)	(244,618)	(249)	(244,867)
Other comprehensive income for the period		-	52,139	-	-	52,139	-	52,139
Share-based payments	27	-	5,912	-	-	5,912	-	5,912
Exercise of share options	27	-	4,606	-	-	4,606	-	4,606
Disposal of equity interests in a joint venture		-	(1,823)	-	-	(1,823)	-	(1,823)
Share of other reserves of associates		-	2,434	-	-	2,434	-	2,434
As at 30 June 2023		35	20,487,182	(1)	(7,136,194)	13,351,022	(1,321)	13,349,701

	For the six months ended 30 June 2022 (unaudited)							
	Attributable to owners of the Company						Non-	Total
	Note	Share capital	Reserves	Treasury shares	Accumulated losses	Total	controlling interests	equity
As at 1 January 2022 as originally presented		36	20,808,040	(367,860)	(6,356,799)	14,083,417	2,463	14,085,880
Change in accounting policy		-	-	-	101,281	101,281	-	101,281
As at 1 January 2022 restated		36	20,808,040	(367,860)	(6,255,518)	14,184,698	2,463	14,187,161
Loss for the period		-	-	-	(462,455)	(462,455)	(1,486)	(463,941)
Other comprehensive income for the period		-	56,602	-	-	56,602	-	56,602
Share-based payments	27	-	45,895	-	-	45,895	-	45,895
Exercise of share options	27	-	196	-	-	196	-	196
Repurchase of shares		-	-	(226,127)	-	(226,127)	-	(226,127)
Cancellation of shares	(1)	(593,985)	593,986	-	-	-	-	-
As at 30 June 2022		35	20,316,748	(1)	(6,717,973)	13,598,809	977	13,599,786

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 2023

(All amounts expressed in RMB thousand unless otherwise stated)

	Note	Six months ended 30 June	
		2023 (unaudited)	2022 (unaudited)
Cash flows from operating activities			
Cash used in operations		(65,504)	(83,792)
Income tax paid		(1,758)	(4,727)
Net cash used in operating activities		(67,262)	(88,519)
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment and intangible assets		248	68
Payments for property, plant and equipment and intangible assets		(17,138)	(12,386)
Payments for acquisition of subsidiaries, net of cash acquired		(69,944)	-
Payments for financial assets at fair value through profit or loss		(2,754,705)	(5,943,000)
Proceeds from sales of financial assets at fair value through profit or loss		4,627,499	5,747,252
Proceeds from sales of financial assets at amortized cost		511,987	677,197
Payments for term deposits with initial term of over three months		(1,665,901)	-
Interest received from term deposits with initial term of over three months		42,119	4,144
Proceeds from term deposits with initial term of over three months		300,000	-
Proceeds from disposal of investments in a joint venture		10,388	-
Payments for investments in joint ventures		-	(1,020)
Net cash generated from investing activities		984,553	472,255
Cash flows from financing activities			
Payments for lease liabilities		(39,839)	(42,931)
Proceeds from exercise of share options		4,606	5,092
Payments for repurchase of shares		-	(226,127)
Proceeds from borrowings		10,500	-
Repayments for borrowings		(4,000)	-
Net cash used in financing activities		(28,733)	(263,966)
Net increase in cash and cash equivalents		888,558	119,770
Cash and cash equivalents at the beginning of the period	24	3,700,689	3,064,876
Effects of exchange rate changes on cash and cash equivalents		6,011	11,439
Cash and cash equivalents at the end of the period	24	4,595,258	3,196,085

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 2023

(All amounts expressed in RMB thousand unless otherwise stated)

1 General Information

Ping An Healthcare and Technology Company Limited (formerly known as “Glorious Health Limited”) (the “Company”) was incorporated in the Cayman Islands on 12 November 2014 as an exempted company with limited liability under the Companies Law (Cap. 22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of the Company’s registered office is PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

The Company’s shares have been listed on the Main Board of the Stock Exchange of Hong Kong Limited since 4 May 2018 by way of its initial public offering.

The Company is an investment holding company. The Company and its subsidiaries (together, the “Group”) are principally engaged in offering medical and health services 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 39.41% of the shareholding interest in the Company as at 30 June 2023.

2 Basis of Preparation and Material Accounting Policies

2.1 Basis of preparation

This interim condensed consolidated financial information for the six months ended 30 June 2023 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 normally included in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2022 and any public announcements made by the Group during the interim reporting period.

2.2 Material 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 2022, except for the adoption of new or amended standards and interpretations since 1 January 2023.

(a) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time to financial reporting periods commencing 1 January 2023.

IFRS 17	Insurance Contracts
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The impact of the adoption of IFRS 17 is disclosed in Note 3. The other amendments listed above did not have any impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023

(All amounts expressed in RMB thousand unless otherwise stated)

2 Basis of Preparation and Material Accounting Policies (Continued)

2.2 Material accounting policies (Continued)

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

Standards, amendments and interpretations that have been issued but not yet effective for the financial year beginning 1 January 2023 and not been early adopted by the Group as at the reporting period are as follows:

		Effective for annual periods beginning on or after
Amendments to IAS 1	Non-current liabilities with covenants	1 January 2024
Amendments to IFRS 16	Lease liability in sale and leaseback	1 January 2024

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 2023 or not been early adopted by the Group which are relevant to the Group's operation. The Group believes that the application of amendments to IFRSs, amendments to IASs and the new interpretations is unlikely to have a material impact on the Group's statement of financial position and performance as well as disclosure in the future.

3 Changes in Accounting Policy

This note explains the impact of the adoption of IFRS 17 Insurance Contracts on the Group's financial statements and also discloses the accounting policies change that have been applied from 1 January 2023, where they are different to those applied in prior periods.

3.1 Impact on the financial statements

IFRS 17 was issued and effective from 1 January 2023 as replacement for IFRS 4 Insurance Contracts, the Group had to change the accounting policy applied on measurement of Health Membership Plans which fall in the scope of IFRS4 in previous periods. Simultaneously, IFRS 17 permits an entity choose to apply IFRS 15 instead of IFRS 17 to fixed-fee service contracts that it issues if, and only if, specified conditions are met. Those contracts meet the definition of an insurance contract as well as specific conditions that the contracts do not reflect an assessment of the risk associated with an individual customer in setting the price of the contracts; the contracts compensate the customer by providing services, rather than by making cash payments to the customer; and the insurance risk transferred by the contract arises primarily from the customer's use of services rather than from uncertainty over the cost of those services. The Group reviewed the Health Membership Plans contracts and concluded that those contracts meet the conditions of scope exemption of IFRS 17, the Group chose to apply IFRS 15 to measure those contracts.

