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Corporate Information

Directors

Executive Director

Mr. WANG Tao (Chairman)

Non-executive Directors

Mr. LEE Yuan Siong

Mr. YAO Jason Bo

Ms. CAI Fangfang

Mr. DOU Wenwei

Ms. WANG Wenjun

Mr. LAW Siu Wah Eddie

Independent Non-executive Directors

Mr. TANG Yunwei

Mr. GUO Tianyong

Mr. LIU Xin

Mr. CHOW Wing Kin Anthony

Audit and Risk Management Committee

Mr. TANG Yunwei (Chairman)

Mr. GUO Tianyong

Mr. LIU Xin

Mr. YAO Jason Bo

Mr. LAW Siu Wah Eddie

Nomination and Remuneration Committee

Mr. GUO Tianyong (Chairman)

Mr. TANG Yunwei

Mr. CHOW Wing Kin Anthony

Mr. LIU Xin

Ms. CAI Fangfang

Mr. YAO Jason Bo

Mr. LAW Siu Wah Eddie

Joint Company Secretaries

Ms. LIN Yuan

Ms. CHEN Chun

Authorised Representatives

Mr. WANG Tao

Ms. CHEN Chun

Auditor

PricewaterhouseCoopers
Certified Public Accountants

Registered Office

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Legal Advisors

As to Hong Kong and U.S. laws:

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Principal Share Registrar and Transfer Office

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Hong Kong Share Registrar

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Principal Banks

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

Stock Code

1833

Company's Website

www.pahtg.com



Chairman's Statement

The year 2018 is very memorable for the Company. On 4 May, we successfully listed on the Main Board of the Stock Exchange of Hong Kong Limited, raising net proceeds of approximately HK\$8.5 billion. The listing strengthened the capital base of the Company, provided us with a solid foundation and competitive edge in China's internet healthcare market and enhanced our capability to expand globally.



I am pleased to present to the shareholders the interim report of the Company for the six months ended 30 June 2018.

The Chinese government's initiative "development of new normal of healthcare services" has made substantial progress since the "Healthy China" strategy was implemented, with the favorable policy bringing about bright prospects in the development of internet healthcare in China. Increasing per-capita disposable income, an ageing population and growing incidence rate of chronic diseases have driven the rapid development of the healthcare service market in China. The continuous development of cutting-edge technology such as wearable devices and medical robots and optimization of the quality and algorithms of big medical data have propelled "Internet + Medical" innovations. By adhering to the mission "to build the largest healthcare ecosystem in the world and promote healthy living empowered by technology", the Company has capitalized on the opportunities in the industry and established a one-stop, asset-light healthcare platform. The Company has diligently implemented its strategy and ensured rapid growth in our various business segments.

In the first half of 2018, the Company achieved strong performance in providing customized services to our users and, as a result, boosting traffic. The Company also maintained rapid revenue growth. During the six months ended 30 June 2018, revenues amounted to RMB1,122.8 million, representing an increase of 150.3% year-on-year. In particular, revenues amounting to RMB186.2 million were derived from the family doctor service business, representing an increase of 91.4% year-on-year. Net loss for the first half of the year was RMB444.2 million, representing a decrease of 2.6% year-on-year. As of the end of June 2018, the Company had 228 million registered users, an increase of 35.2 million, which is 18.3% over the end of 2017. We had 48.6 million monthly active users in the month of June 2018, an increase of 50.9% over the same period in 2017. Average daily number of online consultations on our mobile application reached 531,000 in the first half of 2018, an increase of 58.0% year-on-year.

Meanwhile, focusing on our users' medical and health needs, our AI-empowered medical team provides convenient, high-quality healthcare services for our users. We actively explore cooperation and build monetization channels with commercial insurance. This "Insurance + Health" model has helped insurance policyholders manage their health, which in turn helps insurance companies manage risks.

On 16 August 2018, Ping An Health Cloud Company Limited signed an equity transfer agreement to acquire 100% of Ping An Wanjia Healthcare Investment Management Co., Ltd. ("**Wanjia Healthcare**"). Wanjia Healthcare connects and empowers primary healthcare institutions in China by providing solutions which integrate "systems, standards and services", thereby creating a significant offline primary healthcare service platform in China. The acquisition will accelerate the development of our offline presence, help complete our "online + offline" closed loop service environment and create complimentary traffic flow between our online and offline service proposition. Our ability to collaborate with insurance and explore new models of healthcare provisions will be significantly enhanced as a result of the acquisition.

As part of our globalization strategy, we have established a joint venture with Grab Holdings Inc. ("**Grab**") to pursue opportunities in Southeast Asia. Leveraging Grab's large internet user base and traffic flow, we plan to expand into Southeast Asia's internet healthcare market by exporting and adapting our healthcare services and AI technology to serve local needs. Our expansion into Southeast Asia represents an important step in creating "the world's largest healthcare ecosystem".

Enhance Internet Healthcare Service Network to Provide Excellent Family Doctor Services Experience

By integrating the resources of our AI-empowered medical team, the external doctors and offline network, the Company has established a closed loop healthcare ecosystem, which enables our users to enjoy online consultations and online drug purchase, as well as online consultations and offline follow-up medical treatment, thereby providing convenient, high-quality, and efficient family doctor services. As of the end of June 2018, we had 1,037 members in our medical team and signed cooperation contracts with 4,650 renowned external doctors. All the renowned external doctors are associated chief physicians or senior medical professionals at Class III Grade ("3A") hospitals. Our "one-hour drug delivery services" today covers over 80 cities (62 cities at the end of June 2018) across China, up from 14 cities at the end of 2017. As of 30 June 2018, there were over 3,100 hospitals in our hospital network, among which over 1,200 hospitals were 3A, and over 12,000 offline pharmacy outlets, among which over 4,000 outlets support our "one-hour drug delivery services".

In the first half of 2018, leveraging on the successful experience of internet healthcare, we extended our family doctor services to the Chinese countryside and undertook the "Village Doctors" program under the "Three-village Project" of Ping An Group. The program aims to implement a health poverty alleviation program targeting "village doctors".

Optimize AI Engine to Establish All-Round Presence in AI Medical Sector

As of 30 June 2018, we accumulated over 300 million consultation records. Benefiting from massive data and the continuous optimization of our proprietary AI, our in-house medical team has significantly enhanced efficiency in consultation inquiries. Meanwhile, we started trials of our "one-minute clinics" which combine smart medicine cabinets and our AI-assisted medical consultation capability.

As of 30 June 2018, we had applied for a total of 26 patents for our AI research and development. We shall continue to strengthen our AI research and development and enhance the accuracy and relevance of the AI application to create a powerful, intelligent engine.

Chairman's Statement

Monetise from Commercial Insurance and Realize Value of Online Healthcare

In the first half of 2018, we continued to make breakthroughs in cooperating with insurance companies and deepen cooperation efforts with Ping An Group, including launching the "Health 360" plan which integrates online consultations, offline medical treatments and express pharmaceutical delivery.

We are committed to "providing a family doctor for every family, creating an e-health profile for everyone, setting up a health management plan for everyone". Looking forward, we will continue to attract user traffic, expand our user base, invest in and integrate with the healthcare industry, enhance platform strength and improve user experience. At the same time, we will enrich our product portfolio and expand distribution channels to serve a wider range of users. We have taken first steps to enter overseas markets with a view to exporting our technologies and services to resolve healthcare problems worldwide.

With our open and progressive spirit, we will continue to build Ping An Good Doctor into a globally influential Internet healthcare platform, create a superior service experience for our users and bring sustainable returns for our shareholders. Finally, I would like to take this opportunity to express my sincere gratitude to our shareholders, business partners, product users and employees for their unwavering support for the Company.

Wang Tao
Chairman

Hong Kong, 16 August 2018

Management Discussion and Analysis

Key Financial Data

	Unaudited		Year-on-year change %
	Six months ended 30 June		
	2018 RMB'000	2017 RMB'000	
Revenue	1,122,839	448,589	150.3%
Cost of sales	(813,921)	(261,722)	211.0%
Gross profit	308,918	186,867	65.3%
Selling and marketing expenses	(471,735)	(278,704)	69.3%
Administrative expenses	(375,994)	(285,395)	31.7%
Other income	8,269	4,501	83.7%
Other gains/(losses) – net	33,870	(77,878)	Not applicable
Operating loss	(496,672)	(450,609)	10.2%
Finance income/(costs) – net	54,876	(2,511)	Not applicable
Share of losses of joint venture	(2,367)	(2,521)	-6.1%
Loss before income tax	(444,163)	(455,641)	-2.5%
Income tax expense	–	(408)	-100.0%
Loss for the period	(444,163)	(456,049)	-2.6%
Loss attributable to:			
– Owners of the Company	(444,163)	(456,049)	-2.6%
Non-IFRS measure:			
Adjusted net loss	(387,928)	(363,997)	6.6%

In the first half of 2018, total revenues of the Company amounted to RMB1,122.8 million, representing an increase of 150.3% from total revenues of RMB448.6 million recorded in the first half of 2017, driven by increases in all business segments. Gross profit for the first half of 2018 was RMB308.9 million, representing an increase of 65.3% from the gross profit of RMB186.9 million recorded in the first half of 2017. Overall gross margin for the first half of 2018 was 27.5%, representing a decrease of 14.2 percentage points from the 41.7% recorded in the first half of 2017. The decrease was mainly attributable to the greater proportion of total revenues arising from the health mall business, which has a lower gross margin compared to the Company's other businesses. A net loss of RMB444.2 million was recorded in the first half of 2018, representing a decrease of 2.6% from the net loss of RMB456.0 million recorded in the first half of 2017. The decrease was mainly due to exchange rate movement.

Management Discussion and Analysis

Key Operational Data

	30 June 2018	31 December 2017	Year-on-year change %
Number of registered users (in millions)	228.0	192.8	18.3%
Number of medical personnel in the in-house medical team	1,037	888	16.8%
Number of renowned external doctors*	4,650	2,139	117.4%

	Six months ended 30 June 2018	2017	Year-on-year change %
Daily average consultations (in thousands)	531	336	58.0%
GMV of the health mall business (RMB in millions)	1,557.6	676.1	130.4%

	In the month of June 2018	2017	Year-on-year change %
MAU (in millions)	48.6	32.2	50.9%
MPU (in thousands)	1,383	964	43.5%

* All the renowned external doctors are associated chief physicians or senior medical professionals at 3A hospitals.

Analysis on Principal Business Operations

Policy and market environment

The Chinese government's initiative "development of new normal of healthcare services" has made substantial progress since the "Healthy China" strategy was implemented, with the favorable policy bringing about bright prospects in the development of Internet healthcare in China. In their statement "Opinions on Promoting the Development of Internet+ Healthcare" issued in April 2018, the State Council provided robust support for "Internet + Healthcare" to accelerate the development of the healthcare sector by establishing proper service systems, support network and regulatory framework.

