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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)

ANNOUNCEMENT OF AUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022

The board of directors (the “**Board**”) of Ping An Healthcare and Technology Company Limited (the “**Company**”) is pleased to announce that the audited annual results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2022. This announcement, containing the full text of the 2022 annual report (the “**Annual Report**”) of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) in relation to information to accompany preliminary announcements of annual results.

The Group’s final results for the year ended 31 December 2022 have been reviewed by the audit and risk management committee of the Company.

This announcement will be published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.pagd.net. The Annual Report for the year ended 31 December 2022 will be published on the aforesaid websites of the Stock Exchange and the Company and will be dispatched to the Company’s shareholders in due course.

By order of the Board
Ping An Healthcare and Technology Company Limited
Fang Weihao
Chairman

Shanghai, the PRC
13 March 2023

As at the date of this announcement, the Board comprises Mr. Fang Weihao as the chairman and the executive Director and Mr. Wu Jun as the executive Director; Ms. Tan Sin Yin, Ms. Fu Xin, Ms. Lin Lijun, 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.

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Corporate Information

Directors

Executive Director

Mr. FANG Weihao (Chairman)
Mr. WU Jun

Non-executive Directors

Ms. TAN Sin Yin
Ms. FU Xin
Ms. LIN Lijun
Mr. ZHU Ziyang

Independent Non-executive Directors

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

Audit and Risk Management Committee

Mr. TANG Yunwei (Chairman)
Mr. GUO Tianyong
Ms. TAN Sin Yin

Nomination and Remuneration Committee

Mr. GUO Tianyong (Chairman)
Mr. TANG Yunwei
Dr. CHOW Wing Kin Anthony
Ms. TAN Sin Yin

Sustainable Development Committee

Dr. CHOW Wing Kin Anthony (Chairman)
Mr. FANG Weihao
Ms. FU Xin

Authorized Representatives

Mr. FANG Weihao
Mr. LIU Cheng

Company Secretary

Mr. LIU Cheng

Principal Share Registrar and Transfer Office

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

Hong Kong Share Registrar

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

Auditor

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

Registered Office

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

Head Office and Principal Place of Business in China

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

Principal Place of Business in Hong Kong

5/F, Manulife Place
348 Kwun Tong Road
Kowloon
Hong Kong

Corporate Information

Principal Correspondent Banks

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

Stock Code

1833

Company's Website

www.pagd.net

Listing Date

4 May 2018

Legal Advisors

As to Hong Kong laws:

DLA Piper Hong Kong
25th Floor, Three Exchange Square
8 Connaught Place, Central
Hong Kong

As to PRC law:

Haiwen & Partners
2605, Jing An Kerry Centre Tower 1
No. 1515 Nan Jing West Road
Shanghai
PRC

As to Cayman Islands law:

Maples and Calder (Hong Kong) LLP
26/F, Central Plaza
18 Harbour Road
Wanchai
Hong Kong

Chairman's Statement

FANG WEIHAO

Chairman of the Board and
Chief Executive Officer



Healthcare is a huge market. Ping An Health, which has been established for eight years, has become a super player in this sector. We always remind ourselves to stay true to our original aspiration and keep our mission firmly in mind. We constantly consider ways to better balance the demands of stakeholders, and create economic value for the Shareholders while continuously providing users with high-quality healthcare services.

In the second half of 2021, the Company further deepened its strategy, seized the huge market opportunities of online healthcare services, and leveraged the strategic advantages of Ping An Group's healthcare ecosystem to establish a sustainable development model of "managed care + family doctor membership + O2O healthcare services", integrating suppliers on behalf of payers, and striving to "provide every enterprise with a harmonious workplace, every family with a dedicated doctor, and every user with a safe and healthy life". Compared with the past, our target customer base has extended from individual customers to financial

customers and corporate customers with more capacity and willingness to pay. At the same time, leveraging the digital healthcare, the Company has been expanded its business horizontally and vertically, with the products and services being horizontally broadened from "medical" to "medical + health" and offline services being vertically extended on top of online services. In the future, Ping An Health will not only be an online hospital nor an online pharmacy, but a professional, comprehensive, high-quality and one-stop corporate "medical+health" management service provider, and family doctors will be the key connection point between users and service providers. The deepening of this strategy is a prudent and firm choice made by the Company after comprehensive analysis of internal and external situations and its own resource endowment. Although facing the pressure of comprehensive reshaping and reconstruction of "channels, products and services", it is the only way for the sustainable development of the Company as well as the path for groundbreaking development.

Chairman's Statement

In 2022, the Company maintained its strategic focus and continued to forge ahead. In terms of operation, with its core competitive advantages such as rich payer resources, sound supplier network, leading service system and strong ecological empowerment, the Company implemented a solid transformation of corporate health management business, continuously improved customer acquisition ability, and significantly optimized the business structure. At the same time, we reduced the businesses with weaker strategic relevance and lower profitability periodically. In terms of management, we continued to optimize resource allocation and further consolidated the management system and middle platform.

In terms of channel construction, in 2022, the Company quickly adjusted the previous channels and business development system centered on individual users, and promptly built a new business development system that can support financial customers and corporate customers. Ping An Group provided strong support and empowerment in the process, who served more than 47,000 corporate customers in the first three quarters of 2022, covering more than 20 million employees, and nearly 228 million individual financial customers as of 30 September 2022, whose demand for medical and health services was relatively obvious and prominent. Our priority was given to providing services for such groups of people, which could greatly reduce the Company's business development costs and increase the success rate of business development. With the resource endowment of Ping An Group, companies under Ping An Group have become the most trusted partners of Ping An Health. Through in-depth collaboration such as "product integration, centralized equity procurement and service provision", we effectively reached out to potential customers. In order to help channel-side business development, the Company swiftly updated the business development tools for financial customers and corporate customers, including various product and service publicity materials and a series of publicity videos of "Kanjian", and through a series of salon activities, helped our sales teams in all channels to "understand products", "present products" and "sell products". During the Reporting Period, the Company served nearly 43 million paying users. As of 31 December 2022, the Company served nearly 1,000 corporate customers.

In terms of product development, we strived to promote the family doctor memberships, launched key products with a focus on corporate health management, and built a diversified product

portfolio. Ping An Health's family doctors are positioned to being people-oriented and providing users with end-to-end and heartwarming services. They are not only doctors, but also navigators, with rich expertise in the field of medical and health, and can help users find the most suitable hospital, doctor or health management service. At the same time, they are also customer managers, treating users' needs and inquiries in a timely and warm manner, instead of impassive "guiding service". In 2022, the Company focused on the development of corporate health management products, and created the "Enterprise EZHealth" health management product portfolio, comprising two core products "Health Checkup +" and "Health Management +" and four tailored products "Healthcare Add-on", "Workplace Health", "Smart Clinic" and "Employee Benefit Redemption Platform". On this basis, we continued to upgrade our products, design special solutions for different groups of employees, and support more flexible payment methods.

In terms of service system construction, the Company further expanded the "online + offline" service network and strengthened service quality. In 2022, the Company built a service network of "online", "in-store" and "delivery to home/corporate", and made efforts in building a flagship service and operation system. The service quality and user experience are the lifelines of Ping An Health, as well as the focus topic that the Company cares most about and pays attention to. During the Reporting Period, we carefully polished the basic service quality through the "100-day Plan", and connected the service chain through the "100-day Battle". As of 31 December 2022, the five-star rating of user consultation exceeded 98%. In addition, the Company further expanded its medical and health service network. As of 31 December 2022, the Company had over 100,000 partner offline medical and health service institutions, which further improved the Company's service capacity.

With the mission of bridging doctors and patients with professionalism, Ping An Health has been pursuing the balanced relationship and demands among stakeholders. As for the Shareholders, we report frankly that Ping An Health is actively improving profitability and striving to build a solid foundation for sustainable development by combining endogenous growth and external growth. As for supervision, we vigorously embrace new policies and carry out corporate governance and operation management in strict accordance with requirements. In terms of practicing social responsibility, we actively take

responsibility, support poverty alleviation, assist in the construction of rural health centers, train village doctors, and organize charity clinic activities to bring peace and health to villagers in less-developed areas. Amid surging demand for healthcare services at the end of the year, we quickly deployed free consultation areas to meet the needs of ordinary people for medical treatment and divert the pressure of offline medical treatment. As for customers, we continue to improve, and are committed to understanding customers better, providing them with more professional, comprehensive, and high-quality one-stop services to ensure customers have an “easier”, “faster” and “more affordable” experience. As for partners, we treat each other with sincerity, mutual assistance and win-win results. While fulfilling the responsibility of platform supervision, we are also committed to making partners more successful. As for employees, we respect individuals and emphasize the organizational values of “Working for the Greater Good, Achieving Self-Actualization”. Every employee of the Company is our business partner. We come together for a common mission and vision to promote the early realization of “Healthy China”.

Healthcare is a “people’s livelihood” project, and the road to commercialization is long and arduous. However, we firmly believe that this path is challenging but correct. All employees of Ping An Health are always on the alert and determined to move forward with motivation, hard work and entrepreneurship, while upholding the mission and living up to the times.

Fang Weihao

Chairman of the Board and Chief Executive Office
Shanghai, 13 March 2023

Management Discussion and Analysis

Ping An Health is an integral part of Ping An Group's "managed care model" and also the flagship platform of Ping An Group's healthcare ecosystem. The Company continues to pursue a unique business model of "Managed Care + Family Doctor Memberships + O2O Healthcare Services" by leveraging its core competitive advantages including abundant payer resources, strong provider networks, leading service systems, and powerful Ping An ecosystem empowerment. By centering around Family Doctor Memberships, integrating suppliers on behalf of payers, and deepening online and offline network expansion, the Company has established an integrated medical + health service platform to provide users with the most cost-effective and full life-cycle healthcare services, covering scenarios including health, sub-health, disease, chronic disease, and elderly care.

Key Financial Data

	Year ended 31 December		
	2022	2021	Year-on-year change
	RMB'000	RMB'000	
Revenue	6,159,821	7,334,214	-16.0%
Cost of sales	(4,475,129)	(5,627,353)	-20.5%
Gross profit	1,684,692	1,706,861	-1.3%
Selling and marketing expenses	(1,105,372)	(1,756,828)	-37.1%
Administrative expenses	(1,748,350)	(1,846,413)	-5.3%
Other income	220,569	274,771	-19.7%
Other gains/(losses) – net	250,612	(21,866)	N/A
Finance income – net	156,478	158,641	-1.4%
Share of losses of associates and joint ventures	(66,323)	(38,773)	+71.1%
Loss before income tax	(607,694)	(1,523,607)	-60.1%
Income tax expense	(3,410)	(15,792)	-78.4%
Loss for the year	(611,104)	(1,539,399)	-60.3%
Loss attributable to:			
– Owners of the Company	(607,569)	(1,538,183)	-60.5%
– Non-controlling interests	(3,535)	(1,216)	+190.7%
Non-IFRS measure:			
Adjusted net loss	(848,230)	(1,417,185)	-40.1%

Due to the impact of the one-off factor and strategic optimization of the business mix, total revenue of the Company decreased by 16.0% year-on-year from RMB7,334.2 million in 2021 to RMB6,159.8 million during the Reporting Period.

The Company constantly improved its business mix by focusing on the business that highly synergizes with the Company's strategies. The business structure improvement drove gross margin up 4.0 pps year-on-year from 23.3% in 2021 to 27.3% during the Reporting Period.

As the Company constantly optimized resource allocation and strengthened operation efficiency, net loss decreased by 60.3% from RMB1,539.4 million in 2021 to RMB611.1 million during the Reporting Period.

Key Operational Data

	December 31, 2022	June 30, 2022	Change ¹
LTM paying users (in million)	43	40	+5.3%
Including: F-end LTM paying users (in million)	34	33	+1.4%
B-end LTM paying users (in million)	3	2	+43.7%
Number of B-end enterprises served	978	749	+30.6%

Note: 1. Direct calculation may not give the same figure due to rounding adjustments.

The number of LTM paying users kept growing steadily, reaching nearly 43 million for the 12 months ended December 31, 2022, representing an increase of 5.3% from that for the 12 months ended June 30, 2022. As of the end of 2022, the B-end accumulative number of enterprises served increased to 978, and the number of B-end paying users in the past 12 months reached approximately 3 million; the number of F-end paying users in the past 12 months exceeded 34 million.

Development of Our Strategies

With the expansion of business scenarios, the Company started to advance its Strategy 2.0 from the second half of 2021. In respect of business models, the Company established a model of “Managed Care + Family Doctor Memberships + O2O Healthcare Services”. By focusing on Family Doctor Memberships, the Company continues expanding the O2O service network and has developed an integrated medical + health service platform on which the Company provides access to healthcare resources and services for users to fulfill their healthcare needs.

In respect of channels, the Company actively explores and strengthens business synergies with Ping An Group. For the users of Ping An Group’s integrated financial services (F-end), the Company provides them with heartwarming services. Meanwhile, the Company stays focused on corporate clients (B-end), providing their employees and customers with professional, comprehensive, premium, one-stop corporate health management services.

Management Discussion and Analysis

Analysis of Main Business Operations

Payers for Managed Care

Integrated financial service users (F-end)

Ping An Health leverages Ping An Group's integrated finance channels to acquire customers and convert high-value users, which constitutes its unique advantage. The Company continuously capitalizes on advanced experience, technologies, client base and resources in Ping An Group, synergizes with Ping An Group's integrated finance business via the "integrated finance + healthcare" service portfolios, and develops managed care model which provides Ping An Group's integrated financial clients with online-offline, one-stop and 24/7 continuous proactive medical and health services, assisting Ping An Group in providing "heartwarming financial services". At the same time, the precise conversion of high-value users of Ping An Group's integrated financial business has become one of the core driver of sustainable business growth of the Company.

In respect of business structure, the Company further focused on the business that highly synergizes with the Company's strategies and optimized the product portfolio, thus further improving its revenue structure during the Reporting Period.

Thanks to the above optimization and improvement initiatives, as well as access to a wide customer base, the Company achieved further breakthroughs in client retention and growth and focusing on high-value users. During the Reporting Period, Ping An Health had over 34 million paying users from Ping An Group's integrated finance channels, with a penetration rate of about 15% among 228 million¹ individual financial users of Ping An Group. Customer stickiness and customer recognition improved in tandem with stable growth of the penetration rate.

Corporate clients (B-end)

High-quality healthcare services serve as the good avenue to enhance employees' health, well-being and satisfaction. Based on international experience, enterprises are one of the major payers of personal health management services. At present, enterprises have relevant disburseable accounts and procurement needs, facing a crying need for one-stop corporate employee health management solutions that are systematic, professional, and well resourced.

In order to carry out the "Healthy China 2030" national initiative, and embrace the "pan healthcare" philosophy, the Company actively explores corporate employee health management solutions to provide employee health management services for corporate clients reached through Ping An Group's channels and the Company's own channels.

During the Reporting Period, the Company deepened collaboration with corporate clients reached through Ping An Group's channels. The Company attached great importance to the large and medium-sized enterprises with an adequate corporate health management budget, a clear employee health program, and greater ability and willingness to pay. The Company provided them with comprehensive, full-lifecycle corporate employee health management solutions, helping them better fulfill corporate responsibility for promoting health and wellness of their employees, and supporting them in building healthy enterprises.

Meanwhile, Ping An Health has established an "Enterprise EZHealth" health management product portfolio. Through in-depth study and exploration of employee health management needs, the Company has developed two solutions with "Health Checkup +" and "Health Management +" as the core. Via the combination of different service modules, the Company has created a competitive advantage of differentiated product service matrix, to further meet the diverse needs of different enterprises, and has promoted the product through all channels.

Note: 1. The data is based on Ping An Group's Q3 2022 Results.

Management Discussion and Analysis

2022 was the early stage for Ping An Health's implementation of the Strategy 2.0 Continuum. The Company is still gaining experience to better serve corporate clients. However, with its professional service capability and experience built up in healthcare, Ping An Health had served a total of 978 enterprises as of December 31, 2022, up 458 from the end of 2021, covering nearly three million corporate employees and customers.

Moreover, corporate clients speak highly of Ping An Health's comprehensive service capability due to its high-quality, full-lifecycle services delivered. During the Reporting Period, the renewal rate of the existing large-sized corporate clients¹ hit as high as nearly 90%.

Individual customers (C-end)

Ping An Health has been focusing on the healthcare sector for years, and has gained massive platform traffic. During the Reporting Period, the Company focused on optimizing user quality and service experience, and achieved the retention of the existing individual customers. By offering medical and health solutions with delicacy management and providing refined operations for different users with different needs, the Company achieved effective, extensive coverage of C-end individual customers. Moreover, the Company continued to enhance operations and management of targeted paying users or members.

Family Doctor Memberships

Strengthening the end-to-end service capability through the core Family Doctor Memberships

Family Doctor Memberships serve as an essential link in Ping An Health's business model. While helping Ping An Health integrate providers' healthcare resources and improve O2O closed-loop services, Family Doctor Memberships also help bridge gaps between online and offline services and help users get seamless services.

During the Reporting Period, Ping An Health continued to upgrade the service capability of its family doctor teams. On the one hand, family doctors strengthened proactive, long-term health management of users. Family doctors took the initiative to provide users with follow-up care in different scenarios and at important moments by continuously tracking health indicators. Their comprehensive, effective medical and health services are widely recognized by users. On the other hand, the Company enhanced family doctor teams' capability for service delivery and user management by optimizing the health profile workbench and improving the service process.

In addition, the Company developed tiered family doctor membership products. By establishing tiered frameworks and upgrading systems, the Company diversified its offerings to promote the use of different value-added products and services, thus further empowering corporate employee health management products and facilitating the implementation of the managed care model.

Note: 1. Enterprises with a headcount of over 3,000.

Management Discussion and Analysis

Focusing on building specialty medical centers to improve the disease treatment service capability

The Company continues to explore services integrating prevention, screening, treatment, rehabilitation and care in specialty disease areas. The Company aims to provide delicacy management and one-stop healthcare services along the whole patient journey. During the Reporting Period, the Company built 19 specialty medical centers, rolling out three major product series, namely specialty disease screening, off-the-shelf products, and specialized service packages.

The specialty medical centers integrate the O2O service network through cooperation with major tertiary hospitals and external quality experts. The centers also provide more targeted and efficient solutions to the patients requiring specialty care by constantly optimizing the service process and product experience. Meanwhile, the Company keeps improving the disease treatment service capability by enhancing collaboration with renowned doctors. As of December 31, 2022, the Company contracted a total of over 2,000 renowned doctors from over 300 Level A tertiary hospitals in more than 60 cities across China. In addition, the Company constantly integrates digital technologies and medical services to keep improving the efficiency of arranging appointments with renowned doctors as well as the user service experience by collecting disease-related materials, precisely matching specialists in an area of great expertise and so on. With premium resources and brand strengths, the renowned doctor product is increasingly helpful in empowering clients.

Improving the service ecosystem to meet users' demands for healthcare services

Ping An Health has established an ecosystem that is centered around family doctors, underpinned by specialists and with highlights of renowned doctors. The Company keeps upgrading its online-merge-offline service capabilities to deliver high-quality medical and health services to users.

As of December 31, 2022, the Company had established more than 49,000 in-house/contracted external doctors team covering 23 specialties, meeting users' demands for full-scenario, multi-tiered healthcare services. During the Reporting Period, the Company had a stable Grade-A medical record rate of more than 98%, and a five-star reviews rate of over 98% from users.

O2O Healthcare Services

Expanding the service network and optimizing the provider management system

Ping An Health keeps improving its “online, in-store, and home/workplace-delivered” service network, and has built up an extensive provider network with close collaboration. The Company has access to a wide variety of medical and health resources, and has established whole-process provider management and a quality assurance system to control provider admission and exit.

In respect of medical service network, Ping An Health provides users with more integrated and better services by further pooling online and offline medical service resources and developing a one-stop service delivery system. As of December 31, 2022, the Company had partnered with over 5,000 hospitals and 224,000 pharmacies, providing 1-hour drug delivery services in 216 cities and 24/7 drug delivery services in 88 cities. The Company was expanding the offline pharmacy network through exploration of product and service offerings, aiming to enhance service capabilities and efficiency.

In respect of health service network, users have easier access to services as the Company continuously expanding service network nationwide and increasing service institutions. As of December 31, 2022, the Company had partnered with over 100,000 health service providers, covering a variety of services and products such as health checkups, dental services, anti-aging, and health and well-being.

Management Discussion and Analysis

During the Reporting Period, Ping An Health partnered with over 2,000 health checkup institutions in more than 300 cities. The Company further improved high-end checkup services by collaborating with 162 premium health checkup institutions nationwide. Moreover, the Company continuously upgraded health management services. 44% of users used the post-examination interpretation service, setting the stage for the use of online consultation, and other health management services.

Enhancing drug service capabilities to support the development of the pharmaceutical ecosystem

Pharmaceuticals constitute an important part of the digital healthcare ecosystem, and play an essential role in connecting doctors and patients. During the Reporting Period, the Company continued to strengthen collaboration with pharmacy network from every aspect. The Company provided more diverse and efficient solutions for users through faster drug delivery and better services, laying a solid foundation for boosting retail efficiency and scale. Moreover, the Company also offered multi-tiered service solutions for its partners, jointly exploring the sustainable business model for the pharmaceutical ecosystem.

Creating one-stop health management services through diverse innovations

The Company had made great strides in health services. For key business of the health checkup, the Company optimized and upgraded the end-to-end services to better fulfill users' full-lifecycle demands. For health and well-being services, the Company upgraded its service model, brought in leading providers, and expanded its service network nationwide. For health management services, the Company focused on businesses with strong strategic synergies, and further optimized the allocation of resources.

Strategic Acquisition

During the Reporting Period, Ping An Health acquired Ping An Smart Healthcare (平安智慧醫療), which includes two target companies Scientia Smart Health Technologies Limited and Ping An Yingxiang (Jiaxing) Software Company.

Ping An Smart Healthcare centers on the smart big data platform, provides 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. Ping An Smart Healthcare will create strong synergies as it helps Ping An Health in supplementation of chronic disease services, improvement of doctor's capabilities and primary institutions coverage.

This acquisition of Ping An Smart Healthcare has made strategic sense for Ping An Health. The transaction will help Ping An Health 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, the Company will provide users and enterprise customers with more professional, comprehensive, high-quality and one-stop services and achieve high-quality, standardized and sustainable development.

Long-term Strategies and Management Outlook

Commercial insurers represent one of the major payers of medical and health expenditures in China. According to the Report of the 20th National Congress of the CPC, China will further integrate commercial insurance with the basic social medical insurance programs at different levels, improve major disease insurance and medical assistance schemes, and see that medical expenses can be settled simultaneously where they are incurred. China will institute an insurance system to support long-term care and vigorously develop commercial medical insurance.

Management Discussion and Analysis

Enterprises are another major payers of medical and health expenditures in China. The number of employed persons in China is huge. In 2021, 350 million employees were covered by the employee basic medical insurance. The employee health management market is expanding from tier-1 cities to tier-2 and tier-3 cities as not only large enterprises but also more and more medium and small-sized enterprises have increasing health management awareness and demand.

Leveraging Ping An Group's capability advantages from managed care business model and healthcare ecosystem, Ping An Health is able to reach Ping An Group's commercial insurance customers, corporate clients and individual customers by capitalizing on Ping An Group's integrated finance channel (F-end) and corporate clients (B-end) business resources, against the background of continuous development of commercial insurance and employee health management sector. By doing so, the Company will further strengthen its core competitiveness and continuously increase the penetration rate and value of the customer through enhancing synergies with Ping An Group and two-way empowerment.

Meanwhile, Ping An Health will leverage its first-mover advantage in digital healthcare, relying on a good understanding of end users' demands for healthcare, the Company will continue to optimize its medical and health product portfolios, upgrade core products such as "Insurance + Healthcare" at the F-end and employee health management at the B-end, build up a membership product system, and provide a wealth of customized products for different channels and customer groups to meet the diverse needs of payers.

In addition, the Company will further emphasize the role of family doctors in service connection and proactive care, and continue to expand the high-quality service network, to provide users with "worry-free, time-saving and money-saving" online + offline and one-stop medical and health services, constantly improving user experience.

Going forward, Ping An Health will forge ahead, strive to provide premium medical and health services, support the Digital China and the Healthy China initiatives, and deliver steady returns to shareholders.

Revenue and Gross Profit by Segment

	Year ended 31 December		
	2022	2021*	Year-on-year change
	RMB'000	RMB'000	
Revenue:			
Medical services	2,547,115	2,496,013	+2.0%
Health services	3,612,706	4,838,201	-25.3%
Total of revenue	6,159,821	7,334,214	-16.0%
Gross profit:			
Medical services	923,192	892,409	+3.4%
Health services	761,500	814,452	-6.5%
Total of gross profit	1,684,692	1,706,861	-1.3%
Gross margin:			
Medical services	36.2%	35.8%	+0.4 pps
Health services	21.1%	16.8%	+4.3 pps
Total of gross margin	27.3%	23.3%	+4.0 pps

* Comparatives for 2021 have been restated as the Group has reclassified segment revenue according to business attributes.

Management Discussion and Analysis

Medical Services:

During the Reporting Period, revenue from medical services recorded RMB2,547.1 million, representing an increase of 2.0% from RMB2,496.0 million in the same period in 2021. Of which, the medical services revenue in the second half of 2022 increased 25.1% from RMB1,131.7 million in the first half of 2022.

On the year-on-year basis, revenue from medical services increased moderately because in the first half of 2022, drug sales revenue decreased as a result of the one-off factor. In the second half of 2022, as the impact of the one-off factor weakened, the impact to drug logistics has been mitigated. Meanwhile, revenue from medical services for the user of Ping An Group's integrated financial services like drug diagnosis services grew rapidly, thus, leading overall revenue from medical services achieved half-on-half growth.

During the reporting period, gross margin of medical services achieved stable improvement by increasing 0.4 pps year-on-year to 36.2%.

	Year ended 31 December		
	2022	2021	Year-on-year change
	RMB'000	RMB'000	
Revenue	2,547,115	2,496,013	+2.0%
Gross profit	923,192	892,409	+3.4%
Gross margin	36.2%	35.8%	+0.4 pps

Health Services:

During the Reporting Period, revenue from health services recorded RMB3,612.7 million, representing a decrease of 25.3% from RMB4,838.2 million in the same period in 2021. Of which, the health services revenue in the second half of 2022 increased 13.0% from RMB1,696.2 million in the first half of 2022.

On the year-on-year basis, revenue from health services decreased mainly due to the declined revenue contribution from some physical goods which have low synergies with managed care strategy and with low profitability. Revenues from those health products that need offline fulfillment like health checkup decreased mainly attributable to the negative impact from the one-off factor. As the impact of the one-off factor weakened in the second half of 2022, revenue from health services increased half-on-half along with the improvement of fulfillment rate.

During the reporting period, gross margin of health services improved by 4.3 pps year-on-year to 21.1%, mainly due to the product mix optimization and the decrease of revenue contribution from physical goods business.

	Year ended 31 December		
	2022	2021	Year-on-year change
	RMB'000	RMB'000	
Revenue	3,612,706	4,838,201	-25.3%
Gross profit	761,500	814,452	-6.5%
Gross margin	21.1%	16.8%	+4.3 pps

Management Discussion and Analysis

Selling and Marketing Expenses

Selling and marketing expenses for 2022 amounted to RMB1,105.4 million, representing a decrease of 37.1% from RMB1,756.8 million for 2021. The decrease of selling and marketing expenses was mainly due to the ceasing of customer acquisition activities with high C-end customer acquisition costs and the continuous optimization of production efficiency.

Administrative Expenses

Administrative expenses for 2022 amounted to RMB1,748.4 million, representing a decrease of 5.3% from RMB1,846.4 million for 2021. The decrease of administrative expenses was mainly due to the decrease in manpower and related expenses as a result of the continuous improvement in staff efficiency.

Other Income

Other income amounted to RMB220.6 million in 2022, representing a decrease of 19.7% from RMB274.8 million for 2021. The decrease was mainly attributable to the changes in the balance of wealth management products during the period.

Other Gains/(Losses) - Net

Other net gains for 2022 amounted to RMB250.6 million, representing an increase of RMB272.5 million from other net losses of RMB21.9 million for 2021, mainly attributable to gains on disposal of equity interests in a joint venture during the period.

Finance Income - Net

Net finance income amounted to RMB156.5 million in 2022, down 1.4% compared with net finance income of RMB158.6 million in 2021, which was mainly attributable to the changes in the interest income of the Company.

Loss for the Year and the Non-IFRS Measure: Adjusted Net Loss

Our net loss for the year 2022 amounted to RMB611.1 million, representing a decrease of RMB928.3 million compared with RMB1,539.4 million recorded for the year 2021. To supplement our consolidated financial information presented in accordance with IFRS, we also adopted the “adjusted net loss” which is not a required standard under IFRS or which is presented not in accordance with IFRS requirements as an additional financial measure. For the purpose of this Annual Report and future annual reports, the “adjusted net loss” may be used in exchange with the “net loss not under GAAP”. We believe that this additional financial measure is useful for comparing our operating performance between different periods and different companies by eliminating the potential impact of items which, in the opinion of our management, are not indicative of our operating performance. We also believe that the additional measure can provide investors and other individuals with meaningful information, allowing them to understand and predict our consolidated operating results in the same way as our management. However, the “adjusted net loss” presented by us may not necessarily be comparable with the similar measures presented by other companies. Such non-IFRS measure has a limitation as an analytical tool. Thus, a view should not be held that it is independent from or can replace the analysis of our operating results or financial position presented in accordance with IFRS. After excluding the impact of share-based payments, net foreign exchange (gains)/losses and net gains on disposal of a joint venture, adjusted net loss in 2022 amounted to RMB848.2 million, representing a decrease of RMB569.0 million compared with adjusted net loss of RMB1,417.2 million in 2021. The following table sets forth adjusted net loss for the year ended 31 December 2022 and 2021 as the most directly comparable financial measure (namely net loss for the year) calculated and presented in accordance with IFRS:

Management Discussion and Analysis

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Net loss for the year	(611,104)	(1,539,399)
Excluding:		
Share-based payments	77,432	79,566
Net foreign exchange (gains)/losses	(36,954)	42,648
Net gains on disposal of a joint venture	(277,604)	-
Adjusted net loss	(848,230)	(1,417,185)

Liquidity and Financial Resources

Our cash and other liquid financial resources as of 31 December 2022 and 31 December 2021 were as follows:

	31 December	31 December
	2022	2021
	RMB'000	RMB'000
RMB	3,524,949	2,661,393
USD	152,723	154,159
HKD	23,016	249,324
JPY	1	-
	3,700,689	3,064,876

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

As of 31 December 2022, our total available funds were RMB12,476.2 million, including cash and cash equivalents of RMB3,700.7 million, restricted cash of RMB75.0 million, term deposits of RMB3,095.7 million, and financial assets of RMB5,604.8 million. The financial assets purchased have effectively improved the yields and liquidity of the Company's idle funds. The financial assets mainly include the wealth management products issued by Ping An Bank and Ping An Asset Management, etc.

Management Discussion and Analysis

Cash flows for the years ended 31 December 2022 and 31 December 2021 were as follows:

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Net cash used in operating activities	(810,615)	(1,402,996)
Net cash generated from/(used in) investing activities	1,710,082	(3,100,440)
Net cash used in financing activities	(317,882)	(319,909)
Net increase/(decrease) in cash and cash equivalents	581,585	(4,823,345)
Cash and cash equivalents at the beginning of the year	3,064,876	7,920,375
Effects of exchange rate changes on cash and cash equivalents	54,228	(32,154)
Cash and cash equivalents at the end of the year	3,700,689	3,064,876

Net cash generated from investing activities mainly included proceeds of RMB17,317.1 million from redemption of wealth management products and term deposits, payments of RMB15,341.0 million for financial assets and term deposits and net cash outflow of RMB241.0 million from disposal of equity interests in a joint venture and acquisition of subsidiaries.

As of 31 December 2022, we had no outstanding borrowings. Therefore, the gearing ratio is not presented herein.

Treasury Policy

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

Capital Expenditure

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Purchase of property, plant and equipment, intangible assets	34,437	89,648

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

Foreign Exchange Risk

For the year ended 31 December 2022, we mainly operated our businesses in China with most of the transactions settled in RMB, the functional currency of our Company. Foreign exchange risk is the risk of incurring losses due to changes in foreign exchange rates. Fluctuations in the exchange rates between RMB and other currencies that we use to conduct our business operations may affect our financial position and operating results. The foreign exchange risk assumed by us primarily arises from movements in the USD/RMB exchange rates. Considering foreign exchange risk potentially brought by the fluctuations in the exchange rates, the Company completed preparation for utilization of financial instruments in 2020 and held such instruments in 2022 in response to the fluctuations in the exchange rates at any time.

Pledge of Assets

As of 31 December 2022, none of our assets were pledged.

Provisions

For the provisions, please refer to note 31. “Provisions” to the consolidated financial statements in this annual report.

Significant Investments Held

For the year ended 31 December 2022, we did not hold any material investments in the equity interest of other companies.

Material Investment and Future Plans of Capital Assets

As of 31 December 2022, we had no material investment and other plans for capital assets.

Management Discussion and Analysis

Material Acquisitions and Disposals of Subsidiaries and Joint Ventures

On 11 July 2022, the Group entered into a share purchase and termination agreement with SoftBank Corp. to sell its 50% equity interest in Healthcare Technologies Corporation at the total consideration of JPY7,900 million. Upon the completion of the transaction, the Group no longer holds any equity interest in Healthcare Technologies Corporation.

On 23 October 2022, Good Doctor Online Healthcare Limited and Ping An Health Cloud Company Limited, both of which are the wholly-owned subsidiaries of the Company, entered into the equity transfer agreements, respectively. Pursuant to the agreement, Good Doctor Online Healthcare Limited acquired 100% equity interest of Scientia Smart Health Technologies Limited from Scientia Smart Technologies Limited, at the consideration of USD96.8646 million; Ping An Health Cloud Company Limited acquired 100% equity interest of Ping An Yingxiang (Jiaxing) Software Company Limited from Ping An International Smart City Technology Co, Ltd., at the consideration of RMB8.0827 million. Details of the equity transfer agreement are set out in the announcement of the Company dated 23 October 2022. In November 2022, we completed the above acquisitions.

Except for the item listed above, for the year ended 31 December 2022, we did not have any other material acquisitions or disposals of subsidiaries and joint ventures.

Employee and Remuneration Policy

The Group had a total of 2,556 employees as of 31 December 2022, the majority of whom were based in various cities in the PRC, including Shanghai, Shenzhen, Beijing, Guangzhou, Hefei, Qingdao, Chengdu, Haikou and Chengmai. The Group has established the remuneration system of “cash salary + benefit + long-term incentive”. Remuneration is determined with reference to market conditions and individual employees’ performance, qualifications and experience. In line with the performance of the Company and individual employees, a competitive remuneration package is offered to retain employees, including salaries, discretionary bonuses and benefit plans. Please refer to note 7 to the consolidated financial statements of the Group (the “Consolidated Financial Statements”) in this Annual Report for details. Employees of the Company are eligible participants of the Pre-IPO employee share option scheme, details of which are set out in the Prospectus. In addition to on-the-job training, we have also adopted training policies to provide a wide range of in-house and external training sessions for employees. During the Reporting Period, the relationship between the Company and our employees was stable. We did not experience any strikes or other labor disputes which materially affected our business activities.

Pension Scheme

Most employees of our Group have participated in a contribution pension scheme (the “Pension Scheme”) subsidized by government entities. The Group pays the required amount of contribution, which is based on a certain percentage of employees’ base salary, to the Pension Scheme on a monthly basis, and the relevant government entity will be responsible for paying the pension for retired staff. The above payments will be recognized as expenses at the time of actual payment. Pursuant to the Pension Scheme, the Group does not have any other material statutory or committed obligations in respect of the pension scheme.

During the year ended 31 December 2022, no contribution was forfeited (by the Group on behalf of its employees who leave the pension plan prior to vesting fully in such contribution) and used by the Group to reduce the existing level of contribution. As at 31 December 2022, there was no forfeited contribution available for reducing the level of contribution to pension schemes in future years.

Directors and Senior Management

Directors

The biographical particulars of the Directors of the Group are set out as follows:

Executive Director

Mr. FANG Weihao (方蔚豪), aged 49, has been the executive Director, the chairman of the Board and the chief executive officer of the Company since May 2020 when he joined the Group. Mr. Fang has extensive experience in management, finance, and particularly in healthtech. He established Ping An International Financial Leasing Co., Ltd. in 2012, and is currently the chairman and the chief executive officer of Ping An Medical and Healthcare Management Co., Ltd., the chairman of the board of directors of HealthKconnect Medical and Health Technology Management Co., Ltd. and the vice chairman of Ping An Property & Casualty Insurance Company of China, Ltd. Prior to that, Mr. Fang served as an executive vice president of Far East Horizon Limited, a deputy general manager of Sinochem International Tendering Co., Ltd. and a business manager of Sinochem International Industries Co., Ltd.

Mr. Fang holds a bachelor's degree in Mechanical Engineering and Automation from Beijing Institute of Technology, a master's degree in Business Administration from China Europe International Business School and a doctorate degree in Applied Economics from Xi'an Jiaotong University.

Mr. WU Jun (吳軍), aged 57, joined the Group in October 2021 and is currently an executive Director and the president of the Company. Mr. Wu currently holds leadership positions in various subsidiaries of the Group, including general manager of Kang Jian Information Technology (Shenzhen) Co., Ltd. and Ping An Health Cloud Company Limited, and general manager of various branches of the Group. Mr. Wu joined Ping An Group in 1993 and successively served as a general manager of Fujian Branch, Jiangsu Branch and Shanghai Branch of Ping An Property & Casualty Insurance, an assistant to general manager of Ping An Property & Casualty Insurance, and the deputy secretary of the party committee of Ping An Property & Casualty Insurance. He was awarded the title of Outstanding Young Entrepreneur of Fujian Province. Mr. Wu has prolonged exposure to the healthcare ecosystem with rich experience in sales and customer service, and specializes in a combination of the online and offline customer business model.

Mr. Wu obtained a bachelor's degree in Thermal Engineering and Power Machinery from Huazhong University of Science and Technology; a master's degree in Marine Internal Combustion Engine from Wuhan University of Technology; and an EMBA degree from Advanced Institute of Finance of Shanghai Jiao Tong University.

Non-executive Directors

Ms. TAN Sin Yin (陳心穎), aged 45, has been a non-executive Director of the Company since November 2019 when she joined the Group. She joined Ping An Group in 2013 and is currently an executive director, a co-chief executive officer and an executive vice president of Ping An Group and a director of a number of subsidiaries of Ping An Group, including Ping An Technology (Shenzhen) Co., Ltd., Ping An Bank, Ping An Property & Casualty, Ping An Life Insurance and Ping An Asset Management. Ms. Tan also serves as a non-executive director of OneConnect. Ms. Tan served as a non-executive director of HealthKconnect Medical and Health Technology Management Co., Ltd. from February 2020 to November 2021 and a director of Lufax Holding from December 2014 to January 2021. Before joining Ping An Group, Ms. Tan was a global partner at McKinsey & Company, and served clients in U.S. and Asia for 13 years.

Ms. Tan holds a joint bachelor's degree in Electrical Engineering and Economics, and a master's degree in Electrical Engineering and Computer Science from Massachusetts Institute of Technology.

Directors and Senior Management

Ms. FU Xin (付欣), aged 43, has been a non-executive Director of the Company since March 2023 when she joined the Group. Ms. Fu has been the chief operating officer and director of the strategic development center of Ping An Group since March 2022. Ms. Fu has been a non-executive director of OneConnect and a non-executive director of Lufax Holding since November 2022. Ms. Fu joined Ping An Group in October 2017 as the general manager of its planning department, and served as the deputy chief financial officer of Ping An Group between March 2020 and March 2022. Before joining Ping An Group, Ms. Fu was a partner of Roland Berger Management consulting in financial services practices, and an executive director of PricewaterhouseCoopers, responsible for coordinating projects such as in finance and fintech services for over 10 years.

Ms. Fu holds a master's degree in business administration from Shanghai Jiao Tong University, the PRC.

Ms. LIN Lijun (林麗君), aged 61, has been a non-executive Director of the Company since February 2020 when she joined the Group. She served as a non-executive director of Ping An Group from 2003 to 2018, and a vice chairman of the Labor Union of Ping An Group from 2000 to 2019. Ms. Lin previously served as the deputy general manager of the Human Resources Department of Ping An Property & Casualty from 1997 to 2000, the chairman and a general manager of Shenzhen New Horse Investment Development Co., Ltd. from 2000 to 2012, and the director of Shenzhen Scientia Technologies Limited from 2021 to 2022.

Ms. Lin holds a bachelor's degree in Chinese Language and Literature from South China Normal University.

Mr. ZHU Ziyang (朱梓陽), aged 27, has been a non-executive Director of the Company since December 2021 when he joined the Group. He has been the vice president of Hopson Development Holdings Limited (合生創展集團有限公司, "Hopson Development", a company whose shares are listed on the Stock Exchange, stock code: 0754) since July 2021, responsible for the science and technology sector of Hopson Development. He has been a non-executive director, the chairman of the risk control committee of the board of directors and a member of the strategy committee of the board of directors of Genertec Universal Medical Group Company Limited (通用環球醫療集團有限公司, a company whose shares are listed on the Stock Exchange, stock code: 2666) since July 2021. Mr. Zhu has been the head for the medical sector of Guangdong Yuanzhi Technology Group Co., Ltd. (廣東元知科技集團有限公司, "Yuanzhi Technology") since May 2020. Mr. Zhu served as the assistant to the principal of the strategy committee (戰略委員會主任助理) of Hopson Development from June 2017 to May 2020.

Mr. Zhu holds a bachelor's degree in Management from Beijing Institute of Technology.

Independent Non-executive Directors

Mr. TANG Yunwei (湯雲為), aged 78, has been an independent non-executive Director of the Company since May 2018 when he joined the Group. Mr. Tang has extensive experience in accounting and financial management. He has been serving as an independent director of Universal Scientific Industrial (Shanghai) Co., Ltd. (環旭電子股份有限公司, a company listed on the Shanghai Stock Exchange, stock code: 601231) since 2017, an independent director of China Jushi Co., Ltd. (中國巨石股份有限公司, a company listed on the Shanghai Stock Exchange, stock code: 600176) since 2019. Mr. Tang served as an independent director of Lufax Holding from 2021 to 2022, an independent director of ADAMA Co., Ltd. (安道麥股份有限公司, formerly known as Hubei Sanonda Co., Ltd. (湖北沙隆達股份有限公司, a company listed on the Shenzhen Stock Exchange, stock code: 000553) from 2017 to 2020. Mr. Tang successively served as a lecturer, an associate professor, a professor, an assistant to the president and a vice president of Shanghai University of Finance and Economics (上海財經大學) from 1984 to 1993 and the president from 1993 to 1999. Mr. Tang was appointed as a member of China Accounting Standards Committee (中國會計準則委員會) by the Ministry of Finance of the PRC in 1998 and the president of Shanghai Accounting Association (上海市會計學會) in 2008.

Mr. Tang holds a bachelor's degree in Accounting, a master's degree in Economics and a doctorate degree in Economics from Shanghai University of Finance and Economics (formerly known as Shanghai Institute of Finance and Economics). Mr. Tang is a senior member of the Chinese Institute of Certified Public Accountants, an honorary member of the Association of Chartered Certified Accountants in the UK, and was honored by the American Accounting Association as a distinguished international visiting lecturer.

Mr. GUO Tianyong (郭田勇), aged 54, has been an independent non-executive Director of the Company since May 2018 when he joined the Group. He has been serving as an independent director of Kweichow Moutai Co., Ltd. (貴州茅臺酒股份有限公司, a company listed on the Shanghai Stock Exchange, stock code: 600519) since 2022. Mr. Guo was an independent director of Digiwin Software Co., Ltd. (鼎捷軟件股份有限公司, a company listed on the Shenzhen Stock Exchange, stock code: 300378) from 2014 to 2020, an independent director of Hundsun Technologies Inc. (恒生電子股份有限公司, a company listed on the Shanghai Stock Exchange, stock code: 600570) from 2014 to 2021, an independent director of Aa Industrial Belting (Shanghai) Co., Ltd. (艾艾精密工業輸送系統(上海)股份有限公司, a company listed on the Shanghai Stock Exchange, stock code: 603580) from 2018 to 2022, an independent director of Ping An Bank from 2016 to 2022 and an independent director of Shandong Fengxiang Co., Ltd. (山東鳳祥股份有限公司, a company listed on the Hong Kong Stock Exchange, stock code: 09977) from 2020 to 2022. Mr. Guo has been working at the Central University of Finance and Economics (中央財經大學) since 1999 and has been serving as a professor and a doctoral tutor of the School of Finance since 2007 and 2010, respectively.

Mr. Guo holds a bachelor's degree in Science from Shandong University (山東大學), a master's degree in Economics from Renmin University of China (中國人民大學) and a doctorate degree in Economics from Tsinghua University PBC School of Finance (清華大學五道口金融學院) (formerly known as Graduate School of the People's Bank of China (中國人民銀行研究生部)).

Directors and Senior Management

Dr. CHOW Wing Kin Anthony (周永健), aged 72, has been an independent non-executive Director of the Company since May 2018 when he joined the Group. He has been serving as a non-executive director of Kingmaker Footwear Holdings Limited (信星鞋業集團有限公司, a company listed on the Stock Exchange, stock code: 1170) since May 1994, an independent non-executive director of OneConnect since October 2020 and an independent non-executive director of Beijing North Star Company Limited (北京北辰實業股份有限公司, a company whose shares are listed on the Shanghai Stock Exchange and the Stock Exchange, SSE: 601588, SEHK: 00588) since May 2021. Dr. Chow served as an independent non-executive director of MTR Corporation Limited (香港鐵路有限公司, a company listed on the Hong Kong Stock Exchange, stock code: 0066) from May 2016 to May 2022 and an independent non-executive director of S.F. Holding Co., Ltd. (順豐控股股份有限公司, a company listed on the Shenzhen Stock Exchange, stock code: 002352) from December 2016 to December 2022.

Dr. Chow was awarded the Honorary Fellowship of the Hong Kong Institute of Education, the Honorary Fellowship of King's College London, and the Doctor of Social Sciences, honoris causa by the Open University of Hong Kong. Dr. Chow was admitted as a solicitor of the Supreme Court of England & Wales, and appointed as an attesting officer by the Ministry of Justice of the PRC. He is currently a member of the National Committee of the Chinese People's Political Consultative Conference.

Senior Management

The biographical particulars of the senior management of the Group are set out as follows:

Mr. FANG Weihao (方蔚豪) is the executive Director and the chief executive officer of the Company. His biographical particulars are set out in the part headed "Directors" in this section.

Mr. WU Jun (吳軍) is the executive Director of the Company. His biographical particulars are set out in the part headed "Directors" in this section.

Ms. ZANG Luoqi (臧珞琦), aged 42, has been the senior vice president and chief financial officer of the Company since March 2022 when she joined the Group. Ms. Zang is experienced in financial and operation management, corporate risk control and financing, investment and M&A management of global multinational enterprises as well as Chinese Internet companies. She worked at PricewaterhouseCoopers and Deloitte at domestic and abroad, as well as InterContinental Hotels Group PLC, Caocao Chuxing and Didi Chuxing, and served as senior executives of the company and finance department.

Ms. Zang, a Chartered Global Management Accountant (CGMA), a fellow of the Chartered Institute of Management Accountants (CIMA) and a fellow of The Institute of Public Accountants (IPA), obtained a bachelor's degree in Arts from Fudan University and a master's degree in Business Administration from the University of Melbourne.

Company Secretary

Mr. LIU Cheng (劉程), aged 49, joined the Group in May 2020 and currently serves as the secretary of the Board and a company secretary of the Company. Mr. Liu served in various positions including the deputy head of the office of the Board and the securities affairs representative of Ping An Group. He was deeply involved in many significant capital operation projects of Ping An Group, including Ping An Group's Initial Public Offering in HKEx in 2004, Initial Public Offering on the Shanghai Stock Exchange in 2007, strategic acquisition of the original Shenzhen Development Bank Co., Ltd. ("Shenzhen Development Bank", a company listed on the Shenzhen Stock Exchange, stock code: 000001), the merger of Shenzhen Development Bank and the original Ping An Bank, and issuance of convertible bond in 2013. Mr. Liu also served as a member of expert group on corporate governance of China Insurance Association.

Mr. Liu holds a bachelor's degree of Economics in Computer Science and Technology from Hunan University (formerly known as Hunan Finance and Economics School), a master's degree in Business Administration (FMBA) from Tsinghua University-Chinese University of Hong Kong, a master's degree in Corporate Governance from Hong Kong Metropolitan University (formerly known as The Open University of Hong Kong). Mr. Liu is currently a fellow member of both the Hong Kong Chartered Governance Institute (formerly known as the Hong Kong Institute of Chartered Secretaries) and the Chartered Governance Institute in the United Kingdom.

Directors' Report

The Directors are pleased to present their report together with the consolidated financial information of the Group for the year ended 31 December 2022.

Global Offering

The Company was incorporated in the Cayman Islands on 12 November 2014 as an exempted company with limited liability under the Cayman Companies Law. With the approval from the Registrar of Companies in Hong Kong on 8 December 2017, the Company started to operate business under the name of "Ping An Healthcare and Technology Company Limited 平安健康醫療科技有限公司" in Hong Kong.

The Company was listed on the Main Board of the Stock Exchange on 4 May 2018 with stock code 1833.

Principal Activities

The principal activity of the Company is investment holding. The principal activities of the subsidiaries of the Company are offering medical services, as well as healthcare services.

The analytical statements for income and results of business segments of the Group are set out in the sections headed "Management Discussion and Analysis" and note 5 to the consolidated financial statements in this Annual Report.

Use of Net Proceeds

Use of Net Proceeds from Listing

The Shares of the Company were listed on the Main Board of the Stock Exchange on the Listing Date with net proceeds received by the Company from the global offering in the amount of approximately HK\$8,564.0 million after deducting underwriting commissions and all related expenses. The proceeds from listing were used and are proposed to be used according to the intentions previously disclosed by the Company. The following table sets forth the Group's intended timetable for use of proceeds from listing as of 31 December 2022.

Intended use of net proceeds	Allocation of net proceeds	Amount of net proceeds utilized as of	Balance of net proceeds unutilized as	Intended timetable for use of the unutilized net proceeds
		31 December 2022	of 31 December 2022	
(HK\$ in million)				
(i) Business expansion	3,425.6	1,751.5	1,674.1	Before 31 December 2024
(ii) Funding our potential investments, acquisitions of domestic companies and the strategic alliances with domestic companies as well as our overseas expansion plan	2,569.2	952.6	1,616.6	Before 31 December 2025
(iii) Research and development	1,712.8	1,409.0	303.8	Before 31 December 2026
(iv) Working capital and general corporate purposes	856.4	856.4	-	N/A

Use of Net Proceeds from Placing

References are made to the announcements of the Company dated 30 September 2020 and 9 October 2020 (the "Announcements"). For the purposes of seizing market opportunities, solidifying the Company's leading position in the industry and maintaining a solid foundation for business expansion, on 30 September 2020, the Company entered into a placing agreement with the placing agents in relation to the placing of an aggregate of 80,000,000 new Shares with the aggregate nominal value of US\$400, at the placing price of HK\$98.20 per placing share on the terms and conditions set out in the placing agreement. The market price of the placing shares was HK\$99.25 on the date of the placing agreement.

On 9 October 2020, the Company has completed the placing of 80,000,000 ordinary Shares to not fewer than six placees who are Independent Third Parties of the Company at a price of HK\$98.20 per placing share with net proceeds received by the Company from the placing in the amount of approximately HK\$7,828.0 million after deducting the commission, incentive fee and expense, representing a net issue price of approximately HK\$97.85 per placing share. The proceeds from the placing are proposed to be used according to the intentions previously disclosed by the Company. The following table sets forth the Group's intended timetable for use of proceeds from the placing as of 31 December 2022.

Intended use of net proceeds	Allocation of net proceeds	Amount of net proceeds utilized as of	Balance of net proceeds unutilized as	Intended timetable for use of the unutilized net proceeds
		31 December 2022	of 31 December 2022	
(HK\$ in million)				
Further developing core businesses	7,828.0	-	7,828.0	Before 31 December 2030

Results

The results of the Group for the year ended 31 December 2022 are set out in the consolidated income statement and the consolidated statement of comprehensive income in this Annual Report.

Business Review

The business review and performance analysis of the Group as of the Reporting Period are set out in the section headed "Chairman's Statement" and "Management Discussion and Analysis" in this Annual Report.

Discussion details on the Group's environmental policies and performance are set out in the section headed "Environmental, Social and Governance Report" on pages 72 to 129, the status of the Group's compliance with the relevant laws and regulations that have material impact on the Group is set out in the section headed "Litigation and Compliance" on page 51, and the description of the principal risks and uncertainties facing the Company is set out in the section headed "Corporate Governance Report" on pages 53 to 71. The aforesaid discussion forms a part of this Directors' Report.

Directors' Report

Dividend Policy

The Board has resolved to adopt a dividend policy to set out the conditions of declaration and payment of dividend to the Company's Shareholders by the Board. The declaration and payment of dividend shall be determined by the Board at its sole discretion and in compliance with all the applicable requirements under the Cayman Companies Law and the Articles of Association of the Company (including but not limited to restrictions on dividend declaration and payment). When recommending the payment of any dividend, the Board should also consider the following criteria, including:

- a the actual and expected results of operations and cash flow and financial position of the Group;
- b general business conditions and business strategies;
- c distributable profit, retained earnings and/or distributable reserves of the Company and the members of the Group;
- d the Group's expected working capital requirements and future expansion plans;
- e the Group's indebtedness level and liquidity position;
- f legal, regulatory and other contractual restrictions on the Group's declaration and payment of dividend;
- g other factors that the Board deems appropriate.

