

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

## **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 2021**

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 2021. This announcement, containing the full text of the 2021 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 2021 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](http://www.hkexnews.hk) and the website of the Company at [www.pagd.net](http://www.pagd.net). The Annual Report for the year ended 31 December 2021 will be published on the aforesaid websites of the Stock Exchange and the Company and will be dispatched to the Company’s shareholders in due course.

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

Shanghai, the PRC  
15 March 2022

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

# Contents

Corporate Information	3
Chairman's Statement	5
Management Discussion and Analysis	8
Directors and Senior Management	19
Directors' Report	23
Corporate Governance Report	44
Environmental, Social and Governance Report	62
Independent Auditor's Report	113
Consolidated Income Statement	119
Consolidated Statement of Comprehensive Income	120
Consolidated Statement of Financial Position	121
Consolidated Statement of Changes in Equity	123
Consolidated Statement of Cash Flows	124
Notes to the Consolidated Financial Statements	125
Five Year Financial Summary	199
Definitions	200



# Corporate Information

## Directors

### Executive Director

Mr. FANG Weihao (Chairman)

### Non-executive Directors

Ms. TAN Sin Yin

Ms. LIN Lijun

Mr. PAN Zhongwu

Mr. ZHU Ziyang

### Independent Non-executive Directors

Mr. TANG Yunwei

Mr. GUO Tianyong

Dr. CHOW Wing Kin Anthony

### Audit and Risk Management Committee

Mr. TANG Yunwei (Chairman)

Mr. GUO Tianyong

Ms. TAN Sin Yin

### Nomination and Remuneration Committee

Mr. GUO Tianyong (Chairman)

Mr. TANG Yunwei

Dr. CHOW Wing Kin Anthony

Ms. TAN Sin Yin

## Authorized Representatives

Mr. FANG Weihao

Mr. LIU Cheng

## Company Secretary

Mr. LIU Cheng

## Auditor

PricewaterhouseCoopers

Certified Public Accountants and Registered PIE Auditor

22/F, Prince's Building

Central

Hong Kong

## Registered Office

The offices of Maples Corporate Service Limited

PO Box 309

Ugland House

Grand Cayman, KY1-1104

Cayman Islands

## Head Office and Principal Place of Business in China

17-19/F, Block B Shanghai Ping An Building

No.166, Kaibin Road

Shanghai

PRC

## Principal Place of Business in Hong Kong

Level 54, Hopewell Centre

183 Queen's Road East

Hong Kong

## Corporate Information

### Principal Share Registrar and Transfer Office

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

### Hong Kong Share Registrar

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

### Principal Banks

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

### Stock Code

1833

### Company's Website

[www.pagd.net](http://www.pagd.net)

### Listing Date

4 May 2018

### Legal Advisors

#### As to Hong Kong and U.S. laws:

Clifford Chance  
27/F, Jardine House  
One Connaught Place  
Central  
Hong Kong

#### As to PRC law:

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

#### As to Cayman Islands law:

Maples and Calder (Hong Kong) LLP  
Central Plaza  
18 Harbour Road  
Wanchai  
Hong Kong

# Chairman's Statement



## FANG WEIHAO

Chairman of the Board and  
Chief Executive Officer

In 2021, the second year of the global COVID-19 epidemic, it became increasingly more difficult to prevent and contain the virus since its variants Delta and Omicron spread more rapidly and were more contagious. "The world must accept that COVID-19 is with us for the foreseeable future. Globally, the conditions are ideal for more variants to emerge," said the WHO Director-General early this year. Therefore, there is still a long way to go in the global fight against the epidemic, and we need to be ever vigilant and always ready.

In the post-epidemic era, as people's awareness of virus prevention and health care continues to rise, users have shown a growing understanding and recognition of digital health, and the trend of digitalizing medical and health services has become more prominent. According to Accenture's digital health survey in 2021, nearly 50% of the respondents increased their use of digital health services compared to the year before COVID-19; over 90% of the respondents would like to choose online inquiry, online registration and online drug purchase in the coming year; and over 80% of the respondents would like to use remote medical consultation in the coming year. Frost & Sullivan predicted that China's digital health market is expected to grow exponentially to RMB1.5 trillion by 2025, with the digital health penetration rate reaching 13.2% by 2025 from 4.3% in 2020.

## Chairman's Statement

Bolstered by the booming industry development, Ping An Health (stock: Ping An Good Doctor, 1833.HK), China's leading digital health services platform, has made a significant contribution to providing consistent, high-quality medical and health services anywhere and anytime; improving universal health coverage; and serving the "Healthy China 2030" national initiative and the "14th Five-Year Plan". Ping An Health has fully demonstrated the advantages of digital health in timeliness and efficiency while pursuing its "worry-free, time-saving, and money-saving" value proposition. During COVID-19, Ping An Health joined hands with local health commissions and medical products administrations to develop comprehensive epidemic management strategies, which were widely acclaimed by provincial and municipal governments at all levels.

Looking back on the past year, policies remained favorable to the development of digital health. According to the 14th Five-Year Plan for the Development of the Digital Economy issued by the State Council, digital health will be fostered as a new business form of digital economy. In the meantime, more policies were issued to reinforce industry regulation and compliance in order to guide the industry towards a fast track with more proactive and sustainable development. In March 2021, the National Development and Reform Commission (NDRC) joined forces with other departments to formulate the Implementation Plan for Promoting New Types of Consumption, advocating the development of "Internet + Healthcare", and requesting relevant departments including China's National Health Commission (NHC) to formulate regulatory documents on online diagnosis and treatment services with a view to standardizing the industry development. In August 2021, the NHC worked together with the National Healthcare Security Administration (NHSA) to release the Administrative Measures for Long-term Prescriptions (Trial), highlighting the application of Internet technology to the administration of long-term prescriptions from multiple aspects. In October 2021, the NHC promulgated the Opinions on Online Diagnosis and Treatment (Draft for Comment), toughening requirements for the industry in respect of regulation of medical institutions, personnel, business, quality and safety as well as regulatory responsibilities. The market expects that regulatory measures for online drug sales will also be adopted, the scope of banned drugs for online sale is likely to further increase, and the process of online purchase of prescription drugs will be further standardized, which will promote operational compliance and accelerate integration in the industry.

Ping An Health has regarded compliance and quality control as its operating lifeline amid the gradual improvement in policies for industry regulation. During the Reporting Period, the Company maintained highly effective compliance and quality control and remained committed to providing quality, efficient and reassuring medical and health services for users. The Company managed medical quality in strict line with the digital health regulations. Its medical quality control project team coordinated efforts to review the Company's medical management rules, making continuous amendments and additions. Meanwhile, the Company arrayed deployment early, standardized operation, and strengthened management, laying a sound foundation for orderly development of various businesses.

Ping An Health upgraded its quality control systems for both online consultation and medical records in 2021. Under the quality control standards for online consultation and electronic medical records, Ping An Health identified and fixed the problems with its diagnosis and treatment services through cross quality control in a timely fashion. Ping An Health boasted more than 98% of Grade-A rates for both medical consultations and medical records. Ping An Health strove to keep medical and drug operations stable and strengthen risk prevention and management via internal controls such as inspections and self-examinations of offline medical care providers and pharmacies. In addition, the Company managed to guarantee patient safety by improving its incident management system, intensive care system, and rational drug use system. In 2021, the Company neither received any major complaints nor involved itself in any major disputes but saw a continuous rise in patient satisfaction.

Moreover, Ping An Health intensified training management in medical and health regulations, medical and health management procedures, and academic knowledge. The Company organized more than 1,000 training programs for all medical staff, giving them access to exchange with external doctors and attend advanced seminars. In order to increase capacity, the Company equipped its platform with empowerment tools, including disease guidelines, dispensatories, history of allergies, and contraindication labels, which are valuable reference for comprehensive, accurate, and appropriate treatments.

Ping An Health is an integral part of Ping An Group's "HMO managed care" services system and also the flagship platform of the Group's healthcare ecosystem. With medical and health management experience and databases built up over the years as well as advanced management platform and technologies, Ping An Health reaches large numbers of financial, corporate and individual customers, and accesses full-scenario, premium service resources. Starting with the membership-based family doctors, Ping An Health has developed an online-merge-offline "medical + health services" platform catering to health, sub-health, disease, chronic illness, and eldercare management. Capitalizing on its online-to-offline (O2O) service network, Ping An Health provides personalized high-quality, convenient medical and health services for users.

Ping An Health seeks to serve the payers and empower the providers while keeping with the times. Acceleration in population aging and the advent of the post-coronavirus era will imply a greater need for a digitalized system that enables tiered diagnosis and treatment. The Company tries to service the public demand for a more efficient medical and health system through collection of customer requests for family doctors, traffic matching, and early health issues and disease detection and treatment. The Company focuses on empowering financial enterprises, corporate and individual payers with medical and health services. The Company helps financial enterprises increase user stickiness and maintain differentiated competitive edges for the purpose of delivering heartwarming financial services. The Company's one-stop corporate employee health management programs offer effective solutions to address enterprises' major pain points, namely a dearth of available medical and health management systems, poor user experience, and a shortage of resources. The Company taps the unmet demand for medical and health services, providing individual users with expert guidance from family doctors to avoid emergency medical treatment. Moreover, the Company remains committed to empowering providers. Under the membership-based family doctor set-up, the Company integrates traffic from different channels to match user demands. The Company also shares its medical and health service capabilities with providers through product packages, and helps them win customers and develop differentiated strengths.

As a socially responsible company, Ping An Health is seriously concerned about data security and privacy protection. During the Reporting Period, the Company completed the annual review of ISO 27001 and was certified with ISO 27701. Moreover, the Company looks to technology to increase the catchment area of premium medical resources. The Company actively engages in the Group's "Ping An Health Protection Initiative" to strengthen the basic healthcare service in needy regions, addressing difficulties in seeing doctors and cumbersome diagnosis and treatment processes. During the Reporting Period, the Company donated quantities of medical supplies and services to Yanbian Korean Autonomous Prefecture of Jilin, Jishishan of Gansu, Hunan, and Guizhou. The Company is also keen on spreading medical knowledge. Being a strong champion of heartwarming healthcare and committed to promoting healthy lifestyles, the Company provided support to the 2021 First Science Popularization Contest for Doctors. During the Reporting Period, Ping An Health's MSCI ESG rating has upgraded to A in the MSCI ESG INDEX (a global renowned social and corporate governance index).

A huge tree grows from a tiny seedling. 2021 was a crucial year of Ping An Health's Strategy 2.0 Continuum. Seizing tremendous market opportunities of online medical and health services and leveraging the Group's HMO managed care services system, Ping An Health continued to strengthen compliance and quality control. The Company continuously improved its online-to-offline service network and built up the online-merge-offline "medical + health services" platform by relying on the family doctors. Ping An Health provided the building blocks for its endeavors to satisfy everyone's medical and health needs, alleviate the pressure on social medical and health resources, and support the "Healthy China 2030" Initiative. In 2022, Ping An Health will continue to strengthen the foundations and promote growth while maintaining stability. The Company will do its utmost to better serve its users, give back to society, and reward shareholders.

### **Fang Weihao**

*Chairman of the Board and Chief Executive Officer*  
Shanghai, 15 March 2022

# Management Discussion and Analysis

In 2021, more and more users were warming to remote medical services versus traditional offline ones based on their experience in using digital health services. Meanwhile, the introduction of policies and regulations was also conducive to promoting sound and rapid development of the industry.

During the Reporting Period, Ping An Health built a competitive service system underpinned by its own unique strengths and years of insight into the industry, addressing key pain points of the market, such as imbalance between supply and demand, lack of high-quality medical resources, inefficiency in resource utilization, and asymmetry of supply-and-demand information. The Company constructed a business model integrating HMO (Health Maintenance Organization), family doctor memberships, and O2O-based medical services, in a bid to better serve payers and empower providers. Meanwhile, the Company created a profit model of membership fees + additional revenue from value-added services (VAS) or offerings, providing differentiated services according to different mindsets and requests of users, and offering tiered products to different types of users, in order to increase user stickiness while improving user coverage, and achieve combined profitability. Working towards the goal of precisely meeting user needs and enhancing user experience, the Company bridged trustworthy communication between doctors and patients by taking family doctor memberships as a lever.

## Key Financial Data

	Year ended 31 December		Year-on-year change
	2021	2020	
	RMB'000	RMB'000	
Revenue	<b>7,334,214</b>	6,865,987	6.8%
Cost of sales	<b>(5,627,353)</b>	(5,001,573)	12.5%
Gross profit	<b>1,706,861</b>	1,864,414	(8.5%)
Selling and marketing expenses	<b>(1,756,828)</b>	(1,586,627)	10.7%
Administrative expenses	<b>(1,846,413)</b>	(1,017,083)	81.5%
Other income	<b>274,771</b>	205,426	33.8%
Other losses – net	<b>(21,866)</b>	(385,269)	(94.3%)
Finance income – net	<b>158,641</b>	99,686	59.1%
Share of losses of associates and joint ventures	<b>(38,773)</b>	(121,895)	(68.2%)
Loss before income tax	<b>(1,523,607)</b>	(941,348)	61.9%
Income tax expense	<b>(15,792)</b>	(7,155)	120.7%
Loss for the year	<b>(1,539,399)</b>	(948,503)	62.3%
Loss attributable to:			
– Owners of the Company	<b>(1,538,183)</b>	(948,478)	62.2%
– Non-controlling interests	<b>(1,216)</b>	(25)	4,764.0%
Non-IFRS measure:			
Adjusted net loss	<b>(1,417,185)</b>	(515,811)	174.7%

For the year 2021, total revenue of the Company grew 6.8% year on year to RMB7,334.2 million, with total gross margin being 23.3%. Specifically, revenue from medical services reached RMB2,288.1 million, accounting for 31.2%, with a growth rate of 8.0%; and revenue from health services reached RMB5,046.1 million, accounting for 68.8%, with a growth rate of 6.3%. Net loss hit RMB1,539.4 million owing to continuous strategic upgrades made during the Reporting Period, with more expenses put in channels, services and capabilities.

## Key Operational Data

	31 December 2021	31 December 2020	Change
Registered users (in million)	<b>422.9*</b>	372.8	13.4%
Cumulative consultations (in million)	<b>1,269.5</b>	1,004.2	26.4%

	31 December 2021	30 June 2021	Change
LTM paying users(in million)	<b>39</b>	32	21.9%
Conversion rate of paying users (in the current month of December 2021)	<b>24.8%</b>	5.4%	+19.4 percentage points

	Year ended on 31 December		Change
	2021	2020	
GMV of online mall (RMB in million)	<b>6,119.9</b>	5,475.6	11.8%

Note:

\* The users from the plug-in of Ping An Group accounted for 46.2%

As of 31 December 2021, the Company had 420 million registered users in total; and the cumulative consultations reached 1.27 billion, keeping the lead in the industry. Thanks to our focus on customer acquisition channels, the number of paying users soared to over 38 million in total for the year 2021, representing an increase of 6 million from the LTM data in the first half of 2021, with the conversion rate of paying users being 24.8%. Boosted by the Company's high-frequency, diverse services in multiple scenarios, average consumption behaviors rose to 1.48, reflecting our potential in higher user retention and conversion rates.

## HMO

Ping An Health takes serving each user well as its roots. During the Reporting Period, the Company adjusted its user acquisition strategies by optimizing services for individual customers and focusing on services for corporate clients to help gain user trust quickly; explored rigid demands and pain points of payers to work out a reasonable product matrix; and leveraged Ping An Group's strengths in experience, technologies, consumer base and resources regarding HMO managed care and healthcare ecosystem to achieve synergies and mutual benefits.

Taking a deep dive into the industry for years, Ping An Health has acquired substantial high-quality platform traffic. During the Reporting Period, the Company attached more importance to user quality and service experience, avoiding costly, non-targeted individual customer acquisition, and coming up with tiered medical solutions as per different requests of users. The Company used AI tools to provide free, authoritative medical encyclopedia and online inquiry services. Meanwhile, the Company started charging all users for online medical consultation, and offered additional diversified services options: member paying users and non-member paying users. Hence the Company not only achieved wide market coverage of individual customers, but also converted target users into individual paying users or members.

## Management Discussion and Analysis

For individual customer services, Ping An Health vertically digs deeper, introducing specialty service packages to patients who need a particular realm of care. Leveraging online and offline resources, Ping An Health created products covering the whole medical journey of consultation, laboratory test and treatment. Ping An Health also upgraded the diagnosis and treatment system, offering a portfolio of membership-based products and flexible benefits, and improving the post-treatment patient management. After the roll-out of fee-based medical consultation, paying rates and VAS paying rates rose markedly, and the number of members and specialty service users increased sharply, with five-star review rates growing to 97.2%.

Commercial insurers represent one of the major payers of medical and health spending in China. Driven by encouraging policies and social needs, the proportion of commercial insurance spending to total spending on personal medical and health management is on the rise. Among health insurance products, the apportioned cost related to health management services can reach as high as 20% of net insurance premiums. Integrated finance becomes one of the core channels for Ping An Health to use in acquiring customers and converting high-value users, which is also the Company's unique competitive edge.

Moreover, Ping An Health has always been seeking synergies with the financial business. Ping An Health collaborated with Ping An Group on developing "heartwarming finance" through "finance + healthcare", providing differentiated services to 225 million retail financial customers of the Group, and helping increase customer base, customer stickiness and customer recognition.

During the Reporting Period, the Company developed a multi-tiered product system. The Ping An Zhen Xiang RUN Health Services Plan ("Ping An Zhen Xiang Run") launched in cooperation with Ping An Life Insurance covers critical illness insurance policyholders, with a basic product package incorporated into the policies. Ping An Zhen Xiang Run users are entitled to package services such as profile management for critical illnesses, real-time audio and video consultation, and health management at no additional cost. During the Reporting Period, there was a noticeable climb in the number of health management services, and audio and video consultation services used per capita. With customer recognition, trust and stickiness further improving, these critical illness policyholders have been gradually converted into our quality customers.

In the beginning of 2021, Ping An Health Insurance cooperated with the Company in launching E Sheng Bao Outpatient Package, which created a closed-loop medical care system covering not only preventive care, minor illnesses, and major illnesses, but also outpatient, emergency, and inpatient treatment, and achieved wider insurance coverage and higher customer satisfaction. The Company also partnered with Ping An Property & Casualty Insurance in building a health ecosystem, leveraging direct-bill networks to provide users with online medical consultation services and drug interests, thus empowering commercial insurance. In addition, the Company provided online consultation services for online users of Ping An Life Insurance, helping Ping An Life increase user engagement; and worked together with Ping An Bank and Ping An Puhui to launch various service offerings.

It has always been critical for Ping An Health to quicken its pace to cover new and existing users of Ping An Group and well match the customer value, which is also a core path to HMO improvement. The Company strives to retain users with service quality and customer trust, leveraging outstanding medical and health service capabilities to meet the needs of users, and improve the user lifetime value. While expanding more scenarios of cooperation with Ping An Group, the Company has also dedicated itself to exploring other financial channels not yet reached, and continued to tap into the potential of the existing channel partners.

High-quality medical and health services serve as the best avenue to enhance employees' health, well-being and satisfaction; moreover, global practices demonstrate that enterprises are one of the major payers of personal health management expenditures. At present, enterprises have relevant disburseable accounts and procurement needs; however, there has been a lack of one-stop service providers in the market that are systematic, professional and with brilliant resources. Therefore, a market of 310 million corporate employees with enormous potential is another focus for Ping An Health. Furthermore, Ping An Group has served a large number of large/medium-sized enterprises, which lays a good foundation for the Company to identify the needs of corporate clients and provide them with suitable health management services, particularly in respect of client reach and market education.

## Management Discussion and Analysis

During the Reporting Period, Ping An Health planned for its business model carefully and rebuilt its product system based on its experience in serving corporate clients. To meet the needs of corporate clients for products and services, Ping An Health designed three major catalogues, namely the employee health checkup, employee health management, and corporate benefit redemption platform. In 2021, Ping An Health served a total of 520 enterprises, covering more than one million employees and customers of these enterprises.

Employee health checkup products are highly acceptable among enterprises. In order to enhance its competitiveness in serving corporates, Ping An Health upgraded a simple group checkup service to a spectrum of pre-checkup, checkup and post-checkup services, followed by a manual of checkups + products. During the Reporting Period, Ping An Health rolled out the corporate review report and updated manual, with the rate of interpretation on checkup results doubled. In 2022, Ping An Health will continue to upgrade employee health checkup products, aiming to develop an enterprise-tailored health management whitebook.

