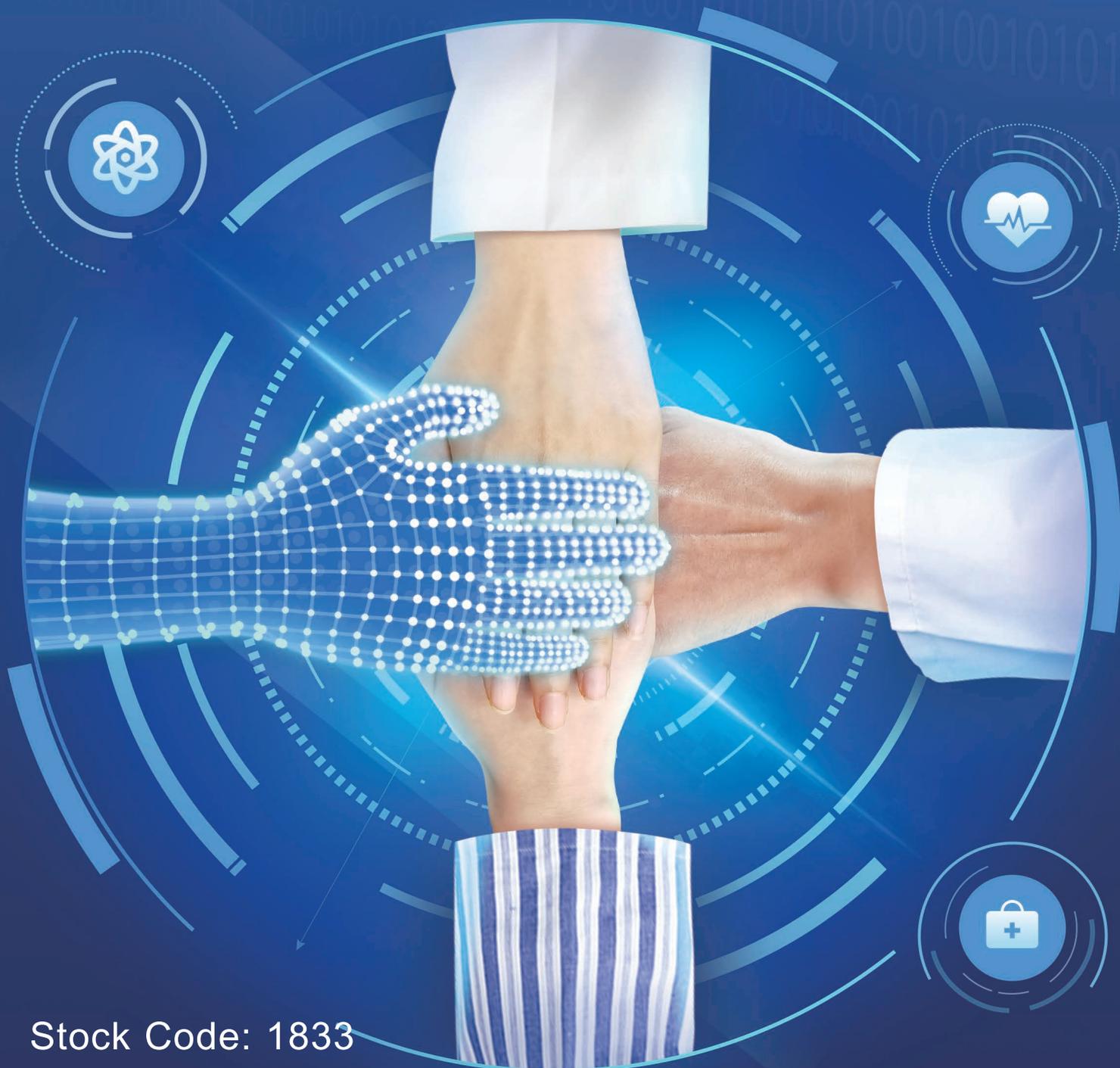


平安健康醫療科技有限公司

PING AN HEALTHCARE AND TECHNOLOGY
COMPANY LIMITED

(Incorporated in the Cayman Islands with limited liability)

2020 Interim Report



Stock Code: 1833

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

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

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Corporate Information

Directors

Executive Director

Mr. FANG Weihao (Acting Chairman)

Non-executive Directors

Ms. TAN Sin Yin
Mr. YAO Jason Bo
Ms. CAI Fangfang
Ms. LIN Lijun
Mr. PAN Zhongwu

Independent Non-executive Directors

Mr. TANG Yunwei
Mr. GUO Tianyong
Mr. LIU Xin
Dr. CHOW Wing Kin Anthony

Audit and Risk Management Committee

Mr. TANG Yunwei (Chairman)
Mr. GUO Tianyong
Mr. LIU Xin
Mr. YAO Jason Bo

Nomination and Remuneration Committee

Mr. GUO Tianyong (Chairman)
Mr. TANG Yunwei
Dr. CHOW Wing Kin Anthony
Mr. LIU Xin
Ms. CAI Fangfang
Mr. YAO Jason Bo

Joint Company Secretaries

Mr. LIU Cheng
Ms. CHEN Chun

Authorised Representatives

Mr. FANG Weihao
Mr. LIU Cheng

Auditor

PricewaterhouseCoopers
Certified Public Accountants and Registered PIE Auditor
22/F, Prince's Building
Central
Hong Kong

Registered Office

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

Head Office and Principal Place of Business in China

17-19/F, Block B
Shanghai Ping An Building
No. 166, Kaibin Road
Shanghai
PRC

Principal Place of Business in Hong Kong

40/F
Sunlight Tower
No. 248 Queen's Road East
Wanchai
Hong Kong

Legal Advisors

As to Hong Kong and U.S. laws:

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

As to PRC law:

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

As to Cayman Islands law:

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

Principal Share Registrar and Transfer Office

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

Hong Kong Share Registrar

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

Principal Bank

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

Stock Code

1833

Company's Website

www.pagd.net

Listing Date

4 May 2018

Key Financial and Operational Data

(Highlights for the first half of 2020)



Registered Users:

346.2 million

An Increase of

56.9 million
during the past 12 months



MAU: **67.3** million

7.3%
Year-on-year growth



Average Daily Consultations:

831 thousand

26.7%
Year-on-year growth



MPU: **3.0** million

32.3%
Year-on-year growth



Online Medical Services Revenue:

694.9 (RMB) million

106.8%
Year-on-year growth



Revenue:

2,746.6 (RMB) million

20.9%
Year-on-year growth

Chairman's Statement



Ping An Good Doctor is committed to building a bridge of effective communication between doctors and patients, providing users with timely, high-quality online medical services and health management services through its in-house full-time medical team and proprietary AI-based medical system. Meanwhile, Ping An Good Doctor provides users with a wider range of one-stop medical services through the constantly improving nationwide and worldwide network of third-party renowned doctors, and the offline health care network.

FANG WEIHAO

**Acting Chairman and
Chief Executive Officer**

Amid the COVID-19 pandemic in early 2020, the Internet healthcare played an important role with the remote consultation service. As a leading Internet healthcare company in China, Ping An Good Doctor fully capitalized on our business strength to actively fulfill our social responsibility. After the outbreak of COVID-19, Ping An Good Doctor has responded swiftly and mobilized all members to provide assistance. Within 24 hours, we set up a specialized task force to fight against COVID-19, launched a dedicated portal for COVID-19 related online consultation, and built an online consultation prevention mechanism. Our in-house doctors even took the initiative to give up the Lunar New Year holiday to work day and night on the frontline to provide consultation services to the public and produce science videos to spread disease prevention knowledge. We also empowered third-party partners with professional and efficient online consultation capabilities. We joined hands with 62 provincial, municipal, and regional governments including Wuhan, Fujian, Beijing, and Chongqing, to launch real time online medical consultation and hotlines. We also partnered with more than 30 leading companies in the Internet industry to export our 24/7 (24 hours per day, 7 days per week) online consultation service. During the peak of the COVID-19 pandemic, visits to the "Ping An Good Doctor" platform hit over 1,110¹ million, new APP registered users increased to 10 times², with their average daily consultations increased to 9 times³ of those before the COVID-19 pandemic.

¹ The statistical period is from 20 January 2020 to 10 February 2020

² The multiple here is based on the comparison of the daily average number of app registered users from 22 January 2020 to 6 February 2020 with that from 1 January 2020 to 21 January 2020

³ The multiple here is based on the comparison of daily average chief complaints raised by new app registered users from 22 January 2020 to 6 February 2020 with those from 1 January 2020 to 20 January 2020

Chairman's Statement

Despite a huge impact on the social economy and people's lives, COVID-19 has greatly promoted the demands for Internet healthcare services, increased the government and the public's acceptance and recognition of online healthcare services, and accelerated the development of the Internet healthcare. During the pandemic, the National Health Commission and the National Healthcare Security Administration successively issued the *Notice on Properly Providing Online Medical Consultation Services in Pandemic Prevention and Control* and the *Guidelines on Promoting the Development of "Internet+" Social Health Insurance Services During the COVID-19 Prevention and Control*. The policies specified that online follow-up services for common and chronic diseases provided by qualified Internet healthcare service providers for the Social Health Insurance (SHI) participants can be included into the SHI Payment in accordance with local regulations. For China's Internet healthcare industry, the breakthroughs in and further advancement of the SHI policies will raise the public's acceptance of online healthcare services, and change their habits of paying outpatient visits to offline hospitals, especially for patients who are sensitive to costs of medical services. In the short term, Internet healthcare service providers will generally benefit from the explosive increase in the online consultations and traffic. In the medium and long term, only companies that make good use of this traffic dividend and continuously improve user value can gain the leadership in the Internet healthcare industry. Capitalizing on our massive user base, in-house medical team and proprietary technologies, Ping An Good Doctor will continue to strengthen the integration of online and offline healthcare services. We will further consolidate our industry leadership and accelerate business development by exploring health management and chronic disease management based on online consultations and continuously increasing investments in user acquisition, medical team building, and coverage of SHI payment.

During the Reporting Period, revenue of the Group maintained a decent growth of 20.9% year-on-year to RMB2,746.6 million. In particular, revenue from online medical services, our core business, amounted to RMB694.9 million, maintaining a hyper-growth of 106.8%. Online medical services revenue accounted for 25.3% of the Group's total revenue, representing an increase from 14.8% recorded in the same period of 2019. With continuous improvement in business management and operating leverage, our net loss narrowed 22.1% year-on-year to RMB213.2 million, while net loss margin decreased by 4.2 percentage points to 7.8% from 12.0% in the same period last year. Benefiting from the significant increase in users' awareness and recognition of Internet healthcare services during the pandemic, our online platform's core operating metrics also recorded strong growth. As of 30 June 2020, the number of registered users reached 346.2 million, representing an increase of 31.0 million or 9.8% from the end of 2019. In June 2020, monthly active users and monthly paying users reached 67.3 million and 3.0 million, representing an increase of 7.3% and 32.3% year-on-year respectively. We continued to refine the operations of user traffic, especially further the monetization of healthcare service users. As a result, during the Reporting Period, our average conversion rate of paying users increased by 1.4 percentage points to 5.1% from 3.7% in the same period last year.

Internet healthcare is an important driver to China's initiatives to promote Joint Reformation for Public Health Services, Medical Insurance, and Medicine, to improve healthcare quality and lower medical costs. The outbreak of COVID-19 in early 2020 accelerated the implementation of the SHI payment policies, and many local governments responded positively. In early April 2020, Healthcare Security Administration of Hubei Province launched its "Internet SHI Service Platform" (hereinafter referred to as the provincial Internet SHI platform), making a new step towards the inclusion of "Internet +" healthcare services into SHI payment. Being the first Internet healthcare company to access this provincial Internet SHI platform, we will enable citizens in Hubei Province to enjoy the convenience of online SHI payment for online consultations via the "Ping An Good Doctor" app. In addition, we have obtained the SHI qualification license for building our own internet hospital in Yinchuan. In addition to self-built Internet hospitals and access to SHI, we empower extensive public hospitals by fully capitalizing on our expertise of online consultation and diagnosis. As of mid-August 2020, we have reached agreements with 17 offline hospitals to jointly build Internet hospital platforms (excluding Fuzhou project), of which 10 platforms were built by Ping An Good Doctor and put into operation, starting to provide services such as online follow-up visits and prescription refilling for offline users of local hospitals. The Fuzhou Regional Internet Hospital Platform for which we signed the contract at the end of 2019 was put into operation in the mid of July 2020. Through the platform, Ping An Good Doctor's in-house medical team works with local doctors to provide multiple medical services such as online consultation, health enquiry and prescription filling for local people. In next steps, we will accelerate the development of co-construction and self-built Internet hospitals.

While ensuring that the cooperation with SHI works well, we continue the cooperation with commercial insurers. At present, cooperation with commercial insurers and membership products are still the main revenue streams of online medical services, our core business. In early 2020, we upgraded Health 360, our first membership product launched two years ago, to Health Guard 360, providing additional health allowances for customers with critical illnesses at an unchanged price. After purchasing the membership services, critical illness insurance policy holders will not only enjoy the offline medical assistance provided by Ping An Good Doctor, but also receive additional allowances if they suffer from a critical illness. The upgraded Health 360 (Health Guard 360) product has been highly recognized by insurance agents and policy holders, and recorded a robust year-on-year growth in sales volume in the first half of 2020 despite the slowdown in offline insurance policy sales in the first quarter due to COVID-19. Going forward, we will further expand the sales by penetrating into Ping An's nationwide insurance agent network with our improving services. In the first half of 2020, we continued to sell our Private Doctor Membership services to corporate customers, and provided customized membership according to the specific needs of corporate customers, enabling users to enjoy comprehensive health services provided by private doctors. As of the mid of 2020, we have provided over 500 corporate customers with one-stop services including one-to-one online consultations with private doctors, offline hospital outpatient registration assistance, and escort services. We provide services for corporate customers in various fields including real estate, medicine and retail, etc. With the help of the brand effect of customers and the reputation of our services, we expect to promote our products among corporate customers continuously to form a scale effect. In the first half of 2020, our existing membership products generated revenues of over RMB420 million in total, representing an increase of over 200% year-on-year.

