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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 2023

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 2023. This announcement, containing the full text of the 2023 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 2023 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 will be published on the aforesaid websites of the Stock Exchange and the Company and will be sent to the Company’s shareholders in due course.

By order of the Board

Ping An Healthcare and Technology Company Limited

Mr. Dou Li

Chairman

Shanghai, the PRC

19 March 2024

As at the date of this announcement, the Board comprises Mr. Dou Li as the Chairman and the executive Director and Mr. Jun Wu as the executive Director; Mr. Michael Guo, Ms. Fangfang Cai, Ms. Xin Fu and Mr. Ziyang Zhu as non-executive Directors; and Mr. Yunwei Tang, Mr. Tianyong Guo and Dr. Wing Kin Anthony Chow as independent non-executive Directors.

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Corporate Information

Directors

Executive Directors

Mr. Dou Li (Chairman)
Mr. Jun Wu

Non-executive Directors

Mr. Michael Guo
Ms. Fangfang Cai
Ms. Xin Fu
Mr. Ziyang Zhu

Independent Non-executive Directors

Mr. Yunwei Tang
Mr. Tianyong Guo
Dr. Wing Kin Anthony Chow

Audit and Risk Management Committee

Mr. Yunwei Tang (Chairman)
Mr. Tianyong Guo
Ms. Fangfang Cai

Nomination and Remuneration Committee

Mr. Tianyong Guo (Chairman)
Mr. Yunwei Tang
Dr. Wing Kin Anthony Chow
Mr. Michael Guo

Sustainable Development Committee

Dr. Wing Kin Anthony Chow (Chairman)
Mr. Dou Li
Ms. Xin Fu

Authorized Representatives

Mr. Dou Li
Mr. Cheng Liu

Company Secretary

Mr. Cheng Liu

Principal Share Registrar and Transfer Office

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Cayman Islands

Hong Kong Share Registrar

Computershare Hong Kong Investor Services Limited
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183 Queen's Road East
Wanchai
Hong Kong

Auditor

PricewaterhouseCoopers
Certified Public Accountants and Registered PIE
Auditor
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Hong Kong

Registered Office

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Corporate Information

Principal Correspondent Banks

Bank of China (Hong Kong) Limited
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Stock Code

1833

Company's Website

www.pagd.net

Listing Date

4 May 2018

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As to Cayman Islands law:

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26/F, Central Plaza
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Hong Kong

Chairman's Statement

Mr. Dou Li

Chairman of the Board and
Chief Executive Officer



The year of 2023 was the first year to comprehensively and thoroughly implement the guiding principles of the 20th CPC National Congress. Despite complicated and volatile external environment and markedly mounting risks and challenges, by withstanding great pressure and overcoming various difficulties, China sustained momentum of economic recovery. Also, the year of 2023 saw a non-stop struggle for anti-corruption in key industries in China, and the execution of the nationwide concentrated rectification of corruption in the healthcare and pharmaceutical industries, demonstrating the determination of the State to fight against corruption in the healthcare industry, which is of great significance in safeguarding people's lives and health. Besides, the year of 2023 witnessed the regulated and high-quality development of the Internet healthcare industry. In January 2024, the General Office of the State Council issued the Opinions on Developing the Silver Economy and Improving the Well-being of the Elderly (《關於發展銀髮經濟增進老年人福祉的意見》), which opens a new chapter in the development of China's silver economy and will continuously increase

the scale of potential customers. Combined with favorable policies in the Internet healthcare industry, the Internet healthcare companies expanded their AI layout by proactively exploring new model, new business and new products. The profit model became more pronounced and the economy of scale was gradually achieved, demonstrating a great potential of the Internet healthcare industry in the future.

During the year of 2023, Ping An Health has been moving forward with its firm original aspiration. By closely following Ping An Group's strategy of "integrated finance + healthcare and eldercare", continuously enhancing synergy with Ping An Group's integrated finance business, and deepening the implementation of the managed care strategy, Ping An Health aims to continue to create a Chinese-"managed care model".

We followed a firm strategy and a clear model in 2023. We constantly strengthened a solid foundation of input-output management, technological empowerment and sustainable development,

Chairman's Statement

and continuously focused on users of Ping An Group's integrated financial services and corporate customers, to deepen the breadth and depth of the "integrated finance + healthcare and eldercare" service, and assist Ping An Group in providing "heartwarming financial services". Meanwhile, we deepened collaboration with corporate customers, upgraded the "Enterprise EZHealth" corporate health management product portfolio, and developed two core solutions "Health Checkup +" and "Health Management +", to promptly expand the area of corporate health management. By virtue of the abovementioned, we have established a leading industry position. With the support of Ping An Group's strong resources and channels, the Company has huge room for future growth. The business structure of the Company has been continuously optimized, driving the gross margin to increase by 5.4 pps year on year and the net losses to significantly narrow by 47.6% year on year for 2023, which created the conditions for the Company to turn around as soon as possible.

We seized the opportunity and updated our services in 2023. The CPC Central Committee and the State Council attach great importance to the medical and healthcare and eldercare ecological construction and the development of "Internet + healthcare". The aging of and the rapid change in age structure of China's population have brought a huge development opportunity for healthcare, home based care and other businesses. The business engaging by Ping An Health is beneficial to the State and people, as well as both their counterparties and themselves. At the same time, we accelerated the development of healthcare and eldercare ecosystem of Ping An Group, and the models such as the "insurance + home based care" and "insurance+ high-end eldercare" have been verified for their effectiveness. As of the end of September 2023, the "insurance + home based care" has covered 54 cities throughout the PRC, and the eldercare service was speeding up its integration and development. As the core and flagship platform of the Group's healthcare and eldercare ecosystem, the positive effects arising from the two-way empowerment of Ping An Health has become more pronounced. During the Reporting Period, we, cooperated with Ping An Life, upgraded the Ping An Zhen Xiang RUN (2023) Health Services Plan where we upgraded from "health management" to "healthcare", and developed several new services such as family doctor, health management plan, health monitoring and chronic disease prevention and control. By centering on the family doctor and eldercare concierges, we established an exclusive

health profile for our customers and provided membership healthcare and eldercare services, connecting the "online", "in-store" and "home/company-delivered" services network, covering the whole process of consultation, diagnosis, treatment and services, and offering our customers a one-stop "worry-free, time-saving, and money-saving" healthcare and eldercare services and a life-cycle safeguard.

We took innovative steps and accumulated force for action in 2023. Ping An Health further enhanced its professionalism and service efficiency in medical and healthcare and eldercare services such as family doctors, chronic disease management and specialized auxiliary diagnosis and treatment. The AI Health Manager (AI健康管理師) innovatively developed by Ping An Health Smart Healthcare has been applied to the "Million Chronic Disease Project (百萬慢病項目)" of Ping An Group, which helped the health managers to provide chronic disease management services for the users of the project. The AI Disease Risk Auxiliary Assessment (AI疾病風險輔助測評) and AI Exercise Program (AI運動方案) and others innovatively developed through AI technologies, have been applied in the field of health management, greatly improving the users' chronic disease management efficiency and compliance. The management efficiency has been increased by 5 times. In the future, Ping An Health will continue its efforts in cutting-edge technologies such as big data and AI, conduct in-depth analysis of its users' chronic disease management needs, continue to enhance its competitiveness, and create a new ecology of service-oriented, intelligent and professional chronic disease management. In addition, Ping An Health's AI application played an important role in the field of normalized infectious disease prevention and control. We have cooperated with the relevant medical administrative authority to help the monitoring and early warning of infectious diseases through big data and AI, and established models to achieve auxiliary diagnosis of infectious diseases, which played an important role in the normalized infectious disease prevention and control.

We changed and upgraded the organizational structure, and improved efficiency in 2023. We not only affirmed our achievements, but also soberly reviewed our deficiencies. There was still room for adjustment and optimization of resource allocation of the Company and its organizational processes and operation efficiency needed to be reshaped and improved. In 2023, Ping An Health took the initiative to conduct a comprehensive

operational organization reform, and a process and mechanism restructuring. We have broken through the horizontal communication barriers, and in terms of organizational structure, adjusted the original multiple business divisions into five centers, including the Sales Center, the Healthcare Center, the Product Center, the Technology and Operation Center and the Shared Resource Center. We managed the centers in a vertical manner through end-to-end layering, integrated synergy and centralized labor efficiency, so as to reduce the burden of employees on the front line, improve the productivity, and loosen the constraints on business. It not only made us more cohesive, but also made us further expand into other business scopes in the future.

We shouldered responsibility and followed the trend in 2023. With the mission of “bridging doctors and patients with professionalism and safeguarding everyone’s health”, Ping An Health has been pursuing the goal of providing every enterprise with a harmonious workplace, every family with a dedicated doctor, and every user with a safe and healthy life. Ping An Health, as a corporate healthcare management service provider, adheres to the value proposition of “worry-free, time-saving, and money-saving”, by giving full play to the advantages of efficient Internet medical care, and breaking the time and space limitations of medical and healthcare and eldercare services. While providing high-quality medical and healthcare and eldercare services, the Company is committed to improving health protection for all people, assisting in Healthy China 2030 Strategy, and building the carbon neutral medical healthcare and eldercare ecology. Ping An Health encouraged its employees to actively participate in the sustainable development of the Company through a variety of activities. On the basis of complying with laws and regulations, Ping An Health has fully considered the interests of stakeholders such as the Company, employees and consumers, the protection of ecological environment, and other social and public interests, to create a better future together.

As our journey ahead will be a long and arduous one, we shall keep innovative and aggressive.

In 2024, the Company will insist on pursuing CPC-guided high-quality growth, uphold the strategic direction, and contribute the power of Ping An Health to serving the “Healthy China” Strategy, inclusive medical care and people’s livelihood protection. With the goal of becoming a Chinese managed care model, we will continue to improve the quality and efficiency of operation and management, focus on serving the two core customer groups, namely financial customers and corporate customers, and empower Ping An Group’s main financial business by launching differentiated “products + services”. At the same time, we will continue to explore new growth opportunities, build barriers with “realistic focus” in care pension resources through organic growth and external expansion, improve products with “ingenuity” and establish reputation with quality, to build a sustainable business model and strive to achieve stable and profitable development.

Mr. Dou Li

Chairman of the Board and Chief Executive Officer
Shanghai, 19 March 2024

Management Discussion and Analysis

As a flagship in Ping An Group's healthcare and elderlycare ecosystem, and an integral part of the Group's "managed care model," Ping An Health boasts abundant healthcare and elderlycare service payer resources (F-end commercial insurers/financial service customers, B-end enterprises, etc.), widespread service provider networks, well-developed service standards, and powerful Ping An ecosystem empowerment. Acting for payers and integrating providers, Ping An Health leverages these core competitive advantages to provide professional, comprehensive, high-quality, one-stop healthcare and elderlycare management services.

In respect of providers, Ping An Health integrates online/offline healthcare and elderlycare resources to further expand its service networks. By centering on family doctors and elderlycare concierges, Ping An Health strives to provide users with premium service experience, characterized by "fast diagnosis for minor illnesses, standardized management for chronic diseases, and precise referral for major illnesses."

In respect of payers, Ping An Health provides full-lifecycle healthcare and elderlycare services for users (e.g. policyholders) of Ping An Group's integrated financial businesses (F-end payers) by integrating healthcare and elderlycare service benefits with financial/insurance products, in an effort to improve their health. By doing so, Ping An Health facilitates the Group's "heartwarming financial services," achieving synergistic development together with Ping An Group's integrated financial businesses.

Meanwhile, Ping An Health provides professional, comprehensive, high-quality, one-stop corporate health management services for corporate clients (B-end payers). By improving health of their employees, Ping An Health alleviates the healthcare-related financial burden on its corporate clients. Thus, Ping An Health assists enterprises in creating healthy workplaces and enhancing employee productivity, which facilitates a shift in the value of corporate health management plans, from employee benefit costs to worthwhile investments.

Key Financial Data

	Year ended 31 December		Year-on-year change
	2023	2022*	
	RMB'000	RMB'000	
Revenue	4,673,562	6,205,082	-24.7%
Cost of sales	(3,165,049)	(4,533,851)	-30.2%
Gross profit	1,508,513	1,671,231	-9.7%
Selling and marketing expenses	(835,796)	(1,120,400)	-25.4%
Administrative expenses	(1,480,884)	(1,748,350)	-15.3%
– Including: research and development expenses	(537,417)	(656,010)	-18.1%
Other income	142,945	220,569	-35.2%
Other gains – net	89,962	250,612	-64.1%
Finance income – net	243,116	156,478	+55.4%
Share of gains/(losses) of associates and joint ventures	251	(66,323)	-100.4%
Loss before income tax	(331,893)	(636,183)	-47.8%
Income tax expense	(2,965)	(3,410)	-13.0%
Loss for the year	(334,858)	(639,593)	-47.6%
Loss attributable to:			
– Owners of the Company	(322,594)	(636,058)	-49.3%
– Non-controlling interests	(12,264)	(3,535)	+246.9%
Non-IFRS measure:			
Adjusted net loss	(315,087)	(876,719)	-64.1%

* The Group adopted the new standard from 1 January 2023, and comparatives for 2022 have been restated. For details, please refer to note 2.2 "Changes in Accounting Policy" to the consolidated financial statements.

Management Discussion and Analysis

- Ping An Health saw strong growth in its strategic businesses (i.e. healthcare and eldercare services) during the Reporting Period. With the general completion of the realignment of businesses with low strategic synergies, the Company further diverted resources into strategic businesses. During the Reporting Period, revenue from F-end strategic business (i.e. F-end healthcare and eldercare service) was RMB2,204.7 million, representing an increase of 14.8% from RMB1,921.0 million recorded in 2022, with an increase of 4.5% in the second half of 2023 from RMB1,078.1 million recorded in the first half of 2023 (“half year-on-half year” will be used hereafter to indicate the comparison between the data in 2H 2023 and that in 1H 2023). Revenue from B-end strategic business (i.e. corporate health management business, B-end healthcare and eldercare service) was RMB1,078.5 million, representing an increase of 81.2% from RMB595.2 million recorded in 2022, with a half year-on-half year increase of 40.1% from RMB449.1 million;
- During the Reporting Period, the Company generally completed the realignment of businesses with low strategic synergies. Due to a decline in revenue from businesses with low strategic synergies and a change in operation models of some businesses, total revenue of the Company was RMB4,673.6 million, representing a decrease of 24.7% from RMB6,205.1 million recorded in 2022;
- During the Reporting Period, the Company’s gross margin was further driven up by a generally completed realignment of businesses with low strategic synergies and a constantly improved business portfolio. Gross margin recorded in 2023 reached 32.3%, representing an increase of 5.4 pps from 26.9% recorded in 2022;
- During the Reporting Period, expenses decreased significantly as the Company continued to optimize resource allocation and staffing, strengthen input-output management, and increase operational efficiency via informatization, digitalization and AI empowerment. Of them, administrative expenses reached RMB1,480.9 million, representing a year-on-year decrease of RMB267.5 million or 15.3%; and selling expenses reached RMB835.8 million, representing a year-on-year decrease of RMB284.6 million or 25.4%;
- During the Reporting Period, net loss of the Company narrowed sharply to RMB334.9 million, representing a narrowness of RMB304.7 million from RMB639.6 million recorded in 2022, with a half year-on-half year narrowness of RMB154.9 million from RMB244.9 million. This was mainly attributable to the generally successful realignment of businesses with low strategic synergies, increasing revenue from strategic businesses with high profitability, continuously optimized resources allocation, as well as a gradual improvement in digital operation efficiency.

Key Operational Data

	31 December 2023	31 December 2022	Change
LTM paying users (in million)	40	43	-7.3%
Including: LTM paying users of strategic businesses (in million)	32	29	10.7%
LTM paying users of F-end strategic business (in million)	26	25	6.7%
LTM paying users of B-end strategic business (in million)	5	3	75.0%
Number of B-end enterprises served	1,508	978	54.2%

Note: 1. Figures may not match the calculation due to rounding.

Management Discussion and Analysis

- Due to the general completion of the realignment of businesses with low strategic synergies, the number of LTM paying users reached about 40.0 million as of 31 December 2023, representing a decrease of 7.3% from that for the 12 months ended 31 December 2022;
- During the Reporting Period, the Company generally realigned its businesses, focusing more resources on developing strategic businesses. The number of LTM paying users of strategic businesses exceeded 32 million, representing an increase of 10.7% from that for the 12 months ended 31 December 2022;
- Specifically, the number of LTM paying users of F-end strategic business reached about 26.30 million, representing an increase of 6.7% from that for the 12 months ended 31 December 2022;
- Meanwhile, the number of LTM paying users of B-end strategic business exceeded 5.10 million as of 31 December 2023, representing an increase of 75.0% from that for the 12 months ended 31 December 2022;
- The number of B-end enterprises cumulatively served reached 1,508, representing an increase of 54.2% from that as of 31 December 2022.

Analysis of Main Business Operations

During the Reporting Period, Ping An Health saw rapid development of its strategic businesses, with revenue increasing sharply on a year-on-year and half year-on-half year basis. However, due to the realignment of businesses with low strategic synergies and the adjustment to operation models of some businesses, total revenue decreased year on year. Meanwhile, with continuous enhancement of resource allocation and organizational efficiency, the Company is expected to accelerate its progress in achieving the profit target.

1. Generally completing adjustments to business mix and further diverting resources into strategic businesses

With the general completion of adjustments to business portfolio as of 31 December 2023, the Company saw a year-on-year decrease of 24.7% in its revenue during the Reporting Period due to a decline in revenue from businesses with low strategic synergies. Going forward, the Company will divert more resources into strategic businesses, and further improve the efficiency of resource allocation and utilization.

2. Strengthening collaboration with Ping An Group and upgrading the managed care strategy

1) *Payers for Managed Care*

Integrated financial service customers (F-end)

Ping An Group continuously advances the business model of “integrated finance + healthcare and elderlycare.” As a flagship in the Group’s healthcare and elderlycare ecosystem, Ping An Health provides full-scenario healthcare and elderlycare services for Ping An Group’s integrated financial service users, further synergizing with Ping An Group’s integrated financial businesses, and advancing the managed care strategy.

Management Discussion and Analysis

On the whole, the Company provides online/offline one-stop, 24/7 proactive healthcare and eldercare management services for users of Ping An Group's integrated financial businesses including Ping An Life Insurance, Ping An Property & Casualty Insurance, Ping An Health Insurance, and Ping An Bank. In respect of products and services, the Company provides diverse services and products in healthcare and eldercare based on user profiles and needs of different financial businesses. Through business models such as "product integration," "procurement of benefits," and "value-added services," the Company helps Ping An Group's integrated financial businesses with user acquisition, retention, and conversion (into paying users). For the Group's retail customers who used services from Ping An Group's healthcare and eldercare ecosystem, they had 1.6 times contracts and 3.4 times¹ AUM per capita compared with non-users of these services respectively as of 30 September 2023.

Under "insurance + service" and other models, Ping An Health works with Ping An Life to participate in policyholders' health management by integrating healthcare and eldercare services into insurance business. By doing so, Ping An Health continuously improves services and diversifies benefits, enhances the pivotal function of family doctors and eldercare concierges, and promotes user development.

In respect of "insurance + healthcare," Ping An Health constantly diversifies its product and service offerings. During the Reporting Period, Ping An Health further upgraded "Zhen Xiang RUN" service portfolio for Ping An Life, providing family doctor membership benefits in addition to the existing services such as unique checkups, online consultation, outpatient appointment assistance and accompanying consultation, blood sugar control, and critical illness management. By positioning family doctors as the cornerstone of user services and user development, Ping An Health delivers one-stop "worry-free, time-saving, and money-saving" healthcare service experience. Usage rate and user satisfaction of "Zhen Xiang RUN" are steadily on the rise.

In respect of "insurance + home-based eldercare," Ping An Health together with Ping An Life Insurance integrates internal and external providers to offer one-stop, differentiated home-based eldercare solutions centered on eldercare concierges, covering scenarios including medical care, housing, nursing and entertainment. Meanwhile, Ping An Health introduced the Home-based Rehabilitation Nursing Alliance System underpinned by Ping An Group's healthcare and eldercare ecosystem resources, PKU Healthcare's rehabilitation service standards, and collaboration with over 40 rehabilitation service providers and industry experts. In addition, Ping An Health established strict home-based eldercare standards and a robust service supervision system to constantly optimize user experience. The Company's home-based eldercare services covered 54 cities² across China as of 30 September 2023, generating ARPU (average revenue per user) of nearly RMB1,600 as of 31 December 2023. In face of an aging population and an increasing demand for home-based eldercare in China, Ping An Health creates new growth momentum, as well as helps insurers with customer acquisition and policyholder value increase.

In addition, Ping An Health also strengthens collaboration with other payers including Ping An Property & Casualty Insurance, Ping An Health Insurance and Ping An Bank, improving the breadth and depth of services for their users. For instance, by leveraging its strengths in online/offline healthcare management service networks, Ping An Health furthered integration with Ping An Property & Casualty Insurance in service scenarios. Moreover, Ping An Health provided family doctor services for users of Ping An Health Insurance to help improve customer retention and health outcomes. Meanwhile, Ping An Health launched services including assistance in consultation with renowned doctors for users of Ping An Bank and other integrated finance channels of Ping An Group, helping them with more effective customer expansion and customer retention.

¹ The data is based on Ping An Group's Q3 2023 Results.

² The data is based on Ping An Group's Q3 2023 Results.

Management Discussion and Analysis

Thanks to the aforesaid optimization and development, the Company achieved robust development of its F-end strategic business (i.e. F-end healthcare and elderlycare service). Revenue from F-end strategic business reached RMB2,204.7 million during the Reporting Period, representing a year-on-year increase of 14.8%, with a half year-on-half year increase of 4.5%. ARPU from F-end strategic business increased by 7.5% year on year. While achieving steady growth in user penetration, the Company constantly drives up user stickiness and retention.

In the medium-to-long term, Ping An Health will continuously tap into customer segments and resource advantages of Ping An Group's integrated financial businesses (F-end) to increase the penetration of Ping An Group's integrated financial service users, further expand the coverage of membership, and strengthen user development. While helping Ping An Group's integrated financial businesses with customer acquisition and stickiness, Ping An Health aims to help improve health of individual financial users through proactive, long-term and highly sticky services such as chronic disease management, thus helping insurers with cost control. Furthermore, Ping An Health will constantly strengthen user development by focusing on family doctors and elderlycare concierges to enhance customer stickiness, re-engagement and penetration, thus facilitating the Company's long-term development.

Corporate clients (B-end)

Ping An Health views corporate health management as an important initiative in the Company's Strategy 2.0 Continuum and also a core driver of its long-term growth. The Company is committed to providing professional, comprehensive, high-quality, one-stop corporate health management solutions for corporate clients (B-end), so as to enhance health and wellbeing of their employees, and help enterprises with better sustainable development.

In respect of customers and users, the Company fosters cooperation with corporate clients from Ping An Group's channels, and focuses on the large and medium-sized enterprises that allocate substantial budgets to corporate health management, have well-defined plans for employee health management, and possess stronger ability and willingness to pay, providing them with comprehensive health management solutions for their employees. Meanwhile, the Company takes the initiative to expand its own sales channels by leveraging experience and capability gained through cooperation with Ping An Group's channels.

With increasing penetration of Ping An Group's corporate clients as well as expansion in corporate clients from Ping An Health's own channels, the number of corporate clients and their employees and users served by the Company has been on the rise. During the Reporting Period, revenue from B-end strategic business (i.e. corporate health management business, B-end healthcare and elderlycare service) reached RMB1,078.5 million, representing a year-on-year increase of 81.2%, with a half year-on-half year increase of 40.1%. As of 31 December 2023, the number of enterprises cumulatively served reached 1,508, representing a year-on-year increase of 530; paying users in B-end strategic business exceeded 5.1 million, 75.0% up from the previous year. Moreover, during the Reporting Period, the penetration rate among the Company's corporate clients using services in Ping An Group's healthcare and elderlycare ecosystem was 2.7%³, indicating huge room for growth.

³ Based on Ping An Group's 2022 annual report, paying corporate clients using Ping An Group's healthcare related services were over 55,000.

Management Discussion and Analysis

In respect of products and services, Ping An Health persistently improves its “Enterprise EZHealth” corporate health management product portfolio. The Company steadfastly dedicates itself to the upgrading of its offerings on the basis of better understanding and comprehension of employees’ health management demands. The Company aspires to cater to diverse needs of various enterprises via a product and service matrix that boasts differential advantages.

Ping An Health views “Health Checkup +” product as an important means to enter the realm of corporate health management. The Company further amplifies “Health Management +” product penetration via systematic upgrading of cross-selling initiatives. By doing so, the Company delivers online-merge-offline one-stop health management services to corporate clients, boosting the stickiness of corporate clients and improving their employees’ health. During the Reporting Period, corporate clients using our “Health Checkup +” product increased 53.3% year on year to 895, and corporate clients using our “Health Management +” product increased 49.7% year on year to 696. The number of existing corporate clients using both “Health Checkup +” and “Health Management +” was up 28.9% year on year to 147.

In addition, Ping An Health bolsters synergies with Ping An Group’s channels in the corporate business by pioneering business approaches such as the operation of an employee health management benefit mall, thereby deepening its footprint in the corporate health management sector.

Individual customers (C-end)

Ping An Health has demonstrated unwavering dedication to the healthcare sector over the years, and has built a strong individual customer base. During the Reporting Period, the Company amplified both the base and the stickiness of its members by capitalizing on the family doctor and elderlifecycle concierges membership and adopting a more proactive approach towards the hierarchical and tiered development of members. Once user habits are formed, the Company will take a significant leap in its F2C/B2C strategy, thereby forging a second development curve.

2) **Membership Manager**

Centering on family doctors and elderlifecycle concierges under the “online, in-store, and home/company-delivered” service network, Ping An Health provides full-scenario services throughout users’ journey.

Family doctor membership has been Ping An Health’s unique core competitiveness. Centering on family doctors, Ping An Health proactively delivers end-to-end services on an ex-ante basis and continues to enhance its service capabilities. Ping An Health has built a distinguished “Ping An Family Doctor” service brand comprised of the family doctor service, the specialist service, the renowned doctor service, and the medical consultation service under an “online, in-store and home/company-delivered” service network. The Company provides users with quality, convenient end-to-end medical care experience, such as “fast diagnosis for minor illnesses, precise referral for major illnesses, and standardized management for chronic diseases.” During the Reporting Period, the Company had a family doctor membership of nearly 13 million, and the family doctor service was used 3.7 times per capita in 2023, increasing by 0.8 time compared with the same period last year. The proactive service rate approached 75%. Moreover, Ping An Health has redoubled its efforts to build the 3-in-1 elderlifecycle concierge system, offering over 500 home-based elderlifecycle service items through AI concierges, life concierges and doctor concierges on a 24/7 basis, in a bid to create premium elderlifecycle service experience.

Management Discussion and Analysis

As of 31 December 2023, Ping An Health had about 50,000 in-house doctors and contracted external doctors in 29 specialties, including nearly 2,500 contracted renowned doctors and experts. They provided full-scenario, multi-tiered healthcare and elderlycare services to meet users' needs.

Ping An Health is dedicated to improving specialty services for the purpose of strengthening its medical service capabilities. The Company has 23 specialty medical centers in place, covering 8 medical specialties. With these specialty medical centers, the Company standardizes medical solutions before, during and after medical consultation, offering refined management throughout the patient journey. Take the chronic disease management service, for example. The Company rolls out three blockbuster chronic disease service items, namely blood sugar control, blood pressure control, and body weight loss. The Company provides users with health records, tailored solutions, and end-to-end monitoring and guidance, empowering them to significantly improve health outcomes. The Company also provides critical illness insurance policyholders with a full suite of critical illness management services throughout their journey. Such services include access to a range of solutions for treatment and recuperation and consultation with offline renowned doctors and experts.

Moreover, Ping An Health persistently enhances its mechanisms to guarantee the delivery of medical services with rapidity, precision, and efficiency. The Company gauges execution of its service commitments by employing metrics such as responsiveness, customer feedback, efficiency in fulfilling service contracts, and service satisfaction. During the Reporting Period, the Company got five-star reviews for its medical consultation service from more than 98% of users.

3) *O2O Service Network*

Ping An Health is steadfast in the efforts to enhance its “online, in-store, and home/company-delivered” service network, for the purpose of providing better service quality and user experience. While expanding the service network and improving service quality, the Company continuously consolidates its advantages in platform-based, large-scale service procurement. The move enables the provision of more cost-effective services and fosters a broader, high-quality, cost-effective healthcare and elderlycare service network.

In respect of the medical service network, Ping An Health provides users with more integrated and superior services by further pooling online/offline medical service resources and developing a one-stop service delivery system. As of 31 December 2023, the Company partnered with nearly 4,000 hospitals and 230 thousand pharmacies, and provided 1-hour drug delivery service in 271 cities.

In respect of the health service network, Ping An Health partnered with nearly 103 thousand health service providers and over 2,000 health checkup service providers as of 31 December 2023 to offer various products and services including health checkups, elderlycare, dental care, anti-aging care, and health and wellbeing.

3. Accelerating profitability with adoption of technology

During the Reporting Period, Ping An Health further bolstered its capabilities in informatization, digitalization and AI empowerment by tapping into its own and Ping An Group's technological strengths. In this way, the Company streamlined its business operation process and enhanced operational efficiency, thereby injecting fresh impetus into healthcare and elderlycare management services.

During the Reporting Period, Ping An Health continuously advanced the boundaries of AI-based medical technology. With deep learning based on vast medical knowledge entries, medical consultation records, and electronic medical records, AI-based medical technology is equipped with comprehensive databases containing information on about 36,000 diseases and 15 million questions, empowering 100% of the medical consultation service process. AI technology plays an important role in triage, information collection, medical record pre-filling and other diagnosis and treatment processes, significantly enhancing service efficiency, promoting cost-effectiveness, and improving customer service experience.

In respect of personal information security and privacy protection, Ping An Health passed the ISO 27001 information security management system certification, the ISO 27701 privacy information management system certification, the ISO 27799 certification of personal information security management in healthcare, and MIIT's TLC data security management capability certification. Ping An Health passed the ISO 27799 certification of personal information security management in healthcare issued by DNV, an international certification organization, becoming the first digital healthcare company passing DNV's certification. This certificate is a testimony to Ping An Health's achievements in reaching the industry-leading standards for information security management within the healthcare sector in terms of cybersecurity and personal information protection.

Ping An Health further advances its managed care strategy. During the Reporting Period, the Company further fortified its synergies with Ping An Group upon generally successful realignment of business portfolios and further integration of resources. With technological empowerment, the Company optimized input-output management with higher quality and efficiency. This approach is expected to expedite Ping An Health's journey towards profitability as the Company continues to witness improvements in its financial performance.

Long-term Strategies and Management Outlook

F-end commercial insurers/financial service customers, one of the major payers for medical and health expenditures in China, are playing an important role in creating financial synergies. 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 illness 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. In accordance with the Opinion on Promoting Commercial Insurance Development in Social Services jointly issued by 13 ministries and commissions including CBIRC in 2020, China's commercial insurance sector is projected to total more than RMB2 trillion in 2025, and is poised to play a pivotal role in the medical security system with Chinese characteristics.

Management Discussion and Analysis

For B-end corporate health management, enterprises represent another major payer for medical and health expenditures in China. China has a large workforce. In 2022, 360 million employees were covered by the employee basic medical insurance. The employee health management market is witnessing significant growth, from tier-1 cities to tier-2 and tier-3 cities, driven not only by large enterprises but also a growing number of medium and small-sized enterprises that are becoming more aware of the importance of, and demonstrating a growing need for, employee health management. Currently, under the disbursement accounts of Chinese enterprises, 5% of wages are disburseable on supplementary medical insurance, 14% of wages disburseable on employee benefits, and 2% of wages disburseable on trade union funds. Theoretically, the potential corporate health management market in China is expected to total RMB2-3 trillion in the long run.

For elderlcare services, the strategic development of the silver economy, coupled with improvement of home-based elderlcare services, represents a crucial move to proactively address the challenge of population aging. According to the *2023 Report on the Work of the Government*, China takes proactive steps to address population aging and promotes development of both elderlcare programs and elderlcare services; China encourages the development of community and at-home elderlcare services. In November 2023, the National Health Commission and other ministries and commissions jointly released the *Guidelines on the At-home and Community Care Services for the Elderly (Pilot)* to highlight the provision of at-home and community elderlcare services including health management and medical services and also specify necessary procedures. In January 2024, the General Office of the State Council released the *Opinions on Developing the Silver Economy to Enhance the Elderly's Well-being*, noting that relevant policy measures should be continuously improved to integrate pension finance products with healthcare and elderlcare services and further combine healthcare and elderlcare services, extending rehabilitation services to communities and homes.

By seizing the opportunities brought about by the industry trends and national policies, Ping An Health will advance its managed care strategy and further develop the Chinese “managed care model” by synergizing with Ping An Group. The Company will focus more on its strategic businesses and allocate more resources to them. The Company will broaden its client base by reaching more commercial insurance customers, corporate clients and retail customers of Ping An Group and capitalizing on resource advantages in Ping An Group’s commercial insurers/financial service customers (F-end) and corporate clients (B-end). The Company is becoming increasingly valuable in empowering the payers. The Company empowers the F-end commercial insurers/financial service payers to improve customer acquisition, customer retention, and expense control. The Company also empowers B-end enterprises to improve health of their employees, thereby improving customer penetration, retention, and conversion (into paying users).

Going forward, Ping An Health will give more play to family doctors and elderlcare concierges, provide high-quality online-merge-offline, one-stop healthcare and elderlcare services, and take a more proactive approach to hierarchical and tiered development of members. Once user habits are formed, the Company will take a significant leap in its F2C/B2C strategy, thereby forging a second development curve. In its pursuit of a broader service network and better service quality, the Company will consolidate its advantages in the “online, in-store, and home/company-delivered” service network to strengthen its bargaining power, derived from the benefits of large-scale services. By doing so, the Company will develop a broader, high-quality, cost-effective healthcare and elderlcare service network.

In addition, Ping An Health will improve resource allocation and organizational efficiency through further optimization of operational processes and progressive implementation of digitization and AI technology.

Going forward, Ping An Health will forge ahead, strive to create sustained long-term value for users, shareholders, and society. The Company will provide our users with premium medical and health and elderlcare services, deliver steady returns to shareholders, and support the Digital China and the Healthy China initiative.

Revenue and Gross Profit by Segment

	Year ended 31 December		Year-on-year change
	2023	2022*	
	RMB'000	RMB'000	
Revenue:			
Medical services	2,075,382	2,592,376	-19.9%
Health services	2,598,180	3,612,706	-28.1%
Total of revenue	4,673,562	6,205,082	-24.7%
Gross profit:			
Medical services	829,891	909,731	-8.8%
Health services	678,622	761,500	-10.9%
Total of gross profit	1,508,513	1,671,231	-9.7%
Gross margin:			
Medical services	40.0%	35.1%	+4.9 pps
Health services	26.1%	21.1%	+5.0 pps
Total of gross margin	32.3%	26.9%	+5.4 pps

Medical Services:

During the Reporting Period, revenue from medical services recorded RMB2,075.4 million, representing a decrease of 19.9% from RMB2,592.4 million in 2022.

The revenue from medical services decreased as Ping An Health focused on resource development and the revenue contribution from medical services with low strategic synergies declined, which led to continuously deepened synergy with Ping An Group's integrated finance business for the purpose of diversifying medical services such as chronic disease management, medical consultation with renowned doctors, and medical visit assistance.

During the Reporting Period, gross margin of medical services recorded 40.0%, representing a steady year-on-year increase of 4.9 pps. The increase was mainly attributable to the rising proportion of revenue from business with strong profitability as a result of changes in the business portfolio.

	Year ended 31 December		Year-on-year change
	2023	2022*	
	RMB'000	RMB'000	
Revenue	2,075,382	2,592,376	-19.9%
Gross profit	829,891	909,731	-8.8%
Gross margin	40.0%	35.1%	+4.9 pps

Management Discussion and Analysis

Health Services:

During the Reporting Period, revenue from health services recorded RMB2,598.2 million, representing a decrease of 28.1% from RMB3,612.7 million in 2022.

The decrease was mainly attributable to declined revenue contribution from sales of some physical products that are less correlated with the managed care strategy and have low profitability.

During the Reporting Period, gross margin of health services recorded 26.1%, representing a year-on-year increase of 5.0 pps, mainly due to the declined proportion of revenue from business with low profitability as a result of business mix optimization.

	Year ended 31 December		Year-on-year change
	2023	2022*	
	RMB'000	RMB'000	
Revenue	2,598,180	3,612,706	-28.1%
Gross profit	678,622	761,500	-10.9%
Gross margin	26.1%	21.1%	+5.0 pps

Selling and Marketing Expenses

Selling and marketing expenses for 2023 amounted to RMB835.8 million, representing a decrease of 25.4% from RMB1,120.4 million for 2022. The decrease of selling and marketing expenses was mainly due to the continuous optimization of resource allocation efficiency.

Administrative Expenses

Administrative expenses for 2023 amounted to RMB1,480.9 million, representing a decrease of 15.3% from RMB1,748.4 million for 2022. The decrease of administrative expenses was mainly due to the decrease in manpower and related expenses as a result of the continuous improvement in staffing efficiency.

Other Income

Other income amounted to RMB142.9 million in 2023, representing a decrease of 35.2% from RMB220.6 million for 2022. The decrease was mainly attributable to the changes in the balance of wealth management products during the period.

Other Gains - Net

Other net gains for 2023 amounted to RMB90.0 million, representing a decrease of 64.1% from other net gains of RMB250.6 million for 2022, mainly attributable to the changes in gains on disposal of equity interests in a joint venture.

Finance Income - Net

Net finance income amounted to RMB243.1 million in 2023, up 55.4% compared with net finance income of RMB156.5 million in 2022, which was mainly attributable to the increase 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 2023 amounted to RMB334.9 million, representing a decrease of RMB304.7 million compared with RMB639.6 million recorded for the year 2022. 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 losses/(gains) and net gains on disposal of a joint venture, adjusted net loss in 2023 amounted to RMB315.1 million, representing a decrease of RMB561.6 million compared with adjusted net loss of RMB876.7 million in 2022. The following table sets forth adjusted net loss for the year ended 31 December 2023 and 2022 as the most directly comparable financial measure (namely net loss for the year) calculated and presented in accordance with IFRS:

	Year ended 31 December	
	2023 RMB'000	2022* RMB'000
Net loss for the year	(334,858)	(639,593)
Excluding:		
Share-based payments	29,113	77,432
Net foreign exchange losses/(gains)	2,869	(36,954)
Net gains on disposal of a joint venture	(12,211)	(277,604)
Adjusted net loss	(315,087)	(876,719)

Liquidity and Financial Resources

Our cash and other liquid financial resources as of 31 December 2023 and 31 December 2022 were as follows:

	31 December 2023 RMB'000	31 December 2022 RMB'000
RMB	1,776,663	3,524,949
USD	65,902	152,723
HK\$	23,946	23,016
JPY	-	1
	1,866,511	3,700,689

Management Discussion and Analysis

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 2023, our total available funds were RMB12,627.9 million, including cash and cash equivalents of RMB1,866.5 million, restricted cash of RMB84.8 million, term deposits of RMB5,345.9 million, and financial assets of RMB5,330.7 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 Asset Management and Ping An Wealth Management, etc.