The changes in accounting policies from 1 January 2023 resulted in adjustments to the amounts recognized in the financial statements. The Group has adopted the new rules retrospectively and has restated comparatives for the 2022 financial year. In summary, the following adjustments were made to the amounts recognized in the balance sheet at the date of initial application (1 January 2023) and the beginning of the earliest period presented (1 January 2022).

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023

(All amounts expressed in RMB thousand unless otherwise stated)

3 Changes in Accounting Policy (Continued)

3.1 Impact on the financial statements (Continued)

Statement of financial position (extract)	31 December 2022 Originally presented	Changes in accounting policies	1 January 2023 Restated
Contract assets	151,079	42,112	193,191
Total assets	17,142,068	42,112	17,184,180
Trade and other payables	2,349,458	(109,385)	2,240,073
Contract liabilities	1,060,460	78,705	1,139,165
Total liabilities	3,683,560	(30,680)	3,652,880
Accumulated losses	(6,964,368)	72,792	(6,891,576)
Total equity	13,458,508	72,792	13,531,300

Income statement for the six months ended 30 June 2022 (extract)	Originally presented	Changes in accounting policies	Restated
Revenue	2,827,911	3,044	2,830,955
Cost of sales	(2,054,488)	(24,829)	(2,079,317)
Gross profit	773,423	(21,785)	751,638
Selling and marketing expenses	(523,477)	(16,317)	(539,794)
Operating loss	(461,780)	(38,102)	(499,882)
Loss before income tax	(422,301)	(38,102)	(460,403)
Loss for the period	(425,839)	(38,102)	(463,941)
Loss attributable to:			
- Owners of the Company	(424,353)	(38,102)	(462,455)
- Non-controlling interests	(1,486)	-	(1,486)
	(425,839)	(38,102)	(463,941)
Loss per share attributable to owners of the Company			
- Basic (RMB yuan)	(0.39)	(0.04)	(0.43)
- Diluted (RMB yuan)	(0.39)	(0.04)	(0.43)
Total comprehensive loss for the period	(369,237)	(38,102)	(407,339)
Total comprehensive loss attributable to:			
- Owners of the Company	(367,751)	(38,102)	(405,853)
- Non-controlling interests	(1,486)	-	(1,486)
	(369,237)	(38,102)	(407,339)

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023

(All amounts expressed in RMB thousand unless otherwise stated)

3 Changes in Accounting Policy (Continued)

3.1 Impact on the financial statements (Continued)

The total impact on the Group's accumulated losses as at 1 January 2023 and 1 January 2022 is as follows:

Closing accumulated losses as at 31 December 2022	(6,964,368)
Recognition of contract assets to fulfil a contract	42,112
Recognition of contract liabilities for revenue	(78,705)
Restatement of trade and other payables	109,385
Adjustment to accumulated losses from changes in accounting policies	72,792
Opening accumulated losses as at 1 January 2023	(6,891,576)
Closing accumulated losses as at 31 December 2021	(6,356,799)
Recognition of contract assets to fulfil a contract	59,468
Recognition of contract liabilities for revenue	(132,353)
Restatement of trade and other payables	174,166
Adjustment to accumulated losses from changes in accounting policies	101,281
Opening accumulated losses as at 1 January 2022	(6,255,518)

3.2 Summary of accounting policies applied

The Group launched Health Membership Plan, which mainly include "Health Guard 360" plans, "Enterprise Customized Membership" and other similar health plans. Health Membership Plans are sold at standard pricing and usually can be used in one year after activation. The services include medical services such as hospital appointment and inpatient arrangement at hospitals, domestic and overseas second opinion services, and follow-up visit arrangements, and certain services will be fulfilled when the insurable event occurs.

For Health Membership Plan contracts that contain more than one service, the Group identified each service as a separate performance obligation. The Group assesses whether it acts as a principal or agent for each performance obligation and allocates the transaction price to each performance obligation on a relative stand-alone selling price basis of each service. If the stand-alone selling prices are not directly observable, they are estimated based on expected cost plus a margin or adjusted market assessment approach, depending on the availability of observable information.

For the performance obligations which provide standby services on a when-and-if-available basis to customers, revenue is recognized over the period of validity. For the performance obligations contain limited service, revenue is recognized when services are rendered.

Provisions are recognized when it is probable that an outflow of resources will be required to settle the obligation under a contract after specific trigger event happened. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023

(All amounts expressed in RMB thousand unless otherwise stated)

3 Changes in Accounting Policy (Continued)

3.2 Summary of accounting policies applied (Continued)

Incremental costs incurred to obtain a contract, if recoverable, are capitalised and presented as contract related assets and subsequently amortized when the related revenue is recognized.

If a customer pays consideration or the Group has a right to an amount of consideration that is unconditional, before the Group transfers a good or service to the customer, the Group presents the contract as a contract liability when the payment is made or the receivable is recorded, whichever is earlier.

4 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 2022, except for the policy changes disclosed in Note 3.

5 Management of Financial Risk

5.1 Financial risk factors

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

The interim condensed consolidated financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2022.

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 2023

(All amounts expressed in RMB thousand unless otherwise stated)

5 Management of Financial Risk (Continued)

5.2 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 analyzes 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 2023					Total
	On demand	Within 1 year	1 to 5 years	Over 5 years	Undated	
Liabilities:						
Lease liabilities	-	69,301	74,254	495	-	144,050
Trade and other payables	-	1,439,689	11,996	-	49	1,451,734
	-	1,508,990	86,250	495	49	1,595,784

	As at 31 December 2022 Restated					Total
	On demand	Within 1 year	1 to 5 years	Over 5 years	Undated	
Liabilities:						
Lease liabilities	-	74,857	111,797	-	-	186,654
Trade and other payables	-	1,580,172	-	-	43	1,580,215
	-	1,655,029	111,797	-	43	1,766,869

5.3 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 2023

(All amounts expressed in RMB thousand unless otherwise stated)

5 Management of Financial Risk (Continued)

5.3 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, analyze and interpret information related to market transactions and other key valuation model inputs from multiple sources, and through the use of widely accepted internal valuation models, provide a theoretical quote on various securities.