Different from other Internet sectors, Internet healthcare includes not only online medical services such as diagnosis and treatment, health management, chronic disease management and prescriptions, but also diversified offline services including drug delivery, laboratory tests, referrals, registration, checkups and beauty treatment. While polishing our online medical service capabilities, Ping An Good Doctor has been improving our healthcare network by connecting online and offline services, to create a one-stop closed-loop ecosystem. Leveraging on our medical service capabilities, we continue to expand our service radius. As of 30 June 2020, our healthcare network comprised over 160 medical beauty clinics, 430 Traditional Chinese Medicine (TCM) clinics, over 2,000 health check-up centers, nearly 1,800 dental clinics, over 49,000 clinics and over 111,000 pharmacies. Our goal is to diversify our online medical services and expand our offline service radius by leveraging on our proprietary medical service capabilities. In this way, we can not only empower our offline partners, but also obtain offline traffic and potential users, and ultimately improve user satisfaction, which in turn accelerates the monetization of our medical services. Taking our partnership with pharmacies as an example: as of the mid of 2020, our number of collaborated pharmacies increased by over 17,000 from the end of 2019 to over 111,000, covering 371 cities in 32 provinces across China, and we partnered with nearly 3,000 chain pharmacy brands. In addition to the "Scanning QR code to conduct online consultation" service, we launched the "Central Warehouse" project in cooperation with our collaborated pharmacies in 2020, aiming to combine our third-party logistics and delivery to shorten the time of intra-city drug delivery and improve user experience of online consultation and drug purchase. As of the mid of August 2020, our "Central Warehouse" project was carried out in 40 cities across China, realizing drug delivery within 1 hour on average in urban area. In November 2019, we invested in Hydee Software, the largest ERP/SaaS information service provider of pharmacy channels in China. In 2020, we partnered with Hydee Software actively to provide traditional retail pharmacies with diversified value-added online medical services such as online consultation and Private Doctor Membership. Meanwhile, we worked together to launch the "Central Warehouse" project aiming to optimize the drug supply chain and provide users with timely and efficient drug delivery services. Through the partnership, we will form a closed-loop ecosystem that connects online and offline, so as to achieve mutual benefit and win-win with offline partners.

Chairman's Statement

Our AI-based medical system is the core engine of our platform. It consists of smart severe disease monitoring system, smart AI-based medical system, PASS (prescription automatic screening system) and smart medical safety monitoring platform. It is the key to improve our medical service efficiency, and reduce costs at the same time. In the first half of 2020, based on the medicine atlas with over 600,000 records, we continued to improve the AI-based medical system which covers knowledge of over 3,000 diseases and was applied to all of the 23 departments of our in-house medical team. Our online consultation satisfaction rate remained stable at around 97%. In 2019, we rolled out our overseas business, and AI-based medical system is our key exportation focus and critical points during the globalization process. We continued our efforts in this regard, in the first half of 2020, we completed the development of the English version of the AI-based medical system on schedule, including the smart severe disease monitoring system, AI-based medical system, prescription automatic screening system and other core modules. The system, which covers 3,000 diseases was used by 23 departments of common diseases and has entered the internal testing phase of the overseas medical team. In the first half of 2020, we officially started the development of the AI-based medical system in Bahasa Indonesia. In April 2020, Ping An Good Doctor was awarded the highest level of certification by WONCA (The World Organization of Family Doctors), the world's largest family physician organization, for our AI system. This is the first time in the world, which symbolizes our AI system reaches the world's highest level of AI health technology and that our AI system can assist global doctors in consultation and diagnosis for patients all over the world in future. In future, with the database of over 820 million person-time consultation records and under the continuous training with real-time consultation data, our AI technology will significantly improve consultation efficiency, diagnosis accuracy and patient experiences.

The world is facing shortage of high-quality healthcare resources. Leveraging on our AI technology, Ping An Good Doctor exported our medical service capabilities overseas to empower global partners with our business model. Our joint venture with Grab, the largest O2O Internet company in Southeast Asia, officially launched an online healthcare service platform in Indonesia at the end of 2019, promising to serve nearly 300 million Indonesian users with services such as online consultation, drug refilling and delivery, health mall business, and arrangement of offline outpatient services, etc. The platform is currently operating well. It has recruited more than 100 in-house doctors, connected to more than 1,300 pharmacies, more than 160 cooperative hospitals and clinics, and more than 60 cooperative testing centers. During the global outbreak of COVID-19, the joint venture company signed an agreement with the Indonesian Ministry of Health, the Indonesian Doctors Association and other government agencies and was designated by the Indonesian government as the first official online health care platform to provide healthcare services for Indonesian residents for fighting COVID-19. Our joint venture established with SoftBank Group Corp. officially launched HELPO, an online healthcare service platform, in the first half of 2020. HELPO provides some corporate customers (and their employees) with a full range of services from online health consultation to same-day delivery of over-the-counter (OTC) medicines, widely praised by users. In future, the joint venture will further expand its customer network and build a one-stop Internet healthcare platform for 130 million potential Japanese users.

We actively undertake social responsibilities besides our business expansion, and respond to the government's call for implementing the *Outline of the Healthy China 2030 Plan*. We work closely with local governments to advance the "Village Doctor Program." Capitalizing on our own medical advantages, we assist Ping An Group in implementing the "Village Doctor Program" oriented to the poor areas nationwide through medical support featuring medical service upgrading at the three levels of rural clinics, village doctors and villagers, effectively improving the standard of basic medical services in poor regions and contributing positive forces to the poverty alleviation through medical support in China. With Ping An Good Doctor's "Village Doctor" app, we pair national famous doctors with village doctors to assist village doctors in solving difficult problems online and providing daily consultation and diagnosis, bringing high-quality medical resources to the less developed areas. Meanwhile, our proprietary AI-based medical system helps village doctors improve the accuracy of initial diagnosis, and greatly improves the efficiency of referrals through online registration and integrated data functions. As of 30 June 2020, we upgraded more than 900 rural clinics, trained nearly 1 million village doctors, and treated over 66,000 persons for free, greatly easing the shortage of medical resources in rural areas, effectively improving healthcare in poverty-stricken areas, and helping people there to become healthier. At the end of 2019, the "Village Doctor Program" participated by Ping An Doctor was selected into the Special Edition of the National Human Development Report of China, which was published by the United Nations for our innovative solutions to help the poor through medical support. In 2020, Ping An Good Doctor was awarded our first rating by MSCI ESG Index and rated as BBB, placing Ping An Good Doctor at an industry-leading position. Our corporate governance and capability of continuous value creation have obtained high recognition of the capital market.

Committed to building a bridge of effective communication between doctors and patients, Ping An Doctor has been improving the accessibility of high-quality healthcare resources for Chinese people. In the past six years, Ping An Good Doctor has successfully completed the leap from zero to one. We have accumulated a large number of users, established a good reputation, and established a revenue model of online healthcare. Now, Ping An Good Doctor is facing a major opportunity to take off from one to infinity, to deepen and upgrade our strategy. The management is working with all employees to intensively study the ways to deepen and upgrade our strategy, consolidate existing business and explore new direction, deepen the interaction and synergies with Ping An Group's related healthcare business, and accelerate the development of various businesses. Last but not least, on behalf of the Board, I would like to thank our Shareholders, business partners and customers for their unwavering support, as well as our management and staff for their unremitting efforts. Internet healthcare business is a journey strewn with obstacles. However, we will stay true to our mission and forge ahead, facing difficulties ahead without fear. We will serve users, be responsible for Shareholders, and actively contribute to the "Healthy China" national strategy, jointly creating a more brilliant future for Ping An Good Doctor!

Fang Weihao

Acting Chairman

Shanghai, 20 August 2020

Management Discussion and Analysis

Key Financial Data

	Unaudited Six months ended 30 June		
	2020 RMB'000	2019 RMB'000	Year-on-year change
Revenue	2,746,645	2,272,659	20.9%
Cost of sales	(1,925,042)	(1,780,965)	8.1%
Gross profit	821,603	491,694	67.1%
Selling and marketing expenses	(679,219)	(376,666)	80.3%
Administrative expenses	(483,663)	(544,131)	-11.1%
Other income	102,865	9,263	1010.5%
Other gains – net	29,811	27,045	10.2%
Finance income – net	54,495	126,512	-56.9%
Share of losses of associates and joint ventures	(54,913)	(3,743)	1367.1%
Loss before income tax	(209,021)	(270,026)	-22.6%
Income tax expense	(4,184)	(3,514)	19.1%
Loss for the period	(213,205)	(273,540)	-22.1%
Loss attributable to:			
– Owners of the Company	(213,586)	(272,502)	-21.6%
– Non-controlling interests	381	(1,038)	Not applicable
Non-IFRS measure:			
Adjusted net loss	(208,039)	(223,191)	-6.8%

In the first half of 2020, total revenue of the Company amounted to RMB2,746.6 million, representing an increase of 20.9% from total revenue of RMB2,272.7 million recorded in the first half of 2019. Revenue maintained growth across all business segments. Gross profit recorded for the first half of 2020 was RMB821.6 million, representing an increase of 67.1% from RMB491.7 million recorded in the first half of 2019. Gross margin was 29.9%, representing an increase of 8.3 percentage points from 21.6% recorded in the first half of 2019. A net loss of RMB213.2 million was recorded in the first half of 2020, representing a decrease of 22.1% from the net loss of RMB273.5 million recorded in the first half of 2019.

Key Operational Data

	30 June 2020	31 December 2019	Change
Number of registered users (in millions)	346.2*	315.2	9.8%
Accumulative consultation records (in millions)	824.9	673.8	22.4%

	Six months ended 30 June 2020	2019	Change
Online Medical Services Revenue (RMB in thousands)	694,947	336,064	106.8%
Average Daily Consultations (in thousands)	831	656	26.7%

	2020	2019	Change
MAU (in millions, in the month of June)	67.3	62.7	7.3%
MPU (in thousands, in the month of June)	2,949	2,229	32.3%
Conversion rate of paying users (average during the first half of the year)	5.1%	3.7%	+1.4 percentage points

	Six months ended 30 June 2020	2019	Year-on-year Change
GMV of the Health Mall (RMB in millions)	2,168.5	2,343.5	-7.5%

Notes:

* Number of users from the plug-in of Ping An Group accounted for 50.2% of total number of registered users

Management Discussion and Analysis

Analysis on Principal Business Operations

At the beginning of 2020, Chinese people were confronted with the sudden outbreak of COVID-19. Though China made headway in pandemic prevention and control, COVID-19 has evolved into a pandemic globally. However, under the severe situation, the pandemic has greatly stimulated demand for Internet healthcare, heated up online consultations and drug purchases, and catalyzed the promulgation of more supportive policies. On the other hand, because of much more demand and favorable policies, the business model of Internet healthcare has been further enriched, the scale of the industry has continued to expand, and competition has intensified.

After six years of development, Ping An Good Doctor has become a bellwether in China's Internet healthcare industry in terms of registered users, online consultations, online medical service revenue, etc. We are deeply aware of challenges from fierce competition; meanwhile, we are quite confident as the market has great potential.

Leveraging favorable policies and the Company's core competitiveness, we have always strived to enhance our healthcare and medical services, promote the building of our online and offline ecosystems, and consolidate our leading position in the industry. In mid-2020, Ping An Good Doctor launched a comprehensive strategic upgrade, undertook the mission of building a bridge for effective interaction between doctors and patients, and aimed at gaining trust, bringing expertise and convenience, in a bid to build China's largest online medical service platform with the best model and the highest threshold. We will divert more resources to online medical services and health management services by starting from individual users (patients), insurance customers (policy holders), corporate customers (enterprise employees), and Internet hospitals (collaboration with local offline hospitals). At the same time, we will expand our offline cooperation network, including check-up centers, inspection and testing centers, fitness centers and medical beauty clinics, to build a one-stop closed-loop ecosystem. Thanks to our unremitting efforts in the past few years to build our own medical team, we have had an excellent in-house medical team of nearly 2,000 members. With the help of our proprietary AI-based medical system, our medical service capacity and quality is improving day by day. In the future, we will continue to increase investment in developing our in-house medical team, and tap resources of renowned doctors both at home and abroad, to build up a global network of doctors under the multi-sited practice model, thus providing comprehensive, professional medical services for users.

In the first half of 2020, the Group still recorded double-digit growth as a whole despite a difficult macro-economic environment. During the Reporting Period, revenue from our core business, i.e. online medical services increased by 106.8% year-on-year to RMB694.9 million. Driven by strong growth in the core business, total revenue grew by 20.9% year-on-year to RMB2,746.6 million; total gross margin increased by 8.3 percentage points year-on-year to 29.9%. Revenue from online medical services accounted for 25.3% of the Group's total revenue, representing a significant year-on-year increase of 10.5 percentage points from 14.8% in 2019. Net loss narrowed by 22.1% year-on-year to RMB213.2 million.

New record high for operational metrics and strategic focus on monetization of medical services

After the outbreak of COVID-19 in early 2020, Ping An Good Doctor made a quick response by launching a dedicated online portal for pandemic-related consultation services within one day. Our 24/7 online consultation has won greater recognition from users for high efficiency and quality. During the peak of the COVID-19 pandemic, Ping An Good Doctor attracted over 1.11 billion visits¹ to its online platform, the number of new APP registered users increased to 10 times², and their average daily consultations on our app increased to 9 times³ of those before the COVID-19 pandemic.

¹ The statistical period is from 20 January 2020 to 10 February 2020

² The multiple here is based on the comparison of the daily average number of app registered users from 22 January 2020 to 6 February 2020 with that from 1 January 2020 to 21 January 2020

³ The multiple here is based on the comparison of daily average chief complaints raised by new app registered users from 22 January 2020 to 6 February 2020 with those from 1 January 2020 to 20 January 2020

As the COVID-19 pandemic came under control, people's lives began to get back on track, and the surging online traffic also returned to normal. However, we still delivered a strong performance in operational metrics. As of 30 June 2020, our registered users reached 346.2 million, up 31.0 million from 31 December 2019, and 56.9 million in the past twelve months. In the first half of 2020, the number of average daily consultations reached 831 thousand, representing a year-on-year increase of 26.7%. In June 2020, the number of monthly active users reached 67.3 million, registering a year-on-year increase of 7.3%; and the number of monthly paying users reached 3.0 million, representing a year-on-year increase of 32.3%. Average conversion rate of paying users reached 5.1% in the first half of 2020, up 1.4 percentage points year-on-year.

