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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)

CONNECTED TRANSACTION

ACQUISITION OF 100% EQUITY INTEREST OF TARGET COMPANIES

TRANSACTION

On 23 October 2022, the Purchasers (namely Good Doctor Online Healthcare Limited and Ping An Health Cloud Company Limited), both are wholly-owned subsidiaries of the Company, entered into the Equity Transfer Agreements with the Vendors (namely Scientia Smart Technologies Limited and Ping An International Smart City Technology Co, Ltd.), Scientia Technologies (the sole shareholder of the Vendors), and the Target Companies (namely Scientia Smart Health Technologies Limited and Ping An Yingxiang (Jiaxing) Software Company Limited), pursuant to which (i) the Cayman Vendor (namely Scientia Smart Technologies Limited) agreed to sell and the Cayman Purchaser (namely Good Doctor Online Healthcare Limited) agreed to acquire, 100% equity interest of the Cayman Target Company (namely Scientia Smart Health Technologies Limited), at the consideration of USD96.8646 million, and (ii) the PRC Vendor (namely Ping An International Smart City Technology Co, Ltd.) agreed to sell and the PRC Purchaser (namely Ping An Health Cloud Company Limited) agreed to acquire, 100% equity interest of the PRC Target Company (namely Ping An Yingxiang (Jiaxing) Software Company Limited) at the consideration of RMB8.0827 million.

Upon the completion of the Transaction, the Company will hold 100% equity interest of the Target Companies. Each of the Target Companies will become a subsidiary of the Company and the financial results of the Target Companies will be consolidated into the financial statements of the Group.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Ping An is interested in 39.41% of total issued share capital of the Company, and thus Ping An is a controller of the Company within the meaning of the Listing Rules. In addition, as Ping An is interested in over 10% equity interest of each Vendors, the Cayman Target Company is a wholly-owned subsidiary of the Cayman Vendor and the PRC Target Company is a wholly-owned subsidiary of the PRC Vendor as at the date of this announcement, Ping An is a substantial shareholder of each of the Target Companies and the Vendors. Therefore, the Transaction constitutes a connected transaction under Rule 14A.28(1) of the Listing Rules.

As the highest percentage ratio in respect of the Transaction is more than 0.1% but less than 5%, the Transaction is subject to reporting and announcement requirements, but is exempt from the requirements of the disclosure in circular and independent Shareholders' approval under Chapter 14A of the Listing Rules.

INTRODUCTION

On 23 October 2022, the Purchasers, both are wholly-owned subsidiaries of the Company, entered into the Equity Transfer Agreements with the Vendors, Scientia Technologies and the Target Companies, pursuant to which (i) the Cayman Vendor agreed to sell and the Cayman Purchaser agreed to acquire 100% equity interest of the Cayman Target Company, at the consideration of USD96.8646 million, and (ii) the PRC Vendor agreed to sell and the PRC Purchaser agreed to acquire, 100% equity interest of the PRC Target Company at the consideration of RMB8.0827 million.

Upon the completion of the Transaction, the Company will hold 100% equity interest of the Target Companies. Each of the Target Companies will become a subsidiary of the Company and the financial results of the Target Companies will be consolidated into the financial statements of the Group.

The salient terms of the Equity Transfer Agreements are set out as below:

EQUITY TRANSFER AGREEMENTS

Date 23 October 2022

Parties: the Purchasers;

 the Vendors;

 Scientia Technologies; and

 the Target Companies

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, each Vendor is a wholly-owned subsidiary of Scientia Technologies, the equity interest of Scientia Technologies is held (i) indirectly by Ping An as to 19%, (ii) by Jun Qi as to 19.4%. The equity interest of Jun Qi is held by Ms. Wang Wenjun and Mr. Dou Wenwei as to 50% each. Each of Ms. Wang Wenjun and Mr. Dou Wenwei holds 50% equity interest in Urumqi Guang Feng Qi (烏魯木齊廣豐旗), which in turn holds 30% equity interest in the PRC Purchaser. Therefore, Jun Qi is a connected person of the Company; and (iii) by other shareholders of the Vendors as to 61.6%. Save for Ping An and Jun Qi, none of the shareholders of any of the Vendors holds more than 30% equity interest in any of the Vendors, and each Vendor and their ultimate beneficial owners are independent third parties of the Company.