Cash flows for the years ended 31 December 2023 and 31 December 2022 were as follows:

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Net cash used in operating activities	(282,859)	(810,615)
Net cash (used in)/generated from investing activities	(1,486,060)	1,710,082
Net cash used in financing activities	(67,356)	(317,882)
Net (decrease)/increase in cash and cash equivalents	(1,836,275)	581,585
Cash and cash equivalents at the beginning of the year	3,700,689	3,064,876
Effects of exchange rate changes on cash and cash equivalents	2,097	54,228
Cash and cash equivalents at the end of the year	1,866,511	3,700,689

Net cash used in investing activities mainly included payments of RMB11,398.4 million for subscription of wealth management products and time deposits, proceeds of RMB9,761.1 million from redemption of wealth management products and term deposits and cash inflow of RMB250.1 million from receipt of cash from the associates.

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	
	2023	2022
	RMB'000	RMB'000
Purchase of property, plant and equipment, intangible assets	42,960	34,437

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 2023, 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 2023 in response to the fluctuations in the exchange rates at any time.

Pledge of Assets

As of 31 December 2023, 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 2023, we did not hold any material investments with a value of 5% or more of the Group’s total assets.

Material Investment and Future Plans of Capital Assets

As of 31 December 2023, we had no material investment and other plans for capital assets.

Material Acquisitions and Disposals of Subsidiaries and Joint Ventures

For the year ended 31 December 2023, we did not carry out any material acquisitions and disposals of subsidiaries and joint ventures.

Employee and Remuneration Policy

The Group had a total of 1,753 employees as of 31 December 2023, the majority of whom were based in various cities in the PRC, including Shanghai, Shenzhen, Beijing, Guangzhou, Hefei, Qingdao, 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 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 2023, 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 2023, 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 Directors

Mr. Dou Li (李斗), aged 47, has been a non-executive Director of the Company since August 2023 when he joined the Group. He is currently an executive Director, the chairman of the Board and the chief executive officer of the Company. Mr. Li currently serves as the chairman of the board of directors of the Company's subsidiaries, including Kang Jian Information Technology (Shenzhen) Co., Ltd. and Ping An Health Cloud Company Limited, and is also a director of Glorious Delight Limited. Mr. Li has successively held senior management positions in various fields such as medicine, fast-moving consumer goods, insurance and elderly care. He has profound insights and extensive experience in understanding consumer needs, for which he deployed back-end product research and development, the development of supply channel and digital operations. Mr. Li served as a special assistant to the chairman of Ping An Life Insurance Company of China, Ltd. and the vice president of sales and the demand general manager of China of Mars Wrigley Confectionery (China) Ltd. (瑪氏箭牌糖果(中國)有限公司).

Mr. Li obtained a bachelor's degree in international business management from Guangdong University of Foreign Studies and a master's degree in enterprise management from the University of Minnesota.

Mr. Jun Wu (吳軍), aged 58, 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 the director of Glorious Delight Limited, the director and general manager of Kang Jian Information Technology (Shenzhen) Co., Ltd. and Ping An Health Cloud Company Limited, and the head 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

Mr. Michael Guo (郭曉濤), aged 52, has been a non-executive Director of the Company since March 2024 when he joined the Group. He joined Ping An Group in 2019 and is currently the co-chief executive officer and deputy general manager of Ping An Group. Mr. Guo successively served as the deputy chief human resources officer and chief human resources officer of Ping An Group from August 2022 to September 2023, and successively served as special assistant to the chairman and executive deputy general manager of Ping An Property & Casualty Insurance before that. Before joining Ping An Group, Mr. Guo was a partner and managing director of Boston Consulting Group and global co-chief executive officer of capital markets business of Willis Towers Watson.

Mr. Guo holds a master's degree in Business Administration from The University of New South Wales in Australia.

Directors and Senior Management

Ms. Fangfang Cai (蔡方方), aged 50, joined the Group in May 2016, and is currently a non-executive Director of the Company. She joined Ping An Group in 2007 and is currently an executive director and a senior vice president of Ping An Group, and a director of a number of majority-owned subsidiaries of Ping An Group, including Ping An Life Insurance, Ping An Property & Casualty Insurance and Ping An Bank. Ms. Cai served as the chief human resources officer of Ping An Group from March 2015 to April 2023, and successively served as the deputy general manager and general manager of the remuneration planning and management department of the human resources center, the deputy chief financial officer and the general manager of the planning department and the deputy chief human resources officer of Ping An Group before that. Ms. Cai had served as a non-executive Director of the Company from May 2016 to August 2021. Before joining Ping An Group, Ms. Cai served as the consulting director of Watson Wyatt Consultancy (Shanghai) Ltd. and the audit director on the financial industry of British Standards Institution Management Systems Certification Co., Ltd.

Ms. Cai holds a bachelor's degree in International Trade from Guangdong University of Foreign Studies (廣東外語外貿大學) and a master's degree in Accounting from The University of New South Wales in Australia.

Ms. Xin Fu (付欣), aged 44, has been a non-executive Director of the Company since March 2023 when she joined the Group. Ms. Fu is currently the deputy general manager of Ping An Group and a director of a number of subsidiaries of Ping An Group, including Ping An Life Insurance and Ping An Asset Management. Ms. Fu has been a director of Ping An Bank since March 2024, and a non-executive director of OneConnect and Lufax Holding since November 2022, respectively. 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, the chief operating officer of Ping An Group from March 2022 to August 2023, and the director of the strategic development center of Ping An Group from March 2020 to December 2023. 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.

Mr. Ziyang Zhu (朱梓陽), aged 28, 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. He has been a non-executive director of YSB Inc. (藥師幫股份有限公司, a company whose shares are listed on the Stock Exchange on 28 June 2023, stock code: 9885) since February 2021. Mr. Zhu concurrently served as 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"). 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.

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

Directors and Senior Management

Independent Non-executive Directors

Mr. Yunwei Tang (湯雲為), aged 79, 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 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, and 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) from 2017 to 2023. 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. Tianyong Guo (郭田勇), aged 55, 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. (恆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)).

Dr. Wing Kin Anthony Chow (周永健), aged 73, 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 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.

Directors and Senior Management

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.

Senior Management

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

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

Ms. Luoqi Zang (臧璐琦), aged 43, 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. Cheng Liu (劉程), aged 50, 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 and Senior Management



Group Photo of the Senior Management of Ping An Health.

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 2023.

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 revenue and results of business segments of the Group are set out in the section 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 the 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 the Listing as of 31 December 2023.

Intended use of net proceeds	Allocation of net proceeds	Amount of net proceeds utilized for the year ended 31 December 2023 (HK\$ in million)	Balance of net proceeds unutilized as of 31 December 2023	Intended timetable for use of the unutilized net proceeds
(i) Business expansion	3,425.6	873.3	800.8	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	78.7	1,537.9	Before 31 December 2025
(iii) Research and development	1,712.8	303.8	-	Before 31 December 2026
(iv) Working capital and general corporate purposes	856.4	-	-	N/A

Directors' Report

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"), and 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 a 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 completed the placing of 80,000,000 ordinary shares to no less than six places 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 2023.

Intended use of net proceeds	Allocation of net proceeds	Amount of net proceeds utilized as of	Balance of net proceeds unutilized	Intended timetable for use of the unutilized net proceeds
		31 December 2023	as of 31 December 2023	
Further developing core businesses of the Group	7,828.0	-	7,828.0	Before 31 December 2030

Results

The results of the Group for the year ended 31 December 2023 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 sections 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 74 to 160, 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 53, and the description of the principal risks and uncertainties facing the Company is set out in the section headed "Corporate Governance Report" on pages 55 to 73. The aforesaid discussion forms a part of this 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 2023, 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 2023 are set out in the consolidated statement of changes in equity and note 28 and note 38(c) to the consolidated financial statements in this Annual Report.

Distributable Reserves

As of 31 December 2023, 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 2023 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 2023 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 39 to the consolidated financial statements in this Annual Report.

Directors' Report

Borrowings

As at 31 December 2023, except for the borrowings obtained by Yingjian Medical, a subsidiary of the Company, from its shareholder Yingjian Enterprise Management Consulting, we did not have any outstanding loans. As at 31 December 2023, the Group's gearing ratio was 19.69%, which was calculated by dividing the Group's total liabilities by its total assets as at 31 December 2023.

Donation

For the year ended 31 December 2023, the donation expenditures of the Group amounted to approximately RMB9.6 thousand (2022: RMB5 thousand).

Financial Summary

A summary of the condensed consolidated results and financial position of the Group is set out on page 248 of this Annual Report.

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

For the year ended 31 December 2023, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

Debentures in Issue

For the year ended 31 December 2023, the Group did not issue any debentures.

Significant Relationship with Stakeholders

Employees

As at 31 December 2023, the Group had a total of 1,753 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.

Users

As of 31 December 2023, the number of LTM paying users reached about 40.0 million, representing a decrease of 7.3% from that for the 12 months ended 31 December 2022. Specifically, the number of B-end enterprises cumulatively served reached 1,508, the number of LTM paying users of B-end strategic business exceeded 5.10 million; and the number of LTM paying users of F-end strategic business reached about 26.30 million.

Suppliers

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

Major Customers and Suppliers

For the year ended 31 December 2023, the Group's five largest customers accounted for approximately 27% of the Group's total revenue and the Group's largest customer accounted for approximately 10% of the Group's total revenue. Besides, for the year ended 31 December 2023, the Group's five largest suppliers accounted for approximately 18% 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 Ping An Annuity, each being one of our five largest customers, were subsidiaries of Ping An Group. Other than the foregoing, during the year ended 31 December 2023, none of our Directors, their close associates or any Shareholder (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 five largest 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 qualifications, 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 no remuneration was 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.

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 shareholder value, and to align the interests of the Shareholders, the Company and the employees.

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.

Directors' Report

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 (subject to share subdivision on the Listing Date). As of 31 December 2023, the number of EIS Shares remaining available for grant was 26,627,312 Shares, representing 2.38% of the issued Shares as at the date of this Annual Report. As of 31 December 2023, the aggregate number of Shares underlying the outstanding EIS Options granted by the Company under the EIS was 11,651,148 Shares (subject to share subdivision on the Listing Date).

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 1 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.

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 2023:

Name	Position	Date of grant ¹⁸²	Number of grants (Shares)	Vesting period ⁵	Exercise price (HK\$/share)	Outstanding	Exercised	Canceled/	Outstanding
						as of 1 January 2023 (Shares)	during the Reporting Period ³ (Shares)	Lapsed during the Reporting Period (Shares)	as of 31 December 2023 (Shares)
Mr. Dou Li ⁷	Executive Director, chairman of the Board and chief executive officer	1 December 2023	300,000	1 December 2024 to 1 December 2027	-	-	-	-	300,000
Mr. Weihao Fang ⁸ (resigned)	Executive Director, chairman of the Board and chief executive officer	11 January 2021	300,000	21 October 2021 to 21 October 2024	-	300,000	134,819	11,836	153,345
		24 August 2021	150,000	24 August 2022 to 24 August 2025	-	150,000	31,784	4,044	114,172
		23 October 2022	200,000	23 October 2023 to 23 October 2026	-	200,000	-	-	200,000
Mr. Jun Wu ⁹	Executive Director and president	26 October 2021	300,000	26 October 2022 to 26 October 2025	-	236,431	-	8,086	228,345
		23 October 2022	100,000	23 October 2023 to 23 October 2026	-	100,000	-	-	100,000
Five highest paid individuals in aggregate		21 October 2020	140,000	21 October 2021 to 21 October 2024	-	140,000	62,914	15,525	61,561
		11 January 2021	300,000	21 October 2021 to 21 October 2024	-	300,000	134,819	11,836	153,345
		24 August 2021	200,000	24 August 2022 to 24 August 2025	-	200,000	42,378	30,393	127,229
		26 October 2021	300,000	26 October 2022 to 26 October 2025	-	236,431	-	8,086	228,345
		29 January 2022	150,000	29 January 2023 to 29 January 2026	-	150,000	31,784	4,044	114,172
		15 March 2022	250,000	15 March 2023 to 15 March 2026	-	250,000	-	-	250,000
	23 October 2022	490,000	23 October 2023 to 23 October 2026	-	490,000	-	67,500	422,500	

Directors' Report

Name	Position	Date of grant ¹⁸²	Number of grants (Shares)	Vesting period ⁵	Exercise price (HK\$/share)	Outstanding as of 1 January 2023 (Shares)	Exercised during the Reporting Period ⁵ (Shares)	Canceled/ Lapsed during the Reporting Period (Shares)	Outstanding as of 31 December 2023 (Shares)
Other grantees		31 December 2014	4,917,500	31 December 2015 to 31 December 2018	0.63	501,352	5,352	496,000	-
		31 March 2015	280,000	31 March 2016 to 31 March 2019	0.63	31,500	-	4,000	27,500
		30 June 2015	148,000	30 June 2016 to 30 June 2019	0.63	2,000	1,000	1,000	-
		1 October 2015	11,534,500	1 October 2016 to 1 October 2019	0.91	1,680,298	67,624	1,555,000	57,674
		25 February 2016	3,923,000	25 February 2017 to 25 February 2020	5.95	236,300	103,050	27,950	105,300
		31 March 2017	16,475,800	31 March 2018 to 31 March 2021	26.47	4,606,043	184,150	3,545,914	875,979
		30 November 2017	14,287,098	30 November 2018 to 30 November 2021	37.84	4,653,699	-	3,415,997	1,237,702
		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	1,443,701	305,813	418,257	719,631
		31 May 2019	188,335	31 May 2020 to 31 May 2023	-	71,781	20,617	42,705	8,459
		31 August 2019	110,713	31 August 2020 to 31 August 2023	-	71,876	14,441	38,397	19,038
		8 September 2019	100,000	8 September 2020 to 8 September 2023	-	53,811	-	28,946	24,865
		30 November 2019	25,575	30 November 2020 to 30 November 2023	-	3,300	1,045	2,255	-
		21 October 2020	1,812,100	21 October 2021 to 21 October 2024	-	1,476,310	286,629	579,185	610,496
		31 December 2020	166,600	31 December 2021 to 31 December 2024	-	133,418	1,051	96,513	35,854

Name	Position	Date of grant ^{8,2}	Number of grants (Shares)	Vesting period ⁵	Exercise price (HK\$/share)	Outstanding	Exercised	Canceled/	Outstanding
						as of 1 January 2023 (Shares)	during the Reporting Period ⁶ (Shares)	Lapsed during the Reporting Period (Shares)	as of 31 December 2023 (Shares)
		31 May 2021	260,000	31 May 2022 to 31 May 2025	-	233,875	21,375	-	212,500
		24 August 2021	3,084,700	24 August 2022 to 24 August 2025	-	209,031	105,857	45,499	57,675
		26 October 2021	248,600	26 October 2022 to 26 October 2025	-	81,034	11,653	58,725	10,656
		29 January 2022	3,079,200	29 January 2023 to 29 January 2026	-	2,783,053	228,140	748,496	1,806,417
		20 May 2022	230,000	20 May 2023 to 20 May 2026	-	230,000	-	200,000	30,000
		26 July 2022	25,000	26 July 2023 to 26 July 2026	-	25,000	-	18,750	6,250
		23 October 2022	85,000	23 October 2023 to 23 October 2026	-	85,000	-	63,750	21,250
		19 December 2022	5,512,000	19 December 2023 to 19 December 2026	-	5,512,000	-	1,385,250	4,126,750
Total¹			73,331,415⁴			26,260,813	1,629,692	13,279,973	11,651,148

Notes:

- The EIS Options were granted on 1 December 2023. The closing price immediately before the date on which the EIS Options were granted was HK\$17.46/share. For the details of the fair value of and the accounting standards and policies adopted for the EIS Options granted on 1 December 2023, please refer to note 29 "Share-based Payments" to the consolidated financial statements;
- 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 grantees;
- The weighted average closing price immediately before the date on which the EIS Options were exercised was HK\$16.60/share for the Directors; the weighted average closing price immediately before the date on which the EIS Options were exercised was HK\$18.56/share for the five highest paid individuals; the weighted average closing price immediately before the date on which the EIS Options were exercised was HK\$21.85/share for other grantees;
- For the avoidance of double counting, it represents the sum of the options of the five highest paid individuals (including the Directors Mr. Weihao Fang and Mr. Jun Wu) and other grantees;
- 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;
- Mr. Dou Li was appointed as a non-executive Director of the Company on 24 August 2023, and was re-designated as an executive Director, and appointed as the chairman of the Board, a member of the Sustainable Development Committee of the Board, the Chief Executive Officer and the Authorised Representative of the Company on 18 October 2023;
- Mr. Weihao Fang resigned as the chairman of the Board, an executive Director and the Chief Executive Officer of the Company on 18 October 2023 due to personal work arrangement;
- Mr. Jun Wu was appointed as an executive Director on 13 March 2023.

Directors' Report

Equity-linked Agreements

Save for the EIS mentioned above, no equity-linked agreements were entered into by the Group or subsisted during the year ended 31 December 2023.

Directors

The list of Directors who were in office during the year ended 31 December 2023 and up to the date of this Annual Report is as follows:

Executive Directors

Mr. Dou Li (Chairman) (re-designated on 18 October 2023)
Mr. Jun Wu (appointed on 13 March 2023)
Mr. Weihao Fang (resigned on 18 October 2023)

Non-executive Directors

Ms. Sin Yin Tan (resigned on 19 March 2024)
Mr. Michael Guo (appointed on 19 March 2024)
Ms. Fangfang Cai (appointed on 19 March 2024)
Ms. Xin Fu (appointed on 13 March 2023)
Ms. Lijun Lin (passed away on 12 April 2023)
Mr. Zhongwu Pan (resigned on 13 March 2023)
Mr. Ziyang Zhu

Independent Non-executive Directors

Mr. Yunwei Tang
Mr. Tianyong Guo
Dr. Wing Kin Anthony Chow

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 2023.

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 coverage 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 subsisted 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; 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' Report

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

As at 31 December 2023, the interests and short positions of the Directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company or 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 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 the 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⁾
Mr. Dou Li ⁽²⁾	Beneficial owner	300,000	Long positions	0.03%
Mr. Jun Wu ⁽³⁾	Beneficial owner	328,345	Long positions	0.03%

Notes:

- (1) The calculation is based on the total number of Shares in issue of 1,118,812,900 Shares as of 31 December 2023.
- (2) As of 31 December 2023, Mr. Dou Li was entitled to 300,000 Shares pursuant to the Employee Incentive Scheme, where no Share was held upon exercise of EIS Options under the Employee Incentive Scheme.
- (3) As of 31 December 2023, Mr. Jun Wu was entitled to 328,345 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 2023, 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 2023, 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:

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%
Mang Yee Chu ⁽³⁾	Beneficial owner	3,084,700	Long positions	
	Interest in controlled corporations	104,793,500	Long positions	9.37%

Notes:

- (1) The calculation is based on the total number of Shares in issue of 1,118,812,900 Shares as of 31 December 2023.
- (2) As of 31 December 2023, 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. Mang Yee Chu dated 30 June 2022 in relation to the relevant event on 28 June 2022, Sounda was wholly-owned by Mr. Mang Yee Chu. As such, Mr. Mang Yee Chu 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 2023. 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.

Directors' Report

Save as disclosed above, as of 31 December 2023, 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 Islands 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 2023.

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 2023:

Connected Transactions

For the year ended 31 December 2023, 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 2023 (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 2023 was RMB8,700.0 million, while the actual transaction amount for the year ended 31 December 2023 was approximately RMB1,405.5 million.

Renewal of the transaction

As the Provision of Products and Services Framework Agreement has expired on 31 December 2023, the Company renewed the Provision of Products and Services Framework Agreement and entered into the 2023 provision of products and services framework agreement (the "2023 Provision of Products and Services Framework Agreement") with the Parties to the 2023 Provision of Products and Services Framework Agreement (all of them are associates of Ping An) on 25 October 2023. Pursuant to which the Group shall provide various types of products and services to the Recipients of the Products and Services, including, but not limited to (1) online medical services comprising online consultation, hospital referral, inpatient arrangement, second opinion services, electronic prescriptions and health management; (2) prepaid packages for the purchase of healthcare products and services; (3) provision of products in the Group's health mall, which is an online platform offering diversified and evolving products offering, mainly including healthcare products such as medicines, health supplements and medical devices and wellness products such as fitness equipment and accessories and personal care products, and (4) advertising and consulting services. Fees shall be paid to the Group by the Recipients of the Products and Services in respect of the provision of such products and services by the Group. The terms of the 2023 Provision of Products and Services Framework Agreement were entered into on normal commercial terms after arm's length negotiations and shall be valid from 1 January 2024 to 31 December 2026, both dates inclusive. Relevant details are set out in the announcement of the Company dated 25 October 2023 and the circular of the Company dated 24 November 2023.

Directors' Report

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 2023 was RMB1,638.0 million, while the actual transaction amount for the year ended 31 December 2023 was approximately RMB561.7 million.

Renewal of the transaction

As the Service Purchasing Framework Agreement has expired on 31 December 2023, the Company renewed the Service Purchasing Framework Agreement and entered into the 2023 services purchasing framework agreement (the "2023 Services Purchasing Framework Agreement") with the Parties to the 2023 Services Purchasing Framework Agreement (all of them are associates of Ping An) on 25 October 2023. Pursuant to which the Service Providers shall provide a wide spectrum of services to the Group, including but not limited to consulting services, health management services, business promotion services, outsourcing services relating to finance, human resources and administrative matters, insurance services, online traffic redirecting services and customer referral services. The Group shall, in return, pay service fees to the Service Providers. The precise scope of the service, service fee calculation, method of payment and other details of the service arrangement will be agreed between the relevant parties separately. The terms of the 2023 Services Purchasing Framework Agreement were entered into on normal commercial terms after arm's length negotiations and shall be valid from 1 January 2024 to 31 December 2026, both dates inclusive. Relevant details are set out in the announcement of the Company dated 25 October 2023 and the circular of the Company dated 24 November 2023.

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 2023 was not expected to exceed RMB95.0 million, while the actual transaction amount was approximately RMB29.3 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 2023 was RMB157.0 million, while the total value of the right-of-use assets as at 31 December 2023 was approximately RMB12.9 million.

Renewal of the transaction

As the Property Leasing Framework Agreement has expired on 31 December 2023, the Company renewed the Property Leasing Framework Agreement and entered into the 2023 property leasing framework agreement (the "2023 Property Leasing Framework Agreement") with the Parties to the 2023 Property Leasing Framework Agreement (all of them are associates of Ping An) on 25 October 2023. Pursuant to which the Group shall lease properties from the parties to the 2023 Property Leasing Framework Agreement and/or their subsidiaries and companies that can be controlled through a scheme of arrangement, if applicable (the "Lessors") for office use, including but not limited to the properties of the Lessors in Beijing, Shanghai and Guangzhou. The terms of the 2023 Property Leasing Framework Agreement were entered into on normal commercial terms after arm's length negotiations and shall be valid from 1 January 2024 to 31 December 2026, both dates inclusive. Relevant details are set out in the announcement of the Company dated 25 October 2023.

Directors' Report

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 Group. 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 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 2023 was RMB10,000.0 million, while the actual maximum daily balance for the year ended 31 December 2023 was approximately RMB5,721.3 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 2023 was RMB320.0 million, while the actual transaction amount for the year ended 31 December 2023 was approximately RMB50.6 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 2023 was RMB10,000.0 million, while the actual maximum daily balance for the year ended 31 December 2023 was approximately RMB4,585.5 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 2023 was RMB450.0 million, while the actual transaction amount for the year ended 31 December 2023 was approximately RMB143.2 million.

Renewal of the transaction

As the Financial Service Cooperation Framework Agreement has expired on 31 December 2023, the Company renewed the Financial Service Framework Agreement and entered into the 2023 financial service cooperation framework agreement (the "2023 Financial Service Cooperation Framework Agreement") with the Parties to the 2023 Financial Service Cooperation Framework Agreement (all of them are associates of Ping An) on 25 October 2023. Pursuant to which the Deposit Service Provider under the 2023 Financial Service Cooperation Framework Agreement shall provide deposit service to the Group, and Wealth Management Service Providers under the 2023 Financial Service Cooperation Framework Agreement shall provide wealth management service (including structural deposit products) to the Group. With respect to the deposit service provided, the Group deposits cash into the bank accounts of the Group at the Deposit Service Provider, including cash generated from the Group's daily business operations, the proceeds generated from the financing activities of the Group and the net proceeds received from the global offering of the Company, provided that the Deposit Service Provider is qualified to take deposits. In return, the Deposit Service Provider shall pay deposit interest to the Group. In respect of the wealth management service, the Group purchases investment products and service from Wealth Management Service Providers and receive investment income in return. The terms of the 2023 Financial Service Cooperation Framework Agreement were entered into on normal commercial terms after arm's length negotiations and shall be valid from 1 January 2024 to 31 December 2026, both dates inclusive. Relevant details are set out in the announcement of the Company dated 25 October 2023 and the circular of the Company dated 24 November 2023.

The Company confirms that the execution and enforcement of the specific agreements under the above continuing connected transactions for the year ended 31 December 2023 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 2023 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 (Revised) "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.

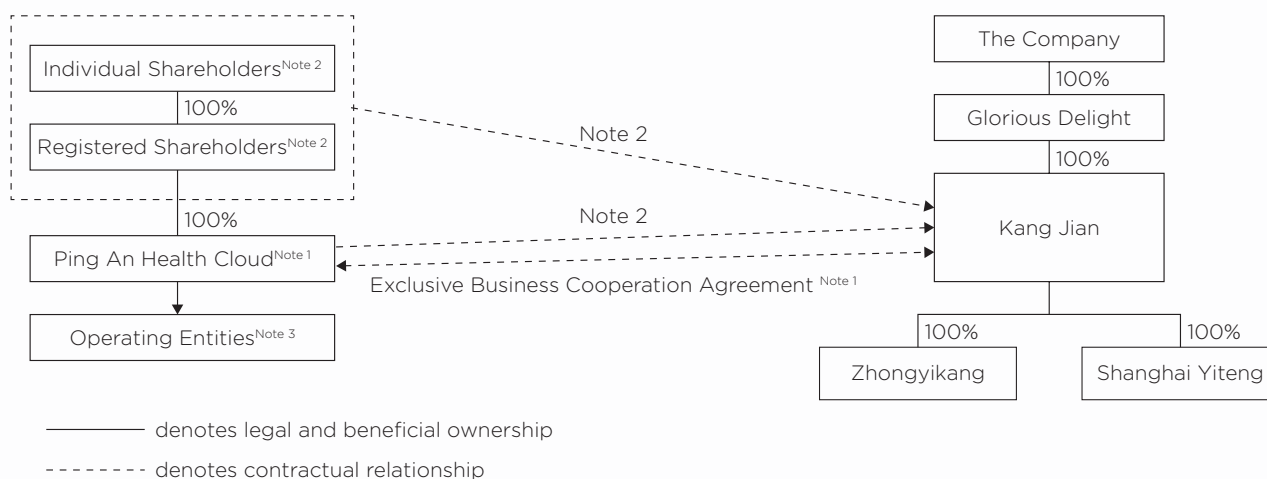
During the Reporting Period, saved as disclosed in the "Connected Transactions and Continuing Connected Transactions" in this Annual Report (and such transactions have complied with the disclosure requirements under Chapter 14A of the Listing Rules), none of the related party transactions as disclosed in note 34 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 2023, the total loss of the Operating Entities of the Group was approximately RMB129.5 million; as at 31 December 2023, the total assets of the Operating Entities of the Group were approximately RMB12,268.2 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. Wenjun Wang and Mr. Wenwei Dou are collectively referred to as “Individual Shareholders” (Registered Shareholders and Individual Shareholders together known as “PAHC Shareholders”).

3. As at 31 December 2023, Ping An Health Cloud held 26 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, Guangxi Pingan Internet Hospital, 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 2023. There was no material change in the Contractual Arrangements and/or the circumstances under which they were adopted during the year ended 31 December 2023.

For the year ended 31 December 2023, 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 2023, 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 2023, 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; (2) after the aforementioned regulations came into effect on 1 May 2022, the competent authorities have not issued further implementation rules or operation guidelines. For details of the Qualification Requirements, please refer to pages 224 to 225 of the Prospectus.

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.

Directors' Report

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 2023, 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:

- (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.

Directors' Report

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

For the year ended 31 December 2023, the independent non-executive Directors have reviewed the Contractual Arrangements and confirmed that:

- (a) the transactions carried out during the year ended 31 December 2023 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 any 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 2023 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 (Revised) "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 2023 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 any of their equity interests that 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 2023 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 2023. 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

During the Reporting Period and up to the date of this Annual Report, changes of Directors and chief executives are set out as follows:

1. Mr. Michael Guo was appointed as a non-executive Director of the Company and a member of the Nomination and Remuneration Committee on 19 March 2024;
2. Ms. Fangfang Cai was appointed as a non-executive Director of the Company and a member of the Audit and Risk Management Committee on 19 March 2024;
3. Ms. Sin Yin Tan ceased to be a non-executive Director of the Company, and members of the Audit and Risk Management Committee and the Nomination and Remuneration Committee on 19 March 2024 due to personal work arrangement;
4. Mr. Weihao Fang resigned as the chairman of the Board, an executive Director and the Chief Executive Officer of the Company and ceased to be a member of the Sustainable Development Committee on 18 October 2023 due to personal work arrangement;
5. Mr. Dou Li was appointed as a non-executive Director of the Company on 24 August 2023, and was re-designated as an executive Director, and appointed as the chairman of the Board, a member of the Sustainable Development Committee of the Board, the Chief Executive Officer and the Authorised Representative of the Company on 18 October 2023;
6. Mr. Jun Wu was appointed as an executive Director on 13 March 2023;
7. Ms. Xin Fu was appointed as a non-executive Director and a member of Sustainable Development Committee on 13 March 2023;
8. Ms. Lijun Lin, a non-executive Director, passed away on 12 April 2023;
9. Mr. Zhongwu Pan resigned as a non-executive Director on 13 March 2023 due to personal work arrangement;
10. Dr. Wing Kin Anthony Chow, 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. Mr. Dou Li, an executive Director, has served as a director of Glorious Delight Limited, and the chairman of the board of directors of Kang Jian Information Technology (Shenzhen) Co., Ltd and Ping An Health Cloud Company Limited since December 2023;
2. Mr. Jun Wu, an executive Director, has served as a director of Glorious Delight Limited since April 2023, and a director of Kang Jian Information Technology (Shenzhen) Co., Ltd and Ping An Health Cloud Company Limited since June 2023;
3. Ms. Sin Yin Tan, a non-executive Director, ceased to serve as an executive director, executive deputy general manager and co-chief executive officer of Ping An Group since January 2024; ceased to serve as a director of OneConnect Financial Technology Co., Ltd. since November 2023, and a director of Ping An Technology (Shenzhen) Co., Ltd. since December 2023;
4. Ms. Xin Fu, a non-executive Director, has served as a non-executive director of Ping An Asset Management since April 2023; served as a deputy general manager of Ping An Group since December 2023; served as a non-executive director of Ping An Life Insurance since September 2023; ceased to serve as the chief operating officer of Ping An Group since August 2023, and ceased to serve as the director of the strategic development center of Ping An Group since December 2023; served as a director of Ping An Bank since March 2024;
5. Mr. Ziyang Zhu, a non-executive Director, has been a non-executive director of YSB Inc. (a company whose shares are listed on the Stock Exchange on 28 June 2023, stock code: 9885) since February 2021;
6. Mr. Yunwei Tang, an independent non-executive Director, ceased to serve 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 April 2023;
7. Mr. Tianyong Guo, an independent non-executive Director, 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.

Save as disclosed above, 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

Mr. Dou Li

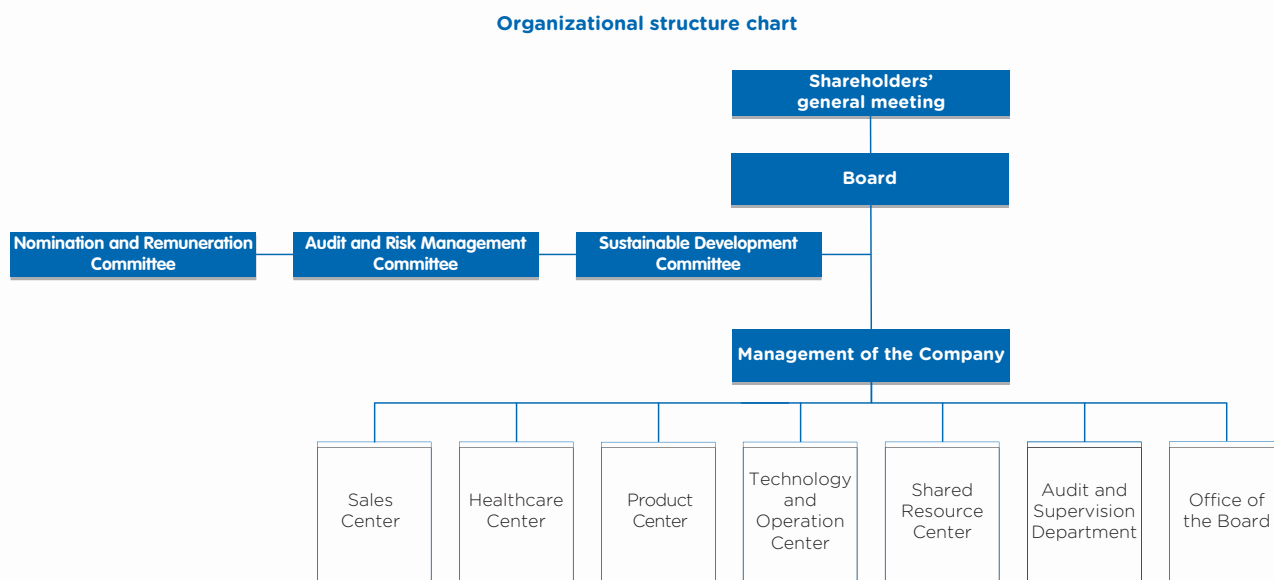
19 March 2024

Corporate Governance Report

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

Organizational Structure Chart

The organizational structure chart of the Group as of the release date of this report is as follows:



Corporate Culture

Ping An Health, as a corporate healthcare management service provider, adheres to the value proposition of “worry-free, time-saving and money-saving”, by being committed to the sound system and improved corporate governance structure and fully considering the interests of its stakeholders, such as employees and consumers, and addressing social and public interests of the society such as ecological and environmental protection bodies in order to create a better and sustainable future together. For the details of the corporate culture, system and governance level of Ping An Health, please refer to the section headed Environmental, Social and Governance Report in this Annual Report.

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.

Corporate Governance Report

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 Issuers as set out in Appendix C3 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.

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. Dou Li (Chairman, member of the Sustainable Development Committee)
Mr. Jun Wu

Non-executive Directors

Mr. Michael Guo (Member of the Nomination and Remuneration Committee)
Ms. Fangfang Cai (Member of the Audit and Risk Management Committee)
Ms. Xin Fu (Member of the Sustainable Development Committee)
Mr. Ziyang Zhu

Independent Non-executive Directors

Mr. Yunwei Tang (Chairman of the Audit and Risk Management Committee and member of the Nomination and Remuneration Committee)
Mr. Tianyong Guo (Chairman of the Nomination and Remuneration Committee and member of the Audit and Risk Management Committee)
Dr. Wing Kin Anthony Chow (Chairman of the Sustainable Development Committee and member of the Nomination and Remuneration Committee)

Mr. Michael Guo and Ms. Fangfang Cai are appointed as non-executive Directors of the Company on 19 March 2024 and confirm that they (i) have obtained the legal advice referred to under Rule 3.09D of the Listing Rules on 18 March 2024, and (ii) understand his or her obligations as a director of a listed issuer under the Listing Rules.

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. Dou Li 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. At the same time, based on the actual situation of the Company and considering Mr. Dou Li's professional competence and extensive experience in various fields such as medicine, fast-moving consumer goods, insurance and elderly care, vesting the roles of both chairman and chief executive officer in the same person is beneficial to the implementation and execution of the strategies and business of the Company. Based on the above reasons, the Board is of the opinion that the Company's management structure is superior to the arrangements under the code provision and 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 relevant mechanisms at least once every year 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 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.

Corporate Governance Report

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.

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 Memorandum and Articles of Association, Mr. Yunwei Tang, Dr. Wing Kin Anthony Chow and Mr. Ziyang Zhu 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 Memorandum and Articles of Association, Mr. Michael Guo, Ms. Fangfang Cai and Mr. Dou Li shall retire and, being eligible, offer themselves 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. Dou Li, 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. Yunwei Tang and Mr. Tianyong Guo and one non-executive Director, namely, Ms. Fangfang Cai. Mr. Yunwei Tang, being the chairman of the Audit and Risk Management Committee, is appropriately qualified as required.

Corporate Governance Report

During the Reporting Period, the Audit and Risk Management Committee has held six 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 2023, the management accounts of the Group for the three months ended 31 March 2023 and the nine months ended 30 September 2023 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.

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, legal and compliance department, audit and monitoring department 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. Tianyong Guo, Mr. Yunwei Tang and Dr. Wing Kin Anthony Chow and one non-executive Director, namely Mr. Michael Guo. Mr. Tianyong Guo is the chairman of the Nomination and Remuneration Committee.

During the Reporting Period, the Nomination and Remuneration Committee held five 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 2023 within the following bands is set out below:

	Number of Persons
Nil to RMB1,000,000	1
RMB1,000,001 – RMB2,000,000	0
RMB2,000,001 – RMB3,000,000	0
RMB3,000,001 – RMB4,000,000	0
RMB4,000,001 – RMB5,000,000	1
RMB5,000,001 – RMB6,000,000	0
RMB6,000,001 – RMB10,000,000	0
Above RMB10,000,001	1

The remuneration details of all Directors and the five persons with the highest remuneration (other than Directors) for the year ended 31 December 2023 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.

Corporate Governance Report

According to Article 16.4 of the Memorandum and 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 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.

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 2023, the gender ratio of the Group's workforce was 38.5% male to 61.5% 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. Wing Kin Anthony Chow, one executive Director Mr. Dou Li and one non-executive Director Ms. Xin Fu. Dr. Wing Kin Anthony Chow is the chairman of the Sustainable Development Committee.