Because of COVID-19, people's awareness and acceptance of online healthcare services has been rapidly growing in China. By seizing this opportunity, we stepped up efforts to promote the brand image of Ping An Good Doctor, highlighting our online medical service capability. While striving to acquire more users, we focused our marketing resources on medical users, in the hope that more users can experience and use our online medical services and in-house medical team, thus creating more user value for the platform. In the first half of 2020, for the Ping An Good Doctor app, new users seeking consultations on the day of their registration increased over 40% year-on-year. In the future, we will continue investing on traffic acquisition, promoting our brand image and services in targeted channels, and providing high-quality traffic for our online platform.

AI technology continuing to upgrade and improve medical services efficiency

Due to a shortage of high-quality doctors, it's difficult to increase efficiency of traditional offline medical services constantly. To address the pain points of traditional medical services, we have developed our proprietary AI technology, leveraging expertise of our in-house medical team as well as technological means to achieve precise triage and greater efficiency in medical services. Our AI-based medical system includes four parts, namely smart severe disease monitoring system, smart AI-based medical system, PASS (prescription automatic screening system) and smart medical safety monitoring platform. In the first half of 2020, the number of average daily consultations reached 831 thousand, representing a year-on-year increase of 26.7%. As of 30 June 2020, we had over 820 million records on consultation. The extensive, factual consultation data has helped us further increase the accuracy of AI technologies.

In the early stage of COVID-19 outbreaks in 2020, by leveraging our sophisticated AI-based medical system, we quickly launched a path for collecting medical history of COVID-19, conducted precise consultation triage through algorithms, and used our knowledge base including over two million health Q&As, to help our in-house medical team provide efficient, comprehensive and accurate consultations for users amid COVID-19. During the peak of the pandemic, we once processed over one million consultations per day on our platform.

Our AI technological strength has also been widely recognized by international organizations. In April 2020, Ping An Good Doctor became the first in the world to receive the highest level of certification by WONCA (The World Organization of Family Doctors), the world's largest family physician organization, for our AI-based medical system, symbolizing that Ping An Good Doctor's AI system has reached the world's highest level of AI health technology.

Management Discussion and Analysis

Developing online-and-offline ecosystem focusing on online medical services

The industry chain of medical services is long, involving the prescription refilling, drug purchases, inspection and test, and critical treatment. In addition to efficient and timely online diagnosis and treatment services, we also need to provide users with seamless O2O services and a one-stop solution. Focusing on the consultation and other medical service capabilities of our in-house medical team, Ping An Good Doctor offers online medical services and one-stop membership services to empower our partners and continuously extend our ecosystem to expand the service scope. In addition, the abundant traffic and customer resources of our ecosystem partners also benefited our Internet platform.

Ping An Good Doctor has promoted cooperation with offline pharmacies since the beginning of 2019. By seeking breakthroughs with QR code scanning for online consultation, we empower traditional offline pharmacies to provide high-quality consultation services for in-store customers, making it convenient for users to consult doctors and order prescription drugs. As of 30 June 2020, the number of our cooperative pharmacies increased significantly to over 111,000, covering 371 cities in 32 provinces across China. From the 2020 Chinese New Year holiday to the peak of COVID-19 pandemic, we urgently dispatched staff to organize our cooperative pharmacies in major cities across China to distribute protective masks and anti-pandemic supplies to the local people. After the pandemic situation stabilized, we promoted the management of our drug supply chain, i.e., we networked with local cooperative pharmacies in major cities with high concentrations of users, to provide delivery services for drugs prescribed in the course of our online consultation. As of mid-August 2020, this project has been launched in 40 cities, where drug delivery efficiency is greatly enhanced through cooperative pharmacies and third-party courier service companies.

In the future, we will further strengthen the building of our offline ecosystem, including pharmacies, inspection and test centers, clinics, and check-up centers, and continue to expand our service radius and improve user satisfaction.

Comprehensive development of SHI business with favorable policy support from pandemic

The National Healthcare Security Administration issued the *Guidelines on Improving Prices of "Internet +" Healthcare Services and SHI Payment Policies* on 30 August 2019, indicating that reimbursement for Internet healthcare services has been formally included in the SHI payment. This means that once allowed to get connected to the SHI systems, eligible Internet healthcare services may be subsidized by SHI. In China, SHI policies are subject to the overall arrangement of the central government and localized administration by local governments. Currently local Healthcare Security Administrations and Health Commissions have successively issued specific pricing management mechanism and SHI policies based on local medical standards and payment capabilities of local SHI, and gradually piloted the SHI reimbursement for Internet healthcare services. Ping An Good Doctor responded swiftly and made progress actively. As of mid-August 2020, our co-constructed Internet hospital service platform with Fuzhou Municipal Government were put into operation and are being connected to local offline hospitals gradually. The platform can be accessed through "Rong Yi Tong," a healthcare service platform built by Fuzhou Municipal Government (available on the "Rong Yi Tong" app, "Rong Yi Tong" WeChat public account, and "Rong Yi Tong" Alipay Lifestyle account). Fuzhou residents can enjoy online consultations, prescription filling and other services on this platform and online payment for such services with their SHI cards.



Management Discussion and Analysis

In early 2020, China issued many policies successively to further the SHI reimbursement for Internet healthcare services. On 2 March 2020, the National Healthcare Security Administration and the National Health Commission jointly issued the *Guidelines on Promoting the Development of "Internet+" SHI Services During the COVID-19 Prevention and Control*, specifying that online follow-up services for common and chronic diseases provided by qualified Internet healthcare service providers for SHI participants can be reimbursed by the SHI in accordance with local regulations. At present, Shanghai, Zhejiang, Jiangsu, Sichuan, Guangdong and other provinces and cities have included the online follow-up consultations and online drug purchases for common diseases and chronic diseases in some offline designated medical institutions (i.e. offline hospitals) in the coverage of SHI. In addition to the model of co-constructing Internet hospital platforms with local hospitals (such as our Fuzhou project), some regions also allowed third-party Internet healthcare platforms (such as Ping An Good Doctor) to directly connect to their SHI systems, that is, the model of self-built platform. For example, in early April 2020, Ping An Good Doctor became the first Internet healthcare service provider that connected to the online SHI payment system of Hubei Province. As of 30 June 2020, 14 municipal SHI systems in Hubei were connected with this provincial platform. In future, the platform will connect with all municipal SHI systems in Hubei province to cover over 60 million Hubei residents. So far, Ping An Good Doctor is the only Internet healthcare service provider that connected to the platform. For urban residents with access to the platform, after entering the healthcare service page on the home page of the "Ping An Good Doctor" app, they can start online consultation immediately after verifying their SHI information. In-house medical staff of Ping An Good Doctor will provide consultation services to the users online and make electric prescription (if applicable) based on the diagnosis results. The users can then pay online directly with their SHI accounts, and the medications will be dispatched by offline pharmacies. This project is a landmark providing a demonstration effect for us to roll out the SHI reimbursement for Internet healthcare in other regions in China in future.

As of mid-August 2020, we have reached agreements with 17 offline hospitals to jointly build Internet hospital platforms (excluding Fuzhou project), of which 10 platforms were built by Ping An Good Doctor and put into operation, starting to provide services such as online follow-up visits and prescription refilling for offline users of local hospitals. The Internet hospital platform of Dongguan TCM Hospital even realized the SHI reimbursement for Internet healthcare services. Meanwhile, we are actively exploring the model of self-built internet hospital platforms. We have obtained the SHI qualification licenses for building our own internet hospitals from Hubei province and Yinchuan city. In next steps, we will accelerate the development of co-construction and self-built Internet hospitals, and publicize our Internet hospitals that are already in operation and carry out user education.

SHI payment is a massive blue ocean for the Internet healthcare sector in China, and also the core to realize Joint Reformation for Public Health Services, Medical Insurance, and Medicine. Leveraging on the synergies of Ping An Group, Ping An Good Doctor will continue to invest more resources and funds rapidly and actively to fully develop this business in accordance with local conditions.

Management Discussion and Analysis

Revenue and Gross Profit by Segment

	Six months ended 30 June		Year-on-year change
	2020 RMB'000	2019 RMB'000	
Revenue:			
Online medical services	694,947	336,064	106.8%
Consumer healthcare	434,868	387,699	12.2%
Health mall	1,509,411	1,455,191	3.7%
– individual consumers	692,319	714,571	-3.1%
– corporate clients	817,092	740,620	10.3%
Health management and wellness interaction	107,419	93,705	14.6%
Total of revenue	2,746,645	2,272,659	20.9%
Gross profit:			
Online medical services	379,424	169,669	123.6%
Consumer healthcare	212,714	135,217	57.3%
Health mall	138,485	107,300	29.1%
– individual consumers	97,380	72,136	35.0%
– corporate clients	41,105	35,164	16.9%
Health management and wellness interaction	90,980	79,508	14.4%
Total of gross profit	821,603	491,694	67.1%
Gross margin:			
Online medical services	54.6%	50.5%	+4.1 percentage points
Consumer healthcare	48.9%	34.9%	+14.0 percentage points
Health mall	9.2%	7.4%	+1.8 percentage points
– individual consumers	14.1%	10.1%	+4.0 percentage points
– corporate clients	5.0%	4.7%	+0.3 percentage point
Health management and wellness interaction	84.7%	84.8%	-0.1 percentage point
Total of gross margin	29.9%	21.6%	+8.3 percentage points

Online medical services

Through our proprietary AI technology and in-house medical team, we provide users with comprehensive medical services including 24/7 online consultation, referral, registration, online prescribed medication purchase, and drug delivery. In addition, we also provide diversified and one-stop membership service products with our in-house medical team as the core. As of 30 June 2020, we had 1,836 in-house medical staff members, representing an increase of 427 or 30.3% from 31 December 2019. The scope of our online medical services further widened, covering 23 departments. Our AI-based medical system has been fully applied in all departments of the in-house medical team, covering over 3,000 diseases.

In 2020, we continued to expand our cooperation with external doctors to make our online-merge-offline and one-stop medical services more efficient and convenient. As of 30 June 2020, we contracted with 5,978 renowned external doctors (with titles of associated chief physicians or above at top 3A hospitals) who mainly provide non-core services such as non-real-time online consultation and offline second medical opinion. Our hospital network comprised over 3,700 hospitals, up nearly 400 from the beginning of 2020, including nearly 2,000 tertiary hospitals. The number of our cooperative pharmacies increased by over 17,000 to over 111,000, compared to 94,000 at the end of 2019, covering 371 cities in 32 provinces across China. In the first half of 2020, we undertook a series of initiatives, including cooperating with pharmacies in major cities, enhancing collaboration with third-party courier service companies to improve delivery efficiency, and improving inventory management, which greatly increased the logistics efficiency of online prescribed medication purchases and won wide acclaim from users.

During the Reporting Period, revenue from our online medical services amounted to RMB694.9 million, representing a significant year-on-year increase of 106.8%, largely attributable to the significant growth in revenue from membership service products (including Health Guard 360 and Private Doctor Membership) and medication purchase based on electronic prescriptions attached to online consultation. The quality of our online medical services continued to improve, with gross margin reaching 54.6%, representing a year-on-year increase of 4.1 percentage points from 50.5%.

	Six months ended 30 June		Year-on-year change
	2020 RMB'000	2019 RMB'000	
Revenue	694,947	336,064	106.8%
Gross profit	379,424	169,669	123.6%
Gross margin	54.6%	50.5%	+4.1 percentage points

Consumer healthcare

By accurately targeting users' healthcare demands, we provide individual and corporate clients with standardized healthcare service packages covering health check-ups, medical beauty, dental check-ups and genetic testing services. Using check-ups services as an entry point, we pool diversified offline service resources to provide users with one-stop healthcare services including comprehensive and professional disease risk analysis and post check-up monitoring and guidance through our in-house medical team based on integration of health information of users. Our network of healthcare services continued to expand and comprised over 53,000 healthcare service providers, including over 160 medical beauty clinics, 430 TCM clinics, over 2,000 check-up centers, nearly 1,800 dental clinics, and over 49,000 clinics as of 30 June 2020, representing an increase of nearly 1,000 healthcare service providers from the beginning of the year.

Management Discussion and Analysis

During the Reporting Period, revenue from our consumer healthcare business amounted to RMB434.9 million, representing a year-on-year increase of 12.2%. In the first half of 2020, revenue growth in consumer healthcare slowed down amid the COVID-19 pandemic. The check-up centers, dental clinics and medical beauty clinics were basically closed in China in the first quarter of 2020, which prevented users from using related medical services. With the pandemic brought under control, various healthcare providers have gradually resumed their business since the second quarter. Offline healthcare services have returned to normal since May 2020. Given that consumer healthcare sales recorded a strong growth in the first half of 2020, the growth rate of revenue from consumer healthcare is expected to gradually recover assuming COVID-19 pandemic is taken under control. In the first half of 2020, the gross margin of the consumer healthcare business was 48.9%, representing a year-on-year increase of 14.0 percentage points. For products, we continued to improve check-up products and actively developed the group check-up business for corporate clients. As each corporate client has many end users, it can bring greater cross-selling potential to our core business, namely online medical services.

	Six months ended 30 June		Year-on-year change
	2020 RMB'000	2019 RMB'000	
Revenue	434,868	387,699	12.2%
Gross profit	212,714	135,217	57.3%
Gross margin	48.9%	34.9%	+14.0 percentage points

Health Mall

Our health mall is an important part of our one-stop healthcare services and an important channel to meet users' healthcare demands. With both direct sales and marketplace businesses, our health mall provides a wide range of products online, including Chinese and Western pharmaceuticals (OTC drugs), nutrition and health products, medical devices, maternal and infant products, and sports and fitness products. During the Reporting Period, revenue from our health mall business amounted to RMB1,509.4 million, representing a year-on-year increase of 3.7%. The gross margin of our health mall business was 9.2%, representing a year-on-year increase of 1.8 percentage points.