The common problem with the corporate employee health management products currently available on the market is simplicity and fragmentation, which results in a lack of recognition among corporate employees. Ping An Health studied and identified the needs of enterprises and employees: taking into account the requests of high frequency, rigid demand and user proactivity, the Company has reconstructed the employee health management product matrix. Through continuous upgrading of operating strategies for corporate services, the Company witnessed more secondary and follow-up consumption behaviors for the Company's product in enterprise employees, and successfully promoted the cross-selling of its medical and health products.

During the Reporting Period, Ping An Health made a major breakthrough in serving the corporate benefit redemption platform. In 2021, the Company launched multiple projects in cooperation with large-scale Central Enterprises and State-owned Enterprises, in a bid to serve corporate employees and enhance their benefit satisfaction, and help enterprises increase and retain their customers as well. For example, Ping An Health diversified consumption scenarios and products for the corporate benefit redemption platform, enabling employees and customers of enterprises to redeem their benefits online and offline in multiple scenarios; and integrated professional consultation services and comprehensive medical and health resources, providing them with tailored medical and health services through benefit pools and other products.

As an important part of Ping An Group's "HMO managed care" services system, Ping An Health will continue to focus on upgrading the channel for expanding corporate clients in the future. On one hand, the Company will enhance its products and services, achieve closer integration with Ping An Group's services, and establish project coordination mechanisms to carry out projects effectively. On the other hand, the Company will put emphasis on building an external channel network of corporate business development, develop effective customer acquisition channels and strategize respectively, and recognize the needs of customers to provide precisely matched services and launch innovative projects.

### Family doctor memberships

Ping An Health pledges to develop an efficient, integrated, exclusive membership-based family doctor model to accommodate traffic from various channels and address user demands. By doing so, the Company manages to build up trust between the platform and customers, gain a thorough understanding of user demands, convert passive users into active ones, and drive take-up of value-added products and services. The Company is responsive to users through 24/7 services provided by its in-house medical team and proprietary AI-based medical system. With more than 48,000 in-house and external doctors as well as health management specialists, nutritionists, and counseling psychologists in 20 specialties, the Company manages to meet users' medical and health demands. Moreover, the Company rolled out the health profile empowerment workbench to enable much higher productivity across the family doctor teams, and also introduced the smart specialty-oriented triage model to make triage more accurate.

During the Reporting Period, Ping An Health notably expanded its renowned doctors network with strict selection criteria. Over 1,100 contracted external renowned doctors bolstered the professional and authoritative image, empowered the corporate employee products, and served consumers in need of quality medical and health services.

## Management Discussion and Analysis

Under the “1 health profile + 5 specialized services + 1 family doctor” set-up, Ping An Health is working towards the creation of efficient, convenient, consistent visit experience that covers diverse scenarios. Based on health assessment and user behavior analysis, the Company provides the member-exclusive health profiles that are precisely aligned with user demands, establishes a service platform that knows users, and accumulates useful basic information. With five specialized services including health, sub-health, disease, chronic illnesses, and eldercare management, the Company satisfies users’ demand for medical and health services throughout their entire life cycles. The membership-based family doctors ensure full medical and health journey coverage through their multi-functionality. The membership-based family doctors provide specialized solutions to members’ medical and health problems, and navigate integration of traffic from different channels to precisely align members’ demands with medical and health service resources under all scenarios. Moreover, the membership-based family doctors position themselves as “customer managers who understand healthcare” and fill gaps in offline medical and health services.

### O2O

Ping An Health continues to consolidate its offline medical and health service network. Using family doctor memberships as a driver and navigator, the Company provides users with online, in-store, and home-delivered services via a uniform provider management system that has effective controls over services, people, procedures, and processes. The Company manages to match and integrate traffic under all scenarios, and has explored and realized multiple monetization models such as online consultation, product packages, membership, and merchandising.

During the Reporting Period, Ping An Health continued to expand its medical care provider network. As of 31 December 2021, the Company had over 3,600 partner hospitals, 50% of which are tertiary level-A hospitals. The Company developed diverse specialty packages and explored the new course management model on the back of its medical service capabilities. In addition, the Company helped increase retail efficiency and scale by continuing to enhance its drug service capabilities and expanding the Central Warehouse network. During the Reporting Period, the Company had 202,000 partner pharmacies, which represent over 34% of all pharmacies across China, and more than 225 Central Warehouses that enable 1-hour drug delivery service in 140 cities.

For healthcare providers network, as of 31 December 2021, Ping An Health had 96,000 partner healthcare providers. The Company continued to improve the service pathway to cater to multiple offline order fulfillment scenarios. Leveraging its medical capabilities and traffic strengths, the Company remained focused on offering flagship checkup programs and creating a closed loop for pre-examination guidance, post-examination interpretation and solutions. In addition to continuously empowering offline checkup institutions, the Company developed differentiated strengths by satisfying users’ demand for personalized healthcare products and directing users to more value-added services. During the Reporting Period, the Company had more than 1,700 health checkup partners in 321 cities where more than 1.9 million checkups were conducted, with the percentage of users using the checkup report interpretation service exceeding 39%.

### Management Outlook:

We remain steadfast in our determination to advance the ongoing reform. In 2022, Ping An Health will continue to focus on serving payers and empowering providers on the back of Ping An Group’s “HMO managed care” services system and healthcare ecosystem as well as products and services experience built up over the years. With a systematic emphasis on the medical and health demands, the Company will diversify both the product matrix and commercialization while promoting the family doctor memberships. Building a high-rise begins with mounds of soil. Looking forward, by keeping up the momentum and taking practical steps under the value proposition of “worry-free, time-saving, and money-saving” user experience, the Company will seek to serve the needs for premium medical and health services, support the Digital China and the Healthy China initiatives, and deliver steady returns to shareholders and create value for society.

### Revenue and Gross Profit by Segment:

	Year ended 31 December		
	2021	2020	Year-on-year change
	RMB'000	RMB'000	
<b>Revenue:</b>			
Medical services	<b>2,288,052</b>	2,119,273	8.0%
Health services	<b>5,046,162</b>	4,746,714	6.3%
<b>Total of revenue</b>	<b>7,334,214</b>	6,865,987	6.8%
<b>Gross profit:</b>			
Medical services	<b>825,867</b>	965,904	-14.5%
Health services	<b>880,994</b>	898,510	-1.9%
<b>Total of gross profit</b>	<b>1,706,861</b>	1,864,414	-8.5%
<b>Gross margin</b>			
Medical services	<b>36.1%</b>	45.6%	-9.5 pps
Health services	<b>17.5%</b>	18.9%	-1.4 pps
<b>Total of gross margin</b>	<b>23.3%</b>	27.2%	-3.9 pps

### Medical services:

The Company integrated segment revenue by business attribute based on the Strategy 2.0 Continuum, signaling that the medical and health services are strategically important. Medical services mainly refer to health promotion via care and disease diagnosis and treatment as well as provision of drugs, medical devices and other related services needed.

During the Reporting Period, revenue from medical services recorded RMB2,288.1 million, representing a year-on-year increase of 8.0%. As the Company continued to improve user experience and innovate the online consultation service model, e-prescriptions attached to medical service capabilities and drug sales via the pharmacy network grew significantly. Moreover, our drug and medical device business not only connected users' and merchants' pathways covering medical consultation, purchase and order fulfillment, but also supported the Group's businesses and HMO managed care services system. The Company empowered upstream pharmaceutical companies with its strengths in commercial insurance covered drug list and direct billing, and pharmacies, clinics, and other offline channels on the pharmacy and clinic network and medical device supply chain. The Company created China's largest pharmacy-based direct billing network, providing differentiated offline pharmacy consumption scenarios and supporting coexistence of the ecosystems.

## Management Discussion and Analysis

During the Reporting Period, the gross profit margin of medical services reported 36.1%, representing a decrease of 9.5 pps year-on-year. The structural change in gross profit margin of the segment was resulted from the decrease of the proportion of revenue of membership products in the overall income, as well as rebounded fulfillment rate of membership service products as the epidemic has stabilized.

	Year ended 31 December		
	2021	2020	Year-on-year change
	RMB'000	RMB'000	
Revenue	<b>2,288,052</b>	2,119,273	8.0%
Gross profit	<b>825,867</b>	965,904	-14.5%
Gross margin	<b>36.1%</b>	45.6%	-9.5 pps

### Health services:

Health services refer to comprehensive, continuous monitoring of, assessment of and intervention in an individual's or a group's health status as well as health risk factors. During the Reporting Period, revenue from health services recorded RMB5,046.2 million, representing an increase of 6.3% year-on-year. Thanks to diversified customer sourcing channels, the Company expanded offerings of diverse, premium health services to more individual and corporate users. GMV increased as a wide range of health products, such as nutrition and healthcare supplements, maternal and infant products, protection appliances, and sports and fitness equipment, are available in our online mall. In addition, revenue from standardized consumption health services, including health checkups, medical beauty, dental services, and innovative testing, maintained robust growth as our service capabilities were enhanced.

During the Reporting Period, the gross profit margin of health services reached 17.5%, representing a year-on-year decrease of 1.4 pps, which was mainly attributable to rebounded fulfillment of health checkup services in the wake of the epidemic and an overall reduction in our advertisers' advertisement budgets.

	Year ended 31 December		
	2021	2020	Year-on-year change
	RMB'000	RMB'000	
Revenue	<b>5,046,162</b>	4,746,714	6.3%
Gross profit	<b>880,994</b>	898,510	-1.9%
Gross margin	<b>17.5%</b>	18.9%	-1.4 pps

### Selling and Marketing Expenses

Selling and marketing expenses for 2021 amounted to RMB1,756.8 million, representing an increase of 10.7% from RMB1,586.6 million for 2020. The increase of selling and marketing expenses was mainly due to growth in commissions and selling expenses.

### Administrative Expenses

Administrative expenses for 2021 amounted to RMB1,846.4 million, representing an increase of 81.5% from RMB1,017.1 million for 2020. The increase of administrative expenses was mainly due to the increase in our labor costs.

### Other Income

Other income amounted to RMB274.8 million in 2021, representing an increase of 33.8% from RMB205.4 million in 2020. The increase was mainly attributable to growing income from wealth management products.

### Other Losses – Net

Other net losses for 2021 amounted to RMB21.9 million, representing a decrease of RMB363.4 million from other net losses of RMB385.3 million for 2020, mainly attributable to reduced losses arising from movements in USD against RMB.

### Finance Income – Net

Net finance income amounted to RMB158.6 million in 2021, up 59.1% compared with net finance income of RMB99.7 million in 2020, which was mainly attributable to an increase in interest income of the Company.

### Loss for the Year and the Non-IFRS Measure: Adjusted Net Profit/(Loss)

Our net loss for the year 2021 amounted to RMB1,539.4 million, representing an increase of RMB590.9 million compared with RMB948.5 million recorded for the year 2020. To supplement our consolidated financial information presented in accordance with IFRS, we also adopted the “adjusted net profit/(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 profit/(loss)” may be used in exchange with the “net profit/(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 profit/(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 and net foreign exchange gains, adjusted net loss in 2021 amounted to RMB1,417.2 million, representing an increase of RMB901.4 million compared with adjusted net loss of RMB515.8 million in 2020. The following table sets forth adjusted net loss for the year ended 31 December 2021 and 2020 as the most directly comparable financial measure (namely net loss for the year) calculated and presented in accordance with IFRS:

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Net loss for the year	<b>(1,539,399)</b>	(948,503)
Excluding:		
Share-based payments	<b>79,566</b>	64,993
Net foreign exchange gains	<b>42,648</b>	367,699
Adjusted net loss	<b>(1,417,185)</b>	(515,811)

## Management Discussion and Analysis

### Liquidity and Financial Resources

Our cash and other liquid financial resources as of 31 December 2021 and 31 December 2020 were as follows:

	31 December 2021 RMB'000	31 December 2020 RMB'000
USD	154,159	5,816,650
HKD	249,324	181,856
RMB	2,661,393	1,921,869
	<b>3,064,876</b>	7,920,375

Cash and cash equivalents include cash in hand and at banks, deposits held at call with 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 USD and RMB.

As of 31 December 2021, our total available funds were RMB13,339.4 million, including cash and cash equivalents of RMB3,064.9 million, restricted cash of RMB75.1 million, term deposits of RMB2,649.3 million, and financial assets of RMB7,550.1 million. The financial assets, mainly purchased from Ping An Bank and Ping An Fund, have effectively improved the yields and liquidity of the Company's idle funds.

Cash flows for the years ended 31 December 2021 and 31 December 2020 were as follows:

	Year ended 31 December	
	2021 RMB'000	2020 RMB'000
Net cash used in operating activities	(1,402,996)	(1,102,272)
Net cash used in investing activities	(3,100,440)	(2,497,198)
Net cash generated (used in)/from financing activities	(319,909)	6,922,079
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(4,823,345)</b>	3,322,609
Cash and cash equivalents at the beginning of the year	7,920,375	4,965,455
Effects of exchange rate changes on cash and cash equivalents	(32,154)	(367,689)
<b>Cash and cash equivalents at the end of the year</b>	<b>3,064,876</b>	7,920,375

Net cash generated from investing activities mainly included payments of RMB22,650.5 million for financial assets and term deposits, and proceeds of RMB19,683.8 million from redemption of wealth management products and term deposits.

As of 31 December 2021, we had no outstanding borrowings. Therefore, the gearing ratio is not presented herein.

### Treasury Policy

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

### Capital Expenditure

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Purchase of property, plant and equipment, intangible assets and other assets	<b>89,648</b>	67,404

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

### Foreign Exchange Risk

For the year ended 31 December 2021, 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, we completed preparation for utilization of financial instruments and held such instruments in 2021 in response to the fluctuations in the exchange rates at any time.

### Pledge of Assets

As of 31 December 2021, none of our assets were pledged.

### Contingent Liabilities

As of 31 December 2021, we did not have any material contingent liabilities.

### Significant Investments Held

For the year ended 31 December 2021, we did not hold any material investments in the equity interest of other companies.

### Material Investment and Future Plans of Capital Assets

As of 31 December 2021, we had no material investment and other plans for capital assets.

### Material Acquisitions and Disposals of Subsidiaries and Associates

For the year ended 31 December 2021, we did not have any material acquisitions or disposals of subsidiaries and associates.

## Management Discussion and Analysis

### Employee and Remuneration Policy

The Group had a total of 3,425 employees as of 31 December 2021, the majority of whom were based in various cities in the PRC, including Shanghai, Shenzhen, Beijing, Guangzhou, Hefei, Qingdao and Chengdu. The Group has established the remuneration system of “cash salary + benefit + long-term incentive”. Remuneration is determined with reference to market conditions and individual employees’ performance, qualifications and experience. In line with the performance of the Company and individual employees, a competitive remuneration package is offered to retain employees, including salaries, discretionary bonuses and benefit plans. Please refer to note 7 to the consolidated financial statements of the Group (the “Consolidated Financial Statements”) in this Annual Report for details. Employees of the Company are eligible participants of the Pre-IPO employee share option scheme, details of which are set out in the Prospectus. In addition to on-the-job training, we have also adopted training policies to provide a wide range of in-house and external training sessions for employees. During the Reporting Period, the relationship between the Company and our employees was stable. We did not experience any strikes or other labor disputes which materially affected our business activities.

### Pension Scheme

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

During the year ended 31 December 2021, 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 2021, there was no forfeited contribution available for reducing the level of contribution to pension schemes in future years.

# Directors and Senior Management

## Directors

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

### Executive Director

**Mr. FANG Weihao (方蔚豪)**, aged 48, has been the executive Director, the chairman of the Board and the chief executive officer of the Company since May 2020 when he joined the Group. Mr. Fang has extensive experience in management, finance, and particularly in healthtech. He established Ping An International Financial Leasing Co., Ltd. in 2012, and is currently the chairman and the chief executive officer of Ping An Medical and Healthcare Management Co., Ltd., the chairman of the board of directors of HealthKonnnect Medical and Health Technology Management Co., Ltd. and the vice chairman of Ping An Property & Casualty Insurance Company of China, Ltd. Prior to that, Mr. Fang served as an executive vice president of Far East Horizon Limited, a deputy general manager of Sinochem International Tendering Co., Ltd. and a business manager of Sinochem International Industries Co., Ltd.

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

### Non-executive Directors

**Ms. TAN Sin Yin (陳心穎)**, aged 44, has been a non-executive Director of the Company since November 2019 when she joined the Group. She joined Ping An Group in 2013 and is currently an executive director, a co-chief executive officer and an executive vice president of Ping An Group and a director of a number of subsidiaries of Ping An Group, including Ping An Technology (Shenzhen) Co., Ltd., Ping An Bank, Ping An Property & Casualty, Ping An Life Insurance and Ping An Asset Management. Ms. Tan also serves as a non-executive director of OneConnect. Ms. Tan served as a non-executive director of HealthKonnnect Medical and Health Technology Management Co., Ltd. from February 2020 to November 2021 and a director of Lufax Holding from December 2014 to January 2021. Before joining Ping An Group, Ms. Tan was a global partner at McKinsey & Company, and served clients in U.S. and Asia for 13 years.

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

## Directors and Senior Management

**Ms. LIN Lijun (林麗君)**, aged 59, has been a non-executive Director of the Company since February 2020 when she joined the Group. Ms. Lin is currently a director of Shenzhen Scientia Technologies Limited. She served as a non-executive director of Ping An Group from 2003 to 2018, and a vice chairman of the Labor Union of Ping An Group from 2000 to 2019. Ms. Lin previously served as the deputy general manager of the Human Resources Department of Ping An Property & Casualty from 1997 to 2000, and the chairman and a general manager of Shenzhen New Horse Investment Development Co., Ltd. from 2000 to 2012.

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

**Mr. PAN Zhongwu (潘忠武)**, aged 52, has been a non-executive Director of the Company since February 2020 when he joined the Group. He is currently a general manager of the Administration and Operation Center of Shenzhen Ping An Integrated Financial Services Limited. Mr. Pan served as an employee representative supervisor of Ping An Group from 2012 to 2020. Mr. Pan also successively served in the Comprehensive Management Department of Ping An Property & Casualty and the General Office of Ping An Group, and served as a deputy head of the General Office of Ping An Group.

Mr. Pan holds a master's degree in Economics from Wuhan University.

**Mr. ZHU Ziyang (朱梓陽)**, aged 26, has been a non-executive Director of the Company since December 2021 when he joined the Group. He has been the vice president of Hopson Development Holdings Limited (合生創展集團有限公司, "Hopson Development", a company whose shares are listed on the Stock Exchange, stock code: 0754) since July 2021, responsible for the science and technology sector of Hopson Development. He has been a non-executive director, the chairman of the risk control committee of the board of directors and a member of the strategy committee of the board of directors of Genertec Universal Medical Group Company Limited (通用環球醫療集團有限公司, a company whose shares are listed on the Stock Exchange, stock code: 2666) since July 2021. Mr. Zhu has been the head for the smart medical sector of Guangdong Yuanzhi Technology Group Co., Ltd. (廣東元知科技集團有限公司, "Yuanzhi Technology") since June 2021, primarily responsible for operation and management of its smart medical sector. Mr. Zhu has been the head for the traditional Chinese medicine sector of Yuanzhi Technology since May 2020, primarily responsible for operation and management of its traditional Chinese medicine sector. Mr. Zhu served as the assistant to the principal of the strategy committee (戰略委員會主任助理) of Hopson Development from July 2017 to May 2020.

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

### Independent Non-executive Directors

**Mr. TANG Yunwei (湯雲為)**, aged 77, has been an independent non-executive Director of the Company since May 2018 when he joined the Group. Mr. Tang has extensive experience in accounting and financial management. He has been serving as an independent director of Universal Scientific Industrial (Shanghai) Co., Ltd. (環旭電子股份有限公司, a company listed on Shanghai Stock Exchange, stock code: 601231) since 2017, an independent director of China Jushi Co., Ltd. (中國巨石股份有限公司, a company listed on Shanghai Stock Exchange, stock code: 600176) since 2019, and an independent director of Lufax Holding since 2021. Mr. Tang was 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 Shenzhen Stock Exchange, stock code: 000553) from 2017 to 2020. Mr. Tang successively served as a lecturer, an associate professor, a professor, an assistant to the president and a vice president of Shanghai University of Finance and Economics (上海財經大學) from 1984 to 1993 and the president from 1993 to 1999. Mr. Tang was appointed as a member of China Accounting Standards Committee (中國會計準則委員會) by the Ministry of Finance of the PRC in 1998 and the president of Shanghai Accounting Association (上海市會計學會) in 2008.