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

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

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023

(All amounts expressed in RMB thousand unless otherwise stated)

5 Management of Financial Risk (Continued)

5.3 Fair value estimation (Continued)

Determination of fair value and fair value hierarchy (Continued)

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

	As at 30 June 2023			Total
	Level 1	Level 2	Level 3	
Assets measured at fair value				
Financial assets at fair value through profit or loss	-	2,803,501	477,919	3,281,420

	As at 31 December 2022			Total
	Level 1	Level 2	Level 3	
Assets measured at fair value				
Financial assets at fair value through profit or loss	-	3,987,955	1,119,571	5,107,526

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 2023

(All amounts expressed in RMB thousand unless otherwise stated)

6 Scope of Consolidation

Particulars of the subsidiaries and entities in the scope of consolidation of the Group at 30 June 2023 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 2023	31 December 2022		
Directly owned:						
Glorious Delight Limited	Hong Kong/ 14 November 2014	USD931,574,773	100%	100%	Investment Holding/ Hong Kong	
Le An Xin (PTC) Limited ("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	HKD1 USD21,000,000	100%	100%	Investment Holding/ Hong Kong	
Indirectly owned:						
Scientia Smart Health Technologies Limited	Cayman Islands/ 18 May 2022	USD280	100%	100%	Investment Holding/ Cayman Islands	
Scientia Smart Health Technologies (BVI) Limited	BVI/ 25 May 2022	USD0	100%	100%	Investment Holding/ BVI	
Scientia Smart Health Technologies (HK) Limited	Hong Kong/ 30 May 2022	HKD0	100%	100%	Investment Holding/ Hong Kong	
Shenzhen Ping An Intelligent Medical Technology Co., Ltd.	the PRC/ 27 July 2022	RMB0	100%	100%	Technology Service/ the PRC	
Kang Jian Information Technology (Shenzhen) Co., Ltd ("Kang Jian")	the PRC/ 13 February 2015	USD1,430,921,643	100%	100%	Investment Holding/ the PRC	
Jiangsu Zhongyikang Pharmaceutical Company Limited	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	
Shanghai Kangrong Pharmacy Co., Ltd.	the PRC/ 21 May 2019	RMB10,000,000	100%	100%	Medicine Marketing/ the PRC	
Hefei Yunshantang Nuoke Pharmacy Co., Ltd.	the PRC/ 4 November 2021	RMB1,260,000	100%	100%	Medicine Marketing/ the PRC	
Hefei Yunshantang Nuorui Pharmacy Co., Ltd.	the PRC/ 4 November 2021	RMB1,210,000	100%	100%	Medicine Marketing/ the PRC	
Hefei Yunshantang Pharmacy Co., Ltd.	the PRC/ 25 April 2022	RMB1,210,000	100%	100%	Medicine Marketing/ the PRC	

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023

(All amounts expressed in RMB thousand unless otherwise stated)

6 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 2023	31 December 2022		
Controlled by the Company pursuant to the Contractual Agreements:						
Ping An Health Cloud Company Limited ("PAHC")	the PRC/ 20 August 2014	RMB350,000,000	100%	100%	Development and operation of apps/ the PRC	
Jiangxi Pingan Health 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	
Qingdao Ping An Kangjian Internet Hospital Co., Ltd.	the PRC/ 24 April 2017	RMB10,000,000	100%	100%	Internet Hospital/ the PRC	
Hefei Ping An Kangjian Internet Hospital Company Limited	the PRC/ 21 September 2017	RMB6,450,000	100%	100%	Internet Hospital/ the PRC	
Jiangsu Nabaite Pharmacy Company Limited	the PRC/ 11 October 2017	RMB10,000,000	100%	100%	Medicine Marketing/ the PRC	
Yinchuan Pingan Kangjian Internet Hospital Company Limited	the PRC/ 12 March 2018	RMB5,500,000	100%	100%	Internet Hospital/ the PRC	
Pingan Wanjia Healthcare Management Company Limited	the PRC/ 4 July 2016	RMB400,000,000	100%	100%	Technology Development/ the PRC	(i)
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 TCM Outpatient Department Co., Ltd.	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	
Guangzhou Jifan Biotechnology Company Limited	the PRC/ 23 July 2015	RMB100,000	100%	100%	Medicine Marketing/ the PRC	
Hainan Ping An Healthcare and Technology Company Limited	the PRC/ 15 October 2019	RMB5,110,000	100%	100%	Technology Development/ the PRC	
Hebei Nabaite Pharmacy Company Limited	the PRC/ 28 December 2019	RMB4,200,000	100%	100%	Medicine Marketing/ the PRC	
Pingan Yingjian Medical Management (Shanghai) Limited ("Pingan Yingjian")	the PRC/ 24 April 2015	RMB35,000,000	50%	50%	Medical Service/ the PRC	

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023

(All amounts expressed in RMB thousand unless otherwise stated)

6 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 2023	31 December 2022		
Controlled by the Company pursuant to the Contractual Agreements(Continued):						
Shanghai Yingjian Clinics Co., Ltd	the PRC/ 12 December 2016	RMB1,000,000	50%	50%	Clinic/the PRC	
Fuzhou Kangjian Medical Technology Company Limited	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	RMB3,440,000	51%	51%	Internet Hospital/the PRC	
Chengdu Ping An Kangjian Internet Hospital Management Company Limited	the PRC/ 14 January 2020	RMB50,000,000	100%	100%	Internet Hospital/the PRC	
Shanghai Pingan Good Doctor No.8 Internet Hospital Company Limited	the PRC/ 11 June 2020	RMB18,400,000	100%	100%	Internet Hospital/the PRC	
Tianjin Pingan Kangjian Internet Hospital Co., Ltd.	the PRC/ 27 September 2020	RMB831,000	100%	100%	Internet Hospital/the PRC	
Guangzhou Kangjian Internet Hospital Co., Ltd.	the PRC/ 2 December 2020	RMB0	100%	100%	Internet Hospital/the PRC	
Ping An Health (Jiangsu) Internet Co., Ltd.	the PRC/ 17 November 2020	RMB30,000,000	100%	100%	Technology Development/the PRC	
Ping An Yingxiang (Jiaxing) Software Co., Ltd.	the PRC/ 22 March 2011	RMB650,480	100%	100%	Technology Development/the PRC	
Shanghai Mengchong Information Technology Co., Ltd.	the PRC/ 21 October 2021	RMB80,000,000	100%	100%	Technology Development/the PRC	
Pingan Good Doctor Nanjing Medical Technology Company Limited	the PRC/ 20 May 2020	RMB1,850,000	-	100%	Technology Development/the PRC	(ii)

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

Notes:

(i) Pingan Wanjia Healthcare Management Company Limited was formerly named as Pingan Wanjia Healthcare Investment Management Company Limited.