	Six months ended 30 June		Year-on-year change
	2020 RMB'000	2019 RMB'000	
Revenue	1,509,411	1,455,191	3.7%
Gross profit	138,485	107,300	29.1%
Gross margin	9.2%	7.4%	+1.8 percentage points

Health mall – individual consumers

In 2020, we continuously put efforts to conduct refined traffic operation for the Internet platform, and improve personalized recommendation algorithms. We concentrated our resources on medical services business users (logging in to the Internet platform of Ping An Good Doctor for consultation, purchase of drugs, healthcare products, medical devices, etc.), rather than e-commerce business users, thus improving operational efficiency, and bringing more high-quality medical users. This will help promote the commercial transformation and sustainable development of the platform from the perspective of medium and long term ecosystem operations. In the first half of 2020, our health mall saw a significant year-on-year increase in sales of Chinese and Western pharmaceuticals and medical devices to individual consumers, with a year-on-year increase in conversion rates as well.

In the first quarter of 2020, in view of a slowdown in growth of the traditional business of our health mall amid COVID-19 pandemic, the Company proactively revised our traffic operation strategy, directing traffic towards online medical and healthcare services. As of 30 June 2020, revenue from health mall-individual consumers business amounted to RMB692.3 million, remaining basically flat. Gross margin was 14.1%, representing a year-on-year increase of 4.0 percentage points.

Health mall – corporate clients

During the Reporting Period, revenue from corporate clients' procurement amounted to RMB817.1 million, representing a year-on-year increase of 10.3%. Gross profit reached RMB41.1 million, and gross margin was 5.0%.

Health management and wellness interaction

Currently, our health management and wellness interaction business generates revenue mainly by providing our corporate clients with professional advertising products and services. During the Reporting Period, despite an overall reduction in advertisement budgets for our advertisers, revenue from our health management and wellness interaction business reached RMB107.4 million, still maintaining a steady increase of 14.6% year-on-year. Gross profit reached RMB91.0 million, and gross margin was 84.7%.

During the COVID-19 pandemic, by leveraging the surging precise medical and healthcare traffic from our online platform, as well as our free anti-pandemic consultation services, we innovated a diversified and multi-dimensional marketing model to provide comprehensive solutions for advertisers. As of 30 June 2020, our advertisers included Merck, Pfizer, MSD, Sanofi and other well-known international pharmaceutical companies. China has a large sub-health population, with huge market potential. In the future, we are committed to providing personalized and customized health management services based on users' health and behavioural data on the APP and cooperation with third-party health service providers (e.g., psychological counselling, weight loss and fitness, and TCM health care).

	Six months ended 30 June		
	2020 RMB'000	2019 RMB'000	Year-on-year change
Revenue	107,419	93,705	14.6%
Gross profit	90,980	79,508	14.4%
Gross margin	84.7%	84.8%	-0.1 percentage point

Management Discussion and Analysis

Management Outlook

Seventeen years ago, the sudden outbreak of the SARS played an important role in shaping online shopping behaviour of Chinese customers. Currently, the COVID-19 pandemic has, inevitably, taken its toll on China's economy. However, in the medium to long term, we believe this is a major opportunity for Internet healthcare. People's awareness and acceptance of online healthcare services is rapidly increasing. We will seize this opportunity to develop and pursue our strategy and continue to take the lead.

The year 2020 marks the sixth anniversary of the founding of Ping An Good Doctor and the second anniversary of our listing. In the past years, we started from scratch, and succeeded in passing through the first stage of Internet healthcare start-ups. Specifically, we have acquired users, established platforms, and built up a good reputation, with a market cap reaching over HKD100 billion. Currently, we are entering the second stage of start-ups, underpinned by greater industry opportunities, clearer policy support, and more ecosystem resources. Challenges and returns go hand in hand in each stage. Ping An Good Doctor's management and employees will remain true to their original aspiration, work hard to serve users, be accountable to shareholders, strive to develop the Internet healthcare industry, and embrace a brighter future of Ping An Good Doctor.

Selling and Marketing Expenses

Selling and marketing expenses amounted to RMB679.2 million in the first half of 2020, representing an increase of 80.3% from RMB376.7 million in the first half of 2019. The increase in selling and marketing expenses was mainly due to more resources diverted into online medical services. Revenue from online medical services increased 106.8% year-on-year.

Administrative Expenses

Administrative expenses amounted to RMB483.7 million in the first half of 2020, representing a decrease of 11.1% from RMB544.1 million in the first half of 2019. Lower administrative expenses were mainly attributable to lower travel expenses, conference expenses and other related expenses, which were affected by the pandemic. The decrease was also attributable to lower labor-related expenditures.

Other Income

Other income amounted to RMB102.9 million in the first half of 2020, representing an increase of 1010.5% from RMB9.3 million in the first half of 2019. The increase was mainly attributable to growing income from government subsidies and wealth management products.

Other Gains – Net

Other net gains amounted to RMB29.8 million in the first half of 2020, representing an increase of 10.2% from RMB27.0 million in the first half of 2019. The increase was mainly attributable to higher foreign exchange gains from movements in USD against RMB.

Finance Income – Net

Net finance income amounted to RMB54.5 million in the first half of 2020, down 56.9% compared with net finance income of RMB126.5 million in the first half of 2019. The decrease was mainly attributable to a decrease in deposit rate. To boost income, some available funds were transferred from deposits to wealth management products. As a result, interest income decreased while wealth management income increased.

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

Our net loss for the first half of 2020 amounted to RMB213.2 million, representing a decrease of 22.1% compared with RMB273.5 million recorded in the first half of 2019. To supplement our consolidated financial information presented in accordance with IFRS, we also adopted the “adjusted net profit/(loss)” which is not a required standard under IFRS or which is presented not in accordance with IFRS requirements as an additional financial measure. For the purpose of this interim report and future interim reports, the “adjusted net profit/(loss)” may be used in exchange with the “net profit/(loss) not under GAAP”. We believe that this additional financial measure is useful for comparing our operating performance between different periods and different companies by eliminating the potential impact of items which, in the opinion of our management, are not indicative of our operating performance. We also believe that the additional measure can provide investors and other individuals with meaningful information, allowing them to understand and predict our consolidated operating results in the same way as our management. However, the “adjusted net profit/(loss)” presented by us may not necessarily be comparable with the similar measures presented by other companies. Such non-IFRS measure has a limitation as an analytical tool. Thus, a view should not be held that it is independent from or can replace the analysis of our operating results or financial position presented in accordance with IFRS. After excluding the impact of share-based payments and net foreign exchange gains, the adjusted net loss in the first half of 2020 amounted to RMB208.0 million, representing a decrease of 6.8% compared with the adjusted net loss of RMB223.2 million in the first half of 2019. The following table sets forth the adjusted net loss for the 6 months ended 30 June 2020 and 2019 as the most directly comparable financial measure (namely, net loss for the period) calculated and presented in accordance with IFRS:

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
Loss for the period	(213,205)	(273,540)
Excluding:		
Share-based payments	30,395	56,184
Net foreign exchange gains	(25,229)	(5,835)
Adjusted net loss	(208,039)	(223,191)

Liquidity and Financial Resources

Our cash and other liquid financial resources as of 30 June 2020 and 31 December 2019 were as follows:

	30 June	31 December
	2020	2019
	RMB'000	RMB'000
Cash and cash equivalents	4,217,265	4,965,455

Cash and cash equivalents include cash in hand and at banks, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less. Our cash and cash equivalents are mostly denominated in USD and RMB.

As of 30 June 2020, our total available funds were RMB9,140.7 million, including cash and cash equivalents of RMB4,217.3 million, term deposits of RMB799.4 million, and financial assets of RMB4,124.0 million. The financial assets, purchased mainly from Ping An Bank and Ping An Fund, have effectively improved the yields and liquidity of the Company's idle funds.

Management Discussion and Analysis

Cash flows for the six months ended 30 June 2020 and six months ended 30 June 2019 were as follows:

	Unaudited	
	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
Net cash used in operating activities	(359,484)	(505,446)
Net cash (used in)/generated from investing activities	(385,416)	5,364,816
Net cash used in financing activities	(28,519)	(29,973)
Net (decrease)/increase in cash and cash equivalents	(773,419)	4,829,397
Cash and cash equivalents at the beginning of the period	4,965,455	926,485
Effects of exchange rate changes on cash and cash equivalents	25,229	40,343
Cash and cash equivalents at the end of the period	4,217,265	5,796,225

As of 30 June 2020, we had no outstanding borrowings. Therefore, the gearing ratio is not presented herein.

Treasury Policy

Our cash arises almost exclusively from equity funding. Such cash can only be invested in relatively liquid and low-risk instruments such as bank deposits or money market instruments. The primary objective of our investments is to generate finance income at a yield higher than the interest rate of current bank deposits, with an emphasis on preserving principal and maintaining liquidity.

Capital Expenditure

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
Purchase of property, plant and equipment, intangible assets and other assets	42,665	41,970

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

Foreign Exchange Risk

For the six months ended 30 June 2020, we mainly operated our businesses in China with most of the transactions settled in RMB, the functional currency of our Company. Foreign exchange risk is the risk of incurring losses due to changes in foreign exchange rates. Fluctuations in the exchange rates between RMB and other currencies that we use to conduct our business operations may affect our financial position and operating results. The foreign exchange risk assumed by us primarily arises from movements in the USD/RMB exchange rates. We did not utilize any financial instruments for hedging any foreign exchange movements in the first half of 2020 (the first half of 2019: Nil).

Pledge of Assets

As of 30 June 2020, none of our assets were pledged.

Contingent Liabilities

As of 30 June 2020, we did not have any material contingent liabilities.

Dividend

For the six months ended 30 June 2020, we did not pay or declare any dividend.

Bank Loans and Other Borrowings

As of 30 June 2020, we did not have any material outstanding bank loans, debt securities, borrowings, debts, guarantees, hire purchase commitments or mortgages.

Significant Investments Held

During the six months ended 30 June 2020, we did not hold any material investments in the equity interest of other companies.

Material Investment and Future Plans of Capital Assets

As of 30 June 2020, we had no material investment and other plans for capital assets.

Material Acquisitions and Disposals of Subsidiaries and Associates

During the six months ended 30 June 2020, we did not have any material acquisitions or disposals of subsidiaries and associates.

Employee and Remuneration Policy

The Group had a total of 3,267 employees as of 30 June 2020, the majority of whom were based in various cities in the PRC, including Shanghai, Shenzhen, Beijing, Guangzhou, Hefei and Qingdao. The Group has established the remuneration system of "Cash Salary + benefit + long-term incentive." Remuneration is determined with reference to market conditions and individual employees' performance, qualifications and experience. In line with the performance of the Company and individual employees, a competitive remuneration package is offered to retain employees, including salaries, discretionary bonuses and benefit plans. Employees of the Company are eligible participants of the Pre-IPO employee share option scheme, details of which are set out in the Prospectus. In addition to on-the-job training, we have also adopted training policies to provide a wide range of in-house and external trainings for employees. During the Reporting Period, the relationship between the Company and our employees was stable. We did not experience any strikes or other labor disputes which materially affected our business activities.

Other Information

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

As of 30 June 2020, so far as known to the Directors, none of the Directors or chief executives of the Company had or was deemed to have interests or short positions in the Shares, underlying Shares or debentures of our Company or any of its associated corporations, within the meaning of Part XV of the SFO, which were required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have taken under such provisions of the SFO), or were recorded in the register required to be maintained by the Company under section 352 of the SFO, or as otherwise notified to our Company and the Stock Exchange pursuant to the Model Code.

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

As of 30 June 2020, so far as known to the Directors, the following persons (other than the Directors or chief executives of the Company) had interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO, or who was, directly or indirectly, interested in 5% or more of the Shares of the Company:

Long positions/short positions in the Shares of the Company

Name of Shareholder	Nature of interest	Number of Shares held	Long position/ short position	Approximate percentage of shareholding ⁽¹⁾
Le An Xin ⁽²⁾	Beneficial owner	56,533,817	Long position	5.29%
Rui Jian ⁽²⁾	Interest in controlled corporations	56,533,817	Long position	5.29%
JIN Ziwen ⁽²⁾	Interest in controlled corporations	56,533,817	Long position	5.29%
YANG Qiushi ⁽²⁾	Interest in controlled corporations	56,533,817	Long position	5.29%
Bang Qi Jian	Beneficial owner	136,610,000	Long position	12.79%
DOU Wenwei ⁽³⁾	Interest in controlled corporations	136,610,000	Long position	12.79%
WANG Wenjun ⁽³⁾	Interest in controlled corporations	136,610,000	Long position	12.79%
Glorious Peace ⁽⁴⁾	Beneficial owner	441,000,000	Long position	41.31%
An Ke Technology Company Limited ⁽⁴⁾	Interest in controlled corporations	441,000,000	Long position	41.31%
Ping An ⁽⁴⁾	Interest in controlled corporations	441,000,000	Long position	41.31%

Notes:

- (1) The calculation is based on the total number of Shares in issue of 1,067,294,200 Shares as of 30 June 2020.
- (2) Le An Xin directly held a total of 56,533,817 Shares as the trustee on behalf of the beneficiaries under the Employee Incentive Scheme. Le An Xin was directly wholly-owned by Rui Jian, which in turn was held by Mr. JIN Ziwen as to 50.1% and Ms. YANG Qiushi as to 49.9%. As such, each of Rui Jian, Mr. JIN Ziwen and Ms. YANG Qiushi was deemed to be interested in the Shares held by Le An Xin.
- (3) Bang Qi Jian directly held a total of 136,610,000 Shares. Bang Qi Jian was held as to 50% by each of Ms. WANG Wenjun and Mr. DOU Wenwei, respectively. Therefore Ms. WANG Wenjun and Mr. DOU Wenwei were deemed to be interested in the Shares held by Bang Qi Jian.
- (4) Glorious Peace directly held a total of 441,000,000 Shares. Glorious Peace was wholly-owned by An Ke Technology Company Limited, which in turn was wholly-owned by Ping An. As such, each of Ping An and An Ke Technology Company Limited was deemed to be interested in the Shares held by Glorious Peace.

Save as disclosed above, as of 30 June 2020, the Directors were not aware of any person (other than the Directors or chief executives of the Company) who had interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or were recorded in the register required to be kept by the Company under section 336 of the SFO, or who was, directly or indirectly, interested in 5% or more of the Shares of the Company.