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

**Mr. GUO Tianyong (郭田勇)**, aged 53, 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 Ping An Bank since 2016, 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 Shanghai Stock Exchange, stock code: 603580) since 2018, 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) since 2020. 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 Shenzhen Stock Exchange, stock code: 300378) from 2014 to 2020, and an independent director of Hundsun Technologies Inc. (恒生電子股份有限公司, a company listed on Shanghai Stock Exchange, stock code: 600570) from 2014 to 2021. 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. CHOW Wing Kin Anthony (周永健)**, aged 71, 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 1994, an independent non-executive director of MTR Corporation Limited (香港鐵路有限公司, a company listed on the Hong Kong Stock Exchange, stock code: 0066) since 2016, 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) since 2016, a 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 was awarded the Honorary Fellowship of the Hong Kong Institute of Education, the Honorary Fellowship of King's College London, and the Doctor of Social Sciences, honoris causa by the Open University of Hong Kong. Dr. Chow was admitted as a solicitor of the Supreme Court of England & Wales, and appointed as an attesting officer by the Ministry of Justice of the PRC. He is currently a member of the National Committee of the Chinese People's Political Consultative Conference.

## Directors and Senior Management

### Senior Management

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

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

**Mr. WU Jun (吳軍)**, aged 56, has been the president of the Company since October 2021 when he joined 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 a general manager of online customer center 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 specialises 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 Institute of Water Transportation Engineering; and an EMBA degree from Advanced Institute of Finance of Shanghai Jiao Tong University.

**Ms. ZANG Luoqi (臧珞琦)**, aged 41, 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 investment and financing management of global multinational enterprises as well as Chinese Internet companies for multiple years. She worked at PricewaterhouseCoopers and Deloitte at domestic and abroad, as well as Robert Walters, Caocao Chuxing and Didi Chuxing, and served as senior executives of the company and finance department.

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

### Company Secretary

**Mr. LIU Cheng (劉程)**, aged 48, joined the Group in May 2020 and currently serves as the senior vice president, secretary of the Board and a company secretary of the Company. Mr. Liu served in various positions including the deputy head of the office of the Board and the securities affairs representative of Ping An Group. He was deeply involved in many significant capital operation projects of Ping An Group, including Ping An Group’s Initial Public Offering in HKEx in 2004, Initial Public Offering on the Shanghai Stock Exchange in 2007, strategic acquisition of the original Shenzhen Development Bank Co., Ltd. (“Shenzhen Development Bank”, a company listed on the Shenzhen Stock Exchange, stock code: 000001), the merger of Shenzhen Development Bank and the original Ping An Bank, and issuance of convertible bond in 2013. Mr. Liu also served as a member of expert group on corporate governance of China Insurance Association.

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

# Directors' Report

The Directors are pleased to present their report together with the consolidated financial information of the Group for the year ended 31 December 2021.

## Global Offering

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

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

## Principal Activities

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

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

## Use of 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 following table sets forth the Group's intended timetable for use of proceeds from listing as of 31 December 2021.

Intended use of net proceeds	Allocation of net proceeds	Amount of net proceeds utilized as of	Balance of net proceeds unutilized as of	Intended timetable for use of the unutilized net proceeds
		31 December 2021	31 December 2021	
		(HK\$ in million)		
(i) Business expansion	3,425.6	751.0	2,674.6	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	257.2	2,312.0	Before 31 December 2025
(iii) Research and development	1,712.8	689.8	1,023.0	Before 31 December 2026
(iv) Working capital and general corporate purposes	856.4	856.4	0	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"). For the purposes of seizing market opportunities, solidifying the Company's leading position in the industry and maintaining a solid foundation for business expansion, on 30 September 2020, the Company entered into a placing agreement with the placing agents in relation to the placing of an aggregate of 80,000,000 new Shares with the aggregate nominal value of US\$400, at the placing price of HK\$98.20 per placing share on the terms and conditions set out in the placing agreement. The market price of the placing shares was HK\$99.25 on the date of the placing agreement.

On 9 October 2020, the Company has completed the placing of 80,000,000 Shares to not fewer than six placees who are Independent Third Parties of the Company at a price of HK\$98.20 per placing share with net proceeds received by the Company from the placing in the amount of approximately HK\$7,828.0 million after deducting the commission, incentive fee and expense, representing a net issue price of approximately HK\$97.85 per placing share. The proceeds from the placing are proposed to be used according to the intentions previously disclosed by the Company. The following table sets forth the Group's intended timetable for use of proceeds from the placing as of 31 December 2021.

Intended use of net proceeds	Allocation of net proceeds	Amount of proceeds	Balance of net proceeds	Intended timetable
		utilized as of 31 December 2021	unutilized as of 31 December 2021	for use of the unutilized net proceeds
Further developing core businesses of the Group	7,828.0	0	7,828.0	Before 31 December 2030

## Results

The results of the Group for the year ended 31 December 2021 are set out in the consolidated income statement and the consolidated statement of comprehensive income in this Annual Report.

## Business Review

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

Discussion details on the Group's environmental policies and performance are set out in the section headed "Environmental, Social and Governance Report" on pages 62 to 112, 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 42, and the description of the principal risks and uncertainties facing the Company is set out in the section headed "Corporate Governance Report" on pages 44 to 61. 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 2021, 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 2021 are set out in consolidated statement of changes in equity and note 29 to the consolidated financial statements in this Annual Report.

### Distributable Reserves

As of 31 December 2021, 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 2021 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 2021 are set out in note 27 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.

### Borrowings

As of 31 December 2021, the Group did not have any outstanding bank loans and other borrowings.

## Directors' Report

### Donation

For the year ended 31 December 2021, the Group made charitable donations of approximately RMB0.25 million (2020: RMB0.8 million).

### Financial Summary

A summary of the condensed consolidated results and financial position of the Group is set out on page 199 of the Annual Report.

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

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

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

For the year ended 31 December 2021, the Company bought back a total of 15,552,000 Shares on the Stock Exchange at an aggregate consideration paid (before expenses) of HK\$450,429,784.68. As at 31 December 2021, the total number of issued Shares was 1,147,294,200.

Details of Share purchases are as follows:

Month	Number of Shares bought back	Buy-back price per Share		Total consideration (before expenses) (HK\$)
		Highest	Lowest	
		(HK\$)	(HK\$)	
December 2021	15,552,000	31.3	26.45	450,429,784.68

Save as disclosed above, for the year ended 31 December 2021, the Company or any of its subsidiaries have not purchased, sold or redeemed any of the Company's listed securities.

### Debentures in Issue

For the year ended 31 December 2021, the Group did not issue any debentures.

### Significant Relationship with Stakeholders

#### Employees

As of 31 December 2021, the Group had a total number of 3,425 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

The Company provided users with excellent online medical consultation services on 24/7 basis, and good experience of users further enhanced user loyalty and continuous improvements to the ecosystem. As at the end of 2021, the number of registered users reached 422.9 million, representing an increase of 50.1 million as compared to the end of 2020. Benefited from the improvement of medical quality control capabilities and user experience, rate of user satisfaction has reached 97.2% amid the continuous expansion of the consultation scale.

### Suppliers

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

### Major Customers and Suppliers

For the year ended 31 December 2021, the Group's five largest customers accounted for approximately 32% of the Group's total revenue and the Group's largest customer accounted for approximately 19% of the Group's total revenue. Besides, for the year ended 31 December 2021, the Group's five largest suppliers accounted for approximately 14% of the Group's total cost and the Group's largest supplier accounted for approximately 5% of the Group's total cost. To the knowledge of the Directors, Ping An Life Insurance, Ping An Bank and Ping An Property & Casualty Insurance, each being one of our five largest customers, were subsidiaries of Ping An Group. Other than the foregoing, during the year ended 31 December 2021, none of our Directors, their close associates or any Shareholders (who or which is, to the knowledge of the Directors, owned more than 5% of the Company's issued share capital) had any interest in any of our top five customers.

### Remuneration Policy and Director's Remuneration

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

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

### 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.

## Directors' Report

### Purpose

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

### Eligible Participants

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

### Maximum Number of Shares

The aggregate number of EIS Shares which may be granted by the Company in accordance with the EIS is 70,000,000 Shares (the number subject to share subdivision on the Listing Date). As of 31 December 2021, the aggregate number of outstanding Shares (the number subject to share subdivision on the Listing Date) underlying the EIS Options as granted by the Company under the EIS was 17,889,932.

### 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 3 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.

### Option Period

The term of any options granted under the EIS shall not exceed 10 years, 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.

### Equity-linked Agreements

Save as the EIS mentioned above, no equity-linked agreements were entered into by the Group, or existed during the year ended 31 December 2021.

### Directors

The list of Directors who were in office during the year ended 31 December 2021 and up to the date of this Annual Report is as follows:

#### Executive Director

Mr. FANG Weihao (Chairman)

#### Non-executive Directors

Ms. TAN Sin Yin

Mr. YAO Jason Bo (ceased to act as a Director on 24 August 2021)

Ms. CAI Fangfang (ceased to act as a Director on 24 August 2021)

Ms. LIN Lijun

Mr. PAN Zhongwu

Mr. ZHU Ziyang (appointed on 10 December 2021)

#### Independent Non-executive Directors

Mr. TANG Yunwei

Mr. GUO Tianyong

Mr. LIU Xin (ceased to act as a Director on 24 August 2021)

Dr. CHOW Wing Kin Anthony

### Directors and Senior Management

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

### Directors' Service Contracts

Each of the Directors has entered into a service contract with the Company. The principal particulars of these service contracts include: (a) a valid term of three years commencing from their respective effective date of appointment until the day on which the next general meeting of the Shareholders for re-election of Directors is held; 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 2021.

## Directors' Report

### Permitted Indemnity

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

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

### Management Contracts

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

### Directors' Rights to Acquire Shares or Debentures

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

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

As of 31 December 2021, the interests and short positions of the Directors and chief executives of the Company in the Shares, underlying Shares and debentures of our Company or its associated corporations, within the meaning of Part XV of the SFO, which were required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have taken under such provisions of the SFO), or were recorded in the register required to be maintained by the Company under section 352 of the SFO, or as otherwise notified to our Company and the Stock Exchange pursuant to the Model Code, were as follows:

#### Long positions/short positions in the Shares of the Company

Name of Director	Nature of interest	Number of Shares held	Long positions/short positions	Approximate percentage of interest in the Company <sup>(1)</sup>
FANG Weihao <sup>(2)</sup>	Beneficial owner	450,000	Long positions	0.03%

Notes:

(1) The calculation is based on the total number of Shares in issue of 1,147,294,200 Shares as of 31 December 2021.

(2) As of 31 December 2021, Mr. Fang Weihao was entitled to 450,000 Shares pursuant to the Employee Incentive Scheme, where no Share was held upon exercise of EIS Options under the Employee Incentive Scheme.

Save as disclosed above, as of 31 December 2021, 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 they were 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.

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

As of 31 December 2021, 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 <sup>(1)</sup>
Bang Qi Jian <sup>(2)</sup>	Beneficial owner	98,633,300	Long positions	8.59%
		24,060,000	Short positions	2.09%
DOU Wenwei <sup>(2)</sup>	Interest in controlled corporations	98,633,300	Long positions	8.59%
		24,060,000	Short positions	2.09%
WANG Wenjun <sup>(2)</sup>	Interest in controlled corporations	98,633,300	Long positions	8.59%
		24,060,000	Short positions	2.09%
Glorious Peace <sup>(3)</sup>	Beneficial owner	441,000,000	Long positions	38.43%
		441,000,000	Long positions	38.43%
An Ke Technology Company Limited <sup>(3)</sup>	Interest in controlled corporations	441,000,000	Long positions	38.43%
Ping An <sup>(3)</sup>	Interest in controlled corporations	441,000,000	Long positions	38.43%
Hopson Development Holdings Limited <sup>(4)</sup>	Interest in controlled corporations	103,499,000	Long positions	9.02%
Sounda Properties Limited <sup>(4)</sup>	Interest in controlled corporations	100,710,700	Long positions	9.01%
		2,684,700	Long positions	
CHU Mang Yee <sup>(4)</sup>	Interest in controlled corporations	103,395,400	Long positions	9.01%
Morgan Stanley <sup>(5)</sup>	Interest in controlled corporations	58,974,630	Long positions	5.14%
		42,296,591	Short positions	3.68%

Notes:

- (1) The calculation is based on the total number of Shares in issue of 1,147,294,200 Shares as of 31 December 2021.
- (2) As of 31 December 2021, Bang Qi Jian directly held interest in 98,633,300 shares (long positions) and 24,060,000 shares (short positions) in the Company. Each of Ms. WANG Wenjun and Mr. DOU Wenwei owned 50% shareholding interest in Bang Qi Jian. As such, each of Ms. WANG Wenjun and Mr. DOU Wenwei was deemed to be interested in the Shares held by Bang Qi Jian.
- (3) As of 31 December 2021, 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.
- (4) According to the form of disclosure of interest dated 27 September 2021 filed by Hopson Development Holdings Limited ("Hopson Development") in relation to the relevant event on 24 September 2021, Hopson Development, through a series of corporations controlled by it, was interested in an aggregate of 103,499,000 Shares (including cash-settled unlisted derivatives representing 3,189,900 Shares). According to the form of disclosure of interest filed by Sounda Properties Limited ("Sounda") dated 24 September 2021 in relation to the relevant event on 20 September 2021, Sounda was interested in 103,395,400 Shares, comprising 100,710,700 Shares indirectly held by Hopson Development which was controlled by Sounda, and 2,684,700 Shares directly held by Sounda. According to the form of disclosure of interest filed by Mr. CHU Mang Yee dated 24 September 2021 in relation to the relevant event on 20 September 2021, Sounda was wholly-owned by Mr. CHU Mang Yee. As such, Mr. CHU Mang Yee was deemed to be interested in the interest held by Sounda.

## Directors' Report

- (5) According to the form of disclosure of interest filed by Morgan Stanley dated 5 January 2022 in relation to the relevant event on 31 December 2021, Morgan Stanley, through a series of corporations controlled by it, was deemed to be interested in 58,974,630 Shares (long position) and 42,296,591 Shares (short position).
- (6) 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 2021. The Company may not have sufficient information on the breakdown of the relevant interests and cannot verify the accuracy of information on the forms of disclosure of interest.

Save as disclosed above, as of 31 December 2021, the Directors were not aware of any person (other than the Directors or chief executives of the Company) who had interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or were recorded in the register required to be kept by the Company under section 336 of the SFO, or who was, directly or indirectly, interested in 5% or more of the Shares of the Company.

## Pre-emptive Rights

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

## Tax Relief and Exemption

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

## Directors' Interests in Competing Business

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

## Contracts with Controlling Shareholders

Save as disclosed in the section headed "Connected Transactions and Continuing Connected Transactions" below, no contract of significance has been entered into among the Company or any of its subsidiaries and the Controlling Shareholders or any of their respective subsidiaries during the year ended 31 December 2021.

## 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 2021:

### Connected Transactions

For the year ended 31 December 2021, 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 2021 (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 2021 was RMB5,000.0 million, while the actual transaction amount for the year ended 31 December 2021 was approximately RMB2,957.0 million.

#### 2. *Services Purchasing Framework Agreement*

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

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

The annual cap for the year ended 31 December 2021 was RMB890.0 million, while the actual transaction amount for the year ended 31 December 2021 was approximately RMB491.8 million.

## Directors' Report

### 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 2021 was not expected to exceed RMB72.0 million, while the actual transaction amount was approximately RMB38.6 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 2021 was RMB117.0 million, while the actual transaction amount for the year ended 31 December 2021 was approximately RMB20.5 million.

### 4. *Financial Service Framework Agreement*

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

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

- (i) the annual cap of maximum daily balance of deposits to be placed by the Group with Ping An Bank for the year ended 31 December 2021 was RMB10,000.0 million, while the actual maximum daily balance for the year ended 31 December 2021 was approximately RMB7,926.4 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 2021 was RMB320.0 million, while the actual transaction amount for the year ended 31 December 2021 was approximately RMB33.6 million,

- (iii) the annual cap of maximum daily balance of wealth management products purchased by the Group from Ping An Bank and/or its associates for the year ended 31 December 2021 was RMB10,000.0 million, while the maximum daily balance for the year ended 31 December 2021 was approximately RMB5,132.7 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 2021 was RMB450.0 million, while the actual transaction amount for the year ended 31 December 2021 was approximately RMB193.1 million.

### 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 relevant agreements governing them on terms 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 as set out above and entered into by the Group during the year ended 31 December 2021, in accordance with the Hong Kong Standard on Assurance Engagement 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the HKICPA, 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 the equity interests of Operating Entities which are not otherwise subsequently assigned or transferred to the Group.

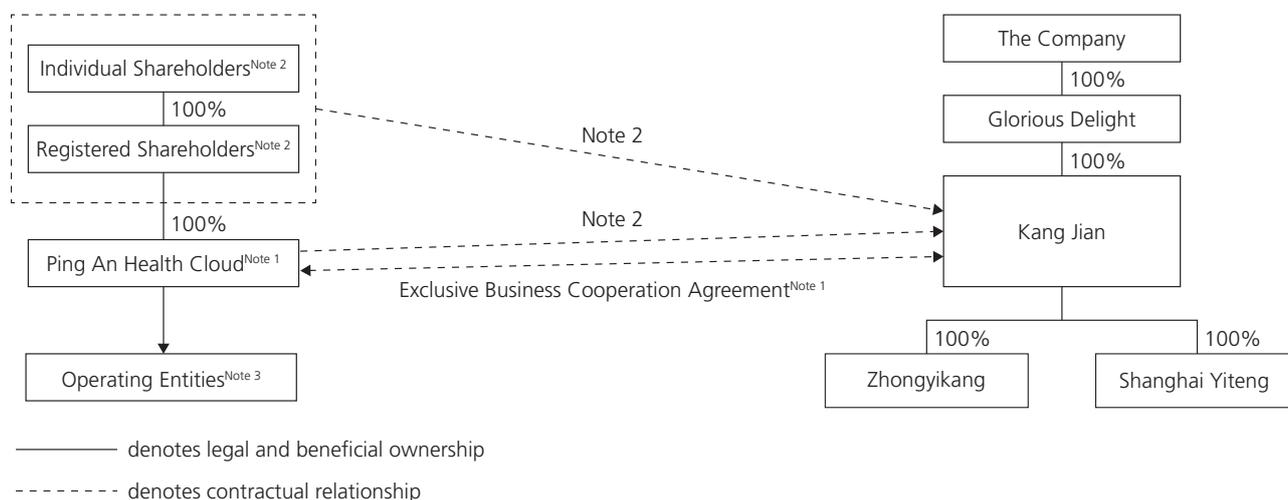
Saved as disclosed in the "Connected Transactions and Continuing Connected Transactions" in this Annual Report, none of the related party transactions as disclosed in note 34 to the consolidated financial statements constituted as connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules, which is in compliance with the disclosure requirements under Chapter 14A of the Listing Rules.

### 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.

## Directors' Report

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. The following simplified diagram illustrates the flow of economic benefits from the Group's Operating Entities to the Group stipulated under the Contractual Arrangements:



### Notes:

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

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

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

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

3. As at 31 December 2021, Ping An Health Cloud held 36 Operating Entities, namely Jiangxi Ping An Good Doctor, Tianjin Kuaiyijie, Pingan (Qingdao) Internet Hospital, Pingan (Hefei) Internet Hospital, Jiangsu Nabaite, Shanghai Hao Yi, Pingan (Yinchuan) Internet Hospital, Wanjia Healthcare, Shanghai Pingan Wanjia, Shenzhen Pingan Wanjia, Xiamen Wanjia, Xiamen Siming Wanjia, Anan Outpatient Service Department, Pingan Insurance Agency, Guangzhou Jifan, Pingan (Nantong) Internet Hospital, Hainan Pingan Health, Hebei Nabaite, Yingjian Medical, Shanghai Yingjian Clinics, Fuzhou Kangjian, Pingan (Guangxi) Internet Hospital, Ping An Good Doctor Nanjing Medical Technology, Shenyang Kangjian, Pingan (Chengdu) Internet Hospital, Pingan (Taiyuan) Internet Hospital, Shanghai Pingan (Eighth Hospital), Weihai Kangjian, Pingan (Tianjin) Internet Hospital, Pingan (Harbin) Internet Hospital, Pingan (Zhengzhou) Internet Hospital, Hangzhou Kangjijian, Guangzhou Kangjian Internet Hospital, Pingan (Chongqing) Internet Hospital, Ping An Health (Jiangsu) Internet Hospital and Pingan (Kunming) Internet Hospital.

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.

### (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 directors 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 its 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 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.

## Directors' Report

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 2021. There was no material change in the Contractual Arrangements and/or the circumstances under which they were adopted during the year ended 31 December 2021.