The Company's development strategy is fully aligned with the direction of national policies. With respect to developing "Internet+" services, the government supports suitably qualified third parties to set up Internet information platforms to conduct telemedicine, health consultation and health management services, as well as family doctors to sign on residents to provide online services attending to common illnesses, issue prescriptions for chronic diseases and appoint qualified third parties on drug delivery fulfillment. With respect to creating a comprehensive support network, the government encourages the standardization of the sharing of information, online consultation fee structure and multi-location practice by physicians. With respect to strengthening regulatory control, there are specific requirements over the quality of medical services and information security.

Thanks to the advancement of Internet technology, the development of smart devices, the accumulation and analysis of data on a massive scale and the application and optimization of AI, Internet healthcare provides users with convenience and efficiency that is unparalleled compared with offline experience. According to Frost & Sullivan, the size of the PRC Internet healthcare market in 2017 amounted to approximately RMB15 billion and is expected to reach approximately RMB100 billion by 2025.

Revenue and Gross Profit performance by segment

	Six months ended 30 June		
	2018 RMB'000	2017 RMB'000	Year-on-year change %
Revenue:	1,122,839	448,589	150.3%
Family doctor services	186,225	97,271	91.4%
Consumer healthcare	248,263	167,866	47.9%
Health mall	628,176	156,006	302.7%
Health management and wellness interaction	60,175	27,446	119.2%
Gross profit:	308,918	186,867	65.3%
Family doctor services	81,449	55,595	46.5%
Consumer healthcare	113,838	80,962	40.6%
Health mall	63,929	29,026	120.2%
Health management and wellness interaction	49,702	21,284	133.5%
Gross margin:	27.5%	41.7%	-14.2 percentage points
Family doctor services	43.7%	57.2%	-13.5 percentage points
Consumer healthcare	45.9%	48.2%	-2.3 percentage points
Health mall	10.2%	18.6%	-8.4 percentage points
Health management and wellness interaction	82.6%	77.5%	+5.1 percentage points

Family Doctor Services

We offer our users comprehensive family doctor services, including online consultation, hospital referral and appointment, inpatient arrangement, second medical opinion services and health management from our AI-assisted in-house medical team and external doctors. We also establish diversified forms of partnership with commercial insurance companies to explore monetization models.

As a result of continuous optimization of our proprietary AI, we have significantly enhanced the efficiency, accuracy and cost effectiveness of online consultations on our mobile application. Average daily number of online consultations on our mobile application reached 531,000 in the first half of 2018, an increase of 58.0% year-on-year.

During the Reporting Period, revenues from our family doctor business amounted to RMB186.2 million, representing a year-on-year increase of 91.4%. Gross profit amounted to RMB81.4 million, representing an increase of 46.5% year-on-year. The positive result was attributable to new product Health 360 and an increase in revenues from electronic prescription services. The gross profit margin of the family doctor business was 43.7%, representing a year-on-year decrease of 13.5 percentage points. The decrease was mainly due to the increased proportion of total consultations from Ping An life insurance customers coming through the service-level agreement ("SLA"), and higher labor cost of our in-house medical team. As at the end of June 2018, the in-house medical team had 1,037 personnel, an increase of 149 individuals compared with the end of 2017. We had also contracted 4,650 renowned external doctors. All the renowned external doctors are associated chief physicians or senior medical professionals at 3A hospitals. Today our one-hour express pharmaceutical delivery services network covers over 80 cities (62 cities at the end of June 2018), up from 14 cities at the end of 2017. By integrating the resources of our AI-empowered medical team, the external doctors and offline network, the Company has established a closed loop healthcare ecosystem which enables our users to enjoy online consultations and online drug purchase, as well as online consultations and offline follow-up medical treatment, thereby providing convenient, high-quality, and efficient family doctor services. As of 30 June 2018, we accumulated over 300 million consultation records, representing an increase of 96.1 million compared with the end of 2017.

Management Discussion and Analysis

	Six months ended 30 June		
	2018	2017	Year-on-year change
	RMB'000	RMB'000	%
Revenue	186,225	97,271	91.4%
Gross profit	81,449	55,595	46.5%
Gross margin	43.7%	57.2%	-13.5 percentage points

Consumer Healthcare

In addition to catering to our users' medical needs, we also provide healthcare services to enhance their overall wellness. Working with our external medical and healthcare partners while leveraging on our distribution channels and big data capability, our O2O platform provides health check-ups, medical beauty, dental check-ups and genetic testing services. Based on the results of these services, our medical experts can provide personalized health tips and alerts for potential health risks. Such information can be uploaded to our system to establish personal e-health profiles.

During the Reporting Period, sales of our consumer healthcare business amounted to RMB346.5 million, representing a year-on-year increase of 47.5%. According to IFRS 15, revenues from this business can only be recognized after the underlying services are performed. Revenues recognized during the first half of 2018 amounted to RMB248.3 million, representing a year-on-year increase of 47.9%, while gross profit amounted to RMB113.8 million, representing a year-on-year increase of 40.6%. Higher revenues and profits were mainly attributable to the continued growth of the health check-up prepaid card business. Gross profit margin was 45.9%, slightly lower than the same period last year. We have further strengthened our nationwide network of healthcare service providers which at the end of June 2018 comprised over 1,200 health check-up centers, over 700 dental clinics and over 110 beauty care institutions, representing an increase of approximately 500 service providers compared to the end of 2017. We have made significant breakthroughs in the group health management business by signing up nearly 200 corporate customers including large-scale, publicly listed enterprises.

	Six months ended 30 June		
	2018	2017	Year-on-year change
	RMB'000	RMB'000	%
Sales volume	346,500	234,915	47.5%
Revenue	248,263	167,866	47.9%
Gross profit	113,838	80,962	40.6%
Gross margin	45.9%	48.2%	-2.3 percentage points

Health Mall

We offer a wide range of healthcare related products online to address the needs of our users. As of 30 June 2018, we collaborated with over 500 merchants for our health mall business, providing approximately 265,000 SKUs, including Chinese and Western medicines, nutrition and health supplements, medical devices, maternal and infant products, and sports and fitness products.

During the Reporting Period, total GMV from our health mall business amounted to RMB1.56 billion, representing a year-on-year increase of 130.4%. Revenues amounted to RMB628.2 million, representing a year-on-year increase of 302.7%. Gross profit amounted to RMB63.9 million, representing a year-on-year increase of 120.2%. The growth in revenues was due to the continued diversification of product offering and higher user engagement with our mobile application. Increased demand from Ping An Group's internal procurement also contributed to revenue growth. Gross profit margin decreased from 18.6% to 10.2%, mainly due to the decrease in the proportion of commission income from the health mall platform in the first half of 2018, as well as an increase in the amount of procurement from Ping An Group, which has lower margins due to volume discount.

	Six months ended 30 June		
	2018	2017	Year-on-year change
	RMB'000	RMB'000	%
Revenue	628,176	156,006	302.7%
Gross profit	63,929	29,026	120.2%
Gross margin	10.2%	18.6%	-8.4 percentage points

Health Management and Wellness Interaction

We provide relevant health and wellness content by predicting our users' interests and hobbies through our recommendation engine. We generate advertising revenues from this segment. Our advertising clients are typically reputable international and domestic corporations in the healthcare industry.

During the Reporting Period, revenues from the health management and wellness interaction business reached RMB60.2 million, representing a year-on-year increase of 119.2%. Gross profit reached RMB49.7 million, representing a year-on-year increase of 133.5%, while gross profit margin reached 82.6%, representing a year-on-year increase of 5.1 percentage points.

	Six months ended 30 June		
	2018	2017	Year-on-year change
	RMB'000	RMB'000	%
Revenue	60,175	27,446	119.2%
Gross profit	49,702	21,284	133.5%
Gross margin	82.6%	77.5%	+5.1 percentage points

Selling and Marketing Expenses

Selling and marketing expenses for the first half of 2018 amounted to RMB471.7 million, representing an increase of 69.3% from RMB278.7 million in the first half of 2017. Selling and marketing expenses accounted for 42.0% of revenues in the first half of 2018, representing a year-on-year decrease of 20.1 percentage points. Higher expenses were mainly attributable to a rise in advertising expenses, commission expenses, as well as higher expenses relating to customer acquisition and traffic generation resulting from the rapid growth of our businesses.

Management Discussion and Analysis

Administrative Expenses

Administrative expenses for the first half of 2018 were RMB376.0 million, representing an increase of 31.7% from RMB285.4 million in the first half of 2017. Excluding listing-related expenses and share-based payments, administrative expenses for the first half of 2018 were RMB297.5 million, representing an increase of 9.7% from RMB271.2 million in the first half of 2017, and accounted for 26.5% of total revenues, representing a year-on-year decrease of 34.0 percentage points.

Other Gains/(Losses) – Net

Other net gains for the first half of 2018 were RMB33.9 million, compared to other net losses of RMB77.9 million for the first half of 2017. The turnaround was mainly attributable to the foreign exchange gains resulting from the appreciation of the US dollar (“USD”) against the Renminbi (“RMB”).

Finance Income/(Costs) – Net

Net finance income in the first half of 2018 amounted to RMB54.9 million, compared to net finance costs of RMB2.5 million for the first half of 2017. The turnaround was mainly attributable to interest income arising from equity capital raised while there were interest expenses due to bank loans in the first half of 2017.

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

Our net loss for the first half of 2018 amounted to RMB444.2 million, representing a decrease of 2.6% compared with RMB456.0 million for the first half of 2017. To supplement our consolidated financial information presented in accordance with IFRS, we also adopted the “adjusted net profit/(loss)” not required by IFRS or presented in accordance with its requirements as an additional financial measure. For this interim results announcement and our subsequent interim results announcement, “adjusted net profit/(loss)” may be used in exchange with “net profit/(loss) not under GAAP”. We believe that this additional financial measure is useful for comparing our operating performance between different periods and different companies by eliminating the potential impact of items which, in the opinion of our management, are not indicative of our operating performance. We also believe that the additional measure can provide investors and other individuals with meaningful information, allowing them to understand and predict our consolidated operating results in the same way as our management. However, the “adjusted net profit/(loss)” presented by us may not necessarily be comparable with the similar measures presented by other companies. The 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. In the first half of 2018, the adjusted net loss amounted to RMB387.9 million, representing an increase of 6.6% compared with RMB364.0 million for the first half of 2017, which was mainly attributable to adjustments in share-based payments, net foreign exchange (gains)/losses and one-off listing expenses. The following table reconciles our adjusted net profit/(loss) for the six months ended 30 June 2018 and 2017 to the most directly comparable financial measure (namely loss for the period) calculated and presented in accordance with IFRS:

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
Loss for the period	(444,163)	(456,049)
Add:		
Share-based payments	60,221	14,196
Net foreign exchange (gains)/losses	(22,230)	77,856
One-off listing expenses	18,244	–
Adjusted net loss	(387,928)	(363,997)

Liquidity and Financial Resources

Our cash and other liquid financial resources as of 30 June 2018 and 31 December 2017 were as follows:

	30 June 2018 RMB'000	31 December 2017 RMB'000
Cash and cash equivalents	5,496,796	4,594,641
Term deposits	2,646,001	329,977
Cash and other liquid financial resources	8,142,797	4,924,618

Cash and cash equivalents include cash on hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less. Term deposits are bank deposits with original maturities over three months and within one year.