Dividend

For the year ended 31 December 2022, we did not pay or declare any dividend.

Reserves

Details of the changes in reserves of the Group and the Company for the year ended 31 December 2022 are set out in consolidated statement of changes in equity and note 28 and note 39(c) to the consolidated financial statements in this Annual Report.

Distributable Reserves

As of 31 December 2022, the Company did not have any distributable reserves.

Property, Plant and Equipment

Details of the changes in property, plant and equipment of the Group for the year ended 31 December 2022 are set out in note 17 to the consolidated financial statements in this Annual Report.

Share Capital

Details of the changes in share capital of the Company for the year ended 31 December 2022 are set out in note 26 to the consolidated financial statements in this Annual Report.

Subsidiaries

Details of the subsidiaries of the Company are set out in note 40 to the consolidated financial statements in this Annual Report.

Borrowings

As of 31 December 2022, the Group did not have any outstanding bank loans and other borrowings.

Donation

For the year ended 31 December 2022, the Group made charitable donations of approximately RMB5 thousand (2021: RMB250 thousand).

Financial Summary

A summary of the condensed consolidated results and financial position of the Group is set out on page 226 of the Annual Report.

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

Reference is made to the announcement of the Company dated 13 December 2021. The Board announced that it approved a plan to exercise the general mandate granted to the Board by the Shareholders at the annual general meeting of the Company held on 21 April 2021 (the "AGM") to buy back on-market Shares (the "Buy-back Mandate") not exceeding 10% of the issued Shares as at the date of the AGM. Based on 56,000,000 shares that can be bought back under the Buy-back Mandate, the maximum amount of fund intended to be used is RMB1.38 billion (the "Proposed Share Buy-back Plan").

The Board believes that the value of the Shares traded on-market is undervalued. The Board also believes that the Company's current financial resources would enable it to implement the Proposed Share Buy-back Plan while maintaining sufficient financial resources to meet the continued growth of the Company's operations. The Proposed Share Buy-back Plan also reflects the confidence of the Board in the prospects of the Company.

For the year ended 31 December 2022, the Company bought back a total of 12,929,300 Shares on the Stock Exchange at an aggregate consideration (before expenses) of HK\$277,564,150.38. As at 31 December 2022, the total number of issued Shares was 1,118,812,900.

Details of Share purchases are as follows:

Month	Number of Shares bought back	Buy-back price per Share		Total consideration (before expenses) (HK\$)
		Highest	Lowest	
		(HK\$)	(HK\$)	
January 2022	2,410,000	28.40	24.60	64,078,703.00
March 2022	6,248,700	21.95	17.06	123,083,965.24
April 2022	4,270,600	22.45	18.98	90,401,482.14

Save as disclosed above, for the year ended 31 December 2022, the Company or any of its subsidiaries have not purchased, sold or redeemed any of the Company's listed securities.

Debentures in Issue

For the year ended 31 December 2022, the Group did not issue any debentures.

Directors' Report

Significant Relationship with Stakeholders

Employees

As of 31 December 2022, the Group had a total number of 2,556 employees. During the Reporting Period, relationship between the Company and the employees remained stable. The Company did not experience any strikes or other labor disputes which would have material impact on the business activities of the Company.

Users¹

As of 31 December 2022, the number of paying users has a steady growth over the past 12 months, reaching nearly 43 million, representing an increase of 5.3% compared with the past 12 months as of 30 June 2022. Of all paying users, the number of enterprises served from B-end accumulated has increased to 978, and the number of paying users reached approximately 3 million over the past 12 months, and the number of paying users from F-end amounted to over 34 million over the past 12 months.

Suppliers

During day-to-day operation and management, the Company maintained constant communication with the suppliers to understand their opinions and requirements and responded actively in order to enhance trust in partnering suppliers and strengthen bilateral cooperative relationship.

Major Customers and Suppliers

For the year ended 31 December 2022, the Group's five largest customers accounted for approximately 23% of the Group's total revenue and the Group's largest customer accounted for approximately 9% of the Group's total revenue. Besides, for the year ended 31 December 2022, the Group's five largest suppliers accounted for approximately 19% of the Group's total cost and the Group's largest supplier accounted for approximately 6% of the Group's total cost. To the knowledge of the Directors, Ping An Life Insurance, Ping An Property & Casualty Insurance, Ping An Bank, Ping An Health Insurance and Shanghai An Yi Tong, each being one of our five largest customers, were subsidiaries of Ping An Group. Other than the foregoing, during the year ended 31 December 2022, none of our Directors, their close associates or any Shareholders (who or which to the knowledge of the Directors, owns more than 5% of the Company's issued share capital) had any interest in any of our top five customers.

Remuneration Policy and Director's Remuneration

The Company has established a Nomination and Remuneration Committee for reviewing the Group's remuneration policy and structure for remuneration of the Directors and senior management of the Group. The remuneration is recommended or determined based on each Director's and senior management personnel's qualification, position and seniority. As for the non-executive Directors, their remuneration is determined by the Board upon recommendation from the Nomination and Remuneration Committee. Details of the remuneration of the Directors and the five highest paid individuals are set out in note 8 and note 9 to the consolidated financial statements in this Annual Report.

None of the Directors waived or agreed to waive any remuneration and there were no remuneration paid by the Group to any of the Directors as an inducement to join, or upon joining the Group, or as compensation for loss of office.

Note: 1 As of 31 December 2022, the Company had 454 million cumulative registered users, representing a year-on-year increase of 7.3%. As of December 31, 2022, the Company had consultation volume accumulated to 1.35 billion, representing a year-on-year increase of 6.3%.

Employee Incentive Scheme

The EIS was approved by the Board on 26 December 2014 and was amended by the Board on 12 May 2017, 20 January 2018, 31 May 2019 and 21 October 2020.

Purpose

The purpose of the EIS is to attract and retain talents, to promote the long-term sustainable development of the Company and related entities, to realize the maximization of value for Shareholders, and to achieve mutual benefit for Shareholders, the Company and staff.

Eligible Participants

The EIS Participants include employees and any other persons as determined by the Board. The scope of grantees, specific targets and the number of EIS Options to be granted in each tranche will be determined by the Board with reference to the position and performance of the EIS Participants.

Maximum Number of Shares

The aggregate number of EIS Shares which may be granted by the Company in accordance with the EIS is 70,000,000 Shares (the number subject to share subdivision on the Listing Date). As of 31 December 2022, the number of EIS Shares remaining available for grant was 13,647,339 Shares, representing 1.22% of the issued Shares as at the date of this Annual Report. As of 31 December 2022, the aggregate number of outstanding Shares (the number subject to share subdivision on the Listing Date) underlying the EIS Options as granted by the Company under the EIS was 26,260,813.

Limit for Each Participant

Under the EIS, there is no specific limit on the maximum number of Shares which may be granted to a single eligible participant.

Remaining Life of EIS

The EIS is valid and effective for a period of 10 years from 26 December 2014 and up to 25 December 2024. The remaining life of the scheme is approximately 2 years. Any options that are outstanding on the expiry date of the EIS shall remain in force according to the terms of the EIS.

Consideration

No consideration is required to be paid by the grantees for the grant of options under the EIS.

Vesting

Unless otherwise determined by the Board, the EIS options granted will vest in four years, subject to a maximum of 25% each year. The first vesting date will be the first anniversary of the date of grant of the EIS options.

Directors' Report

Exercise Period

The validity period for any options granted under the EIS shall be 10 years commencing from the date of grant, subject to the Shareholders' approval of extension of the exercise period for an option beyond 10 years from the date of grant. The Board shall also determine any conditions, if any, that must be satisfied before all or part of an option may be exercised.

Exercise Price

Subject to the Listing Rules and the applicable laws and regulations, the Board shall have the sole discretion on the determination of the exercise price of the EIS Options granted.

The following table shows details of the options granted under the EIS during the year ended 31 December 2022:

Name	Position	Date of grant ^{1&2}	Number of grants (Shares)	Vesting period ⁵	Exercise price (HKD/share)	Outstanding	Exercised	Canceled/	Outstanding
						as of 1 January 2022 (Shares)	during the Reporting Period ³ (Shares)	Lapsed during the Reporting Period (Shares)	as of 31 December 2022 (Shares)
FANG Weihao	Executive Director,	11 January 2021	300,000	21 October 2021 to 21 October 2024	-	300,000	-	-	300,000
	chairman of the Board and	24 August 2021	150,000	24 August 2022 to 24 August 2025	-	150,000	-	-	150,000
	chief executive officer	23 October 2022	200,000	23 October 2023 to 23 October 2026	-	-	-	-	200,000
WU Jun ⁵	Executive Director and president	26 October 2021	300,000	26 October 2022 to 26 October 2025	-	300,000	63,569	-	236,431
		23 October 2022	100,000	23 October 2023 to 23 October 2026	-	-	-	-	100,000
Five highest paid individuals in aggregate		21 October 2020	180,000	21 October 2021 to 21 October 2024	-	180,000	17,975	7,104	154,921
		11 January 2021	300,000	21 October 2021 to 21 October 2024	-	300,000	-	-	300,000
		24 August 2021	250,000	24 August 2022 to 24 August 2025	-	250,000	10,594	2,698	236,708
		26 October 2021	300,000	26 October 2022 to 26 October 2025	-	300,000	63,569	-	236,431
		23 October 2022	575,000	23 October 2023 to 23 October 2026	-	-	-	-	575,000

Name	Position	Date of grant ^{1&2}	Number of grants (Shares)	Vesting period ⁴	Exercise price (HKD/share)	Outstanding as of 1 January 2022 (Shares)	Exercised during the Reporting Period ³ (Shares)	Canceled/ Lapsed during the Reporting Period (Shares)	Outstanding as of 31 December 2022 (Shares)
Other grantees in aggregate		31 December 2014	4,917,500	31 December 2015 to 31 December 2018	0.63	513,152	11,800	-	501,352
		31 March 2015	280,000	31 March 2016 to 31 March 2019	0.63	31,500	-	-	31,500
		30 June 2015	148,000	30 June 2016 to 30 June 2019	0.63	5,000	3,000	-	2,000
		1 October 2015	11,534,500	1 October 2016 to 1 October 2019	0.91	1,812,498	132,200	-	1,680,298
		25 February 2016	3,923,000	25 February 2017 to 25 February 2020	5.95	332,000	95,700	-	236,300
		31 March 2017	16,475,800	31 March 2018 to 31 March 2021	26.47	4,606,043	-	-	4,606,043
		30 November 2017	14,287,098	30 November 2018 to 30 November 2021	37.84	4,653,699	-	-	4,653,699
		31 December 2017	840,000	31 December 2018 to 31 December 2021	37.84	370,000	-	-	370,000
		28 February 2019	3,867,694	28 February 2020 to 28 February 2023	0-36.21	1,732,969	289,268	-	1,443,701
		31 May 2019	188,335	31 May 2020 to 31 May 2023	-	81,225	9,444	-	71,781
		31 August 2019	110,713	31 August 2020 to 31 August 2023	-	93,645	21,769	-	71,876
		8 September 2019	100,000	8 September 2020 to 8 September 2023	-	75,000	21,189	-	53,811
		30 November 2019	25,575	30 November 2020 to 30 November 2023	-	3,300	-	-	3,300
		21 October 2020	1,772,100	21 October 2021 to 21 October 2024	-	1,735,201	273,812	-	1,461,389
		31 December 2020	166,600	31 December 2021 to 31 December 2024	-	163,200	29,782	-	133,418
		31 May 2021	260,000	31 May 2022 to 31 May 2025	-	260,000	16,625	9,500	233,875
	24 August 2021	3,034,700	24 August 2022 to 24 August 2025	-	307,500	135,177	-	172,323	
	26 October 2021	248,600	26 October 2022 to 26 October 2025	-	84,000	2,966	-	81,034	

Directors' Report

Name	Position	Date of grant ^{1&2}	Number of grants (Shares)	Vesting period ⁴	Exercise price (HKD/share)	Outstanding as of 1 January 2022 (Shares)	Exercised during the Reporting Period ³ (Shares)	Canceled/Lapsed during the Reporting Period (Shares)	Outstanding as of 31 December 2022 (Shares)
		29 January 2022	3,229,200	29 January 2023 to 29 January 2026	-	-	-	296,147	2,933,053
		15 March 2022	250,000	15 March 2023 to 15 March 2026	-	-	-	-	250,000
		20 May 2022	230,000	20 May 2023 to 20 May 2026	-	-	-	-	230,000
		26 July 2022	25,000	26 July 2023 to 26 July 2026	-	-	-	-	25,000
		19 December 2022	5,512,000	19 December 2023 to 19 December 2026	-	-	-	-	5,512,000
Total⁴			73,031,415⁷			17,889,932	1,134,870	315,449	26,260,813

Notes:

- EIS options were granted on 29 January 2022, 15 March 2022, 20 May 2022, 26 July 2022, 23 October 2022 and 19 December 2022, respectively. The closing prices immediately before the date on which the EIS options were granted were HKD25.05, 18.26, 18.86, 21.95, 15.08 and 25.05 per share, respectively;
- The performance of the EIS options granted during the year depended on the degree of satisfaction of specific performance, including fulfillment of the key performance indicators by the Company overall as a group and the grantee;
- The weighted average closing price immediately before the date on which the EIS options were exercised was HKD20.31/share;
- For the avoidance of double counting, it represents the sum of the options of the five highest paid individuals (including the Directors FANG Weihao and WU Jun) and other grantees;
- Mr. WU Jun was appointed as an executive Director on 13 March 2023;
- The EIS options may be exercised once vested, subject to a period of 10 years commencing from the date of grant;
- The number of shares granted was the number of shares originally granted, including the number of shares canceled/lapsed and re-granted.

Equity-linked Agreements

Save as the EIS mentioned above, no equity-linked agreements were entered into by the Group, or existed during the year ended 31 December 2022.

Directors

The list of Directors who were in office during the year ended 31 December 2022 and up to the date of this Annual Report is as follows:

Executive Directors

Mr. FANG Weihao (Chairman)
Mr. WU Jun (appointed on 13 March 2023)

Non-executive Directors

Ms. TAN Sin Yin
Ms. FU Xin (appointed on 13 March 2023)
Ms. LIN Lijun
Mr. PAN Zhongwu (ceased to act as a Director on 13 March 2023)
Mr. ZHU Ziyang

Independent Non-executive Directors

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

Directors and Senior Management

Biographical particulars of the Directors and senior management of the Group are set out in the section headed "Directors and Senior Management" of this Annual Report.

Directors' Service Contracts

Each of the Directors has entered into a service contract with the Company. The principal particulars of these service contracts include: (a) a valid term of three years commencing from the date of approval of their respective appointment by the Shareholders' general meeting; and (b) the service contracts are subject to termination in accordance with their respective terms. The service contracts may be renewed in accordance with the Memorandum and Articles of Association of the Company and the applicable Listing Rules.

None of the Directors has entered into a service contract that is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

Directors' Interests in Transactions, Arrangements or Contracts of Significance

Save as disclosed in the section headed "Connected Transactions and Continuing Connected Transactions" below, neither the Directors nor any entity connected with the Directors had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party subsisting during the year ended 31 December 2022.

Directors' Report

Permitted Indemnity

Each of the Directors shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him or her as a Director in defending any proceedings, whether civil or criminal, in which judgment is given in his or her favor, or in which he or she is acquitted.

The Company has arranged appropriate insurance cover for the Directors in connection with the discharge of their responsibilities.

Management Contracts

Save for service contracts of the Directors, no contract concerning the management and operation of the whole or any substantial part of the business of the Company was entered into by the Company or existed during the Reporting Period.

Directors' Rights to Acquire Shares or Debentures

Save as disclosed in this Annual Report, at no time during the Reporting Period was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of Shares in, or debentures of the Company or any other body corporate; and none of the Directors, or any of their spouse or children under the age of 18, had any right to subscribe for equity or debt securities of the Company or any other body corporate, or had exercised any such right.

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

As of 31 December 2022, the interests and short positions of the Directors and chief executives of the Company in the Shares, underlying Shares and debentures of our Company or its associated corporations, within the meaning of Part XV of the SFO, which were required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have taken under such provisions of the SFO), or were recorded in the register required to be maintained by the Company under section 352 of the SFO, or as otherwise notified to our Company and the Stock Exchange pursuant to the Model Code, were as follows:

Long positions/short positions in the Shares of the Company

Name of Director	Nature of interest	Number of Shares held	Long positions/short positions	Approximate percentage of interest in the Company ⁽¹⁾
FANG Weihao ⁽²⁾	Beneficial owner	650,000	Long positions	0.05%

Notes:

- (1) The calculation is based on the total number of Shares in issue of 1,118,812,900 Shares as of 31 December 2022.
- (2) As of 31 December 2022, Mr. FANG Weihao was entitled to 650,000 Shares pursuant to the Employee Incentive Scheme, where no Share was held upon exercise of EIS Options under the Employee Incentive Scheme.

Save as disclosed above, as of 31 December 2022, so far as known to the Directors, none of the Directors or chief executives of the Company had or was deemed to have interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations, within the meaning of Part XV of the SFO, which were 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 and short positions which were taken or deemed to have been taken under such provisions of the SFO), or were recorded in the register required to be maintained by the Company under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

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

As of 31 December 2022, so far as known to the Directors, the following persons (other than the Directors or chief executives of the Company) had interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO, or who were, directly or indirectly, interested in 5% or more of the Shares of the Company:

Directors' Report

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 interest in the Company ⁽¹⁾
Glorious Peace ⁽²⁾	Beneficial owner	441,000,000	Long positions	39.41%
An Ke Technology Company Limited ⁽²⁾	Interest in controlled corporations	441,000,000	Long positions	39.41%
Ping An ⁽²⁾	Interest in controlled corporations	441,000,000	Long positions	39.41%
Hopson Development Holdings Limited ⁽³⁾	Interest in controlled corporations	101,708,800	Long positions	9.09%
Sounda Properties Limited ⁽³⁾	Interest in controlled corporations	101,708,800	Long positions	9.37%
	Beneficial owner	3,084,700	Long positions	
CHU Mang Yee ⁽³⁾	Interest in controlled corporations	104,793,500		9.37%
HSBC Holdings plc	Interest in controlled corporations	59,560,393	Long positions	5.32%
		42,962,397	Short positions	3.83%

Notes:

- (1) The calculation is based on the total number of Shares in issue of 1,118,812,900 Shares as of 31 December 2022.
- (2) As of 31 December 2022, Glorious Peace directly held 441,000,000 Shares. Glorious Peace was wholly-owned by An Ke Technology Company Limited, which in turn was wholly-owned by Ping An. As such, each of Ping An and An Ke Technology Company Limited was deemed to be interested in the Shares held by Glorious Peace.
- (3) According to the form of disclosure of interest ("form of disclosure of interest") dated 30 June 2022 filed by Hopson Development Holdings Limited ("Hopson Development") in relation to the relevant event on 28 June 2022, Hopson Development, through a series of corporations controlled by it, was interested in an aggregate of 101,708,800 Shares of the Company. According to the form of disclosure of interest filed by Sounda Properties Limited ("Sounda") dated 30 June 2022 in relation to the relevant event on 28 June 2022, Sounda was deemed to hold 104,793,500 Shares, comprising 101,708,800 Shares indirectly held by Hopson Development which was controlled by Sounda, and 3,084,700 Shares directly held by Sounda. According to the form of disclosure of interest filed by Mr. CHU Mang Yee dated 30 June 2022 in relation to the relevant event on 28 June 2022, Sounda was wholly-owned by Mr. CHU Mang Yee. As such, Mr. CHU Mang Yee was deemed to be interested in the interest held by Sounda.
- (4) Pursuant to Section 336 of the SFO, the Shareholders are required to file disclosure of interests forms when certain criteria are fulfilled and the full details of the requirements are available on the Stock Exchange's official website. When a Shareholder's shareholdings in the Company changes, it is not necessary to notify the Company and the Stock Exchange unless certain criteria are fulfilled. Therefore, substantial Shareholders' latest shareholdings in the Company may be different to the shareholdings filed with the Company and the Stock Exchange. The above statements of substantial Shareholders' interests are prepared based on the information in the relevant forms of disclosure of interest received by the Company as of 31 December 2022. The Company may not have sufficient information on the breakdown of the relevant interests and cannot verify the accuracy of information on the forms of disclosure of interest.

Save as disclosed above, as of 31 December 2022, the Directors were not aware of any person (other than the Directors or chief executives of the Company) who had interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or were recorded in the register required to be kept by the Company under section 336 of the SFO, or who was, directly or indirectly, interested in 5% or more of the Shares of the Company.

Pre-emptive Rights

There are no provisions for pre-emptive rights under the Memorandum and Articles of Association or the Cayman Companies Law which would oblige the Company to offer new Shares on a pro-rata basis to the existing Shareholders.

Tax Relief and Exemption

The Board is not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's securities.

Directors' Interests in Competing Business

None of the Directors had engaged in or had any interest in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group during the Reporting Period.

Contracts with Controlling Shareholders

Save as disclosed in the section headed "Connected Transactions and Continuing Connected Transactions" below, no contract of significance has been entered into among the Company or any of its subsidiaries and the Controlling Shareholders or any of their respective subsidiaries during the year ended 31 December 2022.

Connected Transactions and Continuing Connected Transactions

The Group has entered into the following connected transactions and continuing connected transactions during the year ended 31 December 2022:

Connected Transactions

In order to further assist the Company to improve its service capabilities, enrich product solutions, diversify business scenarios, and promote the implementation and deepening of the managed medical model, on 23 October 2022, 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, respectively. Pursuant to the agreements signed, Good Doctor Online Healthcare Limited acquired 100% equity interest of Scientia Smart Health Technologies Limited from Scientia Smart Technologies Limited, at the consideration of USD96.8646 million; Ping An Health Cloud Company Limited acquired 100% equity interest of Ping An Yingxiang (Jiaying) Software Company Limited from Ping An International Smart City Technology Co, Ltd., at the consideration of RMB8.0827 million. As Ms. Tan Sin Yin and Ms. Lin Lijun, both being non-executive Directors, hold directorships in Ping An or the vendors (i.e. Scientia Smart Technologies Limited and Ping An International Smart City Technology Co, Ltd.), they have therefore abstained from voting on the relevant Board resolutions approving the equity transfer agreements and the transactions contemplated thereunder. Details of the equity transfer agreements are set out in the announcement of the Company dated 23 October 2022. In November 2022, we completed the above acquisitions.

Directors' Report

On 23 October 2022, Ping An is interested in 39.41% of the total issued share capital of the Company and is the controller of the Company, and Ping An is a substantial shareholder of each of the target companies and the vendors. The transactions constitute connected transactions under Rule 14A.28(1) of the Listing Rules.

Save as disclosed above, for the year ended 31 December 2022, the Company had no one-off connected transactions which were required to be disclosed under the Listing Rules.

Non-Exempt Continuing Connected Transactions

The following transactions of the Group constituted continuing connected transactions for the Company for the year ended 31 December 2022 (the "Continuing Connected Transactions").

1. Provision of Products and Services Framework Agreement

On 20 August 2020, the Group entered into a provision of products and services framework agreement (the "Provision of Products and Services Framework Agreement") with Ping An, pursuant to which the Company shall provide various types of products and services to Ping An and/or its associates. 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 term of the Provision of Products and Services Framework Agreement shall be three years commencing from 1 January 2021. For further details of the Provision of Products and Services Framework Agreement, please refer to the announcement of the Company dated 20 August 2020 and the circular of the Company dated 14 October 2020.

Ping An is a substantial Shareholder of the Company and therefore is a connected person of the Company.

The annual cap for the year ended 31 December 2022 was RMB6,400.0 million, while the actual transaction amount for the year ended 31 December 2022 was approximately RMB2,149.4 million.

2. *Services Purchasing Framework Agreement*

On 20 August 2020, the Group entered into a services purchasing framework agreement (the "Service Purchasing Framework Agreement") with Ping An, pursuant to which Ping An and/or its associates shall provide a wide spectrum of services to the Group. The Group shall, 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 shall be agreed between the relevant parties separately. The term of the Services Purchasing Framework Agreement shall be three years commencing from 1 January 2021. For further details of the Services Purchasing Framework Agreement, please refer to the announcement of the Company dated 20 August 2020 and the circular of the Company dated 14 October 2020.

Ping An is a substantial Shareholder of the Company and therefore is a connected person of the Company.

The annual cap for the year ended 31 December 2022 was RMB1,260.0 million, while the actual transaction amount for the year ended 31 December 2022 was approximately RMB462.0 million.

3. *Property Leasing Framework Agreement*

On 20 August 2020, the Group entered into the property leasing framework agreement (the "Property Leasing Framework Agreement") with Ping An, pursuant to which the Group will lease properties from Ping An and/or its associates for office use. The parties shall enter into separate agreements setting out the specific terms and conditions (including property rents, payment methods and other usage fees) in respect of the relevant leased property based on the principles, and within the parameters provided, under the Property Leasing Framework Agreement.

The term of the Property Leasing Framework Agreement shall be three years commencing from 1 January 2021. For further details of the Property Leasing Framework Agreement, please refer to the announcement of the Company dated 20 August 2020.

Ping An is a substantial Shareholder of the Company and therefore is a connected person of the Company.

The aggregate amounts of the rents to be paid by the Group to Ping An and/or its associates under the Property Leasing Framework Agreement for the year ended 31 December 2022 was not expected to exceed RMB83.0 million, while the actual transaction amount was approximately RMB35.8 million.

Pursuant to IFRS 16, the lease of properties by the Group as lessee under the Property Leasing Framework Agreement will be recognised as right-of-use assets. In respect of the Property Leasing Framework Agreement, the annual cap of the total value of right-of-use asset relating to the leases for the year ended 31 December 2022 was RMB136.0 million, while the actual transaction amount for the year ended 31 December 2022 was approximately RMB38.1 million.

4. *Financial Service Framework Agreement*

On 20 August 2020, the Company entered into a financial service framework agreement (the "Financial Service Framework Agreement") with Ping An, pursuant to which Ping An Bank shall provide deposit service, and Ping An and/or its associates shall provide wealth management service to the Company. For the deposit service provided, the Group deposits cash into the Group's bank accounts at Ping An Bank. In return, Ping An Bank pays deposit interests to the Group. In respect of the wealth management service, the Group purchases wealth management products from Ping An and/or its associates and receives investment income in return. The term of the Financial Service Framework Agreement shall be three years commencing from 1 January 2021. For further details of the renewal of the Financial Service Framework Agreement, please refer to the announcement of the Company dated 20 August 2020 and the circular of the Company dated 14 October 2020.

Ping An is a substantial Shareholder of the Company and therefore is a connected person of the Company.

- (i) the annual cap of maximum daily balance of deposits to be placed by the Group with Ping An Bank for the year ended 31 December 2022 was RMB10,000.0 million, while the actual maximum daily balance for the year ended 31 December 2022 was approximately RMB5,248.8 million,
- (ii) the annual cap of interest income received by the Group from Ping An Bank for the deposits for the year ended 31 December 2022 was RMB320.0 million, while the actual transaction amount for the year ended 31 December 2022 was approximately RMB42.2 million,
- (iii) the annual cap of maximum daily balance of wealth management products purchased by the Group from Ping An and/or its associates for the year ended 31 December 2022 was RMB10,000.0 million, while the maximum daily balance for the year ended 31 December 2022 was approximately RMB5,869.0 million, and
- (iv) the annual cap of investment income paid to the Group by Ping An and/or its associates for the year ended 31 December 2022 was RMB450.0 million, while the actual transaction amount for the year ended 31 December 2022 was approximately RMB209.7 million.

The Company confirms that the execution and enforcement of the specific agreements under the above continuing connected transactions for the year ended 31 December 2022 have followed the pricing principles of such continuing connected transactions.

Annual Review by the Independent Non-Executive Directors and the Auditor

During the Reporting Period, the independent non-executive Directors have reviewed the Continuing Connected Transactions and confirmed that they had been entered into and carried out:

- (i) in the ordinary and usual course of business of the Group;
- (ii) on normal commercial terms or better; and
- (iii) in accordance with the terms of relevant agreements governing them that are fair and reasonable and in the interest of the Shareholders as a whole.

The auditor of the Company has performed certain agreed-upon procedures regarding the continuing connected transactions entered into by the Group during the year ended 31 December 2022 as set out above, in accordance with the Hong Kong Standard on Assurance Engagement 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules", both issued by the HKICPA, and confirms that:

- (i) nothing has come to their attention that causes the auditor to believe that the disclosed continuing connected transactions have not been approved by the Board;
- (ii) for transactions involving the provision of goods or services by the Group, nothing has come to their attention that causes the auditor to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Group;
- (iii) nothing has come to their attention that causes the auditor to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions;
- (iv) with respect to the aggregate amount of each of the continuing connected transactions (other than those transactions with Operating Entities under the Contractual Arrangements), nothing has come to their attention that causes the auditor to believe that the disclosed continuing connected transactions have exceeded the annual cap as set by the Company; and
- (v) with respect of the disclosed continuing connected transactions with Operating Entities under the Contractual Arrangements, nothing has come to their attention that causes the auditor to believe that dividends or other distributions have been made by Operating Entities to the holders of any of the equity interests of Operating Entities that are not otherwise subsequently assigned or transferred to the Group.

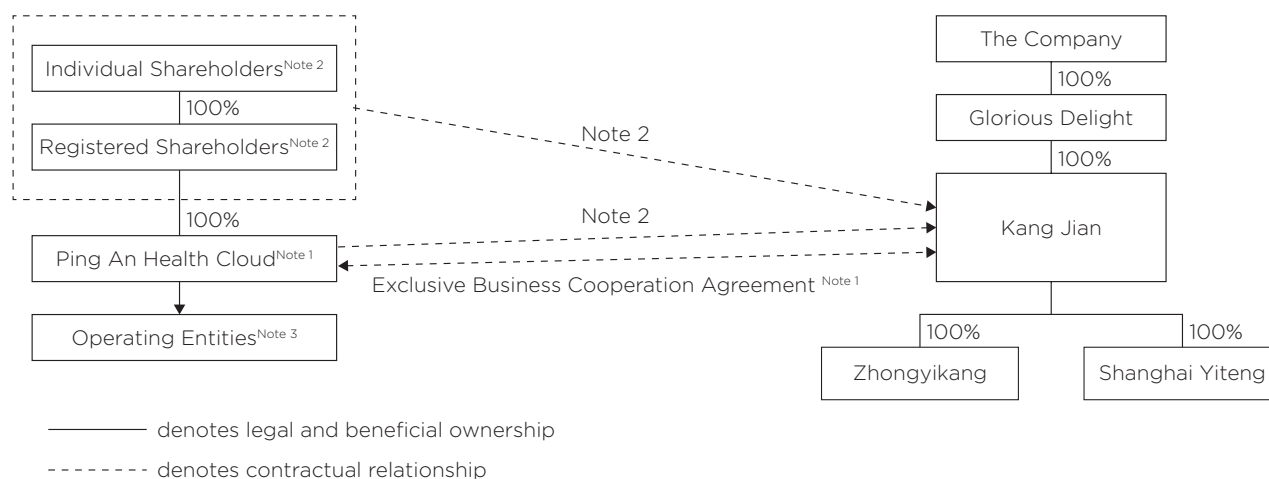
During the Reporting Period, saved as disclosed in the "Connected Transactions and Continuing Connected Transactions" in this Annual Report (and such transactions have complied with the disclosure requirements under Chapter 14A of the Listing Rules), none of the related party transactions as disclosed in note 35 to the consolidated financial statements constituted connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

Directors' Report

Contractual Arrangements

The WOFE (as defined below) under the Group has entered into a series of contractual arrangements (the “Contractual Arrangements”) with Operating Entities and the PAHC Shareholders (as defined below), pursuant to which the Group obtained effective control over, and received all the economic benefits generated by, the businesses operated by the Operating Entities.

Accordingly, through the Contractual Arrangements, the Group’s Operating Entities’ results of operations, assets and liabilities, and cash flows are consolidated into the Group’s financial statements. For the year ended 31 December 2022, the total loss of the Operating Entities of the Group was approximately RMB862.6 million; as at 31 December 2022, the total assets of the Operating Entities of the Group were approximately RMB13,714.5 million. The following simplified diagram illustrates the flow of economic benefits from the Group’s Operating Entities to the Group stipulated under the Contractual Arrangements:



Notes:

1. Kang Jian provides business support, technical and consulting services in exchange for service fees from Ping An Health Cloud.
2. The PAHC Shareholders (as defined below) executed the exclusive equity option agreement and the exclusive asset option agreement in favor of Kang Jian, for the acquisition of all or part of the equity interests in and all or part of the assets in Ping An Health Cloud.

The PAHC Shareholders executed powers of attorney in favor of Kang Jian, for the exercise of all Shareholders’ rights in Ping An Health Cloud.

The PAHC Shareholders granted first priority security interests in favor of Kang Jian, over the entire equity interests in Ping An Health Cloud.

Ping An Financial Technology, Shenzhen Kang Wei Jian Enterprise Management Company Limited, Shenzhen Kang Rui Jian Enterprise Management Company Limited and Urumqi Guangfengqi are collectively referred to as “Registered Shareholders”. Ms. WANG Wenjun and Mr. DOU Wenwei are collectively referred to as “Individual Shareholders” (Registered Shareholders and Individual Shareholders together known as “PAHC Shareholders”).

- As at 31 December 2022, Ping An Health Cloud held 28 Operating Entities, namely Jiangxi Pingan Health Pharmacy, Tianjin Kuaiyijie, Qingdao Ping An Kangjian Internet Hospital, Hefei Ping An Kangjian Internet Hospital, Jiangsu Nabaite, Yinchuan Pingan Internet Hospital, Wanjia Healthcare, Shanghai Pingan Wanjia, Shenzhen Pingan Wanjia, Xiamen Wanjia, Xiamen Siming Wanjia, Anan Outpatient Service Department, Pingan Health Insurance Agency, Guangzhou Jifan, Hainan Pingan Health, Hebei Nabaite, Yingjian Medical, Shanghai Yingjian Clinics, Fuzhou Kangjian, Guangxi Pingan Internet Hospital, Ping An Nanjing Medical Technology, Chengdu Ping An Kangjian Internet Hospital, Shanghai Pingan (Eighth Hospital), Tianjin Pingan Kangjian Internet Hospital, Guangzhou Kangjian Internet Hospital, Ping An (Jiangsu) Internet, Shanghai Mengchong (上海盟寵) and Ping An Yingxiang.

A description of each of the specific agreements that comprise the Contractual Arrangements is set out below.

(a) Exclusive Business Cooperation Agreement

Ping An Health Cloud entered into an exclusive business cooperation agreement (the “Exclusive Business Cooperation Agreement”) with Kang Jian on 18 October 2017, pursuant to which, in exchange of an annual service fee, Ping An Health Cloud agreed to engage Kang Jian, the wholly-owned foreign enterprise (“WFOE”), as its exclusive provider of business support, technical and consulting services, including but not limited to, technical services, network support, business consultation, equipment, leasing, market consultancy, system integration, product research and development and system maintenance. Under the Exclusive Business Cooperation Agreement, the service fee shall consist of 100% of the profit before tax of Ping An Health Cloud, after deducting any accumulated losses of Ping An Health Cloud and its subsidiaries from the preceding fiscal year, costs, expenses, tax and other statutory contribution in relation to the respective fiscal year.

(b) Exclusive Equity Option Agreement

Ping An Health Cloud entered into an exclusive equity option agreement (the “Exclusive Equity Option Agreement”) with Kang Jian and the PAHC Shareholders on 18 October 2017, pursuant to which, Kang Jian has the irrevocable and exclusive right to purchase, or to designate one or more persons to purchase, from the Registered Shareholders all or any part of their equity interests in Ping An Health Cloud at any time and from time to time in Kang Jian’s absolute discretion to the extent permitted by the PRC laws for consideration as the higher of (a) a nominal price or (b) the lowest price as permitted under applicable PRC laws. The Exclusive Equity Option Agreement is for an initial term of ten years and may be extended for five-year terms indefinitely. It shall remain effective unless terminated (a) by mutual agreement; or (b) in writing by Kang Jian with 30 days’ notice.

(c) Exclusive Asset Option Agreement

Ping An Health Cloud entered into an exclusive asset option agreement (the “Exclusive Asset Option Agreement”) with Kang Jian and the PAHC Shareholders on 18 October 2017, pursuant to which, Kang Jian has the irrevocable and exclusive right to purchase, or to designate one or more persons to purchase, from Ping An Health Cloud all or any part of its assets at any time at Kang Jian’s absolute discretion and to the extent permitted by the PRC laws for consideration as the higher of (a) a nominal price or (b) the lowest price as permitted under applicable PRC laws. The Exclusive Asset Option Agreement is for an initial term of ten years and may be extended for five-year terms indefinitely. It shall remain effective unless terminated (a) by mutual agreement; or (b) in writing by Kang Jian with 30 days’ notice.

Directors' Report

(d) Powers of Attorney

Ping An Health Cloud entered into an irrevocable power of attorney (the “Powers of Attorney”) with Kang Jian and the PAHC Shareholders on 18 October 2017, pursuant to which the PAHC Shareholders appointed Kang Jian, any director authorized by Kang Jian (except the PAHC Shareholders) and his/her successors, or a liquidator replacing Kang Jian’s director as their exclusive agent and attorney to act on their behalf on all matters concerning Ping An Health Cloud and to exercise all of their rights as a Registered Shareholder of Ping An Health Cloud in accordance with the PRC laws and the articles of association of Ping An Health Cloud. The term of the Powers of Attorney shall be the same as the term of the Exclusive Business Cooperation Agreement.

(e) Equity Pledge Agreement

Ping An Health Cloud entered into an equity pledge agreement (the “Equity Pledge Agreement”) with Kang Jian and the PAHC Shareholders on 18 October 2017, pursuant to which the Registered Shareholders agreed to pledge as first charge all of their equity interests in Ping An Health Cloud to Kang Jian as collateral security for any and all of the guaranteed debt under the Contractual Arrangements and to secure the performance of their obligations under the Contractual Arrangements. During the pledge period, Kang Jian shall be entitled to receive any dividends or other distributable benefits arising from the pledged equity.

The pledge in favor of Kang Jian shall take effect upon the completion of registration with the relevant administration for industry and commerce and shall remain valid after all the contractual obligations of the PAHC Shareholders and Ping An Health Cloud under the Contractual Arrangements have been fully performed and all the outstanding debts of the PAHC Shareholders and Ping An Health Cloud under the Contractual Arrangements have been fully paid.

Should an event of default (as provided in the Equity Pledge Agreement) occur and unless it is successfully resolved to Kang Jian’s satisfaction within 30 days upon being notified by Kang Jian, Kang Jian may demand that the Registered Shareholders immediately pay all outstanding payments due under the Contractual Arrangements and/or dispose of the pledged equity interest to repay any outstanding payments due to Kang Jian.

The pledges under the Equity Pledge Agreement completed the registration with the relevant PRC authorities pursuant to the PRC laws and regulations on 9 March 2018.

Save as disclosed above, there were no other new contractual arrangements entered into, renewed and/or re-entered into between the Group and the PAHC Shareholders and/or Operating Entities during the year ended 31 December 2022. There was no material change in the Contractual Arrangements and/or the circumstances under which they were adopted during the year ended 31 December 2022.

For the year ended 31 December 2022, none of the Contractual Arrangements had been unwound on the basis that none of the restrictions that led to the adoption of the Contractual Arrangements had been removed. As of 31 December 2022, the Group had not encountered interference or encumbrance from any PRC governing bodies in operating the businesses through the Operating Entities under the Contractual Arrangements.

For the year ended 31 December 2022, the revenues of the Group mainly came from Ping An Health Cloud and its respective subsidiaries.

Qualification Requirements

Updates in Relation to the Qualification Requirements

On 11 December 2001, the State Council promulgated the Regulations for the Administration of Foreign-Invested Telecommunications Enterprises (the "FITE Regulations"), which were amended on 10 September 2008, 6 February 2016 and 1 May 2022. According to the FITE Regulations, foreign investors are not allowed to hold more than 50% of the equity interests in a company providing value-added telecommunications services, including Internet information services. On 27 December 2021, the National Development and Reform Commission and the Ministry of Commerce issued the Special Administrative Measures for Foreign Investment Access (Negative List) (2021 Edition) (effective on 1 January 2022), according to which the proportion of foreign-funded shares in value-added telecommunications services shall not exceed 50% (except for e-commerce, domestic multiparty communications, store and forward, and call centers). On 7 April 2022, the State Council promulgated the Decision on Amending and Repealing Certain Administrative Regulations, which amended the FITE Regulations and canceled the qualification requirements for foreign investors in foreign-invested telecommunications enterprises investing in and operating value-added telecommunications businesses under the FITE Regulations. As (1) despite the abolishment of the aforementioned qualification requirements for value-added telecommunications business, the operation of value-added telecommunications business is still subject to restrictions on the percentage of shareholding of foreign investors, and foreign investors that meet these requirements must obtain approvals from MIIT and/or its authorized local counterparts which retain considerable discretion in granting such approvals; (2) after the aforementioned regulations came into effect on 1 May 2022, the competent authorities have not issued further implementation rules or operation guidelines, there are still uncertainties in the current practice of applying for ICP License by foreign-invested enterprises. For details of the Qualification Requirements, please refer to pages 224 to 225 of the Prospectus.

Directors' Report

Reasons for Adopting the Contractual Arrangements

Our value-added telecommunication services business, Internet cultural business, radio and television program production and operation business to the public and operation of online medical institutions operated through the Operating Entities and its respective subsidiaries are subject to foreign investment restriction and prohibitions in accordance with the Special Administrative Measures for Foreign Investment Access (Negative List) (2021 Edition) and other laws and regulations and regulatory requirements in the PRC. Since foreign investment in such business areas in which we currently operate is subject to restrictions under the current applicable PRC laws and regulations, after consultation with our PRC legal advisor (Haiwen & Partners), we considered that it was not viable for the Company to hold our Operating Entities directly through equity ownership in our current practice. Instead, we decided that, in line with common practice in industries in the PRC subject to foreign investment restrictions, we would gain effective control over, and receive all the economic benefits generated by the businesses currently operated by our Operating Entities through the Contractual Arrangements between Kang Jian, on the one hand, and our Operating Entities and its respective Shareholders, on the other hand. The Contractual Arrangements allow the results of operations and assets and liabilities of Ping An Health Cloud and its subsidiaries to be consolidated into our results of operations and assets and liabilities under IFRS as if they were subsidiaries of the Group. For details of the foreign investment restrictions relating to the Contractual Arrangements, please refer to the sections headed "Contractual Arrangements - PRC Regulatory Background" and "Contractual Arrangements - Development in the PRC Legislation on Foreign Investment" on pages 221 to 224 and pages 243 to 248 of the Prospectus.

The Directors (including the independent non-executive Directors) are of the view that the Contractual Arrangements and the transactions contemplated thereunder are fundamental to the Group's legal structure and business, and that such transactions have been and will be entered into in the ordinary and usual course of business of the Group, are on normal commercial terms and are fair and reasonable and in the interest of the Group and the Shareholders as a whole. Accordingly, notwithstanding that the transactions contemplated under the Contractual Arrangements technically constitute continuing connected transactions under Chapter 14A of the Listing Rules, the Directors consider that, given that the Group is placed in a special situation in relation to the connected transactions rules under the Contractual Arrangements, it would be unduly burdensome and impracticable, and would add unnecessary administrative costs to the Company if such transactions are subject to strict compliance with the requirements set out under Chapter 14A of the Listing Rules, including, among others, the announcement, circular and independent Shareholders' approval requirements.

Risks Relating to the Contractual Arrangements

There are certain risks that are associated with the Contractual Arrangements, including:

If the PRC government finds that the agreements that establish the structure for operating our businesses in the PRC do not comply with applicable PRC laws and regulations, or if these laws/regulations or their interpretations change in the future, we could be subject to severe consequences, including the nullification of the Contractual Arrangements and the relinquishment of the interests in the Operating Entities.

Our Contractual Arrangements may not be as effective in providing operational control as direct ownership, and Ping An Health Cloud or its Shareholders may fail to perform their obligations under our Contractual Arrangements.

We may lose the ability to use and benefit from assets held by Ping An Health Cloud that are material to our business operations if Ping An Health Cloud declares bankruptcy or becomes subject to a dissolution or liquidation proceeding.

The ultimate Shareholders of Ping An Health Cloud may have conflicts of interest with us, which may materially and adversely affect our business.

We conduct our business operations in the PRC through Ping An Health Cloud and its subsidiaries by way of the Contractual Arrangements, but certain terms of the Contractual Arrangements may not be enforceable under the PRC laws.

If we exercise the option to acquire equity ownership and assets of Ping An Health Cloud, the ownership or asset transfer may subject us to certain limitations and substantial costs.

Potential impact to the Company if the Contractual Arrangements are not treated as domestic investment.

Our Contractual Arrangements may be subject to scrutiny by the PRC tax authorities, and a finding that we owe additional taxes could substantially reduce our consolidated net income and the value of your investment.

Further details of these risks are set out in the section headed "Risk Factors – Risks Relating to Our Contractual Arrangements" on pages 61 to 68 of the Prospectus.

The Group has adopted the following measures to ensure the effective operation of the Group with the implementation of the Contractual Arrangements and the compliance with the Contractual Arrangements:

- (a) major issues arising from the implementation and compliance with the Contractual Arrangements or any regulatory enquiries from government authorities will be submitted to the Board, if necessary, for review and discussion as and when they arise;
- (b) the Board will review the overall performance of and compliance with the Contractual Arrangements at least once a year; and
- (c) the Company will engage external legal advisors or other professional advisors, if necessary, to assist the Board to review the implementation of the Contractual Arrangements and the legal compliance of Kang Jian and the Operating Entities in dealing with specific issues or matters arising from the Contractual Arrangements.

Listing Rules Implications and Waivers from the Stock Exchange

The transactions contemplated under the Contractual Arrangements constitute continuing connected transactions of the Company under the Listing Rules upon Listing as the parties to the Contractual Arrangements, namely Ping An Financial Technology and Urumqi Guangfengqi are connected persons of the Company. Ping An Financial Technology is a subsidiary of Ping An, our Controlling Shareholder, and is therefore an associate of Ping An. As at 31 December 2022, Urumqi Guangfengqi held 30% of the equity interest of Ping An Health Cloud.

In respect of the Contractual Arrangements, we have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with (i) the announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the transactions contemplated under the Contractual Arrangements pursuant to Rule 14A.105 of the Listing Rules, (ii) the requirement of setting an annual cap for the transactions under the Contractual Arrangements under Rule 14A.53 of the Listing Rules, and (iii) the requirement of limiting the term of the Contractual Arrangements to three years or less under Rule 14A.52 of the Listing Rules, for so long as our Shares are listed on the Stock Exchange, subject, however, to the following conditions:

Directors' Report

- (a) no change without independent non-executive Directors' approval;
- (b) no change without independent Shareholders' approval;
- (c) on the basis that the Contractual Arrangements provide an acceptable framework for the relationship between the Company and its subsidiaries in which the Company has direct shareholding, on the one hand, and the Operating Entities, on the other hand, that framework may be renewed and/or re-entered into upon the expiry of the existing arrangements or in relation to any existing or new wholly foreign owned enterprise or operating company (including branch company) engaging in the same business as that of the Group which the Group might wish to establish when justified by business expediency, without obtaining the approval of the Shareholders, on substantially the same terms and conditions as the existing Contractual Arrangements; and
- (d) we will disclose details relating to the Contractual Arrangements on an on-going basis.

Annual Review by the Independent Non-Executive Directors and the Auditor

For the year ended 31 December 2022, the independent non-executive Directors have reviewed the Contractual Arrangements and confirmed that:

- (a) the transactions carried out during the year ended 31 December 2022 had been entered into in accordance with the relevant provisions of the Contractual Arrangements;
- (b) no dividends or other distributions had been made by Ping An Health Cloud to the holders of its equity interests which were not otherwise subsequently assigned or transferred to the Group;
- (c) any new contracts entered into, renewed and/or re-entered into between the Group and Ping An Health Cloud during the year ended 31 December 2022 are fair and reasonable, or advantageous to our Shareholders, so far as the Group is concerned and in the interests of the Company and the Shareholders as a whole; and
- (d) the Contractual Arrangements had been entered into in the ordinary and usual course of business of the Group, are on normal commercial terms and are fair and reasonable and in the interest of the Group and the Shareholders as a whole.

The Company's auditor has confirmed in a letter in accordance with the Hong Kong Standard on Assurance Engagement 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the HKICPA, under the requirements of Rule 14A.56 of the Listing Rules, to the Board that the transactions carried out pursuant to the Contractual Arrangements during the year ended 31 December 2022 had received the approval of the Board, had been entered into in accordance with the relevant provisions of the Contractual Arrangements, and that no dividends or other distributions had been made by the Operating Entities to the holders of its equity interests which were not otherwise subsequently assigned or transferred to the Group.

Auditor

The consolidated financial information of the Group has been audited by PricewaterhouseCoopers, who will retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting. The Company has not changed its auditor during any of the past three years.

Important Events After the Reporting Period

No important events affecting the Group occurred after 31 December 2022 and up to the date of this Annual Report.

Audit and Risk Management Committee

The Audit and Risk Management Committee has reviewed the consolidated financial statements of the Group as of 31 December 2022. The Audit and Risk Management Committee has also discussed with the management of the Company the accounting policies and practices and internal controls adopted by the Company. Based on the above review and discussion with the management of the Company, the Audit and Risk Management Committee is satisfied that the consolidated financial statements of the Group have been prepared in accordance with the applicable accounting standards.

Sufficiency of Public Float

The Company has obtained a waiver from the Stock Exchange and the Stock Exchange has accepted, under Rule 8.08(1)(d) of the Listing Rules, a lower public float percentage of not less than 21.3% at the issued share capital of the Company.

During the Reporting Period and as at the date of this Annual Report, based on the information that is publicly available to the Company and to the knowledge of the Directors, the Company has maintained the minimum public float as permitted by the Stock Exchange.

Litigation and Compliance

To the best knowledge of the Board, the Group has complied with the relevant laws and regulations that have a significant effect on the Group in all material respects. Save as disclosed in note 31 to the consolidated financial statements, no litigation or claim of material importance is pending or threatened against any member of the Group.

Changes of Directors and Chief Executives and Their Information

After 31 December 2022 and up to the date of this Annual Report, changes of Directors and chief executives are set out as follows:

1. Mr. FANG Weihao was appointed as a member of Sustainable Development Committee on 13 March 2023;
2. Mr. PAN Zhongwu ceased to be a non-executive Director due to personal work arrangement on 13 March 2023;
3. Mr. WU Jun was appointed as an executive Director on 13 March 2023;
4. Ms. FU Xin was appointed as a non-executive Director and a member of Sustainable Development Committee on 13 March 2023;
5. Dr. CHOW Wing Kin Anthony, an independent non-executive Director, was appointed as the chairman of the Sustainable Development Committee on 13 March 2023.

Directors' Report

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

1. Ms. LIN Lijun, a non-executive Director, ceased to be a director of Shenzhen Scientia Technologies Limited in October 2022;
2. Mr. TANG Yunwei, an independent non-executive Director, ceased to be an independent director of Lufax Holding Ltd. in November 2022;
3. Mr. GUO Tianyong, an independent non-executive Director, ceased to be an independent Director, the chairman of the Nomination Committee, a member of the Audit Committee and a member of the Remuneration And Appraisal Committee of the Board of Ping An Bank in August 2022, and did not hold any other positions in Ping An Bank after his resignation; ceased to be an independent director of Aa Industrial Belting (Shanghai) Co., Ltd. (艾艾精密工業輸送系統(上海)股份有限公司, a company listed on the Shanghai Stock Exchange, stock code: 603580) in June 2022; ceased to be an independent director of Shandong Fengxiang Co., Ltd. (山東鳳祥股份有限公司, a company listed on the Hong Kong Stock Exchange, stock code: 09977) in January 2023; and has been an independent director of Kweichow Moutai Co., Ltd. (貴州茅台酒股份有限公司, a company listed on the Shanghai Stock Exchange, stock code: 600519) since June 2022;
4. Dr. CHOW Wing Kin Anthony, an independent non-executive Director, ceased to serve as an independent non-executive director of MTR Corporation Limited (a company listed on the Hong Kong Stock Exchange, stock code: 0066) since May 2022, and ceased to be an independent director of S.F. Holding Co., Ltd. (a company listed on the Shenzhen Stock Exchange, stock code: 002352) in December 2022.

Save as disclosed above, as of 31 December 2022, there was no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

By the order of the Board

Chairman

FANG Weihao

13 March 2023

Corporate Governance Report

The Board is pleased to present the Corporate Governance Report of the Company.

Corporate Governance Practices

The Board is committed to maintaining and promoting stringent corporate governance. The principle of the Company's corporate governance is to promote effective internal control measures, uphold a high standard of ethics, transparency, responsibility and integrity in all aspects of business, to ensure that the Company's affairs are conducted in accordance with relevant laws and regulations and to enhance the transparency and accountability of the Board to Shareholders.

The Board believes that good corporate governance standards are essential in providing a framework for the Company to safeguard the interests of Shareholders, enhance corporate value and formulate its business strategies and policies.

The Company was listed on the Main Board of the Stock Exchange on 4 May 2018. The Company has adopted the code provisions as set out in the Corporate Governance Code as our code of corporate governance.

In the opinion of the Directors, during the Reporting Period, the Company has complied with all applicable code provisions set out in the Corporate Governance Code, save and except for code provision C.2.1 which states that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Details of the deviations are set out in the section headed "Chairman and Chief Executive Officer" in this Corporate Governance Report.

The Board will continue to regularly review and monitor its corporate governance practices to ensure compliance with the Corporate Governance Code, and maintain a high standard of corporate governance practices of the Company.

