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If you are in any doubt as to any aspects of this circular or as to the action to be taken, you should consult your stockholder or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Ping An Healthcare and Technology Company Limited, you should at once hand this circular and the accompanying form or proxy to the purchaser or the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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PING AN HEALTHCARE AND TECHNOLOGY COMPANY LIMITED

平安健康醫療科技有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1833)

**PROPOSED REVISION OF ANNUAL CAPS OF CONTINUING
CONNECTED TRANSACTIONS
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

Independent Financial Adviser to
the Independent Board Committee and the Independent Shareholders

AMASSE CAPITAL
寶 積 資 本

A notice convening the Extraordinary General Meeting of Ping An Healthcare and Technology Company Limited to be held at Ballroom, 5/F, Island Shangri-La Hotel, Pacific Place, Supreme Court Road, Central, Hong Kong on Tuesday, October 15, 2019 at 10:00 a.m. is set out on page 48 of this circular. Shareholders are advised to complete and return the accompanying form or proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding the Extraordinary General Meeting or any adjournment thereof. Completion and return of the form or proxy will not preclude you from attending and voting at the Extraordinary General Meeting if you so wish.

September 23, 2019

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DEFINITIONS

In this circular, the following expressions have the following meanings unless the context requires otherwise:

Definitions

“2018 Circular”	the circular of the Company dated October 10, 2018 in relation to, among other things, the revision of the annual caps of the Provision of Products and Services Framework Agreement and the Services Purchasing Framework Agreement
“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of directors of the Company
“China” or “PRC”	the People’s Republic of China, excluding, for the purposes of this circular only, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Company”	Ping An Healthcare and Technology Company Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (Hong Kong Stock Exchange: 1833)
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Extraordinary General Meeting” or “EGM”	the extraordinary general meeting to be held at Ballroom, 5/F, Island Shangri-La Hotel, Pacific Place, Supreme Court Road, Central, Hong Kong on Tuesday, October 15, 2019 at 10:00 a.m. or any adjournment thereof
“Group”, “our Group”, “we”, “us”, or “our”	the Company and its subsidiaries and its Operating Entities
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

DEFINITIONS

“Independent Board Committee”	an independent committee of the Board comprising all independent non-executive Directors, namely, Mr. Tang Yunwei, Mr. Guo Tianyong, Mr. Liu Xin and Dr. Chow Wing Kin Anthony, to advise the Independent Shareholders in respect of the proposed revision of annual caps under the Provision of Products and Services Framework Agreement and Services Purchasing Framework Agreement
“Independent Financial Adviser”	Amasse Capital Limited, the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the proposed revision of annual caps under the Provision of Products and Services Framework Agreement and Services Purchasing Framework Agreement, and a licensed corporation registered under the SFO to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
“Independent Shareholders”	in respect of the resolutions related to the proposed revision of annual caps under the Provision of Products and Services Framework Agreement and Services Purchasing Framework Agreement, means Shareholders other than Glorious Peace Limited
“Independent Third Party(ies)”	any entity or person who, to the best of our Directors’ knowledge, information and belief, having made all reasonable enquiries, is not a connected person of the Company within the meaning ascribed thereto under the Listing Rules
“Latest Practicable Date”	September 20, 2019, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Law”	Mr. Law Siu Wah Eddie, one of our non-executive Directors

DEFINITIONS

“Operating Entity(ies)”	collectively, Ping An Health Cloud Company Limited (平安健康互聯網股份有限公司), Hefei Kuaiyijie Medical Electronic Commerce Company Limited (合肥快易捷醫藥電子商務有限公司), Jiangxi Ping An Good Doctor Chainstore Company Limited (江西平安好醫生大藥房有限公司), Jiangsu Nabaite Pharmacy Company Limited (江蘇納百特大藥房有限公司), Pingan (Nantong) Internet Hospital Company Limited (平安(南通)互聯網醫院有限公司), Pingan (Qingdao) Internet Hospital Company Limited (平安(青島)互聯網醫院有限公司), Pingan (Hefei) Internet Hospital Company Limited (平安(合肥)互聯網醫院有限公司), Yinchuan Pingan Internet Hospital Company Limited (銀川平安互聯網醫院有限公司), Shanghai Hao Yi Smart Technology Company Limited (上海滯醫智能科技有限公司), Ping An Wanjia Healthcare Investment Management Co., Ltd. (平安萬家醫療投資管理有限責任公司) and Guangdong Yecheng Insurance Agent Company Limited (廣東業誠保險代理有限公司), the financial results of which have been consolidated and accounted for as subsidiaries of our Company by virtue of the contractual arrangements
“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 PRC whose shares are dually listed on the Shanghai Stock Exchange and the Stock Exchange (Shanghai Stock Exchange: 601318; Hong Kong Stock Exchange: 2318), one of the controlling shareholders and a connected person of the Company
“Ping An Group”	Ping An and its subsidiaries
“Prospectus”	the prospectus of the Company dated April 23, 2018
“Provision of Products and Services Framework Agreement”	the provision of products and services framework agreement entered into between the Company and Ping An on April 18, 2018, annual caps of which were revised at the extraordinary general meeting of the Company dated October 31, 2018
“Provision of Products and Services Revised Annual Caps”	the proposed revised annual caps for the two years ending December 31, 2019 and 2020 for the Provision of Products and Services Framework Agreement

DEFINITIONS

“Securities and Futures Ordinance” or “SFO”	the Securities and Futures Ordinance (Chapter 571 of the Law of Hong Kong)
“Services Purchasing Framework Agreement”	the services purchasing framework agreement entered into between the Company and Ping An on April 18, 2018, annual caps of which were revised at the extraordinary general meeting of the Company dated October 31, 2018
“Services Purchasing Revised Annual Caps”	the proposed revised annual caps for the two years ending December 31, 2019 and 2020 for the Services Purchasing Framework Agreement
“Share(s)”	ordinary share(s) of the Company
“Shareholder(s)”	holder(s) of Share(s) of the Company
“Stock Exchange” or “Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the meaning as ascribed to it under the Listing Rules
%	per cent

LETTER FROM THE BOARD

PING AN HEALTHCARE AND TECHNOLOGY COMPANY LIMITED

平安健康醫療科技有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1833)

Directors:

Chairman and Executive Director

Mr. Wang Tao

Non-executive Directors

Mr. Lee Yuan Siong

Mr. Yao Jason Bo

Ms. Cai Fangfang

Mr. Dou Wenwei

Ms. Wang Wenjun

Mr. Law Siu Wah Eddie

Independent non-executive Directors

Mr. Tang Yunwei

Mr. Guo Tianyong

Mr. Liu Xin

Dr. Chow Wing Kin Anthony

Registered Office:

The offices of Maples Corporate

Services Limited

PO Box 309

Ugland House

Grand Cayman

KY1-1104

Cayman Islands

Principal place of business in Hong Kong:

40th Floor

Sunlight Tower

No. 248 Queen's Road East

Wanchai

Hong Kong

September 23, 2019

To the Shareholders,

Dear Sir or Madam,

**PROPOSED REVISION OF ANNUAL CAPS OF CONTINUING
CONNECTED TRANSACTIONS
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

A. INTRODUCTION

Reference is made to the announcements of the Company dated August 16, 2018 and August 16, 2019 and the circular of the Company dated October 10, 2018 in relation to, among other things, the proposed revision of annual caps under the Provision of Products and Services Framework Agreement and the Services Purchasing Framework Agreement for the three years ending December 31, 2020. The Board proposes to further revise the annual caps under the Provision of Products and Services Framework Agreement and the Services Purchasing Framework Agreement for the years ending December 31, 2019 and 2020, which are subject to the Shareholders' approval at the EGM.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with the information reasonably necessary to enable you to make an informed decision on whether to vote for or against the ordinary resolutions to be proposed at the EGM in relation to the Provision of Products and Services Revised Annual Caps and the Services Purchasing Revised Annual Caps, including:

- the particulars of the Provision of Products and Services Revised Annual Caps and Services Purchasing Revised Annual Caps;
- the letter from the Independent Board Committee with their view on the Provision of Products and Services Revised Annual Caps and Services Purchasing Revised Annual Caps;
- the letter from the Independent Financial Adviser with their view on the Provision of Products and Services Revised Annual Caps and Services Purchasing Revised Annual Caps to the Independent Board Committee and the Independent Shareholders.

B. PROVISION OF PRODUCTS AND SERVICES REVISED ANNUAL CAPS

Principal terms

The Company entered into the Provision of Products and Services Framework Agreement with Ping An, a controlling shareholder of the Company, on April 18, 2018, pursuant to which the Company will provide various types of products and services to Ping An and/or its associates, including, but not limited to, 1) family doctor services comprising online consultation, hospital referral and appointment, inpatient arrangement and second opinion services; 2) prepaid cards and health check-up service package; 3) products in the Company's health mall, which is an online platform offering diversified and evolving products offering, mainly including healthcare products such as medicines, health supplements and medical devices and wellness products such as fitness equipment and accessories and personal care products; and 4) advertising services. Fees will be paid to the Company by Ping An and/or its associates in respect of the provision of such products and services.

The initial term of the Provision of Services Framework Agreement commenced on May 4, 2018 and will end on December 31, 2020, subject to renewal upon the mutual consent of both parties. Save for the proposed revision of the annual caps for the transactions contemplated thereunder, there are no changes in the terms and conditions of the Provision of Products and Services Framework Agreement.

LETTER FROM THE BOARD

Reasons for the transaction

The Directors consider that the provision of products and services to Ping An and/or its associates would benefit the Company for the following reasons:

- since the core business of the Company and Ping An Group's insurance business are inextricably linked together in multiple aspects, the Company's business and those of Ping An Group are highly complementary and beneficial to each other. In particular, the Company's provision of healthcare services and products and the nature of the Company's principal business is closely associated with life insurance industry, in which Ping An Group has a leading industry position;
- in light of the leading position that Ping An enjoys in the PRC insurance industry, it is natural and in the best interests of the Company to cooperate with Ping An. In addition, given Ping An has accumulated a relatively large user base during its years of operation in the insurance industry, the Company could further increase its user base through provision of products and services to Ping An and/or its associates, who may further refer our products and services to their clients;
- as both parties enjoy respective advantages in different business fields, the collaboration may bring synergy between online and offline medical services portals, together with different insurance services and products into full play and share development achievements. For instance, the Company's family doctor services and *Private Doctor* services (as further elaborated in the subsection headed "– Basis of caps" below) will be able to complement the premium life and health insurance products offered by Ping An such that Ping An would be able to customize such products to meet the differentiating needs of its insurance customers, generating additional revenue for the Company and increasing customer reach of the Group. The Group will then be able to leverage on such online reach to customers and advertise its offline medical service and create synergy between its online and offline medical services portals ; and
- the transactions, which will be conducted based on the commercial terms and pricing basis determined based on market principles, could enable the Company to access stable and reliable sales channels and promote the Company's financial performance.

