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)

SUPPLEMENTAL ANNOUNCEMENT
CONNECTED TRANSACTION IN RELATION TO ACQUISITION OF 100% EQUITY INTEREST OF TARGET COMPANIES

Reference is made to the announcement of Ping An Healthcare and Technology Company Limited (the "**Company**") dated 23 October 2022 (the "**Announcement**") in relation to, among other things, the acquisition of 100% equity interest of Target Companies. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

The Transaction has been closed on 7 November 2022. The Company wishes to provide the Shareholders and potential investors with additional information on the Transaction as follows:

BASIS OF THE CONSIDERATION

As disclosed in the Announcement, the Consideration in an aggregate amount of USD98 million was determined by the parties to the Equity Transfer Agreements after (i) considering the future development prospects for the Target Company 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 (the "**Valuation Review Report**") issued by the financial advisor which is an independent third party of the Company; and (iv) the arm's length negotiations.

Compliance with the Listing Rules

The financial model of the Target Companies has been prepared and provided by the Target Companies, among other things, based on discounted cash flows, which constitutes a profit forecast under Rule 14.61 of the Listing Rules (the "**Profit Forecast**"). This announcement is made in compliance with Rule 14.62 of the Listing Rules.

Analysis of Comparable Companies

Upon the Reorganization of the Target Company Group, the business of the Target Company 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.

The selected publicly traded Chinese and international healthcare technology companies include health technology service providers and health management service providers that offer similar services to medical institutions, regulatory authorities, medical professionals and individual patients, in line with the business model, positioning and service scope of the target companies. International healthcare companies primarily serve a different market with different medical system and population but are useful in providing a point of reference and cross-checking.

The Company referred to the price-to-sales (P/S) ratio rather than price-to-book (P/B), price-to-earnings (P/E), or other relative valuation methods, for the following reasons:

(i) P/S ratio is typically used for revenue generating but pre-profit health and technology companies.

(ii) An analysis of 50+ Chinese-based or international companies which focus primarily on healthcare/medical technologies showed that, almost all used P/S ratio to calculate their valuations since most of them possess unique technology and intellectual properties.

(iii) International standard generally uses book-based valuation metrics for financial institutions (banking, insurance, etc.) and earnings-based valuation metrics for large global (profitable) corporations.

Details of the Comparable Companies are set out as below:

Name	**Stock Code**	**Exchange where the stock is listed**	**P/S Ratios**[Note]
Winning Health Technology Group Co., Ltd.	300253	Shen Zhen	5.5x
B-soft CO., LTD	300451	Shen Zhen	5.1x
Yidu Tech Inc.	2158	Hong Kong	3.1x
Medlive Technology Co., Ltd.	2192	Hong Kong	18.5x
Sense Time Group Inc.	0020	Hong Kong	9.3x
ClouDr Group Limited	9955	Hong Kong	3.9x
Veeva Systems Inc.	VEEV	New York	13.8x
Health Catalyst, Inc.	HCAT	Nasdaq	2.2x

Note: Except for Yidu Tech Inc. and Veeva Systems Inc., the P/S ratio is calculated by dividing the market capitalization of the relevant company as of 30 September 2022 by its total revenue for the year ending 31 December 2021. The P/S ratio for Yidu Tech Inc. is calculated by dividing its market capitalization as of 30 September 2022 by its total revenue for the year ending 31 March 2022. The P/S ratio for Veeva Systems Inc. is calculated by dividing its market capitalization as of 30 September 2022 by its total revenue for the year ending 31 January 2022. All revenue data are extracted from the latest annual report of relevant companies.

As illustrated above, the average P/S ratio of all the Comparable Companies is 7.7x ("**Average P/S Ratio of Comparable Companies**") and the average P/S ratio of the Comparable Companies excluding that of Medlive Technology Co., Ltd. and Health Catalyst, Inc. (which represent the Comparable Companies with the highest and lowest P/S ratio among the Comparable Companies) is 6.8x ("**Adjusted Average P/S Ratio of Comparable Companies**").