During the Reporting Period, the Sustainable Development Committee held two 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 Sustainable Development Committee reviewed the sustainable development strategies, targets and action plans of the Group, etc.

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 2023 to 31 December 2023					Participation in continuous professional development
	General Meeting	Board	Audit and Risk Management Committee	Nomination and Remuneration Committee	Sustainable Development Committee	
Executive Directors						
Mr. Dou Li (Chairman) ⁽¹⁾	1/1	2/2	-	-	-	✓
Mr. Weihao Fang (resigned) ⁽²⁾	1/1	5/5	-	-	2/2	✓
Mr. Jun Wu ⁽³⁾	2/2	5/5	-	-	-	✓
Non-executive Directors						
Ms. Sin Yin Tan ⁽⁴⁾	2/2	6/6	6/6	5/5	-	✓
Ms. Xin Fu ⁽⁵⁾	2/2	5/5	-	-	2/2	✓
Ms. Lijun Lin (passed away) ⁽⁶⁾	-	1/1	-	-	-	✓
Mr. Ziyang Zhu	2/2	6/6	-	-	-	✓
Independent Non-executive Directors						
Mr. Yunwei Tang	2/2	6/6	6/6	5/5	-	✓
Mr. Tianyong Guo	2/2	6/6	6/6	5/5	-	✓
Dr. Wing Kin Anthony Chow	2/2	6/6	-	5/5	2/2	✓

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. Dou Li was appointed as a non-executive Director of the Company on 24 August 2023, and was re-designated as an executive Director, and appointed as the chairman of the Board, a member of the Sustainable Development Committee of the Board and the Chief Executive Officer of the Company on 18 October 2023.
- (2) Mr. Weihao Fang has resigned as the executive Director, the chairman of the Board, a member of the Sustainable Development Committee of the Board and the Chief Executive Officer of the Company on 18 October 2023.
- (3) Mr. Jun Wu was appointed as an executive Director on 13 March 2023.
- (4) Ms. Sin Yin Tan has resigned as the non-executive Director of the Company, and members of the Audit and Risk Management Committee and the Nomination and Remuneration Committee on 19 March 2024.
- (5) Ms. Xin Fu was appointed as a non-executive Director and member of the Sustainable Development Committee on 13 March 2023.
- (6) Ms. Lijun Lin, a non-executive Director, passed away on 12 April 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 2023.

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 161 to 165 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.

Corporate Governance Report

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 monitoring department, 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 monitoring department 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 monitoring department 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.

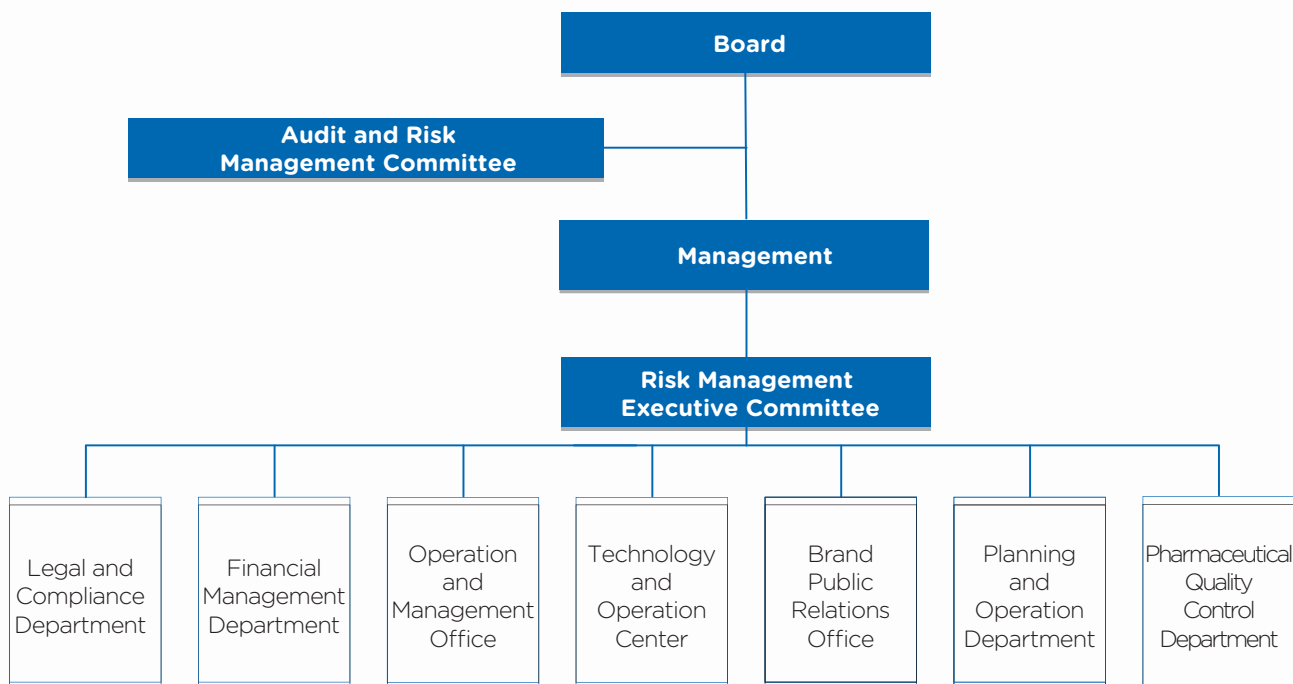
The aforesaid risk management and internal control system is designed to manage, and do not completely eliminate the risk that the Company may not be able to implement its business strategy, and may only make reasonable, but not absolute, assurances of material misstatement or loss.

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 the 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 medicinal 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, establishes and improves the compliance operational risk management system on an ongoing basis, enhances the internal control and operational risk management 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 a full-process management mechanism of assessment in advance, crisis management during an event and review and summary 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 monitoring department 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 monitoring department 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, and reviews it at least once every year. The review processes include but are not limited to holding meetings with each of the business and functional management teams, legal and compliance department, audit and monitoring department 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 2023, 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 monitoring department 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 2023:

Services provided to the Company	Fees paid and payable (RMB'000)
Audit service	4,500.0
Non-audit services	1,424.0
Total	5,924.0

Corporate Governance Report

Company Secretary

Mr. Cheng Liu, 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 2023, 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 voting rights, on a one vote per share basis, 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 voting rights, on a one vote per share basis, 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: 9/F, Building B, INNO KIC, No. 298, Guo Xia Road, Yangpu District, 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 2023, 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 2023, the Company held two investor performance briefings and conducted 358 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 2023, the Board considers that such shareholders' communication policy has been properly implemented and is effective.

Changes in the Memorandum and Articles of Association

During the Reporting Period, the Company has amended its Memorandum and Articles of Association. Pursuant to the announcement dated 13 March 2023 in relation to the amendments to the Memorandum and Articles of Association and the approval of the resolution in relation to the amendments to the Memorandum and Articles of Association at the general meeting held on 25 April 2023, the Memorandum and Articles of Association which came into effect after such amendments were published on 25 April 2023 on the website of HKEX.

Environmental, Social and Governance Report

About This Report

Introduction to This Report

The 2023 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.

Abbreviations

“Ping An Group” refers to Ping An Insurance (Group) Company of China, Ltd.

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 the Section “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 “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.

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 2023 annual report.

Timeframe: This Report mainly covers the period from January 1, 2023, to December 31, 2023 (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 sixth environmental, social and governance report issued by Ping An Health.

Reporting Guideline

This Report is compiled in compliance with the *Environmental, Social and Governance Reporting Guide* (hereinafter referred to as the “*ESG Reporting Guide*”), Appendix C2 to the Listing Rules of the Stock Exchange of Hong Kong Limited (hereinafter referred to as the “HKEX”) 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.

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.

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

Highlights in 2023

<p>Sound System for Enhanced Governance</p>	<ul style="list-style-type: none"> The Company has established the Sustainable Development Committee, continuously promoting the improvement of ESG management system. The Company has approved a resolution regarding the <i>Sustainable Development Strategy, Goals, and Action Plan</i>, setting three-year sustainable development goals. A total of 197 anti-corruption training/integrity culture advocacy sessions were organized for directors, management, and employees, achieving a 100% employee coverage in business ethics training.
<p>Improved Quality for Stable Development</p>	<ul style="list-style-type: none"> The Company obtained the ISO 9001 quality management system certification for its health medical related services and online mall services. This certification applies to 100% of the Company's business operations and branch companies/subsidiaries. The Company issued the <i>Statement on Information Security and Data Security Management Policy of Ping An Health</i>, which clearly stipulates network information security, data security, and personal information protection and applies to all relevant business lines and branches/subsidiaries. The Company obtained ISO/IEC 27001: 2013 information security management system certification, ISO/IEC 27701: 2019 privacy information management system certification, and ISO 27799: 2016 health informatics - information security management in health covering 100% of its business.
<p>Talent Supply for Future Empowerment</p>	<ul style="list-style-type: none"> The Company organized a total of 1,969 training sessions, covering 100% of its employees, with a notable 97% expressing satisfaction with the training. The Company adopted the "dual-track" performance appraisal system, combined the Company's operation and management control mechanism with the individual performance tracking and appraisal mechanism, further optimizing the personal performance tracking and evaluation system.
<p>Environmental Protection for a Green Homeland</p>	<ul style="list-style-type: none"> The Company has integrated the governance of climate-related issues into the overarching ESG governance framework according to TCFD (Task Force on Climate-related Financial Disclosures) disclosure framework. Furthermore, it has included climate change-related risks and opportunities in the Company's ESG risk management. In 2023, the Company established a goal to reduce water consumption by 10% compared to 2022. The actual water consumption for the entire year of 2023 decreased by 61% compared to 2022.
<p>Industry Leadership for Shared Ecosystem</p>	<ul style="list-style-type: none"> The Company enhanced and updated the <i>Supplier Code of Conduct</i> to govern the conduct of suppliers in such areas as business ethics, fair trade, labor management, environmental protection, and data and privacy protection. It aims to establish a responsible and sustainable supply chain. The Company had a cumulative number of 40 million paid subscribers and served 1,508 corporate customers. In addition, this Company had nearly 4,000 cooperative hospitals, about 103,000 cooperative health management organizations, and about 230,000 cooperative pharmacies.

Environmental, Social and Governance Report

Awards and Recognitions

Awards/Honors	Honor Time	Appraiser/Awarding Agency
The 13th “Golden Fortune Management” Annual Corporate Social Responsibility Award	February 2023	Shanghai Securities News
Smart Living Partnership Awards 2022 - Outstanding Health Service Application	February 2023	ETNet
Excellent Case of High-quality Development in Big Health Industry	May 2023	Economic Information Daily
Outstanding Healthcare Platform Award	June 2023	Hong Kong Economic Times
Standing Board Member of ESG 30-person Forum	July 2023	Caixin
2023 ESG Competitive Enterprise	July 2023	Southern Weekly
2023 HREC Salary and Benefits and Supplier Value Award	September 2023	HR Excellence Center
Ram Charan Management Practice Award	October 2023	Harvard Business Review
Big Health’s Most Growing Listed Company	November 2023	National Business Daily
Annual Health Service Platform	November 2023	Jiemian
2023 Annual ESG Investment Selection for Listed Companies	November 2023	36Kr
Best ESG Innovation Award	December 2023	Zhitong Caijing
2023 Annual Industry Benchmark Enterprise and Annual Excellent ESG Case in “Sunshine” Research on the Competitiveness in Big Health Industry in the 21st Century	December 2023	21st Century Business Herald
2023 Top 10 “Commercial Landing” Breaking Enterprises in China’s Big Health Industry	December 2023	Iyiu Health
The 13th China Securities Golden Bauhinia Award in 2023 - Outstanding Investor Relationship Management Listed Company for 2023	December 2023	Hong Kong Ta Kung Wen Wei Media Group
2023 “ESG Pioneer 60” - Annual Enterprise ESG Practice Award	December 2023	Jiemian
2023 ESG Innovation Practice Case Award	December 2023	Snowball
“Annual Corporate Socially Responsible Award” from Shanghai Securities • Golden Fortune Management	December 2023	Shanghai Securities News
2023 Golden Kylin Award for the Most Promising Pharmaceutical Company Listed in the Hong Kong Stock Exchange in the Pharmaceutical Industry	December 2023	Sina Finance
Gelonghui Golden Award - Annual Pioneer in ESG	December 2023	Guru Club
2023 Responsible China ESG Innovation Case and Enterprise Governance Compliance Demonstration Case	December 2023	Southern Metropolis Daily
2023 Cailian Press Zhiyuan Award - Pioneer in ESG	December 2023	Cai Lian Press

Environmental, Social and Governance Report

About us

Company Mission

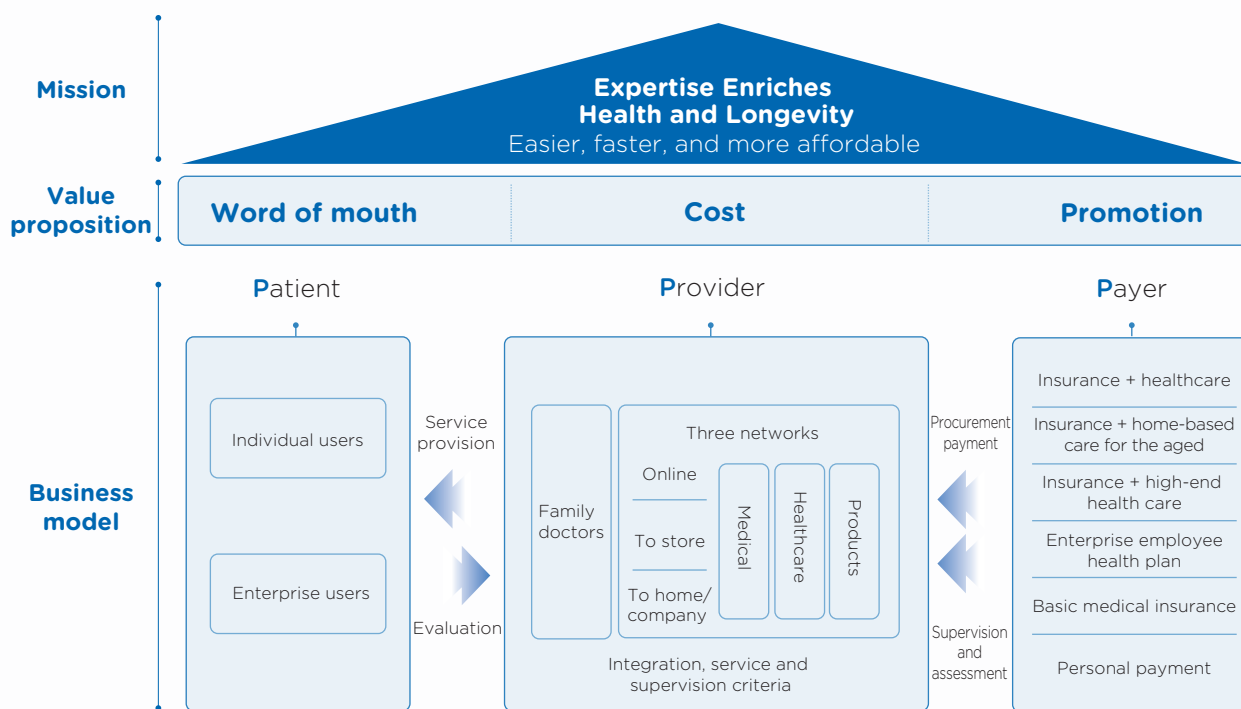
Bridging doctors and patients with professionalism and safeguard everyone's health.

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.

Development Strategy

As a crucial element of Ping An Group's managed healthcare model and the flagship enterprise in the healthcare ecosystem, Ping An Health has cultivated core competitive advantages including abundant payer resources, sound provider network, leading service system, and strong ecological empowerment, and is committed to establish a unique business model. As of now, it has built itself into a professional, comprehensive, high-quality, one-stop corporate health management service provider.



Corporate Culture

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 participate in sustainability actions. We also fully consider the interests of our stakeholders, such as employees and consumers, address social and public interests of the society such as ecological and environmental protection bodies in order to create a better and sustainable future together.

Environmental, Social and Governance Report

1. Sound System for Enhanced Governance



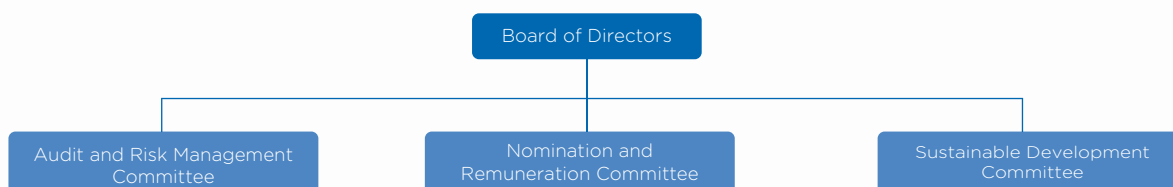
Ping An Health actively embraces the principles of sustainable development, consistently adhering to legal and regulatory requirements throughout its operations. It undertakes ongoing enhancements to its governance structure, reinforcing risk management systems. These endeavors aim to elevate strategic decision-making capabilities and operational management proficiency. Additionally, the Company is committed to advancing ESG governance initiatives, ensuring the sufficient protection of the interests of shareholders.

1.1 Responsible Governance

Ping An Health considers compliant operations as the foundation and driving force for sustainable development. It consistently upholds the highest standards of business ethics, perpetually refines its operational mechanisms, enhances internal management systems, and effectively manages potential risks, thus establishing a robust foundation for achieving sustained, stable, and high-quality development of the Company.

1.1.1 Corporate Governance

Ping An Health complies with the requirements of relevant laws, regulations, and normative documents such as the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, and the HKEX's *Corporate Governance Code*. The Company has established and improved its corporate governance structure, implementing a standardized management mechanism that delineates clear rights and responsibilities. The Board of Directors has instituted specialized committees, such as the Audit and Risk Management Committee, the Nomination and Remuneration Committee, and the Sustainable Development Committee, to provide assistance in decision-making processes.



1. Sound System for Enhanced Governance

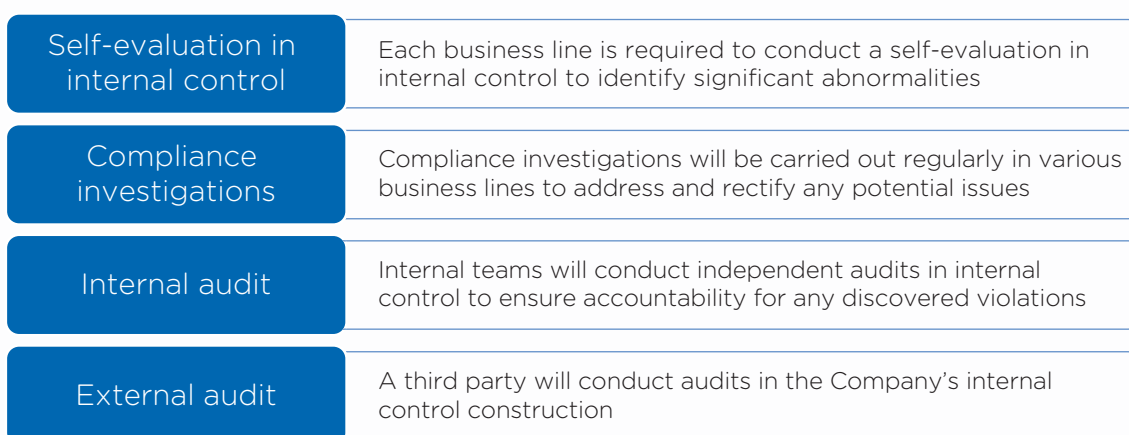
Ping An Health firmly believes the board diversity plays a crucial role in maintaining a competitive advantage, securing a broad range of perspectives for diversity development and achieving comprehensive talent reserves. A truly diverse Board should include board members with different talents, skills, regional and industry experiences, backgrounds, genders and other attributes. The Nomination and Remuneration Committee, as appointed by the Company, regularly evaluates and actively promotes diversity at the Board level. As of the end of the reporting period, the Board comprises eight Directors, including two female Directors. The Directors bring diverse expertise and skills, spanning finance, financial management, law, medical technology, and more.

1.1.2 Risk Management and Internal Control

Ping An Health considers the risk management and internal control system as a crucial guarantee for its stable operation. The Company constantly 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 risk management organizational structure places ultimate responsibility on the Board, with direct leadership from the management and support from the Risk Management Executive Committee. Close collaboration among various functional departments covers all business lines, aligning with external laws, regulations, regulatory policies, and internal systems for risk management. The Company has implemented risk control systems, including *Comprehensive Risk Management Measures* and *Risk Preference Management*, and has developed corresponding management systems and standards for various major risks. For details on the organizational structure and responsibilities related to the Company's risk management and internal control, please refer to the "Corporate Governance Report" section of the Company's 2023 Annual Report.

The Company has established a robust internal control effectiveness verification process with a clear division of responsibilities among functional departments involved in internal control. Through regular self-evaluation, compliance investigations, and auditing, the effectiveness of internal control functions has been affirmed. Any necessary actions were promptly taken to address the outcomes of internal control procedures.



Internal Control Effectiveness Verification Mechanism

1. Sound System for Enhanced Governance

In the realm of risk identification and management, the Company has established a comprehensive and robust risk management monitoring and reporting mechanism. This system regularly monitors risk indicators and related events, generating regular risk inspection reports. Currently, the Company has incorporated ESG-related risks into risk assessments. Concerning environmental considerations, the Company has integrated climate change-related risks into its risk management process and formulated corresponding climate change emergency plans. In the social context, the Company has identified risks such as information technology risks, brand reputation risks, and medical risks. There is a continuous effort to reinforce pharmaceutical quality and safety management, as well as product quality assurance systems in daily management and implementation. Risk control is also executed by consistently delivering responsible products and fortifying the responsible marketing governance system. The Company regularly identifies potential risks related to compliant operations and general operations, implementing timely improvement actions through robust internal control processes. We regularly monitor changes in various risk levels, formulate countermeasures and continue to follow up, report regularly, and constantly improve the company's overall risk management process to further implement the corporate sustainable development.

To disseminate risk management knowledge and enhance the risk management awareness of all employees, the Company has carried out risk management and compliance trainings. In 2023, the Company provided 17 interpretations of new regulations and conducted 197 risk management-themed training sessions covering 100% of employees. We promoted a risk compliance culture among employees in various forms, contributing to the enhancement of the Company's risk management and the development of its compliance culture.

1.1.3 Business Ethics

Ping An Health strictly adheres to 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 national laws and regulations. The Company also established the internal policies and systems, such as the *Audit and Supervision System*, the *Anti-Fraud System*, the *Employee Code of Conduct*, and the *Employee Conflict of Interest Management Policy*, which clearly stipulate the review mechanisms and procedures on business conduct, including anti-corruption, anti-monopoly, anti-fraud and interest conflicts management.


The Board takes the lead in business ethics and anti-corruption management. The Audit and Risk Management Committee represents the Board to review the Company's business ethics risk management, execution, and audit work on a quarterly basis. It annually assesses the effectiveness of business ethics risk management. The Company has established the evaluation standards based on driver's license-style compliance risk control, covering legal, internal control, business, and audit dimensions. We conduct monthly supervision and management of employees' business behavior, completing 32 supervision and evaluation projects across four lines of business management, internal control compliance, legal review, and audit and supervision. Each supervision and evaluation project will be assigned an evaluation deduction standard value according to its importance, and the corresponding deduction result will be included as a reference for the performance assessment of relevant personnel, so as to ensure personnel's adherence to business ethics and regulatory compliance. Additionally, we have linked the monitoring of irregularities and corruption with the evaluation system for management's performance and salary, establishing an effective anti-corruption management system and mechanism.


To enhance employees' awareness of compliance with laws and regulations and promote incorruptible conduct, the Company actively provides training on employee business ethics to help the employees improve their business ethics and their thinking and skills in anti-corruption. In 2023, 197 anti-corruption training/integrity culture advocacy sessions and 16 anti-corruption or related internal audit investigations were conducted, with 100% employees trained on business ethics criteria. During the reporting period, no anti-corruption lawsuits were filed against the Company or its employees.


1. Sound System for Enhanced Governance


To prevent corruption and unethical practices, Ping An Health encourages reporting of potential fraud and corruption by employees and all parties with business relationships with the Company. Reporting can be done through the Company's public reporting email address, petition site, or other means. Internal systems, including the *Management System on Petition* and the "Red, Yellow and Blue" Card Punishment System, have been formulated, and a full-time audit and supervision team is responsible for internal audit, investigation, and handling of petitions. Disciplinary punishment, salary deduction, restricted performance evaluation, and promotion-related measures are applied for confirmed violations by the audit and supervision team according to the "Red, Yellow and Blue" Card Punishment System. In 2023, the punishment procedures for violations were updated and refined based on changes in business development risks.

The Company guarantees the protection and confidentiality of whistleblowers through its petition system. The petition and coordinating departments are committed to safeguarding the legitimate interests of whistleblowers and preventing any form of retaliation.

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Whistleblowing materials will be treated with confidentiality. Real-name reporting will undergo desensitization, and any transfer of reporting materials to the unit or individual being reported is strictly prohibited.
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Anonymous whistleblowing materials will not be examined for handwriting or trace the letter-writer.
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When receiving and inspecting whistleblowers, confidentiality measures will be taken to ensure the anonymity of whistleblowers. A dedicated venue will be arranged for receiving whistleblowers, and no unrelated personnel are present on-site.
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No unit or individual is permitted to retaliate against the whistleblower, their relatives, or potential whistleblowers under any pretext or through any means.

Measures for the Protection of Whistleblowers in the *Management System on Petition*

The Company's channels for petition are as follows:

Mailing address	9/F, Block B, INNO OFFICE, Yangpu District, Shanghai
Online e-mail address	dept_jkhlwdshswhxfyx@pingan.com.cn

Key Performance	
Anti-corruption training/integrity culture advocacy sessions	197 times
Anti-corruption or related internal audit investigations	16 times
Coverage of employees trained on business ethics criteria	100%

1. Sound System for Enhanced Governance

1.2 ESG Management

Ping An Health actively embraces the concept of sustainable development, cultivating a corporate culture and strategy dedicated to sustainability. The Company optimizes its governance structure to support sustainable development and integrates economic, social, and environmental factors comprehensively in the business decision-making process. Additionally, Ping An Health is responsive to the ESG requirements of stakeholders from multiple perspectives. This commitment aims to continually enhance the Company's overall ESG performance.

1.2.1 ESG Governance

Statement of the Board of Directors

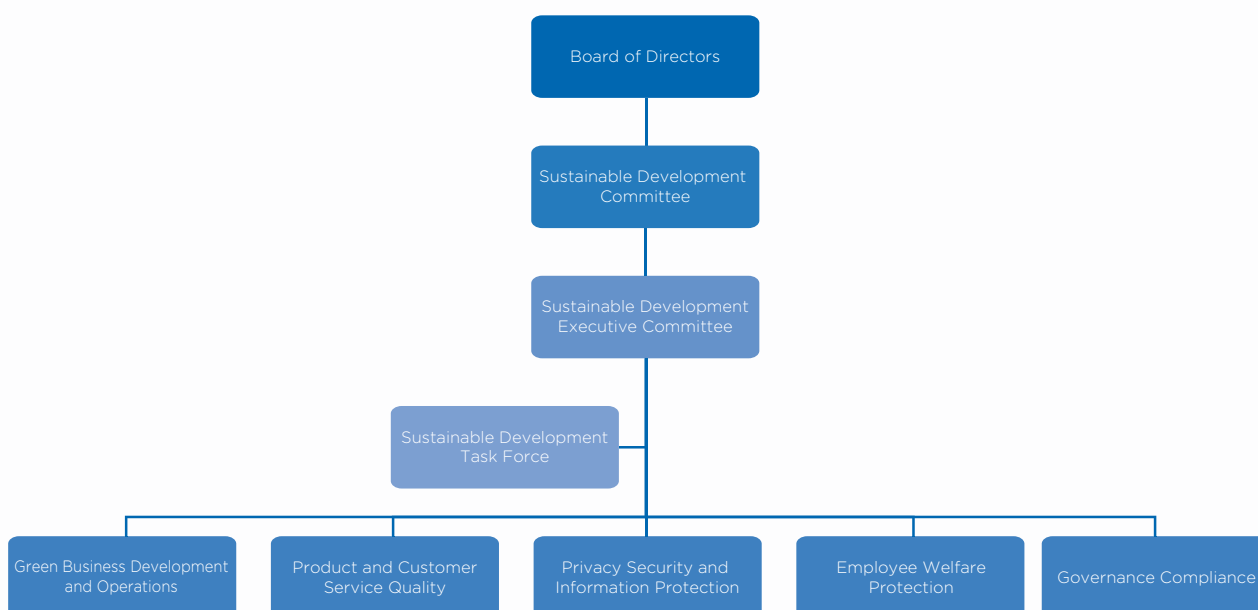
At Ping An Health, the Board of Directors is responsible for coordinating, leading, and monitoring the Company's ESG management and ESG information disclosure, and incorporating ESG factors into the strategic decision making and daily operation management. The Board of Directors leads the identification of industrial sustainable development trend, decision making of sustainable development strategy, and determination of key ESG management issues.

During the reporting period, the Board of Directors of the Company approved a resolution regarding the *Sustainable Development Strategy, Goals, and Action Plan*. For the significant sustainability issues related to the Company, three-year development strategies and goals have been established. The progress of these goals would be regularly monitored and evaluated in the future, aiming to further enhance the Company's sustainable development management.

The Company's Board of Directors holds regular meetings annually, and listens to the Sustainable Development Committee's reports on ESG management. After making clear of the Company's ESG management status, we identify the ESG management risks, monitor and evaluate 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 Company also reports the ESG-related exchange rule changes and regulatory policy updates, industrial major news on key ESG issues, and ESG-themed case analysis and sharing to its directors in monthly directors' newsletter. It is committed to improving the skills and abilities of Board members in sustainable development and promoting Board members to actively fulfill responsibilities in sustainable development risk management with an attitude of keeping learning, thereby continuously improving the Board's ESG related governance level.

ESG Governance System

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:



1. Sound System for Enhanced Governance

The Board of Directors coordinates, leads and supervises the development and implementation of the ESG strategy and the ESG information disclosure of Ping An Health. To improve the Company's governance, and fully and actively perform its ESG responsibilities, the Company set up the Sustainable Development Executive Committee, and actively prepared the optimization of the ESG governance structure to make it clear the working responsibilities for ESG management at all levels and departments, and continuously build a better ESG management system.

The Company's ESG working rules at all levels are as follow:

Levels	ESG-related responsibilities
Board of Directors	<ul style="list-style-type: none"> • Coordinate, lead and oversee the development and implementation of sustainable development management strategies; • Receive the report on ESG's work at the annual board meeting; • Supervisory guidance on systemic ESG risk management; • Consideration and approval of the Company's ESG reports.
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; ▪ 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 as required by investors and regulators, and timely update the relevant policies; ▪ 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; ▪ To coordinate other ESG-related work as requested by the Board of Directors. • Review the Company's annual sustainable development reports.

1. Sound System for Enhanced Governance

Levels	ESG-related responsibilities
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; • Coordinate and implement the compilation and release of the Company's annual ESG report.
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"> ▪ To assist in the collection, statistics, reporting and archiving of ESG-related data and information, and implement the regular data collection mechanism; ▪ To synchronize ESG work vertically with the Sustainable Development Task Force and communicate horizontally with each special unit on ESG work.

In 2023, Ping An Health continues to optimize the progressive ESG work communication mechanism, so that all levels of the Company can promote the ESG implementation through a more mature and sound communication mechanism. Each special unit reports monthly to the Sustainable Development Task Force on ESG-related data, and summarizes the ESG-related work implementation and highlights. The Sustainable Development Committee holds semi-yearly meeting, and proposes optimization recommendation for the preparation of the mid and long-term ESG strategies as well as ESG work of the Company, and reports to the Board of Directors on ESG work and other major ESG issues semi-annually. In addition, the Company plans to gradually implement the annual assessment plan in the future. Annual summaries and recognitions of ESG work will be carried out.

ESG Strategy and Development Goals

To achieve comprehensive planning and management of ESG work, Ping An Health has formulated its sustainable development strategies and plans based on factors such as stakeholders' impacts, dependence, expectations on the Company, and the overall development strategy of the Company to further strengthen the sustainable development culture atmosphere. In 2023, the Company's Board adopted the *Sustainable Development Strategy, Goals and Action Plan*, so as to evaluate performance based on sustainable development goals and indicators, fully identify internal and external challenges, and set new goals and indicators for contributing to sustainable development.

1. Sound System for Enhanced Governance

Sustainable Development Strategy
The Company's "original intention" and "sincere commitment" are to "bridge doctors and patients with professionalism and safeguard everyone's health."
"Quality service" serves as the primary management measure, a direct conduit, and a customer commitment to actualize the Company's "original intention."
The pursuit of "healthy ecology" and "technological innovation" serves as the implementation paths and technical guarantees to realize the Company's "original intention."
The concept of "green operation" represents the future, fostering a harmonious coexistence between humans and the environment. This approach allows the Company to proactively anticipate risks and opportunities, ensuring its sustainable development.

Sustainable Development Goals (3 years)		
Sustainable Development Issues	Development Strategies	Goals
Quality products and services	To represent the payment party and integrate the supply side to provide customers with the "most cost-effective" "professional, comprehensive, high-quality, and one-stop" healthcare services	<ol style="list-style-type: none"> To steadily improve the service standardization level year by year To increase the percentage of services receiving service link monitoring system ("Eagle Eye" service monitoring) year by year To complete 20 sessions of training and assessments on medical regulations and systems annually, and 5 sessions of training and assessments on drug related regulations and systems
Customer experience and responsible marketing	To put "people" first and serve users with "warmth" and "honesty"	<ol style="list-style-type: none"> To steadily increase the customer satisfaction, and by the end of 2026, to significantly decrease the ratio of customer complaint issues to order volume compared to the current situation To achieve 100% coverage of employees in annual compliance marketing training
Sustainable supply chain/collaborative network	To build itself into a responsible platform provider, purchaser, and product provider, establish an industry-leading partner management system, and incorporate sustainable development principles into the supplier management system	To include sustainable development clauses (anti-bribery, etc.) in 100% supplier cooperation contracts

1. Sound System for Enhanced Governance

Sustainable Development Goals (3 years) (continued)		
Sustainable Development Issues	Development Strategies	Goals
Employee development and security	<ol style="list-style-type: none"> 1. Fair, respectful, and diverse career development 2. Living and working in peace, reducing worries, and creating a “work-life” balance 3. Reasonable organizational structure and personnel allocation 4. To maintain the mental health of enterprise employees and create an inclusive environment 	<ol style="list-style-type: none"> 1. To maintain employee diversification, with female employees accounting for no less than 50% 2. To constantly conduct employee satisfaction and engagement surveys to maintain the upward trend in the results 3. To achieve an annual employee training coverage of 100% 4. To regularly review organizational structure and output organizational analysis reports, with continuous optimizations and adjustments to support business development 5. To regularly organize collective activities, encourage diversified employee club activities, and complete 20 employee club entertainment activities annually
Corporate governance	Scientific decision-making, improving transparency, and setting an example	<ol style="list-style-type: none"> 1. To annually review governance institutions, mechanisms, and processes 2. To quarterly review the effectiveness of the risk management system 3. To reach an annual employee coverage rate of 100% in risk culture and compliance promotion and training
Information security and privacy protection	<ol style="list-style-type: none"> 1. Compliant collection and use of data for providing a sense of security for data owners 2. Protection of data and avoidance of improper data leakage 	<ol style="list-style-type: none"> 1. To audit information security policies and systems annually 2. To reach an annual employee coverage rate of 100% in data security and privacy protection related training 3. To conduct 4 annual drills on emergency plans/schedules for information security incidents

1. Sound System for Enhanced Governance

Sustainable Development Goals (3 years) (continued)		
Sustainable Development Issues	Development Strategies	Goals
Business ethics	To uphold the moral values and adhere to “regulations+1”	<ol style="list-style-type: none"> Employee business ethics: To reach a 100% employee coverage in incorruptible culture and anti-corruption education for all employees, with 100% verification of incorruptible petition and reporting issues Corporate business ethics: To achieve 100% compliance in anti-monopoly and fair trade
Development of medical technology	Medical technology drives high-quality development and improves user experience	<ol style="list-style-type: none"> To continuously improve intelligence empowered efficiency of the doctors To steadily increase the digitalization rate of business and management
Practicing corporate social responsibility	<ol style="list-style-type: none"> To assist the implementation of the Healthy China 2030 Plan by the action to improve national health literacy To assist in rural revitalization and medical ecological construction, adhere to medical and health public welfare, and actively contribute to society 	To carry out no less than 15 sessions of various medical or health public welfare activities in total annually, with no less than 30 participants for each offline activity, and no less than 1,000 viewers for each session of online health science popularization activities
Green operation	To integrate the concept of green environmental protection into the Company’s office operation management, continuously strengthen the systematic construction of environmental management, pay attention to the cultivation of employee behavior awareness, and comprehensively promote the implementation of the Company’s green and low-carbon strategy	<ol style="list-style-type: none"> To continuously calculate and disclose operational carbon emissions, with a year-on-year decrease in total carbon emission indicators To publicize among all employees every year any and all potential emergencies in the response to climate change, with an employee coverage rate of 100% To promote the concept of waste management among employees, with an employee coverage rate of 100%

1. Sound System for Enhanced Governance

1.2.2 Communications with Stakeholders

The Company regards the concerns and demands of stakeholders as an important driving force for its ESG management. The Company establishes a robust communication mechanism with stakeholders, including government, investors, consumers, employees, and partners. It actively incorporates the opinions and suggestions of all stakeholders to ensure their effective participation. The Company maintains transparency in decisions and activities that impact society and the environment, striving to better meet the expectations and requirements of all stakeholders. In 2023, the Company held two performance presentations among investors, communicated with investors 358 times through emails and phone calls.