Subject Matter

- (a) The Cayman Vendor agreed to sell and the Cayman Purchaser agreed to acquire, 100% equity interest of the Cayman Target Company at the consideration of USD96.8646 million; and
- (b) the PRC Vendor agreed to sell and the PRC Purchaser agreed to acquire, 100% equity interest of the PRC Target Company at the consideration of RMB8.0827 million.

Upon the completion of the Transaction, the Company will hold 100% equity interest of the Target Companies.

Consideration and Payment Terms

The Consideration payable by the Purchasers for the Transaction is USD98 million, comprising:

- (i) the consideration for the Cayman Target Company at USD96.8646 million (the “**Cayman Consideration**”), which will be paid in cash in the following manner:
 - (a) The Cayman Purchaser shall pay the first instalment in the amount of 90% of the Cayman Consideration on the Closing Date; and
 - (b) The Cayman Purchaser shall pay the second instalment in the amount of 10% of the Cayman Consideration (the “**Second Instalment**”) on the third (3rd) business day from the date when the conditions to the payment of Second Instalment are satisfied or waived by the Cayman Purchaser, or such other date as the parties may agree in writing; and
- (ii) the consideration for the PRC Target at RMB8.0827 million, which will be settled by the PRC Purchaser in cash on the Closing Date.

The Consideration payable by the Purchasers for the Transaction will be financed by the internal resources of the Group.

Basis of Consideration

The amount of the Consideration was determined by the parties to the Equity Transfer Agreements after (i) considering the future development prospects for the Target Companies Group’s business operations; (ii) taking into account the analysis of comparable companies, which determined the implied value of the Target Companies by comparing it with similar companies that are publicly traded. For the purpose of such analysis, the Company mainly adopted price-to-sales ratio of publicly traded Chinese and international healthcare technology companies to evaluate the market value of the Target Companies, in the light of the Target Companies’ business prospects; (iii) referring to the valuation review report of the Target Companies issued by the financial advisor which is an independent third party of the Company; and (iv) the arm’s length negotiations.

The reasons for and benefits of the Transaction are stated under the section headed “Reasons for and Benefits of the Transaction” in this announcement.

REASONS FOR AND BENEFITS OF THE TRANSACTION

As an integral part of Ping An's managed care business model and the flagship platform of the healthcare ecosystem, the Company integrates its business models of managed care, family doctor memberships and online-to-offline and offline-to-online (O2O) medical services to build an integrated online and offline healthcare services platform catering to health, sub-health, disease, chronic disease, and eldercare management, aiming to improve national health literacy and empower the initiative of "Healthy China 2030".

Upon the Reorganization of the Target Companies Group, the business of the Target Companies Group will center on the smart big data platform, provide various application services such as chronic disease management, clinical supervision and services, and AskBob medical stations for medical institutions, medical staff and patients, as well as the regulatory platform for integrated management of the entire industry, which will facilitate the high-quality development of China's medical service system.

Therefore, the Company believes that the Transaction will further assist the Company in improving its service capabilities, enriching product solutions, increasing business scenarios and promoting the implementation and deepening of managed care business model. Upon the Reorganization of the Target Companies Group, the synergies between the business of the Target Companies Group and the Company are primarily reflected in the following three aspects: (i) supplementation of chronic disease services: chronic disease management is one of the five major professional disease management services of the Company, while the business of the Target Companies Group covers 35 chronic diseases. Therefore, the parties can jointly design and develop chronic disease products, so as to provide more diversified product solutions for corporate clients and individual users of the Company; (ii) improvement of doctors' capabilities: the Company is committed to developing a healthcare service ecosystem that is centered around family doctors and underpinned by specialist doctors. The business of the Target Companies Group have benefited 1.42 million doctors in total. Medical professionalism will be improved through doctor-assisted platform, and its service capabilities will empower the internal and external doctors of the Company, thereby achieving "the improvement of both quality and efficiency"; (iii) primary institutions coverage: primary medical care is an important component of the Company's service networks. Leveraging the businesses of the Target Companies Group and covering primary medical institutions via the Software-as-a-Service (SaaS) platform, the standardization and efficiency of primary diagnosis and treatment will be enhanced, which will facilitate the Company to integrate the primary medical service providers, occupy the entrance and traffic of primary medical institutions and open up O2O medical resources.