With reference to the illustrative financial information of the Target Company Group, the Consideration in an aggregate amount of USD98 million corresponds to a P/S ratio of 4.9x for the revenue of the Target Companies in 2021 (assuming the Reorganization of the Target Companies Group is completed), which is lower than both the Average P/S Ratio of Comparable Companies and the Adjusted Average P/S Ratio of Comparable Companies.

Valuation Review Report and Financial Model

The Company has engaged Shenwan Hongyuan Capital (H.K.) Limited ("**Shenwan**"), which is independent to the Company, as the Company's financial adviser to review the financial model prepared and provided by the Target Companies, and to prepare the Valuation Review Report based on the aforesaid financial model.

Approach

According to the financial model prepared and provided by the Target Companies, and taking into account of the following principal factors, the Consideration was proposed in the range of USD85 million to USD120 million.

Principal factors:

(i) the historic financial data in relation to the revenue, costs and expenses of the Target Companies;

(ii) the current capital market environment and the Target Companies' current profitability;

(iii) the realisation of the business synergy between the Group and the Target Companies;

(iv) the income trend of the Target Companies based on the macroeconomic conditions, prospects of the industry and the business model of the Target Companies;

(v) the key assumptions of the growth of the Target Companies provided by the management of the Target Companies.

The financial model refers to the business valuation, that is, the analytical process of determining the current (or projected) worth of an asset or a company.

Assumptions

The major bases and assumptions in the financial model are as follows:

(i) the projections of the future cash flows outlined in the financial model are assumed to reflect the market conditions and economic fundamentals;

(ii) the historical unaudited consolidated financial statements of the Target Companies can reasonably represent their financial positions as at the date of the financial model since audited financial accounts were not available;

(iii) the businesses of the Target Companies will be operated and developed as planned and the staffing levels would be sufficient;

(iv) the Target Companies would have sufficient financial resources to meet its business development requirements;

(v) there will be no material change in the existing political, legal, technological, fiscal or economic conditions, which might adversely affect the business of the Target Companies;

(vi) the information provided and the estimations/representations made by the management of the Target Companies with regard to the financial model are complete, accurate and reliable;

(vii) the public and statistical information obtained are deemed to be reputable, accurate and reliable;

(viii) there will be no substantial fluctuation in the economic outlook and specific industry outlook affecting the continuity of the businesses of the Target Companies;

(ix) there will be no material changes as to the management and business strategies, capital structure and operational structure, which will continue to be operated under the current existing and expected business model;

(x) there are no other force majeure factors and unforeseeable factors that have a material adverse impact on the Target Companies;

(xi) there are no material changes in the interest rates, exchange rates, tax bases, tax rates and policy-based levies in the regions where the Target Companies operates;

(xii) there are no hidden or unexpected conditions associated with the Target Companies that might adversely affect the value of the Target Companies.

For the avoidance of doubt, key assets transferred by the Vendors to the Target Companies pursuant to the reorganization of the Target Company Group includes patents and patent applications, software, trademarks with the value of approximately RMB3.2 million, technological equipment with the value of approximately RMB1.3 million, and business contracts (Contractual amount of those contracts less revenue recognized by the Vendors before this transaction is approximately RMB410 million, after further deducting the subcontracting costs and additional cost incurred by the Vendors for performing those contracts prior to the acquisition completion date, the net amount will be transferred to the Target Companies). Estimated future revenue based on those assets and the Target Companies' business plan was one of the key assumptions considered when reviewing the financial model prepared and provided by the Target Companies.

Confirmations

PricewaterhouseCoopers, acting as the Company's reporting accountant (the "**Reporting Accountant**"), reviewed the arithmetical calculations and the compilation of the discounted future estimated cash flows outlined in the financial model of the Target Companies in accordance with the bases and assumptions as set out above in the section "Assumptions". The Directors are solely responsible for the bases and assumptions described above and the work performed by PricewaterhouseCoopers did not include any review of accounting policies adopted and assessment of the appropriateness, reasonableness or validity of bases and the assumptions on which the discounted future estimated cash flows are based and does not constitute any valuation of the Target Companies.