Pricing policies

- With respect to the family doctor services provided to Ping An and/or its associates, the service fee shall be determined on a cost-plus basis taking into consideration various commercial factors such as the historical profit margin of such services, the nature, market competitiveness and profitability of the services, substitutability of the services in the market, the frequency for us to provide such services, the estimated transaction amount and the commercial potential for such services, and

LETTER FROM THE BOARD

shall not be lower than the prices at which we provide similar services to Independent Third Parties. For the years ended December 31, 2016, 2017 and 2018, the gross margin of our family doctor services provided to Ping An and/or its associates was 40.7%, 58.1% and 40.1%, respectively;

- With respect to the prepaid cards provided to Ping An and/or its associates, the price shall be the par value of the relevant cards with the purchase volume taken into consideration;
- With respect to the products in the health mall provided to Ping An and/or its associates, the price shall be based on our purchasing expense taking into consideration our expected return rate; and
- With respect to the advertising services provided to Ping An and/or its associates, the service fee shall be based on, among others, the position of the advertisement with the purchase volume taken into consideration.

The products and services fees the Group charged to Ping An and/or its associates were determined on the basis of arm's length negotiations between the relevant parties, which are in line with market rates and are in the best interests of the Company and the Shareholders as a whole. Reference is also made to the applicable historical prices of products and services to ensure that the terms of supplying products and services to Ping An and/or its associates are fair and reasonable.

Historical amounts

The historical amounts for the provision of the above products and services by the Group to Ping An and/or its associates were RMB478,446 thousand, RMB1,108,285 thousand and RMB1,381,300 thousand, for each of the three years ended December 31, 2018, respectively.

LETTER FROM THE BOARD

Provision of Products and Services Revised Annual Caps

The proposed revised annual caps for the transaction amount to be paid by Ping An and/or its associates to the Group in respect of the provision of products and services for the two years ending December 31, 2020 are set out in the table below:

Nature of the Transaction and Transaction Agreement	For the year ended December 31, 2018		For the year ending December 31, 2019		For the year ending December 31, 2020	
	Annual		Annual		Annual	
	cap as set out in the 2018 Circular	Proposed revised annual cap	cap as set out in the 2018 Circular	Proposed revised annual cap	cap as set out in the 2018 Circular	Proposed revised annual cap

(RMB in thousands)

Provision of Products and Services Framework Agreement

Transaction amount to be paid by Ping An and/or its associates to us

1,394,200	–	1,835,680	2,800,000	2,389,084	3,750,000
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Basis of caps

The Board determines the above proposed annual caps based on the following reasons:

- due to the business development of the Group and the diversification of products and services offered by the Group, purchase from Ping An and/or its associates increased significantly;
- as the business of Ping An and/or its associates continues to develop, their business needs of family doctor service, prepaid card and health check-up service package, products in the Company's health mall and advertising services recorded substantial increase;
- the historical annual cap has been fully utilized such that the historical transaction amount under the Provision of Products and Services Framework Agreement for the year ended December 31, 2018 reached approximately 99% of the relevant annual cap. Based on the unaudited management account of the Company for the six months ended June 30, 2019, the transaction amount reached approximately 68% of the original annual cap for the year ending December 31, 2019. Based on the historical transaction amount for the six months ended June 30, 2019 and without taking into account the transaction amount generated under our *Private Doctor*, the estimated transaction amount of the year ending December 31, 2019 will represent 136% of

LETTER FROM THE BOARD

our original annual cap for the year ending December 31, 2019. As such, the new annual cap for the year ending December 31, 2019 should be proportionally adjusted to approximately RMB2.5 billion, without taking into account the estimated transaction amounts involving our new product, *Private Doctor*;

- the Group launched a new product, *Private Doctor*, which provides premium healthcare services and targets high-end customers. Such new product provides a wide spectrum of services including disease prevention, medical treatment arrangement, recovery and health management with private doctors involved in the process, which form a full chain of customized private doctor services. As Ping An and/or its associates have a large base of customers, the purchase from Ping An and its associates targeted to complement its product offerings is estimated to increase accordingly. The Directors have taken into account the potential market size and cooperation opportunities with Ping An, in particular the broad market for *Private Doctor* comprising of:
 - (i) End users: as disclosed in the 2019 interim report of Ping An, Ping An had approximately 63.44 million retail life insurance customers and 64.60 million retail banking customers as of June 30, 2019. Taking into account the unit price of *Private Doctor* ranging from RMB499-999 and the estimated annual subscription rate of *Private Doctor* of approximately 0.1% (which is estimated based on a comparable product we historically offered to Independent Third Parties principally engaged in the provision of insurance service), the Board believes that there is a broad market comprising of end users of Ping An for *Private Doctor*.
 - (ii) Employees: the Board also took into account the potential possibility that Ping An might purchase *Private Doctor* for its employees, which was about 376,900 employees as of December 31, 2018 as disclosed in its annual report, as part of their welfare packages offered by Ping An. The unit price of *Private Doctor* package that suits the needs of Ping An's employees is RMB499.

Based on the forgoing, the proposed revised annual cap for the year ending December 31, 2019 is arrived at RMB2.8 billion; and

- the proposed revised annual cap for the year ending December 31, 2020 is estimated based on the assumed growth rate of approximately 34% as compared with the proposed revised annual cap for the year ending December 31, 2019, which has taken into account (i) our business cooperation plans with Ping An and/or its associates setting out, among others, mode and plans of cooperations, estimated market size and demand of end customers, subscription rate as elaborated above; (ii) the estimated year-on-year growth of approximately 100% of the new annual cap for the year ending December 31, 2019 when compared to that for the year ended December 31, 2018; and (iii) our target to reduce the growth of connected transactions with Ping An and/or its associates in light of our anticipation that we will expand more third-party channels for the products and services offered by our

LETTER FROM THE BOARD

Group. As of the date of this circular, since the launch of our *Private Doctor* product in June 2019, the Group has secured cooperation in respect of the product with 29 industry giants worldwide, including China Mobile Internet Co., Ltd. (中移互聯網有限公司), BAIC Motor Corporation Limited (北京汽車股份有限公司), China CITIC Bank Corporation Limited Shenzhen Branch (中信銀行股份有限公司深圳分行), Wyeth Nutrition (China) Co., Ltd. (惠氏營養品(中國)有限公司), China Everbright Bank Co., Ltd. (中國光大銀行股份有限公司), Minsheng Life Insurance Company Ltd. (民生人壽保險股份有限公司), Pearl River Life Insurance Co., Ltd. (珠江人壽保險股份有限公司), PKU Founder Life Insurance Co., Ltd. (北大方正人壽保險有限公司), etc., and the Group will continue to expand its Independent Third Party channels for its products.

C. SERVICES PURCHASING REVISED ANNUAL CAPS

Principal terms

The Company entered into the Services Purchasing Framework Agreement with Ping An, a controlling shareholder of the Company, on April 18, 2018, pursuant to which Ping An and/or its associates will provide a wide spectrum of services to the Group, including but not limited to consulting services, business promotion services, outsourcing services relating to finance, human resources and administration matters, insurance services, online traffic re-directing services and customer referral services. The Group will, in return, pay service fees to Ping An and/or its associates. The precise scope of service, service fee calculation, method of payment and other details of the service arrangement will be agreed between the relevant parties separately.

The initial term of the Services Purchasing Framework Agreement commenced on May 4, 2018 and will end on December 31, 2020, subject to renewal upon the mutual consent of both parties. Save for the revision of the annual caps for the transactions contemplated thereunder, there are no changes in the terms and conditions of the Services Purchasing Framework Agreement.

Reasons for the transaction

Since its establishment, the Company has been purchasing a variety of services from Ping An and/or its associates to satisfy its business and operational needs. Owing to the strategic business relationship, Ping An and/or its associates has acquired a comprehensive understanding of our business and operational requirements and established a foundation for mutual trust. Taking into consideration our previous purchasing experience with Ping An and/or its associates, we believe that Ping An and/or its associates is capable of fulfilling our demands efficiently and reliably with a stable and high-quality supply of services, and entering into the Services Purchasing Framework Agreement would minimize disruption to the Company's operation and internal procedures. In addition, it would be more cost-effective for the Company to outsource procedural and commoditized work to Ping An and/or its associates rather than maintain its own headcounts for processing such work.

LETTER FROM THE BOARD

Basis of caps

The Board determines the above proposed annual caps based on the following reasons:

- due to the launch of *Private Doctor* product by the Group in June 2019, the Group plans to leverage various channels of Ping An and/or its associates as one of the channels of the Group to market and distribute such new product. As a result, we shall pay Ping An and/or its associates fees for their distribution service;
- the anticipated amount of fees payable by us to Ping An and/or its associates is estimated based on the business cooperation opportunities between the Company and Ping An and/or its associates, taking into account (i) our sales target for the year 2019 and 2020 and the sales effort to distribute and cross-sell our products, in particular our newly launched product *Private Doctor*, to the broad market within Ping An and its customer base, (ii) the portion of product volume we plan to distribute through channels of Ping An and/or its associates, and (iii) the distribution fee rates for our existing products and services under the Services Purchasing Framework Agreement remaining steady.
- based on the unaudited management account of the Company for the six months ended June 30, 2019, the transaction amount reached approximately 39% of the original annual caps for the year ending December 31, 2019. As our business continues to grow with the launch of *Private Doctor*, and taking into account of the distribution fees payable to Ping An and/or its associates, the original annual caps may not be sufficient to cover the rapid growth of business, which may limit the growth of the *Private Doctor* product and may in turn be prejudicial to the business of the Group; and
- the proposed revised annual cap for the year ending December 31, 2020 is estimated based on (i) our procurement and cooperation plans with Ping An and/or its associates for the year 2020; (ii) our target to reduce connected transactions with Ping An and/or its associates; and (iii) our anticipation that we will distribute more our products and services through our in-house and third-party channels and thus the commission payable to Ping An and/or its associates shall decrease accordingly.