Employee Incentive Scheme

The Employee Incentive Scheme was approved by the Board on 26 December 2014 and amended by the Board from time to time. The purpose of the Employee Incentive Scheme is to attract and retain talents, to promote the long-term sustainable development of our Company and related entities, to realize the maximization of value for shareholders, and to achieve mutual benefit for shareholders, Company and staff.

The EIS Shares had been issued, which were directly held by Le An Xin. The Employee Incentive Scheme is not subject to the provisions of Chapter 17 of the Listing Rules as the Employee Incentive Scheme does not involve the grant of options by our Company to subscribe for new Shares upon our Listing. Given the EIS Shares had already been issued, there will not be any dilution effect to the issued Shares upon the exercise of the EIS Options. In addition, the grant of EIS Options by our Company or transfer upon vesting of the EIS Options of any of the EIS Shares pursuant to the Employee Incentive Scheme by any trustee or trust holding entities to a connected person of our Company should not be subject to the requirement of Chapter 14A of the Listing Rules. As of 30 June 2020, the aggregate number of outstanding Shares underlying the EIS Options as granted by the Company under the Employee Incentive Scheme was 34,838,403, representing 3.26% of our Company's issued share capital. All such Shares underlying the EIS Options have been issued.

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

For the six months ended 30 June 2020, the Company and any member of the Group have not purchased, sold or redeemed any of the Company's listed securities.

Changes of Directors and Chief Executives and Their Information

During the Reporting Period, changes of Directors and chief executives are set out as follows:

1. Mr. FANG Weihao has been appointed as an executive Director, acting chairman and chief executive officer of the Company since 15 May 2020;
2. Mr. WANG Tao has ceased to serve as an executive Director, chairman and chief executive officer of the Company since 15 May 2020;
3. Ms. LIN Lijun has been appointed as a non-executive Director since 28 February 2020;
4. Mr. PAN Zhongwu has been appointed as a non-executive Director since 28 February 2020;
5. Ms. WANG Wenjun has ceased to serve as a non-executive Director since 28 February 2020;
6. Mr. DOU Wenwei has ceased to serve as a non-executive Director since 28 February 2020.

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

1. Ms. TAN Sin Yin, a non-executive Director, has been serving as an executive Director of Ping An since 3 April 2020.
2. Mr. YAO Jason Bo, a non-executive Director, has been serving as a co-chief executive officer of Ping An since 2 July 2020.

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



Other Information

Audit and Risk Management Committee

The Company has established an Audit and Risk Management Committee in compliance with the Corporate Governance Code. The primary duties of the Audit and Risk Management Committee are to review and supervise the financial reporting process and internal controls system of the Group, review the financial information of the Group and consider issues relating to the external auditors and their appointment.

The Audit and Risk Management Committee comprises three independent non-executive Directors, namely, Mr. TANG Yunwei, Mr. GUO Tianyong and Mr. LIU Xin and one non-executive Director, namely, Mr. YAO Jason Bo. 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 2020. The Audit and Risk Management Committee has also discussed with management of the Company the accounting policies and practices and internal controls adopted by the Company. Based on the above review and discussion with management, the Audit and Risk Management Committee is satisfied that the unaudited interim financial information of the Group has been prepared in accordance with the applicable accounting standards.

Compliance with Code of Conduct Regarding Directors' Securities Transactions

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as the code of conduct regarding directors' dealings in the securities of the Company. Having made specific enquiry of all the Directors, all the Directors confirmed that they have complied with the required standards set out in the Model Code for the six months ended 30 June 2020.

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

Compliance with the Corporate Governance Code

Save as disclosed below, none of the Directors is aware of any information that would reasonably indicate that the Company did not meet the applicable code provisions set out in the Corporate Governance Code for any part of the period of the six months ended 30 June 2020.

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

Therefore, the Company does not currently intend to separate the roles of the acting chairman and the chief executive officer.

Use of Net Proceeds from Listing

The Shares of the Company were listed on the Main Board of the Stock Exchange on the Listing Date with net proceeds received by the Company from the global offering in the amount of approximately HK\$8,564.0 million after deducting underwriting commissions and all related expenses. The following table set forth the Group's intended timetable for use of proceeds as of 30 June 2020.

Intended use of net proceeds	Allocation of net proceeds	Amount of net proceeds utilized as of 30 June 2020	Balance of net proceeds unutilized as of 30 June 2020	Intended timetable for use of the unutilized net proceeds
(HK\$ in millions)				
(i) Business expansion	3,425.6	0	3,425.6	Before 31 December 2024
(ii) Funding our potential investments in acquisitions of the strategic alliances with domestic companies as well as our overseas expansion plan	2,569.2	0	2,569.2	Before 31 December 2025
(iii) Research and development	1,712.8	0	1,712.8	Before 31 December 2026
(iv) Working capital and general corporate purposes	856.4	0	856.4	Before 31 December 2028



Report on Review of Interim Financial Information

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

Introduction

We have reviewed the interim financial information set out on pages 29 to 64, which comprises the interim condensed consolidated statement of financial position of Ping An Healthcare and Technology Company Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30 June 2020 and the interim condensed consolidated income statement, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “Interim Financial Reporting”. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

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

Conclusion

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

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 20 August 2020

Interim Condensed Consolidated Income Statement

For the six months ended 30 June 2020

(All amounts expressed in RMB thousand unless otherwise stated)

	Note	Six months ended 30 June	
		2020 (unaudited)	2019 (unaudited)
Revenue	5	2,746,645	2,272,659
Cost of sales	5,6	(1,925,042)	(1,780,965)
Gross profit		821,603	491,694
Selling and marketing expenses	6	(679,219)	(376,666)
Administrative expenses	6	(483,663)	(544,131)
Other income	7	102,865	9,263
Other gains – net	8	29,811	27,045
Operating loss		(208,603)	(392,795)
Finance income	9	57,264	132,994
Finance costs	9	(2,769)	(6,482)
Finance income – net	9	54,495	126,512
Share of losses of associates and joint ventures		(54,913)	(3,743)
Loss before income tax		(209,021)	(270,026)
Income tax expense	10	(4,184)	(3,514)
Loss for the period		(213,205)	(273,540)
Loss attributable to:			
– Owners of the Company		(213,586)	(272,502)
– Non-controlling interests		381	(1,038)
		(213,205)	(273,540)
Loss per share attributable to owners of the Company			
– Basic (RMB yuan)	11	(0.21)	(0.27)
– Diluted (RMB yuan)	11	(0.21)	(0.27)

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

Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2020

(All amounts expressed in RMB thousand unless otherwise stated)

	Six months ended 30 June	
	Note	2019
	2020	2019
	(unaudited)	(unaudited)
Loss for the period	(213,205)	(273,540)
Other comprehensive income		
<i>Items that may be reclassified to profit or loss</i>		
Exchange differences on translation of foreign operations	358	5,699
Other comprehensive income for the period, net of tax	358	5,699
Total comprehensive loss for the period	(212,847)	(267,841)
Total comprehensive loss attributable to:		
– Owners of the Company	(213,228)	(267,582)
– Non-controlling interests	381	(259)
	(212,847)	(267,841)

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

Interim Condensed Consolidated Statement of Financial Position

As at 30 June 2020

(All amounts expressed in RMB thousand unless otherwise stated)

	Note	As at 30 June 2020 (unaudited)	As at 31 December 2019
ASSETS			
Non-current assets			
Goodwill	12	969,929	966,763
Right-of-use assets	13	135,347	93,986
Property, plant and equipment	14	179,410	186,445
Other intangible assets	15	114,263	106,209
Investments in associates	16	382,406	381,712
Investments in joint ventures	17	70,296	127,833
Prepayments and other receivables	20	21,765	6,915
Financial assets at amortized cost	21	2,009,361	1,515,885
Financial assets at fair value through profit or loss	22	15,730	15,730
Term deposits	23(b)	799,418	499,764
Total non-current assets		4,697,925	3,901,242
Current assets			
Inventories	18	102,533	74,768
Trade receivables	19	874,157	649,384
Contract assets	5	236,348	141,119
Prepayments and other receivables	20	227,241	222,845
Financial assets at amortized cost	21	538,481	575,055
Financial assets at fair value through profit or loss	22	1,560,493	1,849,270
Cash and cash equivalents	23(a)	4,217,265	4,965,455
Total current assets		7,756,518	8,477,896
Total assets		12,454,443	12,379,138
EQUITY AND LIABILITIES			
Equity			
Share capital	24	33	33
Treasury shares		(2)	(2)
Reserves	25	13,568,584	13,518,868
Accumulated losses		(4,083,724)	(3,870,138)
Total equity attributable to owners of the Company		9,484,891	9,648,761
Non-controlling interests		23,395	20,726
Total equity		9,508,286	9,669,487
Liabilities			
Non-current liabilities			
Lease liabilities	13	59,103	44,431
Trade and other payables	27	48	47
Total non-current liabilities		59,151	44,478
Current liabilities			
Trade and other payables	27	1,759,453	1,776,526
Contract liabilities	5	1,051,289	837,486
Lease liabilities	13	76,264	51,161
Total current liabilities		2,887,006	2,665,173
Total liabilities		2,946,157	2,709,651
Total equity and liabilities		12,454,443	12,379,138

The interim condensed consolidated financial information and the accompanying notes starting from page 29 to page 64 are signed by:

FANG Weihao
(Director)

LIN Lijun
(Director)

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

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2020

(All amounts expressed in RMB thousand unless otherwise stated)

	For the six months ended 30 June 2020 (unaudited)							
	Attributable to owners of the Company							Non-controlling interests
Note	Share capital	Reserves	Treasury shares	Accumulated losses	Total			
As at 1 January 2020		33	13,518,868	(2)	(3,870,138)	9,648,761	20,726	9,669,487
Loss for the period		-	-	-	(213,586)	(213,586)	381	(213,205)
Other comprehensive income for the period		-	358	-	-	358	-	358
Share-based payments	26	-	30,395	-	-	30,395	-	30,395
Exercise of share options	26	-	18,963	-	-	18,963	-	18,963
Non-controlling interests arising from acquiring control over joint venture	29	-	-	-	-	-	2,288	2,288
As at 30 June 2020		33	13,568,584	(2)	(4,083,724)	9,484,891	23,395	9,508,286

	For the six months ended 30 June 2019 (unaudited)							
	Attributable to owners of the Company							Non-controlling interests
Note	Share capital	Reserves	Treasury shares	Accumulated losses	Total			
As at 1 January 2019		33	13,331,702	(2)	(3,132,813)	10,198,920	68,372	10,267,292
Loss for the period		-	-	-	(272,502)	(272,502)	(1,038)	(273,540)
Other comprehensive income for the period		-	4,920	-	-	4,920	779	5,699
Share-based payments	26	-	56,184	-	-	56,184	-	56,184
Acquisition of non-controlling interests in subsidiaries		-	-	-	(3,465)	(3,465)	(6,400)	(9,865)
Exercise of share options	26	-	419	-	-	419	-	419
As at 30 June 2019		33	13,393,225	(2)	(3,408,780)	9,984,476	61,713	10,046,189

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 2020

(All amounts expressed in RMB thousand unless otherwise stated)

	Note	Six months ended 30 June	
		2020 (unaudited)	2019 (unaudited)
Cash flows from operating activities			
Cash used in operations		(358,228)	(504,053)
Income tax paid		(1,256)	(1,393)
Net cash used in operating activities		(359,484)	(505,446)
Cash flows from investing activities			
Payments for property, plant and equipment and other intangible assets		(24,540)	(46,769)
Proceeds from acquiring control over joint venture	29	5,204	–
Payments for financial assets at fair value through profit or loss		(2,750,165)	(934,764)
Proceeds from sale of financial assets at fair value through profit or loss		3,132,966	705,363
Payments for financial assets at amortized cost		(500,000)	–
Interest received from financial assets at amortized cost		51,119	–
Payments for term deposits with initial term of over three months		(300,000)	–
Proceeds from term deposits with initial term of over three months		–	5,521,540
Interest received from term deposits with initial term of over three months		–	178,729
Payments for investments in joint ventures		–	(49,418)
Payments for acquisition of non-controlling interests in subsidiaries		–	(9,865)
Net cash (used in)/generated from investing activities		(385,416)	5,364,816
Cash flows from financing activities			
Payments for lease liabilities		(39,782)	(29,973)
Proceeds from exercise of share options		11,263	–
Net cash used in financing activities		(28,519)	(29,973)
Net (decrease)/increase in cash and cash equivalents		(773,419)	4,829,397
Cash and cash equivalents at the beginning of the period	23	4,965,455	926,485
Effects of exchange rate changes on cash and cash equivalents		25,229	40,343
Cash and cash equivalents at the end of the period	23	4,217,265	5,796,225

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 2020

(All amounts expressed in RMB thousand unless otherwise stated)

1 General Information

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

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

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

Glorious Peace Limited (“Glorious Peace”) is the major shareholder of the Company, holding 41.31% of the shareholding interest in the Company as at 30 June 2020.

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 2020 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 2019.

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 2019, except for the adoption of new or amended standards and interpretations since 1 January 2020.

(a) New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period. The impact of adoption of the amended or improved standards and interpretations currently has been either not applicable or not significant on these consolidated financial statements.

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

The Group has already commenced an assessment of the impact of the new or revised standards that have been issued but either not yet effective for the financial period beginning 1 January 2020 or not been early adopted by the Group which are relevant to the Group’s operation. Except as described below, the Group believes that the application of amendments to IFRSs, amendments to IASs and the new interpretations is unlikely to have a material impact on the Group’s statement of financial position and performance as well as disclosure in the future.

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2020

(All amounts expressed in RMB thousand unless otherwise stated)

2 Basis of Preparation and Significant Accounting Policies (Continued)

2.2 Significant accounting policies (Continued)

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

IFRS 17

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

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

The Group entered into a few kinds of service contracts that meet the definition of “insurance contract” in IFRS 4. For the six month ended 30 June 2020, the Group recorded revenue of RMB364,809 thousand from such service contracts and as at 30 June 2020, the liability arising from such service contracts amounted to RMB308,051 thousand.