For the year ended 31 December 2021, 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 2021, 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 2021, 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 and 6 February 2016. 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), the proportion of foreign shares in value-added telecommunications services shall not exceed 50% (except for e-commerce, domestic multiparty communications, store and forward, and call centers). In addition, a foreign investor who invests in a value-added telecommunications business in the PRC must possess prior experience in and a proven track record of operating value-added telecommunications businesses overseas (the "Qualification Requirements"). Foreign investors that meet these requirements must obtain approvals from MIIT and/or its authorized local counterparts which retain considerable discretion in granting such approvals. For details of the Qualification Requirements, please refer to pages 224 to 225 of the Prospectus.

### Efforts and Actions Undertaken to Comply with the Qualification Requirements

Despite the lack of clear guidance or interpretation on the Qualification Requirements, we are gradually building up our track record of overseas telecommunications business operations and have taken the following steps to comply with the Qualification Requirements:

1. the Company established a website in Hong Kong and keeps updating so that the capital market could learn information about the Company;
2. the Company formed a joint venture with Grab in Southeast Asia and launched its services in Indonesia and Thailand through online healthcare service platform, including but not limited to online diagnosis, health mall, health information, appointment, corporate healthcare services, government mandatory home quarantine, etc. in 2021;
3. the Company formed a joint venture with Softbank Group in Japan and launched its services in Japan through online healthcare service platform, including but not limited to preliminary consultation, hospital recommendation, health mall, PCR test, vaccination, corporate healthcare services, etc. in 2021.

### 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 determined that it was not viable for the Company to hold our Operating Entities directly through equity ownership. Instead, we decided that, in line with common practice in industries in the PRC subject to foreign investment restrictions, we would gain effective control over, and receive all the economic benefits generated by the businesses currently operated by our Operating Entities through the Contractual Arrangements between Kang Jian, on the one hand, and our Operating Entities and its respective Shareholders, on the other hand. The Contractual Arrangements allow the results of operations and assets and liabilities of Ping An Health Cloud and its subsidiaries to be consolidated into our results of operations and assets and liabilities under IFRS as if they were subsidiaries of the Group. For details of the foreign investment restrictions relating to the Contractual Arrangements, please refer to the sections headed "Contractual Arrangements – PRC Regulatory Background" and "Contractual Arrangements – Development in the PRC Legislation on Foreign Investment" on pages 221 to 224 and pages 243 to 248 of the Prospectus.

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

### Risks Relating to the Contractual Arrangements

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

If the PRC government finds that the agreements that establish the structure for operating our businesses in the PRC do not comply with applicable PRC laws and regulations, or if these 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 enjoy 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.

## Directors' Report

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 2021, 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.

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

For the year ended 31 December 2021, the independent non-executive Directors have reviewed the Contractual Arrangements and confirmed that:

- (a) the transactions carried out during the year ended 31 December 2021 had been entered into in accordance with the relevant provisions of the Contractual Arrangements;
- (b) no dividends or other distributions had been made by Ping An Health Cloud to the holders of its equity interests which were not otherwise subsequently assigned or transferred to the Group;
- (c) any new contracts entered into, renewed and/or re-entered into between the Group and Ping An Health Cloud during the year ended 31 December 2021 are fair and reasonable, or advantageous to our Shareholders, so far as the Group is concerned and in the interests of the Company and the Shareholders as a whole; and
- (d) the Contractual Arrangements had been entered into in the ordinary and usual course of business of the Group, are on normal commercial terms and are fair and reasonable and in the interest of the Group and the Shareholders as a whole.

The Company's auditor has confirmed in a letter in accordance with the Hong Kong Standard on Assurance Engagement 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the HKICPA, under the requirements of Rule 14A.56 of the Listing Rules, to the Board that the transactions carried out pursuant to the Contractual Arrangements during the year ended 31 December 2021 had received the approval of the Board, had been entered into in accordance with the relevant provisions of the Contractual Arrangements, and that no dividends or other distributions had been made by the Operating Entities to the holders of its equity interests which were not otherwise subsequently assigned or transferred to the Group.

### Auditor

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

### Important Events After the Reporting Period

No important events affecting the Group occurred after 31 December 2021 and up to the date of this Annual Report.

## Directors' 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 2021. 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. 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, changes of Directors and chief executives are set out as follows:

1. Ms. TAN Sin Yin was appointed as a member of Audit and Risk Management Committee and a member of Nomination and Remuneration Committee on 24 August 2021;
2. Mr. YAO Jason Bo ceased to be a non-executive Director, a member of Audit and Risk Management Committee and a member of Nomination and Remuneration Committee due to personal work arrangement on 24 August 2021;
3. Ms. CAI Fangfang ceased to be a non-executive Director and a member of Nomination and Remuneration Committee due to personal work arrangement on 24 August 2021;
4. Mr. LIU Xin ceased to be an independent non-executive Director, a member of Audit and Risk Management Committee and a member of Nomination and Remuneration Committee due to personal work arrangement on 24 August 2021;
5. Mr. ZHU Ziyang was appointed as a non-executive Director on 10 December 2021.

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. FANG Weihao, an executive Director, has served as the chairman of the board of directors of HealthKconnect Medical and Health Technology Management Company Limited since January 2021;
2. Ms. TAN Sin Yin, a non-executive Director, ceased to be the chief operating officer of Ping An in February 2021, a non-executive director of Lufax Holding Ltd. in January 2021 and the chairman of Ping An Technology (Shenzhen) Co., Ltd. in March 2021;
3. Mr. YAO Jason Bo, a former non-executive Director, ceased to be the chief actuary of Ping An in March 2021, and a non-executive director of Lufax Holding Ltd. in January 2021;
4. Dr. CHOW Wing Kin Anthony, an independent non-executive Director, has served as an independent non-executive director of Beijing North Star Company Limited (a company whose shares are listed on the Shanghai Stock Exchange and the Stock Exchange, SSE: 601588, SEHK: 00588) since May 2021;
5. Ms. LIN Lijun, a non-executive Director, has served as a director of Shenzhen Scientia Technologies Limited since November 2021.

Save as disclosed above, as of 31 December 2021, there was no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

By the order of the Board

*Chairman*

**FANG Weihao**

15 March 2022

# Corporate Governance Report

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

## Corporate Governance Practices

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

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

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

In the opinion of the Directors, during the Reporting Period, the Company has complied with all applicable code provisions set out in the Corporate Governance Code, save and except for code provision A.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 Listing Issues as set out in Appendix 10 to the Listing Rules as the code of conduct regarding Directors' dealings in the securities of the Company. Having made specific enquiry to all the Directors, all the Directors confirmed that they have complied with the required standards set out in the Model Code during the Reporting Period.

The Board has also established written guidelines to regulate all dealings by informed persons who are likely to be in possession of inside information in respect of the Company's securities and unpublished information as referred to in code provision A.6.4 of the Corporate Governance Code.

## Board of Directors

### Board composition

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

The list of Directors is as follows:

#### *Executive Director*

Mr. FANG Weihao (Chairman)

#### *Non-executive Directors*

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

Ms. LIN Lijun

Mr. PAN Zhongwu

Mr. ZHU Ziyang

#### *Independent Non-executive Directors*

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

Mr. GUO Tianyong (Member of the Audit and Risk Management Committee and chairman of the Nomination and Remuneration Committee)

Dr. CHOW Wing Kin Anthony (Member of the Nomination and Remuneration Committee)

The biographies of the Directors are set out in the section headed "Directors and Senior Management" of this Annual Report. There is no relationship between members of the Board.

### Chairman and Chief Executive Officer

Code provision A.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 A.2.1 of the Corporate Governance Code and reviewed the management structure of the Company, the Board is of the view that:

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

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

# Corporate Governance Report

## Independent Non-executive Directors

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 Articles of Association, Ms. TAN Sin Yin, Ms. LIN Lijun and Mr. PAN Zhongwu shall retire by rotation and, being eligible, offer themselves for re-election at the annual general meeting to be convened.

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

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

## Responsibilities of the Directors

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

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

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

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

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

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

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

### Board Committees

The Board has established two committees, namely, the Audit and Risk Management Committee and the Nomination and Remuneration 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 and the Nomination and Remuneration Committee are available on the websites of the Company and the Stock Exchange.

#### Audit and Risk Management Committee

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

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

During the Reporting Period, the Audit and Risk Management Committee has held four meetings. Details of the individual attendance records of each member of the committee are set out in the section headed "Attendance Record of Directors at Meetings". At the meeting, the Audit and Risk Management Committee reviewed the interim results announcement and interim report of the Group for the six months ended 30 June 2021, the management accounts of the Group for the three months ended 31 March 2021 and the nine months ended 30 September 2021 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.

# Corporate Governance Report

## Nomination and Remuneration Committee

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

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

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

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

During the Reporting Period, the Nomination and Remuneration Committee held four 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, approved the remuneration package of senior management of the Company and nominated new candidates for directorship.

According to code provision B.1.5 of the Corporate Governance Code, the remuneration for members of the senior management of the Company for the year ended 31 December 2021 within the following bands is set out below:

	Number of Persons
Nil to RMB1,000,000	0
RMB1,000,001 – RMB2,000,000	1
RMB2,000,001 – RMB3,000,000	0
RMB3,000,001 – RMB4,000,000	0
RMB4,000,001 – RMB5,000,000	0
RMB5,000,001 – 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 2021 are set out in Notes 8 and 9 to the consolidated financial statements.

### **Nomination Policy for Directors**

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

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

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

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

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

### **Board 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.

## Corporate Governance Report

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, and the measurable objectives, 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. The measurable objectives of diversity are subject to review from time to time to ensure their appropriateness and confirm the progress of achieving such objectives.

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



Note: The information is as of 31 December 2021.

## Attendance Record of Directors at Meetings

The attendance record of each Director at the general meetings, Board and Board committee meetings of the Company held during the Reporting Period is set out in the table below:

Name of Directors	Number of Meetings Attended/Number of Meetings Eligible to Attend from 1 January 2021 to 31 December 2021			
	General Meeting	Board	Audit and Risk Management Committee	Nomination and Remuneration Committee
<b>Executive Director</b>				
Mr. FANG Weihao (Chairman)	1/1	8/8	–	–
<b>Non-executive Directors</b>				
Ms. TAN Sin Yin <sup>(1)</sup>	0/1	8/8	2/2	3/3
Ms. LIN Lijun	1/1	8/8	–	–
Mr. PAN Zhongwu	1/1	8/8	–	–
Mr. ZHU Ziyang <sup>(2)</sup>	–	–	–	–
Mr. YAO Jason Bo <sup>(3)</sup> (resigned)	0/1	4/4	2/2	1/1
Ms. CAI Fangfang <sup>(4)</sup> (resigned)	1/1	4/4	–	1/1
<b>Independent Non-executive Directors</b>				
Mr. TANG Yunwei	1/1	8/8	4/4	4/4
Mr. GUO Tianyong	1/1	8/8	4/4	4/4
Dr. CHOW Wing Kin Anthony	1/1	8/8	–	4/4
Mr. LIU Xin <sup>(5)</sup> (resigned)	1/1	4/4	2/2	1/1

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) Ms. TAN Sin Yin was appointed as member of Audit and Risk Management Committee and member of Nomination and Remuneration Committee on 24 August 2021;
- (2) Mr. ZHU Ziyang was appointed as a non-executive Director on 10 December 2021;
- (3) Mr. YAO Jason Bo ceased to serve as a non-executive Director, member of Audit and Risk Management Committee and member of Nomination and Remuneration Committee on 24 August 2021;
- (4) Ms. CAI Fangfang ceased to serve as a non-executive Director and member of Nomination and Remuneration Committee on 24 August 2021;
- (5) Mr. LIU Xin ceased to serve as an independent non-executive Director, member of Audit and Risk Management Committee and member of Nomination and Remuneration Committee on 24 August 2021.

## Corporate Governance Report

### Continuous Professional Development of Directors

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 professional/lawyer, about matters relevant to their duties as directors of a listed company. They also kept abreast of matters relevant to their role as Directors by attendance at conferences and reading relevant materials.

### Corporate Governance Functions

The Board is responsible for performing the functions set out in the code provision D.3.1 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 2021.

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 113 to 118 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.

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

## Corporate Governance Report

The Company's legal and compliance team 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 internal control and compliance team.

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

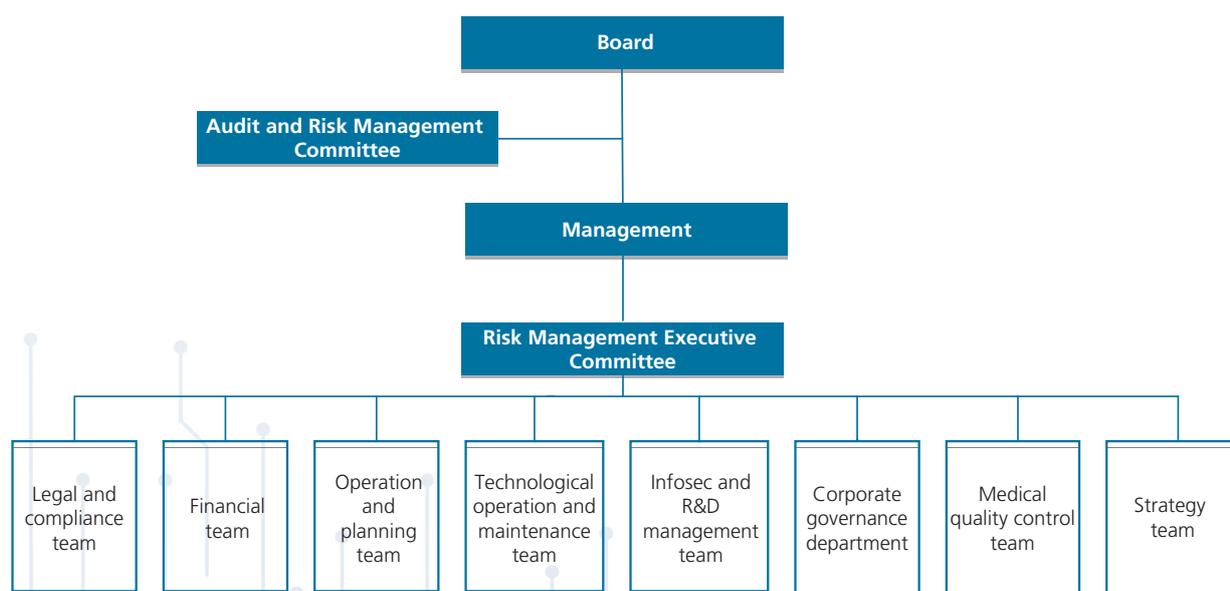
The aforesaid risk management and internal control system is designed to manage, and do not completely eliminate the risk that the Company may not be able to implement its business strategy, and may only make reasonable, but not absolute, assurances of material misstatement or loss.

### Risk Management

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

#### Risk Management Organizational Structure:

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



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

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

### **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.

# Corporate Governance Report

## Risk Analysis:

The Company classifies risks into different categories for management 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:

### *Compliance Operation Risk*

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

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

### *Information Security Risk*

Information security risk refers to the risk of leakage or damage of the Company's data information assets due to improper application systems and their underlying basic network.

The Company has placed great emphasis on corporate information security and personal information security of users, established an information security and data security management committee to coordinate and promote works relating to information security, as well as enhance the capabilities of data security management. In order to ensure information security, the Company controls the information access permission and restricts the information dissemination through implementing technological measures, such as in-depth defense system, encryption technology and information desensitization, as well as procedural security management and control. In view of new regulatory rules, the Company has carried out the relevant compliance transformation and improvement in a timely manner to meet the requirements of the latest laws and regulations. The Company carries out monthly regular training and promotion of information security to enhance the awareness of information security risk management within the Company.

### *IT Operation Safety Risk*

IT operation safety risk refers to the risk resulting from improper methods, means, technologies and processes of the operation conditions of IT software and hardware, IT business systems or the comprehensive management of IT operation and maintenance personnel.

The Company has upgraded its safety protection system from multiple dimensions such as machine room, network, system, application and office environment. Through strict authorization application and approval, the Company has carried out the industrialized and automatic IT operation. The Company has strictly complied with the change process and regulations, continuously improved the change of operation and management, emergency plan management, and the monitoring coverage and warning mechanism, so as to continuously enhance the IT operation safety risk management capability.

### *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 external news promotion and reputation risk management. The Company adheres to the principles of prevention in advance, timely handling during an event and remedies afterwards, and combines the network system of brand culture ambassadors and irregular brand culture training, public opinion management training and reputation risk scenario drills to continuously improve the management standard of brand reputation risk.

### *Operational Risk*

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

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

### *Strategy Risk*

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

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

### *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 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.

## Corporate Governance Report

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 team assists the management in compiling the self-assessment questionnaire, guides the management of relevant departments in carrying out self-assessment, and collects, reviews and verifies the self-assessment results. The self-assessment and review results have been directly reported to the Audit and Risk Management Committee for consideration.

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

### Effectiveness of Risk Management and Internal Control

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

For the year ended 31 December 2021, 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 of the Company have been performed by the employees with appropriate qualifications and experience who have received adequate and appropriate training and development. Based on the work report of the Audit and Risk Management Committee, the Board has confirmed that the internal audit function of the Company is sufficient, the relevant resources and budget are sufficient, and the relevant employees are equipped with appropriate qualifications and experience, and have received sufficient training and development.

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

### Remuneration of the Auditor

The table below sets out details of fees paid/payable for audit and non-audit services provided by PricewaterhouseCoopers for the year ended 31 December 2021:

Services provided to the Company	Fees paid and payable (RMB'000)
Audit services	4,010.0
Non-audit services	144.7
Total	4,154.7

### Company Secretary

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

During the year ended 31 December 2021, 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.

## Corporate Governance Report

### Convening of Extraordinary General Meeting and Putting Forward Proposals

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

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

### Putting Forward Enquiries to the Board

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

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

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

Email: IR\_PAGoodDoctor@pingan.com.cn

## Communication with Shareholders and Investor Relations

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

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

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

In 2021, 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](http://www.pagd.net) and a public email of [IR\\_PAGoodDoctor@pingan.com.cn](mailto: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 2021, the Company received 385 visits of investors/analysts domestically and overseas, attended approximately 168 investment conferences organized by domestic and foreign investment banks and stockbrokers, organized 1 large investor day as well as 2 online results presentations. 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.

### Changes in the Memorandum and Articles of Association

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

# Environmental, Social and Governance Report

## About This Report

### (1) Introduction to This Report

The 2021 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, materiality, quantification, balance, consistency, and systematically describes the Company’s philosophy, behavior, performance and commitment to the pursuit of sustainable development. We hope that by publishing the report and responding to stakeholder concerns can strengthen communication with stakeholders, enhance their interest, and recognize our value. Moreover, it helps us as we strive to continue to promote sustainable economic, environmental and social development.

### (2) Reporting Principles

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

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

**Balance:** To ensure that the company’s sustainable development practices can reflect stakeholder concerns, the company has objectively and thoroughly disclosed the company’s environmental, social and governance work.

**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.

### (3) Reporting Scope

**Business scope:** This Report mainly covers the Company’s principal businesses, including Medical Services and Health Services. For details of the Company’s businesses, please refer to the Company’s 2021 annual report.

**Timeframe:** This Report mainly covers the period from 1 January 2021 to 31 December 2021 (hereinafter referred to as the “Reporting Period” or “this Year”). To improve the integrity of the report, some content may go beyond this scope.

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

### **(4) Reporting Guideline**

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

### **(5) Sources of Information for This Report**

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.

### **(6) Assurance for This Report**

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

## Walking into Ping An Health

### (1) Company Mission

To build an effective communications bridge linking doctors and patients.