Listing Rules implications

As of the Latest Practicable Date, Ping An is one of the controlling shareholders of the Company and held approximately 41.27% of the total issued share capital of the Company, and thus Ping An and its associates are connected persons of the Company. Therefore, the proposed revision of annual caps under the Provision of Services and Products Framework Agreement and the Services Purchasing Framework Agreement for the years ending December 31, 2019 and 2020 are connected transactions of the Company. As the highest applicable percentage ratio in respect of the highest proposed revised annual caps under each of the Provision of Services and Products Framework Agreement and the Services Purchasing Framework Agreement, on a

LETTER FROM THE BOARD

stand-alone basis, is more than 5%, the proposed revision of annual caps under both of the Provision of Services and Products Framework Agreement and the Services Purchasing Framework Agreement is therefore subject to reporting, announcement, circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

D. INTERNAL CONTROL MEASURES

In order to ensure that the terms under relevant framework agreements for the continuing connected transactions are fair and reasonable, and no less favorable to the Group than terms available to or from Independent Third Parties, and the connected transactions are carried out under normal commercial terms, the Company has adopted the following internal control procedures:

- The Company has adopted and implemented a management system on connected transactions. Under such system, the audit and risk management committee under the Board is responsible for the review on compliance with relevant laws, regulations, the Company's policies and the Listing Rules in respect of the continuing connected transactions. In addition, the audit and risk management committee under the Board, the Board and various internal departments of the Company (including but not limited to the finance department and compliance department) are jointly responsible for evaluating the terms under framework agreements for the continuing connected transactions, in particular, the fairness of the pricing policies and annual caps under each transaction;
- the audit and risk management committee under the Board, the Board and various internal departments of the Company also regularly monitor the fulfilment status and the transaction updates under the framework agreements. In addition, the management of the Company also regularly reviews the pricing policies of the framework agreements;
- the Company's independent non-executive Directors and auditors will conduct annual review of the continuing connected transactions under the framework agreements and provide annual confirmation to ensure that, in accordance with the Listing Rules, the transactions are conducted in accordance with the terms of the agreements, on normal commercial terms and in accordance with the pricing policy; and
- when considering the rents, service fees, and other fees provided by the Group to the above connected persons, the Company will continue to regularly research in prevailing market conditions and practices and make reference to the pricing and terms between the Company and Independent Third Parties for similar transactions,

LETTER FROM THE BOARD

to ensure that the pricing and terms offered by the above connected persons, either from bidding procedures or mutual commercial negotiations (as the case may be), are fair, reasonable and are no less favorable than those offered to Independent Third Parties.

The Company will timely comply with the relevant disclosure requirements in relation to connected transactions to provide its shareholders and investors with sufficient information of the connected transactions, and duly implement the abovementioned internal control procedures to ensure that the transactions conducted are priced fairly and reasonably and in the interest of the Company and its shareholders as a whole.

E. GENERAL INFORMATION

The Group is principally engaged in the provision of online medical and wellness services, such as family doctor services, consumer healthcare services, health mall as well as health management and wellness interaction.

Ping An is an insurance and financial services group in the PRC with the ability to provide multiple insurance and financial services and products to corporate and retail customers.

F. EXTRAORDINARY GENERAL MEETING

The EGM will be held at Ballroom, 5/F, Island Shangri-La Hotel, Pacific Place, Supreme Court Road, Central, Hong Kong on Tuesday, October 15, 2019 at 10:00 a.m., and the relevant notice is set out on page 48 of this circular.

At the EGM, ordinary resolutions will be proposed to approve (i) the Provision of Products and Services Revised Annual Caps and (ii) the Services Purchasing Revised Annual Caps.

The register of members of the Company will be closed from Thursday, October 10, 2019 to Tuesday, October 15, 2019, both days inclusive, during which no transfer of Shares will be effected. In order to ascertain Shareholders' rights for the purpose of attending and voting at the EGM, all transfer documents, accompanied by relevant share certificates, must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Center, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Wednesday, October 9, 2019 for registration.

A form of proxy for use at the EGM is enclosed with this circular. Whether you are able to attend the EGM or not, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the completed form of proxy to the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Center, 183 Queen's Road East, Wanchai, Hong Kong not less than 48

LETTER FROM THE BOARD

hours before the time appointed for the EGM or any adjournment thereof. Submission of a form of proxy shall not preclude you from attending and voting at the EGM or any adjournment thereof if you so wish, and in such event, the form of proxy will be deemed to be revoked.

G. VOTING BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules, all votes at the EGM shall be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. The Company will announce the results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules.

H. CONNECTED PERSONS WHO ARE REQUIRED TO ABSTAIN FROM VOTING ON THE RESOLUTIONS

Pursuant to Rule 14A.36 of the Listing Rules, any Shareholder with a material interest in the relevant connected transaction is required to abstain from voting on the resolution.

The Provision of Products and Services Framework Agreement and the Services Purchasing Framework Agreement are entered into between the Company and Ping An. Therefore, Ping An and its associates are required to abstain from voting on the relevant resolutions. Since Glorious Peace Limited is indirectly wholly owned by Ping An, Glorious Peace Limited is an associate of Ping An and is therefore required to abstain from voting on the relevant resolutions as proposed herein.

As at the Latest Practicable Date and to the best knowledge, information and belief of the Directors, save as disclosed in this circular, none of the other Shareholders must abstain from voting on the resolutions as proposed herein.

I. RECOMMENDATION

The Directors (excluding the independent non-executive Directors whose view has been included in the section headed “Letter from the Independent Board Committee” of this circular) are of the view that (i) the Provision of Products and Services Revised Annual Caps, and (ii) the Services Purchasing Revised Annual Caps were determined after arm’s length negotiation, and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of the Company and its Shareholders as a whole. The Provision of Products and Services Framework Agreement and the Services Purchasing Framework Agreement are and will be conducted in the ordinary and usual course of business of the Company. The Provision of Products and Services Framework Agreement and the Services Purchasing Framework Agreement will continue to be agreed on an arm’s length basis with terms that are fair and reasonable to the Company.

LETTER FROM THE BOARD

As Mr. Lee Yuan Siong, Mr. Yao Jason Bo and Ms. Cai Fangfang, all being Directors, hold directorships in Ping An, they have therefore abstained from voting on the relevant Board resolutions approving each of (i) the Provision of Products and Services Revised Annual Caps, and (ii) the Services Purchasing Revised Annual Caps and the transactions contemplated thereunder. Save as disclosed above, none of the other Directors has material interests in the transactions contemplated above.

The Independent Board Committee (comprising all the independent non-executive Directors) has been formed to advise and provide recommendation to the Independent Shareholders on (i) the Provision of Products and Services Revised Annual Caps, and (ii) the Services Purchasing Revised Annual Caps. Your attention is drawn to the letter of advice from the Independent Board Committee set out on page 18 in this circular. Amasse Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in the same respect. Your attention is drawn to the letter from the Independent Financial Adviser set out on pages 19 to 42 in this circular.

The Directors recommend the Independent Shareholders to vote in favour of all the ordinary resolutions to be proposed at the EGM.

By order of the Board
**PING AN HEALTHCARE AND
TECHNOLOGY COMPANY LIMITED**
Wang Tao
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

PING AN HEALTHCARE AND TECHNOLOGY COMPANY LIMITED

平安健康醫療科技有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1833)

September 23, 2019

To the Independent Shareholders,

Dear Sir or Madam,

PROPOSED REVISION OF ANNUAL CAPS OF CONTINUING CONNECTED TRANSACTIONS

We refer to the circular of the Company dated September 23, 2019 (the “**Circular**”), of which this letter forms part. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Circular.

We have been appointed as members of Independent Board Committee to advise the Independent Shareholders in respect of the proposed revision of annual caps in relation to the Provision of Products and Services Framework Agreement and the Service Purchasing Framework Agreement, details of which are set out in the “Letter from the Board” in the Circular. Amasse Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

We wish to draw your attention to the “Letter from the Board” set out on pages 5 to 17 of the Circular and the “Letter from Independent Financial Advisor” set out on pages 19 to 42 of the Circular.

Having taken into account, among other things, the principal factors and reasons considered by, and the advice of, the Independent Financial Adviser as set out in the “Letter from Independent Financial Adviser” in the Circular, we concur with the view of the Independent Financial Adviser and consider that the transactions contemplated under the Provision of Products and Services Framework Agreement and the Services Purchasing Framework Agreement have been conducted and will continue to be conducted in the ordinary and usual course of business of the Group and are on normal commercial terms. The terms of the Provision of Products and Services Framework Agreement and the Provision of Products and Services Revised Annual Caps, the Services Purchasing Framework Agreement and the Services Purchasing Revised Annual Caps, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM to approve (i) the Provision of Products and Services Revised Annual Caps and (ii) the Services Purchasing Revised Annual Caps.

Yours faithfully,

Independent Board Committee

Mr. Tang Yunwei

Mr. Guo Tianyong

Mr. Liu Xin

Dr. Chow Wing Kin Anthony

Independent non-executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Set out below is the text of a letter received from Amasse Capital Limited, the independent financial adviser to the Independent Board Committee and the Independent Shareholders regarding the Provision of Products and Services Revised Annual Caps and the Services Purchasing Revised Annual Caps, which has been prepared for the purpose of incorporation in this circular.

AMASSE CAPITAL

寶 積 資 本

23 September 2019

To the Independent Board Committee and the Independent Shareholders

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS PROPOSED REVISION OF ANNUAL CAPS

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Provision of Products and Services Revised Annual Cap and the Services Purchasing Revised Annual Cap, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company dated 23 September 2019 (the “**Circular**”), of which this letter forms a part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

References are made to the circular of the Company dated 10 October 2018 (the “**2018 Circular**”) in relation to, among other things, the revision of annual caps under the Provision of Products and Services Framework Agreement and the Services Purchasing Framework Agreement for the three years ending 31 December 2020 (the “**Previous Revision**”) and the announcement of the Company dated 16 August 2019 (the “**Announcement**”) regarding the proposed revision of the annual caps under the Provision of Products and Services Framework Agreement and the Services Purchasing Framework Agreement for the years ending 31 December 2019 and 2020.

The Independent Board Committee comprising (all of the independent non-executive Directors) has been formed to advise the Independent Shareholders on the Provision of Products and Services Revised Annual Cap and the Services Purchasing Revised Annual Cap. We have been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect, and such appointment has been approved by the Independent Board Committee.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, Ping An is one of the controlling shareholders of the Company and held approximately 41.27% of the total issued share capital of the Company, and thus Ping An and its associates are connected persons of the Company. Therefore, the revision of annual caps under the Provision of Products and Services Framework Agreement and the Services Purchasing Framework Agreement for the years ending 31 December 2019 and 2020 are connected transactions of the Company.