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

Cash flows for the six months ended 30 June 2018 and six months ended 30 June 2017 were as follows:

	Unaudited Six months ended 30 June	
	2018 RMB'000	2017 RMB'000
Net cash used in operating activities	(731,548)	(388,744)
Net cash used in investing activities	(5,319,670)	(677,984)
Net cash generated from financing activities	7,026,810	390,104
Net increase/(decrease) in cash and cash equivalents	975,592	(676,624)
Cash and cash equivalents at the beginning of the period	4,594,641	2,721,537
Effects of exchange rate changes on cash and cash equivalents	(73,437)	(51,361)
Cash and cash equivalents at the end of the period	5,496,796	1,993,552

Management Discussion and Analysis

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 current deposit bank interest rates, with an emphasis on preserving capital and maintaining liquidity.

Capital Expenditures

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
Purchase of property, plant and equipment, intangible assets and other assets	24,176	2,135

Our capital expenditures primarily comprised the purchase of property, plant and equipment, mainly office and telecommunication equipment, and intangible assets, mainly software.

Foreign Currency Risk

As of the six months ended 30 June 2018, we mainly operated our businesses in China with most of the transactions settled in RMB, the functional currency of our Company. Foreign currency risk is the risk of loss resulting from changes in foreign currency exchange rates. Fluctuations in exchange rates between the RMB and other currencies in which we conduct business may affect our financial position and operating results. The foreign currency risk assumed by us primarily arises from movements in the USD/RMB exchange rates.

Pledge of Assets

As of 30 June 2018, none of our assets were pledged.

Contingent Liabilities

As of 30 June 2018, we did not have any material contingent liabilities.

Dividend

During the six months ended 30 June 2018, we did not pay or declare any dividend.

Bank Loans and Other Borrowings

As of 30 June 2018, we did not have any material outstanding bank loans, debt securities, borrowings, debts, commitments, hire purchase commitments or mortgages.

Significant Investments Held

As of 30 June 2018, we did not hold any material investments in the equity interest of other companies.

Material Acquisitions and Disposals of Subsidiaries and Associates

We did not have any material acquisitions or disposals of subsidiaries and associates during the six months ended 30 June 2018. On 16 August 2018, Ping An Health Cloud Company Limited signed an equity transfer agreement to acquire 100% of Wanjia Healthcare, pursuant to which we conditionally agree to acquire, 63.16% equity interest in Wanjia Healthcare from Shenzhen Ping An Financial Technology Consulting Co., Ltd and 36.84% equity interest in Wanjia Healthcare from Urumqi Guangfengqi Equity Investment Limited Partnership, at the consideration of RMB980 million.

Employee and Remuneration Policy

The Company had a total of 2,272 employees as of 30 June 2018, majority of whom were based in Shanghai, Shenzhen, Beijing, Guangzhou, Hefei and Qingdao. Remuneration is determined with reference to market conditions and individual employees' performance, qualification 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 employees share option scheme. 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 2018, the interests and short positions of the Directors and chief executives of the Company in the Shares, underlying shares and debentures of our Company or its associated corporations, within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), which are 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 is taken or deemed to have under such provisions of the SFO), or which are required, pursuant to section 352 of the SFO, to be recorded in the register required to be maintained by the Company, or which are required to be notified to our Company and the Stock Exchange pursuant to the Model Code, are as follows:

Long positions/short positions in the shares of the Company

Name of Director	Nature of interest	Number of shares held	Long positions/ short positions	Approximate percentage of shareholding ⁽¹⁾
DOU Wenwei ⁽²⁾	Interest in controlled corporations	420,840,000	Long positions	39.43%
WANG Wenjun ⁽²⁾	Interest in controlled corporations	420,840,000	Long positions	39.43%
Law Siu Wah Eddie ⁽³⁾	Interest in controlled corporations	420,840,000	Long positions	39.43%
Law Siu Wah Eddie ⁽³⁾	Interest in controlled corporations	21,840,000	Short positions	2.05%
WANG Tao ⁽⁴⁾	Other interests (beneficial interests in equity derivatives)	1,675,000	Long positions	0.16%

Notes:

- (1) The calculation is based on the total number of Shares in issue of 1,067,294,200 Shares as of 30 June 2018.
- (2) As of 30 June 2018, Le Jin Xuan held a total of 420,840,000 Shares in our Company, representing approximately 39.43%. Bang Qi Jian held 44.91% of the issued share capital of Le Jin Xuan and was therefore deemed to have an interest in the Shares held by Le Jin Xuan. Ms. WANG Wenjun and Mr. DOU Wenwei each held 50% of the issued share capital of Bang Qi Jian as nominee shareholders, and were therefore deemed to have an interest in the Shares held by Le Jin Xuan.
- (3) Mr. Law Siu Wah Eddie ("Mr. Law") is one of our non-executive Directors and Controlling Shareholders. Mr. Law holds 33.27% and 5.19% of the issued share capital of Le Jin Xuan through Zheng He Pentagon Fund L.P. (an exempted limited partnership incorporated in Cayman Islands on 27 November 2015, which is controlled by Mr. Law) and Hop-Fast Limited (a company incorporated under the laws of BVI on 7 May 2015, which is wholly-owned by Mr. Law) respectively, and is deemed to have 38.46% shareholding interest in Le Jin Xuan. Further, Le An Xin has agreed that it shall exercise its voting rights in relation to its shares in Le Jin Xuan (Le An Xin held 16.23% of the issued share capital of Le Jin Xuan as of 30 June 2018) in such manner as ZH GP 5 Limited, the general partner of Zheng He Pentagon Fund L.P., may direct. Mr. Law is deemed to have 54.69% of the voting power in Le Jin Xuan, and is therefore deemed to have an interest in all of the Shares of our Company held by Le Jin Xuan. Meanwhile, Mr. Law, through Hop-Fast Limited, and Glorious Peace Limited ("Glorious Peace", a company incorporated under the laws of BVI on 10 November 2014 and an indirect wholly-owned subsidiary of Ping An, and one of our Company's Controlling Shareholders) entered into a share purchase agreement on 1 December 2017 in relation to 21,840,000 Shares of our Company, to grant the call option and a right of first refusal in favor of Glorious Peace by Mr. Law through Hop-Fast Limited.
- (4) As of 30 June 2018, Mr. WANG Tao held a total of 1,675,000 Shares in our Company through Le Jin Xuan upon exercise of part of EIS Options pursuant to the Employee Incentive Scheme of our Company.

Save as disclosed above, as of 30 June 2018, so far as known to the Directors of the Company, none of the Directors or chief executives of the Company has interests or short positions in the Shares, underlying shares or debentures of our Company or any of its associated corporations, within the meaning of Part XV of the SFO, which are required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which are required, pursuant to section 352 of the SFO, to be recorded in the register required to be maintained by the Company, or which are required to be notified to our Company and the Stock Exchange pursuant to the Model Code.

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

As of 30 June 2018, so far as known to the Directors, the following persons (other than the Directors or chief executives of the Company) have 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 are required to be recorded in the register required to be kept by the Company under section 336 of the SFO, or who is, directly or indirectly, interested in 5% or more of the shares of the Company:

Long positions/short positions in the shares of the Company

Name of shareholder	Nature of interest	Number of shares held	Long positions/short positions	Approximate percentage of shareholding ⁽¹⁾
Le An Xin (PTC) Limited ⁽²⁾	Other interests (beneficial interests in equity derivatives)	68,325,000	Long positions	6.40%
Rui Jian Limited ⁽²⁾	Interest in controlled corporations	68,325,000	Long positions	6.40%
QIN Jian ⁽¹⁾	Interest in controlled corporations	68,325,000	Long positions	6.40%
ZHU Chengbo ⁽²⁾	Interest in controlled corporations	68,325,000	Long positions	6.40%
SVF Ping Subco (Singapore) Pte. Ltd ⁽³⁾	Beneficial interests	67,200,000	Long positions	6.30%
SoftBank Vision Fund L.P. ⁽³⁾	Interest in controlled corporations	67,200,000	Long positions	6.30%
Le Jin Xuan Limited ⁽⁴⁾	Beneficial interests	420,840,000	Long positions	39.43%
ZH GP 5 Limited ⁽⁴⁾	Interest in controlled corporations	420,840,000	Long positions	39.43%
Bang Qi Jian Limited ⁽⁵⁾	Interest in controlled corporations	420,840,000	Long positions	39.43%
Glorious Peace Limited ⁽⁶⁾	Beneficial interests	419,160,000	Long positions	41.31%
	Other interests	21,840,000		
An Ke Technology Company Limited ⁽⁶⁾	Interest in controlled corporations	419,160,000	Long positions	41.31%
	Other interests	21,840,000		
Ping An Insurance (Group) Company of China, Ltd. ⁽⁶⁾	Interest in controlled corporations	419,160,000	Long positions	41.31%
	Other interests	21,840,000		

Notes:

- (1) The calculation is based on the total number of Shares in issue of 1,067,294,200 Shares as of 30 June 2018.
- (2) Le An Xin (PTC) Limited ("Le An Xin") holds the shares in Le Jin Xuan Limited ("Le Jin Xuan") as trustee on behalf of the beneficiaries under the Employee Incentive Scheme. Le An Xin is directly wholly-owned by Rui Jian Limited ("Rui Jian"), which is held by Mr. QIN Jian as to 50.1% and Mr. ZHU Chengbo as to 49.9%.
- (3) SoftBank Vision Fund L.P. owns 100% equity interest in SVF Holdings (UK) LLP, which in turn owns 100% equity interest in SVF Holdings (Cayman) Ltd, which in turn owns 100% equity interest in SVF Holdco (Singapore) Pte. Ltd, which in turn owns 100% equity interest in SVF Ping Subco (Singapore) Pte. Ltd ("Vision Fund Singapore SPV"). By virtue of the SFO, SoftBank Vision Fund L.P., SVF Holdings (UK) LLP, SVF Holdings (Cayman) Ltd and SVF Holdco (Singapore) Pte. Ltd are therefore deemed to have an interest in all of the Shares held by Vision Fund Singapore SPV.
- (4) Mr. Law is one of our non-executive Directors and Controlling Shareholders. Mr. Law holds 33.27% and 5.19% of the issued share capital of Le Jin Xuan through Zheng He Pentagon Fund L.P. and Hop-Fast Limited respectively, and is deemed to have 38.46% shareholding interest in Le Jin Xuan. Further, Le An Xin has agreed that it shall exercise its voting rights in relation to its shares in Le Jin Xuan (Le An Xin held 16.23% of the issued share capital of Le Jin Xuan as of 30 June 2018) in such manner as ZH GP 5 Limited, the general partner of Zheng He Pentagon Fund L.P., may direct. Mr. Law is deemed to have 54.69% of the voting power in Le Jin Xuan, and is therefore deemed to have an interest in all of the Shares held by Le Jin Xuan. ZH GP 5 Limited is ultimately controlled and held by Mr. Law, and is therefore deemed to have an interest in all of the Shares held by Le Jin Xuan.
- (5) Bang Qi Jian holds 44.91% of the issued share capital of Le Jin Xuan and is therefore deemed to have an interest in the Shares held by Le Jin Xuan.
- (6) Glorious Peace and Hop-Fast Limited entered into a share purchase agreement on 1 December 2017 in relation to 21,840,000 Shares of our Company, to grant the call option and a right of first refusal in favor of Glorious Peace by Mr. Law through Hop-Fast Limited. Ping An Insurance (Group) Company of China, Ltd. owns 100% equity interest in An Ke Technology Company Limited, and Glorious Peace is a wholly-owned subsidiary of An Ke Technology Company Limited. By virtue of the SFO, Ping An Insurance (Group) Company of China, Ltd. and An Ke Technology Company Limited are therefore deemed to have an interest in all of the Shares held by Glorious Peace.

Other Information

Save as disclosed above, as of 30 June 2018, the Directors of the Company are not aware of any other persons (other than the Directors or chief executives of the Company) have 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 are required to be recorded in the register required to be kept by the Company under section 336 of the SFO, or who is, directly or indirectly, interested in 5% or more of the shares of the Company.

Employee Incentive Scheme

Employee Incentive Scheme was approved by the Board on 26 December 2014 and amended by the Board on 12 May 2017 and 20 January 2018. 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 and were held by Le An Xin through Le Jin Xuan as of 30 June 2018. The Employee Incentive Scheme is not subject to the provisions of Chapter 17 of the Listing Rules of the Stock Exchange as the Employee Incentive Scheme does not involve the grant of options by our Company to subscribe for new Shares upon our Listing. Given the EIS Shares had already been issued, there will not be any dilution effect to the issued Shares upon the exercise of the EIS Options. In addition, the grant of Employee Incentive Scheme options (the "EIS Options") by our Company or transfer upon vesting of the EIS Options of any of the EIS Shares pursuant to the Employee Incentive Scheme by any trustee or trust holding entities to a connected person of our Company should not be subject to the requirement of Chapter 14A of the Listing Rules of the Stock Exchange. As of 30 June 2018, the aggregate number of outstanding Shares underlying the EIS Options as granted by the Company under the Employee Incentive Scheme was 45,358,378, representing 4.25% of our Company's issued share capital. All such Shares underlying the EIS Options have been issued.

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

For the period from the Listing Date to 30 June 2018, the Company and any member of the Group have not purchased, sold or redeemed any of the Company's listed securities.

Change in Information of Directors and Chief Executives

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

Mr. Tang Yunwei, an independent non-executive director of the Company, has served as an independent director of Hubei Sanonda Co., Ltd., a company listed on the Shenzhen Stock Exchange (Stock code: 000553) since December 2017.

Save as disclosed above, as of 30 June 2018, there was no change in the information of Directors and chief executives of the Company required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules of the Stock Exchange.

Audit and Risk Management Committee

The Company has established an audit and risk management committee in compliance with the Corporate Governance Code. The primary duties of the audit and risk management committee are to review and supervise the financial reporting process and internal controls system of the Group, review the financial information of the Group and consider issues relating to the external auditors and their appointment. The audit and risk management committee comprises three independent non-executive directors of the Company, namely, Mr. TANG Yunwei, Mr. GUO Tianyong and Mr. LIU Xin and two non-executive directors of the Company, namely, Mr. YAO Jason Bo and Mr. LAW Siu Wah Eddie. Mr. TANG Yunwei, being the chairman of the audit and risk management committee, is appropriately qualified as required.

The audit and risk management committee has reviewed the unaudited interim financial accounts of the Group for the six months ended 30 June 2018. 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.

The Company has also established a nomination and remuneration committee. The terms of reference and modus operandi of the audit and risk management committee, nomination and remuneration committee have been published on the websites of both the Company and the Stock Exchange.

Compliance with Code of Conduct Regarding Directors' Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listing Issues (the "**Model Code**") as set out in Appendix 10 to the Listing Rules of the Stock Exchange as the code of conduct regarding directors' dealings in the securities of the Company. Having made specific enquiry of all the directors of the Company, all the directors of the Company confirmed that they have complied with the required standards set out in the Model Code for the period from the Listing Date to 30 June 2018.

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

Compliance with the Corporate Governance Code

Save as disclosed below, none of the Directors of the Company is aware of any information that would reasonably indicate that the Company did not meet the applicable code provisions set out in the Corporate Governance Code for any part of the period from the Listing Date to 30 June 2018.

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

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

Use of Proceeds from Global Offering

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

Report on Review of Interim Financial Information

TO THE BOARD OF DIRECTORS OF PING AN HEALTHCARE AND TECHNOLOGY COMPANY LIMITED

(incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 21 to 49, which comprises the interim condensed consolidated balance sheet of Ping An Healthcare and Technology Company Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2018 and the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting". The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

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

Conclusion

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

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 16 August 2018

Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2018

(All amounts expressed in RMB thousand unless otherwise stated)

	Notes	Six months ended 30 June	
		2018 (unaudited)	2017 (unaudited)
Revenue	6	1,122,839	448,589
Cost of sales	6,7	(813,921)	(261,722)
Gross profit		308,918	186,867
Selling and marketing expenses	7	(471,735)	(278,704)
Administrative expenses	7	(375,994)	(285,395)
Other income		8,269	4,501
Other gains/(losses) – net	8	33,870	(77,878)
Operating loss		(496,672)	(450,609)
Finance income		54,876	18,449
Finance costs		–	(20,960)
Finance income/(costs) – net		54,876	(2,511)
Share of losses of joint venture		(2,367)	(2,521)
Loss before income tax		(444,163)	(455,641)
Income tax expense	9	–	(408)
Loss for the period		(444,163)	(456,049)
Loss attributable to:			
– Owners of the Company		(444,163)	(456,049)
Total comprehensive loss for the period		(444,163)	(456,049)
Loss per share			
– Basic (RMB yuan)	10	(0.50)	(0.54)
– Diluted (RMB yuan)	10	(0.50)	(0.54)

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

Interim Condensed Consolidated Balance Sheet

30 June 2018

(All amounts expressed in RMB thousand unless otherwise stated)

	Notes	As at 30 June 2018 (unaudited)	As at 31 December 2017 (audited)
ASSETS			
Non-current assets			
Goodwill		5,119	5,119
Property, plant and equipment	11	98,989	103,257
Other intangible assets		19,384	944
Investment in joint venture		7,340	9,707
Term deposits		2,799,031	–
Total non-current assets		2,929,863	119,027
Current assets			
Inventories	12	22,611	6,575
Trade receivables	13	507,352	454,456
Contract assets	6	65,240	57,970
Prepayments and other receivables	14	187,807	136,769
Financial assets at fair value through profit or loss	15	574,407	272,665
Term deposits		2,646,001	329,977
Cash and cash equivalents	16	5,496,796	4,594,641
Total current assets		9,500,214	5,853,053
Total assets		12,430,077	5,972,080
EQUITY AND LIABILITIES			
Equity			
Share capital	17	33	28
Treasury shares		(2)	(2)
Reserves	18	13,264,978	6,255,055
Accumulated losses		(2,665,314)	(2,221,119)
Total equity		10,599,695	4,033,962
Liabilities			
Non-current liabilities			
Trade and other payables	20	45	44
Total non-current liabilities		45	44
Current liabilities			
Trade and other payables	20	1,152,270	1,297,479
Contract liabilities	6	678,067	640,595
Total current liabilities		1,830,337	1,938,074
Total liabilities		1,830,382	1,938,118
Total equity and liabilities		12,430,077	5,972,080

The interim condensed consolidated financial information and the accompanying notes starting from page 21 to page 49 are signed by:

WANG Tao
Director

DOU Wenwei
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 2018

(All amounts expressed in RMB thousand unless otherwise stated)

	For the six months ended 30 June 2018 (unaudited)					
	Attributable to owners of the Company					
	Notes	Share capital	Reserves	Treasury shares	Accumulated losses	Total equity
As at 1 January 2018		28	6,255,055	(2)	(2,221,119)	4,033,962
Change in accounting policy	3	-	-	-	(32)	(32)
Restated total equity as at 1 January 2018		28	6,255,055	(2)	(2,221,151)	4,033,930
Loss for the period		-	-	-	(444,163)	(444,163)
Issuance of ordinary shares relating to initial public offering, net of underwriting commissions and other issuance costs	17,18	5	6,948,698	-	-	6,948,703
Share-based payments	19	-	60,221	-	-	60,221
Exercise of share options	18	-	1,004	-	-	1,004
As at 30 June 2018		33	13,264,978	(2)	(2,665,314)	10,599,695

	For the six months ended 30 June 2017 (unaudited)					
	Attributable to owners of the Company					
	Notes	Share capital	Reserves	Treasury shares	Accumulated losses	Total equity
As at 1 January 2017		26	3,593,745	-	(1,219,476)	2,374,295
Loss for the period		-	-	-	(456,049)	(456,049)
Share-based payments	19	-	14,196	-	-	14,196
As at 30 June 2017		26	3,607,941	-	(1,675,525)	1,932,442

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 2018

(All amounts expressed in RMB thousand unless otherwise stated)

	Six months ended 30 June		
	Notes	2018 (unaudited)	2017 (unaudited)
Cash flows from operating activities			
Cash used in operations		(731,548)	(388,744)
Net cash used in operating activities		(731,548)	(388,744)
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment and intangible assets		143	28
Payments for property, plant and equipment and intangible assets		(28,868)	(2,135)
Payment for acquisition of subsidiary, net of cash acquired		(3,519)	(1,500)
Proceeds from investment in financial assets at fair value through profit or loss		874,302	189,500
Payments for financial assets at fair value through profit or loss		(1,158,080)	(521,670)
Payments for restricted cash		–	(342,207)
Interest received from term deposits with initial term of over three months		6,488	–
Proceeds from term deposits with initial term of over three months		326,824	–
Payments for term deposits with initial term of over three months		(5,336,960)	–
Net cash used in investing activities		(5,319,670)	(677,984)
Cash flows from financing activities			
Proceeds from exercise of share options		1,004	–
Proceeds from issue of ordinary shares		7,099,594	–
Repayments for interest		–	(9,896)
Proceeds from borrowings		–	400,000
Payments for ordinary shares issuance costs		(94,747)	–
Interest received from listing subscription deposits		20,959	–
Net cash generated from financing activities		7,026,810	390,104
Net increase/(decrease) in cash and cash equivalents		975,592	(676,624)
Cash and cash equivalents at the beginning of the period		4,594,641	2,721,537
Effects of exchange rate changes on cash and cash equivalents		(73,437)	(51,361)
Cash and cash equivalents at the end of the period	16	5,496,796	1,993,552

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 2018

(All amounts expressed in RMB thousand unless otherwise stated)

1 General Information

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

The Company’s shares have been listed on the Main Board of the Stock Exchange of Hong Kong Limited since 4 May 2018 by way of its initial public offering (the “Listing”). Upon the completion of the Listing, all the issued and unissued ordinary shares with a par value of USD0.00001 each in the share capital of the Company be subdivided into two ordinary shares with a par value of USD0.000005 each. Accordingly, all shares, share options and per share amounts in this consolidated financial statements have been adjusted, where applicable, to reflect the subdivision and adjustments of the ordinary shares.