### (2) Company Vision

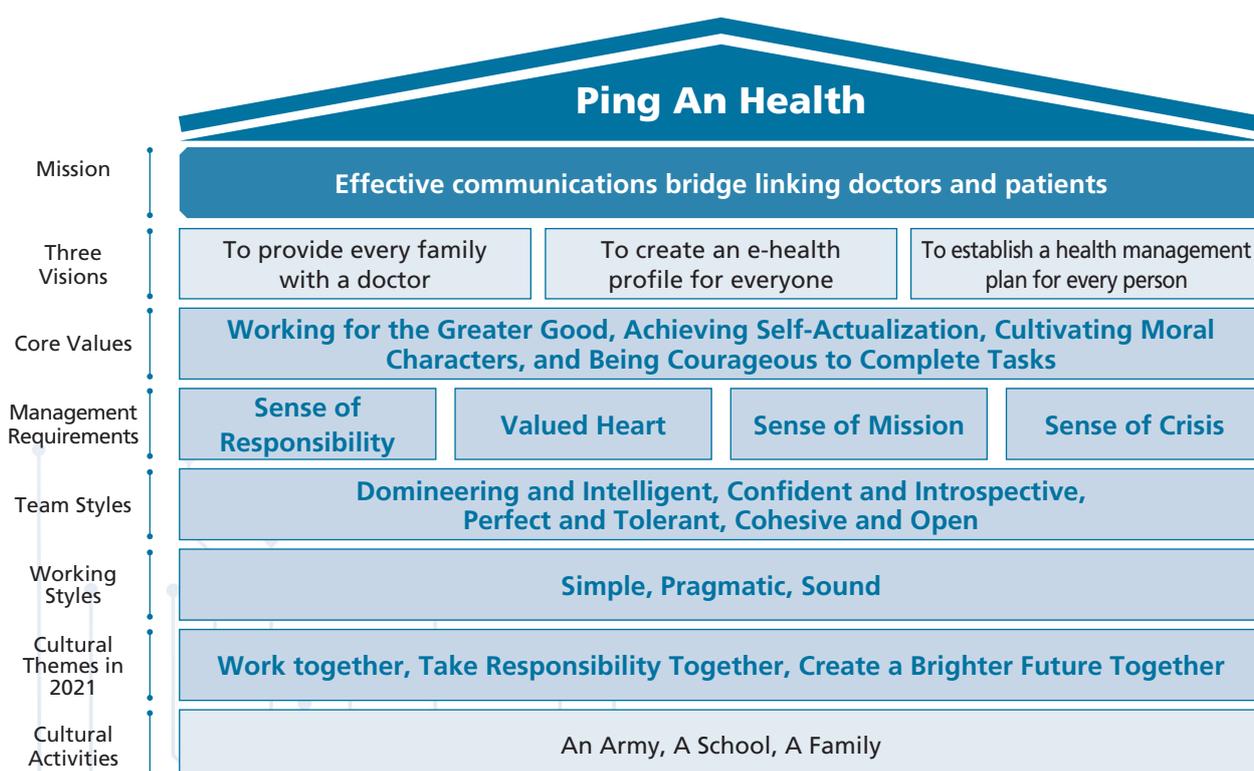
To provide every family with a doctor, create an e-health profile for everyone and establish a health management plan for every person.

Relying on innovative and advanced AI technology, we have enhanced the resources of excellent doctors. We are now deeply embedded in high-quality medical services and are advancing steadily. We use love to build a professional, convenient and trustworthy communication bridge between doctors and patients in the field of medicine and healthcare. Our vision is to provide every family with a doctor, create an e-health profile for everyone and establish a health management plan for every person. We hope to make positive contributions to the health of Chinese people with our work.

### (3) Corporate Culture

As part of our corporate culture system of "One Army, One School, One Family", Ping An Health has set "Work together, Share Responsibility Together and Create a Brighter Future Together" as its 2021 cultural theme and we have also motivated employees through various activities. On the basis of complying with laws and regulations, we have urged employees to fully consider the interests of stakeholders such as the Company, colleagues and consumers as well as social and public stakeholders such as ecological and environmental protection bodies in order to create a better future together. The Company also continuously strengthens its philosophy through various events, meetings and employee engagement activities so that employees have a shared understanding of corporate values and the personal behaviors required to ensure alignment and unity across teams.

Panorama of Ping An Health's Corporate Culture in 2021



Corporate Culture of Ping An Health	
<b>An Army:</b>	
	<p>The Company takes the relations between the Communist Party of China (CPC) and the general public as a key focus to unify organizational thinking and drive the construction of a company culture; we have taken a series of activities internally to celebrate the 100th anniversary of the founding of CPC, exercised the leading role of party members and strengthened 'red thought'. The Company has intensified the building of three systems for honor, development and incentives to drive a long-term sense of honor and ensure combat ability of the team and individuals.</p>
<b>A School:</b>	
	<p>The Company adheres to the principle of meeting the development needs of employees in the Company; we have upgraded the employee training system and management operation system, established a training mechanism that covers all level of staff to meet needs for further career development; for medicine, technology, product and sales staff; we have customized courses to facilitate business development; we have also upgraded the management mode, innovated operations, built new training brands and promoted two-way matching of resources.</p>
<b>A Family:</b>	
	<p>The Company takes employee care as a core concern and has created a familial atmosphere filled with warmth, manner and depth. The labor union, administrative service division and marketing team have coordinated their activities to ensure employee care and servicing remains a key characteristics of work at Ping An Health. The Company has comprehensively enhanced employee care across five major aspects: medicine, food, housing, transportation and entertainment to create a good work – life balance for employees.</p>

## (4) Compliance Operation

Ping An Health has always believed that compliance operation is the most important foundation for the sustainable development of an enterprise and key to all business decisions and activities. The Company believes that only by sticking to the bottom line of compliance can stability and growth be achieved.

The Board of Directors of Ping An Health has always regarded compliance management as a strategic cornerstone and a key business premise requiring all businesses to strictly abide by relevant laws and regulations and comply with the Company's internal systems and ethics. The company implements a scientific compliance management system in the process of business development. In the precondition of complying with laws, regulations and regulatory requirements, the Company continues to launch high-quality innovative products and services to meet user needs and create more value for all parties in society.

To this end, Ping An Health has built a complete compliance management system starting from the aspects of "company system – organizational structure – personnel arrangement – training mechanism" to improve the level of compliance operation:

First, the Company has established a sound compliance system. It requires all relevant departments to formulate company-level systems on key issues such as business ethics, product quality, marketing and publicity and information protection based on compliance principles and management practices to ensure compliance of various business units.

## Walking into Ping An Health

Second, the Company has established a clear compliance risk management structure. As the risk management coordinating department, the legal compliance department is responsible for identifying compliance risks, regularly tracking the latest regulations and industry trends, sorting out existing work processes and putting forward suggestions for improvement ensuring that various businesses of the Company meet the requirements of laws and regulations reducing the risk of violations of laws and regulations. Various risk management responsibility departments are the leading departments for each sub-type of compliance risk and are responsible for implementing risk management work for their departments.

Third, the Company has clarified that the persons responsible for risk management and assigned personnel to carry out special risk investigations. The chairman, general manager, heads of business departments and branches of the company are all responsible for risk management and relevant indicators of risk management are included in their assessment. For key compliance matters, the Company will assign personnel to set up an expert group to carry out special risk investigations to reduce related risks.

Fourth, the Company is strengthening the compliance culture training mechanism. Ping An Health promotes legal compliance knowledge through various channels such as online and offline training, e-mail promotion, videos as well as live streaming to strengthen compliance awareness among all staff forming a workplace atmosphere where “everything is about the law and everyone pays attention to compliance”.

The Company integrates compliance management culture into the whole process of corporate culture construction. By advocating and cultivating a good risk management culture, the Company firmly establishes risk awareness and risk management concepts among all employees and forms a corporate culture that abides by professional ethics and operates legally and compliantly.

### (5) 2021 Awards and Recognitions

Awards/Honors	Honor time	Appraiser/Awarding agency
LunJian • The 1st Annual Star List of Smart Health – Gold Family Doctor (論健第一屆智慧醫療年度星榜「金牌家庭醫生」)	January 2021	Sailing Health (健識局)
The Most Economic Impactful Brand of the Year (年度新產業經濟最具影響力品牌)	January 2021	Znfinnews.com (鐸財經)
The 16th China Board of Directors of Listed Companies Gold Roundtable Award – The Award of Excellent Board of Directors, The Award of the Most Influential Independent Directors (第十六屆中國上市公司董事會金圓桌獎「優秀董事會獎」、「最具影響力獨立董事」)	February 2021	The Board of Directors (董事會雜誌)
The 10 Most Innovative Health Companies of 2021 (2021全球最具創新力公司)	March 2021	Fast Company (美國Fast company商業雜誌)
The List of 315 Quality Consumption of Internet Technology – The Award of the Most Trusted Online Healthcare Brand by Consumers (互聯網科技315品質消費榜「消費者信賴線上醫療獎項」)	March 2021	Chengdu Economic Daily (成都商報)
The 4th Goldsmith Award – The Silver Medal of Precise Marketing of the Year (第四屆金匠獎「年度精準營銷獎銀獎」)	April 2021	Committee of CMO Value Marketing Summit (CMO價值營銷峰會組委會)
V Innovative Model of Healthy China Action in 2021 – The Award of Innovative Model (2021健康中國行動示範V創新榜樣「模式創新獎」)	May 2021	CN-Healthcare Review (健康界)
2021 Gold Companies Ranking (2021金牌企業榜)	May 2021	Snowball (雪球)
The 12nd Tiger Roar Award – The Award of Annual Brand (第十二屆虎嘯獎「年度品牌大獎」)	June 2021	Hooxiao (虎嘯傳媒)
The Outstanding ESG Performer in 2020 – Special ESG Awards-Gold (環境、社會及企業管治成就2020大獎「特別環境、社會、企業管治大獎金獎」)	June 2021	Institute of ESG & Benchmark (環境、社會及企業管治基準學會)

## Walking into Ping An Health

Awards/Honors	Honor time	Appraiser/Awarding agency
New Growth New Highland: Top 50 Online New Economy (Shanghai)in 2021 (新增長 新高地：2021線上新經濟(上海)50強終榜)	August 2021	Jiemian, Shanghai United Media Group (界面)
The 5th Ceremony of Seeking the Most Valuable Companies in China – The Award of Excellent Investment Value (第五屆尋找中國最具價值企業頒獎典禮「優秀投資價值獎」)	September 2021	Business Management Review (商學院)
iMoney Enterprise Brand Awards – The Best Internet Healthcare Platform in China (智富品牌及企業大獎「最佳中國互聯網醫療健康服務平台」)	September 2021	iMoney Magazine (《iMoney》智富雜誌)
MSCI ESG Rating「A」	September 2021	MSCI
The 6th China Healthcare Summit – Top 10 China’s Listed Innovative Healthcare Companies in the Year 2021 & Top 20 China’s Internet Healthcare Companies in the Year 2021 (第六屆中國大健康產業升級峰會「2021中國醫療上市企業創新榜TOP10」·「2021中國互聯網醫療TOP20」)	October 2021	Equal Ocean (億歐大健康)
2021 The Star of Analysis in Year –The Award of Excellent Digital Application in the Year 2021 (2021易觀之星「2021年度卓越數字應用獎」)	October 2021	Analysys (易觀)
The Outstanding Company in Corporate Social Responsibility of ‘China Benefit Corporation in the Year 2021 (2021年「中國益公司」企業社會責任力「社會實踐傑出企業」)	November 2021	Tencent (騰訊)
HKET’s Excellent ESG Enterprise in the Year 2020-2021 (傑出環境、社會及企業管治表現嘉許計劃「2020-2021年度傑出ESG企業獎」)	November 2021	Hong Kong Economic Times (香港經濟日報)
The Competitiveness Research in Healthcare Industry in the 21st Century in the Year 2021 – The Award of Best practice of the Year (2021年度21世紀大健康產業競爭力研究「陽光」年度行業標杆企業)	November 2021	21st Century Business Herald (21世紀經濟報導)
The Healthcare Technology Companies in the Year 2021 (2021常春獎「年度醫療科技企業」)	November 2021	Jiemian, Shanghai United Media Group (界面)
China Health Industry 2021 Impact Award (2021年度中國大健康產業影響力獎)	November 2021	China Business Journal (中國經營報)
ListCo Excellence Awards 2021 (傑出上市公司大獎2021)	November 2021	Am730 and PR Asia (am730及PR ASIA亞洲公關)
The Case of Innovative Practice of Healthy China Action in Year 2021 (2021年健康中國行動創新實踐案例)	December 2021	People’s Daily Online (人民網)
2021 China’s Internet Economy Forum – The Best Health Platform in the Year 2021 (2021中國互聯網經濟論壇「2021年度最佳醫療平台」)	December 2021	China Internet Weekly (互聯網週刊)
The Award of the Most Valuable Brand (最具品牌價值獎)	December 2021	Guru Club (格隆匯)
The Sustainable Brand of the Year (年度可持續力品牌)	December 2021	Southern Weekly (南方週末)
2021‘Good Brand 100’ – The Award of Employer in Internet Healthcare Industry (2021「好品牌100」互聯網醫療行業主榜品牌)	December 2021	Jiemian (界面)
2021 ESG Vanguard 60 – The Award of Excellent Social Responsibility of the Year (2021ESG先鋒60「年度社會責任優秀獎」)	December 2021	Jiemian (界面)
The 21st Century Commercial Model Innovative Companies (21世紀商業模式創新公司)	December 2021	21st Century Business Review (21世紀商業評論)
The 11th China Securities Golden Bauhinia Awards – The Best Listed Company in Hong Kong Stock Connect (第十一屆中國證券金紫荊獎之「最佳港股通上市公司」)	December 2021	Hong Kong Ta Kung Wen Wei Media Group, (大公傳媒)
2021 New Economy – The Best Value Listed Companies (2021新經濟之「最具投資價值上市公司」)	December 2021	cls.cn (財聯社)

## Walking into Ping An Health

### (6) Ping An Health SDGs Map

#### UN SDGs

#### Ping An Health's Efforts



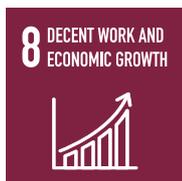
- Ping An Health continued to carry out poverty alleviation projects, opened “green channels” for poverty alleviation products and achieved targeted poverty alleviation with the help of external donations.



- Ping An Health's mission is to “build a doctor-patient professional communication bridge” and to “let every family have a family doctor and every person have an electronic health record and personal health management plan.”
- By providing customers with high-quality medical services and building a health mall platform, Ping An Health continues to satisfy growing health needs and contribute to the achievement of the “Healthy China 2030” goal, and continuously improves resident health.
- Ping An Health has launched smart clinics in villages as well as a village doctor app. We livestream teaching to improve the level of basic medical care in local villages and help rural revitalization.
- As a responsible enterprise, in the event of a serious natural disaster, Ping An Health will quickly mobilize manpower and resources to provide disaster-affected people with necessary medical services and effectively protect their physical and mental health.



- The Company provides enriching training courses for all employees. In addition, Ping An Health provides targeted training for relevant employees according to their level and position to improve their professional level and expand their development horizon.



- Ping An Health adheres to the principle of “fairness and justice” and fully respects and protects women's rights and interests. At present, female employees account for more than half of the total number of Ping An Health personnel.
- Ping An has established a complete remuneration system of “cash compensation + benefits + long-term incentives” for employees to provide them with decent work and attractive income.
- Ping An Health aims to build an inclusive and diverse work environment and integrates anti-discrimination into its recruitment and business strategies eliminating any discriminatory behavior based on factors such as gender, appearance, ethnicity and religious beliefs.

## Walking into Ping An Health



- Ping An Health attaches great importance to the protection of water resources. The Company uses sewage discharge performance as a key scoring metric for suppliers' environmental protection qualifications and requires suppliers to have treatment processes and the technical means to strictly manage sewage discharge. At the operational level, Ping An Health installs water-saving devices in the workplace pantry encouraging employees to save water by posting promotional slogans.
- Under the direction of the property manager, Ping An Health is adopting the Daikin VRV water source heat pump system which uses ground source water as the cooling/heating source for the system, which significantly reduced the Company's operating energy consumption.
- Ping An Health actively practices low-carbon green development. At the operational level, the Company encourages employees to travel green; it regularly carries out plastic reduction and workplace environment evaluation; it has strengthened employee awareness of green development; and it has reduced resource waste to address the Company's impact on the environment.
- At the supplier level, Ping An Health exerts its corporate influence to put forth clear requirements for suppliers on sustainable development, it encourages suppliers to use environmentally friendly products and jointly promote low-carbon development.
- Ping An Health's online consultation service helps users obtain medical consultation without leaving their homes. The low-carbon and environment-friendly business model effectively reduces exhaust and greenhouse gas emissions from transportation caused by travel.



- Ping An Health is a proactive innovator using self-developed AI and internet technologies to leverage the influence of the platform to drive forward innovation and development.



- Ping An Health has established a petition channel to encourage employees to report corruption and similar behaviors. In addition, the Company provides training to enhance the anti-corruption awareness of all employees.
- Ping An Health strictly abides by laws and regulations prohibiting the recruitment of child labor and the use of forced labor.



- Ping An Health attaches great importance to communication with, and the opinions of, stakeholders. We listen to the opinions of all sectors of society by participating in association meetings, collecting questionnaires and via other diverse channels. We continuously promote the realization of SDGs.

# Environmental, Social and Governance Report

## 1. Improving the ESG Governance Structure and Enhancing the Level of Sustainable Development of Enterprises

### 1.1 Board Statement

The Board of Directors coordinates, leads and supervises the sustainable development management and ESG information disclosure of Ping An Health. The Company integrates ESG factors into its strategic decision-making and daily operation management and the Board of Directors and the management hold regular meetings to supervise and review the results of ESG work.

The Company's Board of Directors holds regular meetings every year to review management's ESG management progress report and review and approve the Company's ESG report. It is responsible for strategically determining the Company's ESG management priorities. The Company's Board of Directors discusses ESG matters at its quarterly meetings and the Company also reports its performance on key ESG issues to the directors in its monthly director's newsletter.

The Company's management leads the Company's ESG management work, implements various management measures and regularly reports to the Board of Directors to assist it in its comprehension of the Company's ESG management status. The management also helps identify management risks and adjust the Company's strategy in a timely fashion. Each year, the management proposes key ESG issues and discusses their impact on the Company's business. Based on the topics and materiality assessment results fed back by stakeholders, the management will determine the materiality matrix of key ESG topics which will be finally reviewed and confirmed by the Company's Board of Directors as the basis for the annual optimization of ESG development strategies and preparation of ESG reports.

The Company clarifies the responsibilities of all levels and departments in ESG management, supervises and urges all departments to implement relevant requirements and continuously improves the engagement of employees to ensure that the environmental and social risks involved in various work and businesses are properly managed realizing the comprehensive planning and management of corporate ESG work.

### 1.2 Stakeholder Engagement

Ping An Health attaches great importance to the appeals of stakeholders and actively communicates with stakeholders through various channels on a regular basis and listens to the requirements and expectations of stakeholders. We respond in a timely way to better meet the expectations and requirements of all stakeholders strengthening mutual trust and respect.

Stakeholders	Expectations and Appeals	Measures to Communication and Respond
 <b>Investors and Shareholders</b>	Sustainable profitability Standardized corporate governance Guarantee of rights and interests	Generate long-term revenue Improve internal control system Disclose information regularly Convene general meetings
 <b>Users and Consumers</b>	Product health and safety Service quality Privacy and information security Business Integrity	Improve quality control system Conduct customer satisfaction survey and handle complaints Enhance risk control Strengthen legal advocacy
 <b>Employees</b>	Guarantee of legitimate rights and interests Unblocked road for career development Guarantee of emoluments and benefits Pleasant working atmosphere	Comply with laws and regulations Build channels for employee training and promotion Improve emolument and benefit system Conduct employee satisfaction survey
 <b>Suppliers and Partners</b>	Openness and fairness Win-win cooperation Mutual development	Standardize procurement procedures Improve communication mechanism Establish long-term management model

# 1. Improving the ESG Governance Structure and Enhancing the Level of Sustainable Development of Enterprises

Stakeholders	Expectations and Appeals	Measures to Communication and Respond
 <b>Government and Regulatory Institutions</b>	Compliance with national policies Performance of tax obligation Strengthening construction of the anti-corruption culture Participation in regional co-development	Operate in accordance with laws and regulations Pay taxes in a timely and proactive manner Coordinate with government for its supervision Promote employment
 <b>Community</b>	Facilitation to community development Protection of community environment	Conduct public welfare projects Implement green operation
 <b>Industry Association</b>	Industry experience exchange Promoting industry advancement	Participate in industry forum Improve research and development capability

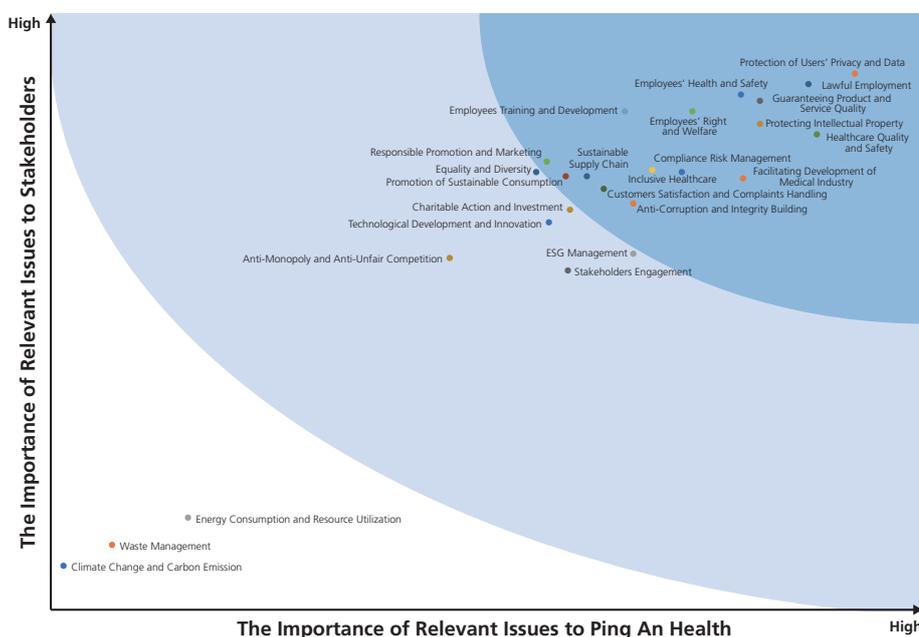
## 1.3 Identifying Issues of Materiality

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 2021, Ping An Health identified issues related to corporate governance, climate change mitigation, energy and resource usage, employment and labor, supply chain management, product responsibility, anti-corruption and social contribution. The exercise was based on Global Reporting Initiative (GRI), the Sustainability Accounting Standards Board (SASB) and other international mainstream report compilation standards and on the Hong Kong Stock Exchange's ESG Reporting Guide combined with the Company's business-related industry standards and market concerns.