As at the Latest Practicable Date, as the highest applicable percentage ratio in respect of the highest proposed revised annual caps under each of the Provision of Products and Services Framework Agreement and the Services Purchasing Framework Agreement, on a stand-alone basis, is more than 5%, the revision of annual caps under both of the Provision of Products and Services Framework Agreement and the Services Purchasing Framework Agreement is therefore subject to reporting, announcement, circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

OUR INDEPENDENCE

As at the Latest Practicable Date, we did not have any relationships or interests with the Company or any other parties that could reasonably be regarded as relevant to our independence. In the last two years, we have acted as an independent financial adviser to the independent board committee and the independent shareholders of the Company regarding the Previous Revision (the "**Previous Appointment**"), details of which are set out in the 2018 Circular.

With regard to our independence from the Company, it is noted that, apart from normal professional fees paid or payable to us in connection with the Previous Appointment as well as the current appointment as the Independent Financial Adviser, no arrangements exist whereby we had received or will receive any fees or benefits from the Company or any other parties that could reasonably be regarded as relevant to our independence, we consider that we are independent pursuant to Rule 13.84 of the Listing Rules.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have reviewed, among others, the Announcement, the 2018 Circular, the prospectus of the Company dated 23 April 2018 (the "**Prospectus**"), the interim report of the Company for the six months ended 30 June 2019 (the "**2019 Interim Report**") and the annual report of the Company for the year ended 31 December 2018 (the "**2018 Annual Report**"). We have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors and the management of the Company (collectively, the "**Management**"). We have assumed that all information and representations that have been provided by the Management, for which the Directors are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. Our opinion is based on the representation and confirmation of the Management that there are no undisclosed private agreements/arrangements or implied understanding with anyone concerning the Provision of Products and Services Revised Annual Cap and the Services Purchasing Revised Annual Cap. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with the Listing Rules.

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries, which to the best of their knowledge and belief, that the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in the Circular or the Circular as a whole misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, carried out any independent verification of the information provided by the Management, nor have we conducted any independent in-depth investigation into the business and affairs of any members of the Group, the counter party(ies) to the Provision of Products and Services Revised Annual Cap and the Services Purchasing Revised Annual Cap or their respective subsidiaries or associates. We also have not considered the taxation implication on the Group or the Shareholders as a result of the revision of annual caps and the transactions contemplated thereunder. We have not carried out any feasibility study on the past, and forthcoming investment decision, opportunity or project undertaken or to be undertaken by the Group. Our opinion has been formed on the assumption that any analysis, estimation, anticipation, condition and assumption provided by the Group are feasible and sustainable. Our opinion shall not be constructed as to give any indication to the validity, sustainability and feasibility of any past, existing and forthcoming investment decision, opportunity or project undertaken or to be undertaken by the Group.

Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company. We expressly disclaim any liability and/or any loss arising from or in reliance upon the whole or any part of the contents of this letter.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, we are not obligated to conduct any independent in-depth investigation into the accuracy and completeness of those information.

PRINCIPAL FACTORS TAKEN INTO CONSIDERATION

In formulating our opinion, we have taken into consideration the following principal factors and reasons.

1. Background Information

(a) Information of the Group

The Group is principally engaged in the provision of online medical and wellness services, such as family doctor services, consumer healthcare services, health mall as well as health management and wellness interaction.

Set out below is a summary of the financial information of the Group as extracted from the Prospectus, the 2018 Annual Report and the 2019 Interim Report, details of which are as follows:

	For the six months		For the year ended		
	ended 30 June		31 December		
	2019	2018	2018	2017	2016
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
	<i>million</i>	<i>million</i>	<i>million</i>	<i>million</i>	<i>million</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>
Revenue	2,272.7	1,122.8	3,337.8	1,868.0	601.5
Gross profit	491.7	308.9	911.9	612.1	253.6
Net Loss after taxation	(273.5)	(444.2)	(913.1)	(1,001.6)	(758.2)
		As at		As at	As at
		30 June		31 December	31 December
		2019		2018	2017
		<i>RMB million</i>		<i>RMB million</i>	<i>RMB million</i>
		<i>(unaudited)</i>		<i>(audited)</i>	<i>(audited)</i>
Total assets		12,343.3		12,373.5	5,972.1
Total Liabilities		2,297.1		2,106.2	1,938.1
Total equity		10,046.2		10,267.3	4,034.0

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

For the six months ended 30 June 2019

For the six months ended 30 June 2019, the Group recorded revenue of approximately RMB2,272.7 million, representing an increase of 102.41% as compared to that of approximately RMB1,122.8 million for the six months ended 30 June 2018. The increase in revenue was mainly attributable to increase in revenue for all business segments, in particular, the health mall segment which recorded an increase of RMB827.0 million in revenue with a growth rate of 131.65% due to continued diversification of product offering.

For the six months ended 30 June 2019, the gross profit of the Group approximately RMB491.7 million, representing an increase of 59.18% as compared to that of approximately RMB308.9 million for the six months ended 30 June 2018. The increase in gross profit was mainly resulted from online medical services segment which recorded an increase of RMB88.2 million gross profit with a growth rate of 108.3% due to the higher gross profit margin from the major products and services associated with online medical services and the service-level agreements with Ping An and/or its associates returned to profitability after the Group renewed the contract at higher service fees in the beginning of 2019.

For the six months ended 30 June 2019, the net loss after taxation of the Group was approximately RMB273.5 million, representing a decrease of 38.43% as compared to that of approximately RMB444.2 million for the six months ended 30 June 2018 due to the increase in revenue as mentioned above.

For the year ended 31 December 2018

For the year ended 31 December 2018, the Group recorded revenue of approximately RMB3,337.8 million, representing an increase of 78.68% as compared to that of approximately RMB1,868.0 million for the year ended 31 December 2017. The increase in revenue was mainly attributable to growth across all business segments, in particular, the health mall segment which recorded an increase of RMB968.3 million in revenue with a growth rate of 108.06% due to continued diversification of product offering and higher user engagement with the Group's mobile application.

For the year ended 31 December 2018, the gross profit of the Group approximately RMB911.9 million, representing an increase of 48.98% as compared to that of approximately RMB612.1 million for the year ended 31 December 2017. The increase in gross profit was mainly attributable to the growth across all business segments, in particular, the consumer healthcare segment which recorded an increase of RMB114.0 million in gross profit with a growth rate of 37.47% due to continued growth in the health check-up prepaid card business.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

For the year ended 31 December 2018, the net loss after taxation of the Group was approximately RMB913.1 million, representing a decrease of 8.84% as compared to that of approximately RMB1,001.6 million for the year ended 31 December 2017 due to the increase in net foreign exchange gain from holding of USD resulting from favorable exchange rate movement with respect to the US dollar.

For the year ended 31 December 2017

For the year ended 31 December 2017, the Group recorded revenue of approximately RMB1,868.0 million, representing an increase of 210.56% as compared to that of approximately RMB601.5 million for the year ended 31 December 2016. The increase in revenue was mainly attributable to the rapid growth of revenue from the health mall segment which recorded an increase of RMB833.0 million in revenue with a growth rate of 1320.13% due to (i) the rapid ramp-up of the Group's health mall business from a relatively small base in its second full year of operations, further diversification of health-related product offerings and the strategy to pivot toward direct sales; and (ii) the increase in purchases from members of the Ping An Group through the procurement channels of Ping An Group.

For the year ended 31 December 2017, the gross profit of the Group approximately RMB612.1 million, representing an increase of 141.36% as compared to that of approximately RMB253.6 million for the year ended 31 December 2016. The increase in gross profit was mainly resulted from the consumer healthcare segment which recorded an increase of RMB128.0 million in gross profit with a growth rate of 72.64% due to the continued growth in the health check-up prepaid card business.

For the year ended 31 December 2017, the net loss after taxation of the Group was approximately RMB1,001.6 million, representing an increase of 32.10% as compared to that of approximately RMB758.2 million for the year ended 31 December 2016 due to increase in administrative expenses and the net foreign exchange losses from holding of USD resulting from unfavorable exchange rate movement with respect to the US dollar.

Financial position as at 30 June 2019

The total assets of the Group was approximately RMB12,343.3 million as at 30 June 2019, representing a decrease of 0.24% as compared to that of approximately RMB12,373.5 million as at 31 December 2018.

The total liabilities of the Group was approximately RMB2,297.1 million as at 30 June 2019, representing an increase of 9.06% as compared to that of approximately RMB2,106.2 million as at 31 December 2018.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The total equity of the Group was approximately RMB10,046.2 million as at 30 June 2019, representing a decrease of 2.15% as compared to that of approximately RMB10,267.3 million as at 31 December 2018.

Financial position as at 31 December 2018

The total assets of the Group was approximately RMB12,373.5 million as at 31 December 2018, representing an increase of 107.19% as compared to that of approximately RMB5,972.1 million as at 31 December 2017.

The total liabilities of the Group was approximately RMB2,106.2 million as at 31 December 2018, representing an increase of 8.67% as compared to that of approximately RMB1,938.1 million as at 31 December 2017.

The total equity of the Group was approximately RMB10,267.3 million as at 31 December 2018, representing an increase of 154.52% as compared to that of approximately RMB4,034.0 million as at 31 December 2017.

(b) Information of Ping An

As stated in the Letter from the Board, Ping An is a joint stock limited company incorporated in the PRC with limited liability and its shares have been listed on the Main Board of the Stock Exchange since 2004, and on the Shanghai Stock Exchange since 2007. Ping An is a leading insurance and financial services group in the PRC, which principally engages in four areas, including insurance, banking, assets management and internet finance and healthcare. Ping An is a connected person of the Company under the Listing Rules.

2. Provision of Products and Services Revised Annual Cap

(a) Principal terms

The Company entered into the Provision of Products and Services Framework Agreement with Ping An, a controlling shareholder of the Company, on 18 April 2018, pursuant to which the Company will provide various types of products and services to Ping An and/or its associates, including, but not limited to, (i) family doctor services comprising online consultation, hospital referral and appointment, inpatient arrangement and second opinion services; (ii) prepaid cards and health check-up service package; (iii) products in the Company's health mall, which is an online platform offering diversified and evolving products offering, mainly including healthcare products such as medicines, health supplements and medical devices and wellness products such as fitness equipment and accessories and personal care products; and (iv) advertising services. Fees will be paid to the Company by Ping An and/or its associates in respect of the provision of such products and services.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The initial term of the Provision of Products and Services Framework Agreement commenced on 4 May 2018 and will end on 31 December 2020, subject to renewal upon the mutual consent of both parties. Save for the revision of the annual caps for the transactions contemplated thereunder, there are no changes in the terms and conditions of the Provision of Products and Services Framework Agreement.