The standard is currently mandatorily effective for annual periods beginning on or after 1 January 2021 and earlier application is permitted. On 17 March 2020, IASB completed its discussions on the amendments to IFRS 17 and tentatively decided that the effective date of the IFRS 17 shall be deferred to annual reporting periods beginning on or after 1 January 2023.

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

3 Management of Financial Risk

3.1 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, liquidity risk and insurance risk.

The interim condensed consolidated financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements as at 31 December 2019.

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

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2020

(All amounts expressed in RMB thousand unless otherwise stated)

3 Management of Financial Risk (Continued)

3.2 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 2020					Total
	On demand	Within 1 year	1 to 5 years	Over 5 years	Undated	
Liabilities:						
Lease liabilities	–	78,195	64,148	–	–	142,343
Trade and other payables	–	1,261,968	–	–	48	1,262,016
	–	1,340,163	64,148	–	48	1,404,359

	As at 31 December 2019					Total
	On demand	Within 1 year	1 to 5 years	Over 5 years	Undated	
Liabilities:						
Lease Liabilities	–	53,820	55,165	–	–	108,985
Trade and other payables	–	1,321,620	–	–	47	1,321,667
	–	1,375,440	55,165	–	47	1,430,652

3.3 Fair value estimation

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

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

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2020

(All amounts expressed in RMB thousand unless otherwise stated)

3 Management of Financial Risk (Continued)

3.3 Fair value estimation (Continued)

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 2020

(All amounts expressed in RMB thousand unless otherwise stated)

3 Management of Financial Risk (Continued)

3.3 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 2020			Total
	Level 1	Level 2	Level 3	
Assets measured at fair value				
Financial assets at fair value through profit or loss				
– Equity investments	–	807,888	768,335	1,576,223

	As at 31 December 2019			Total
	Level 1	Level 2	Level 3	
Assets measured at fair value				
Financial assets at fair value through profit or loss				
– Equity investments	–	1,849,270	15,730	1,865,000

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

Valuation techniques

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

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2020

(All amounts expressed in RMB thousand unless otherwise stated)

4 Scope of Consolidation

Particulars of the subsidiaries and entities in the scope of consolidation of the Group at 30 June 2020 are set out below:

(a) Subsidiaries

Company name	Place and date of incorporation/ establishment	Issued and paid-in capital	Attributable economic interest to the Group		Principal activities/ Place of operations	Notes
			30 June 2020	31 December 2019		
Directly owned:						
Glorious Delight Limited	Hong Kong/ 14 November 2014	HKD0	100%	100%	Investment Holding/ Hong Kong	
Le An Xin (PTC) Limited ("Le An Xin")	British Virgin Islands ("BVI")/ 17 October 2017	USD0	–	–	Investment Holding/ BVI	
Good Doctor Online Healthcare Limited	Cayman Islands/ 23 July 2018	USD1	100%	100%	Investment Holding/ Cayman Islands	
Yu Kang Limited	Hong Kong/ 12 December 2018	HKD1	100%	100%	Investment Holding/ Hong Kong	
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	the PRC/ 14 December 2006	RMB5,000,000	100%	100%	Medicine Marketing/ the PRC	
Shanghai Pingan Health Culture Communication Company Limited	the PRC/ 21 November 2016	RMB3,000,000	100%	100%	Technology Service/ the PRC	
Controlled by the Company pursuant to the Contractual Agreements:						
Ping An Health Cloud Company Limited ("PAHC")	the PRC/ 20 August 2014	RMB350,000,000	100%	100%	Development and operation of apps/ the PRC	
Jiangxi Pingan Good Doctor Pharmacy Company Limited	the PRC/ 24 January 2014	RMB2,000,000	100%	100%	Medicine Marketing/ the PRC	
Hefei Kuaiyijie Medical Electronic Commerce Company Limited	the PRC/ 29 March 2005	RMB15,000,000	100%	100%	Technology Development/ the PRC	
Qingdao Pingan Good Doctor Internet Hospital Company Limited	the PRC/ 24 April 2017	RMB10,000,000	100%	100%	Hospital/the PRC	
Hefei Ping An Kangjian Internet Hospital Company Limited	the PRC/ 21 September 2017	RMB50,000	100%	100%	Hospital/the PRC	
Jiangsu Nabaite Pharmacy Company Limited	the PRC/ 11 October 2017	RMB10,000,000	100%	100%	Medicine Marketing/ the PRC	
Shanghai Hao Yi Smart Technology Company Limited ("Shanghai Hao Yi")	the PRC/ 21 November 2017	RMB71,400,000	70%	70%	Technology Development/ the PRC	

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2020

(All amounts expressed in RMB thousand unless otherwise stated)

4 Scope of Consolidation (Continued)

(a) Subsidiaries (Continued)

Company name	Place and date of incorporation/ establishment	Issued and paid-in capital	Attributable economic interest to the Group		Principal activities/ Place of operations	Notes
			30 June 2020	31 December 2019		
Controlled by the Company pursuant to the Contractual Agreements: (Continued)						
Yinchuan Pingan Internet Hospital Company Limited	the PRC/ 12 March 2018	RMB3,000,000	100%	100%	Hospital/the PRC	
Pingan Wanjia Healthcare Investment Management Company Limited	the PRC/ 4 July 2016	RMB400,000,000	100%	100%	Technology Development/ the PRC	
Shanghai Pingan Wanjia Healthcare Management Company Limited	the PRC/ 8 December 2016	RMB100,000,000	100%	100%	Technology Development/ the PRC	
Shenzhen Pingan Wanjia Healthcare Investment Company Limited	the PRC/ 11 August 2016	RMB30,000,000	100%	100%	Investment Holding/ the PRC	
Xiamen Wanjia Healthcare Investment Company Limited	the PRC/ 6 December 2016	RMB20,000,000	100%	100%	Investment Holding/ the PRC	
Xiamen Siming Wanjia Enjoyment Outpatient Service Department Company Limited	the PRC/ 26 July 2017	RMB11,000,000	100%	100%	Clinic/the PRC	
Shenzhen Anan Outpatient Service Department	the PRC/ 20 June 2017	RMB400,000	100%	100%	Clinic/the PRC	
Guang Dong Y.C. Insurance Agency Company Limited	the PRC/ 10 February 2011	RMB50,000,000	100%	100%	Insurance Agency/ the PRC	
Guangzhou Jifan Biotechnology Company Limited	the PRC/ 23 July 2015	RMB100,000	100%	100%	Medicine Marketing/ the PRC	
Pingan (Nantong) Internet Hospital Company Limited	the PRC/ 15 November 2018	RMB10,000	100%	100%	Hospital/the PRC	
Hainan Ping An Healthcare and Technology Company Limited	the PRC/ 15 October 2019	RMB110,000	100%	100%	Medicine Marketing/ the PRC	
Hebei Nabaite Pharmacy Company Limited	the PRC/ 28 December 2019	RMB4,200,000	100%	100%	Medicine Marketing/ the PRC	
Pingan Yingjian Medical Management (Shanghai) Limited ("Pingan Yingjian")	the PRC/ 24 April 2015	RMB35,000,000	50%	50%	Medical Service/ the PRC	(i)
Shanghai Yingjian Clinics Co., Ltd ("Shanghai Yingjian")	the PRC/ 12 December 2016	RMB10,000,000	50%	50%	Clinic/the PRC	(i)
Fuzhou Kangjian Medical Technology Company Limited	the PRC/ 8 April 2020	RMB50,000,000	100%	0%	Technology Development/ the PRC	(ii)

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For the six months ended 30 June 2020

(All amounts expressed in RMB thousand unless otherwise stated)

4 Scope of Consolidation (Continued)

(a) Subsidiaries (Continued)

Company name	Place and date of incorporation/ establishment	Issued and paid-in capital	Attributable economic interest to the Group		Principal activities/ Place of operations	Notes
			30 June 2020	31 December 2019		

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

Guangxi Pingan Good Doctor Internet Hospital Company Limited	the PRC/ 13 April 2020	RMBO	51%	0%	Hospital/the PRC	(iii)
Pingan Good Doctor Nanjing Medical Technology Company Limited	the PRC/ 20 May 2020	RMBO	100%	0%	Technology Development/ the PRC	(ii)
Shenyang Kangjian Intelligent Internet Hospital Company Limited	the PRC/ 22 May 2020	RMBO	100%	0%	Hospital/the PRC	(ii)
Chengdu Ping An Kangjian Internet Hospital Management Company Limited	the PRC/ 14 January 2020	RMB100,000	100%	0%	Hospital/the PRC	(ii)
Taiyuan Pingan Internet Hospital Company Limited	the PRC/ 30 April 2020	RMBO	100%	0%	Hospital/the PRC	(ii)
Shanghai No. 8 Pingan Good Doctor Internet Hospital Company Limited	the PRC/ 11 June 2020	RMBO	100%	0%	Hospital/the PRC	(ii)

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

Notes:

- (i) During the reporting period, Pingan Yingjian was consolidated by the Group, the details of the business combination are disclosed in note 29. Shanghai Yingjian is a wholly-owned subsidiary of Pingan Yingjian.
- (ii) Those companies are wholly-owned subsidiaries of PAHC and established in current period.
- (iii) The Group established Guangxi Pingan Good Doctor Internet Hospital Co., Ltd pursuant to a business cooperation agreement with Digital Guangxi Group Co. Ltd ("Digital Guangxi") signed on 13 April 2020, according to which the Group and Digital Guangxi owned 51% and 49% of the equity interests respectively.

(b) Structured entities

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

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

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For the six months ended 30 June 2020

(All amounts expressed in RMB thousand unless otherwise stated)

5 Revenue and Segment Information

(a) Disaggregation of revenue from contracts with customers

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

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

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

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

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

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

For the six months ended 30 June 2020

	Online medical services	Consumer healthcare	Health mall	Health management and wellness interaction	Total
Revenue from customers	694,947	434,868	1,509,411	107,419	2,746,645
Medical related services	539,077	434,793	2,558	–	976,428
Sales of goods	155,400	75	1,503,622	–	1,659,097
Commission income	470	–	3,231	–	3,701
Advertising and other services	–	–	–	107,419	107,419
Cost of sales	(315,523)	(222,154)	(1,370,926)	(16,439)	(1,925,042)
Gross Profit	379,424	212,714	138,485	90,980	821,603

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2020

(All amounts expressed in RMB thousand unless otherwise stated)

5 Revenue and Segment Information (Continued)

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

For the six months ended 30 June 2019

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

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

As at 30 June 2020 and 31 December 2019, most of the non-current assets of the Group were located in the PRC.

(b) Contract assets and liabilities

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

	As at 30 June 2020	As at 31 December 2019
Contract assets		
Online medical services	156,164	75,390
Consumer healthcare	80,184	65,729
	236,348	141,119
Contract liabilities		
Online medical services	308,882	212,752
Consumer healthcare	693,590	530,872
Health mall	30,913	74,948
Health management and wellness interaction	17,904	18,914
	1,051,289	837,486

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2020

(All amounts expressed in RMB thousand unless otherwise stated)

6 Expenses by Nature

	For the six months ended 30 June	
	2020	2019
Cost of merchandise	1,488,297	1,386,515
Employee benefit expenses	555,417	552,244
Direct sale and business development fee (Note a) (Note b)	421,470	200,536
Cost for service fee paid to vendors	244,914	271,792
Change of contract liabilities of Health Membership Plans	97,785	44,985
Consulting expenses	60,686	67,219
Depreciation of right-of-use assets	35,504	30,601
Depreciation of property, plant and equipment	33,081	27,992
Postage and communication expenses	28,042	17,191
Amortization of other intangible assets	12,937	9,544
Leasing expenses	11,734	9,911
Travelling and convention expenses	11,232	13,164
Others	86,825	70,068
	3,087,924	2,701,762

Notes:

- (a) The direct sale and business development fee includes commission expenses, advertising expenses and promotion expenses.
- (b) The promotion expenses amounted to RMB-127,417 thousand for the six months ended 30 June in 2020, compared to RMB25,779 thousand in the comparative period in 2019. The Group provides "healthy reward points" for free to the users of the Group's mobile platform, including those who are not existing service buyers of the Group. Registered users may earn "healthy reward points" through the "step-for-reward" plans which were launched on 4 December 2015, mainly based on the walk steps counted by the Group's mobile platform. The users can consume the "healthy reward points" to redeem goods in the health mall of the Group's mobile platform without any minimum purchase amount requirements in the "step-for-reward" redemption plan. In December 2019, the Group also announced and launched a "step-for-reward" mutual aid plan and started its trial operation whose continuance was subject to the condition of a minimum number of participants. Costs of "healthy reward points" are included in promotion expenses which are recorded upon the issuance to users, and such outstanding "healthy reward points" are recognised as provision for sales promotion. In the first half year of 2020, the walk steps of the registered users dropped remarkably due to the wide spread of Coronavirus Disease 2019 ("COVID-19"), so the subscribers of "step-for-reward" mutual aid plan were less than the expectation of the Group and did not meet the participation threshold of the mutual aid plan. Under such circumstances, the Group decided to abort the "step-for-reward" mutual aid plan and such "healthy reward points" were converted into the "step-for-reward" redemption plan. The unit value of the "healthy reward points" for the mutual aid plan planned higher than the estimated unit value of each "healthy reward points" in "step-for-reward" redemption plan. Meanwhile, the expected redemption rate of the "step-for-reward" redemption plan also dropped significantly as a combined consequence of COVID-19 and plan termination. Therefore, the provision for sales promotion of "healthy reward points" of RMB147,159 thousand was reversed in the profit and loss in 2020.