By conducting both internal and external stakeholder surveys, the Company has assessed and analyzed various issues. In 2021, we distributed survey questionnaires to various internal and external stakeholder groups through social media platforms, email and other mediums to collect a total of 224 responses from all parties.

Based on the topics and materiality assessment results reported by various stakeholders and the importance of each topic confirmed by the management of the Company on sustainable development, the Company ranked the key topics in terms of materiality. The priority of substantive issues has been reviewed and confirmed by the Board of Directors of Ping An Health in combination with the Company's strategy and management team.

**Matrix of Issues of Materiality of Ping An Health 2021**



# 1. Improving the ESG Governance Structure and Enhancing the Level of Sustainable Development of Enterprises

## 1.4 Improving Risk Management Systems

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

The Company has formulated risk control systems, including a Comprehensive Risk Management System, Risk Preference Management Measures and Risk Limit Management Measures. Together, they constitute a comprehensive risk management system for identification, prudent assessment, dynamic monitoring and timely response. The Board of Directors is the highest decision-making body for the Company's risk management and is responsible for the effectiveness of the overall risk management work. The Company's risk management executive committee coordinates the Company's overall risk management work and reports to the Board of Directors and management on an as-needed basis.

The Company has sorted and identified some types of risks namely in liquidity, compliance operations, information security, IT operation security, brand reputation, operations, strategies and medical treatment. The Company has also clarified the responsibilities of each risk management department and the reporting process. In response to the identified risks, the risk management divisions formulated corresponding risk control policies and processes based on their respective functions.

The Company has a "prudent" risk appetite and its bottom line is legal, compliance and social responsibility. It is continuously strengthening its comprehensive risk management system balancing the requirements for consideration of benefits and risks while promoting the development of a risk performance assessment mechanism to achieve a balance between risk management and business objectives. To correctly modulate its overall risk appetite, the Company has implemented a risk appetite transmission mechanism, set a comprehensive risk limit and an early warning indicator system based on a "stable" risk appetite. We monitor and report various risk indicators during daily operations and management.

In 2021, the Company continued to strengthen its risk management and compliance training with the aim of promoting the development of our internal control compliance risk culture and strengthening the risk management awareness of all employees. In 2021, we enhanced the risk awareness of all employees of the Company with 17 interpretations of new regulations and 99 trainings covering topics such as risk management, information security, intellectual property, anti-corruption and anti-fraud. The form covers on-site meetings, live streaming, email promotion etc., realizing 100% coverage of all staff.



Number of interpretations of new regulations in 2021

**17** times

Number of trainings covering topics such as risk management, information security, intellectual property, anti-corruption and anti-fraud

**99** times

The staff training coverage rate in the form of on-site meetings, live streaming, email promotion and etc.,

**100** %

# 1. Improving the ESG Governance Structure and Enhancing the Level of Sustainable Development of Enterprises

## 1.5 Adhering to Good Business Practices

Ping An Health strictly abides by the Anti-monopoly Law of the People's Republic of China, the Anti Unfair Competition Law of the People's Republic of China and the Interim Provisions on Banning Commercial Bribery from the State Administration for Industry and Commerce. The Company constantly improves the anti-corruption, anti-monopoly and anti-unfair competition review mechanisms and procedures to ensure that the Company does not engage in bribery, corruption and/or fraud, and does not undermine the fairness of business competition.

The Company has formulated the Employee Code of Conduct and the Management Policy for Conflict of Interest of Employees. It further requires employees to abide by laws, be honest and self-disciplined and improve business ethics in their daily work. The Company also has formulated internal systems such as the Anti-fraud System, the Management System on Petition and the "Red, Yellow and Blue" Card Punishment System, established anti-fraud and reporting mechanisms and procedures to standardize the occupational behaviors of managers and employees at all levels. The Company's board of directors leads the anti-fraud work and urges the management to organize the implementation of anti-fraud work. It regularly takes anti-corruption and internal audit actions, links violations and frauds with managers' performance salaries and has established an effective system and mechanism of fraud prevention.

In May 2021, the senior management of Ping An Health travelled to Chengdu, Beijing, Wuhan and other workplaces with functional departments such as human resources, party and labour union, legal compliance as well as audit and supervision department to conduct clean government education, conduct in-depth discussions and research and listen to the voices of the frontline workers. The Company's developing anti-corruption culture is imbued with the Company's culture and the different regions and eras of the directors, employees, suppliers and other groups. The focus is on email + live streaming learning with topics covering small treasury, off-book accounts, workplace crime and so forth. In 2021, the Company conducted more than 20 trainings and campaigns to develop clean government culture and conducted 3 internal investigations targeting corruption risks or related internal audit matters.

Number of trainings and campaign to maintain anticorruption culture

**20** times

To further prevent corruption and other unethical business practices, Ping An Health encourages employees and all parties in society with direct or indirect business relationships with the Company to report fraud. The Company's employees and all parties in the society may provide information about actual or suspected fraud cases in the Company and involving its staff through the Company's public reporting e-mail address and petition site. Those who provide valuable clues will be rewarded.

The Company's existing 2 channels for petition:

Online e-mail address : lzxjfb@pingan.com.cn

Offline petition site : Audit and Supervision Team on the 19th Floor, Block B, Ping An Building.

The e-mail address for complaints is clearly stipulated in the Company's anti-fraud system and the audit and supervision team is responsible for monitoring it. The offline site for complaints is located at the audit and supervision team office on the 19th floor of Block B, Ping An Building. Online and offline complaints are repeatedly promoted in clean government promotion materials. The Company has established the "Complaint Management System" for whistleblowers and clearly requires the protection against leaking of whistleblower information and against unfair dismissal, persecution or retaliation targeting whistleblowers. The Company's audit and supervision team strictly abides by work discipline, maintains confidentiality and strictly protects whistleblowers and complaint materials. In 2021, the Company did not have any corruption cases.

Against the background of China's continuous strengthening of anti-monopoly laws and curbing of the disorderly expansion of capital this year, Ping An Health has also continued to strengthen the Company's anti-monopoly and anti-unfair competition review.

# Environmental, Social and Governance Report

## 2. Strengthening Medical Products and Services in Support of Healthy China Action

### 2.1 Improving Scientific and Technological Innovation

#### 2.1.1 Protection of Intellectual Property Rights

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

The Company has established a relatively complete intellectual property management system which encompasses an Intellectual Property Management System, Patent Management Rules, Copyright Management Rules, Trademark Management Rules, Patent Award Management Rules, Trade Secret Protection Management Measures and other rules and regulations. Brand Authorization Management Regulations was added in 2021 drawing on the in-depth industry experience and combined with the actual situation of Ping An Health. This scientifically systematized intellectual property rights such as trademarks, patents, copyrights and trade secret management and maintenance.

The Company has established an intellectual property joint meeting mechanism with the participants including the legal compliance department and the departments involved in the issue concerned and the leaders of each team or the general manager of each department. They discuss and evaluate major intellectual property matters and report to the Company's management. The internal legal compliance department of the Company has a special post for intellectual property rights and has intellectual property liaisons with the relevant departments. It fully implements the Company's intellectual property management system and conducts both regular and irregular intellectual property information campaigns and training for the whole Company or related specific teams.

We require our employees to strictly abide by the terms of any applicable proprietary information and invention agreements and that any use of third-party names, trademarks, logos, data or software be in accordance with relevant laws and the authorization of the intellectual property rightsholder.

In 2021, Ping An Health completed 177 domestic patent applications, 7 PCT patent applications, 4 patent authorizations, 4 trademark approvals and 9 copyright registrations.

As of December 31, 2021, Ping An Health has accumulated 375 domestic patent applications, 7 PCT patent applications, 16 patent authorizations, 277 trademark approvals and 85 copyright registrations.



As of December 31, 2021, Ping An Health has accumulated:

Domestic patent applications

**375**

Copyright registrations

**85**

Trademark approvals

**277**

## 2. Strengthening Medical Products and Services in Support of Healthy China Action

### 2.1.2 Technological Empowerment of Medical Services

Ping An Health continues to consolidate its medical service capabilities and continues to improve the quality of online medical services through the dual drivers of a self-owned medical team and AI-enabled medical care.

The Company is committed to the research and development of independent artificial intelligence technology and uses science and technology to achieve a precise distribution and efficiency gains of medical services. The quality of medical services empowered by AI is reflected in the pre-diagnosis and diagnosis links:



#### Pre-diagnosis link:

By automatically analyzing users' appeals, we can match the most suitable doctor to patients, improve doctor-patient pairing, reduce user wait times and function as a consultation desk in offline hospitals.



#### Diagnosis link:

According to the users' appeals, the appropriate consultation template is automatically matched so that the doctor can conduct a comprehensive consultation. This saves consultation time while preventing doctors from missing key information and improves the quality of consultation.

Through AI technology, the Company monitors severe indicators that appear during the consultation process ("severe" in this report refers to patients whose current condition is not suitable for providing online diagnosis and treatment services). Currently, there are a total of 306 severe labels, covering severe diseases in internal medicine, surgery, obstetrics and gynecology, pediatrics, traditional Chinese medicine, dermatology, andrology, otolaryngology, ophthalmology, nutrition, general practice and other disciplines. AI is employed throughout the entire consultation process to identify conditions and diseases mentioned by patients. The system locks and manually determines whether the disease inquired about by the patient is serious. If both the system and the manual judgment are serious, the patient is immediately told to seek medical treatment offline to avoid physical harm.

In 2021, Ping An Health launched a real-time audio and video online consultation service. The service is provided by Ping An Health's self-owned medical team 7 days a week, 24 hours a day with a response time of 60 seconds allowing users to consult with doctors 'face-to-face'.

## 2.2 Ensuring Product Quality and Safety

Ping An Health regards the quality and safety of products and services as foundational. Therefore, on the basis of strictly abiding by relevant laws and regulations, Ping An Health has established and continually improves its quality and safety management system. It further conducts comprehensive quality control over various business processes to ensure product quality and safety, improve service quality and provide consumers with satisfactory products and services.

### 2.2.1 Medical Service Quality Control

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

## 2. Strengthening Medical Products and Services in Support of Healthy China Action

### a) Customer Health Protection

In 2021, Ping An Health continued to update the medical service-related system to ensure the smooth and effective delivery of medical services continuously improving the service experience of consumers and effectively safeguarding the reasonable rights and interests of consumers. At present, Ping An Health has completed more than 20 systems that are related to online medical services including Internet Hospital Patient Risk Assessment and Emergency Prevention and Handling System, Internet Hospital Patient Privacy Management System, Internet Hospital Diagnosis and Treatment Management System (2021 Edition) and Internet Hospital Adverse Drug Reaction Monitoring and Reporting. Management Measures.

In order to strengthen the level of medical services, unify service quality and improve user satisfaction, the Company does not link doctor income with drug sales. This avoids damaging the image of the medical profession, harming the interests of patients and disrupting the healthcare system. In addition, Ping An Health has established a comprehensive service medical monitoring system to ensure the uniformity, rationality and effectiveness of medical services. The Company's medical service quality monitoring system consists of three parts:

#### Consultation procedure standardization system

Establish standardized inquiry procedures and speech techniques for each diagnosis and guide doctors to standardize consultations according to standard procedures.

#### Proposed Diagnosis Review System

Review the diagnosis results of the consultation and draw conclusions about whether the diagnosis is reliable by analyzing the doctor-patient dialogue and the corresponding diagnosis. Inappropriate diagnosis will be rejected.

#### Prescription Review System

Review the doctor's prescription. Based on the diagnosis, check whether there is medical rationale between the diagnosis and the prescription, the user's personal basic situation and the prescription. Prescriptions that do not pass the review will be intercepted.

#### Case:

#### Ping An Health saves a suicidal user in the nick of time

At nine o'clock in the morning on September 24, 2021, Dr. Ji Congtao of our Company encountered a user during the consultation process. After entering the consultation room, the user asked the doctor "Will I die after taking 200 sleeping pills?" He then uploaded a photo of the medicine box. During the communication, Dr. Ji Congtao realized that the patient may have attempted suicide and immediately instructed the patient to call 120 for emergency care telling him of the possible harm caused by excessive use of sleeping pills. At the same time, this abnormal event was immediately reported and notified to the medical management team. After receiving the news, the medical management team immediately retrieved the patient's information and continued to arrange for personnel to contact the user by phone. In the situation where the patient could not be contacted despite repeated efforts, and in view of the high importance attached to the patient's life, the matter was brought to the legal compliance department's attention which then promptly called the police. After receiving the alarm, the Shanghai Public Security Bureau visited the Company to investigate the situation and confirmed that the patient was in the Tianjin area. The Shanghai Public Security Bureau contacted the Tianjin Public Security and finally found the patient at the patient's home with the help of the Tianjin Public Security. The patient was taken to the hospital for treatment and his life was saved.

## 2. Strengthening Medical Products and Services in Support of Healthy China Action

### b) Medical Team Management

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

In terms of improving service quality, Ping An Health has formulated a number of institutional documents such as a Code of Professional Ethics and Code of Conduct for Staff in Internet Hospitals and the Patient Privacy Management System in Internet Hospitals. It has also converted all previous quality control standards into standard systems and published them for medical personnel. The systems cover professional requirements, diagnosis and treatment requirements to ensure the medical practice is legally and compliantly, as well as in line with the time.

In order to standardize information transmission and improve the quality of communication, Ping An Health has established two system platforms: the Quality Inspection Tool Management System and Electronic Medical Record Management System. The Quality Inspection Tool Management System is specifically used by doctors to review online consultation cases and electronic medical records while the Electronic Medical Record Management System is specifically used by doctors to write medical records. Two scoring systems have been established for the review of these two systems, namely the online consultation item scoring and the electronic medical record item scoring system. These scoring systems provide a basis for analyzing the final review results of physicians. Through the continuous optimization of these two systems and by actively listening to and adopting the opinions of front-line users, we stay in line with modern trends. It has also improved review rate and accuracy. At the same time, Ping An Health has formulated final quality control evaluation standards for online consultation cases and electronic medical records as well as a unified information communication process to better control service quality.

#### Final Quality Control Evaluation Criteria

Online consultation quality control	Electronic medical records quality control
 <p><b>Five Modules:</b> covering greeting, consultation, diagnosis, treatment plan and other services.</p>	 <p><b>Eight Sections:</b> chief appeal, current illness history, past history, allergy history, diagnosis, treatment advice, prescription and medical record writing.</p>
 <p><b>34 Items:</b> including self-introduction, typos, treatment plan inconsistency with disease, lack of advice, over-commitment, user abuse, interdisciplinary diagnosis and treatment, unauthorized modification of user information, incorrect referral etc.</p>	 <p><b>26 Items:</b> including whether the chief appeal is omitted, the chief appeal can reflect the first diagnosis, the history of the present illness matches the diagnosis or whether there is a missing special period or the medical history has gaps or even if the allergy history is missing, etc.</p>

If there is an abnormal event, such as a doctor functions in a manner not in compliance with relevant laws and regulations, the Company's rules and regulations, operational requirements or violates industry consensus, professional standards or ethics, Ping An Health will act in accordance with the abnormal event management system in light of the severity of the consequences of the event. Abnormal events are graded in three dimensions, including service, personal injury (safety) and reputation, and abnormal events are divided into four levels: I, II, III, and IV. The medical management team has established a communication mechanism with territorial units summarizing abnormal event information on a regular basis while fully responding to and resolving abnormal events thereby effectively protecting user health and safety.

## 2. Strengthening Medical Products and Services in Support of Healthy China Action

We strive to continuously improve the physician professional diagnosis and treatment capabilities while standardizing various standard diagnosis and treatment systems and procedures seeking multi-dimensional consolidation of medical professional knowledge and learning methods to understand cutting-edge diagnosis and treatment technologies to obtain newer, more authoritative and standardized professional diagnosis and treatment knowledge. To this end, Ping An Health has established an internal doctor out-of-home learning system. The Company selects outstanding personnel to study and practice external professional content. The learning system mainly includes offline hospital training programs and participation in academic exchange conferences. Participants spread what they have learned in academic conferences and trainings to other medical personnel in their specialty in a timely manner grasping the development trends of the medical profession thereby improving doctors' professional competence.

Case:

### Ping An Health Outstanding Doctor Training Program

The Cultivation Program at offline hospitals program is currently in the planning stage

- Ping An Health plans to send 40 outstanding medical personnel from various specialties to offline hospitals for further study in 2022. The purpose is to master the clinical diagnosis and treatment of the specialist diseases, exchange relevant medical experience and improve diagnosis and treatment abilities.

Participation in academic conferences

- Ping An Health selects personnel to participate in academic conferences and offline professional trainings hosted by medical organizations.

### 2.2.2 Product Quality Monitoring

By fully complying with the relevant laws and regulations, Ping An Health continuously optimizes its internal quality system, strengthens product quality monitoring and provides customers with safe, high-quality and reassuring products.

#### a) Whole-Process Medicine Monitoring

Ping An Health attaches great importance to product compliance. In terms of ensuring product quality, Ping An Health strictly abides by the People's Republic of China's Drug Administration Law, Product Quality Law and Food Safety Law along with the Good Supply Practices for Pharmaceuticals (GSP), the Measures for the Supervision and Administration of Drug Distribution, Interim Provisions on the Examination and Approval of Internet Drug Trading Services and other laws and regulations. Furthermore, our Company has compiled 34 quality management systems, 17 quality management operating procedures and 25 documents in related to department and post quality responsibilities etc. These documents constitute the standard documents of the Company's quality management system, which is the basis for the Company's quality management work. The quality management department has compiled the necessary training plan with reference to various documents. The Company fully implements the Quality Management Standard for Pharmaceutical Business internally to improve the awareness and understanding of the new version of GSP among all employees. It further cooperates with relevant personnel to formulate the responsibilities, management systems and operating procedures of various Company departments thereby improving the quality management system.

## 2. Strengthening Medical Products and Services in Support of Healthy China Action

The Company has an independent quality management department which urges the relevant departments and personnel to implement the laws and regulations on drug management and the quality management standards for drug business in their daily work. It reviews the legitimacy of suppliers and purchasers, the legitimacy of purchased drugs and the legal qualifications of sales personnel of suppliers and purchasers. It conducts dynamic management according to the changes suggested by the review process. It is also responsible for: collecting and managing quality information and establishing drug quality records; investigation, handling and reporting of drug quality complaints and quality accidents; management drug recalls; and it regularly organizes and carries out internal audits and risk assessments of the quality management system.

In terms of process management, the Company has formulated a quality risk assessment, control, communication and review system and adopted a forward-looking approach to its quality management system, drug procurement, receipt, acceptance, storage, sales, transportation, after-sales service and other segments. In order to effectively eliminate potential hidden dangers or defects and control drug quality risks, the Company relies on risk identification, risk assessment, control, communication and other means to evaluate existing business risks, prevent the occurrence of risks and take appropriate preventive measures.

In relation to drug procurement, acceptance, maintenance, sales, out-of-stock review and return after sales, the Company has established a registration system to ensure that the records are true, complete, accurate, effective and traceable. All personnel of the Company can log in to the system for data entry or review only with computer management system authorization and a password. Changes to data need to be reviewed by the quality management department and records of the change are kept.

The Company's personnel engaged in drug sales and quality management all meet the qualification requirements of the relevant laws and regulations and the GSP regulations. No personnel are prohibited from practicing by relevant laws and regulations.