The Company is an investment holding company. The Company and its subsidiaries (together, the “Group”) are principally engaged in offering online medical and wellness services, such as family doctor services, consumer healthcare services, health mall as well as health management and wellness interaction programs through the Group’s mobile platform in the People’s Republic of China (the “PRC”).

2 Basis of Preparation and Significant Accounting Policies

2.1 BASIS OF PREPARATION

This interim condensed consolidated financial information for the six months ended 30 June 2018 has been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” issued by the International Accounting Standards Board (“IASB”), as part of the International Financial Reporting Standards (“IFRSs”).

This interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2017.

2.2 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2017, except for the adoption of new or amended standards and interpretations as of 1 January 2018.

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

The impact of the adoption of IFRS 9 is explained in Note 3 below. The adoption of the other amended or improved standards and interpretations currently has been either not applicable or not significant on these consolidated financial statements.

(b) *Impact of standards issued but not yet applied*

The directors expect the adoption of IFRS 16 would result in the recognition of the right-of-use assets and corresponding lease liabilities arising from accounting for operating leases by the Company as a lessee.

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2018

(All amounts expressed in RMB thousand unless otherwise stated)

2 Basis of Preparation and Significant Accounting Policies (Continued)

2.2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) *Impact of standards issued but not yet applied* (Continued)

IFRS 16

IFRS 16, 'Leases', addresses the definition of a lease, recognition and measurement of leases and establishes principles for reporting useful information to users of financial statements about the leasing activities of both lessees and lessors. A key change arising from IFRS 16 is that almost all operating leases will be accounted for on balance sheet for lessees, and the only optional exemptions are for certain short-term leases and leases of low-value assets. The standard replaces IAS 17 'Leases', and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2019 and earlier application is permitted but only in conjunction with adopting IFRS 15 'Revenue from contracts with customers' at the same time.

The Group is a lessee of various offices, which are currently classified as operating leases. The Group's current accounting policy for such leases under which operating lease payment is accounted for in the consolidated statements of comprehensive income when incurred and the Group's future operating lease commitments are not reflected in the consolidated balance sheets but are disclosed in Note 21. IFRS 16 provides new provisions for the accounting treatment of leases and all long-term leases, including future operating lease commitments, must be recognised in the form of an asset (for the right of use) and a financial liability (for the payment obligation). Thus each lease will be mapped in the Group's consolidated balance sheets. In the consolidated statements of comprehensive income, leases will be recognised in the future as capital expenditure on the purchasing side and will no longer be recorded as an operating expense.

The new standard will therefore result in an increase in right of use asset and an increase in lease liability in the consolidated statements of financial position. As for the financial performance impact in the consolidated statements of comprehensive income, leasing expense will be replaced with straight-line depreciation expense on the right of use asset and interest expense on the lease liability. The combination of straight-line depreciation of the right of use asset and effective interest rate method applied on the lease liability will result in a higher total charge to profit or loss in the initial years of the lease, and decreasing expense during the latter part of the lease term.

The Group does not expect the adoption of IFRS 16 as compared with the current accounting policy would result any significant impact on the total expense to be recognised over the entire lease period and the Group's financial performance but it is expected that the lease commitments will be required to be recognised in the consolidated statements of financial position as a right of use asset and a lease liability other than the short-term and low value leases which will be recognised on a straight-line basis as an expense in profit or loss. The adoption of IFRS 16 would not affect total cash flows in respect the lease. The Group is continuing to assess the specific magnitude of the adoption of IFRS 16 to relevant financial statement areas and will conduct a more detailed assessment on the impact as information become available closer to the planned initial date of adoption of 1 January 2019.

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2018

(All amounts expressed in RMB thousand unless otherwise stated)

3 Changes in Accounting Policies

This note explains the impact of the adoption of IFRS 9 Financial Instruments on the Group's financial statements and also discloses the new accounting policies that have been applied from 1 January 2018, where they are different to those applied in prior periods.

3.1 IMPACT ON THE FINANCIAL STATEMENTS

As a result of the changes in the Group's accounting policies, prior year financial statements had to be restated. As explained in Note 3.2 below, IFRS 9 was generally adopted without restating comparative information with the exception of certain aspects of hedge accounting. The reclassifications and the adjustments arising from the new impairment rules are therefore not reflected in the restated balance sheet as at 31 December 2017, but are recognised in the opening balance sheet on 1 January 2018.

The following tables show the adjustments recognised for each individual line item. Line items that were not affected by the changes have not been included. As a result, the sub-totals and totals disclosed cannot be recalculated from the numbers provided. The adjustments are explained in more detail by standard below.

Consolidated Balance sheet (extract)	31 December 2017		1 January 2018 Restated
	As originally presented	IFRS 9	
Cash and cash equivalents	4,594,641	(23)	4,594,618
Term deposits	329,977	(9)	329,968
Total assets	5,972,080	(32)	5,972,048
Accumulated losses	(2,221,119)	(32)	(2,221,151)
Total equity	4,033,962	(32)	4,033,930

3.2 IFRS 9 FINANCIAL INSTRUMENTS – IMPACT OF ADOPTION

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of IFRS 9 Financial Instruments from 1 January 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. The new accounting policies are set out in note 3.3 below. In accordance with the transitional provisions in IFRS 9(7.2.15) and (7.2.26), comparative figures have not been restated.

The total impact on the Group's accumulated losses as at 1 January 2018 is as follows:

Closing accumulated losses 31 December 2017 – IAS 39	(2,221,119)
Increase in provision for cash and cash equivalents	(23)
Increase in provision for term deposits	(9)
Adjustment to retained earnings from adoption of IFRS 9 on 1 January 2018	(32)
Opening accumulated losses 1 January 2018 – IFRS 9	(2,221,151)

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3 Changes in Accounting Policies (Continued)

3.3 IFRS 9 FINANCIAL INSTRUMENTS – INVESTMENTS AND OTHER FINANCIAL ASSETS

Classification

From 1 January 2018, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income (“OCI”), or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the Group’s business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (“FVOCI”).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (“FVPL”), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group’s business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) – net, together with foreign exchange gains and losses and impairment losses.
- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets’ cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses) – net. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses and impairment losses are presented in other gains/(losses) – net.
- **FVPL:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) – net in the period in which it arises.

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(All amounts expressed in RMB thousand unless otherwise stated)

3 Changes in Accounting Policies (Continued)

3.3 IFRS 9 FINANCIAL INSTRUMENTS – INVESTMENTS AND OTHER FINANCIAL ASSETS (Continued)

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) – net in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Impairment

From 1 January 2018, the Group assesses on a forward-looking basis the expected credit losses ("ECL") associated with its debt instrument assets carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The Group recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Notes to the Interim Condensed Consolidated Financial Information

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4 Management of Financial Risk

4.1 FINANCIAL RISK FACTORS

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

The interim condensed consolidated financial information do 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 of 31 December 2017.

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

4.2 LIQUIDITY RISK

The Group aims to maintain sufficient cash and cash equivalents and marketable securities to mitigate its liquidity risk. Due to the dynamic nature of the underlying businesses, the Group maintains flexibility in funding by maintaining adequate cash and cash equivalents.

The table below analyses the Group's financial liabilities into relevant maturity grouping based on the remaining period at the end of each reporting period to the contractual maturity date. The amounts disclosed in the table are undiscounted contractual cash flows.

	As at 30 June 2018					
	On demand	Within 1 year	1 to 5 years	Over 5 years	Undated	Total
Liabilities:						
Trade and other payables	–	980,361	–	–	45	980,406
Total	–	980,361	–	–	45	980,406

	As at 31 December 2017					
	On demand	Within 1 year	1 to 5 years	Over 5 years	Undated	Total
Liabilities:						
Trade and other payables	–	1,091,082	–	–	44	1,091,126
Total	–	1,091,082	–	–	44	1,091,126

Notes to the Interim Condensed Consolidated Financial Information

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(All amounts expressed in RMB thousand unless otherwise stated)

4 Management of Financial Risk (Continued)

4.3 FAIR VALUE ESTIMATION

Fair value estimates are made at a specific point in time based on relevant market information and information about financial instruments. When an active market exists, such as an authorized securities exchange, the market value is the best reflection of the fair values of financial instruments. For financial instruments where there is no active market, fair value is determined using valuation techniques.

The Group's financial assets mainly include financial assets at fair value through profit or loss.

Determination of fair value and fair value hierarchy

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchies. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three broad levels. The level in the fair value hierarchy within which the fair value measurement is categorized in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

The levels of the fair value hierarchy are as follows:

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

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

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

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

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

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2018

(All amounts expressed in RMB thousand unless otherwise stated)

4 Management of Financial Risk (Continued)

4.3 FAIR VALUE ESTIMATION (Continued)

Determination of fair value and fair value hierarchy (Continued)

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

	As at 30 June 2018			Total
	Level 1	Level 2	Level 3	
Assets measured at fair value				
Financial assets at fair value through profit or loss				
– Equity investments	–	574,407	–	574,407

	As at 31 December 2017			Total
	Level 1	Level 2	Level 3	
Assets measured at fair value				
Financial assets at fair value through profit or loss				
– Equity investments	–	272,665	–	272,665

For the period, there were no transfers among different levels of fair values measurement.