Through this Transaction, the Company will further enhance its professionalism and service efficiency in medical services such as family doctors, chronic disease management and specialized auxiliary diagnosis by improving its own services and promoting product innovation, so as to provide users and enterprise customers with more professional, comprehensive, high-quality and one-stop services and achieve high-quality, standardized and sustainable development.

CONDITIONS PRECEDENT

Conditions Precedent to the Closing

The Transaction is conditional upon the satisfaction or waiver of the following conditions precedent:

- (a) the implementation progress of the Reorganization of the Target Companies Group is reasonably satisfactory to the Purchaser; and
- (b) the parties to the Equity Transfer Agreements have obtained relevant approvals (if needed) pursuant to the Equity Transfer Agreements, the relevant laws and regulations and their respective articles of association, and fulfilled other conditions as agreed in the Equity Transfer Agreements.

Conditions to the Payment of the Second Instalment

The payment of the Second Instalment is conditional upon the satisfaction or waiver of the following conditions:

- (a) the closing has been completed; and
- (b) the Transaction has been completed the relevant filing procedures and obtained the income tax payment notice issued by the competent tax authority in accordance with applicable laws.

INFORMATION ON THE COMPANY AND THE PARTIES

The Company

As an integral part of Ping An Group's managed care business model and the flagship platform of the healthcare ecosystem of the Group, the Company has always focused on patients while improving its medical service capacity. Leveraging on its advantages in rich payer resources, thorough supplier network, leading service system and vigorous ecological empowerment, the Company has built up a unique business model based on managed care, family doctor memberships and O2O medical services.

The Purchasers

The Cayman Purchaser is principally engaged in investment holding. As at the date of this announcement, the Cayman Purchaser is a wholly-owned subsidiary of the Company.

The PRC Purchaser is engaged in the operation of the Internet healthcare platform. As at the date of this announcement, the PRC Purchaser is the Operating Entity, the financial results of which have been consolidated and accounted for as subsidiaries of the Company.

The Vendors

The Cayman Vendor is principally engaged in investment holding. As at the date of this announcement, the Cayman Vendor is a wholly-owned subsidiary of Scientia Technologies.

The PRC Vendor is a technology company dedicated to empowering the construction of new smart city. Leveraging core technologies such as artificial intelligence, blockchain, cloud computing and big data, the PRC Vendor has created core product segments such as smart healthcare and smart education, under the philosophy of government services, business development and citizen services. As at the date of this announcement, the PRC Vendor is a wholly-owned subsidiary of Scientia Technologies.

Scientia Technologies

Scientia Technologies is principally engaged in investment holding.

The Target Companies

The Cayman Target Company is a company incorporated in Cayman Islands with a registered capital of USD50,000, and is principally engaged in investment holding. As at the date of this announcement, the Cayman Target Company is wholly owned by the Cayman Vendor.

The PRC Target Company is a company established in the PRC and is principally engaged in development and sales of medical software; medical technology service, development, consultation, exchange, transfer and promotion; and medical software outsourcing service. As at the date of this announcement, the PRC Target Company is wholly owned by the PRC Vendor.