In terms of product recycling, the Company has formulated the Returned Drug Management System. Once the product has quality or suspected quality problems, the Company will carry out return processing to minimize the physical and mental health risks to customers caused by product quality problems. In 2021, Ping An Health has not had any product recalls due to safety and health reasons.

In terms of personnel training, the Company has formulated an annual training plan and carried out training in accordance with the quality education and training assessment management system, provided pre-job education and continuing education and training related their responsibilities and work. The training content includes relevant laws and regulations, professional ethics, quality management systems, department responsibilities, operating procedures, professional knowledge and skills of drugs, etc. It enables our personnel to correctly understand and perform their duties. All trainings are assessed and training files are established to achieve meaningful results.

In terms of supplier management, the Company reviewed and evaluated the quality management systems of suppliers and purchasers and conducted on-site inspections on major suppliers and purchasers to evaluate the quality management system. Dynamic management is implemented for all suppliers and relevant information and certification documents are regularly updated to ensure that the relevant qualifications of suppliers and purchasers are under legal and effective control and that the source and destination channels of drugs are legal.

## 2. Strengthening Medical Products and Services in Support of Healthy China Action

### b) Platform Quality Control

In terms of platform quality monitoring, Ping An Health complies with laws and regulations such as the Measures for the Supervision and Administration of Drug Circulation and the Measures for the Administration of Internet Drug Information Services. It has further formulated the Ping An Health APP Store Management Regulations, the Ping An Health APP Product Details Management Regulations along with the Ping An Health APP Merchant Illegal Points Management Regulations and other systems to standardize drug circulation, strengthen the management of platforms and self-operated merchants and ensure the authenticity and accuracy of drug sales information.

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

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

Enterprise Qualification	Product Safety	Advertising Content
 <ul style="list-style-type: none"> <li>Select the top suppliers in the industry or area, strictly review the supplier's supply chain; confirm that the corresponding supplier's qualifications, authorization are complete, authentic and in effect; meet the requirements of the company's business management regulations.</li> </ul>	 <ul style="list-style-type: none"> <li>Commodities traded on the platform must be inspected and qualified as providing appropriate safety and safety and hygiene guarantees and complying with national mandatory standards.</li> </ul>	 <ul style="list-style-type: none"> <li>Approved merchants shall not make false claims about the quality, ingredients and efficacy of products.</li> </ul>

In 2021, Ping An Health has improved the punishment process to induce merchants to operate in manner that is legal and complies with the platform's rules. When a Ping An Health APP supplier violates regulations, the Ping An Health APP platform will take control measures against the violating supplier depending on the severity. Measures include, but are not limited to, suspending promotion, reducing traffic rights, prohibiting new listings, deducting deposits, rescinding agreements, terminating cooperation with the merchant and so forth.

### 2.2.3 Promoting the development of the industry

Ping An Health actively participates in industry association activities, unites various forces and works hand in hand with colleagues to make new contributions to the realization of the Healthy China 2030 goal.

Case:

#### Ping An Health shares its own service processes and promotes the innovation and development of the medical industry

On November 18, 2021, Ping An Health participated in a pharmacy management conference led by Yinchuan Internet + the Medical Health Association and attended by various internet hospitals. At the meeting, Ping An Health introduced its value proposition and explained how to connect various services through family doctors. It mainly introduced the key highlights and features of Ping An Health's pharmaceutical service process. The report was well received by the participants.

# Environmental, Social and Governance Report

## 3. Safeguarding the Rights and Interests of Consumers and Establishing a Responsible Brand Image

### 3.1 Optimizing Customer Experience

Ping An Health is committed to implementing the “customer first” service tenet providing customers with efficient and high-quality services and creating higher value for them. To this end, Ping An Health continues to pay close attention to market development while continuously improving relevant systems and manuals based on customer feedback, providing training for customer service personnel and improving the customer service experience.

At the institutional level, to further optimize customer service quality, we have formulated and updated the Interim Management Measures for Merchant Customer Service Complaints Handling, the Management Measures for Handling Customer Complaints (2021 Version) and the Measures for Handling Major Abnormal Events of Clients (2021 Version). In addition, Ping An Health linked the remuneration of customer service personnel with customer satisfaction based on the Management Measures for the Performance Evaluation of Front-line Personnel in Customer Service Team Cards (2020 Version) which improved the salaries of customer service personnel and encouraged them to better serve the customers, solve problems and improve service quality and efficiency.

In order to have closer cooperation with the business team and improve communication efficiency, the customer service team established the Business Partner (BP) position in each business team in 2021. An escalation system was implemented for the handling of customer complaints. Unusual issues such as difficult cases and major complaints are promoted by customer service BP and collaborated with multiple departments such as legal compliance as well as marketing team to jointly formulate a handling plan. After the event, the customer service BP will lead the business team to review the issue, locate the cause of the problem and the responsible department and formulate an improvement plan. The customer service BP is responsible for tracking the improvement of the problem avoiding the recurrence of the same problem and formulating response plans.

#### 3.1.1 Customer Service Risk Assessment and Control

In order to fully understand consumer demands, strengthen product development and improve user experience, Ping An Health conducted two user surveys in 2021. The first user survey began in September 2021 and investigated user experience issues within the entire business. Ping An Health obtained a total of 954 valid samples and summarized 31 user experience issues through proactive telephone interviews, distribution of survey questionnaires, feedback from public media and collection of APP opinions, all of which have been passed through customer service BPs or user experience improvement projects. Feedback has been relayed to each business department so that they may make improvements. After the official launch of the user experience improvement project in late September 2021, Ping An Health conducted a second user survey from October to November. Conducting user research for major businesses such as physical examination, medical services, lightning drug purchase or central warehouse, online mall, online consultation, registration and other major businesses to understand current user problems. Most of the identified issues continue to be optimized by our customer service BPs. At the same time, the customer service team continues to collect user comments and suggestions. User research and feedback is organized every week and synchronized with relevant materials for customer service BPs. The latter will output experience problems to the business department in the form of weekly reports and thereby spur the business department to continuously improve products and improve product experience.

#### 3.1.2 Customer Communication and Satisfaction Survey

On the basis of the rapid processing mechanism, the customer service team has expanded and applied more efficiency-enhancing tools and methods including the establishment of a multi-service customer complaint case library and the formulation of the customer complaint standardization process. In 2021, Ping An Health’s customer service team handled about 1.58 million user inquiries, including 13,089 product and service complaints, with a 100% resolution rate and a 98.2% satisfaction rate. In terms of basic services, the telephone service satisfaction rate was 98.8% and that of online customer service was 91.4%.



Complaint resolution rate

**100** %

## 3. Safeguarding the Rights and Interests of Consumers and Establishing a Responsible Brand Image

### 3.1.3 Using Technology to Improve User Experience

Ping An Health insists on creating value for customers and makes full use of technological means to create a better product experience for them. In October 2021, Ping An Health opened a customer service portal on the main and guest homepage. At the same time, the customer service team optimized the content and functions of the AI knowledge base. This includes the physical examination products, registration service, online consultation, shopping mall business and so forth. The customer service AI solution rate has increased from 61% to 85%.

### 3.1.4 Improving the Service Level of Customer Service Personnel

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

In terms of training system, Ping An Health formulated a growth plan in 2021 for new customer service personnel and has issued certificates to employees who have completed their on-boarding business training to enhance their sense of belonging and achievement. The customer service team has also set up a "cultural wall" in the workplace and regularly holds "star competitions." Awards are given for connection masters, service masters and business kings with outstanding groups and individuals commended and announced. In terms of service quality inspection, agent basic ability assessments are conducted on quality control dimensions such as service initiative and "service temperature are added". This is combined with special skills training courses to improve the comprehensive service ability of agents in all aspects so that the customer service of Ping An Health is more suitable to the service theme of 'warm'.

In terms of specific training, the customer service team held two 7-day skills training sessions in October and November 2021. The training groups included front-line customer service and second-line customer service and a total of 76 people participated in the training. Training contents included the assessment of basic medical problems, service awareness, communication skills and other 5 courses. Through this training, the customer service team improves its medical service ability, communication skills and service initiative.

Number of people participated in the training

76

Customer service staff training



## 3. Safeguarding the Rights and Interests of Consumers and Establishing a Responsible Brand Image

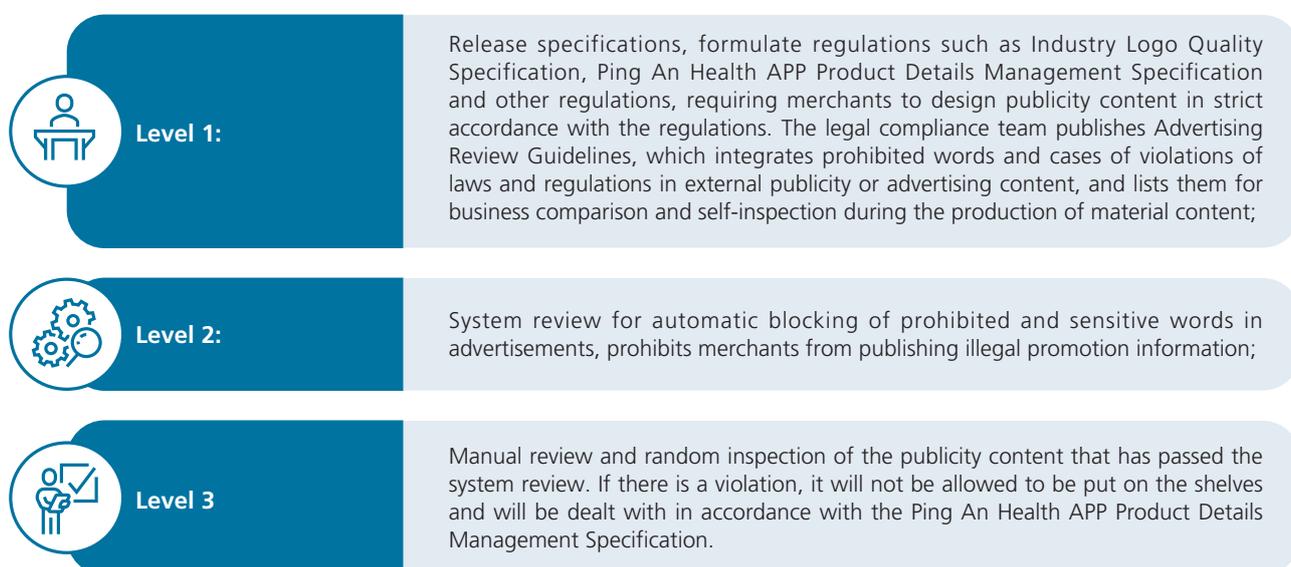
### 3.2 Carrying Out Responsible Marketing

The authenticity, accuracy, and legal compliance of marketing promotions are very important to consumers and will also have an impact on a company's brand value and revenue growth. Ping An Health strictly complies with the Advertising Law of the People's Republic of China, the Interim Measures for Administration of Internet Advertising and other laws and regulations and has formulated Advertising Review Guidelines, Advertising Business Team Project Process Management Measures and other internal systems and guidelines to regulate marketing behaviors to ensure the compliance of brand promotion and avoid false and misleading advertising.

#### 3.2.1 Compliance Marketing

Ping An Health has formulated a series of internal management systems to effectively manage and regulate brand promotion content and product details to ensure that the relevant they meet the requirements of laws and regulations. In order to strengthen the unified management of brand image and advertising content, the Company updated the "Brand Management Measures" in 2021 to uniformly regulate strategic and major business promotions, business/product promotion, logo promotion and other external brand promotion content. The Company requires that external publicity materials should be published in accordance with the principles of authenticity, compliance and legality. We prohibit publishing untrue, illegal or misleading contents and strictly prohibit exaggeration or concealment that misleads consumers. Regarding the content of external publicity materials for business/product promotion, the Company has adopted whole-process management method that it employs before, during and after the event to ensure the consistency of brand communication via the pre-planning, in-process review and post-event review.

In addition, we have formulated the Ping An Health APP Product Details Management Specification and Ping An Health APP Content Security Review Specification to regulate the behavior of various merchants to release product information and unify the release specifications on the Ping An Health APP platform while avoiding misleading consumers and avoiding any disputes due to irregular product information such as product titles or main images. For the description of goods and services on the Health Mall platform, we implement a three-level review and supervision process to ensure that the promotion of platform merchants meets the requirements of relevant national laws and regulations.



#### 3.2.2 Management and Training of Salespersons

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

The Company requires customer managers to start from the actual needs of customers and to carefully analyze the status quo and deficiencies in customer health management. On such basis, they shall help formulate scientific and reasonable overall solutions, improve the efficiency of customer health management and then help improve customer happiness and satisfaction. This will play an active role in the implementation of China's 2030 strategy.

### 3. Safeguarding the Rights and Interests of Consumers and Establishing a Responsible Brand Image

The Company requires that in the external publicity of products or services by a customer manager, there should be no content that defames or slanders peers, no contact information or names of real customers or any other sensitive information. In product promotion, a customer manager shall avoid inappropriate comparisons with competing products. Meanwhile, the training materials for each product and service promotion must be reviewed by legal compliance departments of the Company before exhibiting it to external parties.

The Ping An Health sales team conducts service quality-related training for customer managers through on-site and remote training every week. The training content includes product introduction, company structure and the division of labor for each team, publicity of special approval rules for various internal businesses and operation processes, special product training etc. Training to standardize the publicity skills of customer managers aims at avoiding false publicity and misleading statements. In 2021, the customer manager training coverage rate was 100% and the average training time was about 44 hours.

**In 2021, customer manager training coverage rate was 100%.  
The average training hour per person**

**44** hours

#### 3.2.3 Consumer Education

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

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

Case:

#### Guiding customers to consuming safely, healthily and scientifically

A customer wants to lose weight by taking a certain diet pill. After communication and evaluation by the nutritionist, the customer is found to be overweight with an elevated daily intake of foods with high added sugars such as sweetened drinks and cakes. The weight loss drug is a gastrointestinal lipase inhibitor, which inhibits the absorption of lipids thereby reducing caloric intake. Yet, the reason why the customer is overweight is that high intake of added sugar leads to excessive calorie intake – not fat intake. In addition, although the drug is a state-approved weight loss drug and is an OTC drug (over-the-counter drug), a clinician must diagnose and evaluate it before a patient can take it during treatment.

To sum up, customers do not need and should not purchase or take this weight loss drug by themselves. To this end, dietitians provide them with a healthy weight loss plan i.e. they are advised to develop good eating habits in their daily lives, gradually quit consuming sweetened drinks and reduce their intake of snacks such as cakes. For example, they're told to drink no more than 2 sweet drinks per month and no more than a medium cup each time. They can eat pastries and other snacks no more than once a week choosing small portions and packages and consuming no more than 1 serving each time. They are advised to pay attention and appropriately reduce the intake of regular meals (for example, eat 50% – 60% of normal dinner).

### 3. Safeguarding the Rights and Interests of Consumers and Establishing a Responsible Brand Image

Case:

#### Advocating a healthy, green and environmentally friendly lifestyle

In order to increase the amount of physical activity for people who aim to lose weight, Ping An Health's professionals also recommend the following changes to customers when conditions permit:

1. Ride bicycles to and from work;
2. Get off public transportation a few stops in advance and walk/ride a shared bicycle to the work place;
3. Use public transportation to get home from work but only after boarding at a later station which can be reached by fast walking/riding shared bicycles;
4. If the customer needs to take the elevator upstairs, get out of the elevator 2-4 floors in advance and then take the stairs.

The above suggestions are meant to increase the amount of activity and increase consumption to help customers lose weight and achieve a healthy life. For sustainable development, they can also play a certain role in reducing energy consumption and greenhouse gas emissions.

### 3.3 Protecting Data Security

Since data security and privacy protection are at the core of the technology industry and enterprises, Ping An Health has paid great attention to information security since its establishment. At the level of laws and regulations, Ping An Health strictly abides by the Cybersecurity Law of the People's Republic of China, Data Security Law and the Personal Information Protection Law as well as other laws and regulations related to information security to effectively meet compliance needs.

At the company level, combined with the latest laws and regulations, we follow the Information Security Management System (2021 Edition), Information Security Standards-Data Classification and Classification, Information Security Standards-Personal Information Protection, Information Security Standards Data Life Cycle Management Security and other institutional documents. This covers all aspects of traditional information security management and new data security classification and classification, data security life cycle, personal information protection and other related content.

## 3. Safeguarding the Rights and Interests of Consumers and Establishing a Responsible Brand Image

### 3.3.1 Building an information security management system

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

In terms of safety management system construction, the Company has established an information security and data security management organization which is responsible for the implementation, operation, inspection and improvement of the Company's information security and data security work. The Company's information security and data security management organizations are divided by function, including at the decision-making level, management level and executive level. The personnel distribution and job description at each level are as follows:



The **decision-making level** is the Company's Information Security and Data Security Management Committee, which is the leading organization of the Company's information security and data security work, and is responsible for the highest decision-making, management and supervision of information security and data security management. The Information Security and Data Security Management Committee has 3 roles: chairman, directors and committee members. The role of the Committee's chairman is taken by the Chairman of Board of Directors; the directors of the Committee are jointly taken by the other senior managers of the Company; and the Committee members are the business leaders, technical leaders and functional department leaders of each department.



The **management** is the implementation, promotion and supervision department of the Company's information security and data security affairs. It consists of the information and security team, R&D management team as well as legal compliance team.



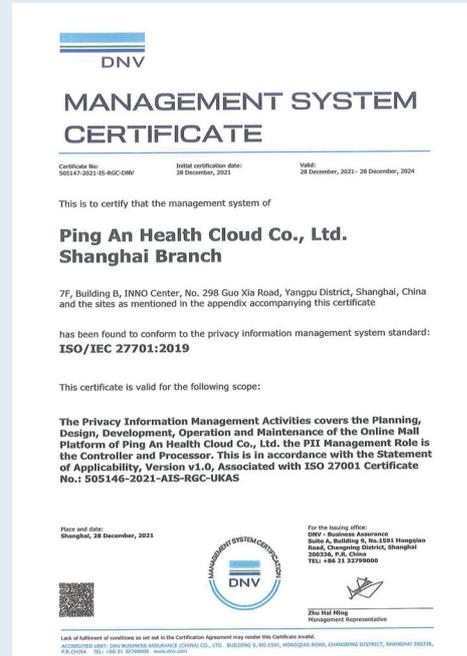
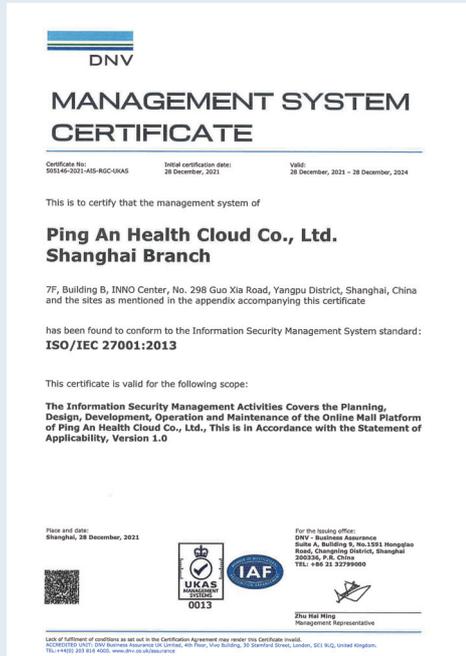
The **executive layer** is composed of various business departments and functional departments of the Company. The leaders of each functional department are the primary responsible person for information security and data security management of their own department. The technical person in charge is the primary executor of information security and data security of their own department. The main security functions include: implementing the Company's various information security and data security regulations, cooperating with the information and security team, R&D management team to engage information security and data security management of the department reporting security incidents and violations in a timely manner and implementing Corrective Action measures for the department.

By formulating a data security management system, Ping An Health has formulated a corresponding process control mechanism for data processing (collection, storage, use, processing, transmission, provision, disclosure, and deletion). The Company has detailed and fixed standard operating procedures (SOP) for emergency response. These can quickly respond to various common situations. At the same time, the Company conducts emergency response drills twice a year.

At present, Ping An Health has acquired the ISO 27001 (Information Security Management System) certification in 2020 and passed the 2021 annual review. In addition, the Company also carried out the certification of privacy protection ISO 27701 (privacy information management system) last year and acquired the certificate. Obtaining third-party certification also reflects that Ping An Health has a comprehensive, standardized and effective information security management process which helps enhance consumer confidence in the brand and lay a solid foundation for the sustainable development of the Company.

### 3. Safeguarding the Rights and Interests of Consumers and Establishing a Responsible Brand Image

#### Certificate of information security management system and privacy information management system



#### 3.3.2 Conduct Privacy Protection Actions

Ping An Health has carried out a series of active and productive activities for privacy protection. Since the Personal Information Protection Law of the People’s Republic of China came into effect, the legal compliance department has actively cooperated with the information security team to conduct a comprehensive investigation of the Company’s various businesses involving personal information, including but not limited to medical care and health services etc. This is meant to check the compliance of the data life process in accordance with the latest provisions of the Personal Information Protection Law of the People’s Republic of China.