(ii) Pingan Good Doctor Nanjing Medical Technology Company Limited was wholly-owned subsidiary of PAHC and was liquidated on 13 January 2023.

(iii) Structured entities

On 15 May 2023, the Group redeemed the principal from Ping An Huitong Jinyu No.22 Assets Management Plan. As at 30 June 2023, no structured entity was controlled by the Group.

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023

(All amounts expressed in RMB thousand unless otherwise stated)

7 Revenue and Segment Information

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 services
- Health services

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.

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

For the period ended of 30 June 2023

	Medical services	Health services	Total
Revenue from customers	1,033,533	1,188,644	2,222,177
Cost of sales	(590,176)	(916,639)	(1,506,815)
Gross Profit	443,357	272,005	715,362

For the period ended of 30 June 2022

	Medical services	Health services	Total
Revenue from customers	1,134,706	1,696,249	2,830,955
Cost of sales	(714,572)	(1,364,745)	(2,079,317)
Gross Profit	420,134	331,504	751,638

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 2023 and 31 December 2022, 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 2023

(All amounts expressed in RMB thousand unless otherwise stated)

7 Revenue and Segment Information (Continued)

(a) Disaggregation of revenue from contracts with customers

For the period ended of 30 June 2023

	Medical services	Health services	Total
By nature			
Services and Sales of goods	957,160	1,165,295	2,122,455
Commission income	76,373	23,349	99,722
	1,033,533	1,188,644	2,222,177
Timing of revenue recognition			
At a point in time	721,908	1,166,898	1,888,806
Overtime	311,625	21,746	333,371
	1,033,533	1,188,644	2,222,177

For the period ended of 30 June 2022

	Medical services	Health services	Total
By nature			
Services and Sales of goods	1,108,386	1,667,279	2,775,665
Commission income	26,320	28,970	55,290
	1,134,706	1,696,249	2,830,955
Timing of revenue recognition			
At a point in time	870,247	1,668,495	2,538,742
Overtime	264,459	27,754	292,213
	1,134,706	1,696,249	2,830,955

(b) Contract related assets and liabilities

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

	As at 30 June 2023	As at 31 December 2022
Contract assets		
Medical services	113,556	116,323
Health services	112,062	76,868
	225,618	193,191
Contract liabilities		
Medical services	436,756	562,062
Health services	640,864	577,103
	1,077,620	1,139,165

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023

(All amounts expressed in RMB thousand unless otherwise stated)

8 Expenses by Nature

	For the six months ended 30 June	
	2023	2022
Cost of merchandise	744,261	1,595,004
Employee benefit expenses	707,402	802,082
Cost for service fee paid to vendors	659,694	392,865
Commission expenses	264,722	236,661
Consulting expenses	84,847	84,544
Depreciation of right-of-use assets	35,203	51,476
Depreciation of property, plant and equipment	31,634	34,169
Travelling, entertainment and general office expenses	30,045	21,085
Advertising and promotion expenses	26,956	175,332
Postage and communication expenses	25,891	20,127
Labour outsourcing expenses	22,534	10,612
Amortization of other intangible assets	18,289	18,573
Settlement expenses	7,667	19,943
Tax and surcharges	6,463	19,031
Leasing expenses	5,551	4,927
Remuneration of the auditors	2,250	1,875
Others	40,423	23,678
	2,713,832	3,511,984

9 Other Income

	For the six months ended 30 June	
	2023	2022
Government grants	29,983	54,103
Investment income on short-term investments placed with banks	13,214	21,210
Interest on financial assets at amortized cost	12,077	65,433
	55,274	140,746

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023

(All amounts expressed in RMB thousand unless otherwise stated)

10 Other Gains - Net

	For the six months ended 30 June	
	2023	2022
Net fair value gains on financial assets at fair value through profit or loss	56,148	51,626
Net gains on disposals of a joint venture	12,211	-
Impairment reversal/(provision) for financial assets	5,272	(21,331)
Net foreign exchange (losses)/gains	(1,899)	9,673
Others	7,559	433
	79,291	40,401

11 Finance Income - Net

	For the six months ended 30 June	
	2023	2022
Finance income		
Interest income	119,285	79,860
Finance costs		
Interest expenses on lease liabilities	(3,798)	(5,250)
Interest expenses on borrowings	(245)	-
	115,242	74,610

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023

(All amounts expressed in RMB thousand unless otherwise stated)

12 Income Tax Expense

The income tax expense of the Group for the period ended 30 June 2023 is analyzed as follows:

	For the six months ended 30 June	
	2023	2022
Current income tax	604	3,538

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	
	2023	2022
Loss before income tax	(244,263)	(460,403)
Tax calculated at PRC statutory income tax rate of 25%	(61,066)	(115,101)
Tax effects of		
- Differential income tax rates applicable to subsidiaries (Note a)(Note b)	(10,924)	(3,503)
- Tax losses and temporary differences for which no deferred income tax asset was recognized	23,433	87,945
- Expense not deductible for tax purposes	52,253	37,451
- PRC withholding income tax	999	2,621
- Previously unrecognized tax losses now recouped to reduce current tax expense	(1,420)	(1,350)
- Super deduction for research and development expenses	(2,671)	(4,525)
Income tax expense	604	3,538

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023

(All amounts expressed in RMB thousand unless otherwise stated)

12 Income Tax Expense (Continued)

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 2023 and 30 June 2022.

(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 loans 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 2023 (as at 31 December 2022: nil).

13 Loss Per Share

- (a) Basic loss per share for the six months ended 30 June 2023 and 2022 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	
	2023	2022
Loss attributable to owners of the Company for the period	(244,618)	(462,455)
Weighted average number of ordinary shares in issue ('000)	1,079,651	1,083,198
Basic loss per share (RMB yuan)	(0.23)	(0.43)

- (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 2023 and 2022, 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 2023 and 2022 are same as basic loss per share of respective periods.