Compliance with the Code of Conduct Regarding Directors' Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issues as set out in Appendix 10 to the Listing Rules as the code of conduct regarding Directors' dealings in the securities of the Company. Having made specific enquiry to all the Directors, all the Directors confirmed that they have complied with the required standards set out in the Model Code during the Reporting Period.

The Board has also established written guidelines to regulate all dealings by informed persons who are likely to be in possession of inside information in respect of the Company's securities and unpublished information as referred to in code provision C.1.3 of the Corporate Governance Code.

Corporate Governance Report

Board of Directors

Board composition

The Board of the Company has nine directors (including the chairman), comprising two executive Directors, four non-executive Directors and three independent non-executive Directors.

The list of Directors is as follows:

Executive Directors

Mr. FANG Weihao (Chairman, member of the Sustainable Development Committee)

Mr. WU Jun

Non-executive Directors

Ms. TAN Sin Yin (Member of the Audit and Risk Management Committee and member of the Nomination and Remuneration Committee)

Ms. FU Xin (Member of the Sustainable Development Committee)

Ms. LIN Lijun

Mr. ZHU Ziyang

Independent Non-executive Directors

Mr. TANG Yunwei (Chairman of the Audit and Risk Management Committee and member of the Nomination and Remuneration Committee)

Mr. GUO Tianyong (Chairman of the Nomination and Remuneration Committee and member of the Audit and Risk Management Committee)

Dr. CHOW Wing Kin Anthony (Chairman of the Sustainable Development Committee and member of the Nomination and Remuneration Committee)

The biographies of the Directors are set out in the section headed “Directors and Senior Management” of this Annual Report. There is no relationship between Directors and senior management.

Chairman and Chief Executive Officer

Code provision C.2.1 of the Corporate Governance Code provides that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. However, having considered the relevant principles under code provision C.2.1 of the Corporate Governance Code and reviewed the management structure of the Company, the Board is of the view that:

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

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

Independent Non-executive Directors

The Company has established a number of mechanisms to ensure that the Board has access to independent views and opinions to promote the steady development of the Company. The relevant mechanisms are set out in the Terms of Reference of the Audit and Risk Management Committee, the Terms of Reference of the Nomination and Remuneration Committee, the Terms of Reference of the Sustainable Development Committee and the Articles of Association of the Company. The Board will review such mechanisms from time to time to ensure their reasonableness and effectiveness.

In respect of the structure, number of members and composition of the Board, the Company requires the minimum proportion and number of independent non-executive Directors in the Board to ensure that the composition of executive Directors, non-executive Directors and independent non-executive Directors of the Company remains balanced, so that the Board maintains a strong independent element. The Company will review the independence, professional qualifications and prior experience of the independent non-executive Directors to ensure that the independent non-executive Directors have sufficient talents, vision and opportunities to provide influential independent opinions, so as to ensure that the Board can think from multiple perspectives in decision-making.

The Company has also established a guarantee mechanism for Directors to perform their duties, which creates a good condition for the Board to obtain independent views and opinions. The number of meetings in which the Directors attended and expressed their opinions requires the Directors to perform their duties. Notices and documents of Board meetings shall be delivered to all Directors and supervisors in advance in order to allow the Directors to understand the contents of the meetings and to form their independent opinions. Where appropriate, the secretary to the Board shall seek independent professional advice for the Directors when they are required to perform their duties, which provides an effective channel for the opinions to be included in the scope of diversity. For independent non-executive Directors, the relevant provisions also include the rights to know of the independent non-executive Directors. The Company shall not remove the independent non-executive Directors without reason, and the Company shall provide the independent non-executive Directors with appropriate remuneration, so as to clear obstacles for independent non-executive Directors to express an independent and objective view.

In addition, the independent non-executive Directors also play a significant role in the matters reviewed or approved by the Board. If a substantial Shareholder or a Director has a material conflict of interest in a matter to be considered by the Board, the Company will require the relevant matter to be considered by the Board at a Board meeting and the independent non-executive Directors who have no material interest in the matter to be present at the Board meeting, so as to enable the independent non-executive Directors to exchange views with other Directors in a timely manner. If the transaction is a material connected transaction, it shall be submitted to the Board for discussion after being approved by the independent Directors in order to safeguard the interests of the Company as a whole. The independent non-executive Directors may also express their independent opinions to the Board on a number of matters, including the appointment and removal of Directors, the appointment and removal of senior management, remuneration and external guarantees provided by the Company.

During the Reporting Period, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors and representing at least one-third of the number of members of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

Corporate Governance Report

The Company has also appointed independent non-executive Directors who represent at least one-third of the Board in accordance with Rule 3.10A of the Listing Rules.

Confirmation of Independence of Independent Non-executive Directors

The Company has received confirmation from each of the independent non-executive Directors in respect of his independence pursuant to Rule 3.13 of the Listing Rules, and the Company considered each of the relevant Directors to be independent during the Reporting Period.

Non-executive Directors and Re-election of Directors

The non-executive Directors (including independent non-executive Directors) are appointed for a specific term of three years, subject to the Memorandum and Articles of Association and the Listing Rules.

Under the Memorandum and Articles of Association, at each annual general meeting, one-third of the Directors for the time being, or if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years. A retiring Director shall retain office until the close of general meeting at which he retires and shall be eligible for re-election at the general meeting.

Pursuant to the Article 16.18 of the Articles of Association, Mr. FANG Weihao, Mr. TANG Yunwei and Mr. GUO Tianyong shall retire by rotation and, being eligible, offer themselves for re-election at the annual general meeting to be convened.

The Memorandum and Articles of Association also provides that all Directors appointed to fill a casual vacancy shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election at that meeting.

Pursuant to Article 16.2 of the Articles of Association, Mr. WU Jun and Ms. FU Xin shall retire and, being eligible, offer himself for re-election at the annual general meeting to be convened.

Responsibilities of the Directors

The Board is responsible for the management of the Company and accountable to the Shareholders for the assets and resources entrusted by them. The Board represents and is obliged to act in the interests of the Shareholders as a whole.

The Board directly, and indirectly through its committees, leads and provides direction to management by laying down strategies and overseeing their implementation, monitors the Group's operational and financial performance, and ensures that sound internal control and risk management systems are in place.

All Directors, including non-executive Directors and independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and expertise to the Board for its efficient and effective functioning.

The independent non-executive Directors are responsible for ensuring a high standard of regulation of the Company and providing a balance in the Board for bringing effective independent judgment on corporate actions and operations.

All Directors have full and timely access to all the information of the Company and may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expense, for discharging their duties to the Company.

The Directors shall disclose to the Company details of other offices held by them.

The Board is responsible for decision-making in all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant operational matters of the Company. The Board has delegated its powers relating to implementing decisions of the Board, directing and coordinating the daily operation and management of the Company to Mr. FANG Weihao, the chief executive officer.

Board Committees

The Board has established three committees, namely, the Audit and Risk Management Committee, the Nomination and Remuneration Committee and the Sustainable Development Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with specific written terms of reference which deal clearly with their authority and duties. The terms of reference of the Audit and Risk Management Committee, the Nomination and Remuneration Committee and the Sustainable Development Committee are available on the websites of the Company and the Stock Exchange.

Audit and Risk Management Committee

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

The Audit and Risk Management Committee comprises two independent non-executive Directors, namely, Mr. TANG Yunwei and Mr. GUO Tianyong and one non-executive Director, namely, Ms. TAN Sin Yin. Mr. TANG Yunwei, being the chairman of the Audit and Risk Management Committee, is appropriately qualified as required.

During the Reporting Period, the Audit and Risk Management Committee has held four meetings. Details of the individual attendance records of each member of the committee are set out in the section headed "Attendance Record of Directors at Meetings". At the meeting, the Audit and Risk Management Committee reviewed the interim results announcement and interim report of the Group for the six months ended 30 June 2022, the management accounts of the Group for the three months ended 31 March 2022 and the nine months ended 30 September 2022 as well as the risk management and internal control system and the arrangements that allow the employees to raise concerns about the possible misconduct and made suggestions to the Board.

Corporate Governance Report

The Company has established special internal audit function which carries out the analysis and independent appraisal of the adequacy and effectiveness of the Company's risk management and internal control system. The Audit and Risk Management Committee, on behalf of the Board, reviews the construction, implementation and inspection work of the management of the Company in the risk management and internal control system on a quarterly basis, and reviews the effectiveness of the risk management and internal control system on an annual basis. The Company gives the Directors sufficient instructions and information for performing their duties, so that the Directors can make an informed assessment when financial and other information is submitted for approval. The Audit and Risk Management Committee continues to review the risk management and internal control system on behalf of the Board. The review processes include but are not limited to holding meetings with each of the business and functional management teams, internal control legal staff, audit and supervision team and external auditors, reviewing relevant work reports and key performance indicator information, and discussing major risks with the senior management of the Company.

Nomination and Remuneration Committee

The Company has established a Nomination and Remuneration Committee in compliance with the Corporate Governance Code. The primary duties of the Nomination and Remuneration Committee are to make recommendations to the Board on the remuneration policy and structure of the Directors and senior management of the Company, and on the establishment of a formal and transparent procedure for developing remuneration policy, to ensure that neither Director nor any of his/her associate be involved in deciding his/her own remuneration; to determine, based on the authorization of the Board, the remuneration package for individual executive Director and senior management of the Company, including monetary benefits, benefits in kind, pension rights and compensation amount (including compensation payable for loss or termination of office or appointment); to timely review the structure, size and composition of the Board and committees under the Board, and to advise on any change to be made to the Board and committees under the Board for coping with strategies of the Company; to study the criteria and procedures for selection of Directors and senior management, to make recommendation to the Board on the appointment and reappointment of Directors and plans for succession of Directors (especially the chairman and the chief executive officer), and to assess the independence of independent non-executive Directors.

The Nomination and Remuneration Committee has formulated and reviewed the board diversity policy of the Company, covering all aspects and factors of the board diversity, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and regional and industry experience. The Nomination and Remuneration Committee will discuss and agree on the measurable objectives of achieving board diversity (if necessary) and recommend them to the Board for adoption.

When identifying and selecting suitable Director candidates, the Nomination and Remuneration Committee will consider the personality, qualifications, experience, independence and other necessary conditions for coordinating corporate strategies and achieving board diversity (if appropriate) of the relevant candidates before making recommendations to the Board.

The Nomination and Remuneration Committee comprises three independent non-executive Directors, namely Mr. GUO Tianyong, Mr. TANG Yunwei and Dr. CHOW Wing Kin Anthony and one non-executive Director, namely Ms. TAN Sin Yin. Mr. GUO Tianyong is the chairman of the Nomination and Remuneration Committee.

During the Reporting Period, the Nomination and Remuneration Committee held three meetings. Details of the individual attendance records of each member of the committee were set out in the section headed "Attendance Record of Directors at Meetings". At the meeting, the Nomination and Remuneration Committee reviewed the matter relating to the Directors who were subject to re-election and retirement, reviewed the remuneration package of senior management of the Company and nominated new candidates for directorship.

According to code provision E.1.5 of the Corporate Governance Code, the remuneration for members of the senior management of the Company for the year ended 31 December 2022 within the following bands is set out below:

	Number of Persons
Nil to RMB1,000,000	0
RMB1,000,001 – RMB2,000,000	0
RMB2,000,001 – RMB3,000,000	0
RMB3,000,001 – RMB4,000,000	1
RMB4,000,001 – RMB5,000,000	0
RMB5,000,001 – RMB10,000,000	0
Above RMB10,000,001	2

The remuneration details of all Directors and the five persons with the highest remuneration (other than Directors) for the year ended 31 December 2022 are set out in note 8 and note 9 to the consolidated financial statements.

Nomination Policy for Directors

From the needs of the Company's business development, if the Nomination and Remuneration Committee considers it necessary to recommend directors to the Board, the Nomination and Remuneration Committee may take such measures as it deems appropriate to identify and evaluate candidates.

The secretary of the Nomination and Remuneration Committee is required to convene a Nomination and Remuneration Committee meeting and invites the Board members to nominate candidates (if any) for the Nomination and Remuneration Committee to consider before the meeting. The Nomination and Remuneration Committee may also nominate candidates who are not nominated by the Board members.

The Nomination and Remuneration Committee may recommend to the Board candidates recommended or nominated by the Company's Shareholders as the nominees elected by the Board. The appointment or re-election of Directors and the succession plan of Directors are subject to the approval by the Board.

The Nomination and Remuneration Committee may refer the candidate's personal profile and recommendations to the Board for consideration when recommending candidates. In order for the proposal to be effective, the recommendation must clearly state the nomination intention and the candidate agrees to be nominated. The personal profile must include and/or be accompanied by full details of the candidate required to be disclosed under the Listing Rules, including the information and/or confirmation required by Rule 13.51(2) of the Listing Rules.

According to Article 16.4 of the Articles of Association, a Shareholder can serve a notice to the Company within the lodgment period of its intention to propose a resolution to elect a certain person other than the candidate listed in the shareholder circular of the general meeting as a Director without the recommendation of the Board or the review and nomination of the Nomination and Remuneration Committee. Details of the candidates so proposed will be sent to all Shareholders through a supplementary circular.

Corporate Governance Report

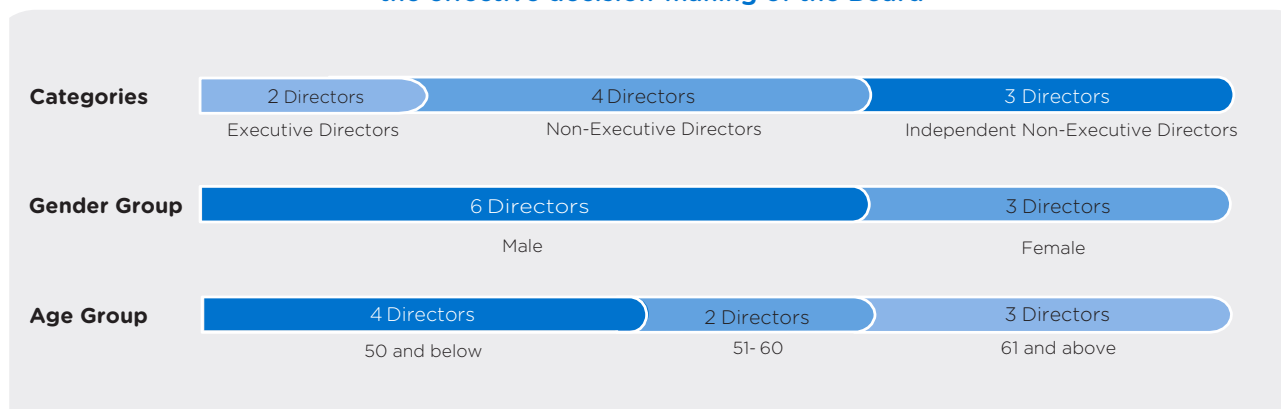
Diversity Policy

The Company recognizes and embraces the benefits of having a diverse Board, and sees diversity at Board level as an essential element in maintaining a competitive advantage. A truly diverse Board will include and make good use of differences in the talents, skills, regional and industry experience, background, gender and other qualities of the members of the Board. These differences will be considered in determining the optimum composition of the Board and when possible should be balanced appropriately. All appointments of the members of the Board are based on merit, in the content of the talents, skills and experience which the Board as a whole requires for operation.

The Nomination and Remuneration Committee of the Company reviews and assesses the composition of the Board and makes recommendations to the Board on appointment of new Directors. The Nomination and Remuneration Committee also oversees the conduct of the annual review of the effectiveness of the Board. In reviewing and assessing the composition of the Board, the Nomination and Remuneration Committee has considered the benefits of all aspects of diversity, including but not limited to those described above, in order to maintain an appropriate range and balance of talents, skills, experience and background of the Board. In recommending candidates for appointment to the Board, the Nomination and Remuneration Committee will consider candidates on merit against objective criteria and with due regard for the benefits of diversity of the Board. In overseeing the conduct of the annual review of the effectiveness of the Board, the Nomination and Remuneration Committee will consider the balance of talents, skills, experience, independence and knowledge of the Board and the diversity representation of the Board.

Expertise and skills of the Directors include finance, financial management, law and health-tech, etc. The Nomination and Remuneration Committee considers that the Board is sufficiently diversified.

The diversified composition of the Board provides professional support for the effective decision-making of the Board



As at 31 December 2022, the gender ratio of the Group's workforce was 43.9% male to 56.1% female. The Company has implemented fair employment practices and recruitment is based on merit without discrimination. We will continue to strive for a higher female representation with reference to the Shareholders' expectations and recommended best practices, so as to achieve suitable and balanced gender diversity.

Sustainable Development Committee

The Company has established the Sustainable Development Committee in accordance with the Articles of Association. The primary duties of the Sustainable Development Committee are to assist the Board in identifying and evaluating the Company's ESG opportunities and risks, supervising and evaluating the implementation and performance of ESG initiatives and projects, and advising the Board on ESG-related legal, regulatory and compliance development and public policy trends.

The Sustainable Development Committee comprises one independent non-executive Director Dr. CHOW Wing Kin Anthony, one executive Director Mr. FANG Weihao and one non-executive Director Ms. FU Xin. Dr. CHOW Wing Kin Anthony is the chairman of the Sustainable Development Committee.

Attendance Record of Directors at Meetings and Continuous Professional Development

The Directors must always be aware of their duties as Directors and the operations, business activities and development of the Company.

Every newly appointed Director has received formal, comprehensive and tailored induction on the occasion of his appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of the Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements. Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills. The Company will arrange internal briefings for Directors and provide reading materials on relevant topics to Directors where appropriate. All Directors are encouraged to attend relevant training at the Company's expenses.

During the Reporting Period, the Company has provided the Directors with relevant reading information such as the latest legal and regulatory information for their reference and learning, to ensure that the Directors understand the business and operations of the Group and their duties and obligations.

During the Reporting Period, all Directors have pursued continuous professional development and have received training and training materials, including those from the Company's eligible professionals/lawyers, about matters relevant to their duties as directors of a listed company. They are also kept abreast of matters relevant to their role as Directors by attendance at conferences and reading relevant materials.

Corporate Governance Report

The attendance record of each Director at the general meetings, Board and Board committee meetings of the Company held during the Reporting Period and their participation in continuous professional development are set out in the table below:

Name of Directors	Number of Meetings Attended/Number of Meetings Eligible to Attend from 1 January 2022 to 31 December 2022				Participation in continuous professional development
	General Meeting	Board	Audit and Risk Management Committee	Nomination and Remuneration Committee	
Executive Directors					
Mr. FANG Weihao (Chairman)	1/1	6/6	-	-	✓
Mr. WU Jun ⁽¹⁾	-	-	-	-	✓
Non-executive Directors					
Ms. TAN Sin Yin	1/1	6/6	4/4	3/3	✓
Ms. FU Xin ⁽²⁾	-	-	-	-	✓
Ms. LIN Lijun	1/1	6/6	-	-	✓
Mr. PAN Zhongwu ⁽³⁾ (resigned)	1/1	6/6	-	-	✓
Mr. ZHU Ziyang	1/1	6/6	-	-	✓
Independent Non-executive Directors					
Mr. TANG Yunwei	1/1	6/6	4/4	3/3	✓
Mr. GUO Tianyong	1/1	6/6	4/4	3/3	✓
Dr. CHOW Wing Kin Anthony	1/1	6/6	-	3/3	✓

During the Reporting Period, save as disclosed in the above table, the chairman has held one meeting with the independent non-executive Directors without the presence of other Directors.

Notes:

- (1) Mr. WU Jun was appointed as an executive Director on 13 March 2023.
- (2) Ms. FU Xin was appointed as a non-executive Director and member of the Sustainable Development Committee on 13 March 2023.
- (3) Mr. PAN Zhongwu ceased to serve as a non-executive Director due to personal work arrangement on 13 March 2023.

Corporate Governance Functions

The Board is responsible for performing the functions set out in the code provision A.2.1 of the Corporate Governance Code.

The Board is responsible for reviewing the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, and the Company's compliance with the Corporate Governance Code and the disclosure in this Corporate Governance Report. The Board has performed the above duties during the Reporting Period.

Director's Financial Reporting Responsibility on Consolidated Financial Statements

The Directors acknowledge their responsibility for preparing the consolidated financial statements of the Company for the year ended 31 December 2022.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement from the Company's independent auditor, PricewaterhouseCoopers, regarding its reporting responsibility on the financial statements is set out in the Independent Auditor's Report on pages 130 to 136 of this Annual Report.

Risk Management and Internal Control

An adequate and effective risk management and internal control system is an important guarantee to achieve the strategic goals of the Company. The risk management and internal control system shall ensure that the Company complies with the relevant laws, regulations and regulatory policies, the business activities of the Company are carried out effectively, and that the accounting records are true and accurate.

The Board and the management of the Company have always attached great importance to the establishment of the risk management and internal control system, and regarded it as one of the core contents of the operation, management and business activities, so as to continuously establish the risk management and internal control system that matches its strategies and integrates with its businesses.

The Board confirms its responsibility for ensuring that the Company establishes and maintains a fully effective risk management and internal control system. The Board is responsible for overseeing the risks exposure to the Company, determining the nature and level of risk that the Company is willing to take to achieve its development goals and implement its relevant strategies, and actively analyzing and developing strategies to manage the key risks exposure to the Company. The Audit and Risk Management Committee, on behalf of the Board, reviews the construction, implementation and inspection work of the management of the Company in the risk management and internal control system on a quarterly basis, and reviews the effectiveness of the risk management and internal control system on an annual basis. The Company gives the Directors sufficient instructions and information for performing their duties, so that the Directors can make an informed assessment when financial and other information is submitted for approval.

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In order to ensure the effectiveness of the risk management and internal control system, the Company has adopted a “three lines of defense” model comprising the operational management carried out by business departments, the risk management carried out by the internal control department, the independent audit and anti-fraud investigation carried out by the audit and supervision team, and established the risk management and internal control organizational structure under the supervision and guidance of the Board with reference to the actual situation of the Company.

The Company’s legal and compliance department is primarily responsible for identifying and monitoring the risks and internal control of the Company, and reporting any findings and follow-up actions directly to the Audit and Risk Management Committee. All departments of the Company strictly follow the Company’s internal control procedures and report any risks or internal control matters to the legal and compliance department.

The Company’s audit and supervision team is responsible for providing an independent evaluation of the effectiveness of the risk management and internal control system of the Company, receiving multi-channel reports, following up and investigating suspected fraud incidents, meanwhile assisting the management in promoting anti-corruption education to all employees of the Company. Internal audit and investigation results are reported directly to the Audit and Risk Management Committee. Before the formal confirmation that the problems found in the audit are completely rectified, the audit and supervision team is responsible for reviewing the rectification plan proposed by the management of the Company on the problems found in the audit and reviewing the adequacy and effectiveness of the relevant rectification measures.

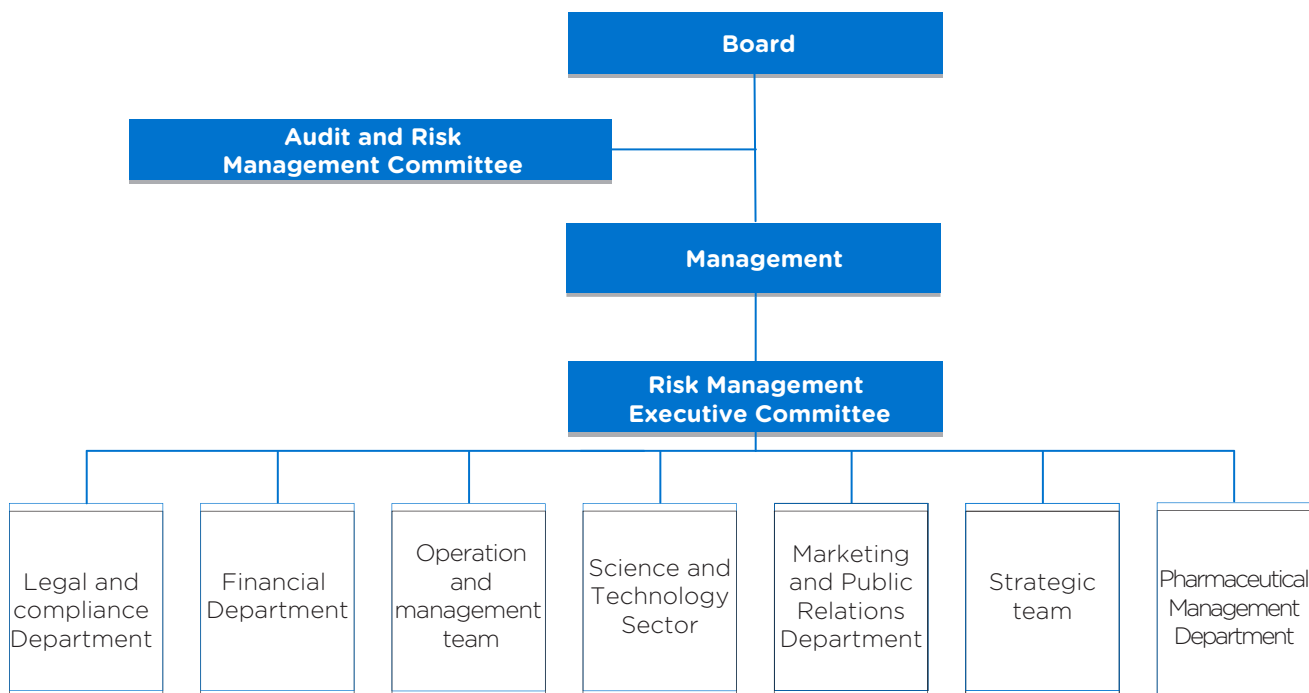
The aforesaid risk management and internal control system is designed to manage, and do not completely eliminate the risk that the Company may not be able to implement its business strategy, and may only make reasonable, but not absolute, assurances of material misstatement or loss.

Risk Management

The Company has been committed to continuously improving the risk management organizational structure, standardizing the risk management process, adopting qualitative and quantitative risk management methods to identify, evaluate and mitigate risks, and promoting the sustainable and healthy development of the Company’s business under the premise of controllable risks.

Risk Management Organizational Structure:

The Company has implemented the requirements of external laws, regulations and regulatory policies, the Memorandum and Articles of Association and relevant systems on risk management, and has established a risk management organizational structure under which the Board shall assume the ultimate responsibility, the management shall directly lead with support from the Risk Management Executive Committee and close cooperation among various functional departments to cover all business lines and risks.



The Board is the highest decision-making body for risk management of the Company and is responsible for the effectiveness of risk management of the Company. The Board has established the Audit and Risk Management Committee to comprehensively understand and evaluate the Company's major risks and their management status, and supervise the effectiveness of the operation of the risk management system. As a professional committee under the management of the Company, the Risk Management Executive Committee of the Company is the leading body of the Company's risk management for conducting risk management and making major decisions thereof, which shall be responsible for the overall risk management of the Company. The duties of the Risk Management Executive Committee of the Company mainly include reviewing the overall objectives of risk management, risk appetite, risk limits and basic policies and principles of risk management, guiding the establishment and improvement of various risk management systems as well as promoting the building of a comprehensive risk management culture within the Company.

The Risk Management Executive Committee of the Company is chaired by the chairman of the Company while and the vice chairmen shall be assumed by the general manager of the Company and the leader for comprehensive risk management. Its members comprise leaders in charge of the management of different risks. The committee comprehensively covers the Company's compliant operational risk, liquidity risk, strategic risk, operational risk, brand reputation risk, information technology risk and medical risk, which fully implements the responsibilities of risk management.

Corporate Governance Report

Risk Management Culture:

With the continuous improvement of the risk management system, the Company has formed a comprehensive risk management culture and atmosphere among the Board, the management and employees of the Company, and gradually established an effective and smooth risk management mechanism from top to bottom and vice versa, laying a solid foundation for the risk management to play a full role in daily operation and support management and decision-making.

Risk Management Methods:

The Company continues to optimize its risk management system, improve its organizational structure, formulate risk management policy and guidelines, standardize the risk management procedures and fulfill risk management responsibilities. The Company adopts qualitative and quantitative risk management methods to effectively identify, assess and mitigate risks.

- The Company has established an optimal risk governance framework and risk management communication and reporting mechanism, and integrated risk management culture into the overall process of corporate culture establishment. The Company will strengthen the centralized risk management from the perspectives of policy formulation, system construction and risk reporting.
- The Company utilizes tools and methods such as the risk dashboard and stress tests to continuously develop and optimize the risk management techniques and models to identify, analyze and manage risks with qualitative and quantitative methods.
- The Company continues to improve its risk warning mechanism, providing timely and effective alerts on industry developments, regulatory information and risk events, guarding against potential risks and optimizing its risk management mechanism.
- The Company carries out comprehensive assessment of risk management capabilities, and constantly improves risk management monitoring indicators and measurement methods, promoting the smart transformation of the risk management to enhance the efficiency of risk management of the Company.

Risk Analysis:

The Company classifies risks into different categories to ensure that risks are identified and managed systematically. The risk exposures of the Company may change as its business scale, operational scope, complexity and external environment continue to change. Key risk definitions and applicable strategies are summarized as follows:

Compliant Operation Risk

Compliant operation risk refers to the risk of direct or indirect losses due to inadequate internal operational procedures, personnel, systems or external events.

The Company continues to pay attention to and implement regulatory compliance and operational risk management strategies. Based on the existing compliance management and internal control system, the Company integrates advanced internal and external experience, methods and tools, optimizes the compliance operational risk management structure, improves the system and mechanism and strengthens the coordination among various departments. The Company also establishes daily monitoring and reporting mechanism to regularly report the overall risk situation to the management, and continuously improves the effectiveness and standard of risk management.

Information Technology Risk

Information technology risk refers to the operational, legal and reputational risks faced by the Company due to natural factors, human factors, technical loopholes and management flaws in the application of information technology.

The Company closely follows the national development plan and risk management requirements, continuously promotes the transformation of intelligent and data-based operations, and strengthens the management and control of information technology risks. On the one hand, it improves the ability to prevent, monitor and respond to information security compliance and information security risks, and builds a sound intelligent prevention and control system for information security compliance and information security risks. On the other hand, the Company strengthens the risk management system of technology research and development and technology operation, enhances the safety management of technology research and development, and improves the efficiency and stability of technology operation.

Brand Reputation Risk

Brand reputation risk refers to the risk of negative comments on the Company from stakeholders due to the Company's operation, management or external events, resulting in brand reputation and other related losses.

The Company has established reputation risk management, press spokesperson and press release management, market activities management and social media management policies to comprehensively guide press releases and publicity and reputation risk management. The Company adheres to the principles of prevention in advance, timely handling during an event and remedies afterwards, and combines the network system of brand culture ambassadors and irregular brand culture training, public opinion management training and reputation risk scenario drills to continuously improve the management standard of brand reputation risk.

Operational Risk

Operational risk refers to the risk of losses resulting from inadequate or failed operational processes, people and cross-departmental assistance.

The Company has always attached great importance to the management and control of operational risks. A risk management organization consisting of professionals has been established to continuously improve the effectiveness and standard of operational risk management through deepening the promotion of operational risk management policies, continuously monitoring risk points focusing on business characteristics, forming closed-loop management, strengthening the construction of digital risks control system and improving the timeliness of risk monitoring and management.

Strategy Risk

Strategy risk refers to the risk of mismatch between the Company's strategies and the market environment and the Company's ability due to ineffective procedures for strategy planning and implementation or changes in the business environment.

The management of the Company has attached great importance to strategy planning, which can only be implemented after strict discussion and review. The Company has also monitored the implementation of the strategy through the mechanisms of budget management, execution monitoring, and operation analysis and adjustment.

Corporate Governance Report

Medical Risk

Medical risk refers to the risk that injury or disability may occur to patients in the course of receiving medical services and all possible medical safety incidents related to patients, society or the Company.

The Company keeps up with the requirements of policies and regulations, timely improves the management regulations relating to the Company's Internet hospital management and Internet diagnosis and treatment, and establishes a professional management team for medical compliance management and medical quality control. Through the three-level quality control and training system, the operation of ISO9001 quality management system and the sound complaint handling procedure system, the Company continuously improves medical quality, service quality and customer satisfaction. It also maintains insurance coverage for medical liability risks associated with our operations.

The Audit and Risk Management Committee assists the Board in examining the overall risk profile of the Company and reviewing changes in the nature and severity of the Company's major risks. The Audit and Risk Management Committee considers that the management of the Company has taken appropriate measures to address and manage the key risks at a level acceptable to the Board.

Internal Control

The management of the Company is responsible for designing, implementing and maintaining the effectiveness of its internal control system, and the Board and the Audit and Risk Management Committee are responsible for exercising supervision over the appropriateness and effective implementation of the internal control measures introduced by the management.

Important segments of the Company's internal control system include delineating the management responsibilities of each party in key business segments, formulating clear written policies and procedures regarding important business processes and conveying them to employees. The Company's policy is the management standard of each business process, covering aspects such as finance, legal affairs and operation, and all employees shall strictly implement it.

In order to further strengthen the management's responsibility for the Company's internal control system and clearly confirm the effectiveness of the control system by the management, the management of the Company conducts self-assessment and confirmation of the internal control of key businesses and strategic business lines. The legal and compliance department assists the management in compiling the self-assessment questionnaire, guides the management of relevant departments in carrying out self-assessment, and collects, reviews and verifies the self-assessment results. The self-assessment and review results have been directly reported to the Audit and Risk Management Committee for consideration.

In addition, the audit and supervision team shall supervise the management in the construction of risk management and internal control system, regulate the management in the implementation of appropriate measures to objectively evaluate the effectiveness of the risk management and internal control system of the Company and report the evaluation results to the Audit and Risk Management Committee at least on an annual basis. The audit and supervision team directly makes a report to the Audit and Risk Management Committee in a timely manner regarding major internal control deficiencies, exercises supervision over the implementation of the rectification plan by the management, and reviews the full effectiveness of relevant rectification.

Effectiveness of Risk Management and Internal Control

The Audit and Risk Management Committee continues to review the risk management and internal control system on behalf of the Board. The review processes include but are not limited to holding meetings with each of the business and functional management teams, internal control legal staff, audit and supervision team and external auditors, reviewing relevant work reports and key performance indicator information, and discussing major risks with the senior management of the Company.

For the year ended 31 December 2022, the Board considers that the risk management and internal control system of the Company was effective and sufficient. The risk management and internal control system for finance, operation and compliance of the Company is effective and adequate.

In addition, the Board has confirmed that the accounting and financial reporting functions and ESG performance and reporting of the Company have been performed by the employees with appropriate qualifications and experience who have received adequate and appropriate training and development. Based on the work report of the Audit and Risk Management Committee, the Board has confirmed that the internal audit function of the Company is sufficient, the relevant resources and budget are sufficient, and the relevant employees are equipped with appropriate qualifications and experience, and have received sufficient training and development.

The Company has formulated an insider management, securities dealing and information disclosure policy to provide comprehensive guidance for the Directors, senior management, Shareholders holding more than 5% and other relevant employees in handling confidential information, dealing in securities and supervising information disclosure. Disclosure of regular reports, provisional reports and emergency handling of the Company are released after reasonable examination, so as to ensure that the information disclosed is true, accurate and complete, without false records, misleading statements or major omissions. The Board is responsible for implementing the procedural provisions in the information disclosure policy, and the Company's audit and supervision team is responsible for checking and supervising the effective operation of the procedures, and for supervising and urging the correction of abnormal behaviors.

Remuneration of the Auditor

The table below sets out details of fees paid/payable for audit and non-audit services provided by PricewaterhouseCoopers for the year ended 31 December 2022:

Services provided to the Company	Fees paid and payable (RMB'000)
Audit service	3,750.0
Non-audit services	345.0
Total	4,095.0

Corporate Governance Report

Company Secretary

Mr. LIU Cheng, the company secretary of the Company, is responsible for making recommendations to the Board on corporate governance matters and ensuring the Company's compliance with the policies and procedures of the Board, applicable laws, rules and regulations. Details for the biographies of Mr. Liu are set out in the section headed "Directors and Senior Management – Senior Management" of this Annual Report.

During the year ended 31 December 2022, Mr. Liu has taken no less than 15 hours of relevant professional training in compliance with the requirements of Rule 3.29 of the Listing Rules.

Shareholders' Rights

To safeguard Shareholders' interests and rights, a separate resolution will be proposed for each issue at the general meetings, including the election of individual Directors. All resolutions put forward at the general meeting will be voted by poll pursuant to the Listing Rules and the poll results will be posted on the websites of the Company and the Stock Exchange in a timely manner after each general meeting.

Convening of Extraordinary General Meeting and Putting Forward Proposals

Under the Memorandum and the Articles of Association, general meetings shall be convened on the written requisition of any two or more Shareholders of the Company deposited at the principal office of the Company in Hong Kong, specifying the agenda of the meeting and signed by the requisitionists, provided that such requisitionists held as at the date of deposit of the requisition not less than one-tenth of the paid-up capital of the Company which carries the right of voting at general meetings of the Company. General meetings may also be convened on the written requisition of any one of the Shareholders of the Company which is a recognized clearing house (or its nominee(s)) deposited at the principal office of the Company in Hong Kong, specifying the agenda of the meeting and signed by the requisitionists, provided that such requisitionists held as at the date of deposit of the requisition not less than one-tenth of the paid-up capital of the Company which carries the right of voting at general meetings of the Company. If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Board provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by the Company.

As regards proposing a person for election as a Director, the procedures are available on the website of the Company.

Putting Forward Enquiries to the Board

For putting forward any enquiries to the Board of the Company, Shareholders may send enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

Shareholders may send their enquiries or requests as mentioned above to the following address:

Address: 19/F, Block B, Shanghai Ping An Building, No. 166, Kaibin Road, Shanghai, PRC (For the attention of the investor relation team)

Email: IR_PAGoodDoctor@pingan.com.cn

Communication with Shareholders and Investor Relations

During the Reporting Period, the Company fulfilled its obligation of information disclosure in strict compliance with regulatory requirements to timely and fairly disclosed all its information, and ensured that all Shareholders, domestic and foreign institutions and individual investors have equal access to company information.

The information disclosed during the Reporting Period was true, accurate and complete, and there was no violation of the information disclosure provisions.

During the Reporting Period, the Company adhered to the principles of compliance, objectiveness, interaction, fairness and efficiency in providing services proactively and passionately to institutional and individual investors domestically and overseas, aiming at promoting the accuracy and service level of investor relations, continuously improving the mutual understanding between investors and the Company, and enhancing the level of corporate governance.

In 2022, the Company provided illustrations of its results by means of interim results presentation, domestic and overseas non-deal roadshows, reverse roadshows, investor open day, conferences of domestic and foreign investment banks and securities brokers, and made constant and extensive communication with institutional investors and small and medium-sized investors, and actively promoted itself to the market, thereby deepening the understanding of the market about the Company and its communication with the Company. Meanwhile, the Company maintains a website at www.pagd.net and a public email of IR_PAGoodDoctor@pingan.com.cn, which serve as a communication platform with the Shareholders and investors. Shareholders and investors are welcome to write a letter directly to the investor relations team or email to the public email address of the Company for any enquiries. The public can also view and follow our latest business development, corporate governance practices and relevant information on the website platform.

In 2022, the Company held two investor performance briefings and conducted 407 communications with investors through emails, telephone and offline channels. Moreover, the Company was committed to improving the mechanisms of investors information collection and market information feedback, strengthening the dynamic monitoring of analyst reports and media and public opinions, and paid special attention to the investors' concerns and advice to improve the communication quality with investors in a targeted way, aiming at enhancing its governance level and intrinsic value.

Therefore, the Company confirms that it has complied with the principles and measures required by the shareholders' communication policy during the Reporting Period. After the Board's review of the shareholders' communication and investor relations activities conducted by the Company during 2022, the Board considers that such shareholders' communication policy has been properly implemented and is effective.

Changes in the Memorandum and Articles of Association

The Company adopted the Memorandum and Articles of Association on 19 April 2018, effective from the Listing Date. During the Reporting Period, there was no change to the Memorandum and Articles of Association.

Environmental, Social and Governance Report

1. About This Report

1.1 Introduction to This Report

The 2022 Environmental, Social and Governance Report (hereinafter referred to as “this Report”) of Ping An Healthcare and Technology Company Limited (hereinafter referred to as “Ping An Health”, the “Company” or “We/Us”), highlights the process management, materiality, quantification, balance, and consistency, and systematically describes the Company’s philosophy, actions, performance and commitment to the pursuit of sustainable development. We hope that by publishing this Report and responding to stakeholder concerns we can strengthen communication with stakeholders, enhance their interest, and recognize our value. Moreover, it helps us continue to promote sustainable economic, environmental, and social development.

1.2 Reporting Principles

Materiality: Ping An Health distributes materiality assessment questionnaires to stakeholders through a stakeholder communication mechanism to understand concerns about their Company’s sustainable development prospects and identify material issues related to the Company. For details, please see chapter “Identifying Issues of Materiality” in this Report.

Quantification: The application of the quantitative principle is mainly reflected in the calculation and disclosure of the Company’s environmental and social key performance indicators. For details, please refer to Appendix 1 “Environmental Key Performance Form” and Appendix 2 “Social Key Performance Form”.

Balance: To ensure that this report can comprehensively reflect the Company’s sustainable development practices to our stakeholders, the Company has objectively and thoroughly disclosed the Company’s environmental, social and governance performance.

Consistency: This Report adopts the same statistical method as previous years and compares the data across different years. If the scope of data disclosure changes, explanations would be provided alongside the key performance indicator.

1.3 Reporting Scope

Business scope: This Report mainly covers the Company’s principal businesses, including Medical Services and Healthcare Services. For details of the Company’s businesses, please refer to the Company’s 2022 annual report.

Timeframe: This Report mainly covers the period from January 1, 2022, to December 31, 2022 (hereinafter referred to as the “Reporting Period” or the “this Year”). To improve the integrity of the report, some content may go beyond this scope.

Release cycle: This Report is an annual report and is the fifth environmental, social and governance report issued by Ping An Health.

1.4 Reporting Guideline

This Report is compiled in compliance with the Environmental, Social and Governance Reporting Guide (hereinafter referred to as the “ESG Reporting Guide”) of the Stock Exchange of Hong Kong Limited (hereinafter referred to as the “HKEX” or the “Hong Kong Stock Exchange”) and with reference to the United Nations Sustainable Development Goals (SDGs). The *ESG Reporting Guide* content index has been provided towards the end for reference.

1.5 Sources of Information

Information and data disclosed in this Report is sourced from internal official documents, internal statistics, and relevant public Company information. Unless otherwise specified, the monetary amounts herein are in RMB.

1.6 Assurance

The content disclosed in this Report has been considered and approved by the Board of Directors of Ping An Health. The Board is committed to supervising the content of this Report to ensure it is without misrepresentations, misleading statements, or material omissions.

Environmental, Social and Governance Report

2. Key ESG Achievements in 2022

While constantly improving its operation business and creating returns for its shareholders, Ping An Health has fully considered the interests of its employees, consumers, and other stakeholders, as well as social and public interests like ecological environmental protection. It is committed to safeguarding health for all, boosting the carbon neutrality and medical and healthcare ecological construction, and promoting sustainable development of the enterprise and society.

Ping An Health has operated its business around integrity and compliance to strengthen sustainable development and governance. This year, the Company optimized ESG governance structure to ensure the uniform leadership, decision making and implementation of all ESG initiatives. On the basis of adhering to business ethics standards, the Company further standardized the business ethics behaviors at all levels, and strengthened the review of internal policies on anti-fraud and anti-corruption as well as employee training and promotion on honesty and integrity. Ping An Health conducted 18 times of anti-corruption or related audits/investigations, and 150 times of anti-corruption training/incorruptible culture promotion. Employee coverage of business ethics standard training reached 100%.

Ping An Health attaches great importance to energy conservation and emission reduction, and responds to the national “Carbon Peaking and Carbon Neutrality Goals”. The Company practices energy consumption reduction in all workplaces across China, and strengthens the energy conservation and consumption reduction awareness among employees by regular promotion using posts and other manners to exert a subtle influence on employee behavior and boost efficient and sound utilization of energy; we conducted Low Carbon Life Plan in workplaces, and fully implemented the cost reduction and efficiency increase initiative; adhering to “low carbon” concept, Ping An Health conducted exchange of goods and recycling activities to make full use of idle items. Compared to 2021, the total electricity consumption has been reduced by 134,500 kWh in 2022, and the total emission of greenhouse gas reduced by 208 tons of carbon dioxide equivalence.

Ping An Health actively takes its social responsibilities to fully protect the interest of all stakeholders. In terms of information and privacy security, the Company has formulated the Information Security and Data Security Management Policy Statement to improve the information and data security management system and strengthen external certification and audit. This year, the Company obtained the TLC Certificate for Data Security Management Capacity issued by the Ministry of Industry and Information Technology of the People’s Republic of China, and has successfully passed two independent external audits and certifications. In the aspect of customer service, the Company started the service link monitoring system construction to provide better service experience for customers and achieved real-time service monitoring, covering the Company’s core services. In terms of product and medical service quality, the Company has realized the precise distribution, efficiency gains, and quality safeguard through the “auxiliary diagnosis platform”, “link monitoring of consultation conversation instant message”, “medication risk control” and other projects to realize precise distribution, efficient gains, and high quality of medical services.

Ping An Health has made constant efforts to drive medical inclusion, and boost the innovative development of medical industry. The Company has actively participated in the trade association activity, and signed the agreement to “jointly build the discipline of lifestyle medicine and boost the building of Healthy China 2030” with Shenzhen Hospital of Southern Medical University and Shenzhen Community Health Association; in addition, the Company built an all-round strategic cooperation with Boohee in healthcare products, nutrition consultation, healthy management, and other fields; besides, we signed the Memorandum of Strategic Cooperation on “Precise Rescue and Return to Society” with China Social Assistance Foundation and Pfizer; we further fostered industrial cooperation and worked with peers to make new contribution to the realization of “Healthy China 2030” goal.

Environmental, Social and Governance Report

3. About Ping An Health

3.1 Company Mission

Bridging doctors and patients with professionalism and safeguard everyone's health.

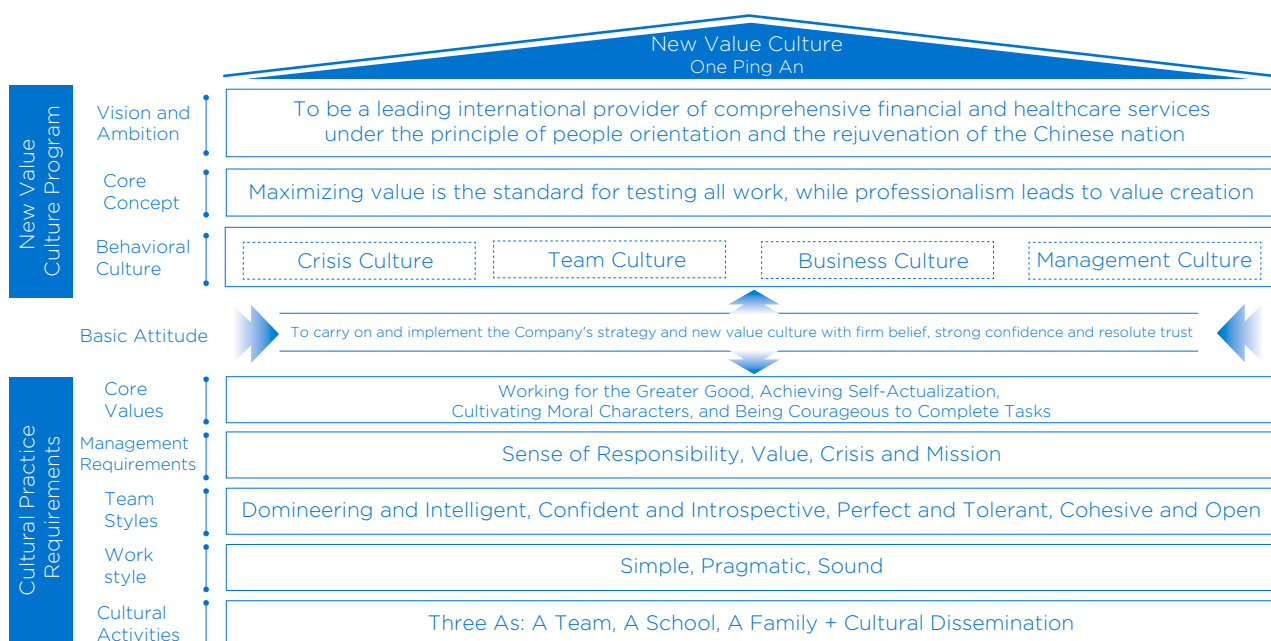
3.2 Company Vision

To provide every enterprise with a harmonious workplace, every family with a dedicated doctor, and every user with a safe and healthy life.

3.3 Corporate Culture

With core competitive advantages including abundant payer resources, sound provider network, leading service system, and strong ecological empowerment, Ping An Health has gradually established a unique business model based on "managed care + family doctor membership + O2O healthcare services" targeting at building itself into a professional, comprehensive, high-quality, one-stop corporate health management service provider.

Panorama of Ping An Health Culture System: Starts from the new value culture of One Ping An and fully implements the culture system based on practice requirements



Ping An Health, as a corporate healthcare management service provider, adheres to the value proposition of "easier, faster, and more affordable", by giving full play to the advantages of timely and efficient Internet medical care, breaking the time and space limitations of medical and healthcare services, and providing high-quality medical services. The Company is committed to improving health protection for all people, assisting in Healthy China 2030, and building the carbon neutral medical healthcare ecology. The Company promotes the active participation of employees in the sustainable development of the Company through activities. On the basis of complying with laws and regulations, we have urged employees to fully consider the interests of stakeholders such as the Company, colleagues and consumers as well as social and public stakeholders such as ecological and environmental protection bodies in order to create a better future together. The Company also continuously strengthens its philosophy through various events, meetings and employee engagement activities so that employees have a shared understanding of corporate values and the personal behaviors required to ensure alignment and unity across teams.

3. About Ping An Health

3.4 2022 Awards and Recognitions

Awards/Honors	Honor Time	Appraiser/Awarding Agency
Industry Leader of the Year	January 2022	Znfinnews.com
The Best Solution in the Field of "Patient Services"	January 2022	CN-Healthcare Review
Best ESG Award, Most Socially Responsible Listed Company	January 2022	Zhitong Caijing, RoyalFlush
2022 Golden Sail Award "2022 Employee Health Management Provider of the Year"	August 2022	HR flag
2022 Employee Experience Awards "2022 Best Employee Experience Service Provider"	September 2022	HR Tech China
2022 Corporate ESG Outstanding Social Responsibility Practice Cases	November 2022	Xinhua Net
2022 List of ESG Investment of the Year for Listed Companies	November 2022	36Kr
2022 Changchun Award - Annual Medical Technology Enterprise	November 2022	Jiemian, Shanghai United Media Group
2022 Excellent Practical Case for ESG	November 2022	Securities Daily
Annual Brand Summit "Annual Public Service Communication Case"	December 2022	Southern Weekly
2022 Responsible China "Public Welfare Responsibility Case"	December 2022	Southern Metropolis Daily
Investment Carnival "Sustainable Development Award"	December 2022	Guru Club
Jinganggu Award, Most Socially Responsible Listed Company	December 2022	Zhitong Caijing
2022 EDGE AWARDS Enterprise List "Annual Big Health Medical Consumption Enterprise"	December 2022	TMTPOST
2022 Healthy China Innovative Practical Case	December 2022	People's Daily Online
i-China Forum 2022 Golden Award "2022 Annual Best Enterprise Service"	December 2022	China Internet Weekly
2022 Digital Medical List for China Big Health "Top 10 China 2022 Chinese Internet Medical Enterprises"	December 2022	lyiou
2022 Most Valuable Leaders in Financial Markets "Annual Most Valuable ESG Award"	December 2022	cls.cn
Top 100 Annual Influential Listed Companies of 2022	December 2022	Snowball
2022 Annual Case with Excellent ESG Contributions	December 2022	21st Century Business Herald
The 12th Chinese Security Golden Bauhinia Award - "Best ESG Practice Listed Company"	December 2022	Hong Kong Ta Kung Wen Wei Media Group, The Listed Companies Association of Beijing, Chinese Financial Association of Hong Kong

Environmental, Social and Governance Report

4. Optimizing ESG Management System and Enhancing ESG Governance

4.1 Improving the ESG Governance Structure

4.1.1 Statement of the Board of Directors

At Ping An Health, the Board of Directors is responsible for coordinating, leading, and monitoring the Company's sustainable development management and ESG information disclosure. The Company incorporates ESG factors into the strategic decision making and daily operation management, and the Board of Directors leads the identification of industrial sustainable development trend, preparation of sustainable development strategy, and determination of key ESG management points. The Board of Directors and the management team hold regular meetings to monitor and review related ESG achievements.