(b) *Reasons for transaction*

The Directors consider that the provision of products and services to Ping An and/or its associates would benefit the Company for the following reasons:

- since the core business of the Company and Ping An Group's insurance business are inextricably linked together in multiple aspects, the Company's business and those of Ping An Group are highly complementary and beneficial to each other. In particular, the Company's provision of healthcare services and products and the nature of the Company's principal business is closely associated with life insurance industry, in which Ping An Group has a leading industry position;
- in light of the leading position that Ping An enjoys in the PRC insurance industry, it is natural and in the best interests of the Company to cooperate with Ping An. In addition, given Ping An has accumulated a relatively large user base during its years of operation in the insurance industry, the Company could further increase its user base through provision of products and services to Ping An and/or its associates, who may further refer the Group's products and services to their clients;
- as both parties enjoy respective advantages in different business fields, the collaboration may bring synergy between online and offline medical services portals, together with different insurance services and products into full play and share development achievements. For instance, the Company's family doctor services and "Private Doctor services" will be able to complement the premium life and health insurance products offered by Ping An such that Ping An would be able to customize such products to meet the differentiating needs of its insurance customers, generating additional revenue for the Company and increasing customer reach of the Group. The Group will then be able to leverage on such online reach to customers and advertise its offline medical service and create synergy between its online and offline medical services portals; and
- the transactions, which will be conducted based on the commercial terms and pricing basis determined based on market principles which could enable the Company to access stable and reliable sales channels and promote the Company's financial performance.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(c) *Pricing policy*

- With respect to the family doctor services provided to Ping An and/or its associates, the service fee shall be determined on a cost-plus basis taking into consideration various commercial factors such as the historical profit margin of such services, the nature, market competitiveness and profitability of the services, substitutability of services in the market, the frequency for the Group to provide such services, the estimated transaction amount and the commercial potential for such services, and shall not be lower than the prices at which the Group provide similar services to Independent Third Parties. For the years ended December 31, 2016, 2017 and 2018, the gross margin of the family doctor services provided to Ping An and/or its associates was 40.7% and 58.1% and 40.1%, respectively;
- With respect to the prepaid cards provided to Ping An and/or its associates, the price shall be the par value of the relevant cards with the purchase volume taken into consideration;
- With respect to the products in the health mall provided to Ping An and/or its associates, the price shall be based on the Group's purchasing expense taking into consideration of the Group's expected return rate; and
- With respect to the advertising services provided to Ping An and/or its associates, the service fee shall be based on, among others, the position of the advertisement with the purchase volume taken into consideration.

The products and services fees the Group charged to Ping An and/or its associates were determined on the basis of arm's length negotiations between the relevant parties, which are in line with market rates and are in the best interests of the Company and the Shareholders as a whole. Reference is also made to the applicable historical prices of products and services to ensure that the terms of supplying products and services to Ping An and/or its associates are fair and reasonable.

Our view on the pricing policy

We have reviewed the terms of the Provision of Products and Services Framework Agreement. Based on our review and advised by the Management, we understand that, as one of the terms of the Provision of Products and Services Framework Agreement, the fee of products and services to be paid by Ping An and/or its associates will be determined with reference to (i) the market rates; (ii) no less favourable than those provided to Independent Third Parties; and/or (iii) the applicable historical prices of products and services to ensure that the terms of supplying products and services to Ping An and/or its associates are fair and reasonable.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Family doctor services: As advised by the Management, the family doctor services provided to Ping An and/or its associates are a combined package of online medical services which is different from that provided to Independent Third Parties. Save for Ping An and/or its associates, the Company did not provide such package to any Independent Third Party and the aforesaid package was considered as an unique service in the market and hence, there was no direct comparison in the past. As such, neither market rate nor fee comparison to the Independent Third Parties are available.

As further advised by the Management, we understand that the Group has determined the pricing of family doctor services in accordance with its pricing policy (i.e. with reference to (i) the market rates; (ii) no less favourable than those provided to Independent Third Parties; and/or (iii) the applicable historical prices of products and services). As discussed above, the family doctor services provided to Ping An and/or its associates were considered as an unique service and there were no market rate and fee comparison to the Independent Third Parties. We therefore have reviewed the service agreements in 2017, 2018 and 2019 as well as the respective expected budgeting report in respect of the determination of the service fee. Based on our review, we noted that the expected profit margin adopted for year 2017, 2018 and 2019 remained the same and the services fee under the service agreements in 2017, 2018 and 2019 are in line with the respective budgeting report. As such, we considered that the pricing for the family doctor services, which was reference to the historical price to be in line with the Group's pricing policy and therefore is fair and reasonable.

Prepaid cards: We have reviewed 5 transaction records between the Group and Ping An and/or its associates provided by the Company entered into during the six months ended 30 June 2019. Based on our review, we noted that the unit price of prepaid card was equivalent to the par value.

Health Mall: We have reviewed a transaction list covering a total of 35 transaction records (setting out the date, product name, product model number and price) provided by the Company to Ping An and/or its associates and Independent Third Parties during the six months period ended 30 June 2019. Based on our review, we noted that the unit price of similar products sold to Ping An and/or its associates is no less favourable than that of Independent Third Parties.

Advertising services: As advised by the Management, the Company has entered into 1 advertising agreement with Ping An and/or its associates since the commencement of the Provision of Products and Services Framework Agreement. The Company will redirect the customers to other application of Ping An and/or its associate through the advertisement and charge a percentage rate of the first usage of the application. As further advised by the Management, the Company also provided advertising services to Independent Third Parties. The Group will display the advertisements on the Group's platform and charge a fixed fee based on the position of the advertisement. As the nature of the advertising services provided to Ping An and/or its associates and Independent Third Parties is different, therefore, fee comparison to the Independent Third Parties is not applicable. We have reviewed

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

the advertising agreement entered into between the Group and Ping An and/or its associates and respective pricing report (setting out, among others, the market price range of similar advertisement services) provided by the Company. We have enquired with the Management about the said pricing report and understand that the product department of the Group will collect market price data from companies in advertising industry as reference. We are given to understand that the percentage of commission fee charged from the advertising services provided to Ping An and/or its associates would make reference to the pricing research report on market rate. We have reviewed the pricing research report conducted by product department of the Group and noted that the pricing for the advertisement services under the advertising agreement is in line with the aforesaid report.

Private Doctor: As advised by the Management, a new product, namely “Private Doctor” is launched in June 2019, we have reviewed a transaction list covering a total of 30 transaction records (setting out the date, product name, product model number and price) to Ping An and/or its associates and Independent Third Parties provided by the Company during the one month period ended 30 June 2019. Based on our review, we noted that the unit price of the “Private Doctor” sold to Ping An and/or its associates is no less favourable than that of Independent Third Parties.

(d) Historical amounts

The historical amounts for the provision of the above products and services by the Group to Ping An and/or its associates were RMB478,446 thousand, RMB1,108,285 thousand and RMB1,381,300 thousand, for each of the three years ended December 31, 2018, respectively.

(e) Provision of Products and Services Revised Annual Caps

The proposed revised annual caps for the transaction amount to be paid by Ping An and/or its associates to the Group in respect of the provision of products and services for the two years ending December 31, 2020 are set out in the table below:

Nature of the Transaction and Transaction Agreement	For the year ended December 31, 2018		For the year ending December 31, 2019		For the year ending December 31, 2020	
	Annual cap as set out in the 2018 Circular	Proposed revised annual cap	Annual cap as set out in the 2018 Circular	Proposed revised annual cap	Annual cap as set out in the 2018 Circular	Proposed revised annual cap
Provision of Products and Services Framework Agreement						
Transaction amount to be paid by Ping An and/or its associates to the Group	1,394,200	–	1,835,680	2,800,000	2,389,084	3,750,000

RMB in thousands

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Basis of caps

According to the Letter from the Board, the Board determines the above proposed annual caps based on the following reasons:

- due to the business development of the Group and the diversification of products and services offered by the Group, purchase from Ping An and/or its associates increased significantly;
- as the business of Ping An and/or its associates continues to develop, their business needs of family doctor service, prepaid card and health check-up service package, products in the Company's health mall and advertising services recorded substantial increase;
- the historical annual cap has been fully utilized such that the historical transaction amount under the Provision of Products and Services Framework Agreement for the year ended December 31, 2018 reached approximately 99% of the relevant annual cap. Based on the unaudited management account of the Company for the six months ended June 30, 2019, the transaction amount reached approximately 68% of the original annual cap for the year ending December 31, 2019. Based on the historical transaction amount for the six months ended June 30, 2019 and without taking into account the transaction amount generated under "Private Doctor", the estimated transaction amount of the year ending December 31, 2019 will represent 136% of the original annual cap for the year ending December 31, 2019. As such, the new annual cap for the year ending December 31, 2019 should be proportionally adjusted to approximately RMB2.5 billion, without taking into account the estimated transaction amounts involving the Group's new product, "Private Doctor";
- the Group launched a new product, "Private Doctor", which provides premium healthcare services and targets high-end customers. Such new product provides a wide spectrum of services including disease prevention, medical treatment arrangement, recovery and health management with private doctors involved in the process, which form a full chain of customized private doctor services. As Ping An and/or its associates have a large base of customers, the purchase from Ping An and its associates targeted to complement its product offerings is estimated to increase accordingly. The Directors have taken into account the potential market size and cooperation opportunities with Ping An, in particular the broad market for Private Doctor comprising of:
 - (i) End users: as disclosed in the 2019 interim report of Ping An, Ping An had approximately 63.44 million retail life insurance customers and 64.60 million retail banking customers as of June 30, 2019. Taking into account the unit price of "Private Doctor" ranging from RMB499-999 and the

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estimated annual subscription rate of “Private Doctor” of approximately 0.1% (which is estimated based on a comparable product the Group historically offered to Independent Third Parties principally engaged in the provision of insurance service), the Board believes that there is a broad market comprising of end users of Ping An for “Private Doctor”.

- (ii) Employees: the Board also took into account the potential possibility that Ping An might purchase “Private Doctor” for its employees, which was about 376,900 employees as of 31 December 2018 as disclosed in its annual report, as part of their welfare packages offered by Ping An. The unit price of “Private Doctor” package that suits the needs of Ping An’s employees is RMB499.