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023

(All amounts expressed in RMB thousand unless otherwise stated)

14 Goodwill

	As at 1 January 2023 and 30 June 2023
Ping An Wanjia Healthcare Management Co., Ltd.	961,644
Smart Health Business (Note a)	707,284
Jiangxi Pingan Health Pharmacy Company Limited	5,119
Pingan Yingjian	3,166
Shanghai Mengchong Information Technology Co., Ltd.	479
Total	1,677,692
Less: impairment losses	-
Net book value	1,677,692

- (a) Goodwill of Smart Health Business arising from the acquisition of 100% equity interests in Scientia Smart Health Technologies Limited ("Scientia Smart Health") and Ping An Yingxiang (Jiaxing) Software Co., Ltd. ("Ping An Yingxiang") on 7 November 2022 amounted to RMB707,284 thousand. As at 31 December 2022, goodwill was attributable to Smart Health Business as a whole as a CGU of the Group.

After a period of independent operations, management of the Group decided to reorganize the business structure of Scientia Smart Health and Ping An Yingxiang, and this resulted in a change of organizational structure where the entire Smart Health Business was integrated with the medical services segment of the Group in order to realize the synergy of economies of scale. This reorganization changed the composition of CGU where the goodwill was allocated.

Because the previous CGU of Smart Health Business cannot be non-arbitrarily identified, the goodwill was reallocated to the smallest CGU named medical related CGU, which is under medical services segment.

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023
(All amounts expressed in RMB thousand unless otherwise stated)

15 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 2023	As at 31 December 2022
Right-of-use assets		
Properties	119,629	160,030
Lease liabilities		
Current	64,207	73,002
Non-current	70,746	103,490
	134,953	176,492

Additions to the cost of right-of-use assets during the six months ended 30 June 2023 were RMB12,178 thousand (during the six months ended 30 June 2022: RMB69,278 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 2023	2022
Depreciation of right-of-use assets		
Properties	(35,203)	(51,476)
Finance costs	(3,798)	(5,250)

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023

(All amounts expressed in RMB thousand unless otherwise stated)

16 Property, Plant and Equipment

	Office and telecommunication equipment	Leasehold improvements	Total
As at 1 January 2023			
Cost	321,970	124,812	446,782
Accumulated depreciation	(249,903)	(85,411)	(335,314)
Net book amount	72,067	39,401	111,468
Six months ended 30 June 2023			
Opening net book amount	72,067	39,401	111,468
Additions	7,702	7,738	15,440
Disposal	(1,818)	-	(1,818)
Depreciation charge	(20,684)	(10,950)	(31,634)
Closing net book amount	57,267	36,189	93,456
As at 30 June 2023			
Cost	327,223	132,550	459,773
Accumulated depreciation	(269,956)	(96,361)	(366,317)
Net book amount	57,267	36,189	93,456
As at 1 January 2022			
Cost	313,631	98,620	412,251
Accumulated depreciation	(206,906)	(65,315)	(272,221)
Net book amount	106,725	33,305	140,030
Six months ended 30 June 2022			
Opening net book amount	106,725	33,305	140,030
Additions	3,557	22,445	26,002
Disposal	(68)	-	(68)
Depreciation charge	(22,621)	(11,548)	(34,169)
Closing net book amount	87,593	44,202	131,795
As at 30 June 2022			
Cost	317,112	121,065	438,177
Accumulated depreciation	(229,519)	(76,863)	(306,382)
Net book amount	87,593	44,202	131,795

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023

(All amounts expressed in RMB thousand unless otherwise stated)

17 Other Intangible Assets

	Software	Licences	Total
As at 1 January 2023			
Cost	146,868	64,437	211,305
Accumulated amortisation	(83,539)	(33,619)	(117,158)
Accumulated impairment	-	(19,569)	(19,569)
Net book amount	63,329	11,249	74,578
Six months ended 30 June 2023			
Opening net book amount	63,329	11,249	74,578
Additions	1,253	-	1,253
Amortisation	(14,032)	(4,257)	(18,289)
Closing net book amount	50,550	6,992	57,542
As at 30 June 2023			
Cost	148,121	64,437	212,558
Accumulated amortisation	(97,571)	(37,876)	(135,447)
Accumulated impairment	-	(19,569)	(19,569)
Net book amount	50,550	6,992	57,542
As at 1 January 2022			
Cost	141,526	64,437	205,963
Accumulated amortisation	(56,162)	(24,645)	(80,807)
Accumulated impairment	-	(19,569)	(19,569)
Net book amount	85,364	20,223	105,587
Six months ended 30 June 2022			
Opening net book amount	85,364	20,223	105,587
Additions	3,904	-	3,904
Amortisation	(14,086)	(4,487)	(18,573)
Closing net book amount	75,182	15,736	90,918
As at 30 June 2022			
Cost	145,430	64,437	209,867
Accumulated amortisation	(70,248)	(29,132)	(99,380)
Accumulated impairment	-	(19,569)	(19,569)
Net book amount	75,182	15,736	90,918

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023

(All amounts expressed in RMB thousand unless otherwise stated)

18 Investments in Associates and Joint Ventures

	As at 30 June 2023	As at 31 December 2022
Investments in associates (a)	356,634	355,595
Investments in joint ventures (b)	-	1,020
	356,634	356,615

(a) Investments in associates

	For the six months ended 30 June	
	2023	2022
At the beginning of the period	355,595	385,415
Share of losses in associates	(1,395)	(3,043)
Share of other reserves of associates	2,434	-
At the end of the period	356,634	382,372

(i) As at 30 June 2023, the Group made an aggregate impairment provision of approximately RMB23,665 thousand (as at 31 December 2022: RMB23,665 thousand).

(b) Investments in joint ventures

	For the six months ended 30 June	
	2023	2022
At the beginning of the period	1,020	160,204
Addition	-	1,020
Disposal (Note i)	-	-
Share of losses of joint ventures	(1,020)	(32,088)
Share of other comprehensive loss of joint ventures	-	(11,680)
At the end of the period	-	117,456

(i) On 7 March 2023, the Group entered into a share repurchase agreement with Good Doctor Technology Limited ("Good Doctor Technology") to sell all of its equity interest in Good Doctor Technology at the consideration of USD1,500 thousand. Upon the completion of the transaction, the Group no longer holds any equity interest in Good Doctor Technology.