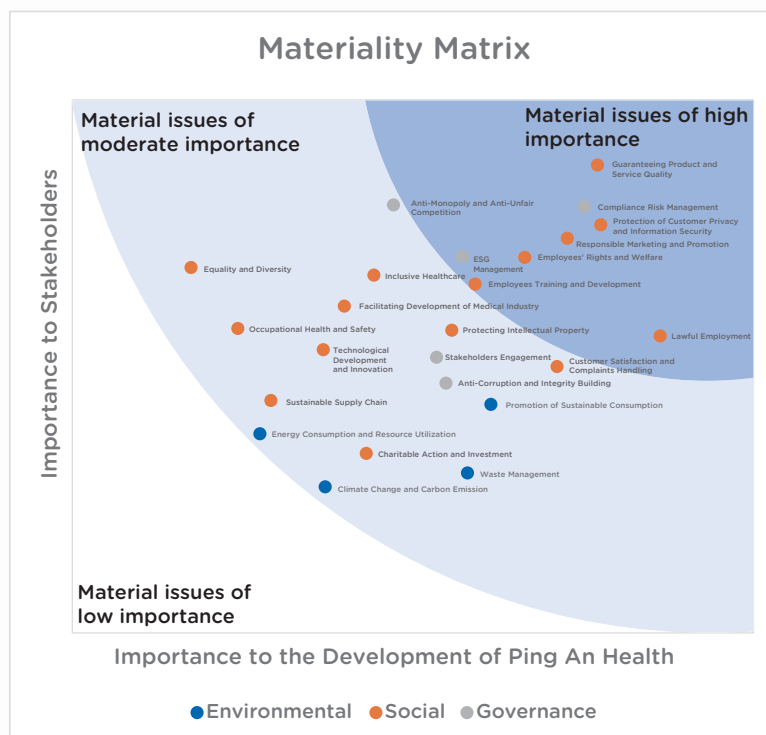
Stakeholders	Expectations and Requirements	Communications and Responses
 Investors and shareholders	Sustainable profitability Standardized corporate governance Protection of rights and interests	Generating long-term income Improvement of internal control system Regular disclosure of information General 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
 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

1. Sound System for Enhanced Governance

1.2.3 ESG 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 2023, Ping An Health identified 24 material issues of importance to stakeholders. The exercise was based on the sustainability reporting standards of the Global Reporting Initiative (GRI), the standards of the Sustainability Accounting Standards Board (SASB) and other international mainstream report compilation standards and on the HKEX's *ESG Reporting Guide* combined with the Company's business-related industry standards and market concerns.

In 2023, the Company distributed survey questionnaires to various internal and external stakeholder groups through social media platforms, email and other mediums. Based on the issues and materiality assessment results reported by various stakeholders and the importance of each issue confirmed by the Sustainable Development Committee 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.



Environmental, Social and Governance Report

2. Improved Quality for Stable Development



Ping An Health focuses on empowering scientific and technological innovation. The Company is committed to building a comprehensive quality management system, streamlining customer communication mechanisms, ensuring information security, practicing responsible marketing, and enhancing customer satisfaction. These efforts aim to continuously infuse sustainable momentum into the Company's development.

2.1 Product and Service Innovation

The Company makes efforts to drive technological innovation in the industry. Through innovation and digitalization of products and services, the company is committed to offering customers better healthcare solutions, contributing to the improvement of brand influence.

2.1.1 Technological Innovation

Ping An Health focuses on technological innovation to provide personalized, one-stop, warm medical services for users in various scenarios. We are committed to developing artificial intelligence as the advancing technology to empower doctors with more knowledge and higher efficiency when providing medical and health services for patients, and thus increasing user satisfactory.

Technology empowering health check-ups

Ping An Health has developed intelligent interpretation capabilities to provide users with detailed report analysis. The health check-up reports can be integrated with medical knowledge graphs to form comprehensive interpretations, thus providing a one-stop visual health management service. The report accurately describes the changing trend of user health status, so that Ping An Health's family doctors can control the risk of the potential diseases and forecast their development.

Technology empowering chronic diseases

Ping An Health provides users with customized chronic disease management solutions to help them develop healthy habits and reduce the risk of diseases deterioration. Through the accurate identification of photos, the efficiency of the health manager's work in meal health assessment has been significantly improved.

2. Improved Quality for Stable Development

Innovative Medical Solutions

Ping An Health collaborates with both internal and external partners to innovate digital products and services, leveraging its fully integrated platform resources, industry expertise, and digital strengths.

One-stop corporate health management solution

Ping An Health has revamped its employee health management product system to cater to the specific needs of enterprises. The objective is to offer more flexible and comprehensive employee health management solutions. Introducing the “Enterprise EZHealth” health management product portfolio, the Company has established two solutions with “Health Checkup+” and “Health Management+” as the cornerstone. These solutions aim to provide personalized health services in a butler-style approach to employees before, during and after medical checkup, and achieve a closed-loop health management system encompassing “health detection, risk management” to “health intervention, medication, and medical treatment,” ultimately assisting employees in enhancing their overall health status. During the reporting period, Ping An Health underwent a comprehensive upgrade of its health check-up business to Version 2.0. It introduced five value-added services through differentiated enhancements, showcasing its overall competitive edge. Furthermore, to address the challenges of fragmented enterprise health management and employees’ poor experience in health management and medical treatment, Ping An Health has introduced an integrated enterprise health management platform. This initiative allows enterprises to access a comprehensive health management system, enables employees to maintain individual health records, and eliminates the fragmentation in enterprise health management.

Enterprise health check-up program customization

The Health Check-up Research Institute works with internal and external experts to customize the personalized group health checkup program

Corporate health officer

Delivering consulting services and professional analysis on a one-on-one basis, following a “1 doctor for 1 enterprise” model

Corporate health dashboard

Health data visualization, group health check-up services management, full analysis of health status, enabling enterprises to manage efficiently

Group health check-up for enterprise

Multi-dimensional professional analysis, providing enterprises with argumentative health management recommendations

Ping An Health Family Doctor IVI

Online real-time professional guidance, on call for any health problem after examination

Upgrade to “Enterprise EZHealth” 2.0

2. Improved Quality for Stable Development

Health profiles

Ping An Health continues to enrich the dimension of user's health profiles to achieve differentiated and customized service experience. In 2023, Ping An Health comprehensively upgraded its health profiles to provide users with professional guidance, implement front-end to back-end full-process coverage of healthcare services, which run through the entire chain of healthcare services from online to offline.

Performing targeted risk assessments, analyzing anomalies, aligning online medical resources, recommending offline options, and addressing users' quick consultation needs

Establishing a user-centric disease labeling system, empowering family doctors to oversee specific patient groups with a focus on managing indicators, interpreting results, and formulating tailored programs

Implementing encrypted display of user information on both the client and doctor's workbench

Users can upgrade health records on their end, including multi-dimensional health data. Through the health file, users can access online consultation records, prescriptions, medication details, and other relevant information

Doctors can access comprehensive user health data, including physical signs, indicators, medical history, allergies, and family history, via the doctor's workbench, to enhance consultation efficiency

Upgrade of health profiles

2. Improved Quality for Stable Development

Serum glucose control software and hardware integration services

Ping An Health utilizes dynamic Serum glucose meters to achieve real-time monitoring of Serum glucose indicators, and provides users with in-depth blood sugar management guidance and lifestyle habits training through online, community, telephone follow-up and other ways, in order to improve the performance of users' blood glucose indicators. Combined with the medical management approach of shaping lifestyle based on the online APP management tool and the corporate WeChat community sugar control boot camp, the services would have a long term effect on the users' control and improvement of serum glucose.

Ping An Health collaborated with Huawei Sports Health to accelerate construction of Digital Intelligent Health Management Ecosystem

Ping An Health and Huawei Sports Health APP jointly launched the "Privilege Guardian Service" focusing on online health management. Through the accurate sports health data monitoring capabilities of Huawei smart wearable devices and Ping An Health's health services, users are provided with efficient and professional 7*24 hours of Ping An Health family doctor services and convenient offline medical services, and a more intelligent and professional wrist health management experience will be created.



Collaboration of Ping An Health and Huawei Sports Health services

2.1.2 Intellectual Property Protection

Good intellectual property protection mechanism is the foundation for the Company to realize scientific and technological innovation. Ping An Health puts independent innovation and intellectual property rights at the core of enterprise development. The Company strictly abides by the *Copyright Law of the People's Republic of China*, the *Patent 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 has established a highly efficient control system for its intellectual property rights. Ping An Health has formulated rules and regulations including the *Intellectual Property Management System*, *Patent Management Rules*, *Copyright Management Rules*, *Trademark Management Rules*, *Patent Reward Management Rules*, *Business Secret Protection Management Measures*, and *Brand Authorization Management Rules*, to systematically manage and maintain intellectual property rights such as trademarks, patents, copyrights and trade secrets.

2. Improved Quality for Stable Development

During the reporting period, Ping An Health established a Technical Framework Management Committee, with the Chief Technology Officer serving as the director of the Committee, the head of the technical center serving as the general secretary of the Committee, and the relevant heads of technology research and development of each business line serving as the members of the Committee. The main responsibilities of the Technology Framework Management Committee include planning and reviewing the Company's technology framework, evaluating and reviewing the systems and processes related to technology application, assessing the introduction of new technologies and managing the technology routes, so as to provide support for the Company's technology patent application. In addition, with respect to the patent progress tracking and reporting mechanism, the Company has set up a strict patent project access and approval process to track the progress of application projects in a timely manner.

To further promote the innovation spirit of our employees, we have set up a series of incentives and rewards for patent applications, and issued corresponding bonuses and rewards to those who have obtained the acceptance and authorization of invention patents, utility model patents, and design patents, which encouraged our employees to apply for patents. During the reporting period, the Company applied for a total of 368 patents, meeting the annual patent technology target.

We also pay attention to the improvement of intellectual property awareness and management ability of our employees, and constantly strengthen intellectual property related publicity and training. During the reporting period, we coordinated internal and external training resources to carry out a series of specific intellectual property training activities for employees of all business lines, covering daily issues of intellectual property management and special case studies. During the reporting period, the Company has conducted a total of 15 intellectual property-related employee trainings and 6 intellectual property compliance campaigns which covers all employees by email.

Key Performance	
Number of domestic patent applications in 2023	368
Number of patents granted in 2023	208
Number of trademarks approved in 2023	47
Intellectual property training/campaign in 2023	21 times

2. Improved Quality for Stable Development

2.2 Product Quality and Safety

High-quality products and services form the cornerstone of the Company. Upholding the principle of quality first and the service concept of professionalism and science, Ping An Health is committed to providing users with high-quality healthcare products and services.

Ping An Health strictly abides by the *Law on Doctors of the People's Republic of China*, the *Medical Product Administration Law of the People's Republic of China*, the *Rules for the Supervision and Regulation of Internet Diagnosis and Treatment (Trial)*, the *Good Supply Practice for Pharmaceutical Products*, the *Measures for the Supervision and Regulation of Internet Sales of Pharmaceuticals* and the *Measures for the Administration of the Internet Sales of Medical Devices*. We have formulated the *Pharmaceutical Quality and Safety Management Measures of Ping An Health (2023 Edition)* as the highest policy of medical quality and safety management at the corporate level, which clearly defines the quality and safety management of internet diagnosis and treatment, the platforms for the online sale of pharmaceuticals, the offline healthcare institutions, the self-operated pharmacies, and the suppliers of pharmaceutical services, and fully implements the duties of the business divisions as the first body responsible for the management of the quality and safety of pharmaceuticals.

The Company has established the Pharmaceutical Quality and Safety Management Committee, which convenes biannual meetings. Additionally, it has formed the Medical Quality and Safety Management Task Force and the Drug Quality and Safety Management Task Force, conducting quarterly meetings to reinforce quality management reporting and supervisory mechanisms. Furthermore, we continuously enhance the healthcare service monitoring system and have set 188 indicators for pharmaceutical quality and safety management, covering areas such as online consultations, online drug sales, and offline institution management. We have established systematic management mechanisms for prescription quality and handling complaints and disputes in online consultations, continually strengthening the quality management of healthcare services.

The Company obtained the ISO 9001 quality management system certification for health medical related services and online mall services. The certification applies to 100% of the Company's business operations.



Certificate for ISO 9001 quality management system certification

2. Improved Quality for Stable Development

2.2.1 Medical Service Quality Assurance

In respect of Internet diagnosis and treatment, Ping An Health revised 21 management systems related to online diagnosis and treatment services, including the *Internet Hospital Diagnosis and Treatment Management Standards*, *Internet Hospital Medical Record Management System*, *Internet Hospital First Diagnosis and Responsibility System*, *Internet Hospital Referral Management System* and other relevant management systems. In addition, Ping An Health established the *2023 Red and Black List Mechanism for Specialized Medical Services*, conducted weekly spot checks and public announcements of consultation cases and used it as a reference at the end of the month for rewards and penalties of the performance group, so as to enhance the experience of medical services and put an end to non-compliance phenomena such as over-marketing and over-pushing of medicines. The scoring system is checked by doctors, department directors and medical service teams at various levels, making the doctor consultation process and electronic writing more standardized and systematic, effectively improving the quality of medical services, and protecting the health rights and interests of users.

Release of *Pharmaceutical Compliance Guidelines*

In September 2023, based on the current situation of our pharmaceutical business, Ping An Health issued the *Pharmaceutical Compliance Guidelines*, which included the management principles and compliance review points of pharmaceuticals related services and products, pharmaceuticals related business process design, pharmaceuticals related publicity materials and other matters, and clarified the qualification requirements of medical institutions, medical personnel and medical services, with an aim to ensure the legality and compliance of our pharmaceutical business.

Medication Risk Control

Ping An Health pays constant attention to the national compliance requirements on drug management, continuously strengthens the risk control of medication, and guarantees the rationality and safety of patients' drug use through scientific and technological means.

Prescription risk control system

Ping An Health has set up a prescription risk control system, which enables early warning or operational control of doctors for non-compliance in the prescription submission process, and the relevant early warning information will also be synchronized to the prescribing pharmacist. Risk control rules include, but are not limited to, overdosing, contraindications to drug compounding, and contraindications to the use of drugs in special populations. The risk control rules are centrally maintained by the Company and currently cover the majority of the jointly established Internet hospitals.

Prescription sampling mechanism

Offline partner hospitals conduct random checks on Internet hospital prescriptions according to their own management needs based on the *Internet Hospital Prescription Review Management System*, with the main scope of checking being the rational use of medication and extraordinary prescribing issues.

2. Improved Quality for Stable Development

Case

Specialized training on medication safety and medical liability

Ping An Health organizes monthly training on rules and regulations related to medication safety and medical liability. The training was pushed out to all staff through the Zhiniao platform, covering all specialty departments and all frontline medical staff.

In March and October 2023, Ping An Health's frontline medical staff participated in the training organized by Chengdu Hi-Tech District Medical Association and Shanghai Xuhui District Medical Association on the knowledge of clinical application of antimicrobial drugs and standardized management respectively.

On September 27, 2023, Ping An Health comprehensively summarized the major adverse drug reaction cases and completed the special training and advocacy, with training participation rate exceeding 85%.

2. Improved Quality for Stable Development

Quality Culture Construction

To continuously improve the quality assurance ability of the team and promote the quality awareness of all staff, Ping An Health empowers the staff to improve their knowledge of quality control by actively organizing quality-related activities and carrying out quality trainings in each department, further strengthening the quality awareness of all the staff, and creating a quality culture in which everyone pays attention to quality and pursues quality. As of the end of the reporting period, Ping An Health's medical service quality training has covered 100% employees.

Case

Ping An Health's Medical Quality Improvement Campaign

During the reporting period, to further improve the quality of medical services, and create a medical quality control culture with full participation, Ping An Health organized the second session of the Medical Quality Improvement Campaign, which covered a number of business sections such as online diagnosis and treatment, offline healthcare institutions, offline pharmaceutical companies, and supplier management. The subject matter experts of each project analyzed and discussed the medical quality problems encountered in the course of the Company's actual business, and explored the corresponding solutions. The event lasted a total of seven months from the declaration of the theme to the release of the results. After layers of selection, coaching, project defense and other links, 12 projects were finally shortlisted for the finals, and the topic declared by the pediatrics department of the online diagnosis and treatment business came out on top.

Case

Specialized training for Ping An Health's family doctors

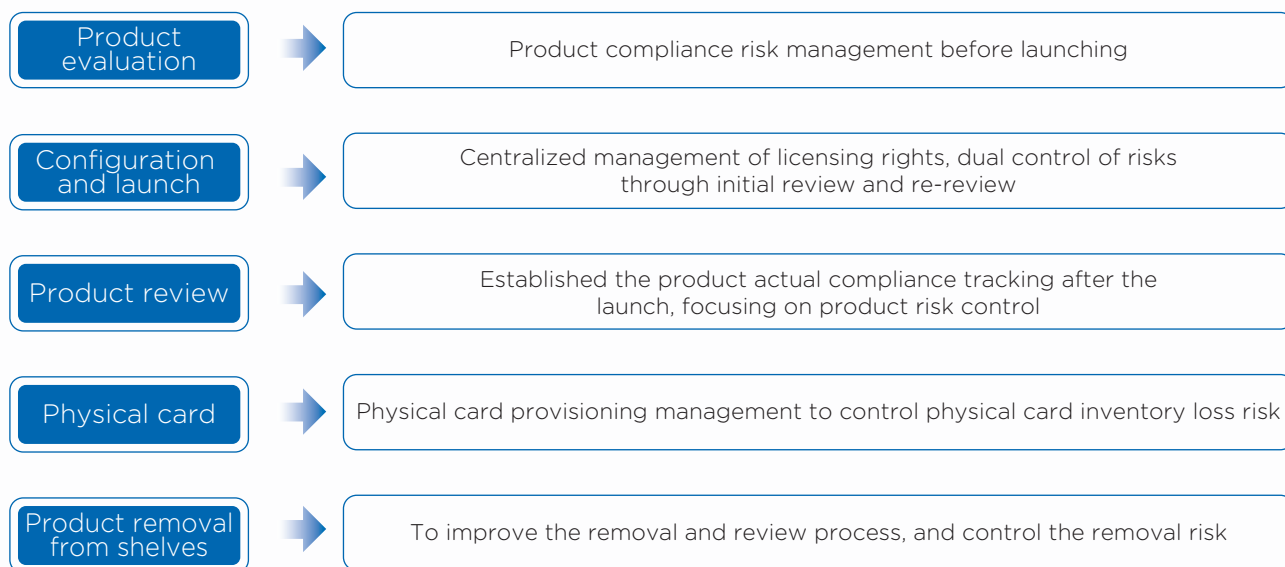
Since 2023, Ping An Health's family doctor team has conducted a total of more than 75 special training sessions, covering medical professional improvement, medication and diagnosis and treatment standardization, operation standardization, doctor's communication skills and other professional and service training.

2. Improved Quality for Stable Development

2.2.2 Product Quality Assurance

Quality Control of Online Sales Platform

Ping An Health runs quality control throughout the process of product distribution. We have established a comprehensive product lifecycle management process, and realized all-round quality management from product evaluation to product removal from the shelves.



Product Lifecycle Management

In terms of platform compliance monitoring, Ping An Health is dedicated to regulating the behavior of online sale of pharmaceuticals, strengthen the management of platforms and self-owned merchants, and ensure that information about the pharmaceuticals for sale is true and accurate. In 2023, Ping An Health revised the *Rules for the Management of Merchants in Ping An Health Mall* to implement stricter control and punishment measures for merchants' off-site transactions and the issuance of wrong goods. To ensure the legitimate qualifications of merchants and the regular and reliable sources of goods, Ping An Health carries out a multi-dimensional audit of merchants on the platform, including qualification audit, quality sampling inspection, third-party testing and publicity content audit, in order to fully guarantee the quality of products and services in the mall.

2. Improved Quality for Stable Development

Qualification audit

- Merchants are required to provide business licenses, industry business documents and other certificates to prove that the goods have a proper source.
- A third-party qualification verification organization is introduced to verify the authenticity of the qualification materials provided by the merchants, and reject the qualification materials that are verified to be untrue, so as to ensure that the merchants are operating within the legitimate business scope and that the goods are genuine.

Quality sampling inspection

- The Company will purchase a number of mall products as an anonymous customer every two months, record the unpacking process, take photos to record the style of the goods drawn, and verify the quality standards of the received goods after receiving the goods, including but not limited to Chinese product name, production factory name, production site, product inspection certificate, production date or expiration date.
- The unqualified goods will be marked for violation and publicized in the merchant background.

Third party testing

- For the goods with no problems found in the quality sampling process but many user complaints, they will be sent to third-party testing institutions for product quality testing.

Publicity content audit

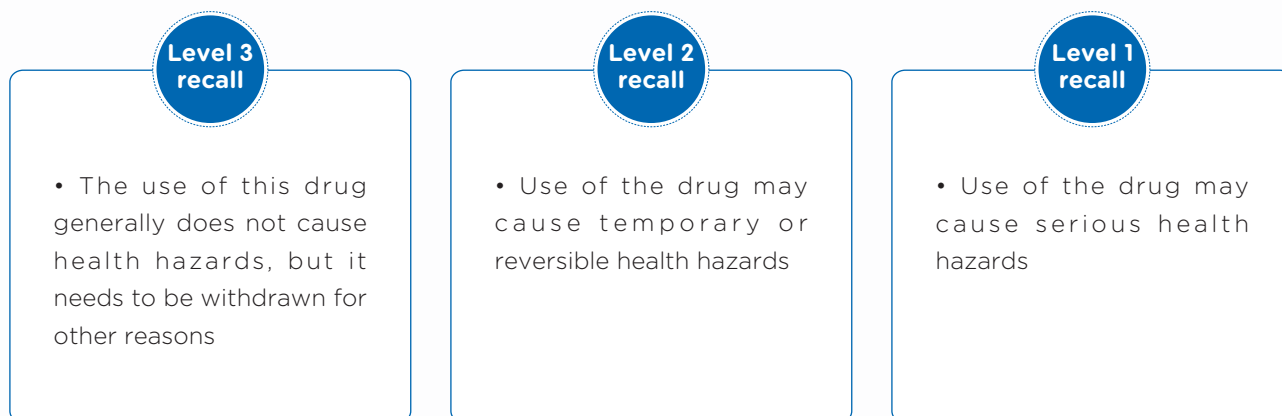
- Using a combination of system and manual approach to merchant publicity content control, the publicity content is checked at three nodes: new product review, update scanning, and manual spot checking.
- When merchants upload and update product descriptions, banned words and high-risk words will be scanned and prompted; for commodities on the shelves, strictly monitored commodities will be manually spot-checked, and those found to be in violation of the law will be marked as violation and taken off the shelves.

Product Quality Assurance

Product Recall

Ping An Health formulated the *Drug Recall Management System* in accordance with the *Drug Administration Law of the People's Republic of China* and the *Product Quality Law of the People's Republic of China* to clarify the product recall process and ensure that the whole process of drug recall is timely, compliant and traceable. Ping An Health divides drug recall procedures into three levels according to the severity of drug safety hazards.

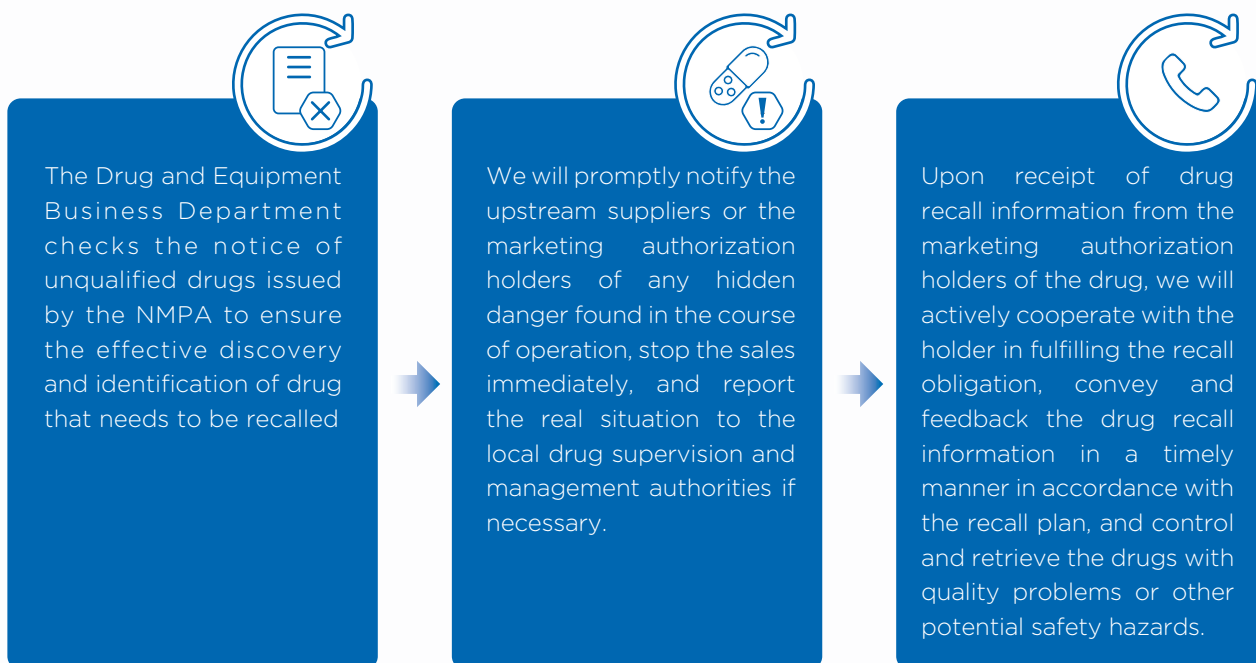
2. Improved Quality for Stable Development



Hierarchical Drug Recall System

Ping An Health actively assists the marketing authorization holders in the investigation and evaluation of marketed drugs with quality problems or other safety hazards, and assists in fulfilling the recall obligation.

During the reporting period, Ping An Health did not experience any product recalls.



Drug Recall Process

2. Improved Quality for Stable Development

2.3 Information Security and Privacy Protection

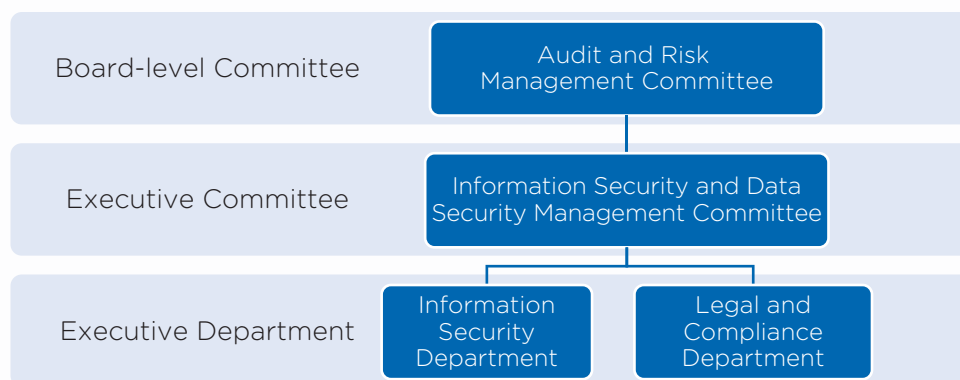
Ensuring data security and customer privacy is the core competitiveness of Ping An Health for sound development. Ping An Health strictly abides by laws and regulations such as the *Cybersecurity Law of the People's Republic of China*, the *Data Security Law* and the *Personal Information Protection Law* as well as other laws and regulations, improving and revising relevant systems and policies on information security, data security and personal information protection applicable to all business operations and branch companies/subsidiaries, to strengthen the control through institutional standardization.

In terms of information security, we have formulated the *Information Security and Data Security Management Policy Statement*. In terms of privacy protection, the *Member Privacy Policy of Ping An Health* effectively protects users from exercising their rights including access, rectification and deletion of individuals' data.

2.3.1 Systematic Management

Information Security Management System

Ping An Health has established a top-down information security management structure, with the Information Security and Data Security Management Committee reporting to the Audit and Risk Management Committee to ensure the effective implementation of information security and privacy management.



Information Security and Privacy Management System of Ping An Health

2. Improved Quality for Stable Development

Ping An Health attaches great importance to and adheres to the bottom line of data security in accordance with the relevant principles of data protection, and made the following commitments:

Data minimization

stores users' personal information only for the shortest period necessary for the purpose of providing products and services. After the necessary period of time, the user's personal information will be deleted or anonymized.

Third party data processing

promises that the Company will not actively collect users' personal information from third parties, except when required by law. The Company and its partners are also under a duty of confidentiality and will not rent, sell, or provide personal data to third parties for purposes other than completing transactions/services.

Compliance with laws and regulations

ensures that data collection conforms the laws and regulations, rules, and regulatory requirements.

Clear responsibility

determines the responsibilities, obligations and rights of parties related to data collection.

Active willingness

users should actively agree to the authorization for collection prior to information collection.

Inform before collection

information collection is only allowed after obtaining users' consent.

Management System Certification

While continuously improving our own information security and privacy protection construction, we actively carry out the audit and certification of information security and personal information protection related systems. During the reporting period, Ping An Health carried out and obtained ISO/IEC 27001: 2013 information security management system certification, ISO/IEC 27701: 2019 privacy information management system certification, ISO 27799: 2016 personal healthcare information security management system certification, TLC030-2021 certificate for data security management capability of the Ministry of Industry and Information Technology, and the Health and Medical Big Data Trustworthy Selection and Evaluation Certificate of China Academy of Information and Communications Technology (CAICT). The scope of ISO/IEC 27001:2013, ISO/IEC 27701:2019, and ISO 27799 certificates covers information security management activities of the Company's health medical related services and the online mall services, and the certifications have covered 100% of its business.

2. Improved Quality for Stable Development



Information Security Management System Certification

Information Security Audit

The Company regularly conducts internal audits related to information security and requires external independent audits to be conducted at least once a year to ensure the effectiveness of information security policies and management systems. During the reporting period, we conducted three external independent audits 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, the review of the Company's information security management system and privacy information management system by DNV and the Company's data security management system passed the audit of the CAICT and TL Certification Center.

2. Improved Quality for Stable Development

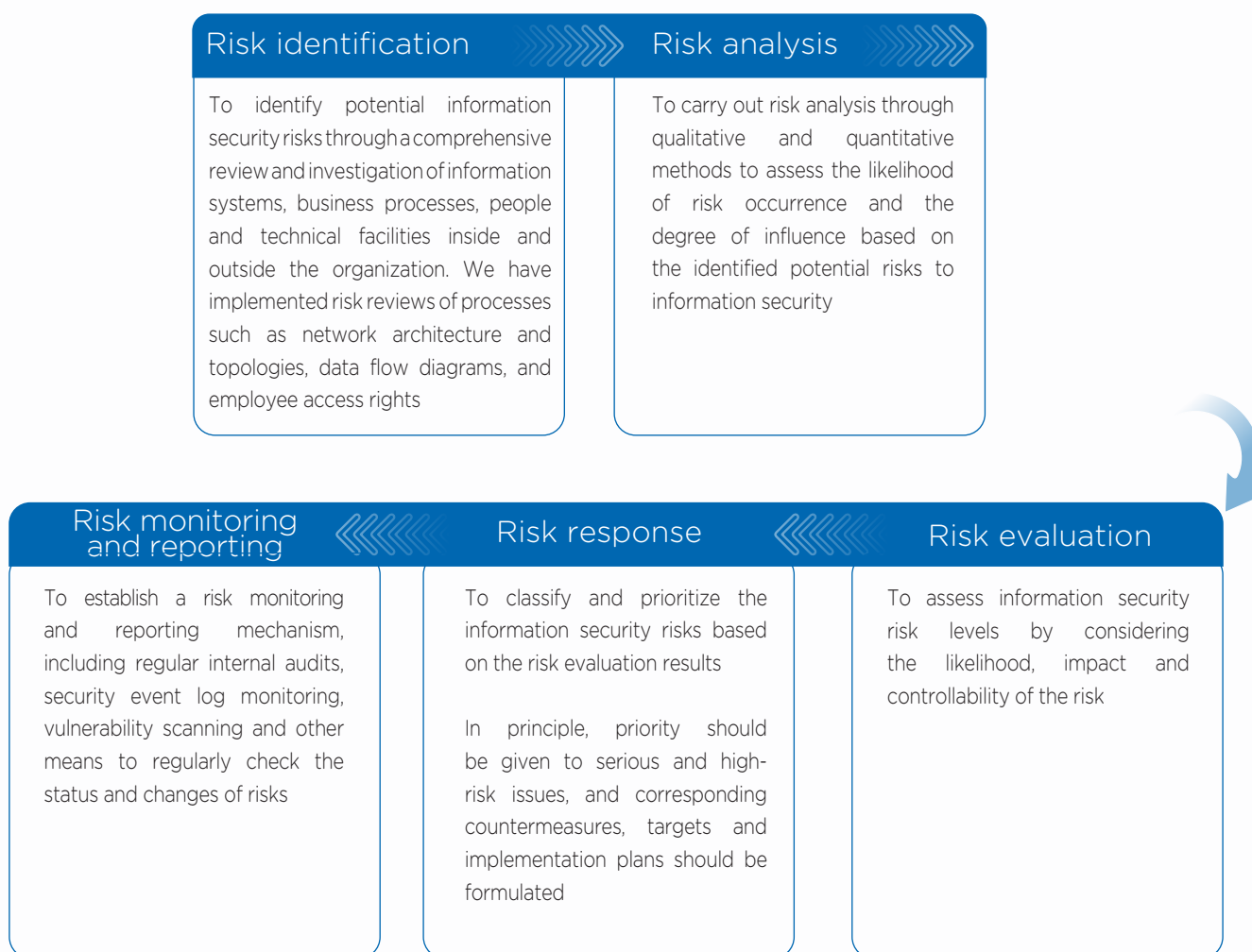
During the reporting period, Ping An Health conducted three internal audits to assess all aspects of the management systems and technical requirements involved in data security and privacy management, to reduce information security-related risks.

2.3.2 Full-process Protection

To create a safe and high-quality user experience, Ping An Health continuously improves the process of collecting and using user information, and continuously strengthens information security and privacy data control in terms of information security protection in the whole chain of operation, user privacy protection actions, and information security management review of external partners.

Whole Operation Chain Information Security Protection

Ping An Health continuously promotes safety technology improvement, and carries out data breach response and incident response initiatives through both proactive and reactive measures. In terms of information security risk management, the Company has formulated the *Emergency Management Measures for Information Security Incidents*, the *Emergency Response Norms for Data Security Incidents*, the *Emergency Plan Process for Personal Information Leakage Incidents* to clarify the security risk incident management strategy, and has continuously adjusted and improved the information security risk management process in accordance with the actual situation and the latest threat trends.



Information Security Risk Management Process

2. Improved Quality for Stable Development

In terms of data breach prevention, we take a number of measures to protect the Company's data from potential technical failures, artificially malicious technological attacks, and effectively prevent, respond to and mitigate the risks of data breaches and losses.

Precautions for Data Breach

Security vulnerability scanning and remediation:

Regularly conduct security vulnerability scanning and penetration testing to discover and timely repair potential vulnerabilities and weaknesses in the system

Threat intelligence alert:

Develop network security products based on XDR (Extended Detection and Response) technology to monitor, detect and identify all types of threat events in real time

Security firewall and intrusion detection system deployment:

Monitor network traffic and detect and block potential attacks and malicious behaviors in a timely manner to protect systems from unauthorized access and attacks

Data Encryption

Encryption of sensitive data:

Protect the security and confidentiality of data during transmission and storage with secure transmission protocols, such as SSL/TLS

Regular Data Backup

Data backup and disaster recovery:

Regularly back up important data to quickly recover data and system functionality in the event of data loss or system failure, reducing the impact of information risks

Prevention Measures against Data Breach and Loss

In 2023, the Company conducted its first national-level network protection combat exercise, aiming to effectively defend against the threat of external targeted attacks on the Company. During the network protection period, the security system of Ping An Health automatically blocked 200,000 attacks per day on average, manually blocked more than 200 attack source IP addresses, and triggered five phishing email warnings. Based on manual evaluation and analysis, we took immediate action to respond and notify the blocking of malicious emails.

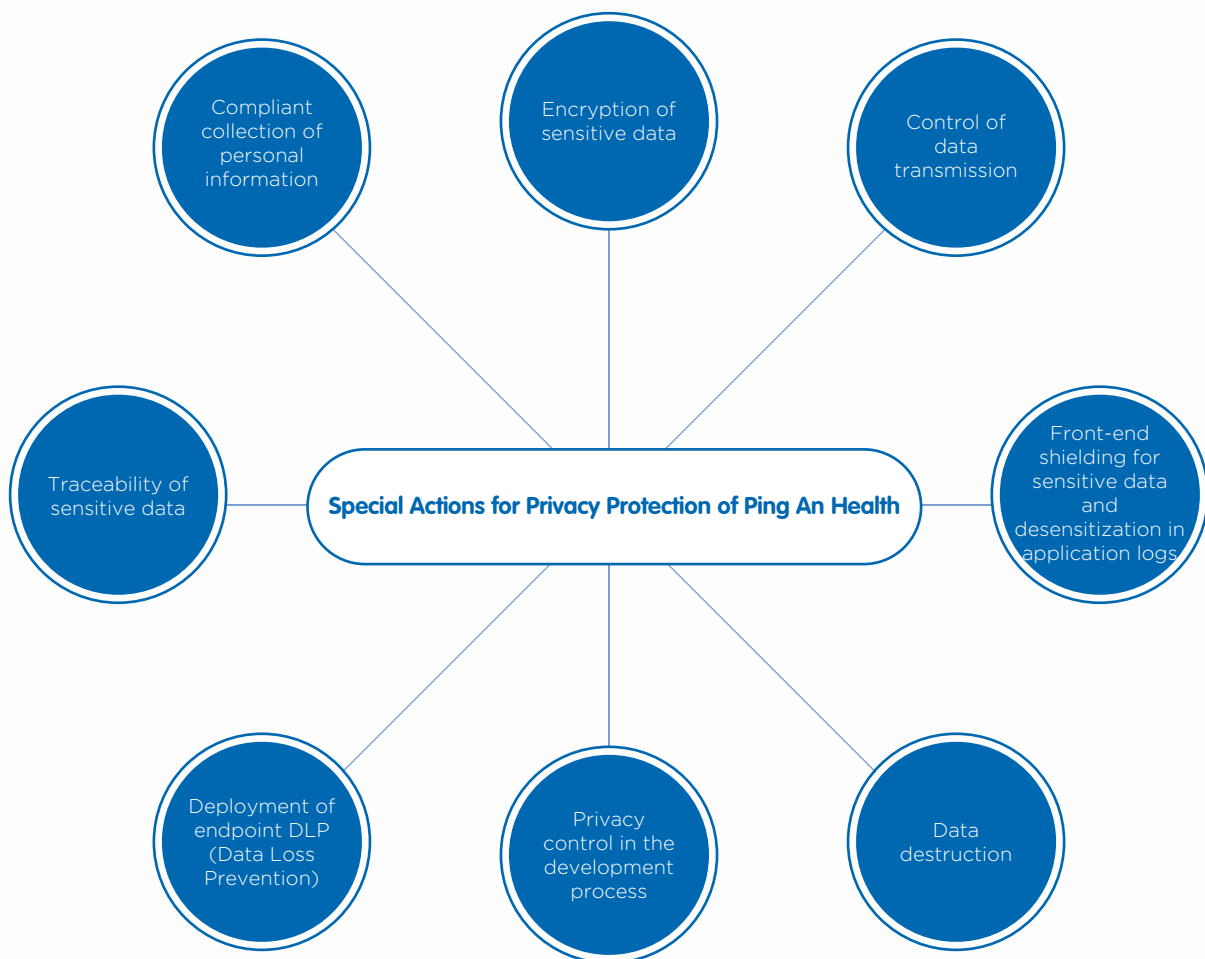
In terms of emergency handling of information security incidents, we have standardized emergency response to different incidents, formulated specific emergency response plans for different types of security incidents, and made reasonable adjustments and updates to the emergency plans in time through regular drills and plan reviews. In 2023, Ping An Health carried out eight information security emergency response drills, including major customer complaints, regulatory accountability penalties, ransomware attacks, firewall failures, email phishing, account abnormality, data breaches, and DDoS attacks.