Based on the forgoing, the proposed revised annual cap for the year ending December 31, 2019 is arrived at RMB2.8 billion;

- the proposed revised annual cap for the year ending December 31, 2020 is estimated based on the assumed growth rate of approximately 34%, as compared with the proposed revised annual cap for the year ending 31 December 2019, which has taken into account (i) the Group’s business cooperation plans with Ping An and/or its associates setting out, among others, mode and plans of cooperations, estimated market size and demand of end customers, subscription rate as elaborated above; the estimated year-on-year growth of approximately 100% of the new annual cap for the year ending December 31, 2019 when compared to that for the year ended December 31, 2018; and (iii) the Group’s target to reduce the growth of connected transactions with Ping An and/or its associates in light of the Group’s anticipation that the Group will expand more third-party channels for the products and services offered by the Group. As of the Latest Practicable Date, since the launch of “Private Doctor” product in June 2019, the Group has secured cooperation in respect of the product with 29 industry giants worldwide, including China Mobile Internet Co., Ltd. (中移互聯網有限公司), BAIC Motor Corporation Limited (北京汽車股份有限公司), China CITIC Bank Corporation Limited Shenzhen Branch (中信銀行股份有限公司深圳分行), Wyeth Nutrition (China) Co., Ltd. (惠氏營養品(中國)有限公司), China Everbright Bank Co., Ltd. (中國光大銀行股份有限公司), Minsheng Life Insurance Company Ltd. (民生人壽保險股份有限公司), Pearl River Life Insurance Co., Ltd. (珠江人壽保險股份有限公司), PKU Founder Life Insurance Co., Ltd. (北大方正人壽保險有限公司), etc., and the Group will continue to expand its Independent Third-Party channels for its products.

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Our view on the revised annual cap for the year ending 31 December 2019

As advised by the Management, the historical aggregate transaction amount for the six months ended 30 June 2019 between the Group and Ping An and/or its associates was approximately RMB1,241,648 thousand, representing an average monthly transaction amount of approximately RMB206,941 thousand. Based on the aforesaid average monthly transaction amount, the estimated transaction amount for the year ended 31 December 2019 would be approximately RMB2,483,292 thousand.

We are given to understand from the Management that Ping An and/or its associates will purchase the new product “Private Doctor” as (i) gift for high-end customers (ii) for resale to its customers; and/or (iii) employee benefits for the employees. As aforementioned, the target customers of “Private Doctor” from Ping An for the year ending 31 December 2019, are estimated to:

- (i) approximately 120,000 customers of Ping An, representing 0.1% of each 63.44 million retail life insurance customers and 64.60 million retail banking customers from Ping An and/or its associates. As further discussed with the Management, the Management believes such 120,000 potential customers would be achievable after taking into account it is the initial intention of Ping An to first promote this product to its life insurance and retail banking customers and such 0.1% represents a relatively insignificant percentage.
- (ii) all 376,900 employees from Ping An. As advised by the Management, Ping An historically purchased certain product, such as annual health checks, from the Group as employee benefits for all its employees. The Group is currently under negotiation with Ping An about purchasing “Private Doctor” as employee benefits for all its employees.

Based on the assumptions that (i) 120,000 customers of Ping An at a unit price of RMB499-999; and (ii) 376,900 employees of Ping An at a unit price of RMB499, the estimated total revenue from Private Doctor would be between RMB247.95 million and RMB307.95 million, with an average of RMB277.95 million.

Considering the above, the estimated transaction amount for the year ending 31 December 2019 is considered to be in line with the Provision of Products and Services Revised Annual Cap for the year ending 31 December 2019.

Our view on the revised annual cap for the years ending 31 December 2020

We noted that the annual growth rate of the Provision of Products and Services Revised Annual Cap was approximately 33.93% for the year ending 31 December 2020.

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In assessing the reasonableness of the aforesaid annual growth rate, we have discussed with the Management of the Company and understand that the Provision of Products and Services Revised Annual Cap for the year ending 31 December 2020 is determined with reference to the following:

1. Historical transaction amounts with Ping An and/or its associates

For the year ended 31 December 2018, the actual transaction amount for provision of products and services under the Provision of Products and Services Framework Agreement between the Group and Ping An and/or its associates was RMB1,381,300 thousand, representing approximately 99% of the provision of products and services annual cap as set out in the 2018 Circular.

For the three years ended 31 December 2016, 2017 and 2018, the historical aggregate transaction amount for provision of products and services contemplated under the Provision of Products and Services Framework Agreement between the Group (including Wanjia Healthcare) and Ping An and/or its associates was RMB478,446 thousand, RMB1,117,151 thousand and RMB1,381,300 thousand respectively, representing an average annual growth rate of 78.57%. We also noted that for the two years ended 31 December 2018, the annual growth rate of the historical aggregate transaction amount for provision of products and services contemplated under the Provision of Products and Services Framework Agreement between the Group (including Wanjia Healthcare) and Ping An and/or its associates was approximately 23.64%.

2. Business development and increase in diversification in products and services.

The Group has continued to increase its number of product varieties and service providers.

As at 31 December 2018, the Group collaborated with nearly 900 merchants and offered approximately 613,000 products in the health mall, representing an increase of approximately 157.14% of merchants and approximately 242.46% of products as compared to that of 2017.

For the in-house medical team and external doctors, as at the end of 2018, the Group had 1,196 in-house medical staff members and 5,203 contracted renowned external doctors, representing an increase of approximately 34.68% and 143.24% as compared to that of 2017.

For the offline healthcare services, the Group's offline healthcare provider network comprised nearly 400 traditional Chinese medicine clinics, 1,300 check-up centers, 1,200 dental clinics, and 120 medical beauty clinics, representing an increase of approximately 1,500 providers as compared to that of 2017.

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In view of the business development and increase in diversification of products and services provided by the Group, it is expected that the Group's products and services can further fulfil the needs of Ping An and/or its associates and the demand of products and services from Ping An and/or its associates would increase accordingly.

3. Launch of new product

A new product, "Private Doctor", was launched in June 2019. The "Private Doctor" provides a wide spectrum of services including disease prevention, medical treatment arrangement, recovery and health management with Private doctors involved in the process, which form a full chain of customized private doctor services. It is advised that Ping An and/or its associates will purchase the "Private Doctor" as (i) gift for high-end customers, (ii) for resale to its customers; and/or (iii) employee benefits for the employees. As Ping An and/or its associates have a well-established customer base and considerable amount of employees, the Management believes that the demand from Ping An and/or its associates on the "Private Doctor" would be potentially high.

4. Industry prospect of the PRC healthcare services sector

We have researched from the public domain as to the outlook of the healthcare services sector in the PRC. According to the 《“十三五”衛生與健康規劃》(13th Five-Year Plan for Healthcare*) announced by The State Council of the PRC in December 2016, the development of healthcare services sector was listed as a priority of the PRC Government. The PRC Government has encouraged the engagement of healthcare services providers by creating a more favorable policy environment for healthcare industry. The PRC healthcare services industry has experienced rapid growth in recent years and with reference to the section headed "Industry Overview" of the Prospectus, the market size of the PRC general health and wellness industry reached RMB8.6 trillion in 2016, and is expected to increase to RMB26.8 trillion in 2026, at a CAGR of 12.0%.

In 2018, the PRC government and the departments concerned further issued 《國務院關於積極推進“互聯網+"行動的指導意見》(Opinions of the General Office of the State Council on Promoting the Development of Internet plus Healthcare*), 《互聯網診療管理辦法(試行)》(Administrative Measures for Internet-based Consultations (for Trial Implementation)*) and other regulations to encourage and promote internet healthcare. The sustainable government policy and expansion of healthcare sector are favourable to the development and rapid expansion of Internet Healthcare industry.

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In view of the rapid growth of the healthcare services sector in the PRC, it would benefit the development of Ping An and/or its associates, and therefore may further strengthen the needs of the Group's products and services from Ping An and/or its associates.

Taking into account the above, we are of the view that the Provision of Products and Services Revised Annual Cap for the two years ending 31 December 2020 are fair and reasonable.

3. Services Purchasing Revised Annual Cap

(a) Principal terms of the Framework Agreement

The Company entered into the Services Purchasing Framework Agreement with Ping An, a controlling shareholder of the Company, on 18 April 2018, pursuant to which Ping An and/or its associates will provide a wide spectrum of services to the Group, including but not limited to consulting services, business promotion services, outsourcing services relating to finance, human resources and administration matters, insurance services, online traffic re-directing services and customer referral services. The Group will, in return, pay service fees to Ping An and/or its associates. The precise scope of service, service fee calculation, method of payment and other details of the service arrangement will be agreed between the relevant parties separately.

The initial term of the Services Purchasing Framework Agreement commenced on 4 May 2018 and will end on 31 December 2020, subject to renewal upon the mutual consent of both parties. Save for the revision of the annual caps for the transactions contemplated thereunder, there are no changes in the terms and conditions of the Services Purchasing Framework Agreement.

(b) Reasons for transaction

Since its establishment, the Company has been purchasing a variety of services from Ping An and/or its associates to satisfy its business and operational needs. Owing to the strategic business relationship, Ping An and/or its associates has acquired a comprehensive understanding of the Group's business and operational requirements and established a foundation for mutual trust. Taking into consideration the Group's previous purchasing experience with Ping An and/or its associates, the Group believes that Ping An and/or its associates is capable of fulfilling the Group's demands efficiently and reliably with a stable and high quality supply of services, and entering into the Services Purchasing Framework Agreement would minimize disruption to the Company's operation and internal procedures. In addition, it would be more cost-effective for the Company to outsource procedural and commoditized work to Ping An and/or its associates rather than maintain its own headcounts for processing such work.

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(c) Pricing policy

Taking into consideration the estimated transaction amount, the services fees to be paid by us to Ping An and/or its associates under the Services Purchasing Framework Agreement will be determined (1) through bidding procedures according to the internal rules and procedures of the Company. The Company will compare the fees rates offered by other Independent Third Parties as well as accessing its business needs and the relevant qualifications/experience of the bidders in providing such services before determining the service fee rate for the transactions under the Services Purchasing Framework Agreement; and (2) if no tendering and bidding process is required under our internal rules, through arm's length negotiations between the parties based on the historical fees of such services, the nature of the services, the frequency for providing such services by Ping An and/or its associates and comparable market rates. The pricing terms under the Service Purchasing Framework Agreement will be no less favorable to the Company than terms of services available to Independent Third Parties (if applicable), and the services fees are in line with or lower than market rates and is in the best interests of the Company and the Shareholders as a whole.

Our view on the pricing policy

We have reviewed the aforesaid internal rules and procedures regarding the bidding. As further discussed with the Management, we understand that, under the aforesaid internal rules and procedures, the fee of products and services from Ping An and/or its associates will be determined: (i) in case of large amount transaction, the Company will conduct a tender to select the most competitive supplier; and (ii) in case of small amount transaction, the pricing terms will be determined with reference to (a) the market rates; (b) no less favourable than those provided to Independent Third Parties; and/or (c) the applicable historical prices of products and services to ensure that the terms of providing products and services by Ping An and/or its associates are fair and reasonable.