19 Inventories

	As at 30 June 2023	As at 31 December 2022
Inventories in warehouse	118,778	133,820
Inventories stored in third parties	32,504	26,467
Goods in transit	17,327	91,381
Less: impairment provision	(6,057)	(5,605)
	162,552	246,063

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023
(All amounts expressed in RMB thousand unless otherwise stated)

20 Trade Receivables

	As at 30 June 2023	As at 31 December 2022
Medical services	611,935	725,990
Health services	477,776	921,506
	1,089,711	1,647,496
Less: loss allowance	(94,825)	(137,160)
	994,886	1,510,336

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

	As at 30 June 2023	As at 31 December 2022
Up to 3 months	738,033	1,051,371
3 to 6 months	155,402	246,290
6 months to 1 year	54,467	144,187
1 to 2 years	88,289	128,579
More than 2 years	53,520	77,069
	1,089,711	1,647,496
Less: loss allowance	(94,825)	(137,160)
	994,886	1,510,336

As at 30 June 2023, approximately 16% 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.

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023

(All amounts expressed in RMB thousand unless otherwise stated)

21 Prepayments and Other Receivables

	As at 30 June 2023	As at 31 December 2022
Included in current assets		
Advance payments	239,560	201,348
Recoverable value-added tax	94,632	95,681
Deposits in security	76,487	33,293
Amounts due from related parties (Note a)	12,097	11,925
Others	26,596	35,755
	449,372	378,002

Notes:

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

(b) As at 30 June 2023, the carrying amounts of deposits and other assets (excludes advance payments and recoverable value-added tax), were approximate to their fair values. Deposits and other assets were neither past due nor impaired. Their recoverability was assessed with reference to the credit status of the counterparties and credit history.

22 Financial Assets at Amortized Cost

	As at 30 June 2023	As at 31 December 2022
Included in current assets		
Debt schemes	-	500,392
Less: provision for impairment losses	-	(3,121)
	-	497,271

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023

(All amounts expressed in RMB thousand unless otherwise stated)

23 Financial Assets at Fair Value through Profit or Loss

	As at 30 June 2023	As at 31 December 2022
Included in current assets		
Wealth management products	3,220,468	4,289,168
Investment funds	42,982	800,388
	3,263,450	5,089,556
Included in non-current assets		
Equity investments in unlisted companies	17,970	17,970

24 Cash and Cash Equivalents, Restricted Cash and Term Deposits

(a) Cash and cash equivalents

	As at 30 June 2023	As at 31 December 2022
Cash	35	82
Cash at bank	4,521,864	3,339,280
Short-term bank deposits with initial term within three months	-	300,370
Other cash equivalents	73,359	60,957
	4,595,258	3,700,689

Cash and cash equivalents are denominated in the following currencies:

	As at 30 June 2023	As at 31 December 2022
RMB	4,508,821	3,524,949
USD	59,807	152,723
HKD	26,630	23,016
JPY	-	1
	4,595,258	3,700,689

(b) Restricted cash

As at 30 June 2023, restricted deposits held at banks amounted to RMB75,000 thousand, of which RMB70,000 thousand is legally frozen due to litigation (Note 29).

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023

(All amounts expressed in RMB thousand unless otherwise stated)

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

(c) Term deposits

	As at 30 June 2023	As at 31 December 2022
Term deposits with initial term of over three months that will mature within one year	3,397,533	773,593
Term deposits with initial term of over three months that will mature over one year	979,678	2,167,698
Interest receivable	198,133	155,999
Less: loss allowance of term deposits	(2,464)	(1,571)
	4,572,880	3,095,719

Term deposits are denominated in the following currencies:

	As at 30 June 2023	As at 31 December 2022
RMB	3,260,248	2,616,978
USD	1,315,096	480,312
	4,575,344	3,097,290

The weighted average effective interest rate of the term deposits of the Group as at 30 June 2023 is 4.13% (as at 31 December 2022: 3.63%).

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023

(All amounts expressed in RMB thousand unless otherwise stated)

25 Share Capital

	Number of shares	USD
Authorised		
Ordinary shares of USD0.000005 each at 1 January 2023 and 30 June 2023	10,000,000,000	50,000

	Number of shares	USD	Equivalent to RMB yuan
Issued			
Ordinary shares of USD0.000005 each at 1 January 2023 and 30 June 2023	1,118,812,900	5,594	35,067

26 Reserves

	As at 30 June 2023	As at 31 December 2022
Other reserves		
- share-based payments - value of employee services	222,929	274,602
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	284,900	227,315
- proceeds from exercise of share options	394,971	390,365
Exchange differences on translation of foreign operations	165,769	115,453
Cancellation of shares	(593,985)	(593,985)
Other	576	(1,858)
	20,487,182	20,423,914

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 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

For the six months ended 30 June 2023

(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 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 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 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 needs 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	
	2023	2022
At the beginning of the period	26,260,813	17,889,932
Granted	-	3,709,200
Exercised (Note a)	(746,745)	(266,632)
Forfeited	(6,612,290)	(431,531)
At the end of the period	18,901,778	20,900,969

Notes:

(a) During the six months ended 30 June 2023, 746,745 ordinary shares were exercised (six months ended 30 June 2022: 266,632 ordinary shares) at the total consideration of approximately RMB4,606 thousand (six months ended 30 June 2022: RMB196 thousand). The exercise prices range from RMB0 each to RMB23.5 each.

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023

(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 2023	As at 31 December 2022
2014	2024	0.50	499,352	501,352
2015	2025	0.50-0.75	1,674,422	1,713,798
2016	2026	5.00	198,400	236,300
2017	2027	23.50-32.00	3,489,051	9,629,742
2019	2029	0-30.95	1,497,483	1,644,469
2020	2030	0	1,134,461	1,749,728
2021	2031	0	1,030,736	1,260,371
2022	2032	0	9,377,873	9,525,053
			18,901,778	26,260,813

Before the Listing, the Company 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 shares. Key assumptions, such as discount rate and projections of future performance, were required to be determined by the Company with best estimate. Based on fair value of the underlying ordinary shares, the Company used Binomial option-pricing model to determine the fair value of the share options on 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 2023, the Group recorded share-based payments of approximately RMB5,912 thousand (six months ended 30 June 2022: RMB45,895 thousand) related to the Share Option Plan.

The average remaining contractual life of share options outstanding as at 30 June 2023 and 31 December 2022 is 6.8 years and 6.7 years respectively.