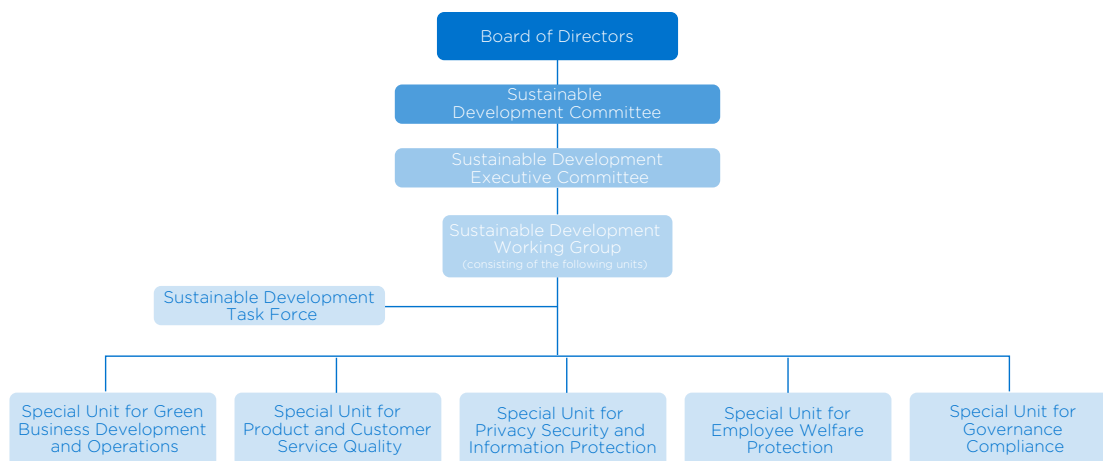
The Company's Board of Directors holds regular meetings each year, and listens to the management's reports on ESG management. After making clear of the Company's ESG management status, we identify the ESG management risks, monitor and review the implementation of the formulated ESG strategy and the step-by-step achievement of ESG goals, to ensure the sustained efforts to achieve our ESG targets. The Board of Directors is responsible for deliberating and approving annual ESG reports, and ensuring that annual key ESG work and the Company's sustainable development ideas are fully disclosed. The Board of Directors also discusses ESG matters in quarterly meetings, and the Company reports the performance in key ESG issues to directors in monthly directors' newsletter.

Ping An Health makes it clear the working responsibilities for ESG management at all levels. The Company's management leads and guides the Company's ESG management, implements management measures in all aspects, and regularly reports to the Board of Directors so as to help them learn the status quo of ESG management, identify and manage risks, and timely adjust the Company's strategies. Each year, the management proposes recommendations for key ESG topics, and discuss the degree of influence on the Company's businesses. In combination of topics fed back by stakeholders and importance evaluation results, the management determines the substantial matrix of the ESG topics, which serves as the basis for annual optimization of ESG development strategies and preparation of ESG reports after final review and confirmation of the Board of Directors.

4. Optimizing ESG Management System and Enhancing ESG Governance

4.1.2 ESG Governance Structure

Ping An Health optimized the three-level ESG governance structure in respect of decision-making, management, and executive, and has defined relevant work functions at each level to ensure unified leadership, decision-making and implementation of ESG work. The Company's ESG governance structure is as follows:



4.1.3 ESG Responsibilities at Each Level

The Board of Directors coordinates, leads and supervises the sustainable development management and ESG information disclosure of Ping An Health. The Company clarifies the responsibilities of all levels and departments in ESG management, supervises and urges all departments to implement relevant requirements and continuously improves the engagement of employees to ensure that the environmental and social risks involved in various work and businesses are properly managed, realizing the comprehensive planning and management of corporate ESG work.

To improve the Company's governance, and fully and actively perform its responsibilities in environment, resources, and governance, participate in building a harmonious society and achieve coordinated and sustainable development of the enterprise and society, the Company set up the Sustainable Development Executive Committee in 2022, and actively prepared the optimization of the ESG governance structure to build a better ESG management system. Based on the Company's Articles of Association, the Board of Directors especially set up the Sustainable Development Committee in 2023 (effective on March 13, 2023). Relevant ESG working rules as follow:

4. Optimizing ESG Management System and Enhancing ESG Governance

Levels	ESG-related responsibilities
Decision-making Level (Board of Directors)	<ul style="list-style-type: none"> • Coordinate, lead and oversee the development and implementation of sustainable development management strategies; • ESG presentation at the annual board meeting; • Supervisory guidance on systemic ESG risk management; • Consideration and approval of the Company's ESG reports.
Management Level (Sustainable Development Committee)	<ul style="list-style-type: none"> • Assist in the Board in guiding and monitoring the development and implementation of the Company's sustainable development strategies, including: <ul style="list-style-type: none"> ○ To formulate and review the Company's environmental, social and governance ("ESG") responsibilities, vision, objectives, strategies, frameworks, principles and policies, and strengthen the importance assessment and reporting process to ensure that the ESG policies adopted by the Board keep pace with the times and continue to be executed and implemented; ○ To review key ESG trends as well as related risks and opportunities, evaluate the adequacy and effectiveness of the Company's ESG related structure, business model and risk management and internal control systems, and adopt the Company's updated ESG policies when necessary to ensure that such policies are up-to-date and in compliance with applicable laws, regulations and regulatory requirements and international standards; ○ To supervise the Company's sustainable development performance in line with the expectations and requirements of investors and regulatory authorities; ○ To promote a top-down culture to ensure that ESG principles are considered in the business decision-making process; ○ To supervise the Company's expenditures on corporate social responsibility work, including donations made in the name of the Company and the Company's expenditures on ESG and sustainable development; ○ To supervise the assessment of the environmental and social impact of the Company's business and make recommendations to the Board; ○ To supervise and review the work of the Company's Sustainable Development Executive Committee, evaluate the Company's sustainable development performance, check the progress of annual ESG goal, and report to the Board;

4. Optimizing ESG Management System and Enhancing ESG Governance

Levels	ESG-related responsibilities
	<ul style="list-style-type: none"> o To coordinate other ESG-related work as requested by the Board of Directors. • Review the Company's annual sustainable development reports, and recommend the Board of Directors to approve the annual sustainable development reports; at the same time, suggest specific actions or decisions for the consideration of Board of Directors to maintain the completeness of the sustainable development reports.
Executive level (Sustainable Development Executive Committee and Sustainable Development Task Force)	<ul style="list-style-type: none"> • Coordinate the formulation and review of the company's ESG management policy and strategy, including evaluation, prioritization and management of important ESG related issues, to ensure the effectiveness of the company's internal monitoring system; • Identify ESG risks, formulate corresponding risk measures and evaluate the effectiveness of risk management regularly, to ensure that all work and involved ESG risks are properly managed; • Organize and coordinate the establishment, improvement, continuous optimization and implementation of the Company's ESG management system (work system and indicator system); • Clarify ESG management responsibilities, coordinate the implementation of the company's ESG work decision and deployment, continuously improve the participation of each special unit in ESG work; • Lead the preparation of the company's ESG work plan, work budget and implementation plan; • Coordinate and promote ESG research and training exchanges, organize and participate in ESG conferences and forums at home and abroad and carry out exchanges, organize and implement ESG-related internal training and dissemination; • Coordinate and implement the compilation and release of the company's annual ESG report.
Executive level (each special unit)	<ul style="list-style-type: none"> • Each special unit is jointly responsible for the implementation of ESG-related policies and objectives, including: <ul style="list-style-type: none"> o To assist in the collection, statistics, reporting and archiving of ESG-related data and information on green and low-carbon development, product quality and safety, data and privacy security, employee protection, corporate governance, etc., and implement the regular data collection mechanism; o To summarize ESG-related work, work performance and highlights, difficulties and problems, etc.; o To synchronize ESG work vertically with the Sustainable Development Task Force and communicate horizontally with each special unit on ESG work. • Collect the data and information disclosed in annual ESG reports and submit them to the Sustainable Development Executive Committee for approval.



4. Optimizing ESG Management System and Enhancing ESG Governance

4.1.4 ESG Work Communication Mechanism




In 2022, Ping An Health has established a layer upon layer progressive ESG work communication mechanism to facilitate communication on ESG matters at all levels of the Company and to promote ESG implementation:

Monthly report and communication	<ul style="list-style-type: none"> Each special unit reports monthly to the Sustainable Development Task Force on ESG-related work, summarizes the work performance and highlights, as well as difficulties and problems, etc. The Sustainable Development Task Force builds an executive-level ESG exchange platform by holding monthly internal and horizontal communication meetings with each special unit.
Quarterly Review	<ul style="list-style-type: none"> The Sustainable Development Task Force summarizes quarterly the achievements of ESG work and goals in each unit, sorts out the common problems in the implementation of ESG work in the Company, and reports to the Sustainable Development Executive Committee for joint discussion on solutions for ESG promotion. The Sustainable Development Committee holds quarterly meeting, and proposes optimization recommendation for the preparation of the mid and long-term ESG strategies as well as ESG work of the Company for the overall big direction for the Company's sustainable development.
Semi-annual meeting	<ul style="list-style-type: none"> The Sustainable Development Committee reports to the Board of Directors on ESG work, reviews progress and performance of ESG goals, and reports to the Board of Directors on other major ESG issues, such as progress on annual ESG report.
Annual appraisal	<ul style="list-style-type: none"> The Company plans to gradually implement the annual assessment plan in the future. Annual summaries of ESG work will be carried out to recognize excellent ESG units and activities, outstanding individuals, and other advanced models.

4.2 Communication and Engagement by Stakeholders

4.2.1 Communication and Response of Stakeholders

Ping An Health understands that listening to the views of stakeholders may help the Company identify relevant material issues. Ping An Health attaches great importance to the appeals of stakeholders and actively communicates with stakeholders through various channels on a regular basis and listens to the requirements and expectations of stakeholders. We respond in a timely way to better meet the expectations and requirements of all stakeholders.

Stakeholders	Expectations and requirements	Communications and Responses
 Investors and shareholders	Sustainable profitability Standardized corporate governance Protection of rights and interests	Generating long-term income Improvement of internal control system Regular disclosure of information General meeting of stockholders
 Government and regulatory authority	Compliance with national policies Fulfillment of tax obligations Strengthened political integrity Participation in regional co-construction	Operation in compliance with the law Tax payment on time Cooperation with government inspection Promotion of social employment
 Community	Promotion of community development Protection of community environment	Launch of public welfare program Practice of green operations

4. Optimizing ESG Management System and Enhancing ESG Governance

Stakeholders	Expectations and requirements	Communications and Responses
 Customers	Product health and safety Service quality Privacy and information security Business integrity	Improvement of quality control system Customer satisfaction survey and complaint handling Strengthened risk control Strengthened legal awareness
 Employees	Protection of legal rights and interests Smooth career development Compensation and benefit guarantee Good working environment	Compliance with laws and regulations Construction of talent cultivation channels Improvement of salary and welfare system Conduction of employee satisfaction survey
 Suppliers and partners	Open and fair Win-win cooperation Co-development	Standardized procurement process Improvement of communication mechanism Establishment of a long-term management model
 Industry associations	Industry experience exchange Promotion of industry development	Participation in industry forums Enhanced R&D capabilities

4.2.2 Identifying and Determining Issues of Materiality

Ping An Health takes stakeholder expectations and appeals as important considerations in formulating its ESG development strategy. In order to improve the pertinence and effectiveness of the Company's ESG development strategy in 2022, Ping An Health identified a number of material issues of importance to stakeholders, in respect of employment compliance, occupational health and safety, employee training and development, protection of customer privacy and information security, development of healthcare, technology development and innovation, etc. The exercise was based on the Global Reporting Initiative (GRI), the Sustainability Accounting Standards Board (SASB) and other international mainstream report compilation standards and on the Hong Kong Stock Exchange's ESG Reporting Guide combined with the Company's business-related industry standards and market concerns.

By conducting both internal and external stakeholder surveys, the Company has assessed and analyzed various issues. In 2022, the Company held two performance presentations among investors, communicated with investors 407 times through emails and phone calls, and distributed survey questionnaires to various internal and external stakeholder groups through social media platforms, email and other mediums to collect a total of 176 responses from all parties.

Based on the issues and materiality assessment results reported by various stakeholders and the importance of each issues confirmed by the management of the Company on sustainable development, the Company ranked the materiality of relevant issues and determined the materiality issue matrix. The priority of material issues has been reviewed and confirmed by the Board of Directors of Ping An Health in combination with the Company's strategy and business policy.

4. Optimizing ESG Management System and Enhancing ESG Governance

Materiality Assessment of Sustainable Development Issues

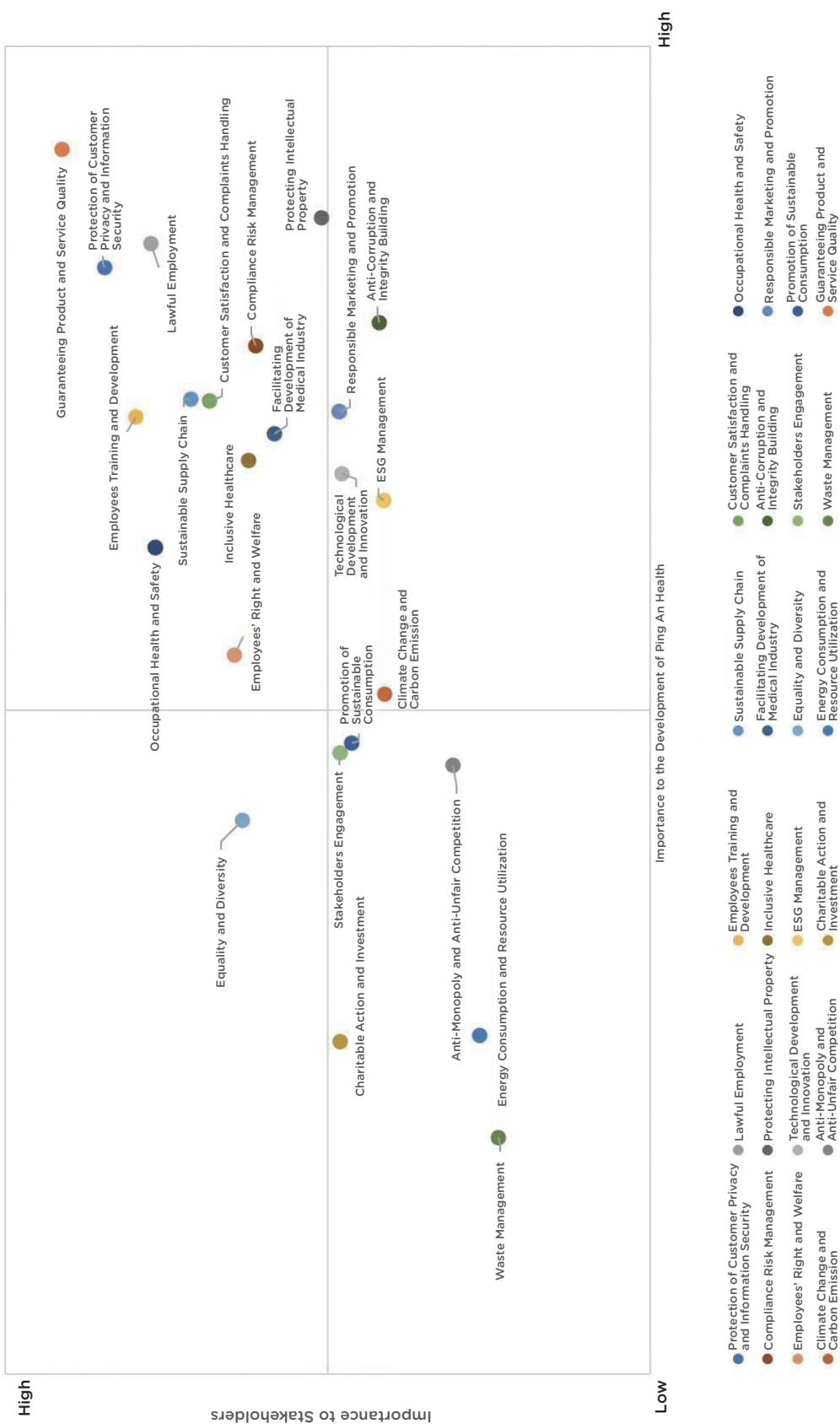


Figure 1. Materiality Assessment Results of Sustainable Development Issues

Environmental, Social and Governance Report

5. Improving Compliance Management System and Practicing Sound and Integrity Operation

5.1 Improving Risk Internal Control System

Ping An Health constantly establishes and improves risk management systems and improves the organizational structure, system specifications, strategic methods and technical means of risk management. We seek to further cultivate the corporate culture of risk management, strengthen risk awareness among employees, ensure sustainable, stable and healthy development of the Company, and build our core competitiveness.

The Company has formulated risk control systems such as the Comprehensive Risk Management Measures, the Risk Preference Management, and on this basis has formulated various risk management systems and specifications for each major risk category. The Legal Compliance Department of the Company coordinates the Company's overall risk management work, under which the secretariat of the Company's Risk Management Executive Committee takes the lead in overall risk management, and various risk management departments are set to be responsible for the daily management of risks. The Company has also established a comprehensive risk management organizational structure featuring the ultimate responsibility of the Board of Directors, direct leadership of the management, reliance on the Risk Management Executive Committee, and the active and close cooperation among all departments in risk management.

The Company has a "prudent" risk appetite and its bottom line is legal, compliance and social responsibility. It is continuously strengthening its comprehensive risk management system and balancing the requirements for consideration of benefits and risks while promoting the development of a risk performance assessment mechanism to achieve a balance between risk management and business objectives. The Company, by establishing a standardized mechanism for monitoring and reporting of risks, ensures continuous monitoring over various types of risks, and timely disposes and reports the abnormalities identified during monitoring.

The Company has established monitoring and reporting systems in respect of comprehensive risk indicators, risk events, and regular risk inspection reports to sort out and identify risks in compliance operations, information security, brand reputation, operations, strategies, medical treatment, etc. The Company has regularly monitored changes in the level of various risks, provided timely warnings and reports to the Company's management and higher management departments, and ensured that risk information is transmitted, reported and managed in a timely, accurate and complete manner at all levels of the Company and among relevant responsible entities. The responsible department must formulate a risk disposal plan for abnormal risks found in monitoring, according to different warning levels, and the risk coordinating department and the responsible department should continuously follow up on the risk disposal, and complete and submit the risk inspection reports to the Company's management and higher management departments as required.

5. Improving Compliance Management System and Practicing Sound and Integrity Operation

The Company continued to strengthen its risk management and compliance training with the aim of promoting the development of our internal control compliance risk culture and strengthening the risk management awareness of all employees. In 2022, the Company interpreted the new regulations for 32 times, and carried out 121 times of risk management training/promotion to all employees of the Company through various forms to achieve 100% coverage of all employees and enhance their risk management awareness.

Important Data

Interpretation of laws and regulations

32 times

Risk management training/promotion

121 times

Employee coverage of risk management training

100 %

5.2 Adhering to Business Ethics

Ping An Health strictly abides by the Anti-monopoly Law of the People's Republic of China, the Anti Unfair Competition Law of the People's Republic of China, the Anti-Money Laundering Law of the People's Republic of China, the Interim Provisions on Banning Commercial Bribery, and other relevant laws and regulations. The Company constantly improves the anti-corruption, anti-monopoly and anti-unfair competition review mechanisms and procedures to ensure that the Company does not engage in bribery, corruption and/or fraud, and does not undermine the fairness of business competition. Based on the increasing requirements of the government and regulatory authority to continuously strengthen anti-monopoly and prevent disorderly capital expansion, the Company also continues to strengthen the Company's anti-monopoly and anti-unfair competition review, and review the legal compliance of business transactions, such as investments and M&As, through fair and impartial assessment.

The Company has formulated internal policies and systems such as the Audit and Supervision System and the Anti-Fraud System to improve the anti-fraud management system and standardize the occupational behaviors of managers and employees at all levels. The Company's Board of Directors leads the anti-fraud work and urges the management to organize the implementation of anti-fraud work. It regularly takes anti-corruption and internal audit actions, links violations and frauds with managers' performance salaries and has established an effective system and mechanism of fraud prevention. To further standardize the business conducts at all levels, the Company constantly audit the internal policy systems such as anti-fraud and anti-corruption systems to ensure that various business ethics standards and systems conform to regulatory requirements and international criteria.

Ping An Health attaches great importance to the probity of employee and requires employees to abide by laws, be honest and self-disciplined by establishing the Employee Code of Conduct and the Management Policy for Conflict of Interest of Employees to standardize the business conduct of employees; the Company also conducted various anti-corruption training/incorruptible culture promotion to improve the employees' business ethics. In 2022, the Company conducted 150 times of anti-corruption training/incorruptible culture promotion, and 18 times of anti-corruption or related audit/investigation activities. All employees received the training on business ethics standards. During the reporting period, the Ping An Health did not have any anti-corruption lawsuits against the Company or its employees.

Special Action of "Three No-Corruption" Initiative

Case

In February 2022, Fang Weihao, Chairman and CEO of Ping An Health, organized an anti-corruption meeting for the Company. Li Wen, Chief Risk Manager, conducted special training for the Company's middle and senior managers and launched a special action of "Three No-Corruptions" ("don't dare to, are unable to and have no desire to commit corruption").

5. Improving Compliance Management System and Practicing Sound and Integrity Operation

Important Data

Number of anti-corruption training/incorruptible culture promotion

150 times

Number of anti-corruption or related internal audit/investigation activities

18 times

Audit frequency for business ethics standard

once per year

Employee coverage of business ethics standard training

100 % (including full-time and part-time employees)

To further prevent corruption and other unethical business practices, Ping An Health encourages employees and all parties in society with direct or indirect business relationships with the Company to report fraud. The Company's employees and all parties in the society may provide information about actual or suspected fraud cases in the Company and involving its staff through the Company's public reporting e-mail address and petition site. The Company also has formulated internal systems such as the Management System on Petition and the "Red, Yellow and Blue" Card Punishment System, established anti-fraud and reporting mechanisms and procedures, and set up a full-time audit and supervision team office to be responsible for internal audit, investigation and handling of petitions. For confirmed violations, the audit and supervision team will give corresponding disciplinary punishment in accordance with the "Red, Yellow and Blue" card punishment system, and also links violations with salaries deduction, restricted performance evaluation and promotion, and other punitive measures under the help of HR personnel.

The Company encourages real-name reporting in accordance with the protection and confidentiality requirements of whistleblowers in the Company's petition system. The petition department and coordinating department will protect the legitimate interests of whistleblowers and prevent them from retaliation. The Company's channels for petition are as follows:

Mailing Address	19F, Block B, Ping An Building, No. 166 Kai Bin Road, Xuhui District, Shanghai (Audit and Supervision Team Office)
Online e-mail address	dept_jkhlwdshshwhxfyx@pingan.com.cn
Place of visit	19F, Block B, Ping An Building, No. 166 Kai Bin Road, Xuhui District, Shanghai (Audit and Supervision Team Office)

Environmental, Social and Governance Report

6. Strengthening Medical and Health Products and Services in Support of Healthy China Action

6.1 Improving Scientific and Technological Innovation

6.1.1 Protection of Intellectual Property Rights

Ping An Health strictly abides by the Patent Law, Trademark Law, Copyright Law of the People's Republic of China, and other laws and regulations, attaches great importance to the protection and management of intellectual property rights and builds our own intellectual property protection barriers.

The Company has established a relatively complete intellectual property management system which encompasses the Intellectual Property Management System, the Patent Management Rules, the Copyright Management Rules, the Trademark Management Rules, the Patent Award Management Rules, the Trade Secret Protection Management Measures, the Brand Authorization Management Regulations, and other rules and regulations. Combining with the actual situation of Ping An Health, the Company has scientifically systematized the management and maintenance of intellectual property rights such as trademarks, patents, copyrights, and business secret.

The Company has established an intellectual property joint meeting mechanism with the participants including the Legal Compliance Department, the departments involved in the issue concerned, and the leaders of each team or the general manager of each department. They discuss and evaluate major intellectual property matters and report to the Company's management. The internal Legal Compliance Department of the Company has a special post for intellectual property rights and has intellectual property liaisons with the relevant departments. It fully implements the Company's intellectual property management system and conducts both regular and irregular intellectual property information campaigns and training for the whole Company or related specific teams. We require our employees to strictly abide by the terms of any applicable proprietary information and invention agreements and that any use of third-party names, trademarks, logos, data or software should be in accordance with relevant laws and the authorization of the intellectual property rights holder.

IPR-related Training Activities

Case

In March 2022, the Company organized basic patent knowledge training for the staff of the technology center to improve their awareness of patent protection and enhance their operational skills for the patent application of this year.

In September 2022, the Company organized training on international patent application and protection for the internationalization team of the technology center, and guided technical personnel to carry out international patent layout and protection.

In 2022, Ping An Health completed 325 domestic patent applications, 45 PCT patent applications, 35 patent authorizations, 30 trademark approvals, and 2 copyright registrations.

Important Data

Number of domestic patent applications	325
Number of PCT patent applications	45
Number of patent authorizations	35
Number of trademark approvals	30
Number of copyright registrations	2

6. Strengthening Medical and Health Products and Services in Support of Healthy China Action

6.1.2 Technological Empowerment of Medical Services

Ping An Health continues to consolidate its medical service capability, and at the same time commits itself to the research and development of independent artificial intelligence technology. By relying on the world's leading AI medical technology, Ping An Health achieves precise distribution and efficiency improvement of medical services, providing high-quality and convenient one-stop medical and health services for patients.

Examples of technology-empowered efficiency improvement

<p>Auxiliary diagnosis platform project</p>	<p>In August 2022, the Company has established a special auxiliary diagnosis project team to upgrade the platform.</p> <p>The auxiliary diagnosis platform project team thoroughly studies the compliance requirements, deeply integrates the ancillary diagnosis businesses, and focuses on diagnosis and treatment safety and doctors' cost reduction and efficiency. The upgrade of the ancillary diagnosis platform project also helps doctors in respect of consultation, collection of necessary medical history and condition information, and generation of structured electronic medical records.</p>
<p>Link monitoring project for instant messaging of consultation dialogue</p>	<p>In 2022, the Company introduced Skywalking monitoring technology to the XMPP-related protocol stacks in order to better track medical graphic consultation and improve the quality of message transmission during the consultation.</p> <p>Previously, relevant technical teams have recorded logs individually. Therefore, multiple teams are required to troubleshoot segment by segment when online problems occurred. Logs require a dedicated team to parse, which makes it slow and difficult to track all issues. With the introduction of Skywalking technology, services from the front-end to the back-end and other services follow a unified protocol for full-link recording. The Skywalking background allows us to clearly see the whole process from the user initiating a message on the page to the server accepting the message, to quickly filter out the problematic message requests and file requests, and to reduce the time to troubleshoot problems from hours to minutes. In addition, we can timely count the success rate of message sending and receiving, and timely analyze and correct the causes of errors, thereby greatly improving the message quality of consultation services.</p>

6.2 Ensuring Product Quality and Safety

6.2.1 Medical Service Quality Control

In terms of medical services quality control, Ping An Health complies with the Law of the People's Republic of China on Physicians, the Measures for the Administration of Internet Diagnosis and Treatment (Trial), the Measures for the Administration of Internet Hospitals (Trial), the Regulations for the Administration of Telemedicine Services (Trial), Detailed Rules for Internet Diagnosis and Treatment Supervision (Trial), and other laws and regulations, regulating internet diagnosis and treatment and protecting the quality and safety of medical services.

A) Medical Safety and Quality Assurance

Ping An Health continues to update the medical service-related system to ensure the smooth and effective delivery of medical services, continuously improving the service experience of consumers and effectively safeguarding the reasonable rights and interests of consumers. At present, Ping An Health has completed more than 20 systems that are related to online medical services including the Internet Hospital Patient Risk Assessment and Emergency Prevention and Handling System, the Internet Hospital Diagnosis and Treatment Management System, the Internet Hospital Patient Record Management System, and the Internet Hospital Adverse Drug Reaction Monitoring and Reporting Management Measures.

6. Strengthening Medical and Health Products and Services in Support of Healthy China Action

In order to strengthen the level of medical services and unify service quality, Ping An Health has established a comprehensive medical service quality monitoring system to protect the health rights of customers. The Company's medical service quality monitoring system consists of two parts:

System	Function
Consultation Procedure Standardization System	Establish standardized inquiry procedures and speech techniques for each diagnosis and guide doctors to standardize consultations according to standard procedures.
Prescription Review System	Review the doctor's prescription. Based on the diagnosis, check whether there is medical rationale between the diagnosis and the prescription, the user's personal basic situation and the prescription. Prescriptions that do not pass the review will be intercepted.

The Company has also built two system platforms, i.e., "Quality Control Tool Management System" and "Electronic Medical Record Management System", to help doctors write medical records and review online consultation cases and electronic medical records. It has also established a scoring system corresponding to the two systems. Through the examination and control by doctors, department directors and medical service team, the doctor's consultation process and electronic medical recording are more standardized and systematic, which effectively improve the quality of medical services and protect the health rights and interests of users.

In order to promote the improvement of internal medical quality, the company also set up an "abnormal event management system", through the internal medical staff found problems, take the initiative to real-name or anonymous report, basically realizing the systematic and process management of medical quality defects, and spread to the relevant responsible department for processing, so as to effectively avoid and prevent all kinds of potential risks.

Ping An Health also continues to pay attention to the national compliance requirements for drug management, continuously strengthens the control of drug use risks, uses technological means to ensure the rationality and safety of patients' drug use, and protects the health rights of customers.

Case

Medication Risk Control Project

Ping An Health took the initiative to promote the medication risk control project in October 2022, in order to meet the national requirements for drug management and compliance and to protect the safety and rationality of patients' medication.

The medication risk control project, according to different drug categories or specified drugs, can accurately complete the rationality analysis and risk assessment on cumulative medication through multi-dimensional rule configuration, assist doctors in identifying cumulative medication risks in prescription, and give corresponding reminders and medication suggestions. The project, involving 120,000 drugs in 25 categories (including tens of thousands of sub-categories), focuses on the control of high warning drugs, psychotropic drugs, and antibacterial drugs, limits the quantity of drugs purchased within a specified period, and detects thousands of abnormal prescriptions per month on average after a small-scale trial operation involving multiple Internet hospitals. The project has improved patient medication safety, reduced labor costs for risk identification in prescriptions, and avoided potential doctor-patient conflicts and disputes. Subsequently, the continuous improvement of system rules will continuously and efficiently protect the safety of patients' medication.

6. Strengthening Medical and Health Products and Services in Support of Healthy China Action

B) Medical Team Management

Ping An Health attaches great importance to medical team management. In order to ensure service quality and protect the legitimate rights and interests of doctors, Ping An Health has compiled and updated the Internet Hospital Medical Staff Access Management System, the Internet Hospital Medical Staff Shift Management System, the Internet Hospital Medical Quality Control and Assessment System, and many other institutional documents clarifying the key points in the qualification review of newly recruited medical personnel and standardizing the access standards for medical personnel. At the recruitment level, the human resources department first collects doctors' resumes, selects doctors who meet the recruitment criteria and then submits a list of doctors with excellent qualifications to the Medical Service Department – medical administration quality training room, to review their qualifications and experience. In terms of protecting the rights and interests of doctors, Ping An Health has formulated the Internet Hospital Personnel File Management System which stipulates that doctors' personal information should be properly kept to prevent material loss, theft and damage.

On the basis of ensuring the legal and compliant services of medical team, Ping An Health has formulated a number of institutional documents such as the Code of Professional Ethics and Code of Conduct for Staff in Internet Hospitals and the Patient Privacy and Personal Data Protection and Management System in Internet Hospitals. The Company converted all previous quality control standards into standard systems and published them for medical personnel. The systems cover professional requirements, diagnosis and treatment requirements.

In terms of improving the quality of medical services, Ping An Health attaches great importance to the training of medical team on service ability and professional competence. The Company has formulated relevant internal training systems, such as the Training Management Measures of Ping An Health Doctor Management Center, the Management Measures of Ping An Health Internal Instructor System, and the Provisional Management Rules for Further Training of Internet Hospital Medical Staff, in order to regulate internal training programs. In 2022, the Company developed an annual service training program for medical team:

6. Strengthening Medical and Health Products and Services in Support of Healthy China Action

Working policies	<ul style="list-style-type: none"> • Training mainly aims to promote professional refinement, improve service quality, and conduct online treatment legally and compliantly; • Build a training system of courses and instructors featuring Internet medicine, considering the professional diagnosis and treatment of common diseases in various specialties and the ability to provide quality services; • Promote the medical team to master various medical management systems, regulations, and regulatory requirements; • Establish more external management systems and professional academic enhancement channels such as external lectures of famous doctors, hospital training, training and study, conference exchange, etc.; • Gradually improve training, selection, and promotion of talents for internal disciplines.
Training programs	Focus on planning special training programs throughout the year, such as "Interpretation of common medical examination reports", "Special training for services", "Evidence-based drug recognition - special program for diagnosis and medication safety", "Consultation, documentation, and standardized preparation", etc..
Training format	A combination of offline + online format, internal lectures + external training, and other formats.
Frequency of training	<ul style="list-style-type: none"> • The frequency of offline training per specialty is about 1-2 times/week (including specialties, service skills, functions, products, channel projects, etc.); • The frequency of online training is about 2-3 times/week (including specialties, regulations, service skills, etc.); • External training is planned for 5 people/year per department and 2 months per person per training; • The frequency of lectures by famous doctors is 2-3 times/year per specialty. Other trainings may be arranged flexibly depending on conditions.
Training results	<ul style="list-style-type: none"> • Specialized training produced 32 copies of courseware; • A total of 2,175 participants from various specialties attended the training, with a 100% training coverage rate, 96.3% instructor satisfaction, 97.8% courseware satisfaction, and 96.4% overall training satisfaction; • Courses were put on line simultaneously for continuous learning at a later stage, and a library of exemplary service cases was established. A total of 548 exemplary service cases were included in the first stage after selection and review at various levels.

Training Program

Case

医疗管理部

医家人

“医”心为您 服务前行

5月课程开启啦!

开展时间:
5月10日起

培训组织:
各地职场维度统一参训, 获取培训积分

培训内容:
涵盖场景共情、沟通技巧、用户画像等9门课程

培训讲师:
各科服务满意度优秀人员

重要提醒!!!

1. 疫情期间, 居家办公人员需快乐平安参训
2. 职场办公人员, 需严格控制会场参训数量, 每个会议室不得多于20人, 做好防疫措施



6. Strengthening Medical and Health Products and Services in Support of Healthy China Action

6.2.2 Product and Service Quality Monitoring

A) Product Quality Control

Ping An Health attaches great importance to product compliance. In terms of ensuring product quality, Ping An Health strictly abides by the People's Republic of China's Drug Administration Law, the Product Quality Law and Food Safety Law along with the Good Supply Practices for Pharmaceuticals (GSP), the Measures for the Supervision and Administration of Drug Distribution, and other laws and regulations. Furthermore, the company has compiled and implemented a number of system documents covering the whole life cycle of product quality management, which is an important part of the company's quality management system and the basis for the company to carry out various quality management work. In 2022, the Company continued to carry out routine revision of system and policy, and updated relevant system documents, including Drug Procurement Management Measures, to ensure that the quality management system is in line with the latest regulatory requirements and corporate management requirements.

The Company comprehensively implemented the Good Supply Practices for Pharmaceuticals (GSP) internally to improve all employees' awareness and understanding of the new version of GSP, and required each drug retail subsidiary to develop and implement a whole process of drug quality and safety management system from procurement to sales according to the requirements of GSP.

In terms of product quality management, Ping An Health has established a complete product lifecycle management process:

In order to standardize the management of the Company's drug return operations, the Company also formulated the Management Measures for Ping An Health Drug Return according to the Good Supply Practices for Pharmaceuticals (GSP), the Measures for the Administration of Internet Diagnosis and Treatment (Trial), and other relevant laws and regulations to ensure the quality and safety of drugs in the return process and prevent the access of unqualified products into warehouses.



6. Strengthening Medical and Health Products and Services in Support of Healthy China Action

B) Platform Quality Monitoring

In terms of platform quality monitoring, Ping An Health complies with laws and regulations such as the Drug Administration Law of the People's Republic of China, the E-Commerce Law of the People's Republic of China, the Measures for the Supervision and Administration of Online Sale of Drugs, and the Measures for the Administration of Internet Drug Information Services. The Company has established the quality safety system for platform drugs, established the drug quality management work group, and implemented such regulations as drug quality safety system, drug information display system, prescription audit system, real-name purchase system for prescription drugs, drug dispatch system, transaction record saving system, and adverse reaction reporting system. In addition, based on actual operation of the platform, it has further formulated the Ping An Health APP Store Management Regulations, the Ping An Health APP Product Details Management Regulations along with the Ping An Health APP Merchant Illegal Points Management Regulations and other systems to standardize drug circulation, strengthen the management of platforms and self-operated merchants and ensure the authenticity and accuracy of drug sales information.

Based on market demand and analysis of industry and supply characteristics, Ping An Health introduces various types of suppliers and expands the supplier base and commodity pool. In order to ensure the compliance of Ping An Health and its platform merchants and suppliers, ensure the service quality of merchants and improve the shopping experience of platform users, Ping An Health has formulated a series of system documents for merchant and supplier qualifications, brand authorization, advertisement content, merchant delivery, customer service and after-sales service. Ping An Health strictly implemented them according to the content of the documents.

At the operational level, in order to ensure the legal qualifications of the merchants and the legitimate and reliable sources of goods, Ping An Health conducts multi-dimensional audits of the merchants on the platform as follows:

Enterprise Qualification	Product Safety	Advertising Content
Select the top suppliers in the industry or area, strictly review the supplier's supply chain; confirm that the corresponding supplier's qualifications, authorization are complete, authentic and effective; meet the requirements of the Company's business management regulations.	Commodities traded on the platform must have legal qualification and be inspected and qualified as providing appropriate safety and hygiene guarantees and complying with national mandatory standards.	Approved merchants shall not make false claims about the quality, ingredients and efficacy of products.

6. Strengthening Medical and Health Products and Services in Support of Healthy China Action

6.3 Promoting High-quality Development of the Healthcare Eco-systems

Ping An Health insists on promoting high-quality development of the medical and health eco-systems, actively participates in industry association activities, continuously strengthens the cooperation within the industry, unites various forces and works hand in hand with colleagues to make new contributions to the realization of the Healthy China 2030 goal.

Case

Shenzhen Hospital of Southern Medical University, Shenzhen Community Health Association and Ping An Health jointly established the “Lifestyle Medicine” to contribute to the realization of the Healthy China strategy

On December 18, the signing ceremony of the 5th (International) General Practice Shenzhen Summit hosted by Shenzhen Health Commission was held, in which Shenzhen Hospital of Southern Medical University, Shenzhen Community Health Association and Ping An Health jointly established the “Lifestyle Medicine” to



contribute to the realization of the “Healthy China 2030”. The Lifestyle Medical Center is jointly built through the cooperation of three parties started from the serious medical scenarios based on users’ complicated diseases and doctors’ intervention, and jointly explores active health intervention management services in and out of the hospital, online and offline, so that more people can enjoy high-quality life.

Case

Ping An Health and Boohee launched a comprehensive strategic cooperation to help pursue the “Healthy China 2030” Goal

On September 15, Ping An Health and Boohee signed a strategic cooperation agreement. Relying on the complementary advantages in resources, platforms and services, both parties will launch a comprehensive strategic cooperation in the fields of health products, nutrition consultation and health management in the future, and jointly build a model of health management products and services.



Environmental, Social and Governance Report

7. Safeguarding the Rights and Interests of Consumers and Taking Social Responsibility

7.1 Protecting Information Security

Ping An Health has taken data security and privacy protection as its core competitiveness in the healthcare industry since its establishment. Ping An Health strictly abides by the Cybersecurity Law of the People's Republic of China, the Data Security Law and the Personal Information Protection Law as well as other laws and regulations related to information security to effectively meet compliance needs.

We combined with the latest laws and regulations, formulated and improved the Information Security Management System, the Information Security Standards-Data Classification and Grading, the Information Security Standards-Personal Information Protection, the Information Security Standards-Data Life Cycle Management Security and other institutional documents. These documents are applicable to all departments and employees in Ping An Health and branches, as well as third-party persons who can access to information assets. This covers all aspects of traditional information security management, new data security classification, data security life cycle, personal information protection, and other related content.

In 2022, the Company formulated the Information Security and Data Security Management Policy Statement ("Statement" for short). In terms of information security protection, the Statement stresses data collection security, that is, the Company should obtain the authorization before data collection, and follow the rule of minimization by only collecting data required for business conduction and operation. The Statement explicates the data security management requirements of partners, and the Company requires that partners should have the data security management capacity. The data security management and data security technical capacity of the partners are verified through audit of qualification and certificates. In addition, cooperation contracts that contain data security clauses should be signed with the partners to clarify the data protection obligations and responsibilities of two parties. The Statement also describes the Company's emergency management mode of data security by establishing the emergency response mechanism. For different data security event dimensions and scenarios, corresponding emergency response plans should be established to clarify the specific persons in charge of environment and handing processes.

7.1.1 Information Security Management System

In order to carry out information security management comprehensively and effectively, Ping An Health has established a sound security management system. Combined with training and other methods, the system ensures that sufficient resources are invested in information security management actions thereby improving the professional level of personnel and building a responsible structure for consumers in a reliable consumption environment.

Ping An Health has established the Information Security and Data Security Management Committee. The Company's information security and data security management organizations are divided by function, including at the decision-making level, management level and executive level. The responsibilities at each level are as follows:

Levels	Division of responsibilities
Decision-making level	<ul style="list-style-type: none"> (I) Formulate the strategic direction and development plan of the Company's information security and data security, in accordance with national laws, regulations, rules and regulatory requirements related to data security. (II) Provide resources and management assurance for the development of information security and data security. (III) Establish an organizational structure for information security and data security. (IV) Make overall decisions on the Company's information security and data security. (V) Authorize the information security and R&D management team to convene regular meetings of the Information Security and Data Security Management Committee. (VI) Approve major changes to information security and data security policies, information security and data security strategies, and information security and data security standards. (VII) Manage and supervise the Company's overall information security and data security. (VIII) Listen to and approve the work reports related to information security and data security. (IX) Lead and direct the handling of information security and data security incidents, and listen to incident reports. (X) Participate in decisions related to the handling of major data security incidents. (XI) Coordinate the implementation of information security and data security decisions.

7. Safeguarding the Rights and Interests of Consumers and Taking Social Responsibility

Levels	Division of responsibilities
Management level	<p>(I) Fully define the processes and methods of the Company's information security and data security strategies formulated by the decision-making level, and ensure their implementation.</p> <p>(II) Implement the resolutions of the Information Security and Data Security Management Committee, undertake the specific work assigned by the Information Security and Data Security Management Committee, and assist in decision-making on information security and data security matters.</p> <p>(III) Supervise the implementation of information security and data security control measures throughout the Company, and draft and report penalty results for information security and data security incidents.</p>
Executive level	<p>(I) Implement the Company's information security and data security norms, cooperate with the information security and R&D management team to implement the departmental information security and data security management, and report security incidents and violations in a timely manner.</p> <p>(II) A specific person for security interface must be designated as the contact person for information security and data security to implement and coordinate the implementation of information security and data security within the department.</p> <p>(III) Implement corrective measures for the department (including corrective comments for internal audit).</p>

The Company also continues to strengthen its information security management system certification. As of 2022, Ping An Health has acquired the ISO/IEC 27001 (information security management system certification), ISO/IEC 27701 (privacy information management system certification), and TLC certificate for data security management capability of the Ministry of Industry and Information Technology. The information/privacy security management certification ratio for the Company's businesses is 100%.

Certificates



ISO/IEC 27001 Information Security Management System Certification



ISO/IEC 27701 Privacy Information Management System Certification



TLC Certificate for Data Security Management Capability of the Ministry of Industry and Information Technology

7. Safeguarding the Rights and Interests of Consumers and Taking Social Responsibility

Important Data

Information/privacy security management certification ratio for the Company's businesses

100 %

The Company conducts annual review for information security policy and system. In 2022, Ping An Health carried out two times of external independent reviews, including the network security level protection assessment of the Company's information security policy and core business system by the Shanghai Information Security Testing Evaluation and Certification Center, and the review of the Company's information security management system and privacy information management system by DNV.

Annual review of information security policy and system	
Network security level protection assessment for information security policy and core business system	<p>The assessment and review by the Shanghai Information Security Testing Evaluation and Certification Center is based on the Cybersecurity Law and the national cybersecurity graded protection system. The registered and recorded core business systems and network security protection status are reviewed and evaluated, in accordance with the relevant management norms and technical standards (such as GB/T22239-2019 Information Security Technology — Baseline for Classified Protection of Cybersecurity, GB/T28448-2019 Information Security Technology — Evaluation Requirement for Classified Protection of Cybersecurity, etc.).</p> <p>The review and assessment mainly cover two dimensions of security management and security technology, including physical and environmental security, network and communication security, equipment and computing security, application and data security, security policy and management system, security management institutions and personnel, security construction management, and security system operation and maintenance. The assessment and review indicate that the requirements of the National Information Security Level 3 Protection Certification are satisfied.</p>
Review of information security management system and privacy information management system	<p>DNV reviewed the status of the Company's overall information security and privacy security management system based on ISO/IEC27001:2013 and ISO/IEC27701:2019. The review and assessment mainly cover dimensions including information security policy, information security organization, mobile devices and telework, human resource security, asset management, cryptography, physical and environmental security, operational security, communication security, system acquisition/development/maintenance, vendor relations, information security incident management, information security program for business continuity management, and compliance. No major non-conformities were found during review and approval is obtained.</p>

Important Data

Audit frequency for information security policies and systems

Semi-annual

In September 2022, the Company carried out a special risk investigation for information security to reduce the risks related to information security. The risk investigation was carried out based on the Data Security Law of the People's Republic of China, the Personal Information Protection Law of the People's Republic of China, TLC 030-2021 Technical Specification for Data Security Management Capability, and YD/T 3956-2021 Specification of Telecommunication Networks and Internet Data Security, to assess the data security involved in data security management in all aspects. The data security management capabilities are evaluated from 2 major dimensions of data security system implementation requirements and technical implementation requirements, with a total of 15 indicators. Among them, management capabilities include organizational building, system assurance, data assets, data approval, management audit, partner management, education and training, reporting complaints, emergency response, compliance assessment; Technical capabilities include data identification, operation audit, data leakage prevention, interface security management, and sensitive data protection. The Company makes timely corrections or scheduled corrections to the risk issues identified to ensure that the data security risks are reduced to a manageable and acceptable range.

7. Safeguarding the Rights and Interests of Consumers and Taking Social Responsibility

7.1.2 Conduct Privacy Protection Actions

Ping An Health respects and protects the privacy of all customers, strictly implements internal specifications based on guaranteed availability, and timely revises privacy protection specifications in accordance with relevant national laws and regulations to assume corporate responsibilities and achieve sustainable development.

The Company adopts various security technologies and supporting management systems to ensure that users of products and services are protected from information leakage, destruction, misuse, unauthorized access, unauthorized disclosure, and alteration. The Company specifies that personal information of users can only be collected by the Company, that employees must present sufficient authorization certificates from the Company to collect personal information on behalf of the Company, and that the Company will not actively collect personal information of users from third parties except as required by law. The Company and its partners are also under a duty of confidentiality and will not voluntarily share, transfer, rent or sell personal information to third parties, except as required by laws and regulations. The Company will inform the individual user of the name of recipient, contact information, purpose of handling, method of handling and type of personal information, and obtain the individual user's separate consent to provide the handled personal information to any partner.

In 2022, the Company formulated the Information Security and Data Security Management Policy Statement. In terms of personal privacy protection, the principle for collecting personal information is determined. To be specific, personal information of the Ping An Health users can only be collected by the Company. When employees collect personal information in the name of the Company, they must present sufficient authorization certificates from the Company. Unless required by the laws, we will not actively collect users' personal information from third parties. In addition to basic principles for personal information protection, the following principles must be obeyed during collection:

1. Compliance with laws and regulations: ensure that data collection conforms the laws and regulations, rules, and regulatory requirements;
2. Clear responsibility: determine the responsibilities, obligations and rights of parties related to data collection;
3. Data minimization: only collect data required for business conduction and operation of the Company;
4. Active willingness: users should actively agree to the authorization for collection prior to information collection;
5. Inform before collection: information collection is only allowed after obtaining users' consent.

The Information Security and Data Security Management Policy Statement further safeguards the users' personal rights, and Ping An Health ensures that users exercise rights for their personal information:

1. Accessing to or requiring us to provide account information, search information and other personal information provided or generated during the use of our products and services;
2. Requiring us to correct wrong user personal information;
3. Requiring us to delete user personal information in specific scenario;
4. Granting or withdrawing user's authorization or consent concerning the collection and use of their personal information;
5. Canceling users' personal accounts;
6. Obtaining copy of user personal information.

7. Safeguarding the Rights and Interests of Consumers and Taking Social Responsibility

Before and during the process of sharing users' personal information, the Company will also fully evaluate the legality, legitimacy, and necessity of such sharing, and adopt appropriate management and technical measures to protect the security of users' personal information and privacy. To safeguard the security of personal sensitive information, Ping An Health enhances the protection for sensitive information through access control:

- All actions must be recorded and traced back to the responsible executors; non-authorized behaviors should be handled appropriately;
- Identification authentication is required before users' access to information and information system. The authentication method should be in line with the information sensibility and level of risk;
- The principle of permission minimization should be followed, and only necessary permissions are opened;
- Information assets must be properly protected based on information classification;
- Information must be protected from non-authorized tamper or deletion;
- Any person is not allowed to perform entire business transaction or operation procedure alone. For high-risk functions, effective monitoring measures must be adopted.

All of Ping An Health's products and services provide users with access to personal information for inquiries, corrections, communications, and complaints, through which users can access and manage their personal information and exercise their rights. Furthermore, the Company will only keep the personal information of users for the shortest period necessary for the purpose of providing products and services. Upon the necessary period, the personal information of users will be deleted or anonymized, except as otherwise provided by the following laws and regulations:

1. The information related to users' consultation will be kept for 15 years after the users cancel their accounts;
2. Information about goods and services purchased by users on our platform and their transaction information will be kept for 3 years after users cancel their accounts;
3. Except as otherwise provided by law, we will delete any other information about users simultaneously when they cancel their accounts.

7.1.3 Provide Information Security Training

In 2022, Ping An Health provided a variety of trainings on information security-related topics to enhance personnel's information security awareness and the capacity building of information security personnel. In 2022, the Company carried out 55 information security trainings in various forms, including 21 security awareness email campaigns for all employees, 1 offline training security campaign for newcomers, 15 Zhiniaonline security awareness campaigns, 6 special position security trainings, 10 phishing drill, 1 on-site safety awareness training for non-local employees, and monthly safety awareness intensive learning (including online courses, roll-up/email/video promotion, online games, etc.). In order to test the training results and ensure that the requirements of relevant laws are effectively spread to ensure the awareness of each employee, the information security and R&D management team organized online exams on personal information issues. In the end, the pass rate of all employees in the information security awareness assessment exceeded 100%.

Important Data

Total number of information security trainings

55 times

Pass Rate of information security awareness examination

100 %

7. Safeguarding the Rights and Interests of Consumers and Taking Social Responsibility

Case

Special position training for full life cycle of data security

Several special post security trainings were conducted in 2022 through offline and live online trainings at the workplace. For example, on October 18, 2022, the information security and R&D management team conducted the special post training for the full life cycle of data security among employees in the technology sector, with a total of 350 participants. According to the whole life cycle of data activities, the Company explains the management requirements and technical control measures related to data security in respect of data collection, data transmission, data storage, data processing, data exchange and data destruction, and provides a Q&A session to employees to answer the questions related to training and actual efforts. Such trainings enhance employees' awareness of data protection and help them implement data security protection at the technical level.



Case

Information Security Awareness Month

Annual theme: Ensure security through knowledge and action

Thematic course learning activities

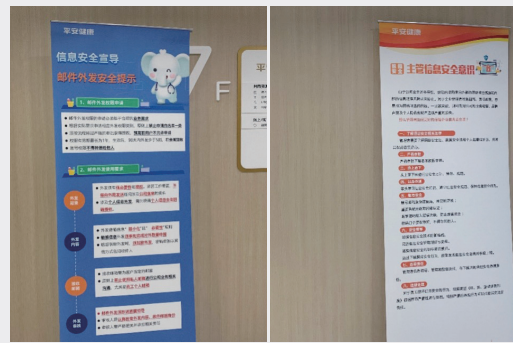
According to daily office norms, the Company provided online courses on information security risks through sec2know and Zhiniao, and advocate security awareness for all employees through the form of roll-up banner posters, and emails.

Safety experience activities

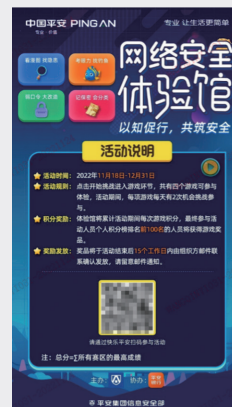
Ensure fun promotion of information security knowledge through online interactive games, and focus on key employee behavioral risks: Phishing prevention, terminal security, data security and password security, to enhance security protection through fun activities online at the Security Experience.

Compliance advocacy activities of managers

Advocate the Company's management to establish the security awareness, and carry out compliance advocacy activities on information security for the Company's employees at management level, focusing on the latest released industry laws and regulations, the Company's basic law requirements, and the Company's business security compliance and management behavior compliance. Allow employees to deeply understand and firmly establish the "awareness of data security and personal privacy protection", strengthen the sense of employee participation, and create a strong security culture.



Offline roll-up banner



Page of online interactive activities

7. Safeguarding the Rights and Interests of Consumers and Taking Social Responsibility

7.2 Carrying Out Responsible Marketing

7.2.1 Responsible Marketing Management System

Ping An Health fully recognizes that authenticity, accuracy, and legal compliance of marketing promotions are very important to consumers. Ping An Health strictly complies with the Advertising Law of the People's Republic of China, the Interim Measures for Administration of Internet Advertising, and other laws and regulations and has formulated the Advertising Review Guidelines, the Advertising Business Team Project Process Management Measures and other internal systems and guidelines to regulate marketing behaviors to ensure the compliance of brand promotion and avoid false and misleading advertising. Ping An Health has formulated a series of internal management systems to effectively manage and regulate brand promotion activities and product details to ensure that the relevant contents meet the requirements of laws and regulations.

The Company has set up a well-defined and collaborative sales team structure as the basis for responsible marketing:

- The Company has set up a sales promotion team in the B-side business center to promote the business of organizations. The structure covers headquarters departments that distinguish business lines, in respect of business promotion, pre-sales support, and sales management, as well as 28 organizations responsible for business sales. What's more, sales teams are established separately for internal and external business segments for the B-side business;
- In addition to sales lines, organizations also have service operation, business BD, comprehensive internal affairs, and other positions, to form a responsible unit for the whole life cycle of project with independent operation and closed-loop management, and set up a general and rapid interface mechanism of "one-to-one" coordination from organizations to the sales promotion, and "one-to-many" problem solutions from the sales promotion to the headquarters departments.