During the reporting period, Ping An Health did not have any information security-related incidents.

2. Improved Quality for Stable Development

User Privacy Protection Action

Ping An Health constantly carries out special actions for privacy protection within the Company to strengthen user personal information and privacy protection control in compliance management, data management and facility management. The Company has acquired the technical capability of encrypting and storing sensitive data, and has taken the initiative of categorizing and marking sensitive data, in order to perform better management and protection of the data in question, and prevent the leakage of sensitive data in the process of data collection and application access. And we have established a Data Audit Center to monitor data access and operations, to detect abnormal behavior and potential privacy leakage risks in a timely manner, and identify and respond to potential threats at early stage.



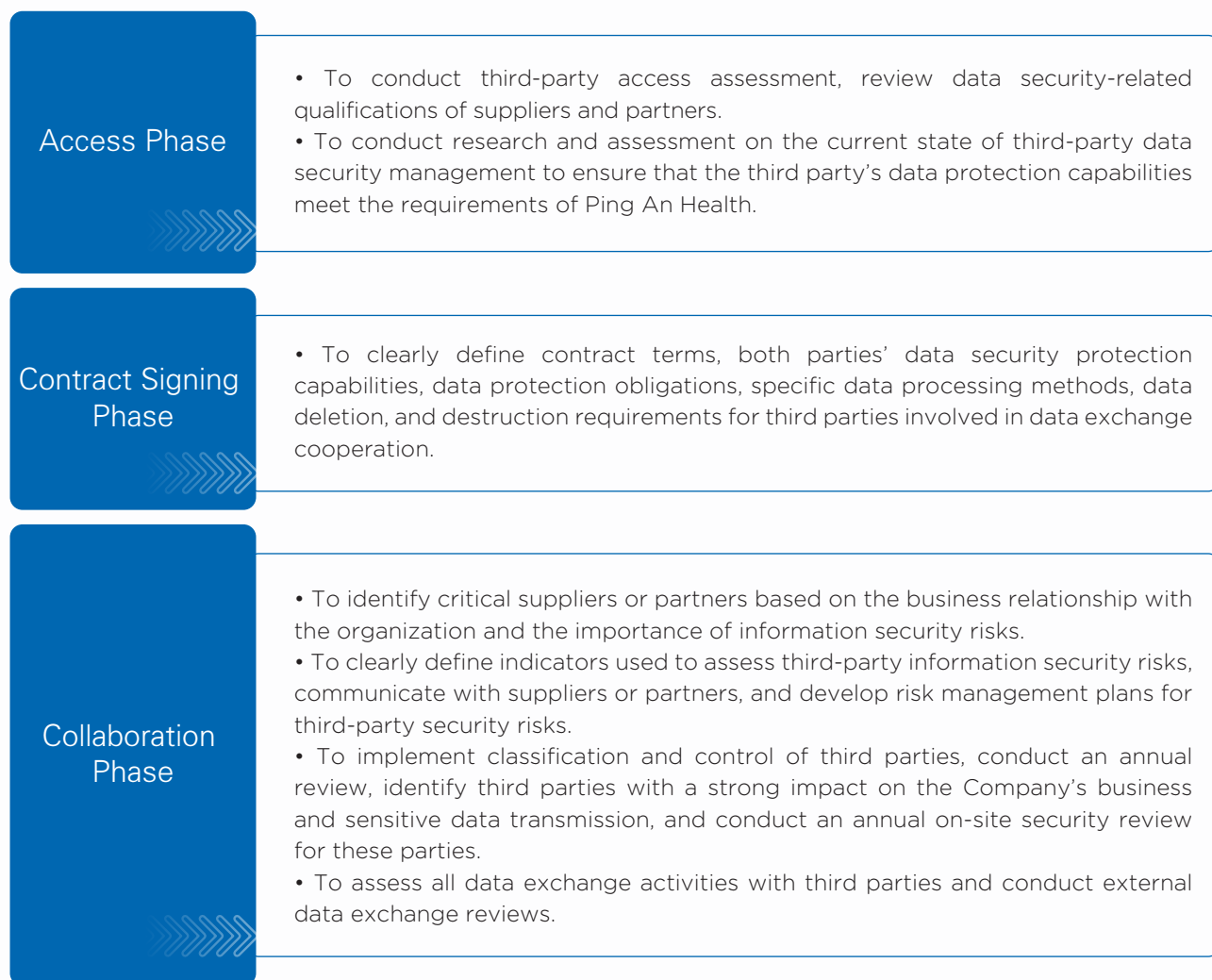
In addition, the Company strictly protects the user data stored in the course of our operations, and avoids the theft and leakage of user information by adopting a series of management initiatives such as classification and grading of user data, control of data permissions, and assessment of the impact of personal information. We have established a strict access control mechanism, allowing only data managers with relevant permissions to access customer information in accordance with the principle of authority minimization, and leaving data marks on the access process to ensure that only authorized personnel can access sensitive data, and clearly requiring that no person is allowed to carry out the entire business transaction or operating procedure alone. We also use technical means such as identity verification and multi-factor authentication to ensure that access rights are tightly controlled and that permission settings are regularly reviewed and updated.

During the reporting period, Ping An Health did not have any data and customer privacy leakage incidents.

2. Improved Quality for Stable Development

Information Security Management Review of External Partners

It is critical to safeguard that suppliers and partners are fully compliant in terms of information security and privacy. Ping An Health carries out information security risk assessments on suppliers and partners, and conducts full-process audits from the dimensions of supplier introduction, contract signing, sampling audits and security audits, with audit requirements covering all suppliers and business partners.



Information Security Risk Assessment Process for Third Parties (Suppliers and Partners)

Ping An Health regularly carries out special audits for privacy data protection every year to fully understand the status and capability of network and data security management of important suppliers during the cooperation period. The Company puts forward relevant rectification suggestions, maintains regular communication with suppliers and partners, and develops emergency response plans to clarify the emergency response incident process and division of responsibilities, to ensure timely communication and handle potential information security incidents or risks.

2. Improved Quality for Stable Development

2.3.3 Regular Training

In 2023, for the purpose of enhancing employees' awareness of information security, Ping An Health provided a variety of information security-related training for all employees, including new employee orientation training, special post training, etc., in order to impart information security expertise based on daily office and business scenarios. We regularly carried out online information security awareness assessment, covering employees' daily office security, physical environment security, personal information protection, and information security laws and regulations. During the reporting period, the completion rate of the information security awareness test for all employees reached 100%.

Information Security Strengthening Month of Ping An Health

In 2023, Ping An Health launched the Information Security Strengthening Month with the theme of "There is a way to be safe; act only after you know it is safe." to promote annual information security knowledge and centralized assessment of various trainings through activities such as Zhiniao online course learning and participation in security public accounts. This comprehensive effort aimed to educate and assess all employees, including contractors.

Key Performance

Scope of the Company's business covered by ISO/IEC 27001: 2013, ISO/IEC 27701:2019, and ISO 27799: 2016 certifications	100%
External audit frequency of information security policy and system	3 times/year
Completion rate of information security awareness assessment of all employees	100%
Number of safety awareness e-mail promotion campaigns for all employees	23 times
Number of offline safety briefings for newcomers	2 times
Zhiniao online safety awareness courses	7 times
Number of post information security training sessions	10 times

2.4 Responsible Marketing

Ping An Health rigorously governs its marketing conduct, subjecting external marketing initiatives to strict compliance scrutiny. We maintain a genuine and transparent approach, taking responsibility for each end user.

2.4.1 Responsible Marketing Review

Ping An Health strictly abides by the *Anti-Unfair Competition Law of the People's Republic of China*, the *Law of the People's Republic of China on the Protection of Consumer Rights and Interests*, the *Advertising Law of the People's Republic of China*, the *Interim Measures for the Administration of Internet Advertising* and other laws and regulations. We have formulated and updated the internal policies and systems such as the *Brand Management Measures (2023 Edition)*, the *Marketing and Brand Project Management Measures (2023 Edition)* and the *Self-Assessment Guidelines of Business and Product Promotional Materials* to regulate marketing behaviors, ensure brand promotion compliance, and avoid false and misleading publicity. During the review and release stages of marketing and promotional content, the Company's Marketing and PR, Legal and Compliance department, and User Experience Design ("UED") related departments or offices jointly provide professional opinions on content compliance to ensure responsible advertising and marketing.

2. Improved Quality for Stable Development

For the Company's strategy and major business promotion contents, Ping An Health has formulated the *News Spokesperson and External Publicity Press Release Management System* and other systems to strictly regulate the information release procedure and establish a standardized news management mechanism. Business and product promotional materials will be managed in a full-process management manner before, during and after the event, so as to achieve pre-planning, in-process review and post-event review, and ensure consistency in the external communication of the brand.



2.4.2 Responsible Marketing Training

To further raise the awareness of marketing-related personnel on compliance marketing, Ping An Health also actively carried out campaigns and training activities to promote responsible marketing, and implemented the concept of responsible marketing into the Company's daily operation process. During the reporting period, Ping An Health conducted responsible marketing training for all employees, of which the average training hours per salesperson was approximately 39 hours.

The sales team of Ping An Health conducts weekly service quality-related training for account managers through on-site and remote training, which includes product introductions and specifications for promotional speech, to avoid the occurrence of false promotions and misleading statements. During the reporting period, the Brand Marketing team conducted monthly meetings to provide specialized guidance on brand promotion standards for personnel in various business lines and collaborated with business lines and medical institutions to carry out diverse responsible marketing advocacy training. The Legal Compliance Department issued the *Guidelines for Legal Audit and Self-assessment of Business and Product Promotional Materials* in conjunction with the new Advertising Law, and launched seven specialized training sessions in conjunction with the various business and product scenarios to promulgate the compliance norms of the promotional materials.

2. Improved Quality for Stable Development

Promotion of Internal Control Week: Typical cases for consumer rights protection and medical supplies violations and compliance tips

During the reporting period, the Legal Compliance department of Ping An Health selected online consumer dispute cases issued by the Supreme People's Court and local courts and typical cases of medical supplies violations issued by the State Administration for Market Supervision to publicize compliance tips to all employees, so as to improve the protection of consumers' rights and interests and promptly and effectively prevent potential risks of marketing activities.



Key Performance

Coverage of responsible marketing training	100%
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2. Improved Quality for Stable Development

2.5 Customer Services

Upholding the user-oriented concept, Ping An Health constantly advances better services, continues to clear user communication and feedback channels, and is committed to providing customers with high-quality and satisfactory services to promote a highly satisfactory customer experience.

2.5.1 Customer Complaint Handling Process

Ping An Health has formulated internal policies and systems such as the *Handling Measures for Major Abnormal Events on the Client Side*, the *Management Measures for Handling Customer Complaints*, the *Work Order Management System*, the *Management Measures for Handling Customer Complaint Work Orders* and the *Management Measures for Rapid Payment of Customer Complaints*, ensuring that the processing of work orders and customer complaints have laws to follow and evidence to rely on, thus providing comprehensive protection for the processing of work orders and customer complaints.

Based on the urgency and importance of customer complaints, we have set up customer service teams for different customer groups, adopted a layered strategy of configuring services for incoming calls, and divided the work to complete the customer service according to the ID tag identification results of customers when they make calls.



Service Process of Customer Service Team

The customer service process records customer needs and processing results in detail, realizing the closed loop of information and forming customer service files. Each link of complaint handling has relevant timeliness assessment and set up the response and processing priorities. Employees will be assigned for handling according to the priorities. During the reporting period, we continuously optimized the customer complaint handling process, introduced self-service features for tasks like invoicing and refunds, and enhanced the customer complaint hotline system, thereby consistently improving the efficiency and quality of complaint resolution.

2. Improved Quality for Stable Development

2.5.2 Professional Training for Customer Services

To improve the quality of customer service, enhance the services, Ping An Health has carried out two types of skill training and assessment for front-line customer service staff, so as to continuously improve their professionalism and serve every customer with heart.

Ping An Health continued to improve the customer service training system. Starting from the newcomer induction training, daily training of in-service staff, special training, and new project training, we shaped the training work into a hierarchical, structured and comprehensive training system, and lay a good foundation for improving the quality of service through training. During the reporting period, the customer service team conducted 68 customer service trainings with a total of 551 participants. The training contents included five courses, including basic medical health problem determination, service awareness, and communication skills.

2.5.3 Customer Satisfaction Survey

Ping An Health attaches great importance to customer satisfaction with its services and products. In this regard, we have launched various initiatives to focus on improving customer experience from the whole process.

Strengthening customer tag identification

- Optimizing the process of safeguarding and handling customer complaint issues, and reduce the waiting time for customer complaints based on the identification of customer identity tags

Promoting intelligent system

- Promoting the systematic identification and recognition of work orders, reduce the rate of duplicate work orders, so as to significantly improve the processing efficiency of work orders, and reduce the waiting time of users
- Launching the SMS order closure system to simultaneously improve customer service utilization and work efficiency

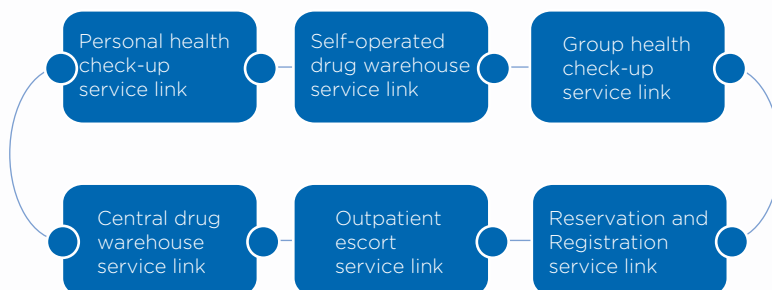
Customer Satisfaction Improvement Measures

2. Improved Quality for Stable Development

“Eagle Eye” Service Monitoring Project

Ping An Health started the construction of monitoring system for service links in 2022, aiming to realize real-time monitoring, early warning and response processing of services, so as to solve service breakpoints, pain points, dredging sticking points and blocked points, achieve closed-loop service, promote service quality improvement, and enhance customer experience.

Since 2022, the following projects of family doctor service links have been connected to “Eagle Eye”. During the reporting period, the family doctor services completed 535 real breakpoint identification and processing.



During the reporting period, the Company received a total of 13,169 customer complaints, with a resolution rate of 100% and a customer complaint handling satisfaction rate of 96.13%; the Company collected a total of 220 user experience issues, and a total of 21,000 samples of user service satisfaction evaluations, with a user telephone customer service satisfaction rate of 97.9%.

Key Performance

Number of customer service trainings conducted	68 times
Customer service training person-time	551 person-times
Resolution rate of complaints	100%
User telephone customer service satisfaction rate	97.9%

Environmental, Social and Governance Report

3. Talent Supply for Future Empowerment



We consider human capital a crucial strategic asset for the sustainable development of our enterprise. By implementing diverse and equitable employment policies, establishing a scientific and rational training system, implementing competitive incentive measures, and fostering a healthy and friendly work environment, we safeguard the fundamental rights and interests of our employees. Our aim is to foster employee cohesion, creating a mutually beneficial environment for both employees and the Company to thrive together.

3.1 Talent Attraction

Ping An Health recognizes the critical role of talent in the Company's development and has prioritized talent team building as a key initiative. The goal is to establish a fair and inclusive work environment that serves as a vital resource for the Company's growth.

3.1.1 Talent Recruitment

In the process of employment, Ping An Health strictly abides by the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, the *Social Insurance Law of the People's Republic of China* and other laws and regulations. Based on the actual situation of the enterprise, we have developed and improved a series of company-level recruitment systems such as the *Internet recruitment Management System of Ping An Health*, the *Recruitment Operation Manual*, the *Internal Recommendation Management Measures* and the *Measures for the Management of Recruitment Network Channels* to build a solid talent base for Ping An Health to achieve sustainable development.

Ping An Health regularly conducts talent inventory, sorts out job requirements and formulates recruitment plans. In addition to using regular recruitment methods such as online channels and external recruitment vendors, Ping An Health also conducts internal referral promotion for key positions. As of the end of the reporting period, Ping An Health had 1,753 employees.

3.1.2 Protection of Labor Rights and Interests

We are committed to creating an equal and non-discriminatory work environment for our employees. During the reporting period, the Company released the *Measures for the Management of Recruitment Network Channels*, which clearly stipulates the recruitment information and prohibits all recruitment content suspected of being discriminatory. We always adhere to the principle of "fairness and impartiality" in recruitment, employment, training, promotion, rewards and other aspects, and prohibit any discrimination against employees on the basis of gender, appearance, physical or mental handicap, age, marital and childbearing status, ethnicity, race, religious beliefs, sexual orientation, place of origin, domicile, nationality, political party affiliation, educational background, accent, in order to ensure that all employees enjoy the right to equal employment.

3. Talent Supply for Future Empowerment

Ping An Health strictly abides by the *Labor Law of the People's Republic of China*, the *Law of the People's Republic of China on the Protection of Minors*, as well as the *Provisions on the Prohibition of Using Child Labor*, and has formulated internal systems such as the *Labor Employment Management System*, which prohibits the recruitment of child laborers and forced labor practices. We avoid child labor and the use of forced labor by scrutinizing employees' identities and other information during the onboarding process and ensuring that all employees are hired voluntarily. In the event of any employment of child labor or forced labor, the Company will also investigate and seriously pursue the responsibility of the relevant personnel in accordance with laws and regulations and the internal policies and systems, and take appropriate punitive measures. As of the end of the reporting period, Ping An Health had an employment contract signing rate of 100%, a social insurance coverage rate of 100%, and did not have any incidents of child labor or forced labor.

In respect of the management of labor hours, the Company updated the *Attendance Management System* during the reporting period to make clear provisions on the working hours and vacations of its employees, and strictly managed overtime work under the principle of “planning before implementation, and two levels of approval and double auditing.” We do not encourage overtime work and strictly follow the rule that employees cannot be arranged to work overtime without the approval of the prescribed process. For cases where overtime work is approved, we provide employees with transfer or salary subsidies in accordance with the regulations. In terms of employee privacy protection, Ping An Health follows the principle of minimization of authority, granting the authority of basic employee information only to the staff of the human resources department and forbidding the outgoing of employee-related information, so as to effectively protect the privacy and security of employees.

3.2 Talent Development

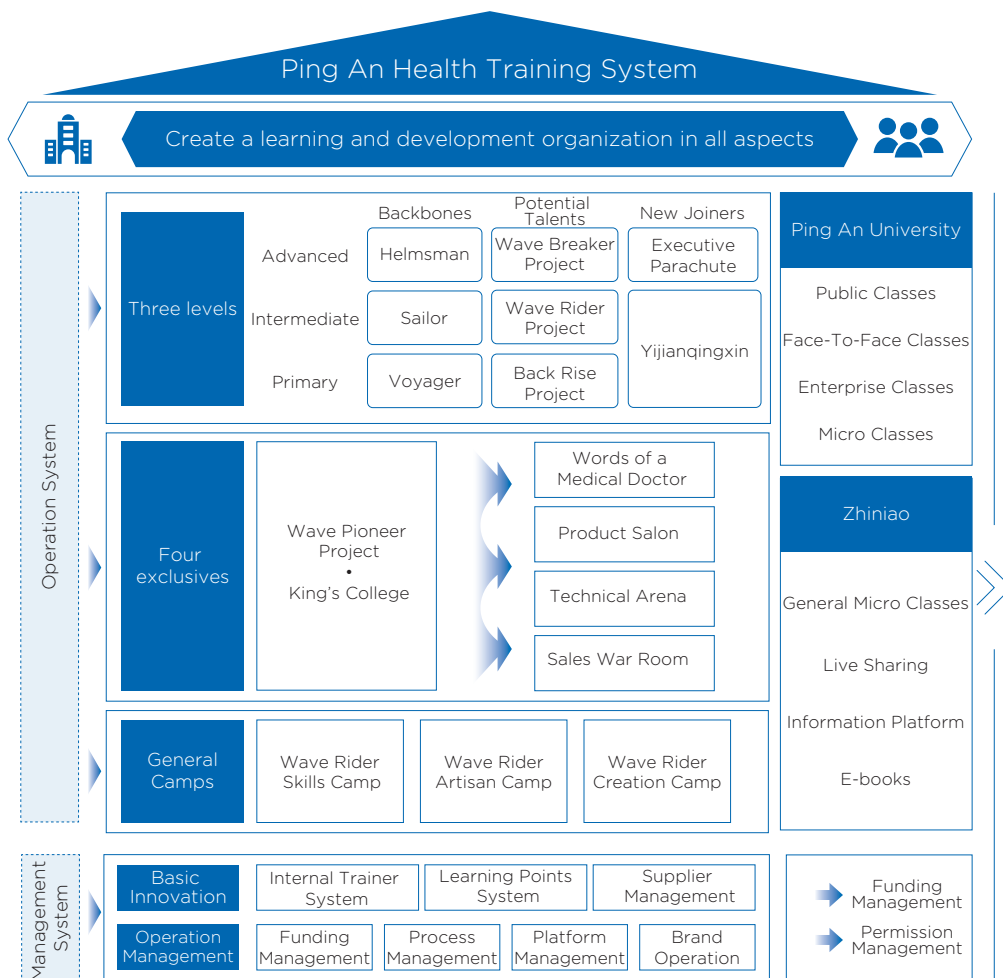
Ping An Health understands that talents are crucial to the development of the Company and has included the cultivation and development of talents as an important task of the Company. Through the perfect training system and rich career development path, we have broadened the promotion paths for employees, cultivated industry pioneers, and realized common achievements of the Company and employees.

3. Talent Supply for Future Empowerment


3.2.1 Talent Cultivation

Ping An Health implements internal systems such as the *Training Management Measures (2023 Edition)*, the *Management Measures for Employee Education Funds (2023 Edition)*, the *Management Measures for Employees' Participation in External Training and Professional Qualification Examinations (2023 Edition)* and constantly improves the talent training management system to support employees' all-round growth.





The Company has set up a sound professional training system, and developed targeted training courses through the establishment of "operation" and "management" systems, in order to create a comprehensive learning and development atmosphere. In practical operation, Ping An Health provides targeted training programs according to different levels and positions, and strengthens professional knowledge online and offline through "Ping An University" and "Zhiniao Platform," with an aim to provide continuous assistance for the growth of employees.



3. Talent Supply for Future Empowerment

Cultivation Case Study	
Helmsman	<p>In 2023, along with the Company’s strategic upgrading and continuous business advancement, the Company launched two sessions of “Helmsman” training program for all management cadres of the first-level structure, in order to practice “aligning management, improving management, and encouraging motivation.”</p> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;">  <p>CEO face-to-face + Dragon Boat Race Expansion Activities themed “Strive for the first, Achieve the mission” on May 22</p> </div> <div style="text-align: center;">  <p>Learning Revolutionary History + Mass Production Expansion Activities themed “Seek truth, Seek Change, Seek Success” on September 15</p> </div> </div>
Special training for agency managers	<p>To strengthen the B-to-B marketing competence of each branch and enhance the “think, act, and lead teams” skills of agency managers, Ping An Health launched the “Wave Pioneer Project” for agency managers. This project, grounded in real business scenarios, assists agencies in analyzing market patterns, identifying optimal customer positioning, and fostering alignment and synergy across marketing, sales, and operational resources.</p> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;">  <p>“Gathering Energy: Five Exercises for High-Performance Teams” on April 23</p> </div> <div style="text-align: center;">  <p>“Liwang Marketing War: Market Strategy and Seam Marketing Sand Table Practice Simulation” on July 15</p> </div> <div style="text-align: center;">  <p>“Little Pepper: A Practical Simulation of Leadership Strategies for Project Management” on October 13</p> </div> </div>
Special training for management	<p>To enhance the leadership of middle and senior managers, strengthen teamwork and the spirit of struggle, and promote the team to deliver more efficient performance results, Ping An Health organized 26 management-specific trainings, each covering 42 management cadres.</p> <div style="text-align: right;">  </div>

3. Talent Supply for Future Empowerment

Cultivation Case Study (continued)	
Double Wave Potential Talent Project Phase 2	To match the Company’s strategy and deliver the culture, the Company launched the “Double Wave 2023 Potential Talent Project” with the goal of “talent generation, innovation and combat, and vigorous recommendation” to create a talent echelon that is “capable of breaking the ice, innovation and combat.”
Wave Rider Project	<p>The Wave Rider Project was launched in April 2023, targeting at comprehensively improving the thinking power of employees, and focusing on product thinking and user thinking, innovative thinking and systematic thinking, to comprehensively improve the level of general skills of employees.</p> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;">  <p>“Innovative Thinking: Business Innovation and Strategy” in May</p> </div> <div style="text-align: center;">  <p>“Innovative Thinking: Left Circle and Right Square” in June</p> </div> </div> <div style="display: flex; justify-content: space-around; margin-top: 20px;"> <div style="text-align: center;">  <p>“Growth Mindset: Trinity in EAST BUY” in September</p> </div> <div style="text-align: center;">  <p>“Growth Mindset: Commercial Application of ChatGPT” in October</p> </div> </div>
Special topic breakthrough campaign	The Technology Research and Development Center initiated the “Dare to Break Through, Dare to Exceed” special topic breakthrough campaign, and recruited more than 80 members for the topics. In the process, 12 professional projects have been approved and established, fully mobilizing the enthusiasm of technical personnel, fostering individuals skilled in critical thinking, specialized research, and capable of achieving breakthroughs in their respective fields.
Innovation competition	The Healthcare Services Innovation Competition themed “Creating Opportunities, New Breakthroughs, Winning the Future” was launched in Qingdao, with the collection and promotion of topics around 10 specialties and four major topics, encouraging employees to become innovation partners and realize the innovation dream together.

3. Talent Supply for Future Empowerment

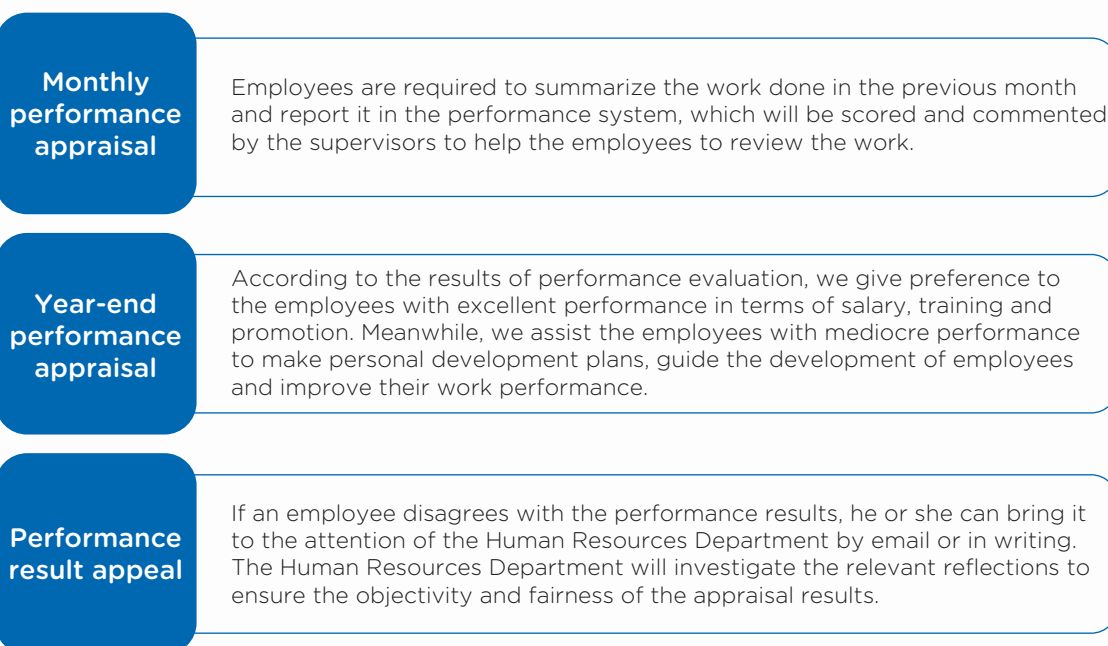
While continuously strengthening the internal training system, Ping An Health has also taken special support initiatives to encourage employees to actively participate in external training and professional qualification examinations. In accordance with the *Management Measures for Employees' Participation in External Training and Professional Qualification Examinations (2023 Edition)*, we encourage our employees to apply for position-related qualification examinations and provide them with subsidies for the reimbursement of examination fees, so as to encourage our employees to take the initiative in enhancing their professional skills to better perform their jobs, and promote the healthy development of our workforce.

During the reporting period, the number of Ping An Health training sessions amounted to 1,969, with 100% of employees trained and 97% of employees satisfied with the training.

3.2.2 Assessment and Promotion

While continuously strengthening the talent training system, the Company has also established a sound individual performance management and appraisal system to ensure that each employee has a fair development and promotion opportunities to help employees realize their personal values.

In terms of talent management, Ping An Health has deepened the application of the grade system, and strengthened the articulation of the grade system and talent management application by sorting out the competency models of each sequence. In terms of promotion and advancement, we have set up a standardized promotion process and promotion criteria, and established a special evaluation body for promotion assessment to ensure that the promotion results are fair and just. In terms of performance appraisal, Ping An Health has formulated the *Employee Management Manual*, the *Performance Accountability Management System*, the *Internal Matrix Personnel Management Measures* and other systems, followed the PDCA closed-loop management process, and implemented the performance appraisal management process in line with the Company's business characteristics. During the reporting period, we adopted the "dual-track" performance appraisal system, that is, the Company's operation and management control mechanism and the individual performance tracking and appraisal mechanism, and further optimized the management norms of the key links of the personal performance tracking and evaluation system, based on the principle of "the plan falls on the organization, the responsibility falls on the individual." We make post adjustments, including parallel transfers, rotations, promotions, demotions, temporary transfers, transfers, special transfers, and other forms of post adjustments, based on a variety of circumstances, such as individual performance appraisal results, individual competency enhancement levels, and position needs.



3. Talent Supply for Future Empowerment

3.3 Remuneration and Benefits

Based on the principle of value-oriented compensation management, we have established an open and transparent performance evaluation system and compensation structure, in order to provide our employees with market-competitive compensation and welfare packages, attract outstanding talent into the Company, and effectively enhance team cohesion and corporate competitiveness.

3.3.1 Compensation and Incentives

Ping An Health developed a number of salary and benefit-related systems, such as the *Compensation Management System*, the *Guidelines on Basic Management Measures for Field Personnel*, and the *Guidelines on Salary Rules for Internal Transfer Personnel*. We give our employees a compensation return that matches their individual abilities and efforts, taking into account the job content of the position and the talent situation in the labor market.

We have established a compensation system of “cash compensation + benefits + long-term incentives,” which assesses the level of incentives based on organizational performance and individual performance, and fully reflects the real value of the team and the contribution of individual employees. In particular, we have established multi-dimensional compensation incentives based on the results of employee performance appraisals in the areas of cash compensation and long-term incentives to motivate employees to maximize their self-worth.

Cash compensation	Long-term incentives
<p>The Company has established a cash compensation structure for all employees consisting of fixed and variable pay, where variable pay includes, but is not limited to, variable performance bonus, various types of bonuses and so on. The proportion and form of fixed and variable pay vary according to the differences in the job categories.</p> <p>Fixed pay: reflecting the basic accumulation of the employee’s seniority and experience; determined in accordance with a combination of factors such as the employee’s position, personal qualifications, development potential, personal performance, and paid in a fixed manner.</p> <p>Variable pay: closely linked to the Company’s performance and the results of employees’ individual performance appraisal; different incentives and annual distribution programs are designed according to the characteristics of different positions. The variable bonuses include year-end bonuses, monthly performance awards, etc. The amount will be determined based on market conditions, company performance and individual employee performance appraisals.</p>	<p>The Company has launched a long-term employee equity option incentive plan to advocate employees to achieve long-term value achievements with long-term material rewards. Participants in the plan include employees and any other persons as determined by the Board and the scope of grantees, the specific objectives and the number of EIS options will be determined by the Board with reference to the position and performance of the EIS participants.</p>

3. Talent Supply for Future Empowerment

3.3.2 Employee Benefits

In terms of benefits, in addition to paying social insurance and housing provident fund for employees in accordance with relevant national and local regulations, Ping An Health also provides all employees with non-compensation benefits such as supplemental commercial insurance, congratulations and condolences allowance and enterprise annuity, which has effectively enhanced the sense of well-being of employees. For extra and unconventional working hours, we pay overtime wages in full or make reasonable arrangements for rest in strict accordance with the laws and regulations of the place of operation, so as to fully protect the rights and interests of employees.

Personalized Benefits for Ping An Health Employees



Healthy Workplace Benefits Program: Healthy Workplace Series Products



Supplementary commercial insurance: Comprehensive welfare protection insurance



Allowances for cadres working in other cities: housing allowance, reimbursement of travel expenses for family visits, relocation allowance, etc.



Congratulations and condolences allowance for marriage, childbirth, hospitalization and funeral



Incentive funding for group construction



Enterprise annuity

3. Talent Supply for Future Empowerment

Case

Internal purchase and external benefit sharing of employees

Leveraging the internal and external resources, the Company carried out online and offline employees' exclusive welfare activities to increase the belonging sense of employees.



3.4 Employee Communication and Care

Ping An Health is committed to building a systematic employee care mechanism and constantly updates and improves the system. In addition, we actively develop staff communication channels, and organize a variety of caring activities for employees, in order to create a harmonious team atmosphere.

3.4.1 Employee Communication

The feedback of employees has always accompanied the development and growth of the Company. We attach great importance to the opinions of employees, maintain communication with employees through various channels, and establish a sound communication mechanism, including the “Basic Law Resource Allocation Review and Appeal Mechanism,” the “Performance Appeal Mechanism,” the “Employee Relationship Communication Appeal” and so on. Meanwhile, in order to understand the needs and expectations of employees in terms of salary, work, system, daily activities, personal development, etc., Ping An Health Labor Union collects employees’ satisfaction and opinion feedback by conducting internal questionnaires, symposiums, and institutional research.


Satisfaction survey	At the end of each year, the Company carries out a survey of employee satisfaction through management and employee evaluations. The average score of employee satisfaction in the 2023 KPI survey was 79.1%.
Employee service questionnaire survey	In 2023, an employee service questionnaire survey was conducted, centering on employee services such as overtime meals and afternoon tea.
Collection of feedback through symposium	We collected feedback from employees on administrative services through symposiums and gradually implemented them in daily staff and office services.

3. Talent Supply for Future Empowerment

3.4.2 Employee Care

In terms of employee care, Ping An Health has set up a trade union organization to protect the rights and interests of its employees and provide them with a number of benefits to balance their work and life. The unionization rate of employees in mainland China is 100%. The Company has implemented the *Administrative Liaison Position Responsibility Management Measures* and set up administrative liaisons in each business unit to provide support and assistance to employees in need.

Ping An Health actively embraces the role of a supportive family, fostering a warm employee service platform with a focus on innovation, creativity, widespread service, and joyfulness. Various clubs are established, and monthly activities such as birthday parties, afternoon tea, and work meal tests are conducted. Additionally, colorful staff events and family days are organized during significant festivals, leveraging the Company’s business resources. We provide exclusive assistance to employees in special times, so as to extend the benefits of the Company to every employee and their families, and increase the office experience and workplace feeling of employees. In 2023, Ping An Health organized 11 birthday parties, 10 afternoon teas, 30 sessions of more than 60 “Employee Life” welfare activities, and one large-scale family day. Through systematic construction, we have established a good service reputation and continuously enhance the viscosity between the Company and employees.

Employee care activities	
Goddess Festival	<p>On March 8, Ping An Health orchestrated a series of creative activities for the Goddess Festival, themed “Heart is Eager to Shine.” The event featured flower wall photography and distribution, smile-blooming games, an exclusive salon for shining, and more, emphasizing the concept of a “warm medical family.”</p> 
Doctor’s Day	<p>Ping An Health celebrated the 2023 Doctor’s Day with the theme “Work Together to Build Health.” The event comprised four segments: tribute, care, honor, protection, and innovation. Company clubs conveyed holiday greetings to doctors through various means such as songs, dances, and brushes, expressing gratitude for their professional dedication and valuable contributions in their work.</p>  

3. Talent Supply for Future Empowerment

Employee care activities (continued)

Programmer's Day

Ping An Health 2023 Programmer's Day was successfully held, including characteristic workplace activities and special topics breakthrough campaign (innovative technology competition).



Birthday Party

We fully listened to employees' suggestions to enhance the exclusive birthday experience for birthday celebrities, and continued to unlock fresh experiences and different themed play.

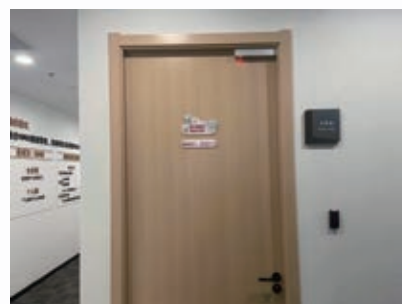


3. Talent Supply for Future Empowerment

Employee care activities (continued)	
Family Day	<p>2023 Employee Family Day of Ping An Health, themed “Love in medical practitioners, we’re family!”, was successfully held in June. The event covered nearly 100 groups of families, employees and their families of about 300 people, 115 children, fully practicing the “one family” concept.</p>  

3. Talent Supply for Future Empowerment

Ping An Health attaches great importance to the physical and mental health of female employees, and ensures the rights and interests of female employees in strict accordance with the *Law of the People's Republic of China for the Protection of Women's Rights and Interests* and the *Special Rules on the Labor Protection for Female Employees* and other laws and regulations. The Company offers tailored medical checkup packages for female employees, grants paid maternity leave and breastfeeding leave, disburses maternity consolation fees, and ensures the provision of secure, hygienic, and private spaces for rest and breastfeeding.