As advised by the Management, since the commencement of the Service Purchasing Framework Agreement, no tender has been conducted regarding the services provided by Ping An and/or its associates under the Service Purchasing Framework Agreement. We have reviewed 4 service and product agreements provided by the Group. As advised with the Management, we were given to understand that for determining the price for the services and products, the Company would make reference to the pricing research reports on pricing from Independent Third Party conducted by an independent professional party. We have been provided and reviewed the relevant pricing research reports as conducted by Ernst & Young and noted that the pricing for services and products is in line with the aforesaid reports.

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(d) Historical amounts

The transaction amounts paid by the Group to Ping An and/or its associates in respect of the above services were RMB39,326 thousand, RMB55,031 thousand and RMB104,700 thousand for each of the three years ended December 31, 2018, respectively.

(e) Services Purchasing Revised Annual Caps

The proposed revised annual caps for the transaction amounts to be paid by us to Ping An and/or its associates under the Services Purchasing Framework Agreement for the two years ending December 31, 2020 are set out in the table below:

Nature of the Transaction and Transaction Agreement	For the year ended December 31, 2018		For the year ending December 31, 2019		For the year ending December 31, 2020	
	Annual		Annual		Annual	
	cap as set out in the 2018	Proposed revised annual cap	cap as set out in the 2018	Proposed revised annual cap	cap as set out in the 2018	Proposed revised annual cap
	Circular	cap	Circular	cap	Circular	cap
<i>RMB in thousands</i>						
Services Purchasing Framework Agreement						
Transaction amount to be paid by the Group to Ping An and/or its associates						
	135,880	-	174,056	400,000	240,667	600,000

Basis of caps

According to the Letter from the Board, the Board determines the above proposed annual caps based on the following reasons:

- due to the launch of “Private Doctor” by the Group in June 2019, the Group plans to leverage various channels of Ping An and/or its associates as one of the channels of the Group to market and distribute such new product. As a result, the Group shall pay Ping An and/or its associates fees for their distribution service;
- the anticipated amount of fees payable by the Group to Ping An and/or its associates is estimated based on the business cooperation opportunities between the Group and Ping An and/or its associates, taking into account (i) the Group’s sales target for the year 2019 and 2020 and the sales effort to distribute and cross-sell the Group’s products, in particular the newly launched product “Private Doctor”, to the broad market within Ping An and its customer base,

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(ii) the portion of product volume the Group plan to distribute through channels of Ping An and/or its associates, and (iii) the distribution fee rates for the Group's existing products and services under the Services Purchasing Framework Agreement remaining steady;

- based on the unaudited management account of the Company for the six months ended 30 June 2019, the transaction amount reached approximately 39% of the original annual caps for the year ending 31 December 2019. As the Group's business continues to grow with the launch of "Private Doctor", and taking into account of the distribution fees payable to Ping An and/or its associates, the original annual caps may not be sufficient to cover the rapid growth of business, which may limit the growth of the "Private Doctor" product and may in turn be prejudicial to the business of the Group; and
- the proposed revised annual cap for the year ending December 31, 2020 is estimated based on (i) the Group's procurement and cooperation plans with Ping An and/or its associates for the year 2020; (ii) the Group's target to reduce connected transactions with Ping An and/or its associates; and (iii) the Group's anticipation that the Group will distribute more products and services through the Group's in-house and third-party channels and thus the commission payable to Ping An and/or its associates shall decrease accordingly.

Our view on the revised annual cap for the year ending 31 December 2019

As advised by the Management, the historical aggregate transaction amount for six months ended 30 June 2019 between the Group and Ping An and/or its associates was approximately RMB68,056 thousand, representing an average monthly transaction amount of approximately RMB11,343 thousand. Based on the aforesaid average monthly transaction amount, the estimated transaction amount for the year ended 31 December 2019 would be approximately RMB136,116 thousand. We noted that there is a difference between the historical transaction amount and the Services Purchasing Revised Annual Cap for the year ending 31 December 2019 based on the above figures. We have discussed with the Management and understand that the revised annual cap for the year ending 31 December 2019 is determined after taking into account the following:

- (i) With regard to the "Private Doctor", apart from the direct purchase from Ping An and/or its associates, the Group plans to leverage various channels of Ping An and/or its associates to distribute this new product. By leveraging on such channels, the Group is required to pay commission to Ping An and/or its associates.

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As at the 31 December 2018, Ping An and/or its associates' have a considerable customer base of 184 million retail customers and 538.43 million internet users, the Group can avail of Ping An and/or its associates for distribution, marketing and promotion of the "Private Doctor"; and

- (ii) The Group intends to deepen the cooperation on the existing projects, development of new projects and/or cooperation with additional subsidiaries and associates of Ping An regarding comprehensive health care management services, further development of fintech and healthtech platforms for the second half of the year 2019.

Our view of the revised annual cap for the year ending 31 December 2020

We noted that the annual growth rate of the Services Purchasing Revised Annual Cap is approximately 50% for the year ending 31 December 2020.

In assessing the reasonableness and fairness of the aforesaid annual growth rate, we have discussed with the Management and understand that Services Purchasing Revised Annual Cap for the year ending 31 December 2020 is determined with reference to the following basis:

1. Historical transaction amounts with Ping An and/or its associates

For the year ended 31 December 2018, the historical transaction amount for service purchased under the Provision of Services Purchasing Framework Agreement between the Group and Ping An and/or its associates was RMB104,700 thousand, representing 77.05% of the provision of services purchasing annual cap as set out in the 2018 Circular.

For the three years ended 31 December 2016, 2017 and 2018, the historical aggregate transaction amount for provision of the service contemplated under the Services Purchasing Agreement between the Group (including Wanjia Healthcare) and Ping An and/or its associates was RMB39,326 thousand, RMB67,205 thousand and RMB104,700 million respectively, representing an average annual growth rate of 63.34%.

2. Expected growth in the operational scale of the Group

With the government policy and expansion of healthcare sector which are favourable to the development and rapid expansion of Internet Healthcare industry, the market size of the PRC Internet healthcare industry reached RMB10.9 billion in 2016 with reference to the section headed "Business" of the Prospectus. In light of the rising healthcare awareness, improved Internet technologies and increasing

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disposable income of the PRC residents, the PRC Internet healthcare industry is expected to continue to grow at a fast pace from 2016 to 2026 with a compound annual growth rate of 33.6%.

The Group's Internet Healthcare Platform is one of the largest platform in the PRC in terms of the number of average monthly active users and daily average online consultations, with reference to the section headed "Business" of the Prospectus and the 2018 Annual Report, as at 31 December 2015, 2016, 2017 and 2018, the Internet Health Platform of the Group had 30.3 million, 131.5 million, 192.8 million and 265.2 million registered users, with an average annual growth rate of 139.39% for the period between 2015 to 2018, and average daily online consultations increased by 45.4% to 535,000 as compared to that of 2017. The monthly active users and monthly paying users in December 2018 grew by 85.4% and 86.2% over the same period of 2017 to 54.7 million and 2.4 million respectively. Therefore, it is expected that more subsidiaries/associates of Ping An intend to engage in further cooperation in various aspects with the Group. The Management therefore considers that the business of the Group will continuous to grow rapidly and therefore would require more services from Ping An and/or its associates.

3. Launch of new product

As advised by the Management, the "Private Doctor" is the one of the major development focus of the Group in the short term. With the considerable customers bases of Ping An and/or its associates as discussed above, the Management believes that there is much room for further cooperation between the Group and Ping An and/or associates on marketing and distribution on the "Private Doctor" through the channels of Ping An and/or its associates.

Taking into account the above, we are of the view that the Services Purchasing Revised Annual Cap for the two years ending 31 December 2020 are fair and reasonable.

4. Internal Control Measures

In order to ensure that the terms under relevant framework agreements for the continuing connected transactions are fair and reasonable, and no less favorable to the Group than terms available to or from Independent Third Parties, and the connected transactions are carried out under normal commercial terms, the Company has adopted the following internal control procedures:

- (i) The Company has adopted and implemented a management system on connected transactions. Under such system, the audit and risk management committee under the Board is responsible for the review on compliance with relevant laws, regulations, the Company's policies and the Listing Rules in respect of the continuing connected transactions. In addition, the audit and risk management committee under the Board, the Board and various internal departments of the

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Company (including but not limited to the finance department and compliance department) are jointly responsible for evaluating the terms under framework agreements for the continuing connected transactions, in particular, the fairness of the pricing policies and annual caps under each transaction;

- (ii) the audit and risk management committee under the Board, the Board and various internal departments of the Company also regularly monitor the fulfillment status and the transaction updates under the framework agreements. In addition, the management of the Company also regularly reviews the pricing policies of the framework agreements;
- (iii) the Company's independent non-executive Directors and auditors will conduct annual review of the continuing connected transactions under the framework agreements and provide annual confirmation to ensure that, in accordance with the Listing Rules, the transactions are conducted in accordance with the terms of the agreements, on normal commercial terms and in accordance with the pricing policy; and
- (iv) when considering the rents, service fees, and other fees provided by the Group to the above connected persons, the Company will continue to regularly research in prevailing market conditions and practices and make reference to the pricing and terms between the Company and Independent Third Parties for similar transactions, to ensure that the pricing and terms offered by the above connected persons, either from bidding procedures or mutual commercial negotiations (as the case may be), are fair, reasonable and are no less favorable than those offered to Independent Third Parties.

We have further reviewed the internal control manual regarding the continuing connected transactions between the Company and connected parties and as advised by the Management, we noted that (i) the finance department analyses the data of those continuing connected transactions quarterly (including quarterly transaction amounts and cumulative amounts) to ensure the compliance of the pricing terms and policy and it also monitors and reports the transaction amounts under the relevant agreements regularly; (ii) the legal department will evaluate the terms under the agreements for the continuing connected transactions and it also provides guidelines and coordinates with different departments; (iii) the operation department researches and collects the applicable market price, price offered by or to independent third parties and the historical price to determine the most appropriate pricing; and (iv) additional and continuous trainings and guidance on connected transactions are continue to be conducted for Directors, senior management and relevant departments of the Group on a regular basis. As advised by the Management, the Company will endeavor to carry out adequate supervision over the pricing terms and policy under the framework agreements against the relevant annual caps, with a view to ensure that necessary measures and appropriate actions for the compliance with the applicable requirements will be promptly taken. Having considered that (i) the Company has adequate internal control procedures as aforementioned; (ii) the documents including, but no limited to, agreements, pricing research reports and transaction records reviewed by us are

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consistent with the relevant internal control measures as aforementioned; and (iii) the independent non-executive Directors have reviewed the continuing connected transactions and confirmed in 2018 Annual Report that the transactions entered into for the year ended 31 December 2018 are (a) in the ordinary and usual course of business of the Group; (b) on normal commercial terms or better; and (c) in accordance with Provision of Products and Services Framework Agreement and Services Purchasing Framework Agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole, we are of the view that the internal control procedures are in place and in compliance with the internal measures as mentioned above.