7.2.2 Compliance Training of Salespersons

Ping An Health has formulated the Management Measures of Ping An Health for Customer Managers at the Sales Center which regulates the marketing behaviors of the customer manager team and clarifies that in case of any provision of false data or misleading publicity to customers, those responsible persons will be punished based on the severity of the circumstances.

The Company requires customer managers to start from the actual needs of customers and to carefully analyze the status quo and deficiencies in customer health management. On such basis, they shall help formulate scientific and reasonable overall solutions, improve the efficiency of customer health management and then help improve customer's happiness and satisfaction. This will play an active role in the implementation of Healthy China 2030 strategy. The Company requires that in the external publicity of products or services by a customer manager, there should be no content that defames or slander peers, no contact information or names of real customers or any other sensitive information. In product promotion, a customer manager shall avoid inappropriate comparisons with competing products. Meanwhile, the training materials for each product and service promotion must be reviewed by legal compliance department of the Company before being exhibited it to external parties.

The Ping An Health sales team conducts service quality-related training for customer managers through on-site and remote training every week. The training content includes product introduction, company structure and the division of labor for each team, publicity of special approval rules for various internal businesses and operation processes, special product training etc. Training to standardize the publicity skills of customer managers aims at avoiding false publicity and misleading statements. In 2022, the Company trained all employees including the sales staff on responsible promotion, and the average training time for sales employees was about 39 hours.

Important Data

Training coverage rate for responsible marketing among all employees

100 %

Training coverage rate for responsible marketing among sales employees

100 %

Average training time for responsible marketing among sales employees

39 hours

7. Safeguarding the Rights and Interests of Consumers and Taking Social Responsibility

7.2.3 Consumer Sustainability Education

As consumers pay more and more attention to the sustainability of products and services, Ping An Health is paying great attention to sustainability education for consumers so that they can understand the impact of the products and services they choose on the environment and health, and leading customers to make conscious, healthy and responsible consumption.

Ping An Health's online consultation service helps user obtain medical consultation services without leaving their homes, saving them the time required to go to offline hospitals, reducing the burden on hospitals and making users' lives more convenient. At the same time, the exhaust gas and greenhouse gas emissions from vehicles due to user travel are also reduced. When providing health management services to customers, the Company will also provide reasonable health plans based on the actual situation of customers to prevent them from inadvertently misusing certain drugs and harming health and safety. Ping An Health also provides professional advice to help customers reduce environmental impact and improves health through a healthy lifestyle.

7.3 Optimizing Customer Experience

7.3.1 Customer Service Risk Management

Ping An Health insists on understanding consumers' demands, strengthening product construction and enhancing user experience. In 2022, the Company adhered to the work spirit of creating value through professionalism, refined its management tools and management policies, and established practical institutional mechanisms, including personnel management, performance management, quality management, and process management. Among them, the Management Measures for the Performance Evaluation of Front-line Personnel in Customer Service Team Cards (2022 Version) effectively improves the labor efficiency of customer service personnel and controls turnover rate. The comparison between data of the first and second halves of the year indicates that the labor efficiency in the second half of the year increased by 3% and the turnover rate decreased by 7%. The Company also completed the revision of 6 related systems and measures involving customer service work orders and complaint handling during the reporting period, namely the Measures for Handling Major Abnormal Events of Clients (2022 Version), the Management Measures for Handling Customer Complaints (2022 Version), the Work Order Management System (2022 Version), the Management Measures for Handling Health Mall Customer Complaint Work Orders (2022 Version) and the Management Measures for Quick Payments of Customer Complaints (2022 Version), to form a full coverage of customer service work order and complaint handling specifications for each scenario. Therefore, work order and customer complaint handling can be subject to laws and evidences, so as to provide a comprehensive guarantee for work order and customer complaint handling. In 2022, the average handling time for complaint work orders at the B side of Ping An Health's customer service department reached 0.82 working days, and the average handling time for complaint work orders at the C side was also shortened to 1.17 working days, which reached and far exceeded the service indicator standard promised by the Company. The satisfaction rate of work order handling also reached 96.33%.

In 2022, the Company made a total of 43,052 outbound calls through telephone outbound calls and submitted 14,205 samples. The customer service team handled about 3,126,110 user inquires and collected 165,027 customer service satisfaction samples, including 82,560 for telephone customer services and 82,467 for online customer services, with the telephone satisfaction rate of 97.7% and the online customer service satisfaction of 91.2%.

7.3.2 Improving the Service Level of Customer Service Personnel

In view of the medical industry's wide range of service targets, heavy workload and rapid knowledge evolution, Ping An Health regularly provides relevant training to customer service staff to continuously improve the professional service level of customer service staff in order to deliver better services to meet customer needs.

In 2022, the Company constructs its customer service training system by strengthening and improving the standardized management of trainings in customer service department, improving various training systems and perfecting the training workflow. Ping An Health starts from several aspects, such as newcomer induction training, daily training for in-service employees, and special training, to form a hierarchical and comprehensive training hierarchy, and lay a good foundation for improving service quality through trainings.

In terms of newcomer induction training, training instructors are responsible for the whole training process from new employee instructions, training management system, curriculum design, class updates, to business content updates, and ensuring trainings orderly and well organized. Instructors are required to actively engage with new employees, pay attention to their views in a timely manner, help them adapt to the new working environment faster, strengthen their sense of belonging, and improve their retention rate.

In the daily training of employees, one-to-one counseling and business trainings are carried out for some employees according to the service and business quality control. The tracking of training effect also helps to improve the business quality and service quality of employees.

In terms of specific training, the Company formulates phased training plans for in-service employees, carries out targeted soft skill trainings based on the classification of customer service personnel, analyzes the fundamental needs of customer services, focuses on training employees' service awareness and communication skills, and comprehensively improves employees' comprehensive service capabilities.

7. Safeguarding the Rights and Interests of Consumers and Taking Social Responsibility

In 2022, the customer service teamwork held 89 customer service training sessions, with a total of 606 participants. Training contents included 5 courses on assessment of basic medical problems, service awareness, communication skills, etc. Through this training, the customer service team improves its medical service ability, communication skills and service initiative.



Important Data

Number of customer service trainings

89 times

Person-time of customer service training

606 times

Case

Specific training for soft skills

The Company carried out soft skill trainings in June, September and November, and the trained groups included front-line and second-line personnel of customer service and outbound call agents. A total of 11 training sessions were conducted. The training courses are classified based on different customer service personnel, with a basic version of service awareness courses for new employees and an advanced version of service awareness and communication skills courses for senior employees. Soft skills course training allows the overall service capability and service quality of the customer service team to be greatly improved.



7. Safeguarding the Rights and Interests of Consumers and Taking Social Responsibility

7.3.3 Communication and Satisfaction Survey

On the basis of the rapid processing mechanism, the customer service team has expanded and applied more efficiency enhancing tools and methods including the establishment of a multi-service customer complaint case library and the formulation of the customer complaint standardization process. In 2022, Ping An Health's customer service team handled about 7,030 product and service complaints, with a 100% resolution rate and a 96.3% satisfaction rate. In terms of basic services, the telephone service satisfaction rate was 97.8% and that of online customer service was 91.2%.



Important Data

Complaint resolution rate

100 %

7.3.4 Using Technology to Improve User Experience

Ping An Health insists on creating value for customers and makes full use of technological means to create a better product experience for them. In 2022, Customer Service continued to make iterative upgrades to Customer Service AI. In January, the free input box was opened. The Company has added 775 new knowledge entries throughout the year, trained 2,194 keywords, and improved the "Guess what you want to ask" function. The average monthly number of inquiries received by AI is 115,390, while the average monthly number of manual inquiries is 39,248. Under the premise that the overall service experience of the Company is extremely humanized, only 34% AI inquiries are converted to manual inquiries and AI assumes the workload of 8 persons per day, thereby effectively reducing costs and increasing efficiency under the sound user experience.

Case

"Eagle Eye" Service Monitoring Project

The Company started the construction of monitoring system for service links in 2022, aiming at real-time service monitoring, and early warning, response processing. Through automated monitoring of service operation, pre-warning for prevention of service interruption, real-time warning of service problems, and establishment of pre-warning and handing mechanism, we handle service breakpoints, pain points, and blocking points to achieve closed loop of service, promote service quality improvement and enhance customer experience.

At present, the Company has realized monitoring of its core services, such as medical checkup, drug delivery, specialist consultation, register appointment, accompanying consultation, and health management. In addition, we realized early warnings for service timeout, negative comments, abnormal user status, etc., to enhance internal management requirements and continuously improve the service capabilities.

On this basis, the Company also planned to launch management billboards for monitoring service quality and operation conditions, to create a digital, intelligent, and visualized service supervision system, and enhance customer experience.

Environmental, Social and Governance Report

8. Building a Harmonious Relationship and Promoting Common Prosperity

8.1 Strengthening the Talent System

Ping An Health is committed to talent development, establishing and improving the employee management mechanisms and talent systems, and ultimately promoting the long-term, sustainable and healthy development of the Company.

8.1.1 Employment Management

Ping An Health strictly abides by the Labor Law of the People's Republic of China, the Labor Contract Law and the Social Insurance Law along with other laws and regulations to safeguard the legitimate rights and interests of employees. In addition, Ping An Health has formulated and improved a series of company-level systems in accordance with national laws and regulations and relevant policies and in light of the actual situation of the Company. These systems lay a solid talent foundation for Ping An Health to achieve sustainable development. They include the Management Measures for Recruitment Standards, the Ping An Health Internet Recruitment Management System, and the Family Avoidance System.

During the recruitment process, Ping An Health fully complies with the Employees and Agents Rights and Welfare Policy, adheres to the principle of fairness and justice and aims to build an inclusive and diverse work environment. This means prohibiting discrimination against any employee based on gender, appearance, physical and mental disabilities, age, marital and reproductive status, ethnicity, race, religious belief, sexual orientation, place of origin, household registration, nationality, party, educational background, accent and so forth, in the recruitment, induction, training, promotion, and reward processes.

In terms of employee management, Ping An Health strictly abides by the Labor Law of the People's Republic of China, the Law on the Protection of Minors, and the Prohibition on the Use of Child Labor, and has established internal systems such as the Labor Employment Management System to prohibit the recruitment of child labor and forced labor practices. To this end, the Company strictly reviews employees' ID cards and graduation certificates during the entry process and signs labor contracts in accordance with the principle of equality and voluntariness, and does not withhold these ID cards or collect deposits for any reason, thus ensuring that all employees are employed voluntarily and thus avoiding child and forced labor. If there is any employment of child or forced labor, the company will conduct an in-depth investigation, and will seriously investigate the responsibility of relevant personnel in accordance with laws and regulations and the company's internal policies, and take corresponding punitive measures. In 2022, Ping An Health did not employ any child labor or forced labor.

In terms of labor hours, the Company has formulated and implemented the Employee Overtime Management System and the Ping An Health Internet - Attendance and Leave System, and strictly manages overtime work based on the principle of planning and then implementing a two-level approval and review of overtime pay. Employees are given time off or salary allowance as approved and regulated.

As of December 31, 2022, Ping An Health had a total of 2,556 full-time employees of which 1,434 (56.1%) were female employees.

8.1.2 Salary and Welfare

Ping An Health adheres to value-oriented salary management principles. This means taking into account the principles of efficiency, fairness and justice, and sustainable development to establish a competitive salary and welfare guarantee system for employees. To this end, Ping An Health has formulated a number of systems, including the Remuneration Management System, the Guidelines for Basic Management Measures for Field Workers and the Guidelines for Internal Adjustment of Staff Salary Rules. In addition, Ping An Health has established a compensation system of "cash compensation + benefits + long-term incentives." This means the compensation is closely linked to organizational performance and individual performance fully reflecting the true value contribution of the team and individual employees. In addition, in order to further attract and retain talents, the Company has launched an employee option incentive plan to continuously improve the salary distribution system and practice the concept of shared growth of the Company and its employees.

Specifically, during the monthly performance day, employees need to review and summarize the work completed in the previous month and report on the performance system. Their supervisors will evaluate and comment to help employees understand the quality of work completed in the current month. Ping An Health conducts mid-year and end-of-year performance appraisals every year. According to the results of mid-year/end-of-year performance evaluation, we favor high performing employees in terms of remuneration, training, promotion etc. At the same time, we assist employees with average performance in formulating personal development plans to guide their development and improve work performance. If any employee has any objection to the performance result, the employee can contact the human resources department by email or in writing. The human resources department will conduct an investigation on the relevant evaluation and the final result is subject to the investigation of the human resources department to ensure the objectiveness and fairness of the assessment results.

8.1.3 Evaluation and Promotion

Ping An Health focuses on the cultivation and growth of talents. According to business needs and personnel performance, we provide employees with different types of training courses, job rotations and transfer opportunities to improve the quality and ability of personnel, stimulate the potential of employees and win more development space for the enterprise.

8. Building a Harmonious Relationship and Promoting Common Prosperity

Ping An Health recognizes and respects the diversity of its employees and strives to create an inclusive and innovative environment. The Company has implemented the Remuneration Management System so that employees of different ages and genders have fair development and promotion opportunities and every employee can realize his or her potential.

Under the principle of fairness and justice, Ping An Health stimulates the enthusiasm of employees and creates a good atmosphere in which everyone strives for outstanding performance. In terms of talent management, Ping An Health has deepened the application of the ranking system, sorted out the competency models for each rank and strengthened the connection between the ranking system and the application of talent management. In terms of promotion, we have guaranteed fairness and justice by optimizing the promotion process, clarifying the promotion standards, setting up evaluation agencies and so on. In terms of differentiated management, according to the difference in position value, we have clarified the differences in position ranks so that personnel management and training are differentiated. This helps stimulate employees to improve their own work motivation and continuously improve their professional quality and ability.

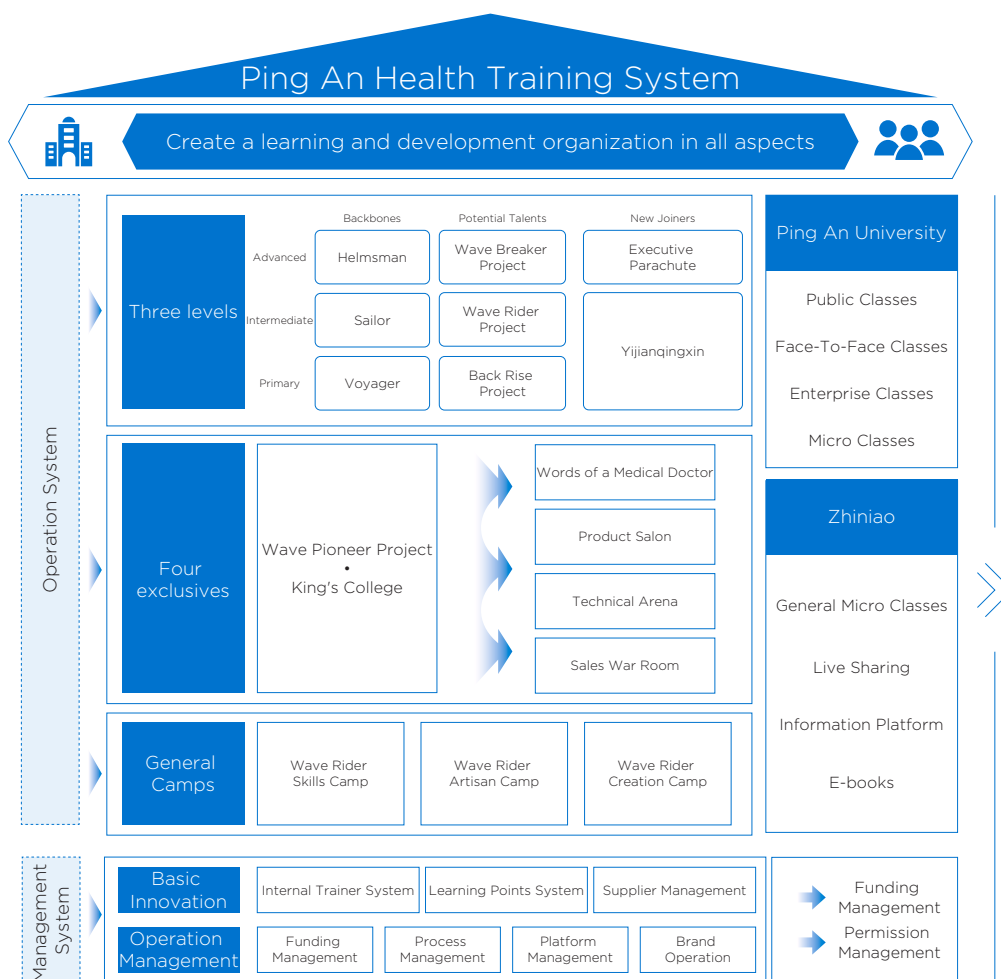
In terms of performance appraisal, Ping An Health has adopted the Employee Management Manual and the Performance Accountability Management System. Ping An Health follows the PDCA closed-loop management and builds a performance appraisal management process that conforms to the actual situation of Ping An Health.

8.1.4 Cultivation Mechanism

Talent is the cornerstone of corporate development. Ping An Health continues to improve its talent training mechanism, increase investment in talent training, construct a platform for employees, carry out various skills trainings, and help employees grow through multiple channels.

The Company has set up a sound professional training system, and divided its training system into two major systems: operations and management. By setting up targeted training courses, the corporate culture can penetrate all levels of the enterprise and the learning and development organization is created in all aspects. In practice, Ping An Health provides targeted training programs based on the situations of employees at different levels and positions, in order to consolidate professional knowledge, enhance their professional capabilities and help them continue to grow, through the Ping An University and Zhiniao.

Ping An Health Vocational Training System



8. Building a Harmonious Relationship and Promoting Common Prosperity

The Company offers a wide range of professional training for different levels and types of employees. Training topics cover career development planning, innovative thinking, career management, etc. In 2022, Ping An Health conducted 1,540 training courses annually, with 100% employees trained and 97% employee satisfaction with the training.

Important Data

Number of annual training courses

1,540

Ratio of employees trained

100 %

Employee satisfaction with the training

97 %

Vocational Training in 2022

1. Training of potential talent for division and reorganization, combination of online and offline training, researches on practice cases, promotion of learning through competition
 - 1) Back Rise - Preliminarily Potential: Focus on improving basic skills and teaching the art of thinking
 - 2) Wave Rider - Intermediately Potential: Focus on the knowledge and methods of division



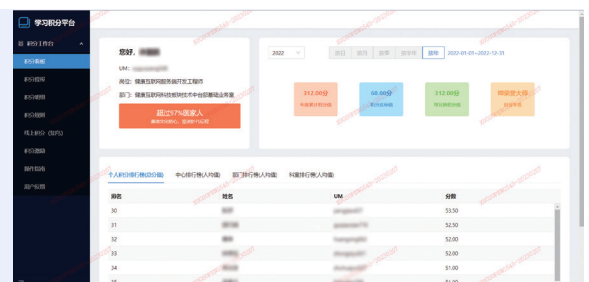
2. Innovate training forms, develop flexible and interesting forms, promote participation and increase effectiveness



3. Managers fully participate in talent development and set up more cross-departmental seminars



4. Visualize learning effects, set learning benchmarks, and stimulate autonomy



8. Building a Harmonious Relationship and Promoting Common Prosperity

At the mechanism level, Ping An Health encourages employees to actively learn and grow by establishing an incentive mechanism, formulating rules for the accumulation of growth points and encouraging the use of points to cash in learning resources. At the level of teaching resources, Ping An Health has formulated a growth training path in stages and initiated an internal course certification system. We are selecting and recognizing star lecturers to build a sustainable learning organization.

8.1.5 Talent Care

Ping An Health pays great attention to the physical and mental health of its employees. The Company strictly abides by the laws and regulations including the Fire Control Law of the People's Republic of China, the Prevention and Control of Occupational Diseases Law of the People's Republic of China, the Law on the Protection of Women's Rights and Interests of the People's Republic of China, and the Trade Union Law of the People's Republic of China, and is committed to protecting the occupational health and safety of its employees. In view of the possible sudden disasters, accidents, epidemic, fire and other safety events in the workplace, the Company specially issues internal systems such as the Regulations on Emergency Handling of Major Emergencies, the Employee Safety Management System, the Minimized Workplace Office Emergency Plan, the Workplace Closed Emergency Plan, and the 2022 Workplace Closed Emergency Simulation Drill Scenario, and specially invites the fire department to conduct on-site training and fire drill to ensure the safety of the Company and its employees from the source.

In 2022, Ping An Health provided health check-up services for all its employees with a coverage rate of 100%. In addition, Ping An Health enhances employees' sense of belonging to the Company by purchasing commercial insurance, binding employees to private doctors, and purchasing exclusive healthy workplace plans for all. It is worth mentioning that employees' family members can also enjoy the benefits of medical examination and medical treatment provided by the Company as the Company shows its support to the employee family members. During the reporting period, the Company had no work-related casualty accidents and the loss of working days due to work related reasons was 42 days.

Important Data

Coverage rate for health check-up services

100 %

Number of work-related fatalities

0

Rate of work-related fatalities

0 %

In terms of talent care, Ping An Health provides employees with a variety of benefits to balance their work and life. The company social insurance coverage rate is 100% and the participating rate in the labor unit among employees in Chinese mainland is 100%. The Company implements the Administrative Liaison Officers Responsibilities and Management Measures and set up administrative liaison persons in business units to provide support and assistance to employees in need. Through the implementation of a series of "One Family" initiatives, the Company continues to innovate employee services, optimize the employee service system, put employee care into practice, and improve the overall satisfaction of the Company's employee services. The Company has a sound employee service system, through which monthly birthday parties, afternoon tea and working lunch test activities are carried out internally. The Company utilizes its business resources to constantly innovate activities' themes and enhance the office experience of employees. In 2022, the Company has carried out 11 birthday parties, 7 afternoon teas, 13 internal purchase activities, and 7 external welfares sharing.

Important Data

Social insurance coverage

100 %

Participating rate in the labor union among employees in Chinese mainland

100 %

8. Building a Harmonious Relationship and Promoting Common Prosperity



Birthday Party



Afternoon Tea



Working Lunch Test

8. Building a Harmonious Relationship and Promoting Common Prosperity

The Company also provided special support to employees during the COVID-19 pandemic. During the closure of Shanghai from April to May 2022, the Company coordinated multiple resource sources to send living supplies to employees, covering 3,300 people with caring materials; provided "1V1 care" for 30 employees infected during the closure by always taking care of the physical and mental health of employees; and carried out online interaction to deliver care and warmth to employees working from home.



Caring materials and "1v1 Care"



Online interaction

Ping An Health pays close attention to the physical and mental health of female employees, strictly abides by laws and regulations such as the Law on the Protection of Women's Rights and Interests of the People's Republic of China and the Special Regulations on the Labor Protection of Female Employees, and protects the rights and interests of female employees. The Company provides customized physical examination packages and Women's Day holidays for female employees. We further provide paid maternity leave, breastfeeding leave and pay maternity benefits. We also provide safe, hygienic and private rest and breastfeeding places for pregnant and lactating female employees, such as a nursery room for novice mothers, and daily cleaning to keep the nursery room clean and tidy.



Nursery room for novice mothers



8. Building a Harmonious Relationship and Promoting Common Prosperity

The Company's labor union monitors employee satisfaction through internal questionnaires, symposiums, institutional research and so forth. It understands employees' needs and expectations in terms of salary, work, systems, daily activities and personal development.

In 2022, the Company conducted a mid-year survey on corporate culture and training activities to collect 379 feedback questionnaires to investigate employees' satisfaction with the center/department's cultural initiatives, cultural activities, training and learning. 87% of employees believe that culture is advocated frequently or more often in daily work and meetings. Our relevant teams later integrate and analyze the satisfaction results and formulate improvement suggestions based on the results, laying a good foundation for improving employee job satisfaction.

During the reporting period, the Company also held a series of employee seminars, where the head of the human resources department and the head of each module communicated face-to-face with employees in each department to collect various feedbacks from employees, and the operation compliance team continuously tracked the progress of solving the feedback issues. The types of feedback problems include employee welfare, newcomer training, information technology construction, construction of honor system, etc. The operation compliance team provides feedbacks to all relevant departments and tracks the solutions.

8.2 Strengthening Supply Chain Management

Ping An Health attaches great importance to compliant, robust and sustainable management of supply chain. Proper management of the supply chain is an important guarantee for the business continuity and sustainable development of Ping An Health. The Company strictly abides by laws and regulations such as the Tendering and Bidding Law of the People's Republic of China and has formulated and implemented internal policies such as the Supplier Management System and the Procurement Management Measures. Our regulations on the access, evaluation and management of suppliers are clear and we committed to become the driver of a responsible supply chain.

We adhere to the principles of "integrity and sunshine procurement". The Company conducts qualitative and quantitative multi-level evaluation of suppliers, continuously optimizes supplier management, and maintains a sustainable development supply chain exclusive to Ping An Health.

8.2.1 Supplier Process Management

Ping An Health has formed a complete supplier management system covering the whole chain from supplier entry to exit.

- Review on service qualification:

When introducing new suppliers, we will evaluate and inspect their qualifications, finance, technology, service, quality, law, sustainable development and other aspects. Through standardized information collection, we guide them in developing in many different dimensions, specifically in the development of the certification system and measurement system for the sustainable development, which will also serve as an aspect of the supplier's overall strength. We require suppliers to comply with national and government environmental protection laws and regulations. They must also provide ISO quality management system certification, environmental management system certification, occupational health and safety management system, safety production certificate and other qualifications as much as possible. We utilize the scoring items of qualifications to filter and guide suppliers to be more professional and sustainable.

- Supplier access qualification:

In the access certification and scoring for suppliers, we require suppliers to meet the requirements of national environmental protection regulations and their upstream companies to meet environmental protection requirements. We increase the weight of environmental protection qualifications in the inspection scoring and regard the supplier's environmental protection qualifications as a key scoring item in the technical standard setting. If suppliers are involved in sewage discharge, gas discharge and solid waste discharge, we require them to have complete processes and technical means for harmless treatment. The materials provided to Ping An Health must be renewable and easy to disassemble when being remanufactured. Suppliers shall establish a reverse logistics responsibility system to ensure that there is a recyclable mechanism for the goods provided to Ping An Health when they are aging and discarded.

- On-site visits:

For manufacturing suppliers, we arrange on-site visits according to business needs to inspect the actual production process, including employment, safety, quality, environmental protection, emission reduction, energy saving measures and so forth. This ensures that consumers get better product and service quality, and promotes the comprehensive and sustainable development of the entire supply chain. For health management service providers, we also urge and help them implement electronic reporting which is convenient for health management filing and is also an energy saving and environmental protection measure.

8. Building a Harmonious Relationship and Promoting Common Prosperity

- Risk management:

We adopt qualification expiration control measures, and systematically set up qualification expiration reminders and expiration bans to avoid the problems of supplier performance and complaints due to qualification issues, which may in turn affect the brand image of Ping An Health.

- Hierarchical management:

We use a hierarchical approach for supplier management, including:

Entry scoring: After the supplier access, the system automatically calculates the score and examines the hard power of supplier;

Strategy grading: A scoring and grading model is established to achieve strategic grading and precise control by consideration of the depth and degree of cooperation.

- Reward and punishment management:

We establish a mechanism for violation management and black and gray lists to restrain supplier violations, eliminate major non-compliant suppliers in a timely manner, and optimize supplier resources.

8.2.2 Supplier Sustainability Management

Ping An Health is committed to building a sustainable supply chain. In supplier performance management, the Company puts forward a clear method for supplier sustainability management evaluation: "To establish a unified sustainable development value and implementation standard with cooperative suppliers, create a sustainable supply chain and ensure that there will be no environmental, social and governance risks during the cooperation process, the Company advocates sustainable development policies for managing environmental, social and governance risks. Suppliers participating in or cooperating with the Company's environmental, social, governance and other related works have this included in performance evaluation." In 2022, the Company formulated the Supplier Code of Conduct to provide and advocate for suppliers' compliance with laws and regulations, adherence to business ethics and fair trade, protection of employees' rights and interests, protection of ecological environment, protection of data and privacy security, respect for intellectual property rights, and sustainable development management, and encourages suppliers to assume responsibility for the sustainable development of society and the environment. The Company also conducted ESG-related training for its suppliers with the training coverage of 100% in 2022.

In terms of supplier green development, we continuously pay attention to whether our suppliers have been qualified in the relevant environmental, quality and other certification systems. Under the same conditions, we will give priority to suppliers with more complete environmental, safety and quality management systems. Ping An Health will assign more weight to environmental protection qualification in the scoring of supplier access, and require suppliers to reasonably manage sewage discharge, gas emission and solid waste emission through complete processes and technical means for harmless treatment; establish a reverse logistics responsibility system to ensure that there is a recyclable mechanism for the goods provided to Ping An Health when they are aging and discarded to achieve green purposes; and effectively utilize energy and resources, continuously promote energy saving and emission reduction, while actively practicing the principle of green supply chain. At the same time, we are increasing the centralized management of supplier integration and procurement and promoting the optimization and upgrading of the Company's supply chain management to reduce costs and increase efficiency while further improving the efficiency and sustainability of resource utilization.

In terms of supplier integrity and honesty, suppliers shall, together with Ping An Health strictly comply with the Anti-monopoly Law of the People's Republic of China, the Anti Unfair Competition Law of the People's Republic of China, the Interim Provisions on Banning Commercial Bribery, and other relevant laws and regulations, and implement supplier integrity management. We continuously improve the anti-corruption, anti-monopoly and anti-unfair competition review mechanisms and procedures to prevent their employees, third parties or intermediaries from engaging in any form of bribery, extortion, corruption and fraud, etc., abide by the principles of fair trade, advertising and competition, conduct its operation business honestly and faithfully, and do not undermine the fairness of business competition. The anti-commercial bribery clause require coverage rate of the company's suppliers has reached 100%. So far, there have been no incidents of suppliers violating anti-commercial bribery provisions.

Important Data

Supplier anti-commercial bribery clause require coverage

100 %

Coverage rate for ESG-related training among suppliers

100 %

8. Building a Harmonious Relationship and Promoting Common Prosperity

8.3 Fulfilling Social Responsibilities

Ping An Health pays close attention to social issues, insists on fulfilling social responsibilities, fully considers the social interests of the operating area, provides financial and human support to the operating area within the scope of its ability to help the local public welfare undertakings and contributes to the development of the operating community.

Ping An Health actively participates in community medical care, medical science popularization and other activities, and constantly innovates the public welfare model to help solve social problems such as poverty, lack of medical resources, lack of medical education resources and care for groups in difficulties that may exist in the operating areas, so as to contribute to the harmonious development of society.

Case

Ping An Health Webcast Helps to Educate Children on Health Science in Shanghai

In 2022, deep cooperation has been achieved between Ping An Health and Shanghai Children's Foundation to carry out the Youth Health Guardian Initiative, in which webcasts provided parents of school-age students in Shanghai with scientific education activities on healthy child development. As of November 30, four webcasts have been carried out,



with a cumulative total of over 15,000 viewers. In order to further put the public welfare into practice, Ping An Health also provided free consultation services during webcasts, and 6,000 families and children had access to the free healthcare consultation from doctors.

Case

Ping An Health reaches out to elderly communities to promote health management for home based care

In 2022, Ping An Health launched the National Health Literacy Promotion Action at the "One café" belonging to the Memorial of the First National Congress of the Communist Party of China. Such activity, under the help of Ping An Life, invited Dr. Shan Xizheng, a general internal medicine doctor who owns own medical team, to explain scientific healthcare knowledge of home based care to financial customers and strengthen the healthcare management concept of home based care, expecting to enrich and improve the quality of life among the elderly.



8. Building a Harmonious Relationship and Promoting Common Prosperity

Case

Ping An Health partners with Pfizer and China Social Assistance Foundation to provide targeted assistance to hemophiliacs

On November 7, 2022, Ping An Health, China Social Assistance Foundation, and Pfizer signed a memorandum of strategic cooperation to support targeted assistance to hemophiliacs and their return to society at the China International Import Expo (CIIE). The strategic cooperation aims to give full play to respective advantages and address the five major needs of patients in terms of diagnosis, treatment, rehabilitation, efficacy testing, and payment solutions. In addition, the joint participation by the government, enterprises, public welfare organizations, volunteers and other social forces will create a good environment for hemophiliacs to return to normal life, support the return of hemophiliacs to society, and help patients receive homogeneous and standardized diagnosis and treatment nearby.



8. Building a Harmonious Relationship and Promoting Common Prosperity

Case

Ping An Health actively battles the pandemic and drug supply of Internet hospitals avoids suspension

In September - October 2022, the COVID-19 pandemic recurred in various regions, certain cities adopted closure and control measures, and patients were prevented from consultation and prescription at hospitals. Ping An Health actively helped public hospitals during the pandemic. The Internet hospital built with Dalian Municipal Central

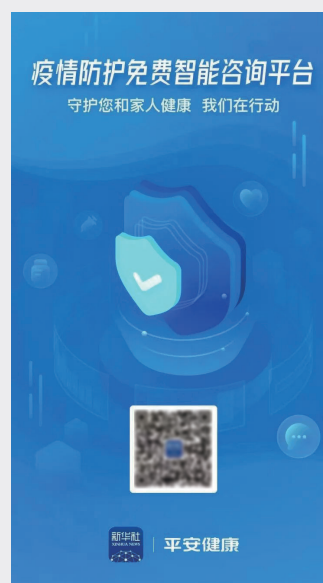


Hospital in September quickly organized forces to run around to different courier sites to send medicines, and the Internet hospital built with The Fifth People's Hospital of Datong in October provided residents with medical and healthcare services such as healthcare consultation, online consultation, nursing care at home, follow-up prescriptions, and medicine delivery in its WeChat official account. During the pandemic, Ping An Health has been able to effectively alleviate the problems of difficult access to medical care and slow distribution of medication by providing online consultation, follow-up consultation, and home delivery of medication, so that patients can avoid being affected by untimely treatment and shortage of medication.

Case

Online consultation of Ping An Health for pandemic prevention guards the first line of defense against the pandemic

In December 2022, the prevention and treatment of COVID-19 has become a social issue of national concern as China faced a new situation in pandemic prevention and control. Ping An Health launched an online consultation service for pandemic prevention and upgraded the "Free COVID-19 Consultation Service" for several client portals of Ping An Group. Ping An Health has also joined hands with Xinhua News Agency client to launch the "Free Intelligent Consultation Platform for Pandemic Protection" and provide free consultation and advisory services for the public 24/7 online. During the same period, Ping An Health's free COVID-19 consultation service has been connected to a number of local government platforms, including "iFutian" and "Lingxi APP". Since its launch in December, the cumulative number of inquiries to Ping An Health's consultation service for free online pandemic prevention has exceeded 15 million, and the peak number of inquiries of the whole platform in a single day exceeded 3 million.



Environmental, Social and Governance Report

9. Promoting Green Office and Practicing Low-carbon Development

9.1 Green and Low-carbon Operations

9.1.1 Green Operation

In strict accordance with the Environmental Protection Law of the People's Republic of China, Ping An Health is actively responding to the national call for energy conservation and emission reduction, adhering to the concept of green and sustainable development, and advocating green business in the operations process. The Company integrates energy-saving management methods into all aspects of daily operations and management and is gradually improving energy efficiency through scientific and systematic management of energy consumption systems and optimization of facilities and equipment. Under the unified management of the property of Ping An Building, the Company has adopted the Daikin VRV water source heat pump system which uses water/ground source as the cooling/heating system. This has significantly reduced our energy consumption, effectively reduced the generation of greenhouse effect and heat island effect, and helped us respond to the call of "low carbon emission".

In 2022, the Company took the national workplace as the subject of consumption reduction practice and achieved the energy consumption reduction target with the help of irregular advocacy, check-in activities and special guidelines for field workplaces, etc. Compared to 2021, the total electricity consumption has been reduced by 134,500 kWh in 2022, and the total emission of greenhouse gas reduced by 208 tons of carbon dioxide equivalence.

Annual actions for energy saving and consumption reduction

Raise awareness of energy saving and consumption reduction among employees through regular posters. This will implicitly influence their behavior and promote efficient and rational use of energy.

Based on the "low carbon" concept, the Company carried out bartering and recycling activities so that the unused items can be used again.

Low carbon life program is carried out in the workplace to fully implement cost reduction and efficiency initiatives in the workplace.



9. Promoting Green Office and Practicing Low-carbon Development

Regarding water use, the Company defines the use of water resources in each unit, organizes and implements a series of water-saving management and water-saving technical measures, and conducts comprehensive water resources management, in order to improve the water use efficiency. We also promote water conservation in workplaces across the country. In terms of awareness, we regularly use posters to educate employees about using water and conference room resources to influence their behavior and promote efficient and rational use of resources. On a practical level, we control the flow of water by installing water-saving measures in the workplace pantry. At the same time, we place warm reminders about water saving in washrooms, pantries and other places to remind employees to consciously develop good water saving habits. In 2022, the Company used 1,870 cubic meters less water than in 2021.



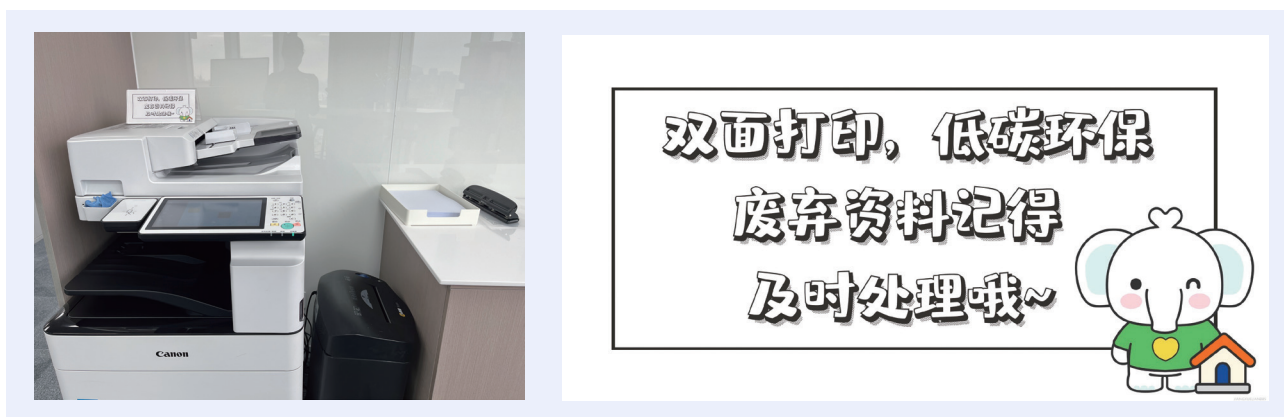
In order to promote a green, environmentally friendly and efficient workplace, the Company promotes green operations internally, reduces the use of disposable items and encourages employees nationwide to participate in activities related to energy saving and consumption reduction in the workplace. In terms of reducing the use of disposable items, the Company encourages employees to bring their own water cups and daily meals:

- (1) The Company has microwave ovens on each floor, so employees are encouraged to bring their own meals to reduce white pollution;
- (2) The Company no longer provides bottled water for general meetings, and guides and encourages employees to use plastic bottled water reasonably based on actual needs;
- (3) Disposable paper cups are not provided on non-reception floors. Employees are encouraged to bring their own water cups to save energy and protect the environment.

9. Promoting Green Office and Practicing Low-carbon Development

With regard to the reduction of paper consumption, the Company is committed to a paperless office with signboards. Compared to 2021, the amount of paper used in 2022 has been reduced by 4.2 tons, a reduction of 61%.

- (1) It is recommended that employees should use double-sided printing first and set the default printing mode of the printer to double-sided printing. For single-sided paper that needs to be discarded due to misprinting, employees are encouraged to recycle and improve paper usage.
- (2) Place a “double-sided printing” sign next to the printer as a permanent reminder.
- (3) Standardize the gram of paper used in the workplace to 70g to encourage savings while reducing the overall cost of paper.



9.1.2 Green Travel

In terms of company vehicles, suppliers are generally shifting towards new energy vehicles. On the premise of ensuring safety and stability, the Company is improving energy efficiency and reducing greenhouse gas emissions through resource integration. In terms of employee travel, the Company encourages employees to take public transports or use carpooling services, walk or cycle to work to reduce greenhouse gas emissions caused by employees commuting. In short, we guide employees to gradually develop a green and healthy lifestyle.

9.2 Improving Waste Management

The Company has committed to controlling the discharge of waste in accordance with the corresponding laws and regulations and has adopted strict disposal control measures and entrusted a professional third party to handle the safe and orderly disposal of waste and realize the recycling of resources. We carry out regular monitoring according to the type of waste and transfer it to the corresponding disposal unit to realize the recycling of resources and the harmless treatment of waste.

For hazardous wastes, such as printer toner cartridges and waste lamps, the Company has set up special recycling procedures in accordance with the Law of the People’s Republic of China on the Prevention and Control of Environment Pollution Caused by Solid Wastes. For electronic waste, in accordance with the Administrative Measures for the Prevention and Control of Environmental Pollution by Electronic Wastes, we work closely with suppliers and property managers to dispose of waste in a safe manner. Specifically, the Company rents printers, and the used toner cartridges are uniformly recycled and disposed of by suppliers; the electric lights in the workplace are damaged and replaced by the internal maintenance suppliers, and the waste electric lights are uniformly disposed of by such suppliers; the building property managers have a uniform electronic product waste bin on each floor of the workplace, and the daily dry battery waste is placed in the uniform recycling point and recycled and disposed of by the property managers. For domestic waste, the Company actively implements the domestic waste classification and treatment systems in different cities and adopts a garbage classification model appropriate to local conditions. The cleaning staff and property managers of workplace are responsible for collecting and sorting waste at regular intervals and designated places.

9. Promoting Green Office and Practicing Low-carbon Development

9.3 Addressing Climate Change

Ping An Health has promised to implement the national goals of carbon peaking in by 2030 and carbon neutrality by 2060, actively identified various risks and opportunities relating to climate change, and formulated targeted countermeasures to comprehensively promote the implementation of the Company's green and low-carbon strategy. The Company proactively identifies and analyzes various climate change risks and opportunities, formulates climate risk management measures and countermeasures in a timely manner and improves its ability to adapt to climate change. The Company has established the Shanghai Workplace Disaster Emergency Execution Plan, the Regulations on Handling Major Emergencies, the Employee Safety Management System and the 24-hour Duty Management Measures to regulate climate disaster response measures and reasonably protect the safety of employees; meanwhile, we have established a leadership responsibility system for safety matters, requiring the responsible person to maintain 24-hour communication channels open to pay full attention to workplace and employee safety.

In 2022, the risks and opportunities related to climate change and countermeasures identified by the Company are as follows:

Risk type	Climate-related risks	Risk description	Analysis of potential impact of related risks on Ping An Health	Existing and future countermeasures in Ping An Health
Physical risks	Acute risks	Sea level rise due to climate change, resulting in extreme weather such as droughts, storms, floods	Inconvenient commuting of employees caused by extreme weather events such as typhoons and the impact of network restrictions on the development of online business, resulting in suspension of businesses or decrease in operating incomes	<ul style="list-style-type: none"> Pay close attention to extreme weather conditions around the world, and respond to and activate emergency plans for typhoons and natural disasters at the first time; Remind all parties on a daily basis to pay attention to fire safety in the workplace, the safety of doors and windows, and all kinds of building attachments, hanging facilities, underground garages and other typhoon-prone areas, and carry out detailed safety checks and full safety preparations; Set up telecommuting, flexible clock in/off, and timely reporting mechanism to safeguard employee security and stable operation.
	Chronic risks	Mean temperature rise	Prolonged high temperature may lead to physical discomfort of employees, which further affects their working efficiency and results in the Company's economic benefit loss	<ul style="list-style-type: none"> Pay special attention to employees' health; Set up telecommuting, flexible clock in/off, and timely reporting mechanism.

9. Promoting Green Office and Practicing Low-carbon Development

Risk type	Climate-related risks	Risk description	Analysis of potential impact of related risks on Ping An Health	Existing and future countermeasures in Ping An Health
Transition risks	Policy risks and legal risks	Higher greenhouse gas emission prices	Operating costs may be increased (including carbon tax, carbon transaction, etc.)	<ul style="list-style-type: none"> Pay sustained attention to latest development of environmental protection policies, and timely abide by the emission reduction policies in different places; Use scientific and effective energy consumption management system to strengthen energy management, and continuously conduct energy conservation and consumption reduction work.
	Market risks	Customer behavior changes	As customers tend to work with enterprises focusing on environmental protection ideas/using low-carbon and clean energy, the Company must invest costs to enhance publicity of environmental protection ideas and enhance the efficiency of energy consumption.	<ul style="list-style-type: none"> Looking forward, we will adopt diversified manner to communicate with customers and constantly adjust and innovate our service modes to deliver the interpretation for latest environmental protection policies, and our new initiatives on energy conservation and emission reduction to customers so that they can effectively track our environmental protection measures.
	Reputation risks	Stakeholders' growing concerns for negative feedback related to climate	Customers become more concerned about the enterprise's focus on climate change and environmental protection. As such, negative information on the enterprise may bring adverse impact on the enterprise image.	<ul style="list-style-type: none"> Establish efficient and responsible sustainable supply chain management system, and strictly control the climate risk management in the supply chain to avoid adverse events; In the future, we will actively conduct ecological and environmental protection promotion to advocate environmental protection ideas to the public, customers, employees, and business partners.

Opportunity description	Analysis of potential impact of related opportunities on Ping An Health	Existing countermeasures and future countermeasures in Ping An Health
Sea level rise, as well as extreme weathers such as droughts, storms, and floods from climate changes	Extreme weather events cause inconvenience to patient travel, which further leads to demand for online medical services, and the Company's incomes are increased	Continue to optimize AI-assisted diagnosis and treatment system to improve efficiency. So that the company can response timely to customer demands in the event of extreme weather disasters and surging medical service demands
Rising demands for products and services from diseases	Climate change causes extensive influence on human health, and increase the possibility of chronic diseases, resulting in higher medical demands among the public and bringing more incomes to the Company	Improve the scope of chronic disease management services in combination of scientific means, and timely respond to medical service needs during daily operation
Improving energy use efficiency	The application of energy conservation and emission reduction technology will improve the energy use efficiency, reduce the emission and energy consumption expenditure, thus leading to lower costs of Company	Continuously introduce energy conservation and emission reduction technologies

Environmental, Social and Governance Report

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10.1 Key Performance Form

Appendix 1: Environmental Key Performance Form

Indicator category	Key performance indicator	Unit	2022	2021	2020
Greenhouse Gas Emissions	Scope 2 greenhouse gas emissions	tCO ₂ e	8,114.813	9,392.349	9,561.279
	Scope 2 greenhouse gas emission intensity	tCO ₂ e/person	3.175	2.742	2.262
	Scope 3 greenhouse gas emissions	tCO ₂ e	1,069.25	/	/
	Scope 3 greenhouse gas emission intensity	tCO ₂ e/person	0.418	/	/
Waste Management	Waste electronics	ton	0	3.327	1.293
	Waste ink cartridges/toner cartridges	ton	0	1.528	0.089
	Waste lamps and bulbs	ton	0.110	0.515	0.083
	Discarded dry batteries	ton	0.012	0.045	0.007
	Total hazardous waste	ton	0.122	5.415	1.471
	Hazardous waste density	ton/person	0.000048	0.0016	0.0003
	Total non-hazardous waste	ton	195.970	282.581	363.346
	Non-hazardous waste density	ton/person	0.077	0.083	0.086
Usage of Resources	Office paper usage	ton	2.630 ¹	6.830	8.780
	Outsourcing heat	GJ	/	81.000	/
	Total electricity consumption	kWh	13,300,791.28	13,435,284.66	13,612,704.82
	Electricity density	kWh/person	5,203.752	3,922.711	3,221.180
	Total energy consumption	GJ	47,882.849	48,447.986	49,005.737
	Energy density	GJ/person	18.734	14.145	11.596
	Total water consumption	m ³	35,533.000	37,403.616	36,230.120
	Water consumption density	m ³ /person	13.902	10.921	8.570

¹ Due to the dramatic increase in WFH time amid the pandemic, the printing paper use frequency is greatly decreased compared with previous years.

The collection period of the environmental data spans from January 1, 2022 to December 31, 2022. The scope of environmental data collection includes Shanghai Xuhui Workplace, Shanghai Yangpu Workplace, Beijing Workplace, Chengdu Workplace, Guangzhou Workplace, Qingdao Workplace, Hefei Workplace, two server rooms (Shanghai Baoxin, Shanghai Waigaoqiao), and 28 branches of Ping An Health Medical Technology Co., LTD. (which includes 19 independent workplaces: Hubei, Hunan, Liaoning, Inner Mongolia, Dongguan, Fujian, Guangxi, Hainan, Shanxi, Shaanxi, Shenzhen, Zhejiang, Chongqing, Guangzhou, Wuhan, Tianjin, Henan, Hebei, Shandong; and 9 offices: Shanghai, Jiangxi, Jiangsu, Guizhou, Hefei, Sichuan, Qingdao, Beijing, Jilin). The environmental quantitative data of this year does not cover Ping An Smart Healthcare. Ping An Health will improve the environmental data collection from Ping An Smart Healthcare to enhance comprehensive data disclosure.

In 2022, the Company was not involved in any emission of greenhouse gases (Scope 1) during business development. The greenhouse gas emissions were the emission of greenhouse gases (Scope 2) arising from the use of purchased electricity, and the indirect emission of greenhouse gases (Scope 3) from paper use, business travel and accommodation. The relevant emission factors are determined under the Reporting Guidance on Environmental KPIs from the Hong Kong Stock Exchange while emission factors of greenhouse gas for electricity purchased are determined under Baseline CO₂ Emission Factors for Regional Power Grids in China 2011 and 2012 from the Department of Climate Change, National Development and Reform Commission (currently under the jurisdiction of the Ministry of Ecology and Environment of the People's Republic of China).

The Company's total energy consumption in 2022 was indirect energy consumption arising from the use of indirect energy (that is, purchased electricity). Consumption factors are determined under the General Principles for the Calculation of Comprehensive Production Energy Consumption (GB2589-2008T).

Non-hazardous wastes are office wastes generated in the office area. Total hazardous wastes refer to the amount of waste electronics, waste ink cartridges/toner cartridges, waste lamps and bulbs and waste batteries produced.

Appendixes

Appendix 2: Social Key Performance Form

Indicator category	Key performance indicator		Unit	2022	2021	2020	
Employment	Total workforce		Person	2,556	3,425	4,226	
	Workforce by gender	Male	Person	1,122	1,452	1,639	
		Female	Person	1,434	1,973	2,587	
	Workforce by employment type	Senior	Person	66	67	62	
		Middle	Person	449	713	795	
		Junior	Person	2,041	2,645	3,369	
	Workforce by age group	30 and under	Person	870	1,594	2,348	
		30-50	Person	1,641	1,797	1,832	
		50 and above	Person	40	34	46	
	Workforce by geographical region	Chinese mainland	Person	2,551	3,418	4,221	
		Overseas, HK, Macau and Taiwan	Person	5	7	5	
	Employee turnover rate by gender	Male	%	37.701	64.769	/	
		Female	%	44.840	59.430	/	
	Employee turnover rate by age group	30 and under	%	66.437	79.148	/	
		30-50	%	28.858	43.042	/	
		50 and above	%	32.500	37.500	/	
	Employee turnover rate by geographical region	Chinese mainland	%	41.709	61.448	/	
		Overseas, HK, Macau and Taiwan	%	40.000	150.000	/	
	Signing rate of employment contracts			%	100	100	/
	Social insurance coverage			%	100	100	/
Participating rate in the labor union among employees in Chinese mainland			%	100	100	/	

Indicator category	Key performance indicator	Unit	2022	2021	2020	
Health and Safety	Number of work-related fatalities	Person	0	0	0	
	Rate of work-related fatalities	%	0	0	0	
	Lost days due to work injury	Day	40	42	17	
	Coverage rate for health check-up services	%	100	100	100	
Development and Training	Percentage of employees trained by gender	Male	%	100	100	96
		Female	%	100	100	98
	Average training hours completed per employee by gender	Male	Hours	78	243	185
		Female	Hours	79	295	240
	Percentage of employees trained by employee category	Senior	%	100	100	87
		Middle	%	100	100	90
		Junior	%	100	100	98
	Average training hours completed per employee by employee category	Senior	Hours	68	52	38
		Middle	Hours	80	291	202
		Junior	Hours	78	274	226
Supply Chain Management ²	Total number of suppliers	numbers	2,532	2,607	1,932	
	Number of suppliers in Chinese mainland	numbers	2,528	2,602	1,928	
	Overseas, HK, Macau and Taiwan suppliers	numbers	4	5	4	
	Suppliers with a supplier access determination score or performance evaluation	numbers	2,532	2,607	/	
	Number of suppliers assessed as having significant negative ESG impact	numbers	0	0	/	
	Number of suppliers whose cooperation was terminated after ESG assessment	numbers	0	0	/	
	Supplier anti-commercial bribery clause require coverage	%	100	100	100	
	Coverage rate for ESG-related training among suppliers	%	100	100	100	

² This year, Ping An Health further strengthened the ESG data statistics, and re-calculated and corrected previous data for supply chain management topics. For the data of 2021, the data disclosed this year shall prevail.