Shenwan, acting as the Company's financial adviser, has discussed with the Directors the principal assumptions upon which the Profit Forecast was based. Shenwan has confirmed that it is satisfied that the Profit Forecast, for which the Directors are solely responsible, has been made by the Directors after due and careful enquiry.

Pursuant to Rule 14.62(2) of the Listing Rules, a report from PricewaterhouseCoopers dated 6 January 2023 and a letter from Shenwan dated 6 January 2023 have been submitted to the Stock Exchange, the texts of which are included in Appendix I and Appendix II to this announcement, respectively.

FURTHER INFORMATION OF SCIENTIA TECHNOLOGIES

As at the date of the Announcement, according to the information provided by Scientia Technologies, 61.6% equity interest of which are held by (i) Si An (Cayman) Limited ("**Si An**") as to 19.38%, (ii) Hui An Limited ("**Hui An**") as to 7.85% and (iii) other remaining shareholders with a scattered shareholdings base and none of which holds more than 10% equity interest of Scientia Technologies. Si An, Jun Qi and Hui An are established as investment platforms for employees of Ping An Group (the "**SA Beneficiaries**"), the whole equity interests on which are directly held by two employees as nominee shareholders on behalf of 149 employees of Ping An and its subsidiaries or associates.

This supplemental announcement is supplemental to and should be read in conjunction with the Announcement. All other information and content set out in the Announcement remain unchanged and shall continue to be valid for all purposes.

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

Shanghai, the PRC
6 January 2023

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.

The following is the text of a report received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this announcement.

pwc 羅兵咸永道

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE CALCULATIONS OF DISCOUNTED FUTURE ESTIMATED CASH FLOWS IN CONNECTION WITH THE BUSINESS VALUATION OF SCIENTIA SMART HEALTH TECHNOLOGIES LIMITED AND PING AN YINGXIANG (JIAXING) SOFTWARE COMPANY LIMITED

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

We have completed our assurance engagement to report on the calculations of the discounted future estimated cash flows outlined in the financial model, on which the business valuation (the "**Valuation**") was based, prepared by the Target Companies (as defined below), in respect of the appraisal of the fair value of the 100% equity interests in Scientia Smart Health Technologies Limited and Ping An Yingxiang (Jiaxing) Software Company Limited (the "**Target Companies**") is based. The Valuation is set out in the supplemental announcement of the Company dated 6 January 2023 (the "**Supplemental Announcement**") in connection with the acquisition of 100% equity interest in the Target Companies by the Company. The Valuation based on the discounted future estimated cash flows is regarded as a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

Directors' Responsibility for the Discounted Future Estimated Cash Flows

The directors of the Company are responsible for the Valuation and the discounted future estimated cash flows, including the bases and assumptions set on pages 3 to 4 of the Supplemental Announcement on which the discounted future estimated cash flows are based. This responsibility includes making estimates that are reasonable in the circumstances. The directors of the Target Companies are also responsible for the preparation of the discounted future estimated cash flows and the bases and assumptions set on pages 3 to 4 of the Supplemental Announcement, including the design, implementation and maintenance of internal control relevant to the preparation of the discounted future estimated cash flows and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

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Our firm applies Hong Kong Standard on Quality Control 1 issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibilities

It is our responsibility, pursuant to paragraph 14.62(2) of the Listing Rules, to express an opinion on the calculations of the discounted future estimated cash flows, and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our work in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* issued by the HKICPA. This standard requires that we plan and perform our work to form the opinion.