Clean and Tidy Place for Rest and Breastfeeding

3.5 Occupational Health and Safety

Ensuring the health and safety of employees is an important task in the day-to-day management and operations of Ping An Health. We strictly comply with the laws and regulations of each location where we operate, including the *Law of the People's Republic of China on Fire Prevention and Control*, the *Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases*, and the *Law of the People's Republic of China on Production Safety*, in order to ensure the health and safety of all of our employees during their employment. In response to the possible sudden disaster accidents, epidemics, fire and other security incidents in the workplace, the Company has specially issued internal systems such as the *Provisions on Emergency Response to Major Emergencies*, the *Employee Safety Management System*, the *Emergency Response Plan for Minimized Workplace Offices* and the *Emergency Response Plan for Closed Workplaces*, to strengthen the construction and implementation of internal emergency response mechanism and enhance the safety awareness of all staff, so as to safeguard the Company's and the personnel's safety from the source.

In 2023, Ping An Health provided health examination services for all employees, and further provided health protection for employees by purchasing commercial insurance, linked to Ping An Health family doctors services, and unified purchase of exclusive healthy workplace plans. In addition, Ping An Health carried out employee psychological counseling services to protect the mental health and safety of employees. At the same time, the Company offered rehabilitation and return-to-work programs for employees who had been negatively affected by physical and psychological risks. We conduct regular workplace fire safety drills every year to raise employees' awareness of fire safety.

3. Talent Supply for Future Empowerment

Case

Occupational health measures

We have provided psychological counseling services and other employee health workplace plans for all employees. The Company's professional mental health counselors will provide psychological counseling and mental health rehabilitation plans. If the assessment indicates the need for more professional intervention, it will be followed up and more professional services will be provided.

On the 119 Fire Safety Day, the Company carried out national workplace fire safety training and live drills to enhance the fire safety prevention and control ability of workplaces and personnel nationwide, and to build up a strong sense of safety precaution for all staff.



The Company will issue in advance safety travel advocacy for all employees returning home, and provide safety tips for returning home on holidays, to ensure the safety of employees.



During the reporting period, there were no work-related fatalities in the Company and there were 270 lost workdays due to work-related injuries. We have investigated and followed up on employee health and safety incidents, handled them appropriately and summarized and filed them.

Environmental, Social and Governance Report

4. Environmental Protection for a Green Homeland



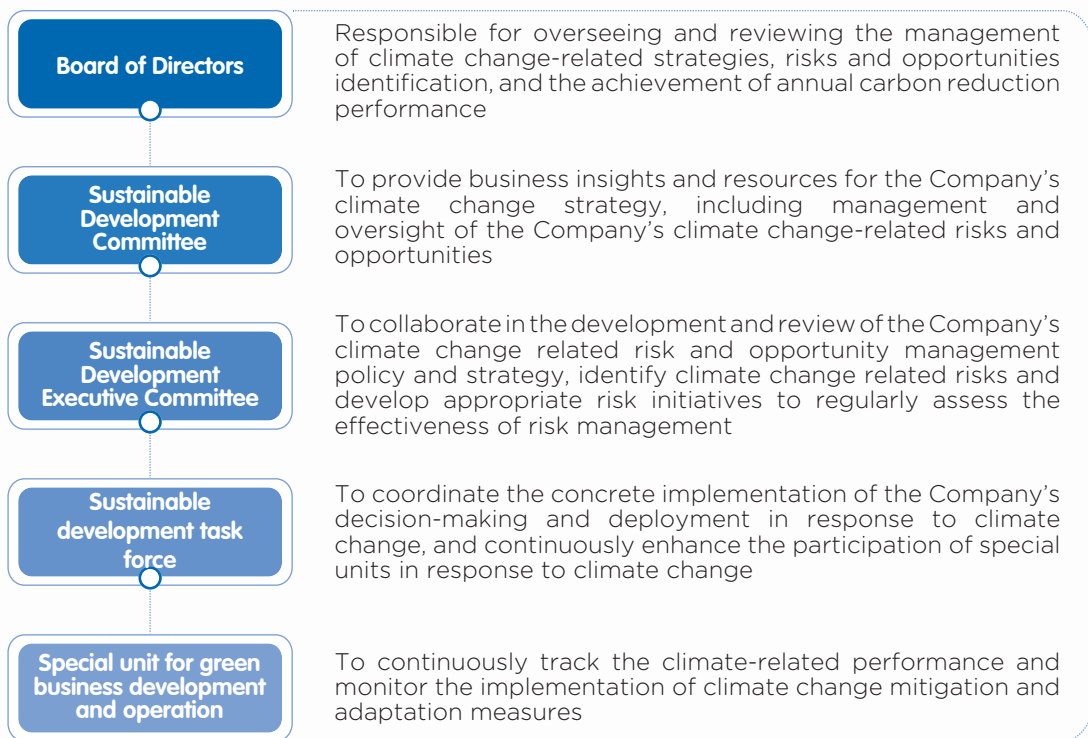
Ping An Health consistently monitors the risk of climate change and responds proactively to the demands of various stakeholders for environmentally friendly development. We prioritize environmental protection campaign, implement green office practices, emphasize energy conservation, and concentrate on establishing a green supply chain. These efforts are aimed at minimizing the impact of our business operations on the environment, fostering environmentally friendly development from top to bottom, and creating sustainable green value.

4.1 Addressing Climate Change

Since the beginning of the twenty-first century, environmental and ecological challenges, such as climate warming, water pollution, biodiversity decline, and the imminent depletion of fossil energy, have escalated. Ping An Health remains vigilant about the potential impact of climate change on business activities and operations. We proactively implement countermeasures and wholeheartedly support global climate action.

4.1.1 Governance

Ping An Health has integrated the governance of climate-related issues into its overall ESG governance structure to support the Company’s management of climate change-related risks and opportunities.



Climate Change Risk Governance Framework

4. Environmental Protection for a Green Homeland

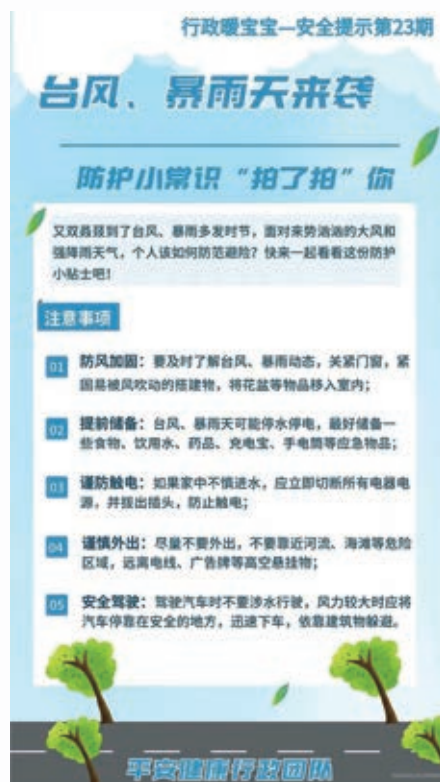
4.1.2 Strategy

With reference to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), Ping An Health has initially identified various climate change-related risks and formulated relevant measures to cope with the risks posed by climate change to Ping An Health, taking into account the Company's operations, the industry and geographical factors.

Types of climate change risks and opportunities		Description	Countermeasures
Physical risks	Acute physical risks	Natural disasters such as typhoons, floods, droughts and extreme weather such as high temperatures have potential negative impacts on Internet infrastructure	<p>The <i>Shanghai Workplace Disaster and Accident Emergency Implementation Plan</i>, the <i>Major Emergencies Emergency Handling Regulations</i> and other natural disaster and extreme weather emergency plans have been established to standardize climate disaster response measures, and provide reasonable protection for employee safety;</p> <p>A security management leader responsibility system across the country has been established, requiring the responsible person to maintain 24-hour communication, and ensure that emergencies can be responded to and solved in the first time;</p> <p>Special safety management personnel are assigned to keep an eye on the national extreme weather, and timely publicize extreme weather avoidance suggestions and safety tips.</p>
	Chronic physical risks	Sea level rise, temperature increase and changes in precipitation due to global warming have potential negative impacts on Internet infrastructure	We will pay attention to this risk when selecting Internet infrastructure service providers.
Transition risks	Emerging policy risks	Enhanced carbon emission reporting obligations may increase the operating costs of companies (including expenses for conducting carbon inventories, carbon taxes, carbon trading, etc.)	We will promote the refined management of energy use, develop regular statistics on energy consumption resulting from operations, and accurately calculate carbon emissions.
	Technological risk	Increased investment for energy-saving and environmental protection renovation may increase the Company's operating costs	We will investigate the feasibility of new technology and new equipment, and replace them in batches within a reasonable range.

4. Environmental Protection for a Green Homeland

Types of climate change risks and opportunities		Description	Countermeasures
Opportunities	Products and services	Widespread impacts of climate change on human health increase the likelihood of chronic diseases, increasing the population's need for health care and corporate revenues	We will incorporate technological means to enhance the scope of business of chronic disease management services and respond to the demand for medical services in a timely manner on a daily basis.
	Market	Broadening the space for market demand for low-carbon services and enhancing service accessibility	We will increase market penetration and encourage customers to reduce their negative environmental impact.



Safety Tips for Extreme Weather and Conditions in Workplace

4. Environmental Protection for a Green Homeland

4.1.3 Risk Management

Ping An Health has incorporated climate change-related risks into the Company's ESG risk management to guarantee the effective management of climate change-related risks.

Climate change-related risk identification

Identify and delineate climate risks impacting the Company's business segments in terms of both physical risks and transition risks, and to categorize and summarize the classification of risks associated with these dimensions

Climate change-related risk assessment

Evaluate the impacts of climate risks on the Company's business segments in terms of qualitative and quantitative dimensions, as well as their duration and intensity

Formulating climate change-related risk responses

Develop risk response measures using tools such as climate change scenario analysis, taking into account the Company's operations, industry and geographic factors

Climate change-related risk reporting

Report regularly and timely to the Board of Directors on the objectives and progress of climate change related risk management and improve the effectiveness of climate change related risk management

Climate Change-related Risk Management Process

4. Environmental Protection for a Green Homeland

4.1.4 Targets and metrics

We strive to continually minimize our negative impact on the environment by regularly measuring and disclosing our operational carbon emissions each year and assessing our environmental performance for the year.

Ping An Health's indicators for energy and greenhouse gas emission during the reporting period are as follows:

Important data		Unit	2023	2022	2021
Total energy consumption and intensity ¹	Total energy consumption	GJ	47,337.35	47,882.85	48,447.98
	Total energy consumption intensity	GJ/person	21.97	18.73	14.15
Total greenhouse gas emissions and intensity	Total greenhouse gas emissions	Tonne of CO ₂ equivalent	7,499.02	8,114.81	9,392.35
	Greenhouse gas emission intensity	Tonne of CO ₂ equivalent/person	3.48	3.18	2.74

4.1.5 Product Carbon Footprint

Ping An Health integrates the concept of sustainability into its products and services. Relying on its own technological advantages and platform resources, Ping An Health has innovated a portfolio of green products and services, and endeavors to achieve greenhouse gas emission reductions covering the life cycle of its products through low-carbon purchasing, low-carbon operation, and low-carbon logistics.

Low-carbon Operation

As a responsible enterprise, Ping An Health is committed to promoting energy conservation and consumption reduction. The Company strictly abides by the *Law of the People's Republic of China on Environmental Protection*, the *Law of the People's Republic of China on Energy Conservation* and other laws and regulations, and embeds energy conservation and emission reduction in all departments and links of its operation, so as to effectively reduce the impact on the environment.

¹ In order to more accurately reflect the energy and resource consumption, greenhouse gas emission and waste discharge generated from office administration and business operation activities by each employee in 2023, the energy and resource consumption intensity, greenhouse gas intensity and waste intensity in 2023 is calculated as: total consumption or emissions/((number of employees at the beginning of 2023 + number of employees at the end of 2023)/2).

4. Environmental Protection for a Green Homeland

Reducing the use of energy

With the unified property management mode of Ping An Building, the Company adopts a high-efficiency water source heat pump system, which uses water/ground source as the cooling/heating source of the system, significantly reducing energy consumption and effectively mitigating the greenhouse effect and heat island effect.

Green office

To reduce paper usage, Ping An Health has introduced a digital medical record management system to facilitate information sharing and collaborative work.

Encouraging green travel

The Company encourages employees to reduce greenhouse gas emissions caused by employees commuting to and from work, and guide employees to gradually develop a green and healthy lifestyle.

Case

Fun Low Carbon Ride

To enhance employees' understanding in ESG concepts and promote sustainable development, Ping An Health launched ESG-specific training and fun low-carbon ride among its employees.



Ping An Health promotes green environmental protection in training activities, and regularly publicizes Environment Day, low-carbon energy saving and other related content through the official website, promoting green culture, enhancing employees' awareness of environmental protection and sense of responsibility, and building an environmentally friendly enterprise.

4. Environmental Protection for a Green Homeland

Low-carbon Procurement

In the procurement process, Ping An Health takes into account the environmental performance of its products and prioritizes the procurement of environmentally friendly, energy-saving and low-consumption raw materials, products and services that are easy to recycle and reuse.

Low-carbon procurement practice

Optimization of card-making process: Adjusting the use of raw materials for card-making business, replacing PVC with cardboard and other cardboards that are more friendly to the environment and more easily degradable as raw materials for manufacturing health cards

Reuse of cardboard boxes: To carry out quality testing of cardboard boxes shipped from upstream suppliers for reuse purpose, and use the qualified ones for external packaging of subsequent orders

Low-carbon Logistics

Ping An Health actively cooperates with low-carbon logistics and transportation agencies to ensure a stable supply of products by optimizing transportation routes and other measures.

Low-carbon logistics practice

Green transportation: To reduce carbon emissions during transportation by switching from fuel trucks to electric vehicles, from fuel trucks to hydrogen vehicles, and from road to rail

Green storage: To reduce the use of first-hand cartons and increase the number of recycled cartons

4.2 Waste Management

Ping An Health strictly abides by the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste*, the *Measures for the Administration of the Prevention and Control of Environmental Pollution by Electronic Waste*, and other laws and regulations of the countries where Ping An Health operates to revitalize idle assets and reduce the generation of waste. The Company will classify the waste generated from its operations to ensure that the waste is handled in a safe and orderly manner and to realize the recycling of resources.

4. Environmental Protection for a Green Homeland

Office waste



- Mainly including printer toner cartridges, ink cartridges, used lamps, etc.
- Set up specialized disposal points and special recycling procedures, and work closely with the suppliers and property management companies to dispose of them in a safe manner.

Electronic waste



- Mainly including used batteries, computers, etc.
- The property management company has unified electronic product waste bins on each floor of the workplace, and daily dry battery waste is placed in the unified recycling point and recycled by the property management company.

Domestic waste



- Implement the requirements of different cities for the separation of household garbage, and adopt the garbage classification mode suitable for the Company according to the local conditions. The garbage is collected and sorted at regular intervals by the cleaning staff of the workplace and the property management company.

4.3 Resources Management

Ping An Health has comprehensively improved the level of resource management, and strictly controls the water resources and office supplies used in the operation process, contributing to the realization of a circular economy.

4.3.1 Water Management

Ping An Health strictly follows the *Water Law of the People's Republic of China* and other laws and regulations applicable to the place of operation, and adheres to the concept of promoting rational water use and water conservation. The primary source of water for Ping An Health is municipal water. In order to enhance the efficiency of water use, the Company has organized and implemented a series of water-saving management and water-saving technology measures for comprehensive water resources management. In 2023, based on the water management situation in 2022, Ping An Health set a target of reducing water consumption in the national workplace by 10% compared with 2022. During the reporting period, Ping An Health's total water consumption was 13,723.37 cubic meters, a decrease of 61% from 2022.



To regularly enhance the use of water and conference room resources through posters, and promote the efficient and rational use of resources



To install water savers to control water flow in workplace pantries



To set the rules for the use of mineral water: For internal meetings of the Company, mineral water is taken on self-service basis, and tea and mineral water are provided according to actual needs for reception of external visits

Water-saving Measures

4. Environmental Protection for a Green Homeland



Water Savers in Workplace Pantries



Water Conservation Poster

4.3.2 Management of Office Resources

Ping An Health is committed to creating a green office environment and integrating the concept of sustainable development into our daily work. We advocate paperless office, and reduce the use of disposable items, practicing low-carbon life from top to bottom. During the relocation process, we recycled all old furniture and uniformly collected and processed all the waste generated during the relocation, enhancing the efficiency of resource reuse.



To set the printer's preset print mode to duplex printing, default as black and white printing; set paper storage boxes for single-sided paper that needs to be discarded due to mistake, encourage staff to recycle, and improve paper utilization rate



To set the workplace paper specification to 70g, promoting savings while reducing overall paper costs



To set up green paper tips to subconsciously influence the behavior of employees in the workplace pantry and other public areas that employees often pass by



"Print on Both Sides" Signs

4. Environmental Protection for a Green Homeland

In terms of reducing the use of disposables, the Company advocates employees to bring their own cups and daily meals.



Microwave ovens are provided on each floor to advocate employees to bring meals and reduce white pollution



The Company no longer provides bottled water for ordinary meetings, and guides and encourages employees to use plastic bottled water reasonably and according to needs



Disposable paper cups are no longer provided at non-reception floors, and employees are advocated to bring their own cups to promote energy saving and environmental protection

Case

Special publicity to administrative staff

During the reporting period, Ping An Health launched a special publicity campaign for administrative personnel to promote the control of workplace resources, including but not limited to the control of water, electricity and disposable products, etc., which gave full play to the geographical radiation role of administrative staff, and promoted the implementation of environmental protection measures in workplaces and employees across the country.



Environmental, Social and Governance Report

5. Industry Leadership for Shared Ecosystem



Ping An Health fulfills industrial responsibilities by strengthening supply chain management, promoting universal healthcare, participating in community welfare activities, as well as contributing to the realization of the strategic goal of “Healthy China 2030.”

5.1 Supply Chain Management

Ping An Health attaches great importance to the sustainable development of the supply chain, continuously optimizes the supplier management system, integrating ESG into the full lifecycle management of suppliers to ensure the high-quality and stable development of the supply chain.

5.1.1 Sustainable Supply Chain Development

Excellent supply chain management is a core element of Ping An Health’s business continuity and sustainability. Ping An Health attaches great importance to the management of suppliers with strictly abides by the Law of the People’s Republic of China on Tendering and Bidding and other laws and regulations. We have revised and implemented the *Supplier Management Rules* to conduct a full-process control on the access, assessment and withdrawal of suppliers.

We have improved and updated the *Supplier Code of Conduct*, including all suppliers of production, services and transportation, and raw materials, etc. We have standardized our ESG behaviors and integrated supplier sustainability assessments and inspections into our overall process management to create a responsible and sustainable supply chain.

Case

Ping An Health conducted due diligence and on-site visits on cellular storage suppliers

In 2023, Ping An Health conducted due diligence and on-site visits of cellular storage suppliers to audit the quality and safety compliance of the supplier companies during the process of cellular business research and development and launch, etc., understanding their management of environmental, social and governance, and to promote the improvement of the quality management level of the value chain.



5. Industry Leadership for Shared Ecosystem

Supplier Access

At the procurement stage, we screen and identify suppliers through qualitative scores, giving priority to suppliers with better ESG performance in environment, safety and quality management systems. For non-operational procurement, we adopt the principles of localization and proximity to prevent and mitigate possible adverse impacts on the safety and health of the supply chain through a fair and impartial access assessment mechanism.

At the qualification stage, Ping An Health carries out a comprehensive, objective and targeted evaluation to examine the capabilities of suppliers. In 2023, the Company created a supplier resource pool exclusive to Ping An Health, effectively solving pain points such as a lack of supplier sources, incomplete supplier cooperation information or the inability to quickly retrieve it, and realizing refined and digital management of supplier qualification information.

Supplier Evaluation

At the investigation stage, the Company explicitly proposes a dedicated program for supplier sustainability management assessment and supervises suppliers to establish sustainability implementation standards in order to effectively identify, screen and assess supplier risks related to sustainability.

Ping An Health has adopted a hierarchical management of suppliers and diversified certification efforts for different levels of suppliers. We regularly conduct product quality and safety audits of our direct suppliers to ensure the quality and safety of the products and services they provide. For indirect suppliers and raw material suppliers, we also put forward clear quality audit requirements for them, and carry out spot checks on the third-party quality tests they accept.

In addition, Ping An Health has set up a supplier risk management mechanism to enhance the effectiveness of supplier risk management through regular reviews and follow-up of improvement progress, on-site inspection visits, qualification validity control and supplier sampling inspection.

5. Industry Leadership for Shared Ecosystem

Regular audits and follow-up

- The Company conducts regular supplier quality compliance audits annually, focusing on qualification discrepancies, misrepresentation, process errors and defamation of others.

Qualification validity control

- We systematically set up qualification deadline reminders and invalidation to avoid supplier performance and complaint problems due to qualification problems, which will affect the brand image of Ping An Health.

On-site inspection visits

- We arrange on-site inspection visits to manufacturing suppliers according to business needs to check the work and efforts made by the suppliers in the actual production process.

Supplier sampling inspection

- We conduct random inspections of suppliers from time to time to identify potential risks to the Company and the society through an in-depth understanding of the different dimensions of the supplier's situation while sorting out the business.

Supplier Risk Management Measures of Ping An Health

At the performance evaluation stage, Ping An Health conducts annual appraisal on the performance of suppliers and develops a scoring and grading model to achieve strategic ranking based on the depth of cooperation, degree of cooperation, and other aspects. Under the same application conditions, we will give priority to suppliers with better star ratings in the supplier performance grading results to incentivize suppliers to continuously improve their sustainable development capabilities.

Supplier Exit

Ping An Health will suspend the procurement of any supplier that fails the assessment, and will immediately request rectification of the supplier. If the supplier meets the requirements for rectification, its qualification can be re-confirmed. If the supplier fails to make rectification in time or fails to meet the requirements for rectification, it will be eliminated and removed from the qualified supplier database after process-based approval. Meanwhile, we implement a supplier reward and punishment management mechanism, establish a mechanism for violation management, set up black and gray lists to restrain supplier violations, and eliminate major non-compliant suppliers in a timely manner, and optimize supplier resources.

5. Industry Leadership for Shared Ecosystem

5.1.2 Sustainable Procurement

Ping An Health incorporates ESG factors into procurement and assesses supplier's ESG performance. We also takes the initiative to cooperate with upstream and downstream suppliers to promote the concept of environmental protection, and boost the development of green industry. In the procurement process, we follow the principles of green procurement and 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. At the same time, we conducted ESG-related training for suppliers, and the coverage rate of ESG-related training for suppliers reached 100% during the reporting period.

5.2 Access to Health Care

Ping An Health is dedicated to advancing inclusive healthcare, leveraging abundant healthcare resources, and making significant contributions to the national health agenda.

5.2.1 Medical Inclusion Initiative

To help enterprises, employees and more users to enhance their awareness of health management, effectively promote their own health management and improve the accessibility of health management services, Ping An Health has continuously enriched the means of medical management, opened up contact channels, and carried out a variety of science popularization education and promotional activities. In addition, the Company has improved the affordability of Ping An Health healthcare services by reducing consumer spending and providing actionable medical solutions and healthcare services.

Improving availability to medical services

- Diversifying management: To provide prevention, weight loss, serum glucose and blood pressure screening services, and reach more people
- Lowering the communication threshold: To shorten the communication path between the user and the health manager, and reduce the time cost of communication
- Expanding advocacy channels: To enable more people to have access to health knowledge through Gold Butler live broadcast and community live broadcast

Improving affordability of medical services

- Free subscription for annual service: Free activation of the service package to enjoy the full year of health manager services, reducing the burden of users
- Executable and on-the-ground medical program: 21-day intensive management period and follow-up services, with no additional time commitment from the user
- Reducing users' psychological pressure: regular health counseling by doctors, establishment of caring dialect groups and service retrieval groups to reduce communication barriers and solve users' disease troubles

Medical Inclusion Initiatives of Ping An Health

5. Industry Leadership for Shared Ecosystem

Case

Technology-empowered Ping An Health to Enterprise Initiative

Ping An Health is committed to improving the accessibility of healthcare services for corporate users, and has specially launched the “Enterprise EZHealth” corporate healthcare product system, to meet different health management needs of employees such as daily health, sub-health, and chronic diseases.

On March 7, 2023, Ping An Health and Xiamen International Bank Shanghai Branch co-organized the “Enterprise EZHealth, Ping An Goes Along with You - Health Literacy Enhancement Action for Corporate Employees,” providing shoulder and neck massages, traditional Chinese medicine consultations, companion robots, and FocusZen mindfulness device for the bank’s employees.



As of the end of the reporting period, Ping An Health had a cumulative number of 40 million cumulative paid users and served 1,508 corporate clients. The company has expanded its team of about 50,000 internal and external doctors in 29 specialties and has partnered with nearly 2,500 famous external medical experts. In addition, we have about 4,000 cooperative hospitals, about 103,000 cooperative health management organizations, and about 230,000 cooperative pharmacies.

5. Industry Leadership for Shared Ecosystem

5.2.2 Promoting Industry Development

Ping An Health actively cooperated with companies in the biopharmaceutical, medical device and pharmaceutical healthcare industries to carry out in-depth production and research cooperation around the five major scenarios of health, sub-health, disease, chronic disease and elderly care, so as to build more scientific and easy-to-use medical and healthcare solutions.

Case

Ping An Health Digital Diabetes Management Research Report released

On November 6, 2023, the *Digital Diabetes Management Research Report* jointly compiled by Ping An Health and the Center for Prevention and Control of Chronic Non-communicable Diseases of the Chinese Center for Disease Control and Prevention was officially released. More than 50 experts and industry guests from the CDC Center for Chronic Diseases and other organizations to participate in the conference. They together presented the results of the cutting-edge exploration of Ping An Health's digital diabetes management to the society.

5.3 Contribute to Our Community

Deeply involved in the healthcare sector, Ping An Health proactively gains in-depth insights into people's medical and health needs. We refine our products, enhance services, contribute to the construction and development of community-based primary care, and fulfill our corporate social responsibility.

Healthcare Ecosystem Support

Case

Ping An Health created "3456" Chronic Disease Management Model to empower the health of millions of users

To help more patients access more professional chronic disease management, Ping An Health provides users with one-stop "chronic disease prevention and control service" that saves effort, time and money. The service was selected as one of the "Typical Digital Products and Services for Chronic Disease Prevention and Control" by the CDC Center for Chronic Diseases in 2022.

Since the launch of the service in 2021, Ping An Health, in conjunction with Ping An Life, has deeply served more than 1 million users and provided 800,000 users with personalized and customized health management solutions and effectively prevent and control chronic diseases.

5. Industry Leadership for Shared Ecosystem

Case

“Health lecture hall for the promotion of health literacy of enterprise employees” by Ping An Health

Ping An Health contributes to the construction of healthy enterprises and enhances the health literacy of enterprise workers. We have launched a total of four sessions of the “Health lecture hall for the promotion of health literacy of enterprise employees” in the areas of traditional Chinese medicine, skin care, lumbar and spinal health, and cervical health, to promote health management in the workplace.



Traditional Chinese Dietary Therapy



Cervical Cancer Prevention Screening



Lumbar Spine Health Management



Summer Skin Care Management

5. Industry Leadership for Shared Ecosystem

Case

Ping An Health built community healthcare network and protected health through 100 public welfare activities

Ping An Health, together with the Shanghai Nanmatou Road subdistrict office held the “Professionalism for the Well-being of Every Family - The Launch Ceremony of the Thanksgiving and Health Charity Walk, along with the Double Support and Elderly Assistance Activities, on the 35th Anniversary of Ping An of China.” The event provided a series of professional health consultations for community residents, and information about tumor prevention and treatment, intestinal health, skin health, and dental health and other practical knowledge. Ping An Health volunteers provided public service for 4 hours per person.

Volunteer Medical Services

Case

Large-scale charity clinics at Wuhan Ping An Health (Testing) Center

On March 4, doctors of Wuhan Ping An Health (Testing) Center appeared in Wuhan Jinyintan Yongwang Dream City to carry out a large-scale charity clinics to learn the spirit of Lei Feng. More than 300 citizens accepted professional health advice.



5. Industry Leadership for Shared Ecosystem

Case

Charity clinics themed “Warming People’s Hearts with Medical Services, Popularizing Traditional Chinese Medicine” was held in Gangdong Village

To further improve residents’ health awareness, enable the public to enjoy convenient Chinese medicine services, and promote Chinese medicine culture, on the morning of April 27, the Red Heart Party Branch of Gangdong Village, Chengxiqiao Center, Hefei High-tech Zone and Hefei Ping An Health Testing Center jointly carried out the charity clinics themed “Warming People’s Hearts with Medical Services, Popularizing Traditional Chinese Medicine,” bringing the dialectical concept of traditional Chinese medicine and the humanistic care of the community to the local residents.



Case

Contributing to rural revitalization, Medical Aid of Ping An Health entered Debao, Guangxi

On August 30, the signing ceremony and donation ceremony of the “pairing-off assistance” strategic cooperation between China Social Assistance Foundation and Debao County of Baise City, Guangxi Zhuang Autonomous Region was held in Debao County, Guangxi. Ping An Health, in conjunction with the China Social Assistance Foundation, donated medical supplies valued at RMB110,000 to Debao County.

Disaster Relief

Case

On-line public welfare area launched at Ping An Health APP, working together against the earthquake, bringing warmth together

On December 19, Ping An Health APP quickly launched the “public welfare zone for earthquake relief” to provide healthcare services such as free rapid consultation, psychological counseling, and mutual assistance to affected users in Haidong City, Qinghai, and Linxia Prefecture, Gansu. This initiative aimed to warmly protect the people in the disaster areas and safely pass through the bitter cold winter night.

Environmental, Social and Governance Report

6. Key Performance Form

6.1 Environmental Key Performance Form

Indicator category	Key performance indicator	Unit	2023	2022	2021
Greenhouse Gas Emission²	Scope 2 greenhouse gas emission	tCO ₂ e	7,499.02	8,114.81	9,392.35
	Scope 2 greenhouse gas emission intensity ³	tCO ₂ e/person	3.48	3.18	2.74
Waste Management⁴	Waste electronics	ton	0.00	0.00	3.33
	Waste ink cartridges/toner cartridges	ton	0.02	0.00	1.53
	Waste lamps and bulbs	ton	0.00	0.11	0.52
	Discarded dry batteries	ton	0.00	0.01	0.05
	Total hazardous waste	ton	0.02	0.12	5.42
	Hazardous waste density	ton/person	0.0000088	0.000048	0.0016
	Total non-hazardous waste	ton	160.95	195.97	282.58
	Non-hazardous waste density	ton/person	0.08	0.08	0.08

² In 2023, 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. The calculation of greenhouse gas emissions in Scope 2 refers to the average emission factor of the national power grid (0.5703tCO₂/MWh) in the *Notice on the Management of Greenhouse gas emission Reporting of Enterprises in the Power generation Industry from 2023 to 2025*.

³ In order to more accurately reflect the energy and resource consumption, greenhouse gas emission and waste discharge generated from office administration and business operation activities by each employee in 2023, the energy and resource consumption intensity, greenhouse gas intensity and waste intensity in 2023 is calculated as: total consumption or emissions/ ((number of employees at the beginning of 2023 + number of employees at the end of 2023) /2).

⁴ Non-hazardous wastes are office wastes generated in the office area. Hazardous wastes refer to the amount of waste electronics, waste ink cartridges/toner cartridges, waste lamps and bulbs, and waste batteries produced.

6. Key Performance Form

Indicator category	Key performance indicator	Unit	2023	2022	2021
Use of Resources	Office paper usage	ton	2.89	2.63	6.83
	Outsourcing heat	GJ	/	/	81.00
	Total electricity consumption ⁵	kWh	13,149,262.60	13,300,791.28	13,435,284.66
	Electricity consumption density	kWh/person	6,103.16	5,203.75	3,922.71
	Total energy consumption ⁶	GJ	47,337.35	47,882.85	48,447.99
	Energy consumption density	GJ/person	21.97	18.73	14.15
	Total water consumption	m ³	13,723.37	35,533.00	37,403.62
	Water consumption density	m ³ /person	6.37	13.90	10.92

⁵ The scope of the Company's electricity consumption includes workplace electricity and data center electricity.

⁶ The total energy consumption in 2023 comes from indirect energy (i.e. purchased electricity), and the energy consumption coefficients refer to the *GBT2589-2008 General Principles for Calculation of Total Production Energy Consumption*.

6. Key Performance Form

Social Key Performance Form

Indicator category	Key performance indicator		Unit	2023	2022	2021
Labor management	Total workforce		Person	1,753	2,556	3,425
	Workforce by employment type	full-time	Person	1,753	2,556	3,425
		part-time	Person	0	0	0
	Workforce by gender	Male	Person	675	1,122	1,452
		Female	Person	1,078	1,434	1,973
	Workforce by position type	Senior	Person	59	66	67
		Middle	Person	390	449	713
		Junior	Person	1,304	2,041	2,645
	Workforce by age group	30 and under	Person	426	870	1,594
		30-50	Person	1,294	1,641	1,797
		50 and above	Person	33	40	34
	Workforce by geographical region	Chinese mainland	Person	1,749	2,551	3,418
		Overseas, HK, Macau and Taiwan	Person	4	5	7
	Total employee turnover ratio		%	50.17	/	/
	Employee turnover rate by gender	Male	%	65.88	37.70	64.77
		Female	%	38.93	44.84	59.43
	Employee turnover rate by age group	30 and under	%	54.00	66.44	79.15
		30-50	%	48.38	28.86	43.04
		50 and above	%	52.00	32.50	37.50
	Employee turnover rate by geographical region	Chinese mainland	%	50.17	41.71	61.45
Overseas, HK, Macau and Taiwan		%	44.44	40.00	150.00	
Signing rate of employment contracts		%	100	100	100	
Coverage of social insurance		%	100	100	100	
Participating rate in the labor union among employees in Chinese mainland		%	100	100	100	

6. Key Performance Form

Indicator category	Key performance indicator		Unit	2023	2022	2021
Health and Safety	Participating rate in the labor union among employees in Chinese mainland		Person	0	0	0
	Rate of work-related fatalities		%	0	0	0
	Lost days due to work injury		Day	270	40	42
	Coverage rate for health check-up services		%	100	100	100
Development and Training	Percentage of employees trained by gender	Male	%	100	100	100
		Female	%	100	100	100
	Average training hours completed per employee by gender	Male	Hours	174	78	243
		Female	Hours	177	79	295
	Percentage of employees trained by employee category	Senior	%	100	100	100
		Middle	%	100	100	100
		Junior	%	100	100	100
	Average training hours completed per employee by employee category	Senior	Hours	140	68	52
		Middle	Hours	185	80	291
		Junior	Hours	175	78	274

6. Key Performance Form

Indicator category	Key performance indicator	Unit	2023	2022	2021
Supply Chain Management	Total number of suppliers	numbers	3,142	2,532	2,607
	Number of suppliers in Chinese mainland	numbers	3,138	2,528	2,602
	Number of overseas suppliers and suppliers from HK, Macau and Taiwan	numbers	4	4	5
	Number of suppliers with a supplier access determination score or performance evaluation	numbers	3,142	2,532	2,607
	Number of suppliers assessed as having significant negative ESG impact	numbers	0	0	0
	Number of suppliers whose cooperation was terminated after ESG assessment	numbers	0	0	0
	Supplier anti-commercial bribery clause require coverage	%	100	100	100
	Coverage rate for ESG-related training among suppliers	%	100	100	100
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	Number	13,169	7,030	13,089
	Complaint resolution rate	%	100	100	100
	Complaint resolution satisfaction	%	96.1	96.3	98.2
Customer Relationship Maintenance	Training coverage rate for responsible marketing among all employees	%	100	100	/
	Training coverage rate for responsible marketing among sales employees	%	100	100	100
	Average training time for responsible marketing among sales employees	Hours	39	39	44
	Telephone service satisfaction	%	97.9	97.7	98.8
	Number of customer service trainings	Times	68	89	2
	Number of customer service trainings	Person-time	551	606	76

6. Key Performance Form

Indicator category	Key performance indicator	Unit	2023	2022	2021
Intellectual Property Protection	Number of domestic patent applications	Piece	368	325	375
	Number of PCT patent applications	Piece	0	45	7
	Number of patent authorizations	Piece	208	35	16
	Number of patent authorizations	Piece	47	30	277
	Number of copyright registrations	Piece	0	2	85
	Intellectual property training/campaign	Time	21	/	/
Data Security and Privacy Protection	Total number of information security trainings	Time	37	55	/
	Number of post safety trainings	Time	10	6	1
	Pass rate of information security awareness examination	%	100	100	> 99
	Information/privacy security management certification ratio for the Company's businesses	%	100	100	/
	Audit frequency for information security policies and systems	Year/Time	3	2	/
Public Charity	Total time of public charity activities/voluntary service activities	Hours	1,800	5,416	/
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 trainings/incorruptible culture promotions	time	197	150	20
	Number of internal anti-corruption/investigation activities	time	16	18	3
	Employee coverage of business ethics standard training	%	100	100	/
	Audit frequency for business ethics standard	Year/Time	/	1	/

6. Key Performance Form

Indicator category	Key performance indicator	Unit	2023	2022	2021
Risk Management	Interpretation of laws and regulations	Time	17	32	17
	Risk management training/promotion	Time	197	121	99
	Employee coverage of risk management training	%	100	100	100
Investor Relationship	Number of communications with investors	Time	358	407	/
	Number of investor performance briefings	Time	2	2	/

Environmental, Social and Governance Report

7. HKEX Environmental, Social and Governance Reporting Guide Content Index

Disclosure requirements		Disclosure	Corresponding chapter or explanation
Mandatory disclosure requirements			
Governance structure		Disclosed	1.1 Responsible Governance 1.2 ESG Management
Reporting principles		Disclosed	About This Report
Reporting scope		Disclosed	About This Report
“Comply or explain” clauses			
A1: Emissions			
General Disclosure		Disclosed	4.2 Waste Management
A1.1	The types of emissions and respective emissions data.	Disclosed	4.2 Waste Management
A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Disclosed	Environmental Key Performance Form
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Disclosed	Environmental Key Performance Form
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Disclosed	Environmental Key Performance Form
A1.5	Description of the emissions target(s) set and the steps taken to achieve them.	Disclosed	4.2 Waste Management
A1.6	Description of how hazardous and non-hazardous wastes are handled, the waste reduction target(s) set and the steps taken to achieve them.	Disclosed	4.2 Waste Management

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Disclosure requirements		Disclosure	Corresponding chapter or explanation
A2: Use of Resources			
General Disclosure		Disclosed	4.3 Resources Management
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	Environmental Key Performance Form
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Disclosed	Environmental Key Performance Form
A2.3	Description of the energy efficiency target(s) set and the steps taken to achieve them.	Disclosed	4.1 Addressing Climate Change
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and the steps taken to achieve them.	Disclosed	4.3 Resources Management
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, 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 the 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 not applicable.