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Indicator category	Key performance indicator	Unit	2022	2021	2020
Product Responsibility	Percentage of total products sold or shipped subject to recalls for safety and health reasons	%	0	0	0
	Number of product and service-related complaints	piece	7,030	13,089	22,422
	Complaint resolution rate	%	100	100	100
	Complaint resolution satisfaction	%	96.3	98.2	98.4
Responsible Marketing	Training coverage rate for responsible marketing among all employees	%	100	/	/
	Training coverage rate for responsible marketing among sales employees	%	100	100	/
	Average training time for responsible marketing among sales employees	Hours	39	44	/
Customer Relationship Maintenance	Number of customer service consultation	Person-time	3,126,110	1,580,000	2,680,000
	Telephone service satisfaction	%	97.7	98.8	/
	Online customer service satisfaction	%	91.2	91.4	/
	Number of customer service trainings	Times	89	2	/
	Person-time of customer service training	Person-time	606	76	/
Intellectual Property Protection	Number of domestic patent applications	Piece	325	375	67
	Number of PCT patent applications	Piece	45	7	/
	Number of patent authorizations	Piece	35	16	/
	Number of trademark approvals	Piece	30	277	/
	Number of copyright registrations	Piece	2	85	/
Data Security and Privacy Protection	Total number of information security trainings	Time	55	/	/
	Number of full-duty safety trainings	Time	6	1	/
	Pass rate of information security awareness examination	%	100	> 99%	/
	Information/privacy security management certification ratio for the Company's businesses	%	100	/	/
	Audit frequency for information security policies and systems	Year/Time	0.5	/	/
Public Charity	Total time of public charity activities/voluntary service activities	Hours	5,416	/	/

Indicator category	Key performance indicator	Unit	2022	2021	2020
Business Ethics	Number of concluded legal cases regarding corrupt practices brought against the Company or its employees	numbers	0	0	0
	Economic losses caused by corruption lawsuits to the Company	Yuan	0	0	0
	Number of anti-corruption training/ incorruptible culture promotion	time	150	20	21
	Number of internal anti-corruption/ investigation activities	time	18	3	20
	Employee coverage of business ethics standard training	%	100	/	/
	Audit frequency for business ethics standard	Year/Time	1	/	/
Risk Management	Interpretation of laws and regulations	Time	32	17	/
	Risk management training/promotion	Time	121	99	/
	Employee coverage of risk management training	%	100	100	/
Investor Relationship	Number of communications with investors	Time	407	/	/
	Number of investor performance briefings	Time	2	/	/

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10.2 Guide Content Index

Appendix 3: HKEX Environmental, Social and Governance Reporting Guide Content Index

Disclosure requirements		Disclosure	Corresponding chapter or explanation
Mandatory disclosure requirements			
Governance structure		Disclosed	4.1 Improve ESG Governance Structure
Reporting principles		Disclosed	1.2 Reporting Principles
Reporting scope		Disclosed	1.3 Reporting Scope
“Comply or explain” clauses			
A1: Emissions			
General Disclosure		Disclosed	9.2 Improve Waste Management
A1.1	Types of emissions and respective emissions data.	Not applicable	Appendix 1: Environmental Key Performance Form (Note: Ping An Health is not involved in the emission of gas pollutants during its business).
A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tons) and, where appropriate, Intensity (e.g. per unit of production volume, per facility).	Disclosed	Appendix 1: Environmental Key Performance Form
A1.3	Total hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Disclosed	Appendix 1: Environmental Key Performance Form
A1.4	Total non-hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Disclosed	Appendix 1: Environmental Key Performance Form
A1.5	Description of the emissions targets set and the steps taken to achieve them.	Disclosed	9. Practicing green office and promoting low-carbon development
A1.6	Description of how hazardous and non-hazardous wastes are handled, the waste reduction targets set and the steps taken to achieve them.	Disclosed	9.2 Improve Waste Management

Disclosure requirements		Disclosure	Corresponding chapter or explanation
A2: Usage of Resources			
General Disclosure		Disclosed	9.1 Green and Low-carbon Operations
A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Disclosed	Appendix 1: Environmental Key Performance Form
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Disclosed	Appendix 1: Environmental Key Performance Form
A2.3	Description of the energy efficiency goals set and the steps taken to achieve them.	Disclosed	9.1 Green and Low-carbon Operations
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency goals set and the steps taken to achieve them.	Disclosed	9.1 Green and Low-carbon Operations
A2.5	Total packaging material used for finished products (in tons) and, where appropriate, with reference to per unit produced.	Not applicable	Ping An Health is not involved in the direct provision of packaging material for finished products. Accordingly, such indicator is not applicable.
A3: Environment and Natural Resources			
General Disclosure		Not applicable	Other environment and natural resources are not involved in the daily operation of Ping An Health, so the disclosure of significant impact on environment and natural resources at A3 level is not applicable.
A3.1	Description of the significant impacts of activities on the environment and natural resources and actions taken to manage them.	Not applicable	Other environment and natural resources are not involved in the daily operation of Ping An Health, so the disclosure of significant impact on environment and natural resources at A3 level is not applicable.
A4: Climate Change			
General Disclosure		Disclosed	9.3 Addressing Climate Change
A4.1	Description of material climate-related issues that have and may have an impact on the issuer, and corresponding actions.	Disclosed	9.3 Addressing Climate Change

Appendixes

Disclosure requirements		Disclosure	Corresponding chapter or explanation
B1: Employment			
General Disclosure		Disclosed	8.1 Strengthening the Talent System
B1.1	Total workforce by gender, employment type (full-time or part-time), age group and geographical region.	Disclosed	Appendix 2: Social Key Performance Form
B1.2	Employee turnover rate by gender, age group and geographical region.	Disclosed	Appendix 2: Social Key Performance Form
B2: Health and Safety			
General Disclosure		Disclosed	8.1 Strengthening the Talent System
B2.1	Number and rate of work-related fatalities in the past 3 years (including the reporting year).	Disclosed	Appendix 2: Social Key Performance Form
B2.2	Lost days due to work injury.	Disclosed	Appendix 2: Social Key Performance Form
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Disclosed	8.1 Strengthening the Talent System
B3: Development and Training			
General Disclosure		Disclosed	8.1 Strengthening the Talent System
B3.1	Percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Disclosed	Appendix 2: Social Key Performance Form
B3.2	Average training hours completed per employee by gender and employee category.	Disclosed	Appendix 2: Social Key Performance Form
B4: Labor Standards			
General Disclosure		Disclosed	8.1 Strengthening the Talent System
B4.1	Description of measures to review employment practices to avoid child and forced labor.	Disclosed	8.1 Strengthening the Talent System
B4.2	Description of steps taken to eliminate such practices when discovered.	Disclosed	8.1 Strengthening the Talent System
B5: Supply Chain Management			
General Disclosure		Disclosed	8.2 Strengthening Supply Chain Management
B5.1	Number of suppliers by geographical region.	Disclosed	Appendix 2: Social Key Performance Form
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Disclosed	8.2 Strengthening Supply Chain Management Appendix 2: Social Key Performance Form
B5.3	Description of the practices for identifying environmental and social risks at each stage of the supply chain, how they are implemented and monitored.	Disclosed	8.2 Strengthening Supply Chain Management
B5.4	Description of the practices that promote the use of environmentally friendly products and services when selecting suppliers, how they are implemented and monitored.	Disclosed	8.2 Strengthening Supply Chain Management

Disclosure requirements		Disclosure	Corresponding chapter or explanation
B6: Product Responsibility			
General Disclosure		Disclosed	6.2 Ensuring Product Quality and Safety
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Disclosed	Appendix 2: Social Key Performance Form
B6.2	Number of products and service related complaints received and how they are dealt with.	Disclosed	7.3 Optimizing Customer Experience Appendix 2: Social Key Performance Form
B6.3	Description of practices relating to observing and protecting intellectual property rights.	Disclosed	6.1 Improving Scientific and Technological Innovation
B6.4	Description of quality assurance process and recall procedures.	Disclosed	6.2 Ensuring Product Quality and Safety
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Disclosed	7.1 Protecting Information Security
B7: Anti-corruption			
General Disclosure		Disclosed	5.2 Adhering to Good Business Practices
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Disclosed	Appendix 2: Social Key Performance Form
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Disclosed	5.2 Adhering to Good Business Practices
B7.3	Description of anti-corruption training provided to directors and employees.	Disclosed	5.2 Adhering to Good Business Practices
B8: Community Investment			
General Disclosure		Disclosed	8.3 Fulfilling Social Responsibilities
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	Disclosed	8.3 Fulfilling Social Responsibilities
B8.2	Resources contributed (e.g. money or time) to the focus areas.	Disclosed	8.3 Fulfilling Social Responsibilities

Independent Auditor's Report

To the Shareholders of Ping An Healthcare and Technology Company Limited

(incorporated in the Cayman Islands with limited liability)

Opinion

What we have audited

The consolidated financial statements of Ping An Healthcare and Technology Company Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 137 to 225, comprise:

- the consolidated statement of financial position as at 31 December 2022;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

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

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarised as follows:

- Impairment of goodwill
- Valuation of Health Membership Plans claim liabilities

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Impairment of goodwill</p> <p>Refer to note 2.10, 4(a) and 15 to the consolidated financial statements.</p> <p>As at 31 December 2022, the Group held a significant amount of goodwill amounting to RMB1,677.7 million, of which RMB961.6 million arose from the acquisition of Ping An Wanjia Healthcare Investment Management Co., Ltd. in 2018 and RMB707.3 million arose from the acquisition of Smart Health Business in 2022. Based on management's assessment, there is no impairment charge for goodwill.</p> <p>We focused on this area due to the magnitude of the carrying amount of the asset and the fact that significant judgements were required by management (i) to identify whether any impairment indicators existed for the asset during the year; (ii) to determine the appropriate recoverable amounts, being higher of the fair value less costs of disposal and value in use; and (iii) to select key assumptions to be adopted in the valuation models for the impairment assessments, including forecast revenue growth rate, gross profit margin, terminal growth rate, and discount rate used in the projection period.</p>	<p>We obtained an understanding of the management's internal control and assessment process on goodwill impairment and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors.</p> <p>We validated the key controls in respect of impairment assessments, including the periodic evaluation of impairment indications as to whether indicators of impairment exist by corroborating with the management and market information, the determination of appropriate impairment approaches, the adoption of valuation models and the assumptions and calculation of impairment charge.</p> <p>Management performs annual impairment assessments by themselves or with the help of external valuer on the Group's goodwill by comparing the carrying amounts with the recoverable amounts, which are assessed by using the value-in-use method with the adoption of discounted cash flows for each separately identifiable cash-generating unit ("CGU") for which the goodwill has been allocated. We assessed the competence, capabilities and the objectivity of the external valuer by considering professional experience, industry reputation and our previous experience with the valuer.</p> <p>We assessed the reasonableness of the basis management used to identify separate groups of CGUs containing goodwill, the impairment approaches, and the valuation models used in management's impairment assessments.</p>

Independent Auditor's Report

Key Audit Matter	How our audit addressed the Key Audit Matter
	<p>We assessed the key assumptions used in valuation model, including forecast revenue growth rate, gross profit margin, terminal growth rate, and discount rate by examining the approved financial forecast models, comparing future prediction against the applicable industry or business data, and understanding the management's operational planning and historical financial information to assess the reasonableness. We also assessed certain key valuation assumptions by reference to independent market analysis with the assistance of our internal valuation specialists.</p> <p>We independently tested the mathematical accuracy of calculation applied in the valuation models and the calculation of impairment charges.</p> <p>Based on the procedures performed, we found the assessment of management for impairment charge of goodwill to be appropriate.</p>

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Valuation of Health Membership Plans claim liabilities</p> <p>Refer to note 2.18 and 3.2 to the consolidated financial statements.</p> <p>As at 31 December 2022, the Group held claim liabilities of Health Membership Plans with carrying value of RMB126.9 million, representing 3% of the Group's total liabilities.</p> <p>The valuation of claim liabilities involved complex models and a high degree of judgement by management in setting assumptions including expected loss ratio.</p> <p>We focused on this area due to the high degree of estimation uncertainty and inherent risk. The inherent risk in relation to the valuation of Health Membership Plans claim liabilities is considered significant due to the subjectivity of significant assumptions used.</p>	<p>We understood the valuation process of the Group and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors. We evaluated and tested the internal controls over data collection and analysis, management's assumptions setting processes.</p> <p>We performed independent modelling analysis for claim liabilities by performing below procedures with the assistance of our actuarial experts including method review, assumption assessment and independent modelling. We also assessed the competence, capabilities and objectivity of management's external actuaries by considering professional experience, industry reputation and our previous experience with them.</p> <p>We assessed the valuation method used in management's estimation, evaluated management's selection of key assumptions by reviewing the reasonableness based on applicable industry experiences and consideration of historical data of the Group.</p> <p>We tested the underlying data used in the valuation models, including comparing recorded revenue to system-generated report which has been tested and reported claims to accounting records.</p> <p>We also evaluated the overall reasonableness of the Group's claim liabilities through independent modelling calculation with the assistance of our actuarial experts.</p> <p>Based on our audit procedures, we do not consider management's judgements in the valuation of claim liabilities to be insupportable by the evidence we gathered.</p>

Independent Auditor's Report

Other Information

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Independent Auditor's Report

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Yeung Sheung Yuen.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 13 March 2023

Consolidated Income Statement

For the year ended 31 December 2022

(All amounts expressed in RMB thousand unless otherwise stated)

	Note	Year ended 31 December	
		2022	2021
Revenue	5	6,159,821	7,334,214
Cost of sales	5, 6	(4,475,129)	(5,627,353)
Gross profit		1,684,692	1,706,861
Selling and marketing expenses	6	(1,105,372)	(1,756,828)
Administrative expenses	6	(1,748,350)	(1,846,413)
Other income	10	220,569	274,771
Other gains/(losses) - net	11	250,612	(21,866)
Operating loss		(697,849)	(1,643,475)
Finance income	12	167,591	169,471
Finance costs	12	(11,113)	(10,830)
Finance income - net	12	156,478	158,641
Share of losses of associates and joint ventures	19	(66,323)	(38,773)
Loss before income tax		(607,694)	(1,523,607)
Income tax expense	13	(3,410)	(15,792)
Loss for the year		(611,104)	(1,539,399)
Loss attributable to:			
- Owners of the Company		(607,569)	(1,538,183)
- Non-controlling interests		(3,535)	(1,216)
		(611,104)	(1,539,399)
Loss per share attributable to owners of the Company			
- Basic (RMB yuan)	14	(0.56)	(1.39)
- Diluted (RMB yuan)	14	(0.56)	(1.39)

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2022

(All amounts expressed in RMB thousand unless otherwise stated)

	Year ended 31 December		
	Note	2022	2021
Loss for the year		(611,104)	(1,539,399)
Other comprehensive income/(loss)			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		111,967	(17,113)
Other comprehensive income/(loss) for the year, net of tax		111,967	(17,113)
Total comprehensive loss for the year		(499,137)	(1,556,512)
Total comprehensive loss attributable to:			
- Owners of the Company		(495,602)	(1,555,296)
- Non-controlling interests		(3,535)	(1,216)
		(499,137)	(1,556,512)

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

As at 31 December 2022

(All amounts expressed in RMB thousand unless otherwise stated)

	Note	As at 31 December 2022	2021
ASSETS			
Non-current assets			
Goodwill	15	1,677,692	969,929
Right-of-use assets	16	160,030	196,913
Property, plant and equipment	17	111,468	140,030
Other intangible assets	18	74,578	105,587
Investments in associates and joint ventures	19	356,615	545,619
Financial assets at amortized cost	23	-	498,193
Financial assets at fair value through profit or loss	24	17,970	17,970
Term deposits	25	2,279,986	2,649,317
Total non-current assets		4,678,339	5,123,558
Current assets			
Inventories	20	246,063	398,073
Trade receivables	21	1,510,336	1,553,645
Contract related assets	5	151,079	82,129
Prepayments and other receivables	22	378,002	549,355
Financial assets at amortized cost	23	497,271	2,096,879
Financial assets at fair value through profit or loss	24	5,089,556	4,937,084
Restricted cash	25	75,000	75,092
Term Deposits	25	815,733	-
Cash and cash equivalents	25	3,700,689	3,064,876
Total current assets		12,463,729	12,757,133
Total assets		17,142,068	17,880,691

Consolidated Statement of Financial Position

As at 31 December 2022

(All amounts expressed in RMB thousand unless otherwise stated)

	Note	As at 31 December 2022	2021
EQUITY AND LIABILITIES			
Equity			
Share capital	26	35	36
Treasury shares	27	(1)	(367,860)
Reserves	28	20,423,914	20,808,040
Accumulated losses		(6,964,368)	(6,356,799)
Total equity attributable to owners of the Company		13,459,580	14,083,417
Non-controlling interests		(1,072)	2,463
Total equity		13,458,508	14,085,880
Liabilities			
Non-current liabilities			
Lease liabilities	16	103,490	120,918
Trade and other payables	30	43	43
Provisions	31	97,107	-
Total non-current liabilities		200,640	120,961
Current liabilities			
Trade and other payables	30	2,349,458	2,641,097
Contract liabilities	5	1,060,460	952,376
Lease liabilities	16	73,002	80,377
Total current liabilities		3,482,920	3,673,850
Total liabilities		3,683,560	3,794,811
Total equity and liabilities		17,142,068	17,880,691

The accompanying notes form an integral part of these consolidated financial statements.

The consolidated financial statements on pages 137 to 225 were approved by the Board of Directors on 13 March 2023 and were signed on its behalf:

FANG Weihao
Director

Lin Lijun
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2022

(All amounts expressed in RMB thousand unless otherwise stated)

	Attributable to owners of the Company						Non-controlling interests	Total equity
	Note	Share capital	Reserves	Treasury shares	Accumulated losses	Total		
As at 1 January 2022		36	20,808,040	(367,860)	(6,356,799)	14,083,417	2,463	14,085,880
Loss for the year		-	-	-	(607,569)	(607,569)	(3,535)	(611,104)
Other comprehensive income for the year		-	111,967	-	-	111,967	-	111,967
Share-based payments	28	-	77,432	-	-	77,432	-	77,432
Exercise of share options	28	-	605	1	-	606	-	606
Repurchase and cancellation of shares	27, 28	(1)	(593,985)	367,858	-	(226,128)	-	(226,128)
Disposal of equity interests in a joint venture		-	21,715	-	-	21,715	-	21,715
Share of other reserves of associates		-	(1,860)	-	-	(1,860)	-	(1,860)
As at 31 December 2022		35	20,423,914	(1)	(6,964,368)	13,459,580	(1,072)	13,458,508

	Attributable to owners of the Company						Non-controlling interests	Total equity
	Note	Share capital	Reserves	Treasury shares	Accumulated losses	Total		
As at 1 January 2021		36	20,651,792	(2)	(4,818,616)	15,833,210	22,989	15,856,199
Loss for the year		-	-	-	(1,538,183)	(1,538,183)	(1,216)	(1,539,399)
Other comprehensive loss for the year		-	(17,113)	-	-	(17,113)	-	(17,113)
Share-based payments	28	-	79,566	-	-	79,566	-	79,566
Exercise of share options	28	-	93,795	-	-	93,795	-	93,795
Repurchase of shares	27	-	-	(367,858)	-	(367,858)	-	(367,858)
Non-controlling interests on deregistration of subsidiaries		-	-	-	-	-	(19,310)	(19,310)
As at 31 December 2021		36	20,808,040	(367,860)	(6,356,799)	14,083,417	2,463	14,085,880

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2022

(All amounts expressed in RMB thousand unless otherwise stated)

	Note	Year ended 31 December	
		2022	2021
Cash flows from operating activities			
Cash used in operations	33(a)	(804,681)	(1,389,141)
Income tax paid		(5,934)	(13,855)
Net cash used in operating activities		(810,615)	(1,402,996)
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment and intangible assets		175	1,143
Payments for property, plant and equipment and intangible assets		(34,437)	(89,154)
Payment for acquisition of subsidiary, net of cash acquired		(626,411)	(1,978)
Proceeds from sales of financial assets at fair value through profit or loss		14,516,402	19,683,819
Payments for financial assets at fair value through profit or loss		(14,429,342)	(20,920,519)
Proceeds from sales of in financial assets at amortized cost		2,228,742	99,150
Payments for investments in joint ventures		(1,020)	(142,901)
Proceeds from disposal of investments in a joint venture		385,448	-
Interest received from term deposits with initial term of over three months		71,918	-
Proceeds from term deposits with initial term of over three months		500,000	-
Payments for term deposits with initial term of over three months		(911,611)	(1,730,000)
Proceeds from partial disposal of a subsidiary		10,218	-
Net cash generated from/(used in) investing activities		1,710,082	(3,100,440)
Cash flows from financing activities			
Payments for lease liabilities		(92,360)	(109,139)
Proceeds from exercise of share options		606	167,124
Payments for deregistration of subsidiary to minority shareholders		-	(10,036)
Payments for repurchase of shares		(226,128)	(367,858)
Net cash used in financing activities		(317,882)	(319,909)
Net increase/(decrease) in cash and cash equivalents			
Cash and cash equivalents at the beginning of the year	25	3,064,876	7,920,375
Effects of exchange rate changes on cash and cash equivalents		54,228	(32,154)
Cash and cash equivalents at the end of the year	25	3,700,689	3,064,876

The accompanying notes form an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

(All amounts expressed in RMB thousand unless otherwise stated)

1 General Information

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

The Company is an investment holding company. The Company and its subsidiaries (together, the “Group”) are principally engaged in offering medical and health services through the Group’s mobile platform and offline resource in the People’s Republic of China (the “PRC”).

Glorious Peace Limited (“Glorious Peace”) is the major shareholder of the Company, holding 39.41% of the shareholding interest in the Company as at 31 December 2022.

Prior to the completion of the Group’s reorganization as described below, the Group’s existing business was carried out through a domestic company and its subsidiaries, incorporated in the PRC, namely Ping An Health Cloud Company Limited (“PAHC”). PAHC and its subsidiaries are collectively defined as the “PRC Operating Entities” thereafter.

The PRC regulations restrict foreign ownership of companies that provide value-added telecommunications services, Internet cultural business, radio and television program production and operation business to the public and operation of online medical institutions which include activities and services operated by the Group. To comply with the relevant PRC laws, the wholly-owned subsidiary of the Company, Kang Jian Information Technology (Shenzhen) Co., Ltd. (“Kang Jian”), has entered into a series of contractual arrangements (the “Contractual Agreements”) including the Exclusive Business Cooperation Agreement, Exclusive Equity Option Agreement, Exclusive Asset Option Agreement, Powers of Attorney and Equity Pledge Agreement, with PAHC and its equity holders, which enable Kang Jian and the Company to control PAHC by:

- Governing the financial and operating policies of PAHC;
- Exercising equity holders’ voting rights of PAHC;
- Receiving substantially all of the economic interest returns generated by PAHC in consideration for the business support, technical and consulting services provided by Kang Jian. Kang Jian has the obligation to provide financial assistance by way of entrusted bank loans, loans or other means;
- Obtaining an irrevocable and exclusive right to purchase, or to designate one or more persons to purchase, all or part of the equity interests or assets in PAHC from the respective equity holders at a minimum purchase price permitted under PRC laws and regulations. Kang Jian may exercise such options at any time. The right is automatically renewable upon expiry unless it is superseded by a new term confirmed by Kang Jian; and
- Obtaining a pledge over the entire equity interests of PAHC from its respective equity holders as collateral security for all of PAHC’s payments due to Kang Jian and to secure performance of PAHC’s obligation under the Contractual Arrangements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

(All amounts expressed in RMB thousand unless otherwise stated)

1 General Information (Continued)

Nevertheless, there are still uncertainties regarding the interpretation and application of current and future PRC laws and regulations. The directors of the Company, based on the advice of its legal counsel, consider that the use of Contractual Arrangements is currently enforceable in the PRC except for certain provisions and does not constitute a breach of the relevant laws and regulations. Accordingly, the subsidiaries controlled through Contractual Agreements were consolidated in the financial statements.

As a result of the Contractual Arrangements, the Group is considered to control PAHC as it has rights to exercise power over PAHC, receive variable returns from its involvement with PAHC, and have the ability to affect those returns through its power over PAHC. Consequently, the Company regarded PAHC and its subsidiaries as controlled entities and consolidated the financial position and results of operations of these entities in the consolidated financial statements of the Group.

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

These financial statements are presented in Renminbi ("RMB"), unless otherwise stated.

2 Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss, which are carried at fair value.

The preparation of the consolidated financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4 below.

New and amended standards and interpretations adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2022.

Amendments to IAS 16	Property, Plant and Equipment: Proceeds before intended use
Amendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IAS 37	Onerous Contracts - Cost of Fulfilling a Contract
Amendments to IFRSs	Annual improvements to IFRS standards 2018-2020

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

(All amounts expressed in RMB thousand unless otherwise stated)

2 Summary of Significant Accounting Policies (Continued)

2.1 Basis of preparation (Continued)

New and amended standards and interpretations adopted by the Group (Continued)

The amendments listed above did not have any impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

New standards and interpretations not yet adopted by the Group

Standards, amendments and interpretations that have been issued but not yet effective for the financial year beginning 1 January 2022 and not been early adopted by the Group as at the reporting period are as follows:

		Effective for annual periods beginning on or after
IFRS 17	Insurance contracts	1 January 2023
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to IAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

The Group has already commenced an assessment of the impact of the new or revised standards that have been issued but either not yet effective for the financial period beginning 1 January 2022 or not been early adopted by the Group which are relevant to the Group's operation. Except as described below, the Group believes that the application of amendments to IFRSs, amendments to IASs and the new interpretations is unlikely to have a material impact on the Group's statement of financial position and performance as well as disclosure in the future.

IFRS 17

IFRS 17 was issued as replacement for IFRS 4 Insurance Contracts. The new rules will affect the financial statements and key performance indicators of all entities that issue insurance contracts or investment contracts with discretionary participation features. It requires a current measurement model where estimates are re-measured in each reporting period. Contracts are measured using the building blocks of:

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

An optional, simplified premium allocation approach is permitted for the liability for the remaining coverage for short duration contracts, which are often written by non-life insurers.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

(All amounts expressed in RMB thousand unless otherwise stated)

2 Summary of Significant Accounting Policies (Continued)

2.1 Basis of preparation (Continued)

New standards and interpretations not yet adopted by the Group (Continued)

IFRS 17 (Continued)

For the year ended 31 December 2022, the Group recorded revenue of RMB126,804 thousand from service contracts which fall in the scope of IFRS4 and as at 31 December 2022, the liability arising from such service contracts amounted to RMB165,678 thousand.

The standard is currently mandatorily effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

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

2.2 Subsidiaries

2.2.1 Consolidation

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Business combination

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognized amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by IFRSs.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognized in profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

(All amounts expressed in RMB thousand unless otherwise stated)

2 Summary of Significant Accounting Policies (Continued)

2.2 Subsidiaries (Continued)

2.2.1 Consolidation (Continued)

Business combination (Continued)

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with IFRS 9 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognized and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in the income statement.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

2.2.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.2.3 Change in ownership interests

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognized in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

(All amounts expressed in RMB thousand unless otherwise stated)

2 Summary of Significant Accounting Policies (Continued)

2.3 Structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only, and the relevant activities are directed by means of contractual arrangements.

Structured entities are primarily asset management plans. Asset management plans are managed by asset managers and the plan invests in the funds in the form of debt financing to the other companies. The Group holds equity interest in these asset management plans.

2.4 Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognized at cost.

Investments in associates in the form of ordinary shares are accounted for using the equity method of accounting in accordance with IAS 28. Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognized as a reduction in the carrying amount of the investment. The Group's investments in these associates include goodwill identified on acquisition, net of any accumulated impairment loss. Upon the acquisition of the ownership interest in an associate, any difference between the cost of the associate and the Group's share of the net fair value of the associate's identifiable assets and liabilities is accounted for as goodwill.

If the ownership interest in an associate in the form of ordinary shares is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income are reclassified to profit or loss where appropriate.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

The Group determines at each reporting date whether there is any objective evidence that the investments in associates are impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount adjacent to "share of losses of associates and joint ventures" in the consolidated statement of comprehensive income.

Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in these entities. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

Gain or losses on dilution of equity interest in associates are recognized in the consolidated statement of comprehensive income.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

(All amounts expressed in RMB thousand unless otherwise stated)

2 Summary of Significant Accounting Policies (Continued)

2.5 Joint venture

The Group has assessed the nature of its jointly controlled entities and determined them to be joint ventures. The Group has rights to the net assets of these jointly controlled entities.

Investments in joint venture are accounted for using the equity method. Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses and share of movements in other comprehensive income. Dividends received or receivable from joint venture are recognized as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealized gains on transactions between the Group and its associates and joint venture are eliminated to the extent of the Group's interest in these entities. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 2.10.

2.6 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("CODM"). CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors that make strategic decisions.

2.7 Foreign currency translation

Functional and presentation currency

Items included in the consolidated financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of the Company is RMB since the Company's primary subsidiaries were incorporated and are operating in the PRC and these subsidiaries considered RMB as their functional currency. The consolidated financial statements is presented in RMB, which is the Company's functional and the Group's presentation currency (unless otherwise stated).

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in other comprehensive income in the statements of comprehensive income.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

(All amounts expressed in RMB thousand unless otherwise stated)

2 Summary of Significant Accounting Policies (Continued)

2.7 Foreign currency translation (Continued)

Transactions and balances (Continued)

Foreign exchange gains and losses are presented in the statement of comprehensive income within “Other gains/(losses) - net”.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss, and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognized in other comprehensive income.

Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognized in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities and of borrowings are recognized in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2.8 Property and equipment and depreciation

Property and equipment are stated at cost less accumulated depreciation and any impairment losses. An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognized in the statement of comprehensive income in the year in which the asset is derecognized is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

(All amounts expressed in RMB thousand unless otherwise stated)

2 Summary of Significant Accounting Policies (Continued)

2.8 Property and equipment and depreciation (Continued)

The cost of an item of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of comprehensive income in the year in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment, and where the cost of the item can be measured reliably, the expenditure is capitalized as an additional cost of that asset or as a replacement.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal assumptions used for this purpose are as follows:

Category	Expected useful life	Estimated residual value rate
Office and telecommunication equipment	3-5 years	0-5%
Leasehold improvements	Over the shorter of economic useful lives and terms of the leases	-

The useful lives and depreciation methods are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from the items of property and equipment.

Fully depreciated assets are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these assets.

2.9 Intangible assets

(a) Goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognized for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognized in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

(All amounts expressed in RMB thousand unless otherwise stated)

2 Summary of Significant Accounting Policies (Continued)

2.9 Intangible assets (Continued)

(a) Goodwill (Continued)

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognized. An impairment loss recognized for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed in these circumstances is measured based on the relative value of the disposed operation and the portion of the cash-generating unit retained.

(b) Other intangible assets

The Group's other intangible assets mainly include software and licenses.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. The useful lives of intangible assets are assessed by the period of bringing economic benefits for the Group.

Intangible assets with finite lives are subsequently amortized on the straight-line basis over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

If the period of bringing economic benefits cannot be determined, intangible assets will be classified as indefinite intangible assets. Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortized. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

(i) Software

Acquired computer and mobile software is capitalized on the basis of the costs incurred to acquire and bring to use the specific software.

Costs associated with maintaining computer and mobile software programmes are recognized as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognized as intangible assets when the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use;
- Management intends to complete the software product and use or sell it;

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

(All amounts expressed in RMB thousand unless otherwise stated)

2 Summary of Significant Accounting Policies (Continued)

2.9 Intangible assets (Continued)

(b) Other intangible assets (Continued)

(i) Software (Continued)

- There is an ability to use or sell the software product;
- It can be demonstrated how the software product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- The expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortized from the point at which the asset is ready for use.

Other development expenditures that do not meet these criteria are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

(ii) Licenses

Licences include online drug sales license and other licences. They are initially recognized and measured at cost or estimated fair value of intangible assets acquired through business combinations.

(iii) The useful lives of intangible assets are set as below:

	Expected useful life
Software	3-5 years
Online drug sales license	Indefinite useful lives
Other licenses	5 years



Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

(All amounts expressed in RMB thousand unless otherwise stated)

2 Summary of Significant Accounting Policies (Continued)

2.10 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that a non-financial asset other than deferred tax assets may be impaired. If any such indication exists, or when annual impairment testing for a non-financial asset is required, the Group makes an estimate of the asset's recoverable amount. A non-financial asset's recoverable amount is the higher of the asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. Where the carrying amount of a non-financial asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to disposal, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

For non-financial assets other than goodwill and intangible assets for indefinite life, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such an indication exists, the Group makes an estimate of the recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such a reversal is recognized in the statement of comprehensive income.

Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment is determined by assessing the recoverable amount of the cash-generating unit (or group of cash-generating units), to which the goodwill relates. The recoverable amount is the higher of its fair value less costs of disposal and its value in use, determined on an individual asset (or cash-generating unit) basis, unless the individual asset (or cash-generating unit) does not generate cash flows that are largely independent from those of other assets or groups of assets (or groups of cash-generating units). Impairment losses recognized in relation to goodwill are not reversed for subsequent increases in its recoverable amount.

Intangible assets with indefinite useful lives are tested for impairment annually at each year end either individually or at the cash-generating unit level, as appropriate.

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For the year ended 31 December 2022

(All amounts expressed in RMB thousand unless otherwise stated)

2 Summary of Significant Accounting Policies (Continued)

2.11 Investments and other financial assets

(a) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value through profit or loss; and
- those to be measured at amortized cost.

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

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

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

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(c) Measurement

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

(All amounts expressed in RMB thousand unless otherwise stated)

2 Summary of Significant Accounting Policies (Continued)

2.11 Investments and other financial assets (Continued)

(c) Measurement (Continued)

Debt instruments

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

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

Equity instruments

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

(All amounts expressed in RMB thousand unless otherwise stated)

2 Summary of Significant Accounting Policies (Continued)

2.11 Investments and other financial assets (Continued)

(d) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables, see Note 21 for further details.

2.12 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

2.13 Inventories

Inventories are mainly merchandise and are stated at the lower of cost and net realizable value. Cost is determined using the weighted average costing method. Costs of purchased inventories are determined after deducting rebates and discounts. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Adjustments are recorded to write down the cost of inventory to the estimated net realizable value due to slow-moving merchandise and damaged goods, which is dependent upon factors such as historical and forecasted consumer demand, and promotional environment. Write downs are recorded in cost of revenue in the consolidated statement of profit or loss.

2.14 Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognized initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognized at fair value. They are subsequently measured at amortized cost using the effective interest method, less provision for impairment.

2.15 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash in hand and at banks, other cash equivalents and short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

(All amounts expressed in RMB thousand unless otherwise stated)

2 Summary of Significant Accounting Policies (Continued)

2.16 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.17 Treasury shares

Le An Xin (PTC) Limited (“Le An Xin”) was set up as a special vehicle for the purpose of holding the ordinary shares for the Company’s employees under the equity-settled share-based compensation plan (“the Share Option Plan”) which will be awarded to employees in the future. As the Company has the power to govern the relevant activities of Le An Xin and can derive benefits from the contributions of the eligible directors, employees and other persons (collectively, the “Grantees”), the directors of the Company consider that it is appropriate to consolidate Le An Xin.

Own equity instruments which are acquired and held by the Group (“treasury shares”) are recognized directly in equity at cost. No gain or loss is recognized in the statement of profit or loss on the purchase, sale, issue or cancellation of the Group’s own equity instruments.

2.18 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

(a) Contract liabilities of Health Membership Plans

Contract liabilities of “Health Guard 360” plans, “Enterprise Customized Membership” plans (formerly known as “Private Doctor Membership” plans) and other similar health plans comprise unearned revenue liabilities and claim liabilities.

Contract liabilities of Health Membership Plans are measured based on the revenue to be earned and best estimates of the payments that the Group will make to fulfil the relevant obligations under the contracts. These estimates represent the expected future cash outflows under such contracts.

- Expected future cash outflows represent reasonable cash outflows which are necessary for the Group to fulfil the obligations under the contracts, and mainly include: (a) guaranteed benefits or claims under the contracts; (b) reasonable expenses necessary for maintaining and serving the contracts, obligation handling, including membership maintenance expenses, claim expenses, etc.

A best estimate of expected future net cash flows is determined based on information currently available as at the end of the reporting period.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

(All amounts expressed in RMB thousand unless otherwise stated)

2 Summary of Significant Accounting Policies (Continued)

2.18 Trade and other payables (Continued)

(a) Contract liabilities of Health Membership Plans (Continued)

Unearned revenue liabilities

Unearned revenue liabilities are recognized at inception of Health Membership Plans which are amortized over the contract coverage period. The unearned revenue liabilities represent revenue received for risks that have not yet expired. At inception of the contract, it represents contract price received or receivable minus relevant acquisition costs. Acquisition costs related to the sale of new Health Membership Plans such as handling charges and commissions, tax and surcharges and other incremental costs are recorded as expenses in profit or loss. Subsequent to initial recognition, unearned revenue liabilities are released on a straight-line basis over the contract coverage period, normally one year. When any deficiency arises from performing the liability adequacy tests as described below, unearned revenue liabilities have to be adjusted to reflect the deficiency.

Claim liabilities

Claim liabilities comprise of incurred and reported claim liabilities, incurred but not reported (“IBNR”) claim liabilities and claim expense liabilities.

Incurred and reported claim liabilities represent the claims incurred and reported to the Group but not yet settled. The Group uses case-by-case method to measure the liabilities based on the best estimate of the ultimate claim amount and a risk adjustment is applied to reflect the uncertainty of estimation.

IBNR claim liabilities represent the claims incurred but not reported to the Group. The Group uses expected loss ratio method to measure the liabilities based on the best estimate of the ultimate claim amount and a risk adjustment is applied to reflect the uncertainty of estimation.

Claim expense liabilities represent related claims handling costs. The Group measures the liabilities based on a best estimate of necessary costs to handle the incurred claims, which is based on estimated ratio of incurred claim liabilities.

Liability adequacy test

At the end of each reporting period, a liability adequacy test is performed to ensure the adequacy of unearned revenue liabilities. If, after applying a risk adjustment, the amount of expected present value of cash outflows for the unexpired risks exceeds the carrying amount of the unearned revenue liabilities, the excess amount would be recognized in profit or loss in the period in which the deficiency arises.

2.19 Employee benefits

(a) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees’ services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as other payables in the consolidated statement of financial position.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

(All amounts expressed in RMB thousand unless otherwise stated)

2 Summary of Significant Accounting Policies (Continued)

2.19 Employee benefits (Continued)

(b) Pension obligations

The employees of the Group are mainly covered by various defined contribution pension plans. The Group makes and accrues contributions on a monthly basis to the pension plans, which are mainly sponsored by the related government authorities that are responsible for the pension liability to retired employees. Under such plans, the Group has no other significant legal or constructive obligations for retirement benefits beyond the said contributions, which are expensed as incurred. Certain employees are also provided with group life insurance but the amounts involved are insignificant.

(c) Housing benefits

The employees of the Group are entitled to participate in various government-sponsored housing funds. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees. The Group's liability in respect of these funds is limited to the contributions payable in each period.

(d) Medical benefits

The Group makes monthly contributions for medical benefits to the local authorities in accordance with relevant local regulations for the employees. The Group's liability in respect of employee medical benefits is limited to the contributions payable in each period.

2.20 Share-based payments

An equity-settled share-based compensation plan was granted to the employees, under which the entity receives services from employees as consideration for equity instruments ("options") of the Group. The fair value of the employee services received in exchange for the grant of the options is recognized as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance;
- excluding the impact of any service and non-market performance vesting conditions;
- including the impact of any non-vesting conditions.

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-market performance and service conditions. It recognizes the impact of the revision to original estimates, if any, in the statement of comprehensive income, with a corresponding adjustment to equity.

If the terms of an equity-settled award are modified, at a minimum, an expense is recognized as if the terms had not been modified. An additional expense is recognized for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

(All amounts expressed in RMB thousand unless otherwise stated)

2 Summary of Significant Accounting Policies (Continued)

2.20 Share-based payments (Continued)

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

2.21 Provisions

Provisions for legal claims are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

2.22 Revenue recognition

Revenues are recognized when, or as, the control of the goods or services is transferred to the customer. Depending on the terms of the contract and the laws applicable, control of the goods and services may be transferred over time or at a point in time. Control of the goods and services is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates and enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods and services transfers over time, revenue is recognized over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognized at a point in time when the customer obtains control of the goods and services.

The progress towards complete satisfaction of performance obligation, depending on the nature of the good and service to be transferred, is measured based on one of the following methods that best depicts the Group's performance in satisfying the performance obligation:

- direct measurements of the value of individual services transferred by the Group to the customer; or
- the Group's efforts or inputs to the satisfaction of the performance obligation.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

(All amounts expressed in RMB thousand unless otherwise stated)

2 Summary of Significant Accounting Policies (Continued)

2.22 Revenue recognition (Continued)

If contracts involve the sale of multiple goods or services, the transaction price will be allocated to each performance obligation based on their relative stand-alone selling prices. If the stand-alone selling prices are not directly observable, they are estimated based on expected cost plus a margin or adjusted market assessment approach, depending on the availability of observable information.

When either party to a contract has performed, the Group presents the contract in the statement of financial position as a contract asset or a contract liability, depending on the relationship between the entity's performance and the customer's payment.

A contract asset is the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer.

Incremental costs incurred to obtain a contract, if recoverable, are capitalised and presented as contract related assets and subsequently amortized when the related revenue is recognized.

If a customer pays consideration or the Group has a right to an amount of consideration that is unconditional, before the Group transfers a good or service to the customer, the Group presents the contract as a contract liability when the payment is made or the receivable is recorded (whichever is earlier). A contract liability is the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A receivable is recorded when the Group has an unconditional right to consideration. A right to consideration is unconditional if only the passage of time is required before payment of that consideration is due.

The following is a description of the accounting policy for the principal revenue streams of the Group.

(a) Medical services

Medical services consist primarily of online consultation, hospital referral and appointment, inpatient arrangement, diagnosis and treatment of diseases and related pharmaceuticals, medical devices sales. During the year, this revenue stream is primarily derived from (1) medical services to corporate customers; (2) medical services provided to individual customers; (3) Health Membership Plans; and (4) pharmaceuticals and medical devices sales.

Revenue from medical services is recognized on a gross basis when the Group is regarded as the primary obligor as long as such services are provided by its own employees since the Group has the ability to determine the pricing of the services, nature of services and is responsible for providing the services by its employees. Revenue is recognized on a net basis when such services are provided by external contracted doctors.

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For the year ended 31 December 2022

(All amounts expressed in RMB thousand unless otherwise stated)

2 Summary of Significant Accounting Policies (Continued)

2.22 Revenue recognition (Continued)

(a) Medical services (Continued)

Medical services to corporate customers

The Group offers customized services to corporate customers, including their customers and employees. The packages of services provided include online consultation services, audio and video consultations and healthcare products. The transaction price is allocated between the medical services and healthcare products offered based on their relative stand-alone selling prices.

The end customers or employees of corporate customers are entitled to the services free of charge whenever the agreement with the Group or individual service is effective, which is typically for a period of one year after activation of service package.

The revenue of the healthcare products is recognized when the products are delivered while the revenue of medical services is recognized over the one-year contract period since the Group is obligated to provide a kind of standby service on a when-and-if-available basis to customers.

Since the corporate customers are usually required to make payments upon subscription of services, the Group records payments due from the corporate customers as receivable when the corporate customers are obligated to pay for the service based on the contracts and the corresponding unsatisfied performance obligation is recorded as contract liabilities. In other cases, the Group records a receivable from corporates after the services are rendered as the payment is in arrears and its right to consideration is unconditional.

Medical services provided to individual customers

The Group also offers a wide range of medical services to individual users at various retail prices through its mobile app or offline clinic, including online diagnosis and treatment.

Since individual customers are usually required to make payments in advance for the medical services, the unsatisfied performance obligation is recorded as contract liabilities accordingly. The revenue of the medical services is recognized when such services are rendered.

Health Membership Plans

The Group launched Health Membership Plans, which mainly include “Health Guard 360” plans, “Enterprise Customized Membership” and other similar health plans.

Under cooperation with commercial insurance companies, “Health Guard 360” plans and similar health plans, which are included in insurance policies, provide integrated services of online consultations, offline medical treatments and express pharmaceutical delivery to the insurance policyholders who choose to join this membership plan. The services include medical services such as hospital appointment and inpatient arrangement at hospitals, domestic and overseas second opinion services, and follow-up visit arrangements, and these services will be fulfilled when the insurable event occurs.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

(All amounts expressed in RMB thousand unless otherwise stated)

2 Summary of Significant Accounting Policies (Continued)

2.22 Revenue recognition (Continued)

(a) Medical services (Continued)

Health Membership Plans (Continued)

As for “Enterprise Customized Membership”, the Group provides paying users with one-to-one exclusive family doctors for comprehensive healthcare services, such as real-time consultations, second medical opinion, arrangement for offline outpatient treatment and chronic disease management.

The inception date for the Health Membership Plan which is in conjunction with the date of insurance policy is prescribed in the contract and the duration for the membership plan is usually one year which co-relates the validity period of the contract. For other contracts, the inception date usually starts after activation and the duration lasts for one year.

Health Membership Plans demonstrate certain features of an insurance contract defined in IFRS 4, where one party accepts significant insurance risk from another party (“the policyholder”) by agreeing to compensate the policyholder if a specified uncertain future event (“the insured event”) adversely affects the policyholder, which falls in the scope of application of IFRS 4.

Accordingly, revenue of Health Membership Plans is recognized based on the total transaction amount stated in the contract when the contract is activated by the end user and the related risk is undertaken by the Group, the economic benefits associated with the contract will probably flow to the Group and when the revenue can be measured reliably. The related liabilities of Health Membership Plans are recorded in “Trade and other payables”, the measurement of such liabilities is explained in Note 2.18.

If the membership plans fail to fulfil certain features of an insurance contract, the revenue of services in the plans is recognized upon the individual service is rendered to customers.

Pharmaceuticals and medical devices sales

The Group is engaged in the sale of pharmaceutical products and medical devices to individual customers through its online store and offline pharmacies as well as offline pharmaceutical sale to merchant customers.

Revenue from individual customers is recorded net of discounts and recognized when such products are delivered, either by third party couriers or at the Group’s offline outlets, while net revenue is recognized when such products are delivered through external retail pharmacies upon the sales.

The Group also offers benefit cards to individual customers who could purchase pharmaceuticals in retail pharmacies at a fixed amount limit as specified on the cards as well as to attend online consultation through the Group’s app. Once the benefit cards are activated, the customers can purchase pharmaceuticals in retail pharmacies within the validity period. The external retail pharmacies are the principals given the external retail pharmacies take the inventory risk, determine the pricing and are responsible for the after sales service. The Group recognizes the expected breakage amount of the benefit cards as revenue taking into consideration the pattern of rights exercised by the customers during the validity period, which equals to cards selling amount deduct expected payment to pharmacies prior to expiration dates.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

(All amounts expressed in RMB thousand unless otherwise stated)

2 Summary of Significant Accounting Policies (Continued)

2.22 Revenue recognition (Continued)

(a) Medical services (Continued)

Pharmaceuticals and medical devices sales (Continued)

Revenue from sales to merchant customers are recognized at the point of acceptance. The Group manages inventories by adjusting inventories level based on fluctuations in supply and price, seasonality, popularity of a particular product and also taken into consideration the shelf life of pharmaceutical products. The Group also has sole discretion in determining the pricing and takes the obligation to provide after-sales services and to respond to return requests. The Group also cooperates with pharmaceutical companies and promotes digital marketing.

(b) Health services

Standardized healthcare services

The Group provides a variety of standardized healthcare service packages that integrate services provided by various healthcare institutions to meet the health-related needs of the users, such as health check-ups and beauty care. The Group principally generates revenue from selling the standardized healthcare service packages to individual customers or corporate customers. Different types of healthcare service packages provide the customers with a specific number of times of services for each service offered in the package.

Healthcare service packages are considered to consist of multiple elements of services and products as individual services within the packages are regarded as separate performance obligations. The transaction price is allocated to each of the services and healthcare products in the service package based on their relative stand-alone selling prices.

Revenue of healthcare products is recognized when the products are delivered while revenue of services is recognized upon the individual service is rendered to customers.

The Group sells the healthcare service packages either to individuals on a retail basis or to corporate customers for the benefit of their employees on a wholesale basis. The healthcare service packages are mainly offered to corporate customers through the sales team of the Group, and to individual customers through health mall or individual agents. The Group has entered into product and service referral arrangement with such individual agents. Payments for healthcare service packages are settled by retail customers before delivery of service packages while payments for corporate customers can be settled in arrears after delivery depending on whether there is credit granted to the corporate customers.

The Group pays compensation to the individual agents at a pre-agreed percentage of the sales of products or services referred by the agents. The compensation paid for selling the service packages are capitalised and presented as contract related assets, which are subsequently amortized to profit and loss when the relevant revenue is recognized.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

(All amounts expressed in RMB thousand unless otherwise stated)

2 Summary of Significant Accounting Policies (Continued)

2.22 Revenue recognition (Continued)

(b) Health services (Continued)

Standardized healthcare services (Continued)

The service packages are non-refundable after activation. The customers have to activate the service packages via the Group's online platform before the expiry date as pre-printed in the packages. Once the service packages are activated, the customers can consume the services within the validity period. Breakage for the service packages is the extent to which outstanding performance obligations are not required because the customer does not take up all the services or goods within the valid period. During the reporting period, the Group is still in the progress of estimating the amount of such breakage and considers there is no significant deviation in the financial result between estimating breakage and current practice. Accordingly, the Group recognizes breakage amount as revenue upon the expiry date which is the later of expiry date pre-printed in the service package or one year after activation.

The online consultation services and hospital appointment services are performed by service team of the Group. The Group is also continually expanding the network with healthcare institutions which provide offline services. Customers can select the healthcare institutions from the Group's pre-determined list of service providers through the Group online platform. The Group has the sole discretion to select the healthcare institutions and the purchase prices are negotiated separately with healthcare institutions. Since the Group has the ability to determine the pricing of the products or services and has the sole discretion to determine the healthcare institutions, to take responsibility for monitoring the quality of services provided and to negotiate the service terms, the Group is regarded as the primary obligor and therefore, it recognizes revenue from consumer healthcare on a gross basis.

The Group records contract liabilities for purchases from customers who made payments for service packages before rendering of services since there is unsatisfied performance obligation owing to customers. For those customers who purchase service packages with credit terms, the Group records a receivable when its right to consideration is unconditional, which is normally upon service packages are delivered to customers. The contract liabilities are recognized as revenue over the period during which the individual services are rendered or goods are transferred to customers.

Online mall revenue

Online mall revenue stream of the Group principally generates revenue from selling the products (excluding medicines included in medical services mentioned in preceding section) by the Group ("direct sales"), or from the commission income earned from third-party merchants ("marketplace"). The Group generates revenue from mobile app, WAP website as well as plug-ins of mobile apps of Ping An Insurance (Group) Company of China, Ltd. ("Ping An") and its subsidiaries (collectively, "Ping An Group").

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For the year ended 31 December 2022

(All amounts expressed in RMB thousand unless otherwise stated)

2 Summary of Significant Accounting Policies (Continued)

2.22 Revenue recognition (Continued)

(b) Health services (Continued)

Online mall revenue (Continued)

Direct sales

Under direct sales model, the Group procures merchandise from suppliers and sells products directly to consumers through the platform. The suppliers consist primarily of distributors in the PRC. The Group is entitled to determine pricing and adjust offerings of products.

In this business model, the Group either manages its own inventories or has suppliers to manage inventories and arranges delivery within 48 hours once the order is placed. The Group manages inventories by adjusting inventories level based on fluctuations in supply and price, seasonality, popularity of a particular product and also taken into consideration the shelf life of pharmaceutical products. The Group either makes sales promotion plans or reports inventories write-downs depending on the status of inventories. The Group also provides after-sales services, attends customers' complaints and responds to return requests. The Group generally requires the suppliers to cooperate with the Group in attending to customers' complaints and responding to return requests.

Under direct sales model, since the Group has sole discretion in determining the pricing, and has the obligation to fulfil the order, provide after-sales services, attend to customers' complaints and respond to return requests, the Group considers it as a principal and recognizes revenue under direct sales model based on the gross amount of products sales. The Group recognizes revenue net of discounts and return allowances upon the time when the products are delivered to customers. Return allowances, which reduce net revenue, are estimated based on historical experiences. The Group offers its customers an unconditional right of return for a period of seven days for sales from its platform upon receipt of products. The Group recognizes sales revenue from platform when products are delivered to customers while historical returns are insignificant.

Payments for the ordered products are generally made upon orders placed by individual customers in platform and goods are dispatched within 48 hours after orders are placed. External logistics companies are responsible for delivery to customers. In certain cases, direct sales in online mall are also sold to corporate customers with credit terms ranging from 5 days to 30 days.

The Group also sells prepaid cards to corporate customers under credit terms. The Group has unconditional rights to receive the consideration after the prepaid cards are delivered to customers, and therefore, the Group recognizes receivables and contract liabilities accordingly. The contract liabilities are recognized as revenue when the products are delivered to customers.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

(All amounts expressed in RMB thousand unless otherwise stated)

2 Summary of Significant Accounting Policies (Continued)

2.22 Revenue recognition (Continued)

(b) Health services (Continued)

Online mall revenue (Continued)

Marketplace

The Group also provides an online marketplace that enables third-party vendors to sell their products to customers in the Group's online platform. The marketplace vendors consist primarily pharmacy chains and overseas shopping service providers. The commission fees are generally charged as a percentage of the merchandise sales depending on the product category and terms negotiated with the vendors.

Marketplace vendors manage inventories on their own and the vendors are responsible for product delivery as well. Delivery of products is required within 24 hours after order placing for pharmacy chains or 96 hours after order placing for overseas shopping. The vendors are also responsible for after sales services, attending to customers' complaints and responding to return requests. Revenue related to commissions is recognized on a net basis and when the orders are placed and payments are made by customers while historical returns on sales from platform are insignificant. Payments with third-party vendors are usually settled on a monthly basis for the commissions earned during the period.