RECOMMENDATION

Having considered the above principal factors and reasons, we consider that the Provision of Products and Services Revised Annual Cap and the Service Purchasing Revised Annual Cap are (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend you to vote in favour of the resolution(s) to be proposed at the EGM to approve the Provision of Products and Services Revised Annual Cap and the Service Purchasing Revised Annual Cap.

Yours faithfully,
For and on behalf of
Amasse Capital Limited
May Tsang
Director

Ms. May Tsang is a licensed person registered with the Securities and Future Commission of Hong Kong and regards as a responsible officer of Amasse Capital Limited to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO and has over 12 years of experience in corporate finance industry.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiry, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at the Latest Practicable Date, to the knowledge of the Directors, the following persons (not being Directors and the chief executive of the Company) had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and recorded in the register required to be kept by the Company under Section 336 of the SFO:

Long positions/short positions in the shares of the Company

Name of shareholder	Nature of interest	Number of shares held	Long positions/ short positions	Approximate percentage of shareholding ⁽¹⁾
Le An Xin (PTC) Limited ⁽²⁾	Beneficial interests	33,492,500	Long positions	3.13%
	Other interests (beneficial interests in equity derivatives)	34,162,500	Long positions	3.20%
Rui Jian Limited ⁽²⁾	Interest in controlled corporations	67,655,000	Long positions	6.33%
Qin Jian ⁽²⁾	Interest in controlled corporations	67,655,000	Long positions	6.33%
Zhu Chengbo ⁽²⁾	Interest in controlled corporations	67,655,000	Long positions	6.33%
SVF Ping Subco (Singapore) Pte. Ltd ⁽³⁾	Beneficial interests	67,200,000	Long positions	6.30%
SoftBank Vision Fund L.P. ⁽³⁾	Interest in controlled corporations	67,200,000	Long positions	6.30%
Le Jin Xuan Limited ⁽⁴⁾	Beneficial interests	128,662,500	Long positions	12.05%
Bang Qi Jian Limited ⁽⁴⁾	Interest in controlled corporations	128,662,500	Long positions	12.05%
	Beneficial interests	94,500,000	Long positions	8.85%
Glorious Peace Limited ⁽⁵⁾	Beneficial interests	440,505,883	Long positions	41.27%
	Other interests	494,117	Long positions	0.04%
An Ke Technology Company Limited ⁽⁵⁾	Interest in controlled corporations	440,505,883	Long positions	41.27%
	Other interests	494,117	Long positions	0.04%

Name of shareholder	Nature of interest	Number of shares held	Long positions/ short positions	Approximate percentage of shareholding ⁽¹⁾
Ping An Insurance (Group) Company of China, Ltd. ⁽⁵⁾	Interest in controlled corporations	440,505,883	Long positions	41.27%
	Other interests	494,117	Long positions	0.04%

Notes:

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

According to Section 336 of the SFO, Shareholders are required to file disclosure of interests forms when certain criteria are fulfilled. When the shareholdings of the Shareholders in the Company change, it is not necessary for the Shareholders to notify the Company and the Stock Exchange unless certain criteria are fulfilled. Therefore, the latest shareholdings of the Shareholders in the Company may be different from the shareholdings filed with the Stock Exchange.

Save as disclosed above, as at the Latest Practicable Date, to the knowledge of the Directors, no other persons (not being Directors and the chief executive of the Company) had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and recorded in the register required to be kept by the Company under Section 336 of the SFO.

3. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which is not expiring nor terminable by the Group within a year without payment of any compensation (other than statutory compensation).

4. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or, so far as is known to them, any of their respective associates was interested in any business (apart from the Group's business) which competes or is likely to compete either directly or indirectly with the Group's business (as would be required to be disclosed under Rule 8.10 of the Listing Rules if each of them were a controlling shareholder).

5. INTERESTS IN THE GROUP'S ASSETS OR CONTRACTS OR ARRANGEMENTS SIGNIFICANT TO THE GROUP

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been, since December 31, 2018 (being the date to which the latest published audited accounts of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

Save as disclosed in this circular, as at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement, subsisting at the date of this circular, which is significant in relation to the business of the Group.

6. INTERESTS OF DIRECTORS

Save as disclosed below, as at the Latest Practicable Date, none of the Directors or the chief executive of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such Directors, chief executives or their respective associates is deemed to have under such provisions of the SFO), or which was required to be entered in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which was otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules.

Long positions/short positions in the shares of the Company

Name of Director	Nature of interest	Number of shares held	Long positions/ short positions	Approximate percentage of shareholding ⁽¹⁾
Dou Wenwei ⁽²⁾	Interest in controlled corporations	223,162,500	Long positions	20.90%
Wang Wenjun ⁽²⁾	Interest in controlled corporations	223,162,500	Long positions	20.90%
Law Siu Wah Eddie ⁽³⁾	Beneficial interests	46,694,117	Long positions	4.37%
	Beneficial interests	494,117	Short positions	0.05%
Wang Tao ⁽⁴⁾	Beneficial interests	4,920,000	Long positions	0.46%

Notes:

- (1) The calculation is based on the total number of Shares in issue of 1,067,294,200 Shares as at the Latest Practicable Date.
- (2) As of the Latest Practicable Date, each of Ms. Wang Wenjun and Mr. Dou Wenwei held a total of 223,162,500 Shares, among which each of Ms. Wang Wenjun and Mr. Dou Wenwei held 94,500,000 Shares through Bang Qi Jian and 128,662,500 Shares through Le Jin Xuan. Bang Qi Jian held 73.45% of the issued share capital of Le Jin Xuan. Each of Ms. Wang Wenjun and Mr. Dou Wenwei held 50% of the issued share capital of Bang Qi Jian. As such, each of Ms. Wang Wenjun and Mr. Dou Wenwei was deemed to be interested in the Shares held by Bang Qi Jian and Le Jin Xuan.
- (3) As of the Latest Practicable Date, Mr. Law was interested in the long position of a total of 46,694,117 Shares, among which 46,200,000 Shares were held through Hero Wall Limited, a company wholly owned by Mr. Law, and 494,117 Shares were held through Hop-Fast, a company wholly owned by Mr. Law. In addition, Hop-Fast granted a call option to Glorious Peace, pursuant to which Glorious Peace was entitled to acquire 494,117 Shares from Hop-Fast.
- (4) As of the Latest Practicable Date, Mr. Wang Tao was entitled to 4,920,000 Shares pursuant to the Employee Incentive Scheme, including 2,345,000 Shares held upon partial exercise of the granted options under the Employee Incentive Scheme.

7. EXPERT

The Independent Financial Adviser, Amasse Capital Limited, a licensed corporation to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) of the regulated activities under the Securities and Futures Ordinance, has given and has not withdrawn its written consents to the issue of the circular with copies of its letter and the references to its name included herein in the form and context in which they are respectively included.

As of the Latest Practicable Date, Amasse Capital Limited: (i) has no shareholding interests in the Company or any of its subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; (ii) did not have any direct or indirect interest in any assets which have been acquired

or disposed of by, or leased to any member of the Group, or were proposed to be acquired or disposed of by, or leased to any member of the Group since December 31, 2018, being the date to which the latest published audited consolidated financial statements of the Company were made up.

8. NO MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial or trading position of the Group since December 31, 2018, being the date to which the latest published audited annual financial statements of the Company were made up.

9. OTHER INFORMATION

- (1) The joint company secretaries of the Company are Ms. Lin Yuan and Ms. Chen Chun (*associate member of The Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators*).
- (2) The English text of this circular shall prevail over the Chinese text in the event of inconsistency.

10. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at 40th Floor, Sunlight Tower, No. 248 Queen's Road East, Wanchai, Hong Kong for a period of 14 days (excluding Saturdays and Sundays) from the date of this circular:

- (1) a copy of the Provision of Products and Services Framework Agreement and the Services Purchasing Framework Agreement;
- (2) this circular;
- (3) the expert consent letter issued by the Independent Financial Adviser;
- (4) letter from the Independent Board Committee; and
- (5) letter from the Independent Financial Adviser.

NOTICE OF EXTRAORDINARY GENERAL MEETING

PING AN HEALTHCARE AND TECHNOLOGY COMPANY LIMITED

平安健康醫療科技有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1833)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (“**EGM**”) of Ping An Healthcare and Technology Company Limited (the “**Company**”) will be held at Ballroom, 5/F, Island Shangri-La Hotel, Pacific Place, Supreme Court Road, Central, Hong Kong on Tuesday, October 15, 2019 at 10:00 a.m. for the following purposes. Unless otherwise indicated, capitalized terms used herein shall have the same meanings as those defined in the circular of the Company dated September 23, 2019 (the “**Circular**”).

ORDINARY RESOLUTIONS

1. To consider and approve the Provision of Products and Services Revised Annual Caps^(Note 1); and
2. To consider and approve the Services Purchasing Revised Annual Caps^(Note 1).

By order of the Board
**PING AN HEALTHCARE AND
TECHNOLOGY COMPANY LIMITED**
Wang Tao
Chairman

Shanghai, September 23, 2019

Notes:

1. For details of the Provision of Products and Services Revised Annual Caps and the Services Purchasing Revised Annual Caps, please refer to the Circular.
2. Any member of the Company entitled to attend and vote at the EGM is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him. A proxy need not be a member of the Company.
3. To be valid, the form of proxy, together with any power of attorney or other authority (if any) under which it is signed, or a notarily certified copy thereof, must be lodged with the Company’s Hong Kong share registrar, Computershare Hong Kong Investors Services Limited, at 17M Floor, Hopewell Center, 183 Queen’s Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Return of the form of proxy will not preclude any member of the Company from attending and voting at the EGM if such member so wishes, and in such event, the form of proxy will be deemed to be revoked.
4. The register of members of the Company will be closed from Thursday, October 10, 2019 to Tuesday, October 15, 2019, both days inclusive, during which no transfer of Shares will be effected. In order to ascertain Shareholders’ rights for the purpose of attending and voting at the EGM, all transfer documents, accompanied by relevant share certificates, must be lodged with the Company’s Hong Kong share registrar, Computershare Hong Kong Investors Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Center, 183 Queen’s Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Wednesday, October 9, 2019 for registration.