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023

(All amounts expressed in RMB thousand unless otherwise stated)

28 Trade and Other Payables

	As at 30 June 2023	As at 31 December 2022
Included in current liabilities		
Trade payables (Note a)	589,046	675,505
Wages payables	446,645	507,549
Accrued expenses	366,404	473,332
Amounts due to suppliers	202,689	130,962
Tax payables	105,488	152,352
Agent business related payables	83,654	63,319
Amounts due to related parties	66,422	44,953
Consideration payable for acquisition of subsidiaries	-	67,462
Others	131,474	124,639
	1,991,822	2,240,073
Included in non-current liabilities		
Amounts due to related parties (Note b)	10,736	43

(a) Aging analysis of trade payables based on recorded date is as follows:

	As at 30 June 2023	As at 31 December 2022
Up to 3 months	313,840	589,324
3 to 6 months	114,958	49,713
6 months to 1 year	86,055	17,635
1 to 2 years	57,326	12,173
More than 2 years	16,867	6,660
	589,046	675,505

(b) As at 30 June 2023, Pingan Yingjian, a subsidiary of the Group, has a long-term borrowing of RMB 10,500 thousand with original duration of 36 months from its shareholder Yingjian Enterprise Management Consulting (Shanghai) Co., Ltd. ("Yingjian Enterprise Management Consulting"), which is unsecured and bears interest rate of 4.75%.

29 Provisions

	As at 30 June 2023	As at 31 December 2022
Provision for litigations (Note a)	97,107	97,107

(a) As at 30 June 2023, the Group was the defendant in certain outstanding litigations. Combining with fact and the progress, as well as the opinions of the internal and external legal counsels, the Group recognized the estimated losses from such litigations and disputes as provisions. The Group believes that the provisions are reasonable and sufficient. The above cases are still under trial and the Group considers that the disclosure of case details will have an uncertain impact on the outstanding cases, and therefore has not disclosed the case details. Although the above provision was made, it does not represent the recognition of losses by the Group. The Group will spare no effort to maintain the overall interests of the company and shareholders.

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023

(All amounts expressed in RMB thousand unless otherwise stated)

30 Dividends

No dividends have been paid or declared by the Company during the six months ended 30 June 2023 (six months ended 30 June 2022: nil).

31 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 Insurance")	Controlled by Ping An
Ping An Health Insurance Company of China, Ltd. ("Ping An Health Insurance")	Controlled by Ping An
Ping An Property & Casualty Insurance Company of China, Ltd. ("Ping An Property & Casualty Insurance")	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 Insurance")	Controlled by Ping An
Ping An Securities Co., Ltd. ("Ping An Securities")	Controlled by Ping An
Shenzhen Ping An Financial Services Co., Ltd. ("Ping An 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. ("Shanghai An Yi Tong")	Controlled by Ping An
Ping An Yi Qian Bao Electronic Commerce Co., Ltd. ("Ping An Yiqianbao")	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

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(All amounts expressed in RMB thousand unless otherwise stated)

31 Related Party Transactions (Continued)

(a) Names of and relationships with related parties (Continued)

Name of related parties	Relationship with the Company
Shenzhen Ping An Properties Investment Co., Ltd. (“Ping An Properties”)	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 Co. Ltd (“Ping An Wealth Management”)	Controlled by Ping An
Ping An Financial Technology Consulting Co., Ltd. (“Ping An Financial Tech”)	Controlled by Ping An
Ping An Haoyi (Wuhan) Comprehensive Outpatient Department Co., Ltd. (“Ping An Haoyi Wuhan”)	Controlled by Ping An
Hefei Ping’an Haoyi Comprehensive Outpatient Department Co., Ltd. (“Hefei Haoyi”)	Controlled by Ping An
Chongqing Pingan Haoyi Jingwei Comprehensive Outpatient Service Co., Ltd. (“Chongqing Haoyi”)	Controlled by Ping An
Nanchang Ping’an Haoyi Health Examination Center Co., Ltd. (“Nanchang Haoyi”)	Controlled by Ping An
Shanghai Ping An Haoyi Chuangzhi Outpatient Department Co., Ltd. (“Shanghai Haoyi”)	Controlled by Ping An
Guangzhou Pingan Haoyi Health Examination Center Co., Ltd. (“Guangzhou Haoyi”)	Controlled by Ping An
Xiamen Ping An Haoyi Outpatient Department Co., Ltd. (“Xiamen Haoyi”)	Controlled by Ping An
Shenyang Heping Ping An Haoyi Comprehensive Outpatient Department Co., Ltd. (“Shenyang Haoyi”)	Controlled by Ping An
Ping An Medical Technology Co., Ltd. (“Ping An Medical Technology”)	Controlled by Ping An
Ping An Haoyi (Qingdao) Comprehensive Outpatient Department Co., Ltd. (“Haoyi (Qingdao)”)	Controlled by Ping An
Ping An Haoyi Investment Management Co., Ltd. (“Ping An HaoYi”)	Controlled by Ping An
Xi’an Ruichen Culture Communication Co., Ltd. (“Xi’an Ruichen”)	Controlled by Ping An
Ping An Haoyi Xiangyang Comprehensive Outpatient Department Co., Ltd. (“Haoyi Xiangyang”)	Controlled by Ping An
Shanghai Geying Enterprise Management Co., Ltd. (“Shanghai Geying”)	Controlled by Ping An
Beijing Jinkun Lize Real Estate Co., Ltd. (“Beijing Jinkun Lize”)	Controlled by Ping An
Yingjian Enterprise Management Consulting	Shareholder of the subsidiary of the Group

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For the six months ended 30 June 2023

(All amounts expressed in RMB thousand unless otherwise stated)