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2020

(All amounts expressed in RMB thousand unless otherwise stated)

7 Other Income

	For the six months ended 30 June	
	2020	2019
Interest on financial assets at amortized cost	44,257	–
Interest on short-term investments placed with banks	32,563	1,130
Government grants	26,045	8,133
	102,865	9,263

8 Other Gains – Net

	For the six months ended 30 June	
	2020	2019
Net foreign exchange gains	25,229	5,835
Fair value gains on financial assets at fair value through profit or loss	19,147	11,922
Gains on disposal of financial assets at fair value through profits or loss	16,314	8,293
Net gains on deemed disposals of joint ventures	3,166	–
Net impairment (losses)/gains on financial assets	(31,786)	1,606
Others	(2,259)	(611)
	29,811	27,045

9 Finance Income – Net

	For the six months ended 30 June	
	2020	2019
Finance income		
Interest income	57,264	132,994
Finance costs		
Interest expenses on lease liabilities	(2,769)	(6,482)
	54,495	126,512

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2020

(All amounts expressed in RMB thousand unless otherwise stated)

10 Income Tax Expense

The income tax expense of the Group for the period ended 30 June 2020 is analysed as follows:

	For the six months ended 30 June	
	2020	2019
Current income tax	4,184	3,514

The tax on the Group's loss before income tax differs from the theoretical amount that would arise using the statutory tax rate applicable to loss of the consolidated entities as follows:

	For the six months ended 30 June	
	2020	2019
Loss before income tax	(209,021)	(270,026)
Tax calculated at PRC statutory income tax rate of 25%	(52,255)	(67,507)
Tax effects of		
– Differential income tax rates applicable to subsidiaries (Note a)(Note b)	(20,575)	(47,569)
– Tax losses and temporary differences for which no deferred income tax asset was recognized	23,203	96,685
– Expense not deductible for tax purposes	87,333	23,058
– PRC Withholding income tax	3,223	–
– Previously unrecognised tax losses now recouped to reduce current tax expense	(36,745)	(1,153)
Income tax expense	4,184	3,514

Notes:

- (a) *Cayman Islands and Tax*
The Company is incorporated under the laws of the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and is not subject to Cayman Islands income tax.
- (b) *Hong Kong Income Tax*
Hong Kong income tax rate is 16.5%. No Hong Kong profits tax was provided for as there was no estimated assessable profit that was subject to Hong Kong profits tax during the six months ended 30 June 2020 and 30 June 2019.
- (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. WHT of the Group was incurred by the interests on the loans from the Company to PAHC.

The Group does not have any plan to require its PRC subsidiaries to distribute their retained earnings and intends to retain them to operate and expand its business in the PRC. Accordingly, no deferred income tax liability on WHT was accrued as at 30 June 2020 (31 December 2019: nil).

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2020

(All amounts expressed in RMB thousand unless otherwise stated)

11 Loss Per Share

- (a) Basic loss per share for the six months ended 30 June 2020 and 2019 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	
	2020	2019
Loss attributable to owners of the Company for the period	(213,586)	(272,502)
Weighted average number of ordinary shares in issue ('000)	1,009,764	999,061
Basic loss per share (RMB yuan)	(0.21)	(0.27)

- (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 2020 and 2019, 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 2020 and 2019 are same as basic loss per share of respective periods.

12 Goodwill

	Cost
As at 31 December 2019	966,763
Addition on acquisition of subsidiary (Note a)	3,166
As at 30 June 2020	969,929

- (a) The goodwill's addition arose from the acquisition of control over Pingan Yingjian in April 2020 (Note 29). The additional goodwill is attributable to the synergy of combination and economies of scale expected to be derived from combining the operating of consumer healthcare segment of the Group and Pingan Yingjian, the amount is attributable to Pingan Yingjian as a whole as a Cash Generating Unit of the Group.

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2020

(All amounts expressed in RMB thousand unless otherwise stated)

13 Leases

(a) Amounts recognized in the statement of financial position

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

	As at 30 June 2020	As at 31 December 2019
Right-of-use assets		
Properties	135,347	93,986
Lease liabilities		
Current	76,264	51,161
Non-current	59,103	44,431
	135,367	95,592

Additions to the cost of right-of-use assets during the six months ended 30 June 2020 were RMB76,865 thousand.

(b) Amounts recognized in the income statement

The income statement shows the following amounts relating to leases:

	For the six months ended 30 June 2020	2019
Depreciation of right-of-use assets		
Properties	(35,504)	(30,601)
Finance costs	(2,761)	(6,469)

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2020

(All amounts expressed in RMB thousand unless otherwise stated)

14 Property, Plant and Equipment

	Office and telecommunication equipment	Leasehold improvements	Total
As at 1 January 2020			
Cost	255,583	74,340	329,923
Accumulated depreciation	(111,449)	(32,029)	(143,478)
Net book amount	144,134	42,311	186,445
Six months ended 30 June 2020			
Opening net book amount	144,134	42,311	186,445
Acquisition of a subsidiary	2,763	1,566	4,329
Additions	16,639	5,078	21,717
Depreciation charge	(24,749)	(8,332)	(33,081)
Closing net book amount	138,787	40,623	179,410
As at 30 June 2020			
Cost	280,838	83,065	363,903
Accumulated depreciation	(142,051)	(42,442)	(184,493)
Net book amount	138,787	40,623	179,410
As at 1 January 2019			
Cost	212,618	46,184	258,802
Accumulated depreciation	(67,798)	(18,531)	(86,329)
Net book amount	144,820	27,653	172,473
Six months ended 30 June 2019			
Opening net book amount	144,820	27,653	172,473
Additions	21,869	4,087	25,956
Depreciation charge	(21,178)	(6,814)	(27,992)
Closing net book amount	145,511	24,926	170,437
As at 30 June 2019			
Cost	234,487	50,271	284,758
Accumulated depreciation	(88,976)	(25,345)	(114,321)
Net book amount	145,511	24,926	170,437

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2020

(All amounts expressed in RMB thousand unless otherwise stated)

15 Other Intangible Assets

	Software	Licences	Total
As at 1 January 2020			
Cost	94,626	57,472	152,098
Accumulated amortisation	(17,069)	(9,251)	(26,320)
Accumulated impairment	–	(19,569)	(19,569)
Net book amount	77,557	28,652	106,209
Six months ended 30 June 2020			
Opening net book amount	77,557	28,652	106,209
Acquisition of a subsidiary	43	–	43
Additions	20,948	–	20,948
Amortisation	(9,147)	(3,790)	(12,937)
Closing net book amount	89,401	24,862	114,263
As at 30 June 2020			
Cost	115,668	57,472	173,140
Accumulated amortisation	(26,267)	(13,041)	(39,308)
Accumulated impairment	–	(19,569)	(19,569)
Net book amount	89,401	24,862	114,263
As at 1 January 2019			
Cost	58,034	54,672	112,706
Accumulated amortisation	(4,530)	(2,560)	(7,090)
Accumulated impairment	–	(19,569)	(19,569)
Net book amount	53,504	32,543	86,047
Six months ended 30 June 2019			
Opening net book amount	53,504	32,543	86,047
Additions	16,014	–	16,014
Amortisation	(6,504)	(3,040)	(9,544)
Closing net book amount	63,014	29,503	92,517
As at 30 June 2019			
Cost	74,048	54,672	128,720
Accumulated amortisation	(11,034)	(5,600)	(16,634)
Accumulated impairment	–	(19,569)	(19,569)
Net book amount	63,014	29,503	92,517

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2020

(All amounts expressed in RMB thousand unless otherwise stated)

16 Investments in Associates

	As at 30 June 2020	As at 31 December 2019
Investments in associates		
– Unlisted entities	249,432	249,720
– Listed entities	132,974	131,992
At the end of the period	382,406	381,712
	For the six months ended 30 June	
	2020	2019
At the beginning of the period	381,712	250,000
Share of profit in associates	694	(189)
At the end of the period	382,406	249,811

17 Investments in Joint Ventures

	For the six months ended 30 June	
	2020	2019
At the beginning of the period	127,833	5,419
Additions	–	49,418
Converted from a joint venture to a subsidiary	(2,288)	–
Share of losses of joint ventures	(55,607)	(3,554)
Share of other comprehensive income of joint ventures	358	3,103
At the end of the period	70,296	54,386

18 Inventories

	As at 30 June 2020	As at 31 December 2019
Inventories in warehouse	81,423	74,768
Inventories held with distributors on consignment	21,110	–
Less: impairment provision	–	–
	102,533	74,768

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2020

(All amounts expressed in RMB thousand unless otherwise stated)

19 Trade Receivables

	As at 30 June 2020	As at 31 December 2019
Online medical services	212,052	278,010
Consumer healthcare	126,842	147,433
Health mall	449,982	174,143
Health management and wellness interaction	122,910	67,142
	911,786	666,728
Less: loss allowance	(37,629)	(17,344)
	874,157	649,384

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

	As at 30 June 2020	As at 31 December 2019
Up to 3 months	428,114	285,273
3 to 6 months	230,520	108,577
6 months to 1 year	117,077	155,980
1 to 2 years	109,001	108,664
More than 2 years	27,074	8,234
	911,786	666,728
Less: loss allowance	(37,629)	(17,344)
	874,157	649,384

Approximately 90% of trade receivables aged more than one year are due from related parties.

(b) Fair values of trade receivables

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

(c) Impairment and risk exposure

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

This resulted in an increase of the loss allowance on 30 June 2020 to RMB37,629 thousand for trade receivables (31 December 2019: RMB17,344 thousand).

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2020

(All amounts expressed in RMB thousand unless otherwise stated)

20 Prepayments and Other Receivables

	As at 30 June 2020	As at 31 December 2019
Included in current assets		
Recoverable value-added tax	49,505	42,180
Advance payments	48,140	43,321
Deposits	37,345	29,411
Interest receivable	19,515	53,673
Prepaid expenses	19,068	6,817
Amounts due from related parties (Note a)	4,125	8,850
Others	49,543	38,593
	227,241	222,845
Included in non-current assets		
Interest receivable	21,765	6,915

Notes:

- (a) During the period, the amounts due from related parties were of a non-trade nature.
- (b) As at 30 June 2020, the carrying amounts of deposits and other assets (excludes advance payments and recoverable value-added tax), were approximate to their fair values. Deposits and other assets were neither past due nor impaired. Their recoverability was assessed with reference to the credit status of the counterparties and credit history.

21 Financial Assets at Amortized Cost

	As at 30 June 2020	As at 31 December 2019
Included in current assets		
Debt schemes (Note 4(b))	544,957	577,121
Less: loss allowance	(6,476)	(2,066)
	538,481	575,055
Included in non-current assets		
Debt schemes (Note 4(b))	2,021,000	1,520,779
Less: loss allowance	(11,639)	(4,894)
	2,009,361	1,515,885

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2020

(All amounts expressed in RMB thousand unless otherwise stated)

22 Financial Assets at Fair Value through Profit or Loss

	As at 30 June 2020	As at 31 December 2019
Included in current assets		
Equity investments		
Investment funds	781,888	1,073,967
Wealth management products	752,605	775,303
Asset management products	26,000	–
	1,560,493	1,849,270
Included in non-current assets		
Equity investments in unlisted companies	15,730	15,730

23 Cash and Cash Equivalents and Term Deposits

(a) Cash and cash equivalents

	As at 30 June 2020	As at 31 December 2019
Cash	100	1
Cash at bank	4,188,523	2,373,282
Short-term bank deposits with initial term within three months	–	2,570,000
Other cash equivalents	28,642	22,172
	4,217,265	4,965,455

Cash and cash equivalents are denominated in the following currencies:

	As at 30 June 2020	As at 31 December 2019
RMB	2,469,891	3,275,687
USD	1,680,454	1,600,912
HKD	66,920	88,856
	4,217,265	4,965,455

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2020

(All amounts expressed in RMB thousand unless otherwise stated)

23 Cash and Cash Equivalents and Term Deposits (Continued)

(b) Term deposits

	As at 30 June 2020	As at 31 December 2019
Term deposits with initial term of over one year	800,000	500,000
Less: loss allowance of term deposits	(582)	(236)
	799,418	499,764

Term deposits are denominated in the following currencies:

	As at 30 June 2020	As at 31 December 2019
RMB	800,000	500,000

The weighted average effective interest rate of the term deposits of the Group as at 30 June 2020 is 4.23% (As at 31 December 2019: 4.26%).

24 Share Capital

	Number of shares	USD
Authorised		
Ordinary shares of USD0.000005 each at 1 January 2020 and 30 June 2020	10,000,000,000	50,000
Ordinary shares of USD0.000005 each at 1 January 2019 and 30 June 2019	10,000,000,000	50,000

	Number of shares	USD	Equivalent to RMB yuan
Issued			
Ordinary shares of USD0.000005 each at 1 January 2020 and 30 June 2020	1,067,294,200	5,336	33,282
Ordinary shares of USD0.000005 each at 1 January 2019 and 30 June 2019	1,067,294,200	5,336	33,282

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2020

(All amounts expressed in RMB thousand unless otherwise stated)

25 Reserves

	As at 30 June 2020	As at 31 December 2019
Other reserves		
– share-based payments – value of employee services	264,814	243,779
Reorganization (Note a)	350,000	350,000
Share premium		
– share premium from capital injection (Note b) (Note c) (Note d)	12,792,575	12,792,575
– share-based payments – value of employee services	45,507	36,147
– exercise of share options	111,920	92,957
Exchange differences on translation of foreign operations	3,766	3,408
Other	2	2
	13,568,584	13,518,868

Notes:

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

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2020

(All amounts expressed in RMB thousand unless otherwise stated)

26 Share-Based Payments

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

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

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

The options should be exercised no earlier than 180 days before the Company successfully completes an initial public offering and the Company's shares get listed in the stock exchange ("IPO and Listing") and no later than 30 days after the IPO and Listing. The vesting date is determined by the Board of Directors of the Company. On 20 January 2018, amendments to the Share Option Plan were approved by the directors of the Company and the vesting date was changed to no earlier than 180 days before IPO and Listing or no earlier than 12 months after IPO and Listing. On 31 May 2019, amendments to the Share Option Plan were approved by the directors of the Company to modify the vesting conditions of the nil-priced share options granted after 27 February 2019. The options vest in full or in part depending on the satisfaction of specified performance conditions, including growth rate of the share price of the Company and KPIs achievement of the Group as a whole and of the Grantees. The amendments impact the grant date fair value of nil-priced share option since the market condition need to be considered.

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

	Number of share options For the six months ended 30 June	
	2020	2019
At the beginning of the period	37,857,318	44,293,574
Granted	–	6,935,000
Exercised (Note a)	(2,556,925)	(670,000)
Forfeited	(461,990)	(1,138,900)
At the end of the period	34,838,403	49,419,674

Note:

(a) During the six months ended 30 June 2020, 2,556,925 ordinary shares were exercised (six months ended 30 June 2019: 670,000 ordinary shares) at the total consideration of approximately RMB18,963 thousand (six months ended 30 June 2019: RMB419 thousand). The exercise prices range from RMB0 each to RMB32 each.