7. HKEX Environmental, Social and Governance Reporting Guide Content Index

Disclosure requirements		Disclosure	Corresponding chapter or explanation
A4: Climate Change			
General Disclosure		Disclosed	4.1 Addressing Climate Change
A4.1	Description of material climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Disclosed	4.1 Addressing Climate Change
B1: Employment			
General Disclosure		Disclosed	3.1 Talent Attraction
B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Disclosed	Social Key Performance Form
B1.2	Employee turnover rate by gender, age group and geographical region.	Disclosed	Social Key Performance Form
B2: Health and Safety			
General Disclosure		Disclosed	3.5 Occupational Health and Safety
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Disclosed	Social Key Performance Form
B2.2	Lost days due to work injury.	Disclosed	Social Key Performance Form
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Disclosed	Social Key Performance Form
B3: Development and Training			
General Disclosure		Disclosed	3.2 Talent Development
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Disclosed	Social Key Performance Form
B3.2	The average training hours completed per employee by gender and employee category.	Disclosed	Social Key Performance Form

7. HKEX Environmental, Social and Governance Reporting Guide Content Index

Disclosure requirements		Disclosure	Corresponding chapter or explanation
B4: Labor Standards			
General Disclosure		Disclosed	3.1 Talent Attraction
B4.1	Description of measures to review employment practices to avoid child and forced labor.	Disclosed	3.1 Talent Attraction
B4.2	Description of steps taken to eliminate such practices when discovered.	Disclosed	3.1 Talent Attraction
B5: Supply Chain Management			
General Disclosure		Disclosed	5.1 Supply Chain Management
B5.1	Number of suppliers by geographical region.	Disclosed	Social Key Performance Form
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Disclosed	5.1 Supply Chain Management, Social Key Performance Form
B5.3	Description of the practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Disclosed	5.1 Supply Chain Management
B5.4	Description of the practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Disclosed	5.1 Supply Chain Management

7. HKEX Environmental, Social and Governance Reporting Guide Content Index

Disclosure requirements		Disclosure	Corresponding chapter or explanation
B6: Product Responsibility			
General Disclosure		Disclosed	2.2 Product Quality and Safety, 2.3 Information Security and Privacy Protection, 2.4 Responsible Marketing, 2.5 Customer Services
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Disclosed	Social Key Performance Form
B6.2	Number of products and service related complaints received and how they are dealt with.	Disclosed	2.5 Customer Services, Social Key Performance Form
B6.3	Description of practices relating to observing and protecting intellectual property rights.	Disclosed	2.1 Product and Service Innovation
B6.4	Description of quality assurance process and recall procedures.	Disclosed	2.2 Product Quality and Safety
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Disclosed	2.3 Information Security and Privacy Protection
B7: Anti-corruption			
General Disclosure		Disclosed	1.1 Responsible Governance
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	1.1 Responsible Governance
B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Disclosed	1.1 Responsible Governance, Social Key Performance Form
B7.3	Description of anti-corruption training provided to directors and staff.	Disclosed	1.1 Responsible Governance

7. HKEX Environmental, Social and Governance Reporting Guide Content Index

Disclosure requirements		Disclosure	Corresponding chapter or explanation
B8: Community Investment			
General Disclosure		Disclosed	5.3 Community Welfare
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	Disclosed	5.3 Community Welfare
B8.2	Resources contributed (e.g. money or time) to the focus area.	Disclosed	Social Key Performance Form

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 166 to 247, comprise:

- the consolidated statement of financial position as at 31 December 2023;
- 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, comprising material accounting policy information 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 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting 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.

Independent Auditor's Report

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

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Impairment of goodwill</p> <p>Refer to note 2.11, 4(a) and 15 to the consolidated financial statements.</p> <p>As at 31 December 2023, 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 Management Co., Ltd. (formerly named as Ping An Wanjia Healthcare Investment Management Co., Ltd. when acquired) 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>

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.

Independent Auditor's Report

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 IFRS Accounting Standards 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.

Independent Auditor's Report

- 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.

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, 19 March 2024

Consolidated Income Statement

For the year ended 31 December 2023

(All amounts expressed in RMB thousand unless otherwise stated)

	Note	Year ended 31 December	
		2023	2022 Restated
Revenue	5	4,673,562	6,205,082
Cost of sales	5, 6	(3,165,049)	(4,533,851)
Gross profit		1,508,513	1,671,231
Selling and marketing expenses	6	(835,796)	(1,120,400)
Administrative expenses	6	(1,480,884)	(1,748,350)
Other income	10	142,945	220,569
Other gains – net	11	89,962	250,612
Operating loss		(575,260)	(726,338)
Finance income	12	250,002	167,591
Finance costs	12	(6,886)	(11,113)
Finance income – net	12	243,116	156,478
Share of profits/(losses) of associates and joint ventures	19	251	(66,323)
Loss before income tax		(331,893)	(636,183)
Income tax expense	13	(2,965)	(3,410)
Loss for the year		(334,858)	(639,593)
Loss attributable to:			
– Owners of the Company		(322,594)	(636,058)
– Non-controlling interests		(12,264)	(3,535)
		(334,858)	(639,593)
Loss per share attributable to owners of the Company			
– Basic (RMB yuan)	14	(0.30)	(0.59)
– Diluted (RMB yuan)	14	(0.30)	(0.59)

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

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2023

(All amounts expressed in RMB thousand unless otherwise stated)

	Year ended 31 December		
	Note	2023	2022 Restated
Loss for the year		(334,858)	(639,593)
Other comprehensive income			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		25,745	111,967
Other comprehensive income for the year, net of tax		25,745	111,967
Total comprehensive loss for the year		(309,113)	(527,626)
Total comprehensive loss attributable to:			
- Owners of the Company		(296,849)	(524,091)
- Non-controlling interests		(12,264)	(3,535)
		(309,113)	(527,626)

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

Consolidated Statement of Financial Position

For the year ended 31 December 2023

(All amounts expressed in RMB thousand unless otherwise stated)

	Note	As at		
		31 December 2023	31 December 2022 Restated	1 January 2022 Restated
ASSETS				
Non-current assets				
Goodwill	15	1,677,692	1,677,692	969,929
Right-of-use assets	16	80,951	160,030	196,913
Property, plant and equipment	17	85,682	111,468	140,030
Other intangible assets	18	42,489	74,578	105,587
Investments in associates and joint ventures	19	109,212	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	1,196,614	2,279,986	2,649,317
Total non-current assets		3,192,640	4,678,339	5,123,558
Current assets				
Inventories	20	198,575	246,063	398,073
Trade receivables	21	1,190,392	1,510,336	1,553,645
Contract related assets	5	159,215	193,191	141,597
Prepayments and other receivables	22	347,919	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	5,330,666	5,089,556	4,937,084
Restricted cash	25	84,796	75,000	75,092
Term deposits	25	4,149,327	815,733	-
Cash and cash equivalents	25	1,866,511	3,700,689	3,064,876
Total current assets		13,327,401	12,505,841	12,816,601
Total assets		16,520,041	17,184,180	17,940,159

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

Consolidated Statement of Financial Position

For the year ended 31 December 2023

(All amounts expressed in RMB thousand unless otherwise stated)

	Note	As at		
		31 December 2023	31 December 2022 Restated	1 January 2022 Restated
EQUITY AND LIABILITIES				
Equity				
Share capital	26	35	35	36
Treasury shares	27	(1)	(1)	(367,860)
Reserves	28	20,497,766	20,423,914	20,808,040
Accumulated losses		(7,214,170)	(6,891,576)	(6,255,518)
Total equity attributable to owners of the Company		13,283,630	13,532,372	14,184,698
Non-controlling interests		(16,644)	(1,072)	2,463
Total equity		13,266,986	13,531,300	14,187,161
Liabilities				
Non-current liabilities				
Lease liabilities	16	49,989	103,490	120,918
Trade and other payables	30	10,990	43	43
Provisions	31	95,000	97,107	-
Total non-current liabilities		155,979	200,640	120,961
Current liabilities				
Trade and other payables	30	2,201,371	2,240,073	2,466,931
Contract liabilities	5	852,084	1,139,165	1,084,729
Lease liabilities	16	43,621	73,002	80,377
Total current liabilities		3,097,076	3,452,240	3,632,037
Total liabilities		3,253,055	3,652,880	3,752,998
Total equity and liabilities		16,520,041	17,184,180	17,940,159

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

The consolidated financial statements on pages 166 to 247 were approved by the Board of Directors on 19 March 2024 and were signed on its behalf:

Li Dou
Director

Wu Jun
Director

Consolidated Statement of Changes In Equity

For the year ended 31 December 2023

(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 2023 as originally presented		35	20,423,914	(1)	(6,964,368)	13,459,580	(1,072)	13,458,508	
Change in accounting policy		-	-	-	72,792	72,792	-	72,792	
As at 1 January 2023 restated		35	20,423,914	(1)	(6,891,576)	13,532,372	(1,072)	13,531,300	
Loss for the year		-	-	-	(322,594)	(322,594)	(12,264)	(334,858)	
Other comprehensive income for the year		-	25,745	-	-	25,745	-	25,745	
Share-based payments	28	-	29,113	-	-	29,113	-	29,113	
Exercise of share options	28	-	4,857	-	-	4,857	-	4,857	
Disposal of equity interests in a joint venture		-	(1,823)	-	-	(1,823)	-	(1,823)	
Disposal of partial equity interests in subsidiaries		-	13,526	-	-	13,526	(3,308)	10,218	
Share of other reserves of associates		-	2,434	-	-	2,434	-	2,434	
As at 31 December 2023		35	20,497,766	(1)	(7,214,170)	13,283,630	(16,644)	13,266,986	

	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 as originally presented		36	20,808,040	(367,860)	(6,356,799)	14,083,417	2,463	14,085,880	
Change in accounting policy		-	-	-	101,281	101,281	-	101,281	
As at 1 January 2022 restated		36	20,808,040	(367,860)	(6,255,518)	14,184,698	2,463	14,187,161	
Loss for the year		-	-	-	(636,058)	(636,058)	(3,535)	(639,593)	
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	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)	(6,891,576)	13,532,372	(1,072)	13,531,300	

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

Consolidated Statement of Cash Flows

For the year ended 31 December 2023

(All amounts expressed in RMB thousand unless otherwise stated)

	Note	Year ended 31 December	
		2023	2022
Cash flows from operating activities			
Cash used in operations	33(a)	(279,285)	(804,681)
Income tax paid		(3,574)	(5,934)
Net cash used in operating activities		(282,859)	(810,615)
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment and intangible assets		2,604	175
Payments for property, plant and equipment and intangible assets		(42,960)	(34,437)
Payment for acquisition of subsidiary, net of cash acquired		(69,944)	(626,411)
Proceeds from sales of financial assets at fair value through profit or loss		8,396,736	14,516,402
Payments for financial assets at fair value through profit or loss		(8,521,173)	(14,429,342)
Proceeds from sales of financial assets at amortized cost		511,987	2,228,742
Payments for investments in joint ventures		-	(1,020)
Proceeds from disposal of investments in a joint venture		10,388	385,448
Interest received from term deposits with initial term of over three months		64,592	71,918
Proceeds from term deposits with initial term of over three months		787,805	500,000
Payments for term deposits with initial term of over three months		(2,877,183)	(911,611)
Proceeds from partial disposal of a subsidiary		-	10,218
Proceeds from disposal of a subsidiary, net of cash acquired		1,000	-
Proceeds from the cash dividends declared by associates		250,088	-
Net cash (used in)/generated from investing activities		(1,486,060)	1,710,082
Cash flows from financing activities			
Payments for lease liabilities		(78,713)	(92,360)
Proceeds from exercise of share options		4,857	606
Proceeds from borrowings		10,500	-
Repayments for borrowings		(4,000)	-
Payments for repurchase of shares		-	(226,128)
Net cash used in financing activities		(67,356)	(317,882)
Net (decrease)/increase in cash and cash equivalents		(1,836,275)	581,585
Cash and cash equivalents at the beginning of the year	25	3,700,689	3,064,876
Effects of exchange rate changes on cash and cash equivalents		2,097	54,228
Cash and cash equivalents at the end of the year	25	1,866,511	3,700,689

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(All amounts expressed in RMB thousand unless otherwise stated)

1 General Information

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

The Company 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 2023.

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 2023

(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 Material Accounting Policies

This note provides a list of potentially material accounting policies adopted in the preparation of these consolidated financial statements. 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 ("IFRS Accounting Standards") issued by the International Accounting Standards Board ("IASB"), and the requirements of the Hong Kong Companies Ordinance and applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited. 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 requires the use of certain critical accounting estimates. Management also needs 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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(All amounts expressed in RMB thousand unless otherwise stated)

2 Summary of Material Accounting Policies (Continued)

2.1 Basis of preparation (Continued)

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 2023.

IFRS 17	Insurance Contracts
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	International Tax Reform – Pillar Two Model Rules Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The impact of the adoption of IFRS 17 is disclosed in Note 2.2. The other 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 2023 and not been early adopted by the Group as at the reporting period are as follows:

		Effective for annual periods beginning on or after
Amendments to IAS 1	Non-current liabilities with covenants Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to IFRS 16	Lease liability in sale and leaseback	1 January 2024

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 2023 or not been early adopted by the Group which are relevant to the Group's operation. The Group believes that the application of amendments to IFRSs, amendments to IASs and the new interpretations is unlikely to have a material impact on the Group's statement of financial position and performance as well as disclosure in the future.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(All amounts expressed in RMB thousand unless otherwise stated)

2 Summary of Material Accounting Policies (Continued)

2.2 Changes in accounting policies

This note explains the impact of the adoption of IFRS 17 Insurance Contracts on the Group's financial statements and also discloses the accounting policies change that have been applied from 1 January 2023, where they are different to those applied in prior periods.

2.2.1 Impact on the financial statements

IFRS 17 was issued and effective from 1 January 2023 as replacement for IFRS 4 Insurance Contracts. The Group changed the accounting policy applied on measurement of Health Membership Plans which fall in the scope of IFRS 4 in previous periods. Simultaneously, IFRS 17 permits an entity choose to apply IFRS 15 instead of IFRS 17 to fixed-fee service contracts that it issues if, and only if, specified conditions are met. Those contracts meet the definition of an insurance contract as well as specific conditions: 1) the contracts do not reflect an assessment of the risk associated with an individual customer in setting the price of the contracts; 2) the contracts compensate the customer by providing services, rather than by making cash payments to the customer; 3) and the insurance risk transferred by the contract arises primarily from the customer's use of services rather than from uncertainty over the cost of those services. The Group reviewed the Health Membership Plans contracts and concluded that those contracts meet the conditions of scope exemption of IFRS 17, the Group chose to apply IFRS 15 to measure those contracts.

The changes in accounting policies from 1 January 2023 resulted in adjustments to the amounts recognized in the financial statements. The Group adopted the new policy retrospectively and restated the comparatives for 2022 financial year. In summary, the following adjustments were made to the amounts recognized in the balance sheet at the date of initial application (1 January 2023) and the beginning of the earliest period presented (1 January 2022).

Statement of financial position (extract)	31 December 2022 Originally presented	Changes in accounting policies	1 January 2023 Restated
Contract related assets	151,079	42,112	193,191
Total assets	17,142,068	42,112	17,184,180
Trade and other payables	2,349,458	(109,385)	2,240,073
Contract liabilities	1,060,460	78,705	1,139,165
Total liabilities	3,683,560	(30,680)	3,652,880
Accumulated losses	(6,964,368)	72,792	(6,891,576)
Total equity	13,458,508	72,792	13,531,300

Statement of financial position (extract)	31 December 2021 Originally presented	Changes in accounting policies	1 January 2022 Restated
Contract related assets	82,129	59,468	141,597
Total assets	17,880,691	59,468	17,940,159
Trade and other payables	2,641,097	(174,166)	2,466,931
Contract liabilities	952,376	132,353	1,084,729
Total liabilities	3,794,811	(41,813)	3,752,998
Accumulated losses	(6,356,799)	101,281	(6,255,518)
Total equity	14,085,880	101,281	14,187,161

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For the year ended 31 December 2023

(All amounts expressed in RMB thousand unless otherwise stated)

2 Summary of Material Accounting Policies (Continued)

2.2 Changes in accounting policies (Continued)

2.2.1 Impact on the financial statements (Continued)

Income statement for year ended 31 December 2022 (extract)	Originally presented	Changes in accounting policies	Restated
Revenue	6,159,821	45,261	6,205,082
Cost of sales	(4,475,129)	(58,722)	(4,533,851)
Gross profit	1,684,692	(13,461)	1,671,231
Selling and marketing expenses	(1,105,372)	(15,028)	(1,120,400)
Operating loss	(697,849)	(28,489)	(726,338)
Loss before income tax	(607,694)	(28,489)	(636,183)
Loss for the year	(611,104)	(28,489)	(639,593)
Loss attributable to:			
- Owners of the Company	(607,569)	(28,489)	(636,058)
- Non-controlling interests	(3,535)	-	(3,535)
	(611,104)	(28,489)	(639,593)
Loss per share attributable to owners of the Company			
- Basic (RMB yuan)	(0.56)	(0.03)	(0.59)
- Diluted (RMB yuan)	(0.56)	(0.03)	(0.59)
Total comprehensive loss for the year	(499,137)	(28,489)	(527,626)
Total comprehensive loss attributable to:			
- Owners of the Company	(495,602)	(28,489)	(524,091)
- Non-controlling interests	(3,535)	-	(3,535)
	(499,137)	(28,489)	(527,626)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(All amounts expressed in RMB thousand unless otherwise stated)

2 Summary of Material Accounting Policies (Continued)

2.2 Changes in accounting policies (Continued)

2.2.1 Impact on the financial statements (Continued)

The total impact on the Group's accumulated losses as at 1 January 2023 and 1 January 2022 is as follows:

Closing accumulated losses as at 31 December 2022	(6,964,368)
Recognition of contract assets to fulfil a contract	42,112
Recognition of contract liabilities for revenue	(78,705)
Restatement of trade and other payables	109,385
Adjustment to accumulated losses from changes in accounting policies	72,792
Opening accumulated losses as at 1 January 2023	(6,891,576)
Closing accumulated losses as at 31 December 2021	(6,356,799)
Recognition of contract assets to fulfil a contract	59,468
Recognition of contract liabilities for revenue	(132,353)
Restatement of trade and other payables	174,166
Adjustment to accumulated losses from changes in accounting policies	101,281
Opening accumulated losses as at 1 January 2022	(6,255,518)

2.2.2 Summary of accounting policies applied

The Group launched Health Membership Plan, which mainly include "Health Guard 360" plans, "Enterprise Customized Membership" and other similar health plans. Health Membership Plans are sold at standard pricing and usually can be used in one year after activation. 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 certain services will be fulfilled when the insurable event occurs.

For Health Membership Plan contracts that contain more than one service, the Group identified each service as a separate performance obligation. The Group assesses whether it acts as a principal or agent for each performance obligation and allocates the transaction price to each performance obligation on a relative stand-alone selling price basis of each service. 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.

For the performance obligations which provide standby services on a when-and-if-available basis to customers, revenue is recognized over the period of validity. For the performance obligations contain limited service, revenue is recognized when services are rendered.

Provisions are recognized when it is probable that an outflow of resources will be required to settle the obligation under a contract after specific trigger event happened. 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.

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.

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For the year ended 31 December 2023

(All amounts expressed in RMB thousand unless otherwise stated)

2 Summary of Material Accounting Policies (Continued)

2.2 Changes in accounting policies (Continued)

2.2.2 Summary of accounting policies applied (Continued)

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.

2.3 Subsidiaries

2.3.1 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.

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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(All amounts expressed in RMB thousand unless otherwise stated)

2 Summary of Material Accounting Policies (Continued)

2.3 Subsidiaries (Continued)

2.3.1 Consolidation (Continued)

Business combination (Continued)

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.

2.3.2 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.

2.3.3 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 2023

(All amounts expressed in RMB thousand unless otherwise stated)

2 Summary of Material Accounting Policies (Continued)

2.4 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.

2.5 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 income statement.

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.

Gains 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 2023

(All amounts expressed in RMB thousand unless otherwise stated)

2 Summary of Material Accounting Policies (Continued)

2.6 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 ventures 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 2.11.

2.7 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.

2.8 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 gains – net in the income statement.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(All amounts expressed in RMB thousand unless otherwise stated)

2 Summary of Material Accounting Policies (Continued)

2.8 Foreign currency translation (Continued)

Transactions and balances (Continued)

Foreign exchange gains and losses are presented in the income statement within “Other gains – 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.

2.9 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 2023

(All amounts expressed in RMB thousand unless otherwise stated)

2 Summary of Material Accounting Policies (Continued)

2.9 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.

2.10 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.

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For the year ended 31 December 2023

(All amounts expressed in RMB thousand unless otherwise stated)

2 Summary of Material Accounting Policies (Continued)

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

Costs associated with maintaining 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;

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(All amounts expressed in RMB thousand unless otherwise stated)

2 Summary of Material Accounting Policies (Continued)

2.10 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.

During the reporting period, the Group has no development costs recognized as intangible assets.

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

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2 Summary of Material Accounting Policies (Continued)

2.11 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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(All amounts expressed in RMB thousand unless otherwise stated)

2 Summary of Material Accounting Policies (Continued)

2.12 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.

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(All amounts expressed in RMB thousand unless otherwise stated)

2 Summary of Material Accounting Policies (Continued)

2.12 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 – 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 – 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 – 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 – 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 2023

(All amounts expressed in RMB thousand unless otherwise stated)

2 Summary of Material Accounting Policies (Continued)

2.12 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.

2.13 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.

2.14 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 sales in the consolidated statement of profit or loss.

2.15 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 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.

2.16 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 2023

(All amounts expressed in RMB thousand unless otherwise stated)

2 Summary of Material Accounting Policies (Continued)

2.17 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.

2.18 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.

2.19 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.

2.20 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.

(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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(All amounts expressed in RMB thousand unless otherwise stated)

2 Summary of Material Accounting Policies (Continued)

2.20 Employee benefits (Continued)

(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.

(e) Termination benefits

Termination benefits are payable when employment is terminated by the group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

2.21 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.

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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(All amounts expressed in RMB thousand unless otherwise stated)

2 Summary of Material Accounting Policies (Continued)

2.22 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.

2.23 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 2023

(All amounts expressed in RMB thousand unless otherwise stated)

2 Summary of Material Accounting Policies (Continued)

2.23 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 customers; and (2) pharmaceuticals and medical devices sales.

The Group has the ability to determine the pricing of the services, nature of services and is responsible for providing the relevant medical services. Revenue from medical services is recognized on a gross basis.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(All amounts expressed in RMB thousand unless otherwise stated)

2 Summary of Material Accounting Policies (Continued)

2.23 Revenue recognition (Continued)

(a) Medical services (Continued)

Medical services to customers

The Group offers customized services to corporate customers, including their customers and employees. 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. 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 and individual 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. For the performance obligations which provide standby services on a when-and-if-available basis to customers, revenue is recognized over the period of validity. For the performance obligations contain limited service, revenue is recognized when services are rendered.

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.

Individual customers are usually required to make payments in advance for the medical services, the unsatisfied performance obligation is recorded as contract liabilities accordingly. 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.

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 and marketing services to merchant customers.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(All amounts expressed in RMB thousand unless otherwise stated)

2 Summary of Material Accounting Policies (Continued)

2.23 Revenue recognition (Continued)

(a) Medical services (Continued)

Pharmaceuticals and medical devices sales (Continued)

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 seek for 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.

Revenue from sales to merchant customers are recognized at the point of acceptance on a gross basis. 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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(All amounts expressed in RMB thousand unless otherwise stated)

2 Summary of Material Accounting Policies (Continued)

2.23 Revenue recognition (Continued)

(b) Health services (Continued)

Standardized healthcare services (Continued)

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.

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 Group provides online and offline services which are performed by internal services team as well as the Group's continually expanding services network with healthcare institutions. 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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(All amounts expressed in RMB thousand unless otherwise stated)

2 Summary of Material Accounting Policies (Continued)

2.23 Revenue recognition (Continued)

(b) Health services (Continued)

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 Note 2.23(a)) 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”).

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 the agreed time 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 the agreed time 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.

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For the year ended 31 December 2023

(All amounts expressed in RMB thousand unless otherwise stated)

2 Summary of Material Accounting Policies (Continued)

2.23 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. 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 provides comprehensive healthcare management services, insurance agency service, technology development and other services.

2.24 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.

2.25 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;

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(All amounts expressed in RMB thousand unless otherwise stated)

2 Summary of Material Accounting Policies (Continued)

2.25 Leases (Continued)

- 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.

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.

2.26 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).

2.27 Dividend distribution

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(All amounts expressed in RMB thousand unless otherwise stated)

2 Summary of Material Accounting Policies (Continued)

2.28 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.

2.29 Tax

Income tax comprises current and deferred tax. Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

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

For the year ended 31 December 2023

(All amounts expressed in RMB thousand unless otherwise stated)

2 Summary of Material Accounting Policies (Continued)

2.29 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.

2.30 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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(All amounts expressed in RMB thousand unless otherwise stated)

3 Management of Financial 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 and liquidity. 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 HK\$/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 2023				
	RMB	USD (RMB equivalent)	HK\$ (RMB equivalent)	JPY (RMB equivalent)	RMB equivalent total
Cash and cash equivalents	1,776,663	65,902	23,946	-	1,866,511
Term Deposits	4,501,714	847,267	-	-	5,348,981
Financial assets at fair value through profit or loss	5,233,385	97,281	-	-	5,330,666
	11,511,762	1,010,450	23,946	-	12,546,158

	31 December 2022				
	RMB	USD (RMB equivalent)	HK\$ (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

The aggregate net foreign exchange (loss)/gains was recognized in consolidated statement of comprehensive income and included in other gains - net.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(All amounts expressed in RMB thousand unless otherwise stated)

3 Management of Financial 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 2023 RMB'000	31 December 2022 RMB'000
USD	+ 5%	50,522	71,671
USD	-5%	(50,522)	(71,671)

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% (2022: 5%) higher/lower as at 31 December 2023, profit of loss for the year would have been approximately RMB216,009 thousand (31 December 2022: RMB191,536 thousand) higher/lower.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(All amounts expressed in RMB thousand unless otherwise stated)

3 Management of Financial 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, similar 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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(All amounts expressed in RMB thousand unless otherwise stated)

3 Management of Financial 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 2023 and 2022 are determined as follows:

As at 31 December 2023	0-90 days	90-180 days	180-365 days	365-730 days	Over 730 days	Total
Gross carrying amount	1,051,927	51,803	70,933	65,066	81,765	1,321,494
Expected credit loss rate	2.3%	3.8%	6.5%	61.9%	73.7%	9.9%
Expected credit loss	24,000	1,968	4,591	40,257	60,286	131,102

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

The reconciliation of closing loss allowances for trade receivables as at 31 December 2023 and 2022 to the opening loss allowances as follows:

	31 December 2023	31 December 2022
At the beginning of the year	137,160	60,461
Increase in loss allowance for trade receivables	34,837	76,971
Receivables written off during the year as uncollectible (Note a)	(40,895)	(272)
At the end of the year	131,102	137,160

Note:

- (a) In 2023, the Group waived the RMB 39,065 thousand receivable from Good Doctor Technology Limited ("Good Doctor Technology") and its subsidiaries and correspondingly wrote off previously recognized impairment through a package agreement. (Note 19(b)(i))

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(All amounts expressed in RMB thousand unless otherwise stated)

3 Management of Financial Risk (Continued)

3.1 Financial Risk (Continued)

(b) Credit risk (Continued)

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.

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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(All amounts expressed in RMB thousand unless otherwise stated)

3 Management of Financial Risk (Continued)

3.1 Financial Risk (Continued)

(c) Liquidity risk (Continued)

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 2023					Total
	On demand	Within 1 year	1 to 5 years	Over 5 years	Undated	
Liabilities:						
Lease liabilities	-	44,952	52,381	-	-	97,333
Trade and other payables	-	1,525,259	11,996	-	48	1,537,303
	-	1,570,211	64,377	-	48	1,634,636

	As at 31 December 2022					Total
	On demand	Within 1 year	1 to 5 years	Over 5 years	Undated	
Liabilities:						
Lease liabilities	-	74,857	111,797	-	-	186,654
Trade and other payables	-	1,580,172	-	-	43	1,580,215
	-	1,655,029	111,797	-	43	1,766,869

3.2 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.

3.3 Fair value estimation

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(All amounts expressed in RMB thousand unless otherwise stated)

3 Management of Financial Risk (Continued)

3.3 Fair value estimation (Continued)

Determination of fair value and fair value hierarchy

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchies. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three broad levels. The level in the fair value hierarchy within which the fair value measurement is categorized in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

The levels of the fair value hierarchy are as follows:

- (a) Fair value is based on quoted prices (unadjusted) in active markets for identical assets or liabilities (“Level 1”);
- (b) Fair value is based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (“Level 2”); and
- (c) Fair value is based on inputs for the asset or liability that are not based on observable market data (unobservable inputs) (“Level 3”).

The level of fair value calculation is determined by the lowest level input that is significant in the overall calculation. As such, the significance of the input should be considered from an overall perspective in the calculation of fair value.

For Level 2 financial instruments, valuations are generally obtained from third party pricing services for identical or comparable assets, or through the use of valuation methodologies using observable market inputs, or recent quoted market prices. Valuation service providers typically gather, 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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(All amounts expressed in RMB thousand unless otherwise stated)

3 Management of Financial Risk (Continued)

3.3 Fair value estimation (Continued)

Determination of fair value and fair value hierarchy (Continued)

The following tables provide the fair value measurement hierarchy of the Group's financial assets and liabilities:

	As at 31 December 2023			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Financial assets at fair value through profit or loss	-	4,361,129	969,537	5,330,666

	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	-	3,987,955	1,119,571	5,107,526

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 immaterial to the Group.

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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(All amounts expressed in RMB thousand unless otherwise stated)

4 Critical Accounting Estimates and Judgments (Continued)

(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) 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

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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(All amounts expressed in RMB thousand unless otherwise stated)

5 Revenue and Segment Information (Continued)

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.

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

For the year ended 31 December 2023

	Medical services	Health services	Total
Revenue from customers	2,075,382	2,598,180	4,673,562
Cost of sales	(1,245,491)	(1,919,558)	(3,165,049)
Gross Profit	829,891	678,622	1,508,513

For the year ended 31 December 2022

	Medical services	Health services	Total
Revenue from customers	2,592,376	3,612,706	6,205,082
Cost of sales	(1,682,645)	(2,851,206)	(4,533,851)
Gross Profit	909,731	761,500	1,671,231

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 2023 and 31 December 2022, most of the non-current assets of the Group were located in the PRC.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(All amounts expressed in RMB thousand unless otherwise stated)

5 Revenue and Segment Information (Continued)

(a) Disaggregation of revenue from contracts with customers

For the year ended 31 December 2023	Medical services	Health services	Total
By nature			
Services and sales of goods	1,922,522	2,529,992	4,452,514
Commission income	152,860	68,188	221,048
	2,075,382	2,598,180	4,673,562
Timing of revenue recognition			
At a point in time	1,507,455	2,566,015	4,073,470
Overtime	567,927	32,165	600,092
	2,075,382	2,598,180	4,673,562

For the year ended 31 December 2022	Medical services	Health services	Total
By nature			
Services and sales of goods	2,552,206	3,553,466	6,105,672
Commission income	40,170	59,240	99,410
	2,592,376	3,612,706	6,205,082
Timing of revenue recognition			
At a point in time	2,004,420	3,548,979	5,553,399
Overtime	587,956	63,727	651,683
	2,592,376	3,612,706	6,205,082

(b) Contract related assets and liabilities

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

	At 31 December	
	2023	2022
Contract related assets		
Medical services	110,195	116,323
Health services	49,020	76,868
	159,215	193,191
Contract liabilities		
Medical services	406,043	562,062
Health services	446,041	577,103
	852,084	1,139,165

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(All amounts expressed in RMB thousand unless otherwise stated)

5 Revenue and Segment Information (Continued)

(b) Contract related assets and liabilities (Continued)

(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	
	2023	2022
Revenue recognized that was included in the contract liability balance at the beginning of the period		
Medical services	520,231	603,289
Health services	555,175	444,124
	1,075,406	1,047,413

(ii) Unsatisfied performance obligations

The following table shows unsatisfied performance obligations as at 31 December 2023 and 2022:

	At 31 December	
	2023	2022
Medical services	467,955	607,747
Health services	446,041	577,103
	913,996	1,184,850

Management expects that more than 93% of the transaction price allocated to the unsatisfied contracts as at 31 December 2023 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	
	2023	2022
Asset recognized from costs incurred to obtain a contract at 31 December 2023 and 2022		
Medical services	110,195	116,323
Health services	49,020	76,868
	159,215	193,191
Amortisation recognized as selling and marketing expenses for provision of services during the period		
Medical services	90,089	108,504
Health services	213,885	188,537
	303,974	297,041

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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(All amounts expressed in RMB thousand unless otherwise stated)

6 Expenses by Nature

	Year ended 31 December	
	2023	2022
Cost for service fee paid to vendors	1,610,204	952,308
Cost of merchandise	1,389,919	3,418,235
Employee benefit expenses	1,283,776	1,492,741
Commission expenses	413,610	428,058
Consulting expenses	184,216	263,379
Advertising and promotion expenses	89,153	298,842
Labour outsourcing expenses	74,719	45,400
Travelling, entertainment expenses and general office expenses	70,397	77,105
Depreciation of right-of-use assets	68,466	89,285
Depreciation of property, plant and equipment	57,377	64,542
Postage and communication expenses	44,182	46,414
Amortization of other intangible assets	34,936	36,351
Leasing expenses	17,573	14,513
Tax and surcharges	16,529	24,537
Settlement expenses	9,232	31,245
Remuneration of the auditors	4,500	3,750
Others	112,940	115,896
	5,481,729	7,402,601

7 Employee Benefit Expenses (Including Directors' Remuneration)

	Year ended 31 December	
	2023	2022
Wages, salaries, bonuses and other compensation costs	988,017	1,097,661
Welfare and other benefits	266,646	317,648
Share-based payments	29,113	77,432
	1,283,776	1,492,741

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(All amounts expressed in RMB thousand unless otherwise stated)

8 Directors' Remuneration

(i) Directors' and the chief executive's emoluments

	Year ended 31 December	
	2023	2022
Wages and salaries	11,633	9,876
Performance related bonuses	6,514	7,125
Pension costs – defined contribution plans	87	39
Other social security costs, housing benefits and other employee benefits	1,690	904
Share-based payments	9,305	7,488
Other compensation costs	1,066	1,376
	30,295	26,808

The remuneration of each director for the year ended 31 December 2023 is set out as follows:

	Year ended 31 December 2023					
	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						
- Li Dou ¹ (Chairman)	664	-	4	126	151	-
- Fang Weihao ²	7,876	3,664	40	628	5,381	349
- Wu Jun ³	1,770	2,850	43	936	3,773	717
Non-executive directors						
- Tan Sin Yin	-	-	-	-	-	-
- Lin Lijun ⁴	-	-	-	-	-	-
- Fu Xin ⁵	-	-	-	-	-	-
- Pan Zhongwu ⁶	-	-	-	-	-	-
- Zhu Ziyang	-	-	-	-	-	-
Independent non-executive directors						
- Tang Yunwei	441	-	-	-	-	-
- Guo Tianyong	441	-	-	-	-	-
- Chow Wing Kin Anthony	441	-	-	-	-	-
	11,633	6,514	87	1,690	9,305	1,066

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(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 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 ⁴	-	-	-	-	-	-
- Pan Zhongwu ⁶	-	-	-	-	-	-
- Zhu Ziyang	-	-	-	-	-	-
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

* For the year ended 31 December 2023 and 2022, the other compensation costs of Mr. Fang Weihao mainly comprised of charges related to the contingent compensation arrangement.

Notes:

1. Appointed as executive director since October 2023.
2. Resigned from executive directors since October 2023.
3. Appointed as executive director since March 2023.
4. Passed away in April 2023.
5. Appointed as non-executive director since March 2023.
6. Resigned from non-executive director since March 2023.
7. 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 2023 and 2022.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(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 2023 and 2022.

(iii) Directors' termination benefits

There was no termination benefits paid to directors during 2023 and 2022.

(iv) Consideration provided to third parties for making available directors' services

There was no payment to third parties for making available directors' services during 2023 and 2022.

(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 2023 and 2022.

(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 two directors during the year ended 31 December 2023 (2022: one), and their emoluments are reflected in the analysis shown in Note 8. The emoluments payable to the remaining three (2022: four) individuals during the year ended 31 December 2023, are as follows:

	Year ended 31 December	
	2023	2022
Wages and salaries	6,040	6,569
Performance related bonuses	3,021	8,895
Pension costs - defined contribution plans	129	156
Other social security costs, housing benefits and other employee benefits	1,100	1,303
Share-based payments	4,737	10,858
Other compensation costs	-	846
	15,027	28,627

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(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	
	2023	2022
HK\$4,500,001 to HK\$5,000,000	1	-
HK\$5,000,001 to HK\$5,500,000	1	1
HK\$5,500,001 to HK\$6,000,000	-	1
HK\$6,000,001 to HK\$6,500,000	1	-
HK\$7,000,001 to HK\$7,500,000	-	1
HK\$14,500,001 to HK\$15,000,000	-	1
	3	4

During the years ended 31 December 2023 and 2022, 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	
	2023	2022
Government grants	110,306	81,819
Interest on financial assets at amortized cost	12,077	101,461
Investment income on short-term investments placed with banks	20,562	37,289
	142,945	220,569

11 Other Gains - Net

	Year ended 31 December	
	2023	2022
Net foreign exchange (losses)/gains	(2,869)	36,954
Net fair value gains on financial assets at fair value through profit or loss	100,997	130,680
Net gains on disposals of a joint venture	12,211	277,604
Provision change for outstanding litigations (Note 31)	1,592	(97,107)
Net gains on disposals of subsidiaries	984	-
Impairment provision for financial assets	(36,191)	(67,338)
Impairment provision for investments in associates and joint ventures	-	(23,665)
Others	13,238	(6,516)
	89,962	250,612

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For the year ended 31 December 2023

(All amounts expressed in RMB thousand unless otherwise stated)

12 Finance Income - Net

	Year ended 31 December	
	2023	2022
Finance income		
Interest income	250,002	167,591
Finance costs		
Interest expenses on lease liabilities	(6,444)	(11,113)
interest expenses of borrowing	(442)	-
	243,116	156,478

13 Income Tax Expense

The income tax expense of the Group for the year ended 31 December 2023 is analyzed as follows:

	Year ended 31 December	
	2023	2022
Current income tax	2,965	3,410

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	
	2023	2022
Loss before income tax	(331,893)	(636,183)
Tax calculated at PRC statutory income tax rate of 25%	(82,973)	(159,046)
Tax effects of		
- Differential income tax rates applicable to overseas subsidiaries (Note a) (Note b)	(17,794)	(32,147)
- Income not subject to tax	(7,590)	(52,608)
- Expenses not deductible for tax purposes	112,719	52,100
- Tax losses and temporary differences for which no deferred income tax asset was recognized	157,352	196,644
- PRC withholding income tax	3,332	3,090
- Adjustments for current tax of prior periods	(459)	(366)
- Super deduction for research and development expenses	(2,263)	(3,116)
- Previously unrecognized tax losses now recouped to reduce current tax expense	(118,633)	(713)
- Previously unrecognized temporary differences now recouped to reduce current tax expense	(40,726)	(428)
Income tax expense	2,965	3,410

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For the year ended 31 December 2023

(All amounts expressed in RMB thousand unless otherwise stated)

13 Income Tax Expense (Continued)

The unused tax losses as at 31 December 2023 are analyzed as follows:

	At 31 December	
	2023	2022
Unused tax losses for which no deferred tax asset has been recognized	2,021,466	2,981,257
Potential tax benefit @ 25%	498,250	731,388
Potential tax benefit @ 16.5%	4,697	9,292

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 accordingly is not subject to Cayman Islands income tax.