Set out below is certain financial information of the Target Companies (assuming the Reorganization of the Target Companies Group is completed and prepared in accordance with Chinese Accounting Standards) for the two years ended 31 December 2020 and 2021, respectively:

	For the year ended	
	31 December	
	2020	2021
	(RMB million)	(RMB million)
	(unaudited)	(unaudited)

Cayman Target Company

Net profits (loss) before taxation	(227.42)	(230.64)
Net profits (loss) after taxation	(227.42)	(230.25)

PRC Target Company

Net profits (loss) before taxation	0	2.01
Net profits (loss) after taxation	0	1.62

As at 30 September 2022, the unaudited net book value of the Cayman Target Company was approximately RMB-2.606 million and the unaudited net book value of the PRC Target Company was approximately RMB1.212 million.

OPINION FROM THE BOARD

The Directors (including the independent non-executive Directors) are of the view that terms of the Equity Transfer Agreements were determined after arm's length negotiation, and are fair, reasonable and on normal commercial terms, and the transactions contemplated thereunder are in the ordinary and usual course of business of the Company and in the interests of the Company and its Shareholders as a whole.

As Ms. Tan Sin Yin and Ms. Lin Lijun, both being Directors, hold directorships in Ping An or the Vendors, they have therefore abstained from voting on the relevant Board resolutions approving the Equity Transfer Agreements and the transactions contemplated thereunder. Save as disclosed above, none of the other Director has material interests in the transactions contemplated under the Equity Transfer Agreements, and none of the other Director has abstained from voting on the relevant Board resolutions.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Ping An is interested in 39.41% of total issued share capital of the Company, and thus Ping An is a controller of the Company within the meaning of the Listing Rules. In addition, as Ping An is interested in over 10% equity interest of each Vendors, the Cayman Target Company is a wholly-owned subsidiary of the Cayman Vendor and the PRC Target Company is a wholly-owned subsidiary of the PRC Vendor as at the date of this announcement, Ping An is a substantial shareholder of each of the Target Companies and the Vendors. Therefore, the Transaction constitutes a connected transaction under Rule 14A.28(1) of the Listing Rules.

As the highest percentage ratio in respect of the Transaction is more than 0.1% but less than 5%, the Transaction is subject to reporting and announcement requirements, but is exempt from the requirements of the disclosure in circular and independent Shareholders' approval under Chapter 14A of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

“Board”	the board of directors of the Company;
“Cayman Purchaser”	Good Doctor Online Healthcare Limited, a company incorporated under the laws of Cayman Islands on 23 July 2018 which is wholly owned by the Company as at the date of this announcement;
“Cayman Target Company”	Scientia Smart Health Technologies Limited, a company incorporated under the laws of Cayman Islands on 18 May 2022 which is wholly owned by the Cayman Vendor as at the date of this announcement;

“Cayman Vendor”	Scientia Smart Technologies Limited, a company incorporated under the laws of Cayman Islands on 18 May 2022 which is wholly owned by Scientia Technologies as at the date of this announcement;
“Closing Date”	the fifth business day from the date on which all conditions precedent to closing are confirmed to be satisfied or waived by the Purchasers and the Vendors, or such other date agreed by the parties to the Equity Transfer Agreements;
“Company”	Ping An Healthcare and Technology Company Limited (平安健康醫療科技有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 12 November 2014;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Consideration”	the aggregate consideration of the Transaction;
“Director(s)”	the director(s) of the Company;
“Equity Transfer Agreements”	(i) a share transfer agreement dated 23 October 2022, and entered into among the Purchasers, the Vendors, Scientia Technologies and the Cayman Target Company pursuant to which the Cayman Vendor agreed to sell and the Cayman Purchaser agreed to acquire, 100% equity interest of the Cayman Target Company, at the consideration of USD96.8646 million; and (ii) an equity transfer agreement dated 23 October 2022, and entered into between the PRC Vendor and the PRC Purchaser, pursuant to which the PRC Vendor agreed to sell and the PRC Purchaser agreed to acquire, 100% equity interest of the PRC Target Company at the consideration of RMB8.0827 million;
“Group”	the Company, its subsidiaries and the Operating Entities;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Third Party(ies)”	person(s) who is/are not connected person(s) of the Company;
“Jun Qi”	Jun Qi (Cayman) Limited, a company incorporated under the laws of Cayman Islands on 22 October 2019;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time;