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2020

(All amounts expressed in RMB thousand unless otherwise stated)

26 Share-Based Payments (Continued)

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

Grant Year	Expiry Year	Exercise price (RMB yuan)	Number of share options	
			As at 30 June 2020	As at 31 December 2019
2014	2024	0.50	1,246,803	1,801,803
2015	2025	0.75	5,094,912	6,409,912
2016	2026	5.00	1,467,350	1,513,650
2017	2027	23.50-32.00	21,813,136	22,786,953
2019	2029	0-30.95	5,216,202	5,345,000
			34,838,403	37,857,318

Before the Listing, the Company had used the discounted cash flow method to determine the underlying equity fair value of the Company and adopted equity allocation model to determine the fair value of the underlying ordinary share. Key assumptions, such as discount rate and projections of future performance, are required to be determined by the Company with best estimate. Based on fair value of the underlying ordinary share, the Company had used Binomial option-pricing model to determine the fair value of the share options as at the grant date.

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

During the six months ended 30 June 2020, the Group recorded share-based payments of approximately RMB30,395 thousand (six months ended 30 June 2019: RMB56,184 thousand) related to the Share Option Plan.

The remaining contractual life of share options outstanding as at 30 June 2020 and 31 December 2019 is 6.6 years and 7.1 years respectively.

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2020

(All amounts expressed in RMB thousand unless otherwise stated)

27 Trade and Other Payables

	As at 30 June 2020	As at 31 December 2019
Included in current liabilities		
Accrued expense	430,804	610,779
Wages payable	394,433	380,931
Trade payables (Note a)	310,377	268,952
Contract liabilities of Health Membership Plans	308,051	210,266
Amounts due to suppliers	123,268	127,112
Tax payables	103,052	74,775
Amounts due to related parties	48,510	30,784
Others	40,958	72,927
	1,759,453	1,776,526
Included in non-current liabilities		
Amounts due to related parties	48	47

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

	As at 30 June 2020	As at 31 December 2019
Up to 3 months	190,957	208,428
3 to 6 months	99,188	48,086
6 months to 1 year	14,705	6,121
1 to 2 years	5,527	6,317
	310,377	268,952

28 Dividends

No dividends have been paid or declared by the Company during the six months ended 30 June 2020 (six months ended 30 June 2019: nil).

29 Business Combination

On 24 April 2015, Pingan Yingjian was established by the Group and Human Health Holdings Limited ("Human Health") through their subsidiary, PAHC and Yingjian Enterprise Management Consulting (Shanghai) Company Limited. Upon its establishment, Pingan Yingjian was owned by the Group and Human Health in proportion to their respective equity interests of 50%. According to the original article of association, the resolutions of the board of directors and shareholders could only be passed under mutual agreement of the two parties, and accordingly, Pingan Yingjian was regarded as a joint venture of the Group. With the growth of business scale and resources of the Group in the healthcare industry, the Group and Human Health entered into a negotiation in early 2020 that the Group would obtain control of Pingan Yingjian without any cash consideration in order that the Group would be able and willing to actively participate in the future business development of Pingan Yingjian. On 7 April 2020, a resolution of the shareholders to revise the articles of association was passed whereby PAHC is empowered to make final decisions and to hold decisive voting rights in the board of directors. Since then, Pingan Yingjian becomes a subsidiary of the Group.

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2020

(All amounts expressed in RMB thousand unless otherwise stated)

29 Business Combination (Continued)

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

Purchase consideration:

Cash paid	–
Fair value of PAHC's equity interest in Pingan Yingjian held before the business combination	5,454
Total purchase consideration	5,454

The assets and liabilities recognised as a result of the acquisition are as follows:

	Fair value
Cash and cash equivalents	5,204
Trade receivables	272
Prepayments and other receivables	1,790
Inventories	925
Property, plant and equipment	4,329
Other intangible assets	43
Trade and other payables	(7,987)
Net identifiable assets acquired	4,576
Less: non-controlling interests	(2,288)
Add: goodwill	3,166
Net assets acquired	5,454

(a) Acquisition-related costs

Acquisition-related costs of RMB70,000 yuan were included in administrative expenses in profit or loss.

(b) Non-controlling interest

The Group has chosen to recognize the non-controlling interest at its fair value for this acquisition. The fair value of the non-controlling interest in Pingan Yingjian, an unlisted company, was estimated by applying a discounted cash flow. The fair value estimates are based on:

- (i) an assumed discount rate of 15%
- (ii) annual growth rates ranging from 4% to 25% and gross margin ranging from 37% to 42%
- (iii) long-term sustainable growth rate of 3%

(c) Revenue and profit contribution

The acquired business contributed revenues of RMB4,885 thousand and net loss of RMB449 thousand to the Group for the period from 7 April to 30 June 2020.

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2020

(All amounts expressed in RMB thousand unless otherwise stated)

30 Related Party Transactions

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

(a) Names and relationships with related parties

Name of related parties	Relationship with the Company
Glorious Peace	A shareholder that has significant influence over the Group
Ping An	Ultimate parent company of Glorious Peace
Ping An Life Insurance Company of China, Ltd. ("Ping An Life")	Controlled by Ping An
Ping An Health Insurance Company of China, Ltd. ("Ping An Health")	Controlled by Ping An
Ping An Property & Casualty Insurance Company of China, Ltd. ("Ping An Property & Casualty")	Controlled by Ping An
Ping An Bank Co., Ltd. ("Ping An Bank")	Controlled by Ping An
Ping An Annuity Insurance Company of China, Ltd. ("Ping An Annuity")	Controlled by Ping An
Ping An Securities Co., Ltd. ("Ping An Securities")	Controlled by Ping An
Shenzhen Ping An Financial Services Co., Ltd. ("Financial Services")	Controlled by Ping An
Shenzhen Wanlitong Network Information Technology Co., Ltd. ("Shenzhen Wanlitong")	Controlled by Ping An
Ping An Pay Technology Service Co., Ltd. ("Ping An Pay Tech")	Controlled by Ping An
Ping An Technology (Shenzhen) Co., Ltd. ("Ping An Technology")	Controlled by Ping An
Shanghai An Yi Tong Electronic Commerce Co., Ltd. ("An Yi Tong")	Controlled by Ping An
Shenzhen Ping An Communication Technology Co., Ltd. ("Ping An Communication Technology")	Controlled by Ping An
Shanghai Zean Investment Management Co., Ltd. ("Zean Investment")	Controlled by Ping An
Ping An International Financial Leasing Company Limited ("Ping An Financial Leasing")	Controlled by Ping An
Ping An Trust Co., Ltd. ("Ping An Trust")	Controlled by Ping An
Shenzhen Pingan Yuanxin Investment Development Holding Co., Ltd ("Ping An Yuanxin")	Controlled by Ping An
Shenzhen Pingan Decheng Investment Co., Ltd. ("Ping An Decheng")	Controlled by Ping An
Shenzhen Ping An Huitong Investment Management Co., Ltd. ("Ping An Huitong")	Controlled by Ping An

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2020

(All amounts expressed in RMB thousand unless otherwise stated)

30 Related Party Transactions (Continued)

(b) Significant transactions with related parties

	For the six months ended 30 June	
	2020	2019
Trademark licensing		
Ping An	–	–
Provision of products and services (included in contract liabilities and revenue)		
Ping An Life	803,930	687,248
Ping An Bank	109,780	15,094
Ping An Health	69,286	78,093
Ping An Property & Casualty Financial Services	62,918	330,649
Ping An Annuity	11,137	2,816
Ping An Technology	8,554	13,658
Ping An Securities	5,833	707
Ping An Financial Leasing	4,929	2,295
	4,006	377
Services purchasing		
Ping An Bank	208,072	1,889
Shenzhen Wanlitong	33,547	15,486
Ping An Communication Technology	21,240	18,015
Ping An Technology	17,818	12,500
Financial Services	10,443	5,858
An Yi Tong	8,009	2,129
Ping An	5,085	4,401
Ping An Huitong	3,358	–
Ping An Property & Casualty	177	2,907
Property leasing		
Zean Investment	12,467	18,019
Deposit interests		
Ping An Bank	24,438	44,179
Investment income		
Ping An Yuanxin	31,912	–
Ping An Bank	24,519	1,130

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2020

(All amounts expressed in RMB thousand unless otherwise stated)

30 Related Party Transactions (Continued)

(c) Period/Year end balances with related parties

	As at 30 June 2020	As at 31 December 2019
Cash and cash equivalents and term deposits		
Ping An Bank	2,965,772	3,763,166
Ping An Pay Tech	15,526	15,492
Financial assets at fair value through profit or loss		
Ping An Bank	601,478	123,733
Trade receivables		
Ping An Life	262,402	91,851
Ping An Property & Casualty	173,430	215,000
Ping An Bank	135,135	25,513
Ping An Health	61,369	161,482
Ping An Annuity	9,037	8,662
Ping An Trust	689	25,503
Prepayments and other receivables		
Ping An Annuity	4,521	4,158
Ping An Property & Casualty	2,533	2,439
Ping An Health	1,255	1,267
Prepayment and other receivables-deposits		
Zean Investment	11,983	4,565
Prepayment and other receivables-interests receivable		
Ping An Bank	10,578	45,334
Debt schemes		
Ping An Yuanxin	1,512,241	1,515,885
Ping An Decheng	497,120	-
Trade and other payables		
Ping An Communication Technology	21,362	3,227
Ping An Technology	19,236	4,140
Ping An Bank	10,818	74
Ping An Property & Casualty	7,825	7,535
Ping An Health	5,851	7,267
Financial Services	2,316	4,040

Apart from the debt schemes with principal of RMB1,500,000 thousand due from Ping An Yuanxin and of RMB500,000 thousand due from Ping An Decheng which bear interest rates of 4.3% and 3% per annum respectively, and the interest receivables generated from term deposits due from Ping An Bank calculated based on deposit interest rates, the other balances including other prepayments and other receivables, trade receivables and deposits due from related parties are unsecured, interest-free and repayable on demand.

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



Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2020

(All amounts expressed in RMB thousand unless otherwise stated)

31 Contingencies

The Group did not have any material contingent liabilities as at 30 June 2020.

32 Subsequent Events

The Group does not have any significant subsequent events.

33 Comparative Figures

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

34 Approval of the Financial Information

The interim condensed consolidated financial information was approved and authorized for issue by the Board of Directors of the Company on 20 August 2020.

Definitions

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

"AI"	artificial intelligence, the use of machine to aid or replace human in doing certain tasks by simulating the sight, hearing, senses and thinking of human
"Audit and Risk Management Committee"	the audit and risk management committee under the Board
"Bang Qi Jian"	Bang Qi Jian Limited (幫騏鍵有限公司), a company incorporated under the laws of BVI on 10 November 2014
"Board"	the board of directors of our Company
"Company", "our Company", "the Company", "Ping An Good Doctor"	Ping An Healthcare and Technology Company Limited (平安健康醫療科技有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 12 November 2014
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"Controlling Shareholders"	has the meaning ascribed thereto under the Listing Rules
"Corporate Governance Code"	the Corporate Governance code as set out in Appendix 14 to the Listing Rules
"Director(s)"	the director(s) of our Company
"EIS Option(s)"	the option(s) granted and to be granted to our Directors and employees of our Group under the Employee Incentive Scheme
"EIS Share(s)"	the Shares under the Employee Incentive Scheme which are directly held by Le An Xin
"Employee Incentive Scheme"	the scheme adopted by our Company on 26 December 2014, as amended or otherwise modified from time to time, to grant options to the incentive targets
"Glorious Peace"	Glorious Peace Limited (安鑫有限公司), a company incorporated under the laws of BVI on 10 November 2014 and an indirect wholly-owned subsidiary of Ping An, and one of our Controlling Shareholders
"GMV"	the total value of all orders on the platform, including product and service orders under the direct sales and marketplace model (regardless whether the products were returned), as well as the procurement from the health mall by corporate clients
"Group", "our Group", "the Group", "we", "us", or "our"	the Company, its subsidiaries and the operating entities or, where the context so requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time

Definitions

“HK\$” or “HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong Share Registrar”	Computershare Hong Kong Investor Services Limited
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the People’s Republic of China
“IFRS”	International Financial Reporting Standard
“Le An Xin”	Le An Xin (PTC) Limited, a company incorporated under the laws of BVI on 17 October 2017
“Listing”	the listing of the Shares on the Main Board
“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”	the Rules Governing the Listing of Securities on the Stock Exchange, supplemented or otherwise modified from time to time
“Main Board”	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange
“MAU”	monthly active users who access services or products through mobile apps, plugins, WAP or other channels at least once during a calendar month
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers
“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

“Ping An”	Ping An Insurance (Group) Company of China, Ltd. (中國平安保險(集團)股份有限公司), a company incorporated under the laws of the PRC whose shares are dually listed on the Shanghai Stock Exchange and the Stock Exchange (SSE: 601318; SEHK: 2318). It is one of the Controlling Shareholders of the Company
“Ping An Bank”	Ping An Bank Co., Ltd. (平安銀行股份有限公司), a company incorporated under the laws of the PRC on December 22, 1987, whose shares are listed on the Shenzhen Stock Exchange (SZSE: 000001), and is a subsidiary of Ping An
“Ping An Fund”	Ping An Fund Management Co., Ltd. (平安基金管理有限公司), a company incorporated under the laws of the PRC on January 7, 2011, a subsidiary of Ping An
“Ping An Group”	Ping An and its subsidiaries
“Prospectus”	the prospectus of the Company dated 23 April 2018
“Reporting Period”	the six months ended 30 June 2020
“RMB”	Renminbi, the lawful currency of China
“Rui Jian”	Rui Jian Limited (銳健有限公司), a company incorporated under the laws of BVI on 27 September 2017
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) in the share capital of our Company with a par value of USD0.00001 each before share subdivision and with a par value of USD0.000005 after share subdivision



Definitions

"Shareholder(s)"	holder(s) of the Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed thereto in the Listing Rules
"substantial shareholder(s)"	has the meaning ascribed thereto in the Listing Rules
"USD"	United States dollars, the lawful currency of the United States
"%"	per cent