(b) *Hong Kong Income Tax*

Hong Kong income tax rate is 16.5%. No Hong Kong profits tax was provided for as there was no estimated assessable profit that was subject to Hong Kong profits tax during the 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 profit, based on the existing legislation, interpretations and practices in respect thereof. According to the relevant circulars issued by the PRC tax authorities, some subsidiaries of the Group are entitled to certain tax concessions since they are 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 the interests generated from the loans advanced to PAHC by the Company.

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 2023 (31 December 2022: 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 2023 are calculated by dividing the loss attributable to the Company's equity holder by the weighted average number of ordinary shares in issue during the year and excluding treasury shares.

The calculation of loss per share is based on the following:

	Year ended 31 December	
	2023	2022
Loss attributable to the owners of the Company	(322,594)	(636,058)
Weighted average number of ordinary shares in issue ('000)	1,080,013	1,080,866
Basic loss per share (RMB yuan)	(0.30)	(0.59)

- (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 2023, 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 2023 are same as basic loss per share of respective periods.

15 Goodwill

	As at 1 January 2023		Increase	Decrease	As at 31 December 2023
Ping An Wanjia Healthcare Management Co., Ltd. ("Wanjia Healthcare") (Note a)	961,644	-	-	-	961,644
Smart Health Business (Note a)	707,284	-	-	-	707,284
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
Shanghai Mengchong Information Technology Co., Ltd. ("Shanghai Mengchong") (Note d)	479	-	-	-	479
Total	1,677,692	-	-	-	1,677,692
Less: Impairment losses	-	-	-	-	-
Net book value	1,677,692	-	-	-	1,677,692

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For the year ended 31 December 2023

(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).

Goodwill of Smart Health Business 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. As at 31 December 2022, goodwill was attributable to Smart Health Business as a whole as a CGU of the Group.

After a period of independent operations, management of the Group decided to reorganize the business structure of Smart Health Business, and this resulted in a change of organizational structure where the entire Smart Health Business was integrated with the medical services segment of the Group in order to realize the synergy of economies of scale. This reorganization changed the composition of CGU, the goodwill of Smart Health Business was reallocated to medical related CGU, which is under medical service segment.

As at 31 December 2023, management prepared a value-in-use assessment by using cash flow projections based on business plan for the purposes of impairment review covering a five-year's period. The expected annual growth rates over the five-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 2023, for medical related CGU, key assumptions for goodwill used for value-in-use calculations include annual growth rates ranging from 8% to 34% and gross margin ranging from 48% to 55%, while for the health related CGU, annual growth rates ranging from 7% to 24%, and gross margin ranging from 38% to 40%. As at 31 December 2023, the discount rate used for medical related CGU of 19.29% and health related CGU of 19.10% 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 RMB534,975 thousand (2022: RMB1,331,119 thousand) and for the health related CGU, the excess was approximately RMB459,977 thousand (2022: RMB688,174 thousand) as at 31 December 2023. 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) 2023
Medical related CGU	Assuming the annual growth rate for each year during the five-year period decreased by 1.9% and shall be no less than the terminal growth rate of 2.2%
Health related CGU	Assuming the annual growth rate for each year during the five-year period decreased by 1.8% and shall be no less than the terminal growth rate of 2.2%

- (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 RMB479 thousand arising from the acquisition of control over Shanghai Mengchong on 11 July 2022.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(All amounts expressed in RMB thousand unless otherwise stated)

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	
	2023	2022
Right-of-use assets		
Properties	80,951	160,030
Lease liabilities		
Current	43,621	73,002
Non-current	49,989	103,490
	93,610	176,492

Addition to the cost of right-of-use assets during the year ended 31 December 2023 was RMB17,302 thousand (2022: RMB77,532 thousand).

(b) Amounts recognized in the income statement

The income statement shows the following amounts relating to leases:

	Year ended 31 December	
	2023	2022
Depreciation of right-of-use assets		
Properties	(68,466)	(89,285)
Finance costs	(6,444)	(11,113)

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17 Property, Plant and Equipment

	Office and telecommunication equipment	Leasehold improvements	Total
As at 1 January 2023			
Cost	321,970	124,812	446,782
Accumulated depreciation	(249,903)	(85,411)	(335,314)
Net book amount	72,067	39,401	111,468
Year ended 31 December 2023			
Opening net book amount	72,067	39,401	111,468
Additions	25,496	10,369	35,865
Disposal	(4,274)	-	(4,274)
Depreciation charge	(35,419)	(21,958)	(57,377)
Closing net book amount	57,870	27,812	85,682
As at 31 December 2023			
Cost	328,365	135,181	463,546
Accumulated depreciation	(270,495)	(107,369)	(377,864)
Net book amount	57,870	27,812	85,682
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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(All amounts expressed in RMB thousand unless otherwise stated)

18 Other Intangible Assets

	Software	Licences	Total
As at 1 January 2023			
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
Year ended 31 December 2023			
Opening net book amount	63,329	11,249	74,578
Additions	2,847	-	2,847
Amortisation	(27,353)	(7,583)	(34,936)
Closing net book amount	38,823	3,666	42,489
As at 31 December 2023			
Cost	149,715	64,437	214,152
Accumulated amortisation	(110,892)	(41,202)	(152,094)
Accumulated impairment	-	(19,569)	(19,569)
Net book amount	38,823	3,666	42,489
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

19 Investments in Associates and Joint Ventures

	At 31 December	
	2023	2022
Investments in associates (a)	109,212	355,595
Investments in joint ventures (b)	-	1,020
	109,212	356,615

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For the year ended 31 December 2023

(All amounts expressed in RMB thousand unless otherwise stated)

19 Investments in Associates and Joint Ventures (Continued)

(a) Investments in associates

	At 31 December	
	2023	2022
At the beginning of the year	355,595	385,415
Share of other reserves of associates	2,434	(1,860)
Share of net profit/(loss) of associates	1,271	(4,295)
Impairment provision (Note i)	-	(23,665)
Cash dividends declared by associates	(250,088)	-
At the end of the year	109,212	355,595

Note:

- (i) 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 no impairment provision against the carrying amounts of certain investments in associates during the year ended 31 December 2023 (2022: RMB23,665 thousand). 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 2023 are as follows:

	Place	Principal activities	Percentage of equity interest	Percentage of voting rights
Chengyi (Note ii)	Ningbo	Equity investment management	71.2%	33%
Hydee	Shanghai	Software and information technology services	20%	20%

- (ii) On 13 November 2018, the Group entered into a share subscription agreement with Ping An Capital Company Limited, Ping An Life and Shenzhen Pingan Decheng Investment Co., Ltd. to subscribe for approximately 71.2% of the equity interests of Ningbo Chengyi Partnership Enterprise L.P. ("Chengyi") as a limited partner.

According to the share subscription agreement, the investment decision-making committee (the "committee") has six members and resolutions of the investment committee need to be passed by at least two-thirds of the members before taking into effect. Since the Group has appointed two members in the committee, the Group is considered to have significant influence but not control over Chengyi.

Notes to the Consolidated Financial Statements

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19 Investments in Associates and Joint Ventures (Continued)

(a) Investments in associates (Continued)

Summarized financial information of the Group's major associates:

	Chengyi		Hydee	
	Year ended 31 December		Year ended 31 December	
	2023	2022	2023	2022
The associate's total assets	17,488	370,577	207,823	173,624
The associate's total liabilities	(63)	(107)	(117,666)	(89,469)
The associate's profit/(loss)	3,774	5,174	(7,080)	(34,385)

(b) Investments in joint ventures

	At 31 December	
	2023	2022
At the beginning of the year	1,020	160,204
Additions	-	1,020
Share of net loss of joint ventures	(1,020)	(62,028)
Share of other comprehensive loss of joint ventures	-	(12,047)
Disposal (Note i)	-	(86,129)
At the end of the year	-	1,020

Note:

(i) On 7 March 2023, the Group entered into a share repurchase agreement with Good Doctor Technology to sell all of its equity interest in Good Doctor Technology at the consideration of USD1,500 thousand. Upon the completion of the transaction, the Group no longer holds any equity interest in Good Doctor Technology.

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 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 2023 are as follows:

	Place	Principal activities	Percentage of equity interest	Percentage of voting rights
Haoyi Xi'an	Xi'an	Health Consultation	51%	50%

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20 Inventories

	At 31 December	
	2023	2022
Inventories in warehouses	104,460	133,820
Goods in transit	66,142	91,381
Inventories stored in third parties	46,426	26,467
Less: impairment provision	(18,453)	(5,605)
	198,575	246,063

21 Trade Receivables

	At 31 December	
	2023	2022
Medical services	786,744	725,990
Health services	534,750	921,506
	1,321,494	1,647,496
Less: Loss allowance	(131,102)	(137,160)
	1,190,392	1,510,336

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

	At 31 December	
	2023	2022
Up to 3 months	1,051,927	1,051,371
3 to 6 months	51,803	246,290
6 months to 1 year	70,933	144,187
1 to 2 years	65,066	128,579
More than 2 years	81,765	77,069
	1,321,494	1,647,496
Less: Loss allowance	(131,102)	(137,160)
	1,190,392	1,510,336

Approximately 12% 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.

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22 Prepayments and Other Receivables

	At 31 December	
	2023	2022
Included in current assets		
Recoverable value-added tax	116,167	95,681
Advance payments	106,052	201,348
Deposits	68,618	33,293
Amounts due from related parties (Note a)	32,072	11,925
Agent business related receivables	6,581	6,568
Others	18,429	29,187
	347,919	378,002

Notes:

(a) During the year, the amounts due from related parties were non-trade nature.

(b) As at 31 December 2023, 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	
	2023	2022
Included in current assets (Note 34(c))		
Debt schemes	-	500,392
Less: provision for impairment losses	-	(3,121)
	-	497,271

24 Financial Assets at Fair Value through Profit or Loss

	At 31 December	
	2023	2022
Included in current assets		
Wealth management products	4,788,394	4,289,168
Investment funds	542,272	800,388
	5,330,666	5,089,556
Included in non-current assets		
Equity investments in unlisted companies	-	17,970

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25 Cash and Cash Equivalents, Restricted Cash and Term Deposits

(a) Cash and cash equivalents

	At 31 December	
	2023	2022
Cash	17	82
Cash at bank	1,596,509	3,339,280
Short-term bank deposits with initial term within three months	201,360	300,370
Other cash equivalents	68,625	60,957
	1,866,511	3,700,689

Cash and cash equivalents are denominated in the following currencies:

	At 31 December	
	2023	2022
USD	65,902	152,723
HK\$	23,946	23,016
RMB	1,776,663	3,524,949
JPY	-	1
	1,866,511	3,700,689

(b) Restricted cash

As at 31 December 2023, restricted deposits held at banks amounted to RMB84,796 thousand, of which RMB79,796 thousand is legally frozen due to the litigation as set out in Note 31.

(c) Term deposits

	At 31 December	
	2023	2022
Term deposits with initial term of over three months that will mature within one year	3,910,825	773,593
Term deposits with initial term of over three months	1,170,000	2,167,698
Interest receivable	268,156	155,999
Less: Loss allowance of term deposits	(3,040)	(1,571)
	5,345,941	3,095,719

Term deposits are denominated in the following currencies:

	At 31 December	
	2023	2022
USD	847,267	480,312
RMB	4,501,714	2,616,978
	5,348,981	3,097,290

The weighted average effective interest rate of the term deposits of the Group for the year ended 31 December 2023 is 3.95% (Year ended 31 December 2022: 3.63%).

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26 Share Capital

	Number of shares	USD
Authorised		
Ordinary shares of USD0.000005 each at 1 January 2023 and 31 December 2023	10,000,000,000	50,000

	Number of shares	USD	Equivalent to RMB
Issued			
Ordinary shares of USD0.000005 each at 1 January 2023 and 31 December 2023	1,118,812,900	5,594	35,067

27 Treasury Shares

	At 31 December 2023	2022
Treasury shares	1	1

28 Reserves

	At 31 December 2023	2022
Other reserves		
- share-based payments - value of employee services	246,063	274,602
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	284,967	227,315
- proceeds from exercise of share options	395,222	390,365
Cancellation of shares (Note b)	(593,985)	(593,985)
Currency translation differences	139,375	115,453
Partial disposal of equity interests of subsidiary	13,526	-
Other	576	(1,858)
	20,497,766	20,423,914

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.

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29 Share-based Payments

On 26 December 2014, an equity-settled share-based compensation plan was established 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.

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	
	2023	2022
At the beginning of the year	26,260,813	17,889,932
Granted	300,000	9,821,200
Exercised (Note a)	(1,629,692)	(1,134,870)
Forfeited	(13,279,973)	(315,449)
At the end of the year	11,651,148	26,260,813

Note:

(a) During the year ended 31 December 2023, 1,629,692 ordinary shares were exercised (year ended 31 December 2022: 1,134,870 ordinary shares) at the total consideration of 4,857 thousand. The exercise price range from RMB0 each to RMB23.5 each.

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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	
			2023	2022
2014	2024	0.50	-	501,352
2015	2025	0.50-0.75	85,174	1,713,798
2016	2026	5.00	105,300	236,300
2017	2027	23.50-32.00	2,113,681	9,629,742
2019	2029	0-30.95	771,993	1,644,469
2020	2030	0	707,911	1,749,728
2021	2031	0	789,750	1,260,371
2022	2032	0	6,777,339	9,525,053
2023	2033	0	300,000	-
			11,651,148	26,260,813

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 by reference to the market price of the Company's shares at the respective grant date.

The weighted average fair value of awarded share options granted during the year ended 31 December 2023 was HK\$13.52 per share (equivalent to approximately RMB12.25 per share) (year ended 31 December 2022: HK\$17.92 per share (equivalent to approximately RMB16.01 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.

Key assumptions are set as below:

	Granted at 1 December 2023
Share price	HK\$17.24
Risk-free interest rate	3.51%
Volatility	56.00%
Dividend yield	0%

During the year ended 31 December 2023, the Group recorded share-based payments of approximately RMB29,113 thousand (year ended 31 December 2022: RMB77,432 thousand) related to the Share Option Plan.

The average remaining contractual life of share options outstanding as at 31 December 2023 is 7.3 years (As at 31 December 2022: 6.7 years).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(All amounts expressed in RMB thousand unless otherwise stated)

30 Trade and Other Payables

	At 31 December	
	2023	2022
Included in current liabilities		
Trade payables (Note a)	741,453	675,505
Wages payables	573,155	507,549
Accrued expenses	388,693	473,332
Amounts due to suppliers	147,365	130,962
Tax payables	102,957	152,352
Amounts due to related parties	46,201	44,953
Agent business related payables	30,158	63,319
Consideration payable for acquisition of subsidiaries	-	67,462
Others	171,389	124,639
	2,201,371	2,240,073
Included in non-current liabilities		
Amounts due to related parties (Note b)	10,990	43

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

	At 31 December	
	2023	2022
Up to 3 months	690,571	589,324
3 to 6 months	21,799	49,713
6 months to 1 year	12,132	17,635
1 to 2 years	12,547	12,173
Over 2 years	4,404	6,660
	741,453	675,505

(b) As at 31 December 2023, Yingjian Medical, a subsidiary of the Group, had a long-term borrowing of RMB10,500 thousand with original duration of 36 months from its shareholder Yingjian Enterprise Management Consulting (Shanghai) Co., Ltd. ("Yingjian Enterprise Management Consulting"), which is unsecured and bears interest rate of 4.75%.

31 Provisions

	At 31 December	
	2023	2022
Provision for litigations (Note a)	95,000	97,107

(a) As at 31 December 2023, the Group was the defendant in certain outstanding litigations. 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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(All amounts expressed in RMB thousand unless otherwise stated)

32 Dividends

No dividends have been paid or declared by the Company during the year ended 31 December 2023 (year ended 31 December 2022: nil).

33 Cash Flow Information

(a) Cash used in operations

	Year ended 31 December	
	2023	2022
Loss before income tax	(331,893)	(636,183)
Depreciation and amortisation	160,779	190,178
Impairment provision for financial assets	36,191	67,338
Impairment provision for investments in associates and joint ventures	-	23,665
Provision for inventory obsolescence	12,848	5,605
Investment income on short-term investments placed with banks	(20,562)	(37,289)
Fair value gains on financial assets at fair value through profit or loss	(100,997)	(130,680)
Interest on financial assets at amortized cost	(12,077)	(101,461)
Share of losses of associates and joint ventures	(251)	66,323
Share option expenses	29,113	77,432
Finance income - net	(188,917)	(97,570)
Net gains on disposals of subsidiaries	(984)	-
Net gains on disposals of a joint venture	(12,211)	(277,604)
Net losses on disposals of property, plant and equipment and intangible assets	1,655	1,211
Net foreign exchange gains/(losses)	150	(33,879)
Change of inventories	34,411	146,433
Change of restricted cash	(9,796)	92
Decrease in trade receivables and other assets	346,846	93,198
Decrease in trade payables and other liabilities	(223,590)	(161,490)
Cash used in operations	(279,285)	(804,681)

34 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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(All amounts expressed in RMB thousand unless otherwise stated)

34 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
Shenzhen Ping An Properties Investment Co., Ltd. ("Ping An Properties")	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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(All amounts expressed in RMB thousand unless otherwise stated)

34 Related Party Transactions (Continued)

(a) Names and relationships with related parties (Continued)

Name of related parties	Relationship with the Company
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	Controlled by Ping An
Ping An Haoyi (Qingdao) Comprehensive Outpatient Department Co., Ltd. (“Haoyi Qingdao”)	Controlled by Ping An
Shanghai Geying Enterprise Management Co., Ltd. (“Shanghai Geying”)	Controlled by Ping An
Beijing Jinkun Lize Real Estate Co., Ltd. (“Beijing Jinkun Lize”)	Controlled by Ping An
Ping An International Financial Leasing Company Limited (“Ping An Financial Leasing”)	Controlled by Ping An
Ping An Wealth Management Co. Ltd (“Ping An Wealth Management”)	Controlled by Ping An
Yingjian Enterprise Management Consulting	Shareholder of the subsidiary of the Group

(b) Significant transactions with related parties

	Year ended 31 December	
	2023	2022
Trademark licensing		
Ping An	-	-
Provision of products and services (Note i)		
Ping An Property & Casualty Insurance	457,276	355,649
Ping An Life Insurance	455,976	564,722
Ping An Bank	190,407	217,992
Ping An Health Insurance	93,258	171,285
Ping An Annuity	64,778	43,851
Shanghai An Yi Tong	24,439	103,445
Shenzhen Wanlitong	13,056	4,021
Ping An Financial Services	12,774	18,156
Ping An Financial Leasing	11,277	11,728
Ping An Securities	9,230	7,943
Ping An Technology	5,881	3,583
Ping An Yiqianbao	5,659	764
Ping An	4,336	448

(i) Revenue is recognized from related parties based on the provision of products and services in current period. The corresponding items for comparative period was restated.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(All amounts expressed in RMB thousand unless otherwise stated)

34 Related Party Transactions (Continued)

(b) Significant transactions with related parties (Continued)

	Year ended 31 December	
	2023	2022
Services purchasing		
Ping An Pay Tech	100,391	42,173
Ping An Health Insurance	67,253	21,058
Ping An Technology	51,278	40,730
Ping An Communication Technology	50,355	54,562
Ping An Property & Casualty Insurance	48,687	21,770
Ping An Bank	35,644	72,566
Shenzhen Wanlitong	25,734	37,523
Ping An Financial Services	23,357	29,663
Chongqing Haoyi	15,672	10,507
Xiamen Haoyi	14,623	11,647
Hefei Haoyi	13,403	14,832
Haoyi Wuhan	12,486	12,465
Ping An Annuity	12,391	12,976
Shenyang Haoyi	10,744	6,089
Shanghai Haoyi	9,019	8,396
Guangzhou Haoyi	8,481	5,919
Haoyi Qingdao	8,119	1,982
Nanchang Haoyi	7,747	9,231
Ping An Medical Technology	7,151	4,984
Ping An	6,509	6,849
Deposit interests		
Ping An Bank	50,640	42,223
Investment income		
Ping An Asset Management	35,951	53,625
Ping An Properties	12,077	101,461
Ping An Bank	8,630	23,733
Ping An Wealth Management	3,048	-
Property leasing expenses paid		
Zean Investment	20,350	27,117
Shanghai Geying	3,779	-
Beijing Jinkun Lize	3,334	2,134
Ping An Life Insurance	782	5,855

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(All amounts expressed in RMB thousand unless otherwise stated)

34 Related Party Transactions (Continued)

(b) Significant transactions with related parties (Continued)

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 transferable licenses under limited conditions 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 original Trademark Licensing Framework Agreement commenced on 15 November 2017 and ends on 31 August 2023.

A new Trademark Licensing Framework Agreement was signed on 1 September 2023, with a validity period of two years.

Provision of products and services

The Group provide various types of products and services to Ping An Group of the Products and Services, including, but not limited to (1) online medical services comprising online consultation, hospital referral, inpatient arrangement, second opinion services, electronic prescriptions and health management; (2) prepaid packages for the purchase of healthcare products and services; (3) provision of products in the Group’s health mall, which is an online platform offering diversified and evolving products offering, mainly including healthcare products such as medicines, health supplements and medical devices and wellness products such as fitness equipment and accessories and personal care products; and (4) advertising and consulting services. Fees shall be paid to the Group by Ping An Group of the Products and Services in respect of the provision of such products and services by the Group.

The transactions are conducted on commercial terms and pricing are determined based on market rates.

Services purchasing

Ping An Group shall provide a wide spectrum of services to the Group, including but not limited to consulting services, health management services, business promotion services, outsourcing services relating to finance, human resources and administrative matters, insurance services, online traffic re-directing services and customer referral services. The Group shall, in return, pay service fees to Ping An Group. The precise scope of the service, service fee calculation, method of payment and other details of the service arrangement will be agreed between the relevant parties separately.

Taking into consideration the estimated transaction amount, the services fees to be paid by the Group to Ping An Group under the 2023 Services Purchasing Framework Agreement will be determined (1) through bidding procedures according to the internal rules and procedures of the Group. The Group will compare the fees rates offered by other independent third parties as well as accessing its business needs and the relevant qualifications/experience of the bidders in providing such services before determining the service fee rate for the transactions under the 2023 Services Purchasing Framework Agreement; and (2) if no tendering and bidding process is required under the Group’s internal rules, through arm’s length negotiations between the parties based on the historical fees of such services, the nature of the services, the frequency for providing such services by Ping An Group and comparable market rates. The pricing terms under the 2023 Services Purchasing Framework Agreement will be no less favorable to the Company than terms of services available from independent third parties (if applicable), and the services fees are in line with market rates and are in the best interests of the Company and the Shareholders as a whole.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(All amounts expressed in RMB thousand unless otherwise stated)

34 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 shall provide deposit and wealth management service (including structural deposit products) to the Group.

Interest rates for the deposits placed by the Group with Ping An Group will refer to: (i) the interest rate published by the PBOC for deposits of a similar type for the same period, (ii) the interest rate for deposits of a similar type for the same period placed by independent third parties, or (iii) the interest rate for deposits of a similar type for the same period offered by independent commercial banks to the Company and its subsidiaries. Such interest rates are in line with market rates and are in the best interests of the Company and its Shareholders as a whole.

(c) Year end balances with related parties

	At 31 December	
	2023	2022
Cash and cash equivalents and term deposits		
Ping An Bank	2,419,348	2,961,808
Ping An Pay Tech	58,151	48,584
PA Securities (Hong Kong)	-	42
Restricted cash		
Ping An Bank	84,796	70,000
Financial assets at fair value through profit or loss		
Ping An Asset Management	801,865	1,815,151
Ping An Wealth Management	601,390	-
Ping An Fund	503,316	-
Ping An Bank	200,146	1,057,897
Financial assets at amortized cost		
Ping An Properties	-	497,271
Trade receivables		
Ping An Property & Casualty Insurance	323,162	157,022
Ping An Yiqianbao	283,155	307,823
Ping An Life Insurance	159,814	143,606
Ping An Bank	114,536	109,739
Ping An Health Insurance	21,750	107,414
Ping An Financial Leasing	13,611	4,481
Ping An Annuity	11,724	58,780
Ping An Securities	2,364	3,236

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(All amounts expressed in RMB thousand unless otherwise stated)

34 Related Party Transactions (Continued)

(c) Year end balances with related parties (Continued)

	At 31 December	
	2023	2022
Prepayments and other receivables		
Advance payment		
Ping An Health Insurance	1,193	1,811
Deposits		
Ping An Technology	40,275	-
Zean Investment	3,120	7,417
Ping An Life Insurance	3,042	3,042
Amounts due from related parties		
Ping An Health Insurance	7,279	7,214
Ping An Property & Casualty Insurance	2,463	2,461
Trade and other payables		
Ping An Technology	14,917	11,832
Yingjian Enterprise Management Consulting	10,942	-
Ping An Communication Technology	4,823	10,003
Ping An Financial Services	3,154	5,028

Apart from 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.

Apart from the borrowing from Yingjian Enterprise Management Consulting, 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	
	2023	2022
Wages, salaries, bonuses and other compensation costs	22,343	27,124
Welfare and other benefits	2,028	2,090
Share-based payments	10,420	14,261
	34,791	43,475

35 Contingencies

Save as the provisions disclosed in Note 31, there were no other material contingencies need to be disclosed.

36 Subsequent Events

There were no material subsequent events need to be disclosed during the period from 31 December 2023 to the approval date of these consolidated financial statements by the Board of Directors on 19 March 2024.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(All amounts expressed in RMB thousand unless otherwise stated)

37 Comparative Figures

The changes in accounting policies from 1 January 2023 resulted in adjustments to the amounts recognized in the financial statements. The Group has adopted the new rules retrospectively and has restated comparatives for the 2022 financial year (Note 2.2).

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

38 Financial Statement and Reserve Movement of the Company

(a) Financial position of the Company

	As at 31 December	
	2023	2022
ASSETS		
Non-current assets		
Prepayments and other receivables	5,407,256	4,092,489
Investment in subsidiaries	6,090,465	6,233,651
Total non-current assets	11,497,721	10,326,140
Current assets		
Prepayments and other receivables	6,711,871	8,570,751
Financial assets at fair value through profit or loss	865,375	900,661
Term deposits	1,116,216	57,533
Cash and cash equivalents	228,446	610,607
Total current assets	8,921,908	10,139,552
Total assets	20,419,629	20,465,692
EQUITY AND LIABILITIES		
Equity		
Share capital	35	35
Treasury shares	-	-
Reserves	19,463,259	19,458,402
Retained earnings	471,559	509,876
Total equity	19,934,853	19,968,313
Liabilities		
Non-current liabilities		
Trade and other payables	48	43
Total non-current liabilities	48	43
Current liabilities		
Trade and other payables	484,728	497,336
Total current liabilities	484,728	497,336
Total liabilities	484,776	497,379
Total equity and liabilities	20,419,629	20,465,692

The financial statement of the Company was approved by the Board of Directors on 19 March 2024 and was signed on its behalf.

Li Dou
(Director)

Wu Jun
(Director)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(All amounts expressed in RMB thousand unless otherwise stated)

38 Financial Statement and Reserve Movement of the Company

(Continued)

(b) Income statement of the Company

	Year ended 31 December	
	2023	2022
Administrative expenses	(16,524)	(19,542)
Other income	7,493	13,401
Other (losses)/gains - net	(51,372)	283,402
Operating (loss)/profit	(60,403)	277,261
Finance income	23,782	41,083
Finance costs	(149)	(67)
(Loss)/Profit before income tax	(36,770)	318,277
Income tax expense	(1,547)	(3,090)
(Loss)/Profit for the year	(38,317)	315,187

(c) Reserve movement of the Company

	Reserves	Retained earnings
As at 1 January 2023	19,458,402	509,876
Loss for the year	-	(38,317)
Exercise of share options	4,857	-
As at 31 December 2023	19,463,259	471,559
As at 1 January 2022	20,051,782	194,689
Profit for the year	-	315,187
Exercise of share options	605	-
Cancellation of shares (Note 28(b))	(593,985)	-
As at 31 December 2022	19,458,402	509,876

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(All amounts expressed in RMB thousand unless otherwise stated)

39 Subsidiaries and Controlled Structured Entities

(a) Subsidiaries

As at 31 December 2023, 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 2023	31 December 2022		
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	HK\$1 USD21,000,000	100%	100%	Investment Holding/ Hong Kong	
Indirectly owned:						
Scientia Smart Health	Cayman Islands/ 18 May 2022	USD280	100%	100%	Investment Holding/ Cayman Islands	
Scientia Smart Health Technologies (BVI) Limited	BVI/ 25 May 2022	USD0	100%	100%	Investment Holding/ BVI	
Scientia Smart Health Technologies (HK) Limited	Hong Kong/ 30 May 2022	HK\$0	100%	100%	Investment Holding/ Hong Kong	
Shenzhen Ping An Intelligent Medical Technology Co., Ltd.	the PRC/ 27 July 2022	RMB0	100%	100%	Technology Service/ the PRC	
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	RMB10,000,000	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%	100%	Medicine Marketing/ the PRC	

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(All amounts expressed in RMB thousand unless otherwise stated)

39 Subsidiaries and Controlled Structured Entities (Continued)

(a) Subsidiaries (Continued)

As at 31 December 2023, the Company had direct or indirect interests in the following 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 2023	31 December 2022		
Controlled by the Company pursuant to the Contractual Agreements:						
PAHC	the PRC/ 20 August 2014	RMB 350,000,000	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	
Tianjin Kuaiyijie Medical Electronic Commerce Company Limited	the PRC/ 29 March 2005	RMB 15,000,000	100%	100%	Technology Development/ the PRC	
Qingdao Ping An Kangjian Internet Hospital Co., Ltd.	the PRC/ 24 April 2017	RMB 10,000,000	100%	100%	Internet Hospital/ the PRC	
Hefei Ping An Kangjian Internet Hospital Company Limited	the PRC/ 21 September 2017	RMB 6,450,000	100%	100%	Internet Hospital/ the PRC	
Jiangsu Nabaite Pharmacy Company Limited	the PRC/ 11 October 2017	RMB 10,000,000	100%	100%	Medicine Marketing/ the PRC	
Yinchuan Pingan Kangjian Internet Hospital Company Limited	the PRC/ 12 March 2018	RMB 5,500,000	100%	100%	Internet Hospital/ the PRC	
Wanjia Healthcare	the PRC/ 4 July 2016	RMB 400,000,000	100%	100%	Technology Development/ the PRC	
Shanghai Pingan Wanjia Healthcare Management Company Limited	the PRC/ 8 December 2016	RMB 100,000,000	100%	100%	Technology Development/ the PRC	
Shenzhen Pingan Wanjia Healthcare Investment Company Limited	the PRC/ 11 August 2016	RMB 30,000,000	100%	100%	Investment Holding/ the PRC	
Xiamen Wanjia Healthcare Investment Company Limited	the PRC/ 6 December 2016	RMB 20,000,000	100%	100%	Investment Holding/ the PRC	
Xiamen Siming Wanjia TCM Outpatient Department Co., Ltd.	the PRC/ 26 July 2017	RMB 11,000,000	100%	100%	Clinic/ the PRC	
Shenzhen Anan Outpatient Service Department	the PRC/ 20 June 2017	RMB 400,000	100%	100%	Clinic/ the PRC	
Ping An Health Insurance Agency Co. Ltd ("Ping An Health Insurance Agency")	the PRC/ 10 February 2011	RMB 50,000,000	70%	100%	Insurance Agency/ the PRC	(i)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(All amounts expressed in RMB thousand unless otherwise stated)

39 Subsidiaries and Controlled Structured Entities (Continued)

(a) Subsidiaries (Continued)

As at 31 December 2023, the Company had direct or indirect interests in the following 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 2023	31 December 2022		
Controlled by the Company pursuant to the Contractual Agreements (Continued):						
Guangzhou Jifan Biotechnology Company Limited	the PRC/ 23 July 2015	RMB 10,000,000	100%	100%	Medicine Marketing/ the PRC	
Hainan Ping An Health Technology Company Limited	the PRC/ 15 October 2019	RMB 5,110,000	100%	100%	Medicine Marketing/ the PRC	
Hebei Nabaite Pharmacy Company Limited	the PRC/ 28 December 2019	RMB 4,200,000	100%	100%	Medicine Marketing/ the PRC	
Yingjian Medical	the PRC/ 24 April 2015	RMB 35,000,000	50%	50%	Medical Service/ the PRC	
Shanghai Yingjian Clinics Co., Ltd	the PRC/ 12 December 2016	RMB 10,000,000	50%	50%	Clinic/ the PRC	
Fuzhou Health Road Internet Hospital Co., Ltd. (" Fuzhou Health Road")	the PRC/ 8 April 2020	RMB 2,500,000	-	100%	Technology Development/ the PRC	(ii)
Guangxi Pingan Good Doctor Internet Hospital Company Limited	the PRC/ 13 April 2020	RMB 3,670,000	51%	51%	Internet Hospital/ the PRC	
Pingan Good Doctor Nanjing Medical Technology Company Limited	the PRC/ 20 May 2020	RMB 0	-	100%	Technology Development/ the PRC	(iii)
Chengdu Ping An Kangjian Internet Hospital Management Company Limited	the PRC/ 14 January 2020	RMB 50,000,000	100%	100%	Internet Hospital/ the PRC	
Shanghai No. 8 Ping An Good Doctor Internet Hospital Co., Ltd.	the PRC/ 11 June 2020	RMB 20,000,000	100%	100%	Internet Hospital/ the PRC	
Tianjin Pingan Kangjian Internet Hospital Co., Ltd.	the PRC/ 27 September 2020	RMB 831,000	100%	100%	Internet Hospital/ the PRC	
Guangzhou Kangjian Internet Hospital Co., Ltd.	the PRC/ 2 December 2020	RMB 0	100%	100%	Internet Hospital/ the PRC	
Ping An Health (Jiangsu) Internet Co., Ltd.	the PRC/ 17 November 2020	RMB 30,000,000	100%	100%	Technology Development/ the PRC	
Ping An Yingxiang	the PRC/ 22 March 2011	RMB 650,480	100%	100%	Technology Development/ the PRC	
Shanghai Mengchong	the PRC/ 21 October 2021	RMB 80,000,000	100%	100%	Technology Development/ the PRC	

* 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 2023

(All amounts expressed in RMB thousand unless otherwise stated)

39 Subsidiaries and Controlled Structured Entities (Continued)

(a) Subsidiaries (Continued)

Notes:

- (i) In November 2022, the Group entered into an equity transfer agreement with Ping An Health Insurance to sell 30% of its equity interest in Ping An Health Insurance Agency at the consideration of RMB10,218 thousand.

According to the approval of the relevant regulatory authorities for equity transfer, the transaction was completed on 5 July 2023, and accordingly the equity interest of Ping An Health Insurance Agency decreased to 70%.

- (ii) Fuzhou Health Road was formerly named as Fuzhou Kangjian Medical Technology Company Limited.

On 21 November 2023, the Group entered into an equity transfer agreement with Healthy Road (Guangzhou) Technology Group Co., Ltd. to sell all of its equity interest in Fuzhou Health Road at the consideration of RMB1,296 thousand. Upon the completion of the transaction, the Group no longer holds any equity interest in Fuzhou Health Road.

- (iii) This company was wholly-owned subsidiary of PAHC and was closed in 2023.

(b) Structured entities

On 15 May 2023, the Group redeemed the Ping An Huitong Jinyu No.22 Assets Management Plan asset manager of which is Shenzhen Ping An Huitong Investment Management Company Limited.

As at 31 December 2023, there is no structured entity controlled by the Group.

Five Year Financial Summary

Condensed Consolidated Income Statement

	Year ended 31 December				
	2019	2020	2021	2022*	2023
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	5,065,429	6,865,987	7,334,214	6,205,082	4,673,562
Gross profit	1,171,429	1,864,414	1,706,861	1,671,231	1,508,513
Net loss for the year	(746,716)	(948,503)	(1,539,399)	(639,593)	(334,858)
Net loss attributable to the owners of the Company	(733,860)	(948,478)	(1,538,183)	(636,058)	(322,594)

Condensed Consolidated Statement of Financial Position

	As at 31 December				
	2019	2020	2021	2022*	2023
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Total assets	12,379,138	18,562,871	17,880,691	17,184,180	16,520,041
Total liabilities	2,709,651	2,706,672	3,794,811	3,652,880	3,253,055
Total equity	9,669,487	15,856,199	14,085,880	13,531,300	13,266,986
Equity attributable to the owners of the Company	9,648,761	15,833,210	14,083,417	13,532,372	13,283,630

* The Group adopted the new standard from 1 January 2023, and comparatives for 2022 have been restated. For details, please refer to note 2.2 "Changes in Accounting Policy" to the consolidated financial statements.

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 C1 to the Listing Rules
“Director(s)”	the director(s) of the Company
“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

Definitions

“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
“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
“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

Definitions

“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
“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
“LTM”	last twelve 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

Definitions

“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 dually listed on the New York Stock Exchange (NYSE: LU) and the Hong Kong Stock Exchange (HKEX: 06623)
“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, Guangxi Ping An Internet Hospital, 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

“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

Definitions

“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 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 (平安(青島)互聯網醫院有限公司), 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 2023
“RMB” or “Renminbi”	Renminbi, the lawful currency of China
“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 (合肥快易捷醫藥電子商務有限公司), 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 Management Co., Ltd. (平安萬家醫療管理有限責任公司), formerly known as 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