“Operating Entities”	entities, the financial results of which have been consolidated and accounted for as subsidiaries of the Company by virtue of the contractual arrangements of the Company;
“Ping An”	Ping An Insurance (Group) Company of China, Ltd. (中國平安保險(集團)股份有限公司), a company incorporated under the laws of the PRC whose shares are dually listed on the Shanghai Stock Exchange and the Stock Exchange (SSE: 601318; SEHK: 2318);
“Ping An Group”	Ping An and its subsidiaries;
“PRC”	the People’s Republic of China;
“PRC Purchaser”	Ping An Health Cloud Company Limited (平安健康互聯網股份有限公司), a company incorporated under the laws of the PRC on 20 August 2014 which is an Operating Entity as at the date of this announcement;
“PRC Target Company”	Ping An Yingxiang (Jiaxing) Software Company Limited (平安穎像(嘉興)軟件有限公司), a company incorporated under the PRC laws on 22 March 2011 which is wholly owned by the PRC Vendor as at the date of this announcement;
“PRC Vendor”	Ping An International Smart City Technology Co, Ltd. (平安國際智慧城市科技股份有限公司), a joint stock company established under the PRC laws on 4 September 2018 with limited liability which is wholly owned by Scientia Technologies as at the date of this announcement;
“Purchasers”	the Cayman Purchaser and PRC Purchaser;
“Reorganization of the Target Companies Group”	the reorganization conducted by the Vendors and the Target Companies to the satisfaction of the Purchasers, in relation to, among other things, the transfer or reorganization of intellectual property rights, business contracts, personnel, tangible assets and other assets related to Smart Healthcare Business;
“Scientia Technologies”	Scientia Technologies Limited, a company incorporated under the laws of Cayman Islands on 26 July 2018, and the sole shareholder of the Vendors as at the date of this announcement;
“Shareholder(s)”	shareholder(s) of the Company;
“Smart Healthcare Business”	business centering on the smart big data platform and providing various application services such as chronic disease management, clinical supervision and service, and AskBob medical stations for medical institutions, medical staff and patients, as well as the regulatory platform for integrated management of the entire industry, which is currently engaged by the PRC Vendor and is contemplated to be reorganized to be engaged by the Target Companies Group;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules;
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules;
“Target Companies”	the Cayman Target Company and the PRC Target Company;
“Target Company Group”	the Target Companies and their respective subsidiaries from time to time (including but not limited to Scientia Smart Health Technologies (BVI) Limited, Scientia Smart Health Technologies (HK) Limited, and Shenzhen Ping An Smart Healthcare and Technology Co., Ltd. (深圳平安智慧醫健科技有限公司));
“Transaction”	collectively, the purchase of 100% equity interest of the Target Companies subject to and upon the terms and conditions of the Equity Transfer Agreements;
“Urumqi Guang Feng Qi”	Urumqi Guang Feng Qi Equity Investment Limited Partnership (烏魯木齊廣豐旗股權投資有限合夥企業), a limited partnership established under the PRC laws, where Mr. Dou Wenwei and Ms. Wang Wenjun act as the general partner and the limited partner, respectively;
“USD”	United States dollars, the lawful currency of the United States;
“Vendors”	the Cayman Vendor and the PRC Vendor.

By order of the Board
PING AN HEALTHCARE AND TECHNOLOGY COMPANY LIMITED
Fang Weihao
Chairman

Shanghai, the PRC
23 October 2022

As at the date of this announcement, the Board comprises Mr. Fang Weihao as the chairman and the executive Director; Ms. Tan Sin Yin, Ms. Lin Lijun, Mr. Pan Zhongwu and Mr. Zhu Ziyang as non-executive Directors; and Mr. Tang Yunwei, Mr. Guo Tianyong, and Dr. Chow Wing Kin Anthony as independent non-executive Directors.