Other services

The Group also provided advertisements through its mobile app, comprehensive healthcare management services and other services.

Advertising fee is charged primarily on display duration basis or in accordance to the acceptance term as specified in contracts. Revenue is recognized over the period during which the advertisements are displayed or after the acceptance of advertisers according to the contract terms.

The advertisers are usually required to pay for the advertisement in advance. The Group records receivables and contract liabilities correspondingly when the advertising contracts are signed with customers since the Group has unconditional rights to payments of advertising services which are due according to the contract terms. The contract liabilities are recognized as revenue when the advertisements are displayed or services are provided.

Comprehensive healthcare management services to the employees of corporate customers mainly include healthcare course recommendation, psychological counselling services, sub-health management, disease intervention management and other services. The Group enters into agreements with the corporate customers that commit to regularly provide service and share related information with their employees within contract period which is usually one year.

The Group charges corporates at a fixed fee taking into consideration of the expected usage of services and head count of employees. Since the corporate customers are usually required to make payments upon subscription of services, the Group records contract liabilities as there is unsatisfied performance obligation owing to customers. The revenue of this service is recognized when the performance obligation is satisfied over the contract period.

Other services include insurance sales commission and technology development which are not material to the Group.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

(All amounts expressed in RMB thousand unless otherwise stated)

2 Summary of Significant Accounting Policies (Continued)

2.23 Cost of sales

Cost of sales primarily comprise labour, other costs of personnel directly engaged in providing the services and attributable overhead costs for technical support, purchase price of products or service, inbound shipping charges and write-downs of inventories. Inbound shipping charges to receive products from the suppliers are included in inventories which are then recognized as cost of sales upon sales of goods, while outbound shipping charges to fulfil the sale to the customers are recognized as selling and marketing expenses.

2.24 Leases

Leases in which a significant portion of the risks and rewards of ownership were not transferred to the Group as lessee were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

Leases are recognized as a right-of-use asset and a corresponding liability at the date when the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

(All amounts expressed in RMB thousand unless otherwise stated)

2 Summary of Significant Accounting Policies (Continued)

2.24 Leases (Continued)

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipments, vehicles and buildings and all leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets mainly comprise IT equipment.

2.25 Interest income

Interest income on financial assets at amortized cost is calculated by the effective interest method. Interest income is presented as finance income and other income where it is earned from financial assets that are held for cash management purposes.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

2.26 Dividend income

Dividend income is recognized when the right to receive payment is established.

2.27 Government grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognized in the income statement over the period necessary to match them with the costs that they are intended to compensate.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

(All amounts expressed in RMB thousand unless otherwise stated)

2 Summary of Significant Accounting Policies (Continued)

2.28 Tax

Income tax comprises current and deferred tax. Income tax is recognized in the statement of comprehensive income, or in other comprehensive income or in equity if it relates to items that are recognized in the same or a different period directly in other comprehensive income or in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in jointly controlled entities, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry-forward of unused tax credits and any unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilized, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in jointly controlled entities, deferred tax assets are only recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Notes to the Consolidated Financial Statements

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(All amounts expressed in RMB thousand unless otherwise stated)

2 Summary of Significant Accounting Policies (Continued)

2.28 Tax (Continued)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Conversely, previously unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.29 Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(b) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

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For the year ended 31 December 2022

(All amounts expressed in RMB thousand unless otherwise stated)

3 Management of Financial Risk and Insurance Risk

The Group's activities expose it to a variety of financial risks: financial risk including market risk (comprising foreign currency risk, price risk and interest rate risk), credit risk, liquidity risk and insurance risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. Risk management is carried out by the senior management of the Group.

3.1 Financial Risk

(a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risks, which arise from foreign exchange rates (currency risk), market prices (price risk) and market interest rates (interest rate risk).

Foreign Currency risk

Foreign currency risk is the risk of loss resulting from changes in foreign currency exchange rates. Fluctuations in exchange rates between the RMB and other currencies in which the Group conducts business may affect its financial position and results of operations. The foreign currency risk assumed by the Group mainly comes from movements in the USD/RMB and HKD/RMB exchange rates. The Group mainly operates in the PRC with most of the transactions settled in RMB.

The Group's exposure to foreign currency risk at the end of the reporting period was as follows:

	31 December 2022				
	RMB	USD (RMB equivalent)	HKD (RMB equivalent)	JPY (RMB equivalent)	RMB equivalent total
Cash and cash equivalents	3,524,949	152,723	23,016	1	3,700,689
Term Deposits	2,616,978	480,312	-	-	3,097,290
Financial assets at fair value through profit or loss	4,307,138	800,388	-	-	5,107,526
	10,449,065	1,433,423	23,016	1	11,905,505

	31 December 2021				
	RMB	USD (RMB equivalent)	HKD (RMB equivalent)	JPY (RMB equivalent)	RMB equivalent total
Cash and cash equivalents	2,661,393	154,159	249,324	-	3,064,876
Financial assets at fair value through profit or loss	3,259,521	1,695,533	-	-	4,955,054
	5,920,914	1,849,692	249,324	-	8,019,930

The aggregate net foreign exchange gains/(loss) was recognized in consolidated statement of comprehensive income and included in other gains/(losses) - net.

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For the year ended 31 December 2022

(All amounts expressed in RMB thousand unless otherwise stated)

3 Management of Financial Risk and Insurance Risk (Continued)

3.1 Financial Risk (Continued)

(a) Market risk (Continued)

Foreign Currency risk (Continued)

Sensitivities

The analysis below is performed for reasonably possible movements in key variables with all other variables held constant, showing the pre-tax impact on profit and equity. The correlation of variables will have a significant effect on determining the ultimate impact on market risk, but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis.

The Group is primarily exposed to changes in USD/RMB exchange rates. The sensitivity of profit or loss to changes in the exchange rates arises mainly from USD denominated financial assets.

Currency	Changes in exchange rate	Impact on comprehensive profit and equity	
		31 December 2022 RMB'000	31 December 2021 RMB'000
USD	+5%	71,671	92,485
USD	-5%	(71,671)	(92,485)

Price risk

The Group's price risk exposure relates to financial assets and liabilities whose values will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign currency risk), which mainly include investment classified as financial assets at fair value through profit or loss.

The above investments are exposed to price risk because of changes in market prices, where changes are caused by factors specific to the individual financial instruments or their issuers, or factors affecting all similar financial instruments traded in the market.

To manage its price risk arising from the investments, the Group diversifies its investment portfolio. The investments are made either for strategic purposes, or for the purpose of achieving investment yield and balancing the Group's liquidity level simultaneously. Each investment is managed by senior management on a case by case basis.

Sensitivity analysis is performed by management to assess the exposure of the Group's financial results to equity price risk of financial assets at fair value through profit or loss at the end of each reporting period. If equity prices of the respective instruments held by the Group had been 5% (2021: 5%) higher/lower as at 31 December 2022, profit of loss for the year would have been approximately RMB191,536 thousand (31 December 2021: RMB127,699 thousand) higher/lower.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

(All amounts expressed in RMB thousand unless otherwise stated)

3 Management of Financial Risk and Insurance Risk (Continued)

3.1 Financial Risk (Continued)

(a) Market risk (Continued)

Interest rate risk

Interest rate risk is the risk that the value/future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Floating rate instruments expose the Group to cash flow interest rate risk, whereas fixed rate instruments expose the Group to fair value interest risk.

All of the Group's financial assets at fair value through profit or loss are equity investments which do not expose the Group to interest rate risk. The Group has no significant interest-bearing assets except for cash and cash equivalents, term deposits and financial assets at amortized cost, details of which have been disclosed in Note 23 and Note 25.

(b) Credit risk

The Group is exposed to credit risk in relation to its cash and cash equivalents, restricted cash, term deposits, financial assets at amortized cost, trade and other receivables. The carrying amounts of each class of the above financial assets represent the Group's maximum exposure to credit risk in relation to financial assets.

Credit risk of cash and cash equivalents, restricted cash and term deposits

The Group's cash and cash equivalents, restricted cash and term deposits are mainly deposited in reputable banks and financial institutions which are generally considered to be relatively stable. The Group considers that there is no significant credit risk and is not subject to any material losses due to the default of the other parties.

Credit risk of financial assets at amortized cost

As to financial assets at amortized cost, which mainly includes debt investment schemes, the Group manages the credit risk of these investments mainly through controlling the investment scales, selecting counterparties within the financial institutions with appropriate credit quality prudently, balancing the credit risk and rate of return of investment and considering the internal and external credit rating information comprehensively. The Group applies expected credit losses prescribed by IFRS 9, to make provision for financial assets at amortized cost.

Credit risk of trade receivables

The Group applies the simplified approach to measure expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, the Group categorizes its trade receivables based on the nature of customer accounts, shared credit risk characteristics and account aging. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of trade receivables and adjusts for forward looking macroeconomic data.

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For the year ended 31 December 2022

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3 Management of Financial Risk and Insurance Risk (Continued)

3.1 Financial Risk (Continued)

(b) Credit risk (Continued)

Credit risk of trade receivables (Continued)

The assessed expected credit losses for the trade receivables as at 31 December 2022 and 2021 are determined as follows:

As at 31 December 2022	0-90 days	90-180 days	180-365 days	365-730 days	Over 730 days	Total
Gross carrying amount	1,051,371	246,290	144,187	128,579	77,069	1,647,496
Expected credit loss rate	3.9%	3.9%	6.2%	21.5%	64.4%	8.3%
Expected credit loss	41,348	9,583	8,898	27,696	49,635	137,160

As at 31 December 2021	0-90 days	90-180 days	180-365 days	365-730 days	Over 730 days	Total
Gross carrying amount	1,149,043	183,281	151,604	81,367	48,811	1,614,106
Expected credit loss rate	1.6%	1.6%	0.4%	7.3%	67.7%	3.7%
Expected credit loss	17,899	2,955	617	5,941	33,049	60,461

The reconciliation of closing loss allowances for trade receivables as at 31 December 2022 and 2021 to the opening loss allowances as follows:

	31 December 2022	31 December 2021
At the beginning of the year	60,461	38,227
Movement in loss allowance for trade receivables	76,699	22,234
At the end of the year	137,160	60,461

Credit risk of other receivables

Other receivables mainly comprise agent business related receivables, deposit, amounts due to related parties and other receivables.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the third party's ability to meet its obligations;
- actual or expected significant changes in the operating results of third party;
- significant changes in the expected performance and behavior of the third party, including changes in the payment status and changes in the operating results of the third party.

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For the year ended 31 December 2022

(All amounts expressed in RMB thousand unless otherwise stated)

3 Management of Financial Risk and Insurance Risk (Continued)

3.1 Financial Risk (Continued)

(b) Credit risk (Continued)

Credit risk of other receivables (Continued)

The Group expects that the credit risk associated with other receivables due from certain entities to be low, since these entities have a strong capacity to meet its contractual cash flow obligations in the near term. The Group assessed that the expected credit loss rate for the amounts due from these entities is immaterial under 12 months expected credit loss method and thus the loss allowance is immaterial.

(c) Liquidity risk

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

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

	As at 31 December 2022					
	On demand	Within 1 year	1 to 5 years	Over 5 years	Undated	Total
Liabilities:						
Lease liabilities	-	74,857	111,797	-	-	186,654
Trade and other payables	-	1,689,557	-	-	43	1,689,600
	-	1,764,414	111,797	-	43	1,876,254

	As at 31 December 2021					
	On demand	Within 1 year	1 to 5 years	Over 5 years	Undated	Total
Liabilities:						
Lease liabilities	-	82,164	140,116	495	-	222,775
Trade and other payables	-	2,017,315	-	-	43	2,017,358
	-	2,099,479	140,116	495	43	2,240,133

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For the year ended 31 December 2022

(All amounts expressed in RMB thousand unless otherwise stated)

3 Management of Financial Risk and Insurance Risk (Continued)

3.2 Insurance risk

Insurance risk refers to the risk that actual indemnity might exceed expected indemnity due to the frequency and severity of insurance accidents. The principal risk the Group faces under such contracts is that the actual claims and benefit payments exceed the carrying amount of contract liabilities of Health Membership Plans. This could occur due to any of the following factors:

- Occurrence risk – the possibility that the number of insured events will differ from those expected.
- Severity risk – the possibility that the cost of the events will differ from those expected.
- Development risk – the possibility that changes may occur in the amount of the Group's obligation at the end of the contract period.

The variability of risks is improved by diversification of risk of loss to a large portfolio of Health Membership Plans as a more diversified portfolio is less likely to be affected across the board by change in any subset of the portfolio. The variability of risks is also improved by careful selection and implementation of business developing strategies and guidelines.

Key assumptions

Claim liabilities are mainly based on assumptions of expected loss ratio which is determined after considering industry benchmark, experience data, and margin factors. These assumptions are made in respect of average claim costs, obligation handling costs and obligation fulfilling ratio. The Group develops its average claim cost, obligation handling costs and obligation fulfilling ratio based on industry analysis and the Group's historical claim payments experience. Additional judgment is used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates.

Sensitivities

The claim liabilities for Health Membership Plans are sensitive to the above key assumptions. The sensitivity of certain variables including legislative change, uncertainty in the estimation process, etc., is not possible to quantify. Furthermore, because of delays that arise between the occurrence of a claim, its subsequent notification and eventual settlement, the outstanding claim liabilities are not known with certainty at the end of the reporting period.

To illustrate the sensitivities of expected loss ratio, while other assumptions remain unchanged, a 5% increase in expected loss ratio would increase claim liabilities of Health Membership Plans as at 31 December 2022 by RMB7,396 thousand (31 December 2021: RMB9,831 thousand).

Contract liabilities of Health Membership Plans

	31 December 2022	31 December 2021
Unearned revenue liabilities	38,751	80,352
Claim liabilities	126,927	172,701
	165,678	253,053

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For the year ended 31 December 2022

(All amounts expressed in RMB thousand unless otherwise stated)

3 Management of Financial Risk and Insurance Risk (Continued)

3.2 Insurance risk (Continued)

Sensitivities (Continued)

Movements of contract liabilities of Health Membership Plans

Movements of unearned revenue liabilities

	Contract liabilities
As at 31 December 2021	80,352
Increase	126,804
Decrease	(168,405)
As at 31 December 2022	38,751

Movements of claim liabilities

	Contract liabilities
As at 31 December 2021	172,701
Increase	(8,186)
Decrease	(37,588)
As at 31 December 2022	126,927

3.3 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to enhance shareholders' value in the long-term.

The Group monitors capital (including share capital and reserves) by regularly reviewing the capital structure. As a part of this review, the Company considers the cost of capital and the risks associated with the issued share capital. The Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or repurchase the Company's shares. In the opinion of the directors of the Company, the Group's capital risk is low.

3.4 Fair value estimation

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

(All amounts expressed in RMB thousand unless otherwise stated)

3 Management of Financial Risk and Insurance Risk (Continued)

3.4 Fair value estimation (Continued)

Determination of fair value and fair value hierarchy

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

The levels of the fair value hierarchy are as follows:

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

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

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

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

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

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For the year ended 31 December 2022

(All amounts expressed in RMB thousand unless otherwise stated)

3 Management of Financial Risk and Insurance Risk (Continued)

3.4 Fair value estimation (Continued)

Determination of fair value and fair value hierarchy (Continued)

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

	As at 31 December 2022			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Financial assets at fair value through profit or loss				
- Equity investments	-	3,987,955	1,119,571	5,107,526

	As at 31 December 2021			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Financial assets at fair value through profit or loss				
- Equity investments	-	2,738,153	2,216,901	4,955,054

During the year, there were no transfers among different levels of fair values measurement.

Valuation techniques

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

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4 Critical Accounting Estimates and Judgments

The Group makes estimates and judgments that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities in these financial statements. Estimates and judgments are continually assessed based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In the process of applying the Group's accounting policies, management has made the following judgments and accounting estimation, which have the most significant effect on the amounts recognized in the financial statements.

(a) Recoverability of non-financial assets

The Group tests annually whether goodwill has suffered any impairment. Goodwill and other non-financial assets, mainly including property, plant and equipment, other intangible assets and investments in associates and joint ventures are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts have been determined based on fair value less costs of disposal or value-in-use calculations. These calculations require the use of judgements and estimates.

Judgement is required to identify any impairment indicators existing for any of the Group's goodwill, other non-financial assets, to determine appropriate impairment approaches, i.e., fair value less costs of disposal or value in use, for impairment review purposes, and to select key assumptions applied in the adopted valuation models, including discounted cash flows and market approach. Changing the assumptions selected by management in assessing impairment could materially affect the result of the impairment test and in turn affect the Group's financial position and results of operations. If there is a significant adverse change in the key assumptions applied, it may be necessary to take additional impairment charge to the consolidated statement of comprehensive income.

(b) Valuation of Health Membership Plans contract liabilities

At the end of the reporting period, when measuring the contract liabilities of Health Membership Plans, the Group needs to make a reasonable estimate of amounts of the payments which the Group is required to make in fulfilling the obligations under the contracts, based on information currently available at the end of the reporting period.

At the end of the reporting period, the Group shall make an estimate of the assumptions used in the measurement of Health Membership Plans contract liabilities. Such assumptions shall be determined based on information currently available at the end of the reporting period. To determine these assumptions, the Group selects proper risk margins according to both uncertainties and degree of impact of expected future cash outflows. Refer to Note 2.22(a) for the accounting policies and estimates.

The major assumptions needed in measuring claim liabilities include expected loss ratio which can be used to predict the future cost of claims. The assumptions are based on the Group's historical claim payments experience and industry experiences, taking into consideration changes in the Group's policies such as the underwriting policy, expenses and obligation handling, and changing trends in external environments such as economic conditions, regulations and legislation. The Group determined the risk margin assumptions for claim liabilities based on the industry experience ranged from 2.5% to 3%.

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4 Critical Accounting Estimates and Judgments (Continued)

(c) Uncertain tax positions

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilized. In assessing whether such unused tax losses can be utilized in the future, the Group needs to make judgments and estimates on the ability of each of its subsidiary to generate taxable income in the future years. Based on current information available and the tax planning strategies, the Group considered there is significant uncertainty regarding whether the unused tax losses could be utilized before expiration. Thus, the Group currently has not recognized any deferred tax assets resulting from operating loss and deductible temporary differences.

5 Revenue and Segment Information

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

- Medical services
- Health services

As CODM changed the structure of internal organization, the composition of the Group's reportable segments changed in 2021, and medical services was subsequently extended to including medical related merchandise in the year of 2022. The corresponding items of segment information for comparative period was restated.

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

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

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

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For the year ended 31 December 2022

(All amounts expressed in RMB thousand unless otherwise stated)

5 Revenue and Segment Information (Continued)

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

	For the year ended 31 December 2022		
	Medical services	Health services	Total
Revenue from customers	2,547,115	3,612,706	6,159,821
Cost of sales	(1,623,923)	(2,851,206)	(4,475,129)
Gross Profit	923,192	761,500	1,684,692

	For the year ended 31 December 2021 (restated)		
	Medical services	Health services	Total
Revenue from customers	2,496,013	4,838,201	7,334,214
Cost of sales	(1,603,604)	(4,023,749)	(5,627,353)
Gross Profit	892,409	814,452	1,706,861

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

As at 31 December 2022, most of the non-current assets of the Group were located in the PRC.

(a) Disaggregation of revenue from contracts with customers

	For the year ended 31 December 2022		
	Medical services	Health services	Total
By nature			
Services and Sales of goods	2,506,945	3,553,466	6,060,411
Commission income	40,170	59,240	99,410
	2,547,115	3,612,706	6,159,821
Timing of revenue recognition			
At a point in time	2,150,376	3,548,979	5,699,355
Overtime	396,739	63,727	460,466
	2,547,115	3,612,706	6,159,821

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5 Revenue and Segment Information (Continued)

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

	For the year ended 31 December 2021		
	Medical services	Health services	Total
By nature			
Services and Sales of goods	2,424,100	4,802,893	7,226,993
Commission income	71,913	35,308	107,221
	2,496,013	4,838,201	7,334,214
Timing of revenue recognition			
At a point in time	2,215,391	4,746,029	6,961,420
Overtime	280,622	92,172	372,794
	2,496,013	4,838,201	7,334,214

(b) Contract related assets and liabilities

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

	Year ended 31 December	
	2022	2021
Contract related assets		
Medical services	74,211	52,802
Health services	76,868	29,327
	151,079	82,129
Contract liabilities		
Medical services	483,357	470,936
Health services	577,103	481,440
	1,060,460	952,376

(i) Revenue recognized in relation to contract liabilities

The following table shows how much of the revenue recognized during the year relates to carried-forward contract liabilities.

	Year ended 31 December	
	2022	2021
Revenue recognized that was included in the contract liability balance at the beginning of the period		
Medical services	470,936	155,846
Health services	444,124	571,570
	915,060	727,416

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5 Revenue and Segment Information (Continued)

(b) Contract related assets and liabilities (Continued)

(ii) Unsatisfied performance obligations

The following table shows unsatisfied performance obligations as at 31 December 2022 and 2021:

	At 31 December	
	2022	2021
Medical services	529,042	518,106
Health services	577,103	481,440
	1,106,145	999,546

Management expects that more than 96% of the transaction price allocated to the unsatisfied contracts as at 31 December 2022 will be recognized as revenue during the next year.

(iii) Assets recognized from incremental costs to obtain a contract

In addition to the contract balances disclosed above, the Group has also recognized an asset in relation to incremental costs to obtain a contract. This is presented within contract related assets in the statement of financial position.

	Year ended 31 December	
	2022	2021
Asset recognized from costs incurred to obtain a contract at 31 December 2022 and 2021		
Medical services	74,211	52,802
Health services	76,868	29,327
	151,079	82,129
Amortisation recognized as selling and marketing expenses for provision of services during the period		
Medical services	93,473	225,102
Health services	188,537	253,428
	282,010	478,530

In adopting IFRS 15, the Group recognized an asset in relation to compensation charged for products and service referred from external agencies which is incremental cost incurred to obtain a contract. The asset is amortized over the term of the specific contract it relates to, consistent with the pattern of recognition of the associated revenue. There were no impairment losses recognized on such contract related assets.

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6 Expenses by Nature

	Year ended 31 December	
	2022	2021
Cost of merchandise	3,418,235	4,313,991
Employee benefit expenses (Note 7)	1,492,741	1,710,674
Cost for service fee paid to vendors	980,962	1,156,129
Direct sale and business development fee (Note a)	711,871	1,253,108
Consulting expenses	263,379	272,041
Depreciation of right-of-use assets	89,285	104,143
Travelling, entertainment expenses and general office expenses	77,105	136,246
Depreciation of property, plant and equipment	64,542	68,421
Postage and communication expenses	46,414	67,820
Labour outsourcing expenses	45,400	88,625
Amortization of other intangible assets	36,351	34,376
Settlement expenses	31,245	32,713
Tax and surcharges	24,537	26,556
Leasing expenses	14,513	11,118
Remuneration of the auditors	3,750	4,150
Change of contract liabilities of Health Membership Plans (Note b)	(87,375)	(116,038)
Others	115,896	66,521
	7,328,851	9,230,594

Notes:

(a) The direct sale and business development fee includes commission expenses, advertising expenses and promotion expenses.

(b) The change of contract liabilities of Health Membership Plans reflected in profit and loss is the movement of unearned revenue liabilities and claim liabilities of Health Membership Plans which is stated in Note 30.

7 Employee Benefit Expenses (Including Directors' Remuneration)

	Year ended 31 December	
	2022	2021
Wages, salaries, bonuses and other compensation costs	1,097,661	1,252,699
Welfare and other benefits	317,648	378,409
Share-based payments	77,432	79,566
	1,492,741	1,710,674

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For the year ended 31 December 2022

(All amounts expressed in RMB thousand unless otherwise stated)

8 Directors' Remuneration

(i) Directors' and the chief executive's emoluments

	Year ended 31 December	
	2022	2021
Wages and salaries	9,876	8,557
Performance related bonuses	7,125	7,100
Pension costs – defined contribution plans	39	32
Other social security costs, housing benefits and other employee benefits	904	98
Share-based payments	7,488	9,238
Other compensation costs	1,376	3,284
	26,808	28,309

The remuneration of each director for the year ended 31 December 2022 is set out as follows:

	Year ended 31 December 2022					
	Wages and salaries	Performance related bonuses	Pension costs – defined contribution plans	Other social security costs, housing benefits and other employee benefits	Share-based payments	Other compensation costs
Executive directors						
- Fang Weihao (Chairman)	8,592	7,125	39	904	7,488	1,376
Non-executive directors						
- Tan Sin Yin	-	-	-	-	-	-
- Lin Lijun	-	-	-	-	-	-
- Pan Zhongwu	-	-	-	-	-	-
- Zhu Ziyang ¹	-	-	-	-	-	-
Independent non-executive directors						
- Tang Yunwei	423	-	-	-	-	-
- Guo Tianyong	423	-	-	-	-	-
- Chow Wing Kin Anthony	438	-	-	-	-	-
	9,876	7,125	39	904	7,488	1,376

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For the year ended 31 December 2022

(All amounts expressed in RMB thousand unless otherwise stated)

8 Directors' Remuneration (Continued)

(i) Directors' and the chief executive's emoluments (Continued)

The remuneration of each director for the year ended 31 December 2021 is set out as follows:

	Year ended 31 December 2021					
	Wages and salaries	Performance related bonuses	Pension costs - defined contribution plans	Other social security costs, housing benefits and other employee benefits	Share-based payments	Other compensation costs
Executive directors						
- Fang Weihao (Chairman)	7,076	7,100	32	98	9,238	3,284
Non-executive directors						
- Cai Fang Fang ²	-	-	-	-	-	-
- Yao Jason Bo ²	-	-	-	-	-	-
- Tan Sin Yin	-	-	-	-	-	-
- Lin Lijun	-	-	-	-	-	-
- Pan Zhongwu	-	-	-	-	-	-
- Zhu Ziyang ¹	-	-	-	-	-	-
Independent non-executive directors						
- Tang Yunwei	407	-	-	-	-	-
- Guo Tianyong	407	-	-	-	-	-
- Liu Xin ³	266	-	-	-	-	-
- Chow Wing Kin Anthony	401	-	-	-	-	-
	8,557	7,100	32	98	9,238	3,284

* For the year ended 31 December 2022 and 2021, the other compensation costs of Mr. Fang Weihao mainly comprised of charges related to the contingent compensation arrangement.

Notes:

1. Appointed as non-executive director since December 2021.
2. Resigned from non-executive directors since August 2021.
3. Resigned from independent non-executive director since August 2021.
4. No director received any emolument from the Group as an inducement to join or leave the Group or compensation for loss of office. No director waived or has agreed to waive any emoluments during the years ended 31 December 2022 and 2021.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

(All amounts expressed in RMB thousand unless otherwise stated)

8 Directors' Remuneration (Continued)

(ii) Directors' retirement benefits

There was no retirement benefits paid to the directors during 2022 and 2021.

(iii) Directors' termination benefits

There was no termination benefits paid to directors during 2022 and 2021.

(iv) Consideration provided to third parties for making available directors' services

There was no payment to third parties for making available directors' services during 2022 and 2021.

(v) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate and connected entities with such directors

There was no loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate and connected entities with such directors entered into by the Company or subsidiary undertaking of the Company during 2022 and 2021.

(vi) Directors' material interests in transactions, arrangements or contracts

There was no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

9 Five Highest Paid Individuals

The five individuals whose emoluments were the highest in the Group include one directors during the year ended 31 December 2022 (2021: one), and their emoluments are reflected in the analysis shown in Note 8. The emoluments payable to the remaining four (2021: four) individuals during the year ended 31 December 2022, are as follows:

	Year ended 31 December	
	2022	2021
Wages and salaries	6,569	7,781
Performance related bonuses	8,895	8,702
Pension costs - defined contribution plans	156	132
Other social security costs, housing benefits and other employee benefits	1,303	265
Share-based payments	10,858	8,459
Other compensation costs	846	-
	28,627	25,339

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For the year ended 31 December 2022

(All amounts expressed in RMB thousand unless otherwise stated)

9 Five Highest Paid Individuals (Continued)

The number of highest paid non-director individuals whose remuneration fell within the following bands is set out below:

	Year ended 31 December	
	2022	2021
Nil to RMB1,000,000	-	-
RMB1,000,001 to RMB2,000,000	-	-
RMB2,000,001 to RMB3,000,000	-	-
RMB3,000,001 to RMB4,000,000	-	-
RMB4,000,001 to RMB5,000,000	2	2
RMB5,000,001 to RMB6,000,000	-	1
RMB6,000,001 to RMB10,000,000	1	1
RMB10,000,001 to RMB15,000,000	1	-
	4	4

During the years ended 31 December 2022 and 2021, no director or the five highest paid individuals received any emolument from the Group as an inducement to join or leave the Group or as compensation for loss of office.

10 Other Income

	Year ended 31 December	
	2022	2021
Interest on financial assets at amortized cost	101,461	140,990
Government grants	81,819	66,799
Investment income on short-term investments placed with banks	37,289	66,982
	220,569	274,771

11 Other Gains/(Losses) - Net

	Year ended 31 December	
	2022	2021
Net foreign exchange gains/(losses)	36,954	(42,648)
Net gains on disposals of a joint venture	277,604	-
Net gains on disposals and deemed disposals of subsidiaries	-	5,087
Net fair value gains on financial assets at fair value through profit or loss	130,680	47,145
Provision for outstanding litigations (Note 31)	(97,107)	-
Impairment provision for financial assets	(67,338)	(22,159)
Impairment provision for investments in associates and joint ventures	(23,665)	-
Others	(6,516)	(9,291)
	250,612	(21,866)

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For the year ended 31 December 2022

(All amounts expressed in RMB thousand unless otherwise stated)

12 Finance Income - Net

	Year ended 31 December	
	2022	2021
Finance income		
Interest income	167,591	169,471
Finance costs		
Interest expenses on lease liabilities	(11,113)	(10,830)
	156,478	158,641

13 Income Tax Expense

The income tax expense of the Group for the year ended 31 December 2022 is analyzed as follows:

	Year ended 31 December	
	2022	2021
Current income tax	3,410	15,792

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

	Year ended 31 December	
	2022	2021
Loss before income tax	(607,694)	(1,523,607)
Tax calculated at PRC statutory income tax rate of 25%	(151,924)	(380,902)
Tax effects of		
- Differential income tax rates applicable to overseas subsidiaries (Note a)(Note b)	(32,147)	(236)
- Income not subject to tax	(52,608)	(11,171)
- Expenses not deductible for tax purposes	52,100	107,229
- Tax losses and temporary differences for which no deferred income tax asset was recognized	189,522	299,085
- PRC withholding income tax	3,090	10,159
- Adjustments for current tax of prior periods	(366)	1,346
- Super deduction for research and development expenses	(3,116)	(1,001)
- Previously unrecognised tax losses now recouped to reduce current tax expense	(713)	-
- Previously unrecognized temporary differences now recouped to reduce current tax expense	(428)	(8,717)
Income tax expense	3,410	15,792

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For the year ended 31 December 2022

(All amounts expressed in RMB thousand unless otherwise stated)

13 Income Tax Expense (Continued)

The unused tax losses as at 31 December 2022 are analyzed as follows:

	At 31 December	
	2022	2021
Unused tax losses for which no deferred tax asset has been recognized	2,974,135	3,226,665
Potential tax benefit @ 25%	729,607	792,246
Potential tax benefit @ 16.5%	9,292	9,518

Notes:

(a) *Cayman Islands Income Tax*

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

(b) *Hong Kong Income Tax*

Hong Kong income tax rate is 16.5%. No Hong Kong profits tax was provided for as there was no estimated assessable profit that was subject to Hong Kong profits tax during the reporting period.

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

The income tax provision of the Group in respect of its operations in PRC was calculated at the tax rate of 25% on the assessable profits for the reporting period, based on the existing legislation, interpretations and practices in respect thereof. According to the relevant tax circulars issued by the PRC tax authorities, some subsidiaries of the Group are entitled to certain tax concessions as they are regarded as small and micro enterprises.

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

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

The Group does not have any plan to require its PRC subsidiaries to distribute their retained earnings and intends to retain them to operate and expand its business in the PRC. Accordingly, no deferred income tax liability on WHT was accrued as at 31 December 2022 (31 December 2021: nil).

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(All amounts expressed in RMB thousand unless otherwise stated)

14 Loss Per Share

- (a) Basic loss per share for the year ended 31 December 2022 are calculated by dividing the loss attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the year and excluding treasury shares.

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

	Year ended 31 December	
	2022	2021
Loss attributable to the owners of the Company	(607,569)	(1,538,183)
Weighted average number of ordinary shares in issue ('000)	1,080,866	1,102,771
Basic loss per share (RMB yuan)	(0.56)	(1.39)

- (b) Diluted earnings or loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

As the Group incurred losses for the year ended 31 December 2022, the potential ordinary shares were not included in the calculation of dilutive loss per share, as their inclusion would be anti-dilutive. Accordingly, diluted loss per share for the year ended 31 December 2022 are same as basic loss per share.

15 Goodwill

	As at 1 January 2022		Increase	Decrease	As at
					31 December 2022
Ping An Wanjia Healthcare Investment Management Co., Ltd. ("Wanjia Healthcare")(Note a)	961,644	-	-	-	961,644
Jiangxi Pingan Health Pharmacy Company Limited ("Jiangxi Pingan Health Pharmacy") (Note b)	5,119	-	-	-	5,119
Pingan Yingjian Medical Management (Shanghai) Limited ("Yingjian Medical") (Note c)	3,166	-	-	-	3,166
Smart Health Business (Note d)	-	707,284	-	-	707,284
Shanghai Mengchong Information Technology Co., Ltd. ("Shanghai Mengchong")(Note e)	-	479	-	-	479
Total	969,929	707,763	-	-	1,677,692
Less: Impairment losses	-	-	-	-	-
Net book value	969,929	707,763	-	-	1,677,692

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

(All amounts expressed in RMB thousand unless otherwise stated)

15 Goodwill (Continued)

Notes:

- (a) Goodwill amounted to RMB961,644 thousand arising from the acquisition of 100% equity interests in Wanjia Healthcare in October 2018. Following the change in operating and management's reporting structure of Wanjia Healthcare from 2019, approximately RMB582,398 thousand and RMB379,246 thousand of goodwill were re-allocated to two CGUs (medical related CGU and health related CGU respectively). The reallocation was based on a relative fair values of these two operations of Wanjia Healthcare prior to their integration to the Group.

As at 31 December 2022, management prepared a value-in-use assessment by using cash flow projections based on business plan for the purposes of impairment review covering an eight-year's period. Under paragraph 33(b) of IAS 36, a period longer than five years can be used if it is justifiable. Given the Group expects to maintain an extended high growth rate over a period longer than 5 years, management of the Group considers that the Group's business is expected to reach a steady and stable terminal growth state likely after an eight-year's period. As the pioneer in the online healthcare industry, management believes they are better positioned to forecast cash flows for an extended period over 5 years. The expected annual growth rates over the eight-year's forecast period are based on the Group's past performance and management's expectation of future market and business developments.

As at 31 December 2022, for medical related CGU, key assumptions for goodwill used for value-in-use calculations include annual growth rates ranging from 5% to 19% (2021: from 6% to 29%), and gross margin ranging from 59% to 64% (2021: from 58% to 65%), while for the health related CGU, annual growth rates ranging from 5% to 22% (2021: from 6% to 28%), and gross margin ranging from 39% to 43% (2021: from 33% to 37%). As at 31 December 2022, the discount rate used for medical related CGU of 19.32% (2021: 19.09%) and health related CGU of 19.20% (2021: 19.09%) are pre-tax rates which reflect market assessments of the time value and the specific risks relating to the industry. The budgeted gross margin was determined by management based on past performance and its expectation for market development.

Based on the result of the goodwill impairment testing, for medical related CGU, the estimated recoverable amount exceeded its carrying amount by approximately RMB1,257,093 thousand (2021: RMB2,009,627 thousand) and for the health related CGU, the excess was approximately RMB688,174 thousand (2021: RMB1,567,862 thousand) as at 31 December 2022. The following table shows the amount by which the assumption of annual revenue growth rate would need to change individually for the estimated recoverable amount to be equal to the carrying amount for each segment.

CGU	Change required for carrying amount to be equal to recoverable amount (in percent) 2022
Medical related CGU	Assuming the annual growth rate for each year during the eight-year period decreased by 2.8% and shall be no less than the terminal growth rate of 3%
Health related CGU	Assuming the annual growth rate for each year during the eight-year period decreased by 2.0% and shall be no less than the terminal growth rate of 3%

Notes to the Consolidated Financial Statements

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(All amounts expressed in RMB thousand unless otherwise stated)

15 Goodwill (Continued)

Notes: (Continued)

- (b) Goodwill amounted to RMB5,119 thousand arising from the acquisition of 100% equity interests in Jiangxi Pingan Health Pharmacy (formerly named as Jiangxi Pingan Good Doctor Pharmacy Company Limited) in April 2016.
- (c) Goodwill amounted to RMB3,166 thousand arising from the acquisition of control over Yingjian Medical in April 2020.
- (d) Goodwill of Smart Health Business amounted to RMB707,284 thousand arising from the acquisition of 100% equity interests in Scientia Smart Health Technologies Limited ("Scientia Smart Health") and Ping An Yingxiang (Jiaxing) Software Co., Ltd. ("Ping An Yingxiang") on 7 November 2022. Goodwill is attributable to the synergy of combination expected to be derived from combining with the medical services such as family doctors, chronic disease management and specialized auxiliary diagnosis of the Group and the amount is attributable to Scientia Smart Health and Ping An Yingxiang as a whole as a CGU of the Group.

As at 31 December 2022, management prepared a value-in-use assessment by using cash flow projections based on business plan for the purposes of impairment review covering a nine-year's period. Under paragraph 33(b) of IAS 36, a period longer than five years can be used if it is justifiable. Given the Group expects to maintain an extended high growth rate over a period longer than 5 years, management of the Group considers that the business is expected to reach a steady and stable terminal growth state likely after a nine-year's period. As a start-up company in a rapidly developing chronic disease management industry with potential large market scale, management believes they are better positioned to forecast cash flows for an extended period over 5 years. The expected annual growth rates over the nine-year's forecast period are based on the management's expectation of future market and business developments.

As at 31 December 2022, key assumptions for goodwill used for value-in-use calculations include annual growth rates ranging from 5% to 118% and gross margin ranging from 21% to 51%. As at 31 December 2022, the discount rate used of 18.64% is pre-tax rate which reflects market assessments of the time value and the specific risks relating to the industry. The budgeted gross margin was determined by management based on past performance and its expectation for market development.

Based on the result of the goodwill impairment testing, the estimated recoverable amount exceeded its carrying amount by approximately RMB74,026 thousand as at 31 December 2022. The following table shows the amount by which the assumption of annual revenue growth rate would need to change individually for the estimated recoverable amount to be equal to the carrying amount for each segment.

CGU	Change required for carrying amount to be equal to recoverable amount (in percent) 2022
Smart Health Business	Assuming the annual growth rate for each year during the nine-year period decreased by 0.8% and shall be no less than the terminal growth rate of 3%

- (e) Goodwill of RMB479 thousand arising from the acquisition of control over Shanghai Mengchong on 11 July 2022.

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16 Leases

(a) Amounts recognized in the statement of financial position

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

	At 31 December	
	2022	2021
Right-of-use assets		
Properties	160,030	196,913
Lease liabilities		
Current	73,002	80,377
Non-current	103,490	120,918
	176,492	201,295

Addition to the cost of right-of-use assets during the year ended 31 December 2022 was RMB77,532 thousand (2021: RMB185,639 thousand).

(b) Amounts recognized in the income statement

The income statement shows the following amounts relating to leases:

	Year ended 31 December	
	2022	2021
Depreciation of right-of-use assets		
Properties	(89,285)	(104,143)
Finance costs	(11,113)	(10,830)

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17 Property, Plant and Equipment

	Office and telecommunication equipment	Leasehold improvements	Total
As at 1 January 2022			
Cost	313,631	98,620	412,251
Accumulated depreciation	(206,906)	(65,315)	(272,221)
Net book amount	106,725	33,305	140,030
Year ended 31 December 2022			
Opening net book amount	106,725	33,305	140,030
Additions	11,012	26,350	37,362
Acquisition of a subsidiary	4	-	4
Disposal	(1,228)	(158)	(1,386)
Depreciation charge	(44,446)	(20,096)	(64,542)
Closing net book amount	72,067	39,401	111,468
As at 31 December 2022			
Cost	321,970	124,812	446,782
Accumulated depreciation	(249,903)	(85,411)	(335,314)
Net book amount	72,067	39,401	111,468
As at 1 January 2021			
Cost	297,371	87,343	384,714
Accumulated depreciation	(168,673)	(49,776)	(218,449)
Net book amount	128,698	37,567	166,265
Year ended 31 December 2021			
Opening net book amount	128,698	37,567	166,265
Additions	36,194	11,277	47,471
Acquisition of a subsidiary	23	-	23
Disposal	(5,308)	-	(5,308)
Depreciation charge	(52,882)	(15,539)	(68,421)
Closing net book amount	106,725	33,305	140,030
As at 31 December 2021			
Cost	313,631	98,620	412,251
Accumulated depreciation	(206,906)	(65,315)	(272,221)
Net book amount	106,725	33,305	140,030

Notes to the Consolidated Financial Statements

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(All amounts expressed in RMB thousand unless otherwise stated)

18 Other Intangible Assets

	Software	Licences	Total
As at 1 January 2022			
Cost	141,526	64,437	205,963
Accumulated amortisation	(56,162)	(24,645)	(80,807)
Accumulated impairment	-	(19,569)	(19,569)
Net book amount	85,364	20,223	105,587
Year ended 31 December 2022			
Opening net book amount	85,364	20,223	105,587
Additions	5,342	-	5,342
Amortisation	(27,377)	(8,974)	(36,351)
Closing net book amount	63,329	11,249	74,578
As at 31 December 2022			
Cost	146,868	64,437	211,305
Accumulated amortisation	(83,539)	(33,619)	(117,158)
Accumulated impairment	-	(19,569)	(19,569)
Net book amount	63,329	11,249	74,578
As at 1 January 2021			
Cost	117,734	57,472	175,206
Accumulated amortisation	(36,832)	(16,832)	(53,664)
Accumulated impairment	-	(19,569)	(19,569)
Net book amount	80,902	21,071	101,973
Year ended 31 December 2021			
Opening net book amount	80,902	21,071	101,973
Additions	35,212	6,965	42,177
Amortisation	(26,563)	(7,813)	(34,376)
Disposal	(4,187)	-	(4,187)
Closing net book amount	85,364	20,223	105,587
As at 31 December 2021			
Cost	141,526	64,437	205,963
Accumulated amortisation	(56,162)	(24,645)	(80,807)
Accumulated impairment	-	(19,569)	(19,569)
Net book amount	85,364	20,223	105,587

19 Investments in Associates and Joint Ventures

	At 31 December	
	2022	2021
Investments in associates (a)	355,595	385,415
Investments in joint ventures (b)	1,020	160,204
	356,615	545,619

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(All amounts expressed in RMB thousand unless otherwise stated)

19 Investments in Associates and Joint Ventures (Continued)

(a) Investments in associates

	At 31 December	
	2022	2021
At the beginning of the year	385,415	382,823
Impairment provision (Note a)	(23,665)	-
Share of net (loss)/profit of associates	(4,295)	2,592
Share of other reserves of associates	(1,860)	-
At the end of the year	355,595	385,415

Note:

- (a) Both external and internal sources of information of associates are considered in assessing whether there is any indication that the investments may be impaired, including but not limited to financial position, business performance and market capitalization. The Group carries out impairment assessment on those investments with impairment indicators, and the respective recoverable amounts of investments are determined with reference to the higher of fair value less cost of disposal and value in use.

The Group made an aggregate impairment provision of approximately RMB23,665 thousand against the carrying amounts of certain investments in associates during the year ended 31 December 2022 (2021: nil). The impairment losses mainly resulted from revisions of financial and business outlook of the associates and changes in the market environment of the underlying business.

The investments in associates as at 31 December 2022 are as follows:

	Place	Principal activities	Percentage of equity interest	Percentage of voting rights
Chengyi	Ningbo	Equity investment management	49.9%	33%
Hydee	Shanghai	Software and information technology services	20%	20%

Summarized financial information of the Group's major associates:

	Chengyi		Hydee	
	Year ended 31 December 2022	2021	Year ended 31 December 2022	2021
The associate's total assets	370,577	365,368	173,624	233,804
The associate's total liabilities	(107)	(72)	(89,469)	(108,038)
The associate's profit/(loss)	5,174	11,992	(34,385)	(16,960)

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19 Investments in Associates and Joint Ventures (Continued)

(b) Investments in joint ventures

	At 31 December	
	2022	2021
At the beginning of the year	160,204	68,660
Additions (Note a)	1,020	142,901
Share of net loss of joint ventures	(62,028)	(41,365)
Share of other comprehensive loss of joint ventures	(12,047)	(9,992)
Disposal (Note b)	(86,129)	-
At the end of the year	1,020	160,204

Notes:

(a) On 2 November 2021, PAHC entered into a shareholders' agreement with Ping An Haoyi Investment Management Co., Ltd. ("Ping An HaoYi") to establish Haoyi Xi'an whereby the Group subscribed for 51% equity interests of Haoyi Xi'an. The first installment of cash consideration amounted to RMB1,020 thousand was paid by PAHC in March 2022. The Group and Ping An HaoYi each appoints two directors in the board of Haoyi Xi'an.

(b) On 11 July 2022, the Group entered into a share purchase and termination agreement with SoftBank Corp. to sell all of its 50% equity interest in Healthcare Technologies Corporation ("Healthcare Technologies") at the consideration of JPY7,900 million. Upon the completion of the transaction, the Group no longer holds any equity interest in Healthcare Technologies.

The investments in joint ventures as at 31 December 2022 are as follows:

	Place	Principal activities	Percentage of equity interest	Percentage of voting rights
Good Doctor Technology Limited ("Good Doctor Technology")	Cayman	Medical services	67%	61%
Haoyi Xi'an	Xi'an	Health Consultation	51%	50%

Summarized financial information of the Group's major joint venture:

	Good Doctor Technology Year ended 31 December	
	2022	2021
The joint venture's total assets	62,931	113,861
The joint venture's total liabilities	(123,537)	(82,094)
The joint venture's loss	(94,721)	(148,635)
The joint venture's other comprehensive loss	(1,088)	(106)

As at 31 December 2022, the Group did not recognize any impairment loss in relation to its investments in joint ventures.

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20 Inventories

	At 31 December	
	2022	2021
Inventories in warehouses	133,820	220,690
Goods in transit	91,381	167,310
Inventories stored in third parties	26,467	10,073
Less: impairment provision	(5,605)	-
	246,063	398,073

21 Trade Receivables

	At 31 December	
	2022	2021
Medical services	725,990	463,097
Health services	921,506	1,151,009
	1,647,496	1,614,106
Less: Loss allowance	(137,160)	(60,461)
	1,510,336	1,553,645

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

	At 31 December	
	2022	2021
Up to 3 months	1,051,371	1,149,043
3 to 6 months	246,290	183,281
6 months to 1 year	144,187	151,604
1 to 2 years	128,579	81,367
More than 2 years	77,069	48,811
	1,647,496	1,614,106
Less: Loss allowance	(137,160)	(60,461)
	1,510,336	1,553,645

Approximately 57% of trade receivables aged more than one year are due from related parties.

(b) Fair values of trade receivables

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

(c) Impairment and risk exposure

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

(All amounts expressed in RMB thousand unless otherwise stated)

22 Prepayments and Other Receivables

	At 31 December	
	2022	2021
Included in current assets		
Advance payments	201,348	118,454
Recoverable value-added tax	95,681	62,996
Deposits	33,293	40,551
Amounts due from related parties (Note a)	11,925	13,299
Agent business related receivables	6,568	268,294
Others	29,187	45,761
	378,002	549,355

Notes:

(a) During the year, the amounts due from related parties were non-trade nature.

(b) As at 31 December 2022, the carrying amounts of deposits and other assets (excludes advance payments and recoverable value-added tax), were approximate to their fair values. Deposits and other assets were neither past due nor impaired. Their recoverability was assessed with reference to the credit status of the counterparties and credit history.

23 Financial Assets at Amortized Cost

	At 31 December	
	2022	2021
Included in current assets (Note 35(c))		
Debt schemes	500,392	2,109,886
Less: provision for impairment losses	(3,121)	(13,007)
	497,271	2,096,879
Included in non-current assets (Note 35(c))		
Debt schemes	-	500,708
Less: provision for impairment losses	-	(2,515)
	-	498,193

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

(All amounts expressed in RMB thousand unless otherwise stated)

24 Financial Assets at Fair Value Through Profit or Loss

	At 31 December	
	2022	2021
Included in current assets		
Equity investments		
Investment funds	800,388	2,524,630
Wealth management products	4,289,168	2,412,454
	5,089,556	4,937,084
Included in non-current assets		
Equity investments in unlisted companies	17,970	17,970

25 Cash and Cash Equivalents, Restricted Cash and Term Deposits

(a) Cash and cash equivalents

	At 31 December	
	2022	2021
Cash	82	30
Cash at bank	3,339,280	2,749,719
Short-term bank deposits with initial term within three months	300,370	280,558
Other cash equivalents	60,957	34,569
	3,700,689	3,064,876

Cash and cash equivalents are denominated in the following currencies:

	At 31 December	
	2022	2021
USD	152,723	154,159
HKD	23,016	249,324
RMB	3,524,949	2,661,393
JPY	1	-
	3,700,689	3,064,876

(b) Restricted cash

As at 31 December 2022, restricted deposits held at banks amounted to RMB75,000 thousand, of which RMB70,000 thousand is legally frozen due to the litigation as set out in Note 31.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

(All amounts expressed in RMB thousand unless otherwise stated)

25 Cash and Cash Equivalents, Restricted Cash and Term Deposits (Continued)

(c) Term deposits

	At 31 December	
	2022	2021
Term deposits with initial term of over three months	2,167,698	2,530,000
Term deposits with initial term of over three months that will mature within one year	773,593	-
Interest receivable	155,999	120,987
Less: Loss allowance of term deposits	(1,571)	(1,670)
	3,095,719	2,649,317

Term deposits are denominated in the following currencies:

	At 31 December	
	2022	2021
USD	480,312	-
RMB	2,616,978	2,650,987
	3,097,290	2,650,987

The weighted average effective interest rate of the term deposits of the Group for the year ended 31 December 2022 is 3.63% (Year ended 31 December 2021: 4.14%).

26 Share Capital

	Number of shares	USD
Authorised		
Ordinary shares of USD0.000005 each at 1 January 2022 and 31 December 2022	10,000,000,000	50,000

	Number of shares	USD	Equivalent to RMB
Issued			
Ordinary shares of USD0.000005 each at 1 January 2022	1,147,294,200	5,736	35,994
Cancellation of shares (Note 27)	(28,481,300)	(142)	(927)
Ordinary shares of USD0.000005 each at 31 December 2022	1,118,812,900	5,594	35,067

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

(All amounts expressed in RMB thousand unless otherwise stated)

27 Treasury Shares

	At 31 December	
	2022	2021
Treasury shares	1	367,860

During the year ended 31 December 2022, 12,929,300 shares were purchased from the shares listed on the Hong Kong Stock Exchange. The total repurchasing consideration excluding transaction expenses was HKD277,564 thousand (equivalent to approximately RMB226,128 thousand). The details of share repurchase made by the Company during 2022 is as follows:

Month	Repurchased shares (share)	Highest purchase price (RMB equivalent)	Lowest purchase price (RMB equivalent)	Repurchase consideration (RMB equivalent)
January 2022	2,410,000	23.22	20.11	52,405 thousand
March 2022	6,248,700	17.88	13.91	100,155 thousand
April 2022	4,270,600	18.27	15.63	73,568 thousand

All the 12,929,300 shares repurchased in 2022 and 15,552,000 shares repurchased in 2021 have been cancelled as at 31 December 2022.

28 Reserves

	At 31 December	
	2022	2021
Other reserves		
- share-based payments - value of employee services	274,602	236,374
Reorganization (Note a)	350,000	350,000
Share premium		
- share premium from capital injection	19,662,022	19,662,022
- share-based payments - value of employee services	227,315	188,111
- proceeds from exercise of share options	390,365	389,760
Cancellation of shares (Note b)	(593,985)	-
Currency translation differences	115,453	(18,229)
Other	(1,858)	2
	20,423,914	20,808,040

Notes:

(a) PAHC was incorporated on 20 August 2014 with issued share capital of RMB350,000,000 divided into 350,000,000 ordinary shares of RMB1 each. After the Reorganization, PAHC is controlled by Kang Jian through the Contractual Arrangements. The share capital of RMB350,000,000 is regarded as a deemed distribution from the owners.

(b) All the shares repurchased in 2022 and 2021 have been cancelled on 25 January 2022 and 13 May 2022. Repurchasing consideration is recorded in reserves after deducting share capital.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

(All amounts expressed in RMB thousand unless otherwise stated)

29 Share-Based Payments

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

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

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

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

	Number of share options	
	At 31 December	
	2022	2021
At the beginning of the year	17,889,932	25,804,241
Granted	9,821,200	1,268,500
Exercised(Note a)	(1,134,870)	(6,229,999)
Forfeited	(315,449)	(2,952,810)
At the end of the year	26,260,813	17,889,932

Note:

(a) During the year ended 31 December 2022, 1,134,870 ordinary shares were exercised (year ended 31 December 2021: 6,229,999 ordinary shares) at the total consideration of RMB606 thousand. The exercise price range from RMB0 each to RMB5 each.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

(All amounts expressed in RMB thousand unless otherwise stated)

29 Share-Based Payments (Continued)

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

Grant Year	Expiry Year	Exercise price	Number of share options At 31 December	
			2022	2021
2014	2024	0.50	501,352	513,152
2015	2025	0.50-0.75	1,713,798	1,848,998
2016	2026	5.00	236,300	332,000
2017	2027	23.50-32.00	9,629,742	9,629,742
2019	2029	0-30.95	1,644,469	1,986,139
2020	2030	0	1,749,728	2,078,401
2021	2031	0	1,260,371	1,501,500
2022	2032	0	9,525,053	-
			26,260,813	17,889,932

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

After the Listing, the fair value of the awarded share options was calculated with reference to the market price of the Company's shares at the respective grant dates.