Valuation techniques

The fair value of the unquoted equity investments has been determined using valuation techniques such as comparable company valuation multiples, recent transaction prices of the same or similar instruments, with appropriate adjustments made where applicable, for example, for lack of liquidity using option pricing models. The valuation requires management to make certain assumptions about unobservable inputs to the model, which mainly include historical volatility and estimated time period prior to the listing of the unquoted equity instruments, etc. The fair value of the unquoted equity investments is not significantly sensitive to a reasonable change in these unobservable inputs.

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(All amounts expressed in RMB thousand unless otherwise stated)

5 Scope of Consolidation

Particulars of the subsidiaries and entities in the scope of consolidation of the Group at 30 June 2018 are set out below:

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 2018	31 December 2017		
Directly owned:						
Glorious Delight Limited ("Glorious Delight")	Hong Kong/ 14 November 2014	HKD1	100%	100%	Investment Holding/ Hong Kong	
Le An Xin (PTC) Limited ("Le An Xin") (Note 19)	British Virgin Islands ("BVI")/ 17 October 2017	USD0	–	–	Investment Holding/ BVI	
Indirectly owned:						
Kang Jian Information Technology (Shenzhen) Co., Ltd. ("Kang Jian")	the PRC/ 13 February 2015	USD440,050,000	100%	100%	Investment Holding/ the PRC	
Jiangsu Zhongyikang Pharmaceutical Company Limited ("Zhongyikang")	the PRC/ 14 December 2006	RMB5,000,000	100%	–	Medicine Marketing/ the PRC	(a)
Shanghai Pingan Health Culture Communication Company Limited ("Culture Communication")	the PRC/ 21 November 2016	RMB3,000,000	100%	100%	Technology Service/ the PRC	(b)
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 Nabaite Pharmacy Company Limited* ("Jiangxi Nabaite")	the PRC/ 24 January 2014	RMB2,000,000	100%	100%	Medicine Marketing/ the PRC	
Hefei Kuaiyijie Medical Electronic Commerce Company Limited* ("Kuaiyijie")	the PRC/ 29 March 2005	RMB15,000,000	100%	100%	Technology Development/ the PRC	
Pingan (Qingdao) Internet Hospital Company Limited*	the PRC/ 24 April 2017	RMB10,000,000	100%	100%	Hospital/the PRC	
Pingan (Hefei) Internet Hospital Company Limited*	the PRC/ 21 September 2017	RMB0	100%	100%	Hospital/the PRC	
Jiangsu Nabaite Pharmacy Company Limited* ("Jiangsu Nabaite")	the PRC/ 11 October 2017	RMB10,000,000	100%	100%	Medicine Marketing/ the PRC	
Shanghai Hao Yi Smart Technology Company Limited*	the PRC/ 21 November 2017	RMB0	70%	70%	Technology Development/ the PRC	
Yinchuan Pingan Internet Hospital Company Limited*	the PRC/ 12 March 2018	RMB500,000	100%	–	Hospital/the PRC	(c)

* Subsidiaries of PAHC

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(All amounts expressed in RMB thousand unless otherwise stated)

5 Scope of Consolidation (Continued)

Notes:

- (a) Kang Jian entered into a share purchase agreement on 18 January 2018 with Ms. Zhang Yanlin in relation to the acquisition of 100% shareholding interest of Zhongyikang. The change of shareholder registration in the local industrial and commercial administration for Zhongyikang was completed on 13 March 2018.
- (b) Culture Communication was established by the Group in the PRC on 21 November 2016. It is a wholly-owned subsidiary of PAHC. On 29 March 2018, PAHC transferred 100% shareholding interest of Culture Communication to Kang Jian.
- (c) Yinchuan Pingan Internet Hospital Company Limited was established by the Group in the PRC on 12 March 2018. It is a wholly-owned subsidiary of PAHC.

6 Revenue and Segment Information

(A) DISAGGREGATION OF REVENUE FROM CONTRACTS WITH CUSTOMERS

The Group's business activities, for which discrete financial statements are available, are regularly reviewed and evaluated by CODM. CODM, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the executive directors of the Company that make strategic decisions. As a result of this evaluation, the Group determined that it has operating segments as follows:

- Family doctor services
- Consumer healthcare
- Health mall
- Health management and wellness interaction

CODM assesses the performance of the operating segments mainly based on segment revenue and gross profit of each operating segment which is used by management as a basis for the purpose of resource allocation and assessment of segment performance. The selling and marketing expenses and administrative expenses are not included in the measurement of the segments' performance. Other income, other gains/(losses) – net, finance income/(costs) – net, shares of losses of joint venture, and income tax expense are also not allocated to individual operating segments.

Revenues from external customers reported to CODM are measured as segment revenue, which is derived from the customers in each segment. Cost of revenue primarily comprises cost of medical service fee, inventories consumed, salary and compensation expenses, and others.

The segment information provided to CODM is measured in a manner consistent with that applied in these financial statements. There was no information on separate segment assets and segment liabilities provided to CODM, as CODM does not use such information to allocate resources to or evaluate the performance of the operating segments.

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2018

(All amounts expressed in RMB thousand unless otherwise stated)

6 Revenue and Segment Information (Continued)

(A) DISAGGREGATION OF REVENUE FROM CONTRACTS WITH CUSTOMERS (Continued)

The revenue segment information reported to CODM is as follows:

For the six months ended 30 June 2018

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

For the six months ended 30 June 2017

	Family doctor services	Consumer healthcare	Health mall	Health management and wellness interaction	Total
Revenue from customers	97,271	167,866	156,006	27,446	448,589
Medical related services	96,500	166,339	–	–	262,839
Sales of goods	771	1,527	147,882	–	150,180
Commission income	–	–	8,124	–	8,124
Advertising and other services	–	–	–	27,446	27,446
Cost of sales	41,676	86,904	126,980	6,162	261,722
Gross Profit	55,595	80,962	29,026	21,284	186,867

The Company is domiciled in the Cayman Islands while the Group mainly operates its businesses in the PRC and earns substantially all of the revenues from external customers attributed to the PRC.

As at 30 June 2018 and 31 December 2017, substantially all of the non-current assets of the Group were located in the PRC.

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(All amounts expressed in RMB thousand unless otherwise stated)

6 Revenue and Segment Information (Continued)

(B) CONTRACT ASSETS AND LIABILITIES

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

	As at 30 June 2018	As at 31 December 2017
Contract assets		
Family doctor services	6,797	–
Consumer healthcare	58,443	57,970
	65,240	57,970
Contract liabilities		
Family doctor services	54,840	72,959
Consumer healthcare	518,459	424,711
Health mall	68,421	98,382
Health management and wellness interaction	36,347	44,543
	678,067	640,595

7 Expenses by Nature

	For the six months ended 30 June	
	2018	2017
Cost of merchandise	532,991	127,578
Employee benefit expenses	366,592	314,827
Cost for service fee paid to vendors	214,644	86,596
Advertising expenses	151,457	87,136
Promotion expenses	119,892	76,880
Commission expenses	90,512	28,286
Consulting expenses	42,135	25,668
Postage and communication expenses	28,095	12,463
Leasing expenses	25,033	24,741
Listing expenses	18,244	–
Depreciation of property, plant and equipment	16,188	12,742
Travelling and convention expenses	11,388	5,322
Tax and surcharges	3,742	1,892
Others	40,737	21,690
	1,661,650	825,821

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8 Other Gains/(Losses) – Net

	For the six months ended 30 June	
	2018	2017
Net foreign exchange gains/(losses)	22,230	(77,856)
Fair value gains on financial assets at fair value through profit or loss	13,525	–
Net impairment losses on financial assets	(1,576)	–
Others	(309)	(22)
	33,870	(77,878)

9 Income Tax Expense

The income tax expense of the Group for the period ended 30 June 2018 is analysed as follows:

	For the six months ended 30 June	
	2018	2017
Current income tax	–	408

	For the six months ended 30 June	
	2018	2017
Loss before income tax	(444,163)	(455,641)
Tax calculated at PRC statutory income tax rate of 25%	(111,041)	(113,910)
Tax effects of		
– Differential income tax rates applicable to subsidiaries (Note a)(Note b)	(34,166)	17,636
– Income not subject to tax	(867)	(4,899)
– Tax losses and temporary differences for which no deferred income tax asset was recognized	109,222	89,747
– Expense not deductible for tax purposes	36,852	11,426
– Adjustments for current tax of prior periods	–	408
Income tax	–	408

Notes to the Interim Condensed Consolidated Financial Information

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(All amounts expressed in RMB thousand unless otherwise stated)

9 Income Tax Expense (Continued)

Notes:

(a) *Cayman Islands and Tax*

The Company is incorporated under the laws of the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and is not subject to Cayman Islands income tax.

(b) *Hong Kong Income Tax*

Hong Kong income tax rate is 16.5%. No Hong Kong profits tax was provided for as there was no estimated assessable profit that was subject to Hong Kong profits tax during the six months ended 2018 and 2017.

(c) *PRC Corporate Income Tax ("CIT")*

The income tax provision of the Group in respect of its operations in PRC was calculated at the tax rate of 25% on the assessable profits, based on the existing legislation, interpretations and practices in respect thereof.

(d) *PRC Withholding Tax ("WHT")*

According to the New Corporate Income Tax Law ("New CIT Law"), distribution of profits earned by PRC companies since 1 January 2008 to foreign investors is subject to withholding tax of 5% or 10%, depending on the country of incorporation of the foreign investor, upon the distribution of profits to overseas-incorporated immediate holding companies.

No deferred income tax liability on WHT was accrued as of 30 June 2018 as the subsidiaries of the Group were loss making during the six months then ended (31 December 2017: nil).

10 Loss Per Share

The weighted average number of ordinary shares for the purpose of basic and diluted loss per share for the six months ended 30 June 2017 has been retroactively adjusted for the share subdivision (Note 1).

- (a) Basic loss per share for the six months ended 30 June 2018 and 2017 are calculated by dividing the loss attributable to the Company's equity holder by the weighted average number of ordinary shares in issue during the periods.

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

	For the six months ended 30 June	
	2018	2017
Loss for the period	(444,163)	(456,049)
Weighted average number of ordinary shares in issue ('000)	888,736	840,000
Basic loss per share (RMB yuan/share)	(0.50)	(0.54)

- (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 2018 and 2017, the potential ordinary shares were not included in the calculation of dilutive loss per share, as their inclusion would be anti-dilutive. Accordingly, diluted loss per share for the six months ended 30 June 2018 and 2017 are same as basic loss per share of respective periods.