31 Related Party Transactions (Continued)

(b) Significant transactions with related parties

	For the six months ended 30 June	
	2023	2022
Trademark licensing		
Ping An	-	-
Provision of products and services (Note i)		
Ping An Property & Casualty Insurance	206,809	79,168
Ping An Life Insurance	186,782	199,856
Ping An Bank	92,120	70,278
Ping An Health Insurance	40,348	51,126
Shanghai An Yi Tong	24,265	48,053
Ping An Annuity Insurance	11,409	11,373
Ping An Pay Tech	10,720	29
Ping An Financial Leasing	4,998	251
Ping An Yiqianbao	4,778	16,573
Shenzhen Wanlitong	4,385	155
Ping An Securities	3,209	2,043
Ping An Financial Services	2,710	4,788
Ping An Technology	1,655	813
Ping An Fund	1,591	5,460
Services purchasing		
Ping An Pay Tech	48,065	6,163
Ping An Bank	30,316	44,625
Ping An Communication Technology	29,042	29,493
Ping An Health Insurance	28,941	-
Ping An Property & Casualty Insurance	27,046	361
Ping An Technology	14,668	20,041
Shenzhen Wanlitong	13,171	26,522
Ping An Financial Services	11,993	10,491
Chongqing Haoyi	8,740	-
Hefei Haoyi	8,049	-
Xiamen Haoyi	7,713	-
Ping An Haoyi (Wuhan)	7,024	-
Guangzhou Haoyi	4,822	-
Shenyang Haoyi	4,188	-
Haoyi (Qingdao)	4,186	-
Nanchang Haoyi	3,484	-
Ping An	3,255	4,283
Xi'an Ruichen	2,871	-
Shanghai An Yi Tong	2,350	564
Shanghai Haoyi	1,723	14
Ping An Medical Technology	1,382	-
Haoyi Xiangyang	1,020	-

(i) Provision of products and services reflects the revenue has been recognized from related parties. The corresponding items for comparative period was restated.

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For the six months ended 30 June 2023

(All amounts expressed in RMB thousand unless otherwise stated)

31 Related Party Transactions (Continued)

(b) Significant transactions with related parties (Continued)

	For the six months ended 30 June	
	2023	2022
Deposit interests		
Ping An Bank	25,981	21,040
Investment income		
Ping An Asset Management	26,406	24,431
Ping An Properties	12,077	62,848
Ping An Bank	8,528	13,642
Property leasing expenses paid		
Zean Investment	12,146	12,826
Shanghai Geying	1,889	-
Beijing Jinkun Lize	1,422	-
Ping An Life Insurance	392	5,751

(c) Period/Year end balances with related parties

	As at	As at
	30 June 2023	31 December 2022
Cash and cash equivalents and term deposits		
Ping An Bank	4,976,854	2,954,719
Ping An Pay Tech	41,796	48,584
Restricted cash		
Ping An Bank	75,000	70,000
Interests receivables		
Ping An Bank	38,657	7,089
Financial assets at fair value through profit or loss		
Ping An Asset Management	716,153	1,815,151
Ping An Bank	165,657	1,057,897
Financial assets at amortized cost		
Ping An Properties	-	497,271

Notes to the Interim Condensed Consolidated Financial Information

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(All amounts expressed in RMB thousand unless otherwise stated)

31 Related Party Transactions (Continued)

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

	As at 30 June 2023	As at 31 December 2022
Trade receivables		
Ping An Property & Casualty Insurance	249,057	157,022
Ping An Yiqianbao	163,316	307,823
Ping An Bank	105,374	109,739
Ping An Life Insurance	69,038	143,606
Ping An Health Insurance	23,108	107,414
Ping An Annuity Insurance	17,896	58,780
Ping An HaoYi	12,761	8,549
Ping An Financial Leasing	3,653	4,481
Ping An Financial Services	2,848	-
Ping An Trust	1,933	1,403
Ping An Fund	1,915	-
Ping An Securities	1,762	3,236
Ping An Wealth Management	1,265	-
Ping An Technology	1,128	174
Prepayments and other receivables		
Advance payments		
Ping An Property & Casualty Insurance	84,123	249
Ping An Health Insurance	916	1,811
Deposits in security		
Ping An Technology	40,275	-
Zean Investment	7,417	7,417
Amounts due from related parties		
Ping An Health Insurance	7,258	7,214
Ping An Property & Casualty Insurance	2,469	2,461
Ping An Life Insurance	1,484	1,484
Trade and other payables		
Ping An Technology	22,053	11,832
Ping An Communication Technology	15,997	10,003
Yingjian Enterprise Management Consulting	10,687	-
Ping An Financial Services	3,817	5,028
Ping An Financial Tech	1,664	1,664
Ping An Life Insurance	1,216	1,227

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023

(All amounts expressed in RMB thousand unless otherwise stated)

31 Related Party Transactions (Continued)

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

Apart from 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.

Apart from the borrowing from Yingjian Enterprise Management Consulting, the balances of trade and other payables due to related parties are unsecured, interest-free and repayable on demand.

32 Contingencies

Save as the provisions disclosed in Note 29, there were no other material contingencies need to be disclosed as at 30 June 2023.

33 Subsequent Events

There were no material subsequent events need to be disclosed during the period from 30 June 2023 to the approval date of the interim consolidated financial information by the Board of Directors on 24 August 2023.

34 Comparative Figures

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

35 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 2023.

Definitions

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

“Audit and Risk Management Committee”	the audit and risk management committee under the Board
“Bang Qi Jian”	Bang Qi Jian Limited (幫騏健有限公司), a company incorporated under the laws of BVI on 10 November 2014
“Bank”/“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
“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 Healthcare”	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

Definitions

“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
“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
“Health Insurance”/“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
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong Share Registrar”	Computershare Hong Kong Investor Services Limited
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the People’s Republic of China
“IFRS”	International Financial Reporting Standard
“Independent Third Party(ies)”	has the meaning ascribed to it under the Listing Rules
“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
“Life Insurance”/“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
“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
“Managed Care”	providing particular individuals with comprehensive healthcare services in exchange for fixed pre-paid charges
“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 and offline-to-online
“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”/“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 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 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 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

Definitions

“Pingan Yingjian”	Pingan Yingjian Medical Management (Shanghai) Limited (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
“Property & Casualty Insurance”/ “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
“Prospectus”	the prospectus of the Company dated 23 April 2018
“Reporting Period”	the six months ended 30 June 2023
“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
“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
“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
“USD”	United States dollars, the lawful currency of the United States
“Yingjian Enterprise Management Consulting”	Yingjian Enterprise Management Consulting (Shanghai) Co., Ltd. (盈健企業管理諮詢(上海)有限公司), a company incorporated under the laws of the PRC on 19 December 2014 and one of the shareholders of Pingan Yingjian
“%”	per cent



To Provide Every Enterprise with a Harmonious Workplace

To Provide Every Family with a Dedicated Doctor

To Provide Every User with a Safe and Healthy Life