The weighted average fair value of awarded share options granted during the year ended 31 December 2022 was HKD17.92 per share (equivalent to approximately RMB16.01 per share) (year ended 31 December 2021: HKD55.05 per share (equivalent to approximately RMB46.35 per share)).

In relation to the nil-priced options with market-based performance conditions, the fair value is calculated using a Monte-Carlo simulation model. The Monte-Carlo simulation model reflected the historical volatility of the Company's share price and those of all other companies to which the Company's performance would be compared, over a period equal to the vesting period of the awards.

Notes to the Consolidated Financial Statements

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(All amounts expressed in RMB thousand unless otherwise stated)

29 Share-Based Payments (Continued)

Key assumptions are set as below:

	Granted in 2022
Share price	HKD19.34-HKD25.05
Risk-free interest rate	1.33%-2.65%
Volatility	45.95%-47.92%
Dividend yield	0%

During the year ended 31 December 2022, the Group recorded share-based payments of approximately RMB77,432 thousand (year ended 31 December 2021: RMB79,566 thousand) related to the Share Option Plan.

The average remaining contractual life of share options outstanding as at 31 December 2022 is 5.8 years (As at 31 December 2021: 6.2 years).

30 Trade and Other Payables

	At 31 December 2022	2021
Included in current liabilities		
Trade payables (Note a)	675,505	1,054,958
Wages payables	507,549	465,361
Accrued expenses	473,332	438,107
Contract liabilities of Health Membership Plans	165,678	253,053
Tax payables	152,352	158,421
Amounts due to suppliers	74,882	80,894
Consideration payable for acquisition of subsidiaries	67,462	-
Agent business related payables	63,319	73,779
Amounts due to related parties	44,953	50,314
Others	124,426	66,210
	2,349,458	2,641,097
Included in non-current liabilities		
Amounts due to related parties	43	43

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

	At 31 December 2022	2021
Up to 3 months	589,324	1,022,576
3 to 6 months	49,713	5,994
6 months to 1 year	17,635	7,364
1 to 2 years	12,173	19,024
Over 2 years	6,660	-
	675,505	1,054,958

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

(All amounts expressed in RMB thousand unless otherwise stated)

31 Provisions

As at 31 December 2022, the Group was the defendant in certain outstanding litigations and disputes with gross claims of RMB494 million. Combining with fact and the progress, as well as the opinions of the internal and external legal counsels, the Group recognized the estimated losses from such litigations and disputes as provisions. The Group believes that the provisions are reasonable and sufficient. The above cases are still under trial and the Group considers that the disclosure of case details will have an uncertain impact on the outstanding cases, and therefore has not disclosed the case details. Although the above provision was made, it does not represent the recognition of losses by the Group. The Group will spare no effort to maintain the overall interests of the company and shareholders.

32 Dividends

No dividends have been paid or declared by the Company during the year ended 31 December 2022 (year ended 31 December 2021:nil).

33 Cash Flow Information

(a) Cash used in operations

	Year end 31 December	
	2022	2021
Loss for the year	(611,104)	(1,539,399)
Income tax expense	3,410	15,792
Depreciation and amortisation	190,178	206,940
Impairment provision for financial assets	67,338	22,159
Impairment provision for investments in associates and joint ventures	23,665	-
Provision for inventory obsolescence	5,605	-
Investment income on short-term investments placed with banks	(37,289)	(66,982)
Fair value gains on financial assets at fair value through profit or loss	(130,680)	(47,145)
Interest on financial assets at amortized cost	(101,461)	(140,990)
Share of losses of associates and joint ventures	66,323	38,773
Share option expenses	77,432	79,566
Finance income - net	(97,570)	(71,785)
Net gains on disposals and deemed disposals of subsidiaries	-	(5,087)
Net gains on disposals of a joint venture	(277,604)	-
Net losses on disposals of property, plant and equipment and intangible assets	1,211	4,483
Net foreign exchange gains/(losses)	(33,879)	38,352
Change of inventories	146,433	(237,608)
Change of restricted cash	92	(75,092)
Decrease/(increase) in trade receivables and other assets	75,841	(613,846)
(Decrease)/increase in trade payables and other liabilities	(172,622)	1,002,728
	(804,681)	(1,389,141)

Notes to the Consolidated Financial Statements

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34 Business Combination

(a) Acquisition of Smart Health Business

On 23 October 2022, Good Doctor Online Healthcare Limited (“Good Doctor Online Healthcare”) and PAHC, both are wholly-owned subsidiaries of the Company, entered into the equity transfer agreements, respectively. Pursuant to the agreement, Good Doctor Online Healthcare acquired 100% equity interest of Scientia Smart Health from Scientia Smart Technologies Limited, at the consideration of USD96.8646 million; PAHC acquired 100% equity interest of Ping An Yingxiang from Ping An International Smart City Technology Co, Ltd., at the consideration of RMB8.0827 million.

The transaction was completed on 7 November 2022, and accordingly Scientia Smart Health and Ping An Yingxiang became wholly-owned subsidiaries of the Group.

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

	Fair value
Cash and cash equivalents	6,126
Prepayments and other receivables	30
Trade and other payables	(7,024)
Total identifiable net assets at fair value	(868)
Add: goodwill	701,121
Net assets acquired	700,253
Purchase consideration	
Cash paid	630,228
Cash to be paid	70,025
Total purchase consideration	700,253

(i) Revenue and profit contribution

Since the acquisition, Scientia Smart Health contributed net loss of RMB7,636 thousand to the Group for the period from 7 November 2022 to 31 December 2022.

(ii) Purchase consideration - cash outflow

Outflow of cash to acquire subsidiary, net of cash acquired

Cash consideration	700,253
Less: Cash to be paid	(70,025)
Cash balances acquired	(6,126)
Net outflow of cash - investing activities	624,102

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(All amounts expressed in RMB thousand unless otherwise stated)

34 Business Combination (Continued)

(a) Acquisition of Smart Health Business (Continued)

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

	Fair value
Cash and cash equivalents	6,188
Inventories	18
Trade receivables	7,902
Prepayments and other receivables	2,596
Right-of-use assets	33
Property, plant and equipment	4
Trade and other payables	(9,611)
Contract liabilities	(5,189)
Lease liabilities	(21)
Total identifiable net assets at fair value	1,920
Add: goodwill	6,163
Net assets acquired	8,083
Purchase consideration	
Cash paid	8,083
Total purchase consideration	8,083

(i) Revenue and profit contribution

Since the acquisition, Ping An Yingxiang contributed net loss of RMB352 thousand to the Group for the period from 7 November 2022 to 31 December 2022.

(ii) Purchase consideration - cash outflow

Outflow of cash to acquire subsidiary, net of cash acquired

Cash consideration	8,083
Less: cash balances acquired	(6,188)
Net outflow of cash - investing activities	1,895

(b) Acquisition of Shanghai Mengchong

In January 2022, PAHC entered into an equity transfer agreement with Shenzhen Scientia Technologies Co, Ltd. to acquire 100% equity in Shanghai Mengchong at a total consideration of RMB1,000 thousand. The transaction was completed on 11 July 2022, and accordingly Shanghai Mengchong became a wholly owned subsidiary of the Group.

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(All amounts expressed in RMB thousand unless otherwise stated)

34 Business Combination (Continued)

(b) Acquisition of Shanghai Mengchong (Continued)

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

	Fair value
Cash and cash equivalents	586
Inventories	10
Prepayments and other receivables	220
Trade and other payables	(295)
Total identifiable net assets at fair value	521
Add: goodwill	479
Net assets acquired	1,000
Purchase consideration	
Cash paid	1,000
Total purchase consideration	1,000

(i) Revenue and profit contribution

Since the acquisition, Shanghai Mengchong contributed revenue of RMB3,763 thousand and net loss of RMB9,202 thousand to the Group for the period from 11 July 2022 to 31 December 2022.

(ii) Purchase consideration - cash outflow

Outflow of cash to acquire subsidiary, net of cash acquired

Cash consideration	1,000
Less: cash balances acquired	(586)
Net outflow of cash - investing activities	414

35 Related party transactions

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

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35 Related Party Transactions (Continued)

(a) Names and relationships with related parties

Name of related parties	Relationship with the Company
Glorious Peace	A shareholder that has significant influence over the Group
Ping An	Ultimate parent company of Glorious Peace
Ping An Life Insurance Company of China, Ltd. ("Ping An Life Insurance")	Controlled by Ping An
Ping An Health Insurance Company Ltd. ("Ping An Health Insurance")	Controlled by Ping An
Ping An Property & Casualty Insurance Company of China, Ltd. ("Ping An Property & Casualty Insurance")	Controlled by Ping An
Ping An Bank Co.,Ltd. ("Ping An Bank")	Controlled by Ping An
Ping An Annuity Insurance Company Ltd. ("Ping An Annuity")	Controlled by Ping An
Ping An Securities Co., Ltd. ("Ping An Securities")	Controlled by Ping An
Shenzhen Ping An Financial Services Co., Ltd. ("Ping An Financial Services")	Controlled by Ping An
Shenzhen Wanlitong Network Information Technology Co., Ltd. ("Shenzhen Wanlitong")	Controlled by Ping An
Ping An Pay Technology Service Co., Ltd. ("Ping An Pay Tech")	Controlled by Ping An
Ping An Technology (Shenzhen) Co., Ltd. ("Ping An Technology")	Controlled by Ping An
Ping An Yiqianbao E-Commerce Co., Ltd. ("Ping An Yiqianbao")	Controlled by Ping An
Shanghai An Yi Tong Electronic Commerce Co., Ltd. ("Shanghai An Yi Tong")	Controlled by Ping An
Shenzhen Ping An Communication Technology Co., Ltd. ("Ping An Communication Technology")	Controlled by Ping An
Shanghai Zean Investment Management Co., Ltd. ("Zean Investment")	Controlled by Ping An
Ping An Trust Co., Ltd. ("Ping An Trust")	Controlled by Ping An
Shenzhen Ping An Properties Investment Co., Ltd. ("Ping An Properties")	Controlled by Ping An
Shenzhen Ping An Huitong Investment Management Co., Ltd. ("Ping An Huitong")	Controlled by Ping An
Ping An Fund Management Co., Ltd. ("Ping An Fund")	Controlled by Ping An
Ping An Asset Management Co. Ltd ("Ping An Asset Management")	Controlled by Ping An
Ping An Haoyi (Wuhan) Comprehensive Outpatient Department Co., Ltd. ("Haoyi Wuhan")	Controlled by Ping An
Hefei Ping'an Haoyi Comprehensive Outpatient Department Co., Ltd. ("Hefei Haoyi")	Controlled by Ping An
Chongqing Pingan Haoyi Jingwei Comprehensive Outpatient Service Co., Ltd. ("Chongqing Haoyi")	Controlled by Ping An
Nanchang Ping'an Haoyi Health Examination Center Co., Ltd. ("Nanchang Haoyi")	Controlled by Ping An
Shanghai Ping An Haoyi Chuangzhi Outpatient Department Co., Ltd. ("Shanghai Haoyi")	Controlled by Ping An
Guangzhou Pingan Haoyi Health Examination Center Co., Ltd. ("Guangzhou Haoyi")	Controlled by Ping An
Xiamen Ping An Haoyi Outpatient Department Co., Ltd. ("Xiamen Haoyi")	Controlled by Ping An
Shenyang Heping Ping An Haoyi Comprehensive Outpatient Department Co., Ltd. ("Shenyang Haoyi")	Controlled by Ping An
China PA Securities (Hong Kong) Company Limited ("PA Securities (Hong Kong)")	Controlled by Ping An
Ping An Medical Technology Co., Ltd. ("Ping An Medical Technology")	Controlled by Ping An
Ping An HaoYi Healthcare Technologies	Controlled by Ping An
Good Doctor Technology	Joint venture of the Group till 11 July 2022
	Joint venture of the Group

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35 Related Party Transactions (Continued)

(b) Significant transactions with related parties

	Year ended 31 December	
	2022	2021
Trademark licensing		
Ping An	-	-
Provision of products and services		
(included in contract liabilities and revenue)		
Ping An Property & Casualty Insurance	684,917	554,560
Ping An Life Insurance	552,943	1,466,168
Ping An Bank	246,436	391,957
Ping An Health Insurance	206,911	122,733
Shanghai An Yi Tong	97,512	66
Ping An Annuity	91,545	68,264
Healthcare Technologies	40,819	21,114
Good Doctor Technology	25,017	15,356
Ping An Pay Tech	19,754	1,358
Ping An Financial Services	15,315	26,243
Ping An Yiqianbao	10,613	-
Ping An Securities	9,876	15,723
Ping An HaoYi	9,231	1,338
Ping An Fund	8,780	14,194
Shenzhen Wanlitong	3,542	4,244
Ping An Technology	3,149	4,953
Ping An Trust	3,044	6,204
Services purchasing		
Ping An Bank	72,566	35,950
Ping An Communication Technology	54,562	46,474
Ping An Pay Tech	42,173	7,666
Ping An Technology	40,730	71,558
Shenzhen Wanlitong	37,523	63,637
Ping An Financial Services	29,663	24,736
Ping An Property & Casualty Insurance	21,770	39,774
Ping An Health Insurance	21,058	1,434
Hefei Haoyi	14,832	-
Ping An Annuity	12,976	8,512
Haoyi Wuhan	12,465	525
Xiamen Haoyi	11,647	1,572
Chongqing Haoyi	10,507	2,904
Nanchang Haoyi	9,231	1,731
Shanghai Haoyi	8,396	-
Ping An	6,849	10,529
Shenyang Haoyi	6,089	331
Guangzhou Haoyi	5,919	2,274
Ping An Medical Technology	4,984	-
Ping An Huitong	4,665	6,802

Notes to the Consolidated Financial Statements

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35 Related Party Transactions (Continued)

(b) Significant transactions with related parties (Continued)

	Year ended 31 December	
	2022	2021
Property leasing		
Zean Investment	27,117	27,012
Ping An Life Insurance	5,855	10,938
Deposit interests		
Ping An Bank	42,223	64,815
Investment income		
Ping An Properties	101,461	14,178
Ping An Asset Management	53,625	41,554
Ping An Bank	23,733	32,189

Trademark licensing

The Group enters into a trademark licensing framework agreement with Ping An (the “Trademark Licensing Framework Agreement”), pursuant to which Ping An grants to the Group non-exclusive and non-transferable licenses for the use of certain trademarks owned by Ping An that are either registered or for which registration applications have been filed in the PRC or Hong Kong on a royalty-free basis. The initial term of the Trademark Licensing Framework Agreement commenced on 15 November 2017 and ends on 31 August 2023.

Provision of products and services

The Group provides various types of products and services to Ping An Group, including, but not limited to: (1) online medical services comprising online consultation, hospital referral and appointment, inpatient arrangement and second opinion services; (2) “Healthy Life Pass” prepaid cards and health check-up service package; (3) products in the health mall; and (4) advertising services and comprehensive wellness management services. Fees are paid to the Group by Ping An Group in respect of the provision of such products and services.

The products and services fees the Group charges to Ping An Group are determined on the basis of mutual negotiations between the relevant parties. For the various types of services provided by the Group to Ping An Group, the service fee is determined on a cost-plus margin basis.

Services purchasing

Ping An Group provides a wide spectrum of services to the Group, including but not limited to consulting services, business promotion services, settlement services, insurance services, online traffic diversion services and customer referral services. The Group, in return, pays service fees to Ping An Group. The precise scope of service, service fee calculation, method of payment and other details of the service arrangement are agreed between the relevant parties separately.

The services fees paid by the Group to Ping An Group are determined on the following basis: (1) through bidding procedure according to the internal rules and procedures of the Group; and (2) if no tendering and bidding process is required under the Group’s internal rules, through mutual negotiations between the parties based on historical fees of such services and comparable market rates. The terms are no less favorable to the Group than terms of services available to independent third parties (if applicable) to the Group.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

(All amounts expressed in RMB thousand unless otherwise stated)

35 Related Party Transactions (Continued)

(b) Significant transactions with related parties (Continued)

Property leasing

The Group leases properties from Ping An Group for office use.

The monthly rents payable by the Group during the leasing term are determined based on mutual negotiations between the relevant parties.

Financial Service

Ping An Group provides deposit service, financing service and wealth management service to the Group.

The deposit interest rates and the borrowing interest rates are determined which are no less favorable than (1) those available to the Group from independent third parties; and (2) those offered by Ping An Group to independent third parties for deposits under similar or comparable terms. The investment income received by the Group are in line with the average investment income generated by similar types of wealth management services which are provided to independent third parties under similar terms and conditions.

(c) Year end balances with related parties

	At 31 December	
	2022	2021
Cash and cash equivalents and term deposits		
Ping An Bank	2,954,719	2,128,059
Ping An Pay Tech	48,584	22,846
PA Securities (Hong Kong)	42	203,172
Financial assets at fair value through profit or loss		
Ping An Asset Management	1,815,151	829,097
Ping An Bank	1,057,897	1,876,546
Trade receivables		
Ping An Yiqianbao	307,823	311,562
Ping An Property & Casualty Insurance	157,022	381,522
Ping An Life Insurance	143,606	313,541
Ping An Bank	109,739	128,781
Ping An Health Insurance	107,414	59,796
Ping An Annuity	58,780	14,516
Good Doctor Technology	36,717	35,299
Ping An HaoYi	8,549	988
Trade and other payables		
Ping An Technology	11,832	15,711
Ping An Communication Technology	10,003	6,525
Ping An Financial Services	5,028	3,757

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

(All amounts expressed in RMB thousand unless otherwise stated)

35 Related Party Transactions (Continued)

(c) Year end balances with related parties (Continued)

	At 31 December	
	2022	2021
Prepayments and other receivables		
Ping An Health Insurance	9,025	7,626
Ping An Property & Casualty Insurance	2,710	12,468
Interests receivables		
Ping An Bank	7,089	2,399
Debt schemes		
Ping An Properties	497,271	2,017,690
Deposits		
Zean Investment	7,417	8,334
Ping An Life Insurance	3,042	3,042

Apart from the debt schemes with principal of RMB500,000 thousand due from Ping An Properties which bear interest rates of 3% per annum respectively, and the interest receivables generated from term deposits and financial assets at fair value through profit or loss due from Ping An Bank calculated based on deposit interest rates, the other balances including other prepayments and other receivables, trade receivables and deposits due from related parties are unsecured, interest-free and repayable on demand.

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

(d) Key management personnel compensations

Key management includes directors (executive and non-executive) and senior officers. The compensations paid or payable to key management for employee services are shown below:

	Year ended 31 December	
	2022	2021
Wages, salaries, bonuses and other compensation costs	27,124	27,420
Welfare and other benefits	2,090	343
Share-based payments	14,261	16,943
	43,475	44,706

36 Contingencies

Save as the provisions disclosed in Note 31, there were no other material contingencies need to be disclosed.

37 Subsequent Events

There were no material subsequent events need to be disclosed during the period from 31 December 2022 to the approval date of these consolidated financial statements by the Board of Directors on 13 March 2023.

38 Comparative Figures

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

(All amounts expressed in RMB thousand unless otherwise stated)

39 Financial Statement and Reserve Movement of the Company

(a) Financial position of the Company

	At 31 December	
	2022	2021
ASSETS		
Non-current assets		
Prepayments and other receivables	4,092,489	–
Investment in subsidiaries	6,233,651	4,433,651
Total non-current assets	10,326,140	4,433,651
Current assets		
Prepayments and other receivables	8,570,751	11,979,665
Financial assets at fair value through profit or loss	900,661	2,073,087
Term deposits	57,533	–
Cash and cash equivalents	610,607	1,469,910
Total current assets	10,139,552	15,522,662
Total assets	20,465,692	19,956,313
EQUITY AND LIABILITIES		
Equity		
Share capital	35	36
Treasury shares	–	(367,858)
Reserves	19,458,402	20,051,782
Retained earnings	509,876	194,689
Total equity	19,968,313	19,878,649
Liabilities		
Non-current liabilities		
Trade and other payables	43	43
Total non-current liabilities	43	43
Current liabilities		
Trade and other payables	497,336	77,621
Total current liabilities	497,336	77,621
Total liabilities	497,379	77,664
Total equity and liabilities	20,465,692	19,956,313

The financial statement of the Company was approved by the Board of Directors on 13 March 2023 and was signed on its behalf.

FANG Weihao
(Director)

LIN Lijun
(Director)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

(All amounts expressed in RMB thousand unless otherwise stated)

39 Financial Statement and Reserve Movement of the Company

(Continued)

(b) Income statement of the Company

	Year ended 31 December	
	2022	2021
Administrative expenses	(19,542)	(19,361)
Other income	13,401	32,189
Other gains/(loss) - net	283,402	(113,249)
Operating profit/(loss)	277,261	(100,421)
Finance income	41,083	110,219
Finance costs	(67)	-
Profit before income tax	318,277	9,798
Income tax expense	(3,090)	(10,159)
Profit/(loss) for the year	315,187	(361)

(c) Reserve movement of the Company

	Reserves	Retained earnings
As at 1 January 2022	20,051,782	194,689
Profit for the year	-	315,187
Exercise of share options	605	-
Cancellation of shares	(593,985)	-
As at 31 December 2022	19,458,402	509,876
As at 1 January 2021	19,957,987	195,050
Loss for the year	-	(361)
Exercise of share options	93,795	-
As at 31 December 2021	20,051,782	194,689

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

(All amounts expressed in RMB thousand unless otherwise stated)

40 Subsidiaries and Controlled Structured Entities

(a) Subsidiaries

As at 31 December 2022, the Company had direct or indirect interests in the following subsidiaries:

Company name	Place and date of incorporation/ establishment	Issued and paid-in capital	Attributable economic interest to the Group		Principal activities/ Place of operations	Notes
			31 December 2022	31 December 2021		
Directly owned:						
Glorious Delight	Hong Kong/ 14 November 2014	USD931,574,773	100%	100%	Investment Holding/ Hong Kong	
Le An Xin (Note 29)	British Virgin Islands("BVI")/ 17 October 2017	USD0	-	-	Investment Holding/ BVI	
Good Doctor Online Healthcare	Cayman Islands/ 23 July 2018	USD21,950,001	100%	100%	Investment Holding/ Cayman Islands	
Yu Kang Limited	Hong Kong/ 12 December 2018	HKD1 USD21,000,000	100%	100%	Investment Holding/ Hong Kong	
Indirectly owned:						
Scientia Smart Health	Cayman Islands/ 18 May 2022	USD280	100%	-	Investment Holding/ Cayman Islands	(i)
Scientia Smart Health Technologies (BVI) Limited	BVI/ 25 May 2022	USD0	100%	-	Investment Holding/ BVI	(i)
Scientia Smart Health Technologies (HK) Limited	Hong Kong/ 30 May 2022	HKD0	100%	-	Investment Holding/ Hong Kong	(i)
Shenzhen Ping An Intelligent Medical Technology Co., Ltd.	the PRC/ 27 July 2022	RMB0	100%	-	Technology Service/ the PRC	(i)
Kang Jian	the PRC/ 13 February 2015	USD1,430,921,643	100%	100%	Investment Holding/ the PRC	
Jiangsu Zhongyikang Pharmaceutical Company Limited	the PRC/ 14 December 2006	RMB5,000,000	100%	100%	Medicine Marketing/ the PRC	
Shanghai Yiteng Enterprise Management Consulting Co., Ltd ("Shanghai Yiteng")	the PRC/ 21 November 2016	RMB3,000,000	100%	100%	Technology Service/ the PRC	
Shanghai Kangrong Pharmacy Co., Ltd.	the PRC/ 21 May 2019	RMB8,500,000	100%	100%	Medicine Marketing/ the PRC	
Hefei Yunshantang Nuoke Pharmacy Co., Ltd.	the PRC/ 4 November 2021	RMB1,260,000	100%	100%	Medicine Marketing/ the PRC	
Hefei Yunshantang Nuorui Pharmacy Co., Ltd.	the PRC/ 4 November 2021	RMB1,210,000	100%	100%	Medicine Marketing/ the PRC	
Hefei Yunshantang Pharmacy Co., Ltd. ("Hefei Yunshantang")	the PRC/ 25 April 2022	RMB1,210,000	100%	-	Medicine Marketing/ the PRC	(ii)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

(All amounts expressed in RMB thousand unless otherwise stated)

40 Subsidiaries and Controlled Structured Entities (Continued)

(a) Subsidiaries (Continued)

Company name	Place and date of incorporation/ establishment	Issued and paid-in capital	Attributable economic interest to the Group		Principal activities/ Place of operations	Notes
			31 December 2022	31 December 2021		
Controlled by the Company pursuant to the Contractual Agreements:						
PAHC	the PRC/ 20 August 2014	RMB350,000,000	100%	100%	Development and operation of apps/ the PRC	
Jiangxi Pingan Health Pharmacy	the PRC/ 24 January 2014	RMB2,000,000	100%	100%	Medicine Marketing/ the PRC	(iii)
Tianjin Kuaiyijie Medical Electronic Commerce Company Limited	the PRC/ 29 March 2005	RMB15,000,000	100%	100%	Technology Development/ the PRC	
Qingdao Ping An Kangjian Internet Hospital Co., Ltd.	the PRC/ 24 April 2017	RMB10,000,000	100%	100%	Internet Hospital/ the PRC	(iv)
Hefei Ping An Kangjian Internet Hospital Company Limited	the PRC/ 21 September 2017	RMB3,850,000	100%	100%	Internet Hospital/ the PRC	
Jiangsu Nabaite Pharmacy Company Limited	the PRC/ 11 October 2017	RMB10,000,000	100%	100%	Medicine Marketing/ the PRC	
Yinchuan Pingan Kangjian Internet Hospital Company Limited	the PRC/ 12 March 2018	RMB5,500,000	100%	100%	Internet Hospital/ the PRC	(v)
Wanjia Healthcare	the PRC/ 4 July 2016	RMB400,000,000	100%	100%	Technology Development/ the PRC	
Shanghai Pingan Wanjia Healthcare Management Company Limited	the PRC/ 8 December 2016	RMB100,000,000	100%	100%	Technology Development/ the PRC	
Shenzhen Pingan Wanjia Healthcare Investment Company Limited	the PRC/ 11 August 2016	RMB30,000,000	100%	100%	Investment Holding/ the PRC	
Xiamen Wanjia Healthcare Investment Company Limited	the PRC/ 6 December 2016	RMB20,000,000	100%	100%	Investment Holding/ the PRC	
Xiamen Siming Wanjia TCM Outpatient Department Co., Ltd.	the PRC/ 26 July 2017	RMB11,000,000	100%	100%	Clinic/ the PRC	(vi)
Shenzhen Anan Outpatient Service Department	the PRC/ 20 June 2017	RMB400,000	100%	100%	Clinic/ the PRC	
Pingan Health Insurance Agency Co. Ltd	the PRC/ 10 February 2011	RMB50,000,000	100%	100%	Insurance Agency/ the PRC	

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

(All amounts expressed in RMB thousand unless otherwise stated)

40 Subsidiaries and Controlled Structured Entities (Continued)

(a) Subsidiaries (Continued)

Company name	Place and date of incorporation/ establishment	Issued and paid-in capital	Attributable economic interest to the Group		Principal activities/ Place of operations	Notes
			31 December 2022	31 December 2021		
Controlled by the Company pursuant to the Contractual Agreements: (Continued)						
Guangzhou Jifan Biotechnology Company Limited	the PRC/ 23 July 2015	RMB100,000	100%	100%	Medicine Marketing/ the PRC	
Hainan Ping An Healthcare and Technology Company Limited	the PRC/ 15 October 2019	RMB5,110,000	100%	100%	Medicine Marketing/ the PRC	
Hebei Nabaite Pharmacy Company Limited	the PRC/ 28 December 2019	RMB4,200,000	100%	100%	Medicine Marketing/ the PRC	
Yingjian Medical	the PRC/ 24 April 2015	RMB35,000,000	50%	50%	Medical Service/ the PRC	
Shanghai Yingjian Clinics Co., Ltd	the PRC/ 12 December 2016	RMB10,000,000	50%	50%	Clinic/ the PRC	
Fuzhou Kangjian Medical Technology Company Limited	the PRC/ 8 April 2020	RMB50,000,000	100%	100%	Technology Development/ the PRC	
Guangxi Pingan Good Doctor Internet Hospital Company Limited	the PRC/ 13 April 2020	RMB3,440,000	51%	51%	Internet Hospital/ the PRC	
Pingan Good Doctor Nanjing Medical Technology Company Limited	the PRC/ 20 May 2020	RMB1,850,000	100%	100%	Technology Development/ the PRC	
Chengdu Ping An Kangjian Internet Hospital Management Company Limited	the PRC/ 14 January 2020	RMB50,000,000	100%	100%	Internet Hospital/ the PRC	
Shanghai No.8 Ping An Good Doctor Internet Hospital Co., Ltd.	the PRC/ 11 June 2020	RMB18,400,000	100%	100%	Internet Hospital/ the PRC	
Tianjin Pingan Kangjian Internet Hospital Co., Ltd.	the PRC/ 27 September 2020	RMB831,000	100%	100%	Internet Hospital/ the PRC	
Guangzhou Kangjian Internet Hospital Co., Ltd.	the PRC/ 2 December 2020	RMB0	100%	100%	Internet Hospital/ the PRC	
Ping An Health (Jiangsu) Internet Co., Ltd.	the PRC/ 17 November 2020	RMB30,000,000	100%	100%	Technology Development/ the PRC	
Ping An Yingxiang	the PRC/ 22 March 2011	RMB650,480	100%	-	Technology Development/ the PRC	(i)
Shanghai Mengchong	the PRC/ 21 October 2021	RMB80,000,000	100%	-	Technology Development/ the PRC	(vii)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

(All amounts expressed in RMB thousand unless otherwise stated)

40 Subsidiaries and Controlled Structured Entities (Continued)

(a) Subsidiaries (Continued)

Company name	Place and date of incorporation/ establishment	Issued and paid-in capital	Attributable economic interest to the Group		Principal activities/ Place of operations	Notes
			31 December 2022	31 December 2021		
Controlled by the Company pursuant to the Contractual Agreements: (Continued)						
Pingan (Nantong) Internet Hospital Company Limited	the PRC/ 15 November 2018	RMB0	-	100%	Internet Hospital/ the PRC	(viii)
Shenyang Kangjian Intelligent Internet Hospital Company Limited	the PRC/ 22 May 2020	RMB0	-	100%	Internet Hospital/ the PRC	(viii)
Taiyuan Pingan Internet Hospital Company Limited	the PRC/ 30 April 2020	RMB0	-	100%	Internet Hospital/ the PRC	(viii)
Weihai Kangjian Internet Hospital Co., Ltd.	the PRC/ 6 July 2020	RMB0	-	100%	Internet Hospital/ the PRC	(viii)
Harbin Haoyikang Internet Hospital Co., Ltd.	the PRC/ 4 September 2020	RMB0	-	100%	Internet Hospital/ the PRC	(viii)
Zhengzhou Pingan Internet Hospital Co., Ltd.	the PRC/ 10 September 2020	RMB0	-	100%	Internet Hospital/ the PRC	(viii)
Hangzhou Kangyijian Medical Technology Co., Ltd.	the PRC/ 13 August 2020	RMB0	-	100%	Technology Development/ the PRC	(viii)
Chongqing Haoyi Health Internet Hospital Co., Ltd.	the PRC/ 10 December 2020	RMB0	-	100%	Internet Hospital/ the PRC	(viii)
Kunming Haoyi Health Internet Hospital Co., Ltd.	the PRC/ 24 December 2020	RMB0	-	100%	Internet Hospital/ the PRC	(viii)

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

(All amounts expressed in RMB thousand unless otherwise stated)

40 Subsidiaries and Controlled Structured Entities (Continued)

(a) Subsidiaries (Continued)

Notes:

(i) On 23 October 2022, Good Doctor Online Healthcare and PAHC, both are wholly-owned subsidiaries of the Company, entered into the equity transfer agreements, respectively. Pursuant to the agreement, Good Doctor Online Healthcare acquired 100% equity interest of Scientia Smart Health from Scientia Smart Technologies Limited, at the consideration of USD96.8646 million; PAHC acquired 100% equity interest of Ping An Yingxiang from Ping An International Smart City Technology Co., Ltd., at the consideration of RMB8.0827 million.

The transaction was completed on 7 November 2022, and accordingly Scientia Smart Health and Ping An Yingxiang became wholly-owned subsidiaries of the Group.

(ii) Hefei Yunshantang was established by Shanghai Yiteng in the PRC on 25 April 2022. It is a wholly-owned subsidiary of Shanghai Yiteng.

(iii) Jiangxi Pingan Health Pharmacy was formerly named as Jiangxi Pingan Good Doctor Pharmacy Company Limited.

(iv) Qingdao Ping An Kangjian Internet Hospital Co., Ltd was formerly named as Qingdao Pingan Good Doctor Internet Hospital Company Limited.

(v) Yinchuan Pingan Kangjian Internet Hospital Company Limited was formerly named as Yinchuan Pingan Internet Hospital Company Limited.

(vi) Xiamen Siming Wanjia TCM Outpatient Department Co., Ltd. was formerly named as Xiamen Siming Wanjia Enjoyment Outpatient Service Department Company Limited.

(vii) In January 2022, PAHC entered into an equity transfer agreement with Shenzhen Scientia Technologies Co, Ltd. to acquire 100% equity in Shanghai Mengchong at a total consideration of RMB1,000 thousand. The transaction was completed on 11 July 2022, and accordingly Shanghai Mengchong became a wholly owned subsidiary of the Group.

(viii) Those companies were wholly-owned subsidiaries of PAHC and were closed in 2022.

(b) Structured entities

As at 31 December 2022, the Group consolidated the following principal structured entities:

Name	Attributable equity interest	Paid-in capital	Principal activities
Ping An Huitong Jinyu No.22 Assets Management	100%	500,000	Investment in debts

* The asset manager of above three asset management plans is Shenzhen Ping An Huitong Investment Management Company Limited, which is controlled by Ping An.

Note:

(i) In 28 April 2022 and 17 September 2022, the Group redeemed the Ping An Huitong Jinyu No.19 Assets Management Plan and the Ping An Huitong Jinyu No.17 Assets Management Plan respectively.

Five Year Financial Summary

Condensed Consolidated Income Statement

	Year ended 31 December				
	2018	2019	2020	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	3,337,849	5,065,429	6,865,987	7,334,214	6,159,821
Gross profit	911,938	1,171,429	1,864,414	1,706,861	1,684,692
Net loss for the year	(913,055)	(746,716)	(948,503)	(1,539,399)	(611,104)
Net loss attributable to the owners of the Company	(911,662)	(733,860)	(948,478)	(1,538,183)	(607,569)

Condensed Consolidated Statement of Financial Position

	Year ended 31 December				
	2018	2019	2020	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Total assets	12,373,521	12,379,138	18,562,871	17,880,691	17,142,068
Total liabilities	2,106,229	2,709,651	2,706,672	3,794,811	3,683,560
Total equity	10,267,292	9,669,487	15,856,199	14,085,880	13,458,508
Equity attributable to the owners of the Company	10,198,920	9,648,761	15,833,210	14,083,417	13,459,580

Definitions

In this Annual Report, unless the context otherwise requires, the following expressions shall have the following meanings:

“Anan Outpatient Service Department”	Shenzhen Anan Outpatient Service Department (深圳安安診所), a company incorporated under the laws of the PRC on 20 June 2017, a wholly-owned subsidiary of Ping An Health Cloud and one of our Operating Entities
“Audit and Management Committee”	Risk Audit and Risk Management Committee under the Board
“Bang Qi Jian”	Bang Qi Jian Limited (幫祺健有限公司), a company incorporated under the laws of BVI on 10 November 2014
“Board”	the board of directors of the Company
“Cayman Companies Law”	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, as amended, supplemented or otherwise modified from time to time
“Chengdu Pingan Kangjian Internet Hospital”	Chengdu Pingan Kangjian Internet Hospital Management Co., Ltd. (成都平安康健互聯網醫院管理有限公司), a company incorporated under the laws of the PRC on 14 January 2020, a wholly-owned subsidiary of Ping An Health Cloud and one of our Operating Entities
“close associate”	has the meaning ascribed to it under the Listing Rules
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company”, “the Company” or “Ping An Health”	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
“connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Corporate Governance Code”	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
“Director(s)”	the director(s) of the Company

Definitions

“EIS Option(s)”	the option(s) granted and to be granted to the Directors and employees of the Group under the Employee Incentive Scheme
“EIS Share(s)”	the Share(s) under the EIS Options which are directly held by Le An Xin
“Employee Incentive Scheme” or “EIS”	the scheme adopted by the Company on 26 December 2014, as amended or otherwise modified from time to time, to grant options to the incentive targets
“Family doctor team”	Ping An Health’s in-house and external doctors as well as fitness coaches, nutritionists, and counseling psychologists
“Fuzhou Kangjian”	Fuzhou Kangjian Medical Technology Co., Ltd. (福州康健醫療科技有限公司), a company incorporated under the laws of the PRC on 8 April 2020, a wholly-owned subsidiary of Ping An Health Cloud and one of our Operating Entities
“Glorious Delight”	Glorious Delight Limited (鑫悅有限公司), a company incorporated under the laws of Hong Kong on 14 November 2014 and a wholly-owned subsidiary of the Company
“Glorious Peace”	Glorious Peace Limited (安鑫有限公司), a company incorporated under the laws of BVI on 10 November 2014, an indirect wholly-owned subsidiary of Ping An and our Controlling Shareholder
“Good Doctor Online Healthcare”	Good Doctor Online Healthcare Limited, a company incorporated under the laws of the Cayman Islands on 23 July 2018, a wholly-owned subsidiary of the Company
“Grade-A medical record rate”	proportion of Grade-A patient medical records per unit of time to total medical records over the same period
“Group”, “the Group”, “we”, “us” or “our”	the Company, its subsidiaries and the Operating Entities or, where the context so requires, in respect of the period prior to the Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of the Company at the relevant time
“Guangxi Ping An Internet Hospital”	Guangxi Ping An Good Doctor Internet Hospital Co., Ltd. (廣西平安好醫生互聯網醫院有限公司), a company incorporated under the laws of the PRC on 13 April 2020, a subsidiary of Ping An Health Cloud and one of our Operating Entities

“Guangzhou Jifan”	Guangzhou Jifan Biotechnology Co., Ltd. (廣州市濟帆生物科技有限公司), a company incorporated under the laws of the PRC on 23 July 2015, a wholly-owned subsidiary of Jiangxi Pingan Health Pharmacy and one of our Operating Entities
“Guangzhou Kangjian Internet Hospital”	Guangzhou Kangjian Internet Hospital Co., Ltd. (廣州康健互聯網醫院有限公司), a company incorporated under the laws of the PRC on 2 December 2020, a wholly-owned subsidiary of Ping An Health Cloud and one of our Operating Entities
“Hainan Pingan Health”	Hainan Pingan Health Technology Co., Ltd. (海南平安健康醫療科技有限公司), a company incorporated under the laws of the PRC on 15 October 2019, a wholly-owned subsidiary of Ping An Health Cloud and one of our Operating Entities
“Hebei Nabaite”	Hebei Nabaite Pharmacy Co., Ltd. (河北納百特大藥房有限公司), a company incorporated under the laws of the PRC on 28 December 2019, a wholly-owned subsidiary of Jiangxi Pingan Health Pharmacy and one of our Operating Entities
“Hefei Pingan Kangjian Internet Hospital”	Hefei Pingan Kangjian Internet Hospital Co., Ltd. (合肥平安康健互聯網醫院有限公司), a company incorporated under the laws of the PRC on 21 September 2017, a wholly-owned subsidiary of Ping An Health Cloud and one of our Operating Entities
“Hefei Yunshantang”	Hefei Yunshantang Pharmacy Co., Ltd.* (合肥允善堂大藥房有限公司), a company incorporated under the laws of the PRC on 25 April 2022, a wholly-owned subsidiary of Shanghai Yiteng
“Hefei Yunshantang Nuoke”	Hefei Yunshantang Nuoke Pharmacy Co., Ltd.* (合肥允善堂諾氟大藥房有限公司), a company incorporated under the laws of the PRC on 4 November 2021, a wholly-owned subsidiary of Shanghai Yiteng
“Hefei Yunshantang Nuorui”	Hefei Yunshantang Nuorui Pharmacy Co., Ltd.* (合肥允善堂諾銳大藥房有限公司), a company incorporated under the laws of the PRC on 4 November 2021, a wholly-owned subsidiary of Shanghai Yiteng
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

Definitions

“Hong Kong Share Registrar”	Computershare Hong Kong Investor Services Limited
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the People’s Republic of China
“IFRS”	International Financial Reporting Standard
“Independent Third Party(ies)”	has the meaning ascribed to it under the Listing Rules
“Jiangsu Nabaite”	Jiangsu Nabaite Pharmacy Company Limited (江蘇納百特大藥房有限公司), a company incorporated under the laws of the PRC on 11 October 2017, a wholly-owned subsidiary of Jiangxi Pingan Health Pharmacy and one of our Operating Entities
“Jiangxi Pingan Health Pharmacy”	Jiangxi Pingan Health Pharmacy Company Limited (江西平安健康大藥房有限公司), formerly known as Jiangxi Nabaite Pharmacy Company Limited, a company incorporated under the laws of the PRC on 24 January 2014, a wholly-owned subsidiary of Ping An Health Cloud and one of our Operating Entities
“Kang Jian”	Kang Jian Information Technology (Shenzhen) Co., Ltd. (康鍵信息技術(深圳)有限公司), a company incorporated under the laws of the PRC on 13 February 2015 and a wholly-owned subsidiary of the Company
“Last Twelve Months (LTM)”	the timeframe of the immediately preceding 12 months
“Le An Xin”	Le An Xin (PTC) Limited, a company incorporated under the laws of BVI on 17 October 2017
“Listing”	the listing of the Shares on the Main Board of the Stock Exchange
“Listing Date”	4 May 2018, the date on which the Shares were listed and on which dealings in the Shares were first permitted to take place on the Stock Exchange
“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

“Lufax Holding”	Lufax Holding Ltd. (陸金所控股有限公司), a company incorporated under the laws of the Cayman Islands on 2 December 2014 whose shares are listed on the New York Stock Exchange (NYSE: LU)
“Main Board”	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange
“Managed Care”	providing particular individual with comprehensive healthcare services in exchange for fixed pre-paid premiums
“Memorandum and Articles of Association”	the amended and restated memorandum and articles of association of the Company, conditionally adopted on 19 April 2018, with effect from the Listing Date, and as amended from time to time
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers
“Nomination and Remuneration Committee”	Nomination and Remuneration Committee under the Board
“O2O”	“Online to Offline” and “Offline to Online”
“OneConnect”	OneConnect Financial Technology Co., Ltd. (壹賬通金融科技有限公司), a company dual-listed on the New York Stock Exchange and the Hong Kong Stock Exchange (NYSE: OCFT, HKEX: 06638)
“Operating Entities”	collectively, Ping An Health Cloud, Jiangxi Pingan Health Pharmacy, Tianjin Kuaiyijie, Qingdao Ping An Kangjian Internet Hospital, Hefei Ping An Kangjian Internet Hospital, Jiangsu Nabaite, Yinchuan Pingan Kangjian Internet Hospital, Wanjia Healthcare, Shanghai Pingan Wanjia, Shenzhen Pingan Wanjia, Xiamen Wanjia, Xiamen Siming Wanjia, Anan Outpatient Service Department, Pingan Health Insurance Agency, Guangzhou Jifan, Hainan Pingan Health, Hebei Nabaite, Yingjian Medical, Shanghai Yingjian Clinics, Fuzhou Kangjian, Guangxi Ping An Internet Hospital, Pingan Nanjing Medical Technology, Chengdu Ping An Kangjian Internet Hospital, Shanghai Pingan (Eighth Hospital), Tianjin Pingan Kangjian Internet Hospital, Guangzhou Kangjian Internet Hospital, Ping An (Jiangsu) Internet, Shanghai Mengchong and Ping An Yingxiang, the financial results of which have been consolidated and accounted for as subsidiaries of the Company by virtue of the Contractual Arrangements

Definitions

“Paying users”	users who purchase products and/or services on Ping An Health’s platform via apps, WAP (Wireless Application Protocol) or plug-ins at least once during a period of time
“Ping An”/“Ping An Insurance (Group)”	Ping An Insurance (Group) Company of China, Ltd. (中國平安保險(集團)股份有限公司), a company incorporated under the laws of the PRC whose shares are dually listed on the Shanghai Stock Exchange and the Stock Exchange (SSE: 601318; SEHK: 2318). It is our Controlling Shareholder
“Ping An Annuity”	Ping An Annuity Insurance Company Ltd. (平安養老保險股份有限公司), a company incorporated under the laws of the PRC on 13 December 2004 and a subsidiary of Ping An
“Ping An Asset Management”	Ping An Asset Management Co., Ltd. (平安資產管理有限責任公司), a company incorporated under the laws of the PRC on 27 May 2005, a subsidiary of Ping An
“Ping An Bank”	Ping An Bank Co., Ltd. (平安銀行股份有限公司), a company incorporated under the laws of the PRC on 22 December 1987 whose shares are listed on the Shenzhen Stock Exchange (SZSE: 000001), and a subsidiary of Ping An
“Ping An Financial Technology”	Shenzhen Ping An Financial Technology Consulting Co., Ltd. (深圳平安金融科技諮詢有限公司), a company incorporated under the laws of the PRC on 16 April 2008 and a subsidiary of Ping An
“Ping An Group”	Ping An and its subsidiaries
“Ping An Health Cloud” or “PAHC”	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 and one of our Operating Entities
“Ping An Health Insurance”	Ping An Health Insurance Company Ltd. (平安健康保險股份有限公司), a company incorporated under the laws of the PRC on 13 June 2005 and a subsidiary of Ping An
“Ping An Life Insurance”	Ping An Life Insurance Company of China, Ltd. (中國平安人壽保險股份有限公司), a company incorporated under the laws of the PRC on 17 December 2002 and a subsidiary of Ping An

“Ping An Property & Casualty Insurance”	Ping An Property & Casualty Insurance Company of China, Ltd. (中國平安財產保險股份有限公司), a company incorporated under the laws of the PRC on 24 December 2002 and a subsidiary of Ping An
“Ping An Yingxiang”	Ping An Yingxiang (Jiaxing) Software Company Limited (平安穎像(嘉興)軟件有限公司), a company incorporated under the laws of the PRC on 22 March 2011, a wholly-owned subsidiary of Ping An Health Cloud and one of our Operating Entities
“Pingan Health Insurance Agency”	Pingan Health Insurance Agency Co., Ltd (平安健康保險代理有限公司), formerly known as Guangdong Yecheng Insurance Agent Company Limited (廣東業誠保險代理有限公司), a company incorporated under the laws of the PRC on 10 February 2011, a wholly-owned subsidiary of Ping An Health Cloud and one of our Operating Entities
“Pingan Nanjing Medical Technology”	Ping An Good Doctor Nanjing Medical Technology Co., Ltd. (平安好醫生南京醫療科技有限公司), a company incorporated under the laws of the PRC on 20 May 2020, a wholly-owned subsidiary of Ping An Health Cloud and one of our Operating Entities
“Pingan (Jiangsu) Internet”	Pingan Health (Jiangsu) Internet Co., Ltd. (平安健康(江蘇)互聯網有限公司), a company incorporated under the laws of the PRC on 17 November 2020, a wholly-owned subsidiary of Ping An Health Cloud and one of our Operating Entities
“Prospectus”	the prospectus of the Company dated 23 April 2018
“Qingdao Ping An Kangjian Internet Hospital”	Qingdao Ping An Kangjian Internet Hospital Co., Ltd. (青島平安康健互聯網醫院有限公司), formerly known as Pingan (Qingdao) Internet Hospital Company Limited, a company incorporated under the laws of the PRC on 24 April 2017, a wholly-owned subsidiary of Ping An Health Cloud and one of our Operating Entities
“Reporting Period”	the year ended 31 December 2022
“RMB” or “Renminbi”	Renminbi, the lawful currency of China

Definitions

“Scientia Smart Health”	Scientia Smart Health Technologies Limited, a company incorporated under the laws of the Cayman Islands on 18 May 2022, a wholly-owned subsidiary of the Company
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Shanghai An Yi Tong”	Shanghai An Yi Tong Electronic Commerce Co., Ltd., (上海安壹通電子商務有限公司) a company incorporated under the laws of the PRC on 28 May 2014, a subsidiary of Ping An
“Shanghai Mengchong”	Shanghai Mengchong Information Technology Co., Ltd. (上海盟寵信息技術有限公司), a company incorporated under the laws of the PRC on 21 October 2021, a wholly-owned subsidiary of Ping An Health Cloud and one of our Operating Entities
“Shanghai Pingan (Eighth Hospital)”	Shanghai No. 8 Ping An Good Doctor Internet Hospital Co., Ltd. (上海平安好醫生八院互聯網醫院有限公司), a company incorporated under the laws of the PRC on 11 June 2020, a wholly-owned subsidiary of Ping An Health Cloud and one of our Operating Entities
“Shanghai Pingan Wanjia”	Shanghai Pingan Wanjia Healthcare Management Company Limited (上海平安萬家健康管理有限公司), a company incorporated under the laws of the PRC on 8 December 2016, a wholly-owned subsidiary of Ping An Health Cloud and one of our Operating Entities
“Shanghai Yingjian Clinics”	Shanghai Yingjian Clinics Co., Ltd (上海盈健門診部有限公司), a company incorporated under the laws of the PRC on 12 December 2016, a subsidiary of Ping An Health Cloud and one of our Operating Entities
“Shanghai Yiteng”	Shanghai Yiteng Enterprise Management Consulting Co., Ltd. (上海醫騰企業管理諮詢有限公司), formerly known as Shanghai Pingan Health Culture Communication Company Limited (上海平安健康文化傳播有限公司), a company incorporated under the laws of the PRC on 21 November 2016, one of our subsidiaries

“Share(s)”	ordinary share(s) in the share capital of the Company with a par value of US\$0.00001 each before share subdivision and with a par value of US\$0.000005 after share subdivision
“Shareholder(s)”	holder(s) of the Shares
“Shenzhen Pingan Wanjia”	Shenzhen Pingan Wanjia Healthcare Investment Company Limited (深圳平安萬家健康產業投資有限公司), a company incorporated under the laws of the PRC on 11 August 2016, a wholly-owned subsidiary of Ping An Health Cloud and one of our Operating Entities
“Softbank Group”	Softbank Group (軟銀集團), a company incorporated under the laws of Japan on 3 September 1981 and a comprehensive venture capital, which is primarily committed to investments in IT industry, including network and telecommunications
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Tianjin Kuaiyijie”	Tianjin Kuaiyijie Medical Electronic Commerce Company Limited (天津快易捷醫藥電子商務有限公司), formerly known as Hefei Kuaiyijie Medical Electronic Commerce Company Limited, a company incorporated under the laws of the PRC on 29 March 2005, a wholly-owned subsidiary of Ping An Health Cloud and one of our Operating Entities
“Tianjin Pingan Kangjian Internet Hospital”	Tianjin Pingan Kangjian Internet Hospital Co., Ltd. (天津平安康健互聯網醫院有限公司), a company incorporated under the laws of the PRC on 27 September 2020, a wholly-owned subsidiary of Ping An Health Cloud and one of our Operating Entities
“USD”	United States dollars, the lawful currency of the United States

Definitions

“Wanjia Healthcare”	Ping An Wanjia Healthcare Investment Management Co., Ltd. (平安萬家醫療投資管理有限責任公司), a company incorporated under the laws of the PRC on 4 July 2016 and a wholly-owned subsidiary of Ping An Health Cloud and one of our Operating Entities
“Xiamen Siming Wanjia”	Xiamen Siming Wanjia TCM Outpatient Department Co., Ltd. (廈門思明萬家中醫門診部有限公司), formerly known as Xiamen Siming Wanjia Enjoyment Outpatient Service Department Company Limited (廈門思明萬家悅享門診部有限公司), a company incorporated under the laws of the PRC on 5 November 2019, a wholly-owned subsidiary of Ping An Health Cloud and one of our Operating Entities
“Xiamen Wanjia”	Xiamen Wanjia Healthcare Investment Company Limited (廈門萬家健康產業投資有限公司), a company incorporated under the laws of the PRC on 6 December 2016, a wholly-owned subsidiary of Ping An Health Cloud and one of our Operating Entities
“Yingjian Medical”	Pingan Yingjian Medical Management (Shanghai) Limited (平安盈健醫療管理(上海)有限公司), a company incorporated under the laws of the PRC on 24 April 2015, a subsidiary of Ping An Health Cloud and one of our Operating Entities
“Yinchuan Pingan Internet Hospital”	Yinchuan Pingan Internet Hospital Company Limited (銀川平安互聯網醫院有限公司), formerly known as Pingan (Yinchuan) Internet Hospital Company Limited, a company incorporated under the laws of the PRC on 12 March 2018, a wholly-owned subsidiary of Ping An Health Cloud and one of our Operating Entities
“Zhongyikang”	Jiangsu Zhongyikang Pharmaceutical Company Limited (江蘇眾益康醫藥有限公司), a company incorporated under the laws of the PRC on 14 December 2006 and a wholly-owned subsidiary of Kang Jian
“%”	per cent