Notes to the Interim Condensed Consolidated Financial Information

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(All amounts expressed in RMB thousand unless otherwise stated)

11 Property, Plant and Equipment

	Office and telecommunication equipment	Leasehold improvements	Total
As at 1 January 2018			
Cost	122,677	26,135	148,812
Accumulated depreciation	(37,330)	(8,225)	(45,555)
Net book amount	85,347	17,910	103,257
Six months ended 30 June 2018			
Opening net book amount	85,347	17,910	103,257
Additions	11,670	372	12,042
Disposal	(122)	–	(122)
Depreciation charge	(11,856)	(4,332)	(16,188)
Closing net book amount	85,039	13,950	98,989
As at 30 June 2018			
Cost	134,103	26,507	160,610
Accumulated depreciation	(49,064)	(12,557)	(61,621)
Net book amount	85,039	13,950	98,989
As at 1 January 2017			
Cost	116,717	11,554	128,271
Accumulated depreciation	(16,069)	(3,445)	(19,514)
Net book amount	100,648	8,109	108,757
Six months ended 30 June 2017			
Opening net book amount	100,648	8,109	108,757
Additions	451	1,359	1,810
Disposal	(28)	–	(28)
Depreciation charge	(10,682)	(2,060)	(12,742)
Closing net book amount	90,389	7,408	97,797
As at 30 June 2017			
Cost	117,092	12,913	130,005
Accumulated depreciation	(26,703)	(5,505)	(32,208)
Net book amount	90,389	7,408	97,797

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12 Inventories

	As at 30 June 2018	As at 31 December 2017
Inventories in warehouse	22,611	6,575
Less: impairment provision	–	–
	22,611	6,575

13 Trade Receivables

	As at 30 June 2018	As at 31 December 2017
Family doctor services	225,415	157,445
Consumer healthcare	61,403	46,753
Health mall	219,228	231,951
Health management and wellness interaction	1,306	18,307
Less: impairment provision	–	–
	507,352	454,456

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

	As at 30 June 2018	As at 31 December 2017
Up to 3 months	240,373	391,524
3 to 6 months	123,222	30,433
6 months to 1 year	123,125	15,708
1 to 2 years	20,632	16,791
	507,352	454,456

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(All amounts expressed in RMB thousand unless otherwise stated)

14 Prepayments and Other Receivables

	As at 30 June 2018	As at 31 December 2017
Included in current assets		
Amounts due from related parties	66,747	13,669
Recoverable value-added tax	47,926	6,376
Advance payments	37,366	90,362
Deposits	13,013	13,191
Low-valued consumables	2,504	2,558
Prepaid expenses	1,712	1,541
Others	18,539	9,072
	187,807	136,769

15 Financial Assets at Fair Value through Profit or Loss

	As at 30 June 2018	As at 31 December 2017
Equity investments		
Wealth management products	246,802	272,665
Investment funds	327,605	–
	574,407	272,665

16 Cash and Cash Equivalents

	As at 30 June 2018	As at 31 December 2017
Bank balances	4,732,807	4,584,643
Other cash equivalents	763,989	9,998
Cash and cash equivalents	5,496,796	4,594,641

	As at 30 June 2018	As at 31 December 2017
USD	1,030,446	4,335,655
HKD	95,796	–
RMB	4,370,554	258,986
	5,496,796	4,594,641

Notes to the Interim Condensed Consolidated Financial Information

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(All amounts expressed in RMB thousand unless otherwise stated)

17 Share Capital

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

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

Notes:

- (a) The Company was incorporated on 12 November 2014 with an authorized share capital of USD50,000 divided into 5,000,000,000 ordinary shares of USD0.00001 each.
- (b) On 19 April 2018, the Company's shareholders resolved that subject to the completion of initial public offering and fulfilment of certain other conditions, all the issued and unissued ordinary shares with a par value of USD0.00001 each in the share capital of the Company be subdivided into two ordinary shares with a par value of USD0.000005 each, and all the subdivided shares be ranked pari passu in all respects with each other, such that thereafter, the authorized share capital of the Company should be USD50,000 divided into 10,000,000,000 ordinary shares of par value USD0.000005 each.
- (c) On 4 May 2018, upon its Listing on the Main Board of the Stock Exchange of Hong Kong Limited, the Company issued 160,094,200 new ordinary shares at par value of USD0.000005 per share, the respective share capital amount was approximately RMB5,085.
- (d) As at 30 June 2018, 1,067,294,200 ordinary shares were all issued and fully paid.

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2018

(All amounts expressed in RMB thousand unless otherwise stated)

18 Reserves

	As at 30 June 2018	As at 31 December 2017
Reorganization (Note a)	350,000	350,000
Share premium (Note b) (Note c) (Note d)	12,792,575	5,843,877
Share-based payments (Note 19)	121,397	61,176
Exercise of share options	1,004	–
Other	2	2
	13,264,978	6,255,055

Notes:

- (a) PAHC was incorporated on 20 August 2014 with issued share capital of RMB350,000,000 divided into 350,000,000 ordinary shares of RMB1 each. After the Reorganization, PAHC is controlled by Kang Jian through the Contractual Arrangements. The share capital of RMB350,000,000 is treated as a deemed distribution from the owners.
- (b) The Company has completed Round A investments in April 2016 with 12 institutional investors (the 12 institutional investors collectively, the "Round A Investors"). The excess of the consideration paid by Round A investors over the par value of USD0.00001 per share for 70,000,000 ordinary shares was credited to the share premium account with aggregate amounts of approximately RMB3,230,199,458.
- (c) The Company completed pre-IPO investment of USD400,000,000 in December 2017 by SVF Ping Subco (Singapore) PTE. Ltd. ("Vision Fund Singapore SPV"). The excess of the consideration paid by Vision Fund Singapore SPV over the par value of USD0.00001 per share for the 33,600,000 ordinary shares issued to Vision Fund Singapore SPV was credited to the share premium account with aggregate amounts of approximately RMB2,613,677,805.
- (d) On 4 May 2018, upon its Listing on the Main Board of the Stock Exchange of Hong Kong Limited, the Company issued 160,094,200 new ordinary shares at par value of USD0.000005 per share for cash consideration of HKD54.80 each, and raised gross proceeds of approximately HKD8,773,162,160 (equivalent to approximately RMB7,099,593,746). The respective share capital amount was approximately RMB5,085 and share premium arising from the issuance was approximately RMB6,948,698,151, net of the share issuance costs after deduction of listing subscription deposits interest. The share issuance costs paid and payable mainly include share underwriting commissions, lawyers' fees, reporting accountant's fee and other related costs associated with the Listing, which are incremental costs directly attributable to the issuance of the new shares. These costs amounting to RMB150,890,510, after deduction of listing subscription deposits interest, were treated as a deduction against the share premium arising from the issuance.

19 Share-Based Payments

On 26 December 2014, an equity-settled share-based compensation plan was granted to the employees with the objective to recognize and reward the contribution of the Grantees for the growth and development of the Group ("the Share Option Plan"). The Share Option Plan is valid and effective for 10 years from the grant date. Upon the establishment of Share Option Plan, 35,000,000 shares have been reserved by two shareholders of the Company, namely Glorious Peace Limited ("Glorious Peace") and Bang Qi Jian Limited ("Bang Qi Jian"). Under the Share Option Plan, a special purpose vehicle named Hong Qi Jian Limited ("Hong Qi Jian"), was set up by Glorious Peace and Bang Qi Jian to hold shares contributed by Glorious Peace and Bang Qi Jian.

Le An Xin was incorporated on 17 October 2017 as a vehicle to replace Hong Qi Jian to hold the 35,000,000 ordinary shares for the Company's employees under the Share Option Plan, with no changes to the rest of the conditions and the Grantees of the Share Option Plan. As the Company has the power to govern the relevant activities of Le An Xin and can derive benefits from the services to be rendered by the Grantees, the directors of the Company consider that it is appropriate to consolidate Le An Xin. The number of shares pursuant to the Share Option Plan is 70,000,000 after the share subdivision (Note 1).

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2018

(All amounts expressed in RMB thousand unless otherwise stated)

19 Share-Based Payments (Continued)

Subject to the Grantee continuing to be a service provider, 100% of these options will be vested over 4 years upon fulfilling the service conditions and non-market performance conditions prescribed in the share option agreement.

The options should be exercised no earlier than 180 days before the Company successfully completes an initial public offering and the Company's shares get listed in the stock exchange ("IPO and Listing") and no later than 30 days after the IPO and Listing. The vesting date is determined by the Board of Directors of the Company. On 20 January 2018, amendments to the Share Option Plan were approved by the directors of the Company and the vesting date was changed to no earlier than 180 days before IPO and Listing or no earlier than 12 months after IPO and Listing. The amendments have no impact on the financial statements of the Group.

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

	Number of share options For the six months ended 30 June	
	2018	2017
At the beginning of the period	49,791,200	20,745,750
Granted	–	16,760,000
Exercised	(1,675,000)	–
Forfeited	(2,757,822)	(1,820,750)
At the end of the period	45,358,378	35,685,000

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 2018	As at 31 December 2017
2014	2024	0.50	3,885,300	4,563,700
2015	2025	0.75	9,651,700	10,752,700
2016	2026	5.00	2,456,400	2,653,600
2017	2027	23.50-32.00	29,364,978	31,821,200
			45,358,378	49,791,200

The Company have used the discounted cash flow method to determine the underlying equity fair value of the Company and adopted equity allocation model to determine the fair value of the underlying ordinary share. Key assumptions, such as discount rate and projections of future performance, are required to be determined by the Company with best estimate.

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2018

(All amounts expressed in RMB thousand unless otherwise stated)

19 Share-Based Payments (Continued)

Based on fair value of the underlying ordinary share, the Company have used Binomial option-pricing model to determine the fair value of the share options as at the grant date. Key assumptions are set as below:

	For the six months ended 30 June	
	2018	2017
Discount rate	N/A	21.00%
Risk-free interest rate	N/A	3.31%
Volatility	N/A	44.67%
Dividend yield	N/A	3.00%

During the six months ended 30 June 2018, the Group recorded share-based payments of approximately RMB60,221,000 (six months ended 30 June 2017: RMB14,196,000) related to the Share Option Plan.

The remaining contractual life of share options outstanding as at 30 June 2018 and 31 December 2017 is 8.4 years and 8.9 years respectively.