This assurance engagement involved performing procedures to obtain sufficient appropriate evidence as to whether the discounted future estimated cash flows, so far as the calculations are concerned, have been properly compiled, in all material respects, in accordance with the bases and assumptions set out on pages 3 to 4 of the Supplemental Announcement. The extent of procedures selected depends on the Reporting Accountant's judgement and our assessment of the engagement risk. Within the scope of our work, we, amongst others, reviewed the arithmetical calculations and the compilation of the discounted future estimated cash flows in accordance with the bases and assumptions.

The discounted future estimated cash flows do not involve the adoption of accounting policies. The discounted future estimated cash flows have been prepared using a set of bases and assumptions that include hypothetical assumptions about future events and management's actions that cannot be confirmed and verified in the same way as past results and that are not necessarily expected to occur. Even if the events anticipated under the hypothetical assumptions described above occur, actual results are still likely to be different from the discounted future estimated cash flows since other anticipated events frequently do not occur as expected and the variation may be material. We are not reporting on the appropriateness and validity of the bases and assumptions on which the discounted future estimated cash flows are based and our work does not constitute any valuation of the Target Companies.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, based on the foregoing, so far as the calculations are concerned, the discounted future estimated cash flows have been properly compiled, in all material respects, in accordance with the bases and assumptions as set out on pages 3 to 4 of the Supplemental Announcement.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 6 January 2023

The following is the text of a letter received from Shenwan Hongyuan Capital (H.K.) Limited, for the purpose of incorporation in this announcement.

Shenwan Hongyuan Capital (H.K.) Limited
Level 19
28 Hennessy Road
Hong Kong

6 January 2023

The Board of Directors
Ping An Healthcare and Technology Company Limited
5/F, Manulife Place
348 Kwun Tong Road
Kowloon, Hong Kong

Dear Sirs,

We refer to the announcements dated 23 October 2022 (the "**Announcement**") and 6 January 2023 (the "**Supplemental Announcement**", together with the Announcement, the "**Announcements**") issued by Ping An Healthcare and Technology Company Limited (the "**Company**"). Capitalised terms used in this letter shall have the same meanings as defined in the Announcements unless otherwise specified.

We have received and reviewed the financial model (the "**Financial Model**") prepared by Scientia Smart Health Technologies Limited and Ping An Yingxiang (Jiaxing) Software Company Limited (the "**Target Companies**"), in respect of the valuation of the 100% equity interests in the Target Companies and other documents from the Company. We note that the Financial Model have been prepared, among other things, based on discounted cash flows, and is therefore regarded as profit forecast under Rule 14.61 of the Listing Rules (the "**Profit Forecast**").

We have reviewed the Profit Forecast, for which you as the Directors are solely responsible, and other supporting documents. We have attended discussions involving the management of the Company and the Target Companies, where (i) the historical performance of the Target Companies, (ii) the calculations of the Profit Forecast, and (iii) the bases and assumptions of the Profit Forecast were discussed. We have also considered the report to the Directors from PricewaterhouseCoopers as set out in Appendix I to the Supplemental Announcement on the calculations of the discounted cash flows on which the Profit Forecast is based. The Profit Forecast is based on a number of bases and assumptions. As the relevant bases and assumptions are about future events which may or may not occur, the actual financial performance of the businesses of the Target Companies may or may not achieve as expected and the variation may be material.

We are not reporting on the arithmetical calculations of the Profit Forecast and the adoption of the accounting policies thereof. We have assumed, without independent verification, the accuracy of the parameters in the Profit Forecast.

On the basis of the foregoing and without giving any opinion on the reasonableness of the valuation methods, and bases and assumptions selected, we are satisfied that the Profit Forecast, for which you as the Directors are solely responsible, has been made after due and careful enquiry by you.

The work undertaken by us in giving the above view has been undertaken for the purpose of reporting solely to you under Rule 14.62(3) of the Listing Rules and for no other purpose. We accept no responsibility to any other person in respect of, arising out of or in connection with our work or this letter.

Yours faithfully,
For and on behalf of
Shenwan Hongyuan Capital (H.K.) Limited
Philip Tse
Managing Director