20 Trade and Other Payables

	As at 30 June 2018	As at 31 December 2017
Included in current liabilities		
Accrued expense	414,992	433,421
Trade payables (Note a)	273,984	466,541
Amounts due to suppliers	163,913	65,100
Wages payable	171,909	206,397
Amounts due to related parties	20,690	35,986
Others	106,782	90,034
	1,152,270	1,297,479
Included in non-current liabilities		
Amounts due to related parties	45	44

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

	As at 30 June 2018	As at 31 December 2017
Up to 3 months	225,598	375,456
3 to 6 months	26,489	30,881
6 months to 1 year	21,562	60,179
1 to 2 years	335	25
	273,984	466,541

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2018

(All amounts expressed in RMB thousand unless otherwise stated)

21 Operating Lease Commitments

The Group's future aggregate minimum lease payments due under non-cancellable operating leases are as follows:

	As at 30 June 2018	As at 31 December 2017
No later than 1 year	89,940	51,255
Later than 1 year and no later than 2 years	52,921	48,998
Later than 2 years and no later than 3 years	13,796	21,032
Later than 3 years	5,766	6,612
	162,423	127,897

22 Related Party Transactions

The following significant transactions were carried out between the Group and its related parties. In the opinion of the directors of the Company, the related party transactions were carried out in the normal course of business and at terms negotiated between the Group and the respective related parties. The Group's pricing policies on the transactions with related parties are determined on the basis of mutual negotiations between the relevant parties.

(A) NAMES AND RELATIONSHIPS WITH RELATED PARTIES

Name of related parties	Relationship with the Company
Glorious Peace	A shareholder that has significant influence over the Group
Ping An Insurance (Group) Company of China, Ltd. (Ping An)	Ultimate parent company of Glorious Peace
Ping An Life Insurance Company of China, Ltd. (Ping An Life)	Controlled by Ping An
Ping An Health Insurance Company of China, Ltd. (Ping An Health)	Controlled by Ping An
Ping An Property & Casualty Insurance Company of China, Ltd. (Ping An Property & Casualty)	Controlled by Ping An
Ping An Bank Co., Ltd. (Ping An Bank)	Controlled by Ping An
Ping An Annuity Insurance Company of China, Ltd. (Ping An Annuity)	Controlled by Ping An
Ping An Securities Co., Ltd. (Ping An Securities)	Controlled by Ping An
Shenzhen Ping An Financial Services Co., Ltd. (Financial Services)	Controlled by Ping An
Shenzhen Wanlitong Network Information Technology Co., Ltd. (Shenzhen Wanlitong)	Controlled by Ping An
Ping An Pay Technology Service Co., Ltd. (Ping An Pay Tech)	Controlled by Ping An
Ping An Technology (Shenzhen) Co., Ltd. (Ping An Technology)	Controlled by Ping An
Shenzhen Ping An Communication Technology Co., Ltd. (Ping An Communication Technology)	Controlled by Ping An
Shanghai Zean Investment Management Co., Ltd. (Zean Investment)	Controlled by Ping An
Shenzhen PingAn-UOB Huitong Wealth Management Company Limited (UOB Huitong)	Controlled by Ping An
Shanghai Youwan Internet Technology Co., Ltd. (YouWan)	Controlled by Ping An

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2018

(All amounts expressed in RMB thousand unless otherwise stated)

22 Related Party Transactions (Continued)

(B) SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES

	For the six months ended 30 June	
	2018	2017
Provision of products and services		
(included in contract liabilities and revenue)		
Ping An Life	262,444	66,411
Ping An Property & Casualty	81,996	12,625
Ping An Health	51,368	54,696
Ping An Annuity	10,943	661
Ping An Bank	4,120	1,850
Shenzhen Wanlitong	3,137	2,035
Ping An Securities	2,243	29
Services purchasing		
Ping An Technology	9,936	8,590
Ping An Communication Technology	9,092	1,376
Shenzhen Wanlitong	7,865	6,901
Financial Services	3,242	2,788
Ping An	2,766	2,292
Property leasing		
Zean Investment	13,066	12,852
Ping An Property & Casualty	896	839
Ping An Life	266	880
Deposit interests		
Ping An Bank	45,599	18,444
Interest expenses		
Ping An Bank	–	19,463
Investment income		
Ping An Bank	3,028	4,048
UOB Huitong	1,412	–

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2018

(All amounts expressed in RMB thousand unless otherwise stated)

22 Related Party Transactions (Continued)

(C) PERIOD/YEAR END BALANCES WITH RELATED PARTIES

	As at 30 June 2018	As at 31 December 2017
Cash and cash equivalents and term deposits		
Ping An Bank	4,756,495	4,902,273
Ping An Pay Tech	6,580	4,217
Financial assets at fair value through profit or loss		
Ping An Bank	46,802	272,665
UOB Huitong	200,000	–
Trade receivables		
Ping An Health	169,381	119,254
Ping An Life	165,946	179,494
Ping An Property & Casualty	133,216	109,506
Ping An Annuity	7,221	3,155
Ping An Bank	5,015	6,161
Shenzhen Wanlitong	4,950	4,204
Ping An Pay Tech	3,079	2,342
Prepayments and other receivables		
Ping An Technology	35,208	–
Ping An Bank	24,619	6,920
Ping An Property & Casualty	2,540	2,458
Ping An Annuity	1,879	–
Ping An Health	1,131	1,131
YouWan	1,000	3,000
Prepayment and other receivables-deposits		
Zean Investment	4,403	4,403
Trade and other payables		
Ping An Health	8,906	4,238
Ping An Technology	3,557	22,369
Ping An Property & Casualty	3,176	2,812
Financial Services	1,466	867
Ping An	1,460	–
Ping An Communication Technology	1,028	4,303

Apart from the interest receivables generated from term deposits calculated based on deposit interest rates due from Ping An Bank, the other balances including other prepayments and other receivables, trade receivables and deposits due from related parties are unsecured, interest-free and repayable on demand.

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

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2018

(All amounts expressed in RMB thousand unless otherwise stated)

23 Contingencies

The Group did not have any material contingent liabilities as at 30 June 2018.

24 Subsequent Events

- (a) The Board of Directors of the Company resolved and made announcement on 16 August 2018 that PAHC, as a subsidiary of the Company, entered into an equity transfer agreement with Shenzhen Ping An Financial Technology Consulting Co., Ltd. ("Ping An Financial Technology"), Urumqi Guangfengqi Investments Limited Partnership ("Guangfengqi") (together "the Vendors") and Ping An Wanjia Healthcare Investment Management Co., Ltd. ("Wanjia Healthcare"), pursuant to which the Vendors have conditionally agreed to sell, and PAHC has conditionally agreed to acquire, 63.16% equity interest in Wanjia Healthcare from Ping An Financial Technology and 36.84% equity interest in Wanjia Healthcare from Guangfengqi, at the consideration of RMB980 million.
- (b) The Company made announcement on 16 August 2018 that the Company entered into a subscription agreement with A2G Holdings Inc. ("A2G"), a wholly-owned subsidiary of Grab Holdings Inc. ("Grab") and Grab in relation to the formation of Good Doctor Technology Limited, which will engage in online medical and wellness services primarily through a mobile platform. Good Doctor Technology Limited shall have a registered capital of USD20 million, which shall be contributed by the Company and A2G in proportion to their respective equity interests of 70% and 30%.

The Group does not have other significant subsequent events.

25 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 16 August 2018.

Definitions

"affiliate"	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"AI"	artificial intelligence, the use of machine to aid or replace human in doing certain tasks by simulating the sight, hearing, senses and thinking of human
"Board"	the board of directors of our Company
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company", "our Company", "the Company", "we", "us", or "our"	Ping An Healthcare and Technology Company Limited
"Controlling Shareholders"	has the meaning ascribed thereto under the Listing Rules of the Stock Exchange and unless the context requires otherwise, collectively refers to Glorious Peace, Ping An and Le Jin Xuan Controlling Shareholder Group
"Corporate Governance Code"	the Corporate Governance code as set out in Appendix 14 to the Listing Rules of the Stock Exchange
"Director(s)"	the director(s) of our Company
"EIS Option(s)"	the option(s) granted and to be granted to our Directors and employees of our Group under the Employee Incentive Scheme
"EIS Share(s)"	70,000,000 Ordinary Shares of our Company held by Le An Xin through Le Jin Xuan
"Employee Incentive Scheme"	the scheme adopted by our Company on 26 December 2014, as amended or otherwise modified from time to time, to grant options to the incentive targets
"GMV"	gross merchandise volume, the total value of all orders placed on our mobile platform, including orders for products and services placed in our health mall business under both the direct sales and marketplace models, regardless of whether the goods are sold or delivered or whether the goods are returned
"Group", "our Group", "the Group"	the Company, its subsidiaries and the Operating Entities or, where the context so requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
"HK\$"	Hong Kong dollars, the lawful currency of Hong Kong

“Hong Kong Share Registrar”	Computershare Hong Kong Investor Services Limited
“Le An Xin”	Le An Xin (PTC) Limited, a company incorporated under the laws of BVI on 17 October 2017, and is one of our Controlling Shareholders
“Le Jin Xuan”	Le Jin Xuan Limited (樂錦煊有限公司), a company incorporated under the laws of BVI on 10 November 2017 and is one of our Controlling Shareholders
“Listing Date”	the date is 4 May 2018, on which the Shares are listed and on which dealings in the Shares are first permitted to take place on the Stock Exchange
“Listing Rules of the Stock Exchange”	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
“MAU”	monthly active users who access services or products through mobile apps, plug-ins, WAP or other channels at least once during a calendar month
“MPU”	monthly paying users, meaning the number of users that purchase our products and/or services on our platform through mobile app, WAP or plug-in channels at least once during a calendar month
“PRC” or “China”	The People's Republic of China. For the purposes of this document only and except where the context requires otherwise, excludes Hong Kong, Macau and Taiwan
“Prospectus”	the prospectus being issued in connection with the Hong Kong Public Offering
“Reporting Period”	the six months ended 30 June 2018
“RMB” or “Renminbi”	Renminbi, the lawful currency of China
“Share(s)”	ordinary share(s) in the share capital of our Company with a par value of US\$0.00001 each before share subdivision and with a par value of US\$0.000005 after share subdivision
“Shareholder(s)”	holder(s) of our Shares
“SKU”	stock keeping unit, offered through our online direct sales and on our online marketplace. The number of SKUs does not represent the number of distinct products offered through our health mall. We may assign different SKUs to the same product if it is sourced from different suppliers or if it is sold both via our direct sales and online marketplace or by more than one supplier or marketplace vendor

Definitions

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary(ies)”	has the meaning ascribed thereto in section 15 of the Companies Ordinance
“Substantial shareholder(s)”	has the meaning ascribed thereto in the Listing Rules of the Stock Exchange
“Vision Fund Singapore SPV”	SVF Ping Subco (Singapore) PTE. Ltd., a company incorporated under the laws of Singapore on 8 December 2017, one of our Shareholders
“Wanjia Healthcare”	Ping An Wanjia Healthcare Investment Management Co., Ltd. (平安萬家醫療投資管理有限責任公司), a company incorporated under the laws of PRC on 4 July 2016 and a subsidiary of Ping An
“WAP”	wireless application protocol, referring to access via a mobile browser using this protocol
“ZH GP 5”	ZH GP 5 Limited, an exempted Company incorporated in the Cayman Islands on 25 November 2015 and one of our Controlling Shareholders