At the same time, the legal compliance department and the information security team formulate personal information emergency plans for the Company’s information security and data security, improve internal management systems and operating procedures and formulate personal information permissions for different levels, departments and business personnel prohibiting unauthorized access to personal information keeping personal information safe. For any processing or outsourcing involving personal data, the review of such activities will be carried out in accordance with elements listed in Personal Information Protection Law of the People’s Republic of China. Such activity would be proceeded once the review is done and approval is acquired in the form of company signature by leaders of various departments and levels. In terms of data authorization, personal information can only be used within the scope of individual authorization and consent. If the purpose, method and type of personal information to be processed changes, the individual’s consent is obtained again. In terms of processing sensitive information, Ping An Health informs the individual of the processing purpose, method, scope, storage time and other rules and at the same time informs individuals of the necessity of processing sensitive personal information and the impact on their rights and interests obtaining their individual consent. When the Company needs to process the personal information of minors under the age of 14, Ping An Health will send a reminder and obtain the consent of the parents or other guardians of minors through a prominent pop-up box. In terms of data storage, we will comprehensively sort out and analyze historical data, encrypt and anonymize for storage, store personal biometric information separately from other personal information, delete or anonymize expired data and effectively implement regulatory requirements for data storage management.

### 3. Safeguarding the Rights and Interests of Consumers and Establishing a Responsible Brand Image

In order to accurately implement data-related laws and regulations, meet regulatory requirements and strengthen consumer information security protection, Ping An Health has established an expert group to conduct a one-month special risk investigation in July 2021. This group reduced information security-related risks and the scope of inspection of this effort includes the areas of data management and data security. The expert group completed 22 inspection items for the category of data management, including 11 sub-fields such as data access, data storage, data sharing, data assessment and data governance. For the category of data security, the expert group completed 42 inspection projects, including 13 sub-fields such as APP privacy protection, data classification and so forth.

The focus of the inspection by the expert group is whether the operation of Ping An Health and its APP complies with the relevant laws and regulations such as the Data Security Law of the People's Republic of China and Shenzhen Special Economic Zone Data Regulations as well as assessing the risk of APP in collecting and using important data that violates laws and regulations as well as risks related to citizens' personal information security.

In order to thoroughly implement various laws and regulations and supervise the requirements of various special actions and ensure the compliance and safety of the Ping An Health app, the Company has purchased testing services from professional testing institutions to conduct comprehensive testing of internal APPs (including but not limited to the standardization and rationalizing permission applications, privacy clause and express design norms, account cancellation and other matters related to personal information protection) guiding the implementation of corresponding compliance and security requirements.

#### 3.3.3 Provide Information Security Training

Ping An Health provides various trainings on information security-related topics to enhance personnel's information security awareness and strengthen the capacity building of information security personnel. In 2021, the Company carried out dozens of information security trainings, including 14 security awareness email campaigns for all employees, 4 offline training-security campaigns for newcomers, 2 Zhiniao online security awareness campaigns, 1 special post security training, 2 phishing drills, 2 on-site safety awareness trainings for non-local employees and monthly safety awareness intensive learning (including three lectures, roll-up promotion, online quizzes, etc.). In order to test the training results and ensure that the requirements of relevant laws are effectively spread to ensure the awareness of each employee, the legal compliance department together with the information security and R&D management team organized online exams on personal information issues. In the end, the pass rate of all employees in the information security awareness assessment exceeded 99%.

Information Security Awareness Assessment Pass Rate

> **99** %

Case:

#### Carrying out various forms of exercise activities to continuously strengthen the practical ability of information management personnel

In 2021, Ping An Health carried out a number of information security activities such as phishing drills, emergency response drills and red-blue confrontations. The phishing drill was conducted for more than 500 people in three teams which effectively improved the safety awareness of employees. In the first half of the emergency response drill, a rebound shell drill was carried out which increased the processing efficiency of the security team and accumulated emergency experience. The red-blue confrontation took place in the first half of the year and the two sides had a fierce confrontation. Through this exercise, the security personnel's offensive and defensive capabilities were enhanced and valuable experience was accumulated for actual combat.

### 3. Safeguarding the Rights and Interests of Consumers and Establishing a Responsible Brand Image

In addition, Ping An Health's Information Security Promotion Month focuses on topics such as the Data Security Law of the People's Republic of China and Personal Information Protection Law. It carries out in-depth publicity activities based on the theme of 'strengthen awareness, secure safety, create future'. The launch ceremony of Ping An Health's Information Security Promotion Month was carried out through live broadcast and the offline safety month training and lectures were carried out according to the business characteristics of the Company and its departments and safety declarations were collected to conduct in-depth safety month promotion activities for all employees:

- 1 Invite industry leaders to come to Ping An Health to give lectures on data security law and personal information protection law;
- 2 Invite external information and security experts to come to Ping An Health to conduct APP privacy compliance training;
- 3 Invite legal compliance and information security teams to conduct training on personal information protection law and external data cooperation topics;
- 4 Invite lawyers from King & Wood Mallesons to give lectures on health and medical data compliance.

In addition, Ping An Health has conducted online activities such as Zhiniao learning, lectures by celebrities, knowledge contests and so forth. We have also used roll-up materials and other promotional materials combined with the small activity Personal Information Protection Stickers so that employees can deeply understand and firmly establish the awareness of data security and protection of personal privacy creating a strong security culture.



Personal Information Protection Law and External Data Cooperation Training



Personal information protection compliance key points and health and medical data compliance training



Information Security Roll Up Promotion

# Environmental, Social and Governance Report

## 4. Building a Harmonious Relationship and Promoting Common Prosperity

### 4.1 Strengthening the Talent System

Talent is the cornerstone of corporate development and an important factor for enterprises to create their core competitiveness. To this end, Ping An Health is committed to talent development establishing and improving the sharing mechanism between the Company and its employees and ultimately promoting the long-term, sustainable and healthy development of the Company.

#### 4.1.1 Talent Hiring

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

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

Ping An Health complies with the Labor Law of the People's Republic of China and the Prohibition on the Use of Child Labor which bans the recruitment of child labor and forced labor. To this end, the Company strictly reviews employees' ID cards and graduation certificates during the entry process and signs labor contracts in accordance with the principle of equality and voluntariness avoiding any child or forced labor. At the same time, the Company has formulated and implemented an Employee Overtime Management System which strictly manages overtime work based on the principle of planning and then implementing a two-level approval and review of overtime pay. In 2021, Ping An Health did not employ any child labor or forced labor.

As of December 31, 2021, Ping An Health had a total of 3,425 full-time employees of which 1,973 (57.61%) were female employees.

Gender	Total Workforce	Percentage of Workforce (%)
Male Employees	1,452	42.39
Female Employees	1,973	57.61



# 4. Building a Harmonious Relationship and Promoting Common Prosperity

## 4.1.2 Talent Selection

Talent selection is an important mechanism for injecting new energy into the development of a company and for ensuring long-term sustainable development of enterprises. Ping An Health identifies outstanding employees and provides them with development platforms and resources to help them fully develop their work potential and to boost corporate development.

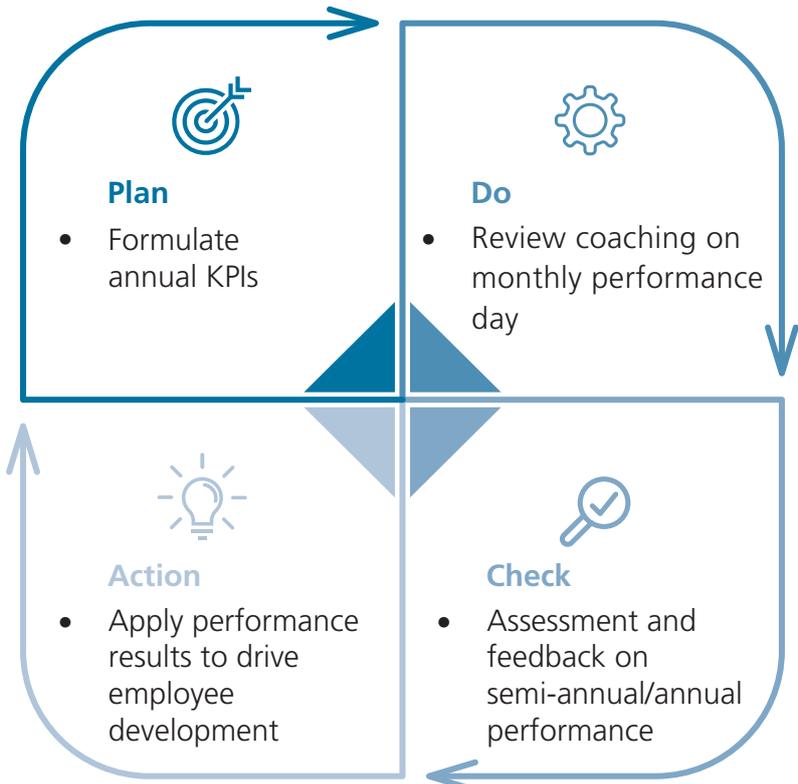
### a) Evaluation and Promotion Mechanism

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

Ping An Health recognizes and respects the diversity of its employees and strives to create an inclusive and innovative environment. The Company has implemented an Employees and Agents Rights and Welfare Policy so that employees of different ages and genders have fair development and promotion opportunities ensuring that every employee can realize his or her potential and ultimately contribute to the Company's development.

In 2021, Ping An Health formulated a new ranking system. Under the principle of fairness and justice, the system stimulates the enthusiasm of employees and creates a good atmosphere in which everyone strives for outstanding performance. In terms of talent management, Ping An Health has deepened the application of the ranking system, sorted out the competency models for each rank and strengthened the connection between the ranking system and the application of talent management. In terms of promotion, we have guaranteed fairness and justice by optimizing the promotion process, clarifying the promotion standards, setting up evaluation agencies and so on. In terms of differentiated management, according to the difference in position value, we have clarified the differences in position ranks so that personnel management and training are differentiated. This helps stimulate employees to improve their own work motivation and continuously improve their professional quality and ability.

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



## 4. Building a Harmonious Relationship and Promoting Common Prosperity

### b) Salary System

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

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

### 4.1.3 Talent Training

Talent is the cornerstone of corporate development. Ping An Health continues to improve its talent training mechanism, increase investment in talent training, construct a platform for employees, carry out various skills trainings and help employees grow through multiple channels. During 2021, Ping An Health provided various trainings for different categories of employees and the training coverage rate was 100%.

#### Training for Employees in Different Gender Groups in 2021

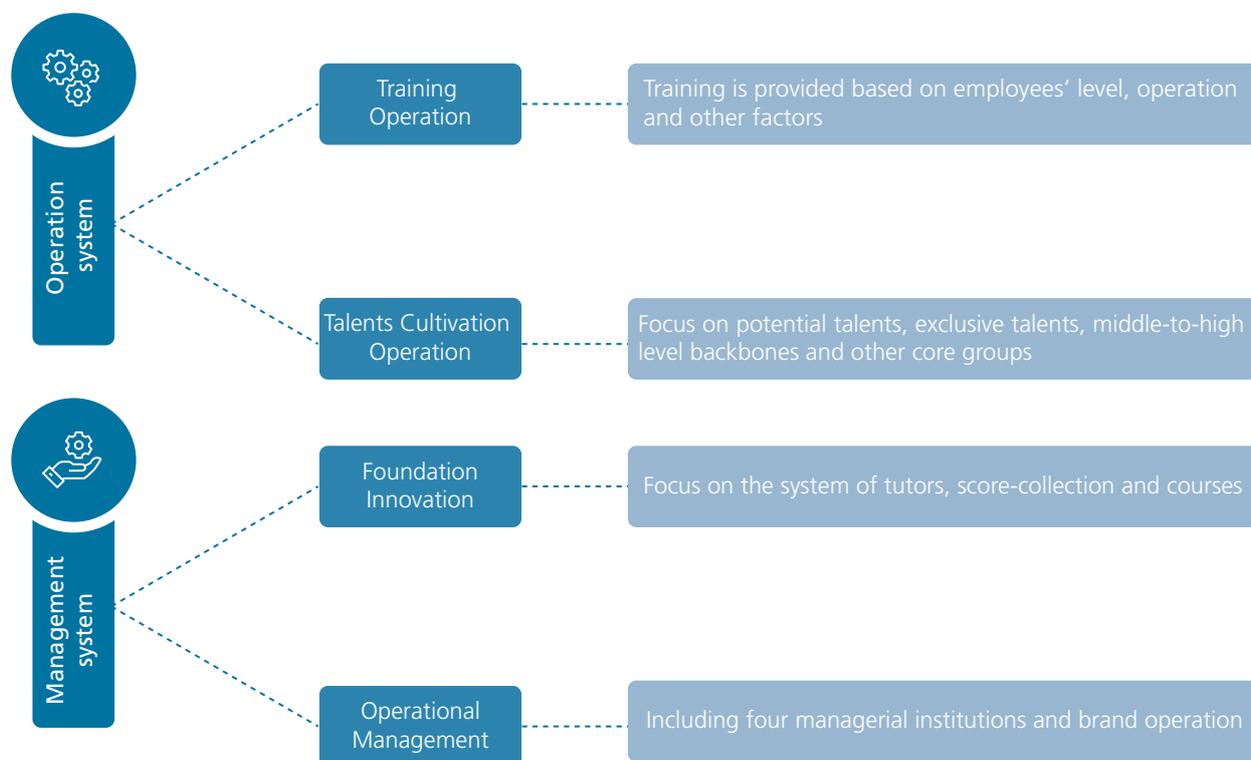
Gender	Coverage of Training (%)	Per Capita Training Hours	Number of Trainees
Male	100%	243	1,452
Female	100%	295	1,973

#### Training for Employees at Different Employee Categories in 2021

Employee Categories	Coverage of Training (%)	Per Capita Training Hours	Number of Trainees
Senior	100%	52	67
Intermediate	100%	291	713
Primary	100%	274	2,645

## 4. Building a Harmonious Relationship and Promoting Common Prosperity

In 2021, Ping An Health divided its training system into two major systems: operations and management. By setting up targeted training courses, the corporate culture can penetrate all levels of the enterprise and be recognized by more corporate employees. This empowers our organization and helps our business grow.



Ping An Health provides targeted training programs based on the situations of employees at different levels and positions in order to consolidate professional knowledge, enhance their professional capabilities and help them continue to grow.

### Training Goals at Different Levels

Level	Training Goal
<b>New Joiners</b>	<ul style="list-style-type: none"> <li>The combination of online and offline training strengthens what should be known and achieved and integrates mentors who can teach and report. This helps new joiners adapt to their jobs.</li> </ul>
<b>Backbones</b>	<ul style="list-style-type: none"> <li>Strengthen the role transformation of grassroots managers, extract senior and mid-level experience cases and highlight the backbone effect; introduce external customized resources, embed innovation seminars and special workshops, conduct visits to famous enterprises and empower expansion while comprehensively enhancing innovation leadership.</li> </ul>
<b>Potential Talents</b>	<ul style="list-style-type: none"> <li>By selecting high-performing potential talents and formulating talent incentive plans and promotions, we can build the Company's talent pool in an all-round way. For talents at the early stage, mentors would be assigned to coach them; for talents at the mid stage, they would enter job rotation plan; for talents at the late stage, they will be allowed to attend the senior management meeting.</li> </ul>

## 4. Building a Harmonious Relationship and Promoting Common Prosperity

### Training Goals for Different Positions

Position	Training Goal
Physician	<ul style="list-style-type: none"> <li>Focus on professional academic medical training, establish an internal doctors' examination and rating system and set up an exclusive doctors' day.</li> </ul>
Product	<ul style="list-style-type: none"> <li>Carry out product innovation workshops, enhance operational capabilities through sand box simulation and conduct research on customized product-specific curriculum systems.</li> </ul>
Technology	<ul style="list-style-type: none"> <li>Encourage innovation in technology patents, build internal sharing forums for technical experts and carry out the Programmer's Festival to commend outstanding technicians.</li> </ul>
Sales	<ul style="list-style-type: none"> <li>Focus on cultivating sales professional skills, extracting elite cases, selecting star lecturers and building a sales talent team.</li> </ul>

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

In addition to providing corresponding skills training for different levels and positions, Ping An Health has organized a large number of professional vocational trainings for employees through online and offline training methods such as face-to-face lectures, live broadcasts and workshops. Training topics include PPT production, Excel use, career development planning and so forth. In 2021, Ping An Health provided a total of 20 training courses for employees and employee satisfaction with the training was 96%.

#### 4.1.4 Talent Care

As a responsible company, Ping An Health pays great attention to the physical and mental health of its employees and formulates appropriate remuneration plans for relevant personnel to assuage their worries. In 2021, Ping An Health launched a Retirement Plan for employees who have served the Company for a long time and who have made outstanding contributions and need to leave their positions early due to health, ability or other reasons. The Retirement Plan is applicable to managers who quit their original positions in advance and can no longer participate in daily work but still maintain a labor relationship with the Company.

In 2021, Ping An Health provides health check-up services for all its employees with a coverage rate of 100%. In addition, Ping An Health enhances employees' sense of belonging to the Company by purchasing commercial insurance, binding employees to private doctors and purchasing exclusive healthy workplace plans for all. It is worth noting that employees' family members can also enjoy the benefits of medical examination and medical treatment provided by the Company as the Company shows its support to the employee family members.

Ping An Health provides employees with a variety of benefits to balance their work and life. The Company implements the Administrative Liaison Officers Responsibilities and Management Measures and set up administrative liaison persons in business units to provide support and assistance to employees in need. By encouraging employees to participate in sports (such as football, basketball, swimming and badminton) and conducting competitions, the company strengthens the physical fitness of employees and promotes the spirit of unity and cooperation among employees. During the reporting period, the Company had no work-related casualty accidents and the loss of working days due to work related reasons was 42 days.

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

Ping An Health's employee health exam coverage in 2021

**100%**

## 4. Building a Harmonious Relationship and Promoting Common Prosperity

The Company's labour union monitors employee satisfaction through internal questionnaires, symposiums, institutional research and so forth. It understands employees' needs and expectations in terms of salary, work, systems, daily activities and personal development. Relevant teams integrate and analyze the satisfaction results and formulate improvement suggestions based on the results laying a good foundation for improving employee job satisfaction.

### 4.2 Standardizing supply chain management

Ping An Health attaches great importance to sustainable supply chain management. The compliance, stability and sustainable operation of the supply chain are important guarantees for the business continuity and sustainable development of Ping An Health. The Company strictly abides by laws and regulations such as the Bidding Law of the People's Republic of China and has formulated and implemented internal policies such as the Procurement Management Measures. Our regulations on the access, evaluation and management of suppliers are clear and we strive to become the driver of a responsible supply chain.

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

#### 4.2.1 Supplier Inspection Mechanism

Ping An Health has formed a complete supplier management system covering the whole chain of suppliers. In February 2021, the Company revised its Supplier Management Rules for Procurement Business (2020 Version) and further optimized the access standards for supplier management and strengthened the assessment requirements for suppliers' sustainable development.

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

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

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

To ensure the quality of Ping An Health's branded products, we have established a special inspection mechanism for OEM product suppliers. In the inspection before the introduction of suppliers, we will conduct on-site inspections and multi-dimensional comprehensive evaluation on qualifications, operating conditions, production capacity, personnel management and after-sales management of the supplier. In the production and delivery process, we will supervise the production schedule and progress on site, conduct random inspections on samples and bulk goods or entrust a third party to conduct quality inspections to ensure product quality throughout the process.

## 4. Building a Harmonious Relationship and Promoting Common Prosperity

### 4.2.2 Supplier Sustainability Management

Ping An Health is committed to cooperating with the world's best suppliers and continuously improve the sustainable development capability of the supply chain to provide consumers with the best quality services and products. As of the end of the reporting period, there were 4,363 suppliers cooperating with Ping An Health. These mainly include manufacturing, trade and service types. Among them, there were 4,360 suppliers in Mainland China and 3 suppliers from overseas, Hong Kong, Macao and Taiwan.

Case:

#### Ping An Health and AstraZeneca strategic cooperation

On November 10, 2021, Ping An Health and AstraZeneca agreed on a strategic cooperation at the China International Import Expo for using internet healthcare to help pharmaceutical companies innovate and develop. The two parties will carry out in-depth cooperation in drug retail ecological innovation and chronic disease management and explore innovative medical and health service models that are valuable to users and helpful to the industry.



For all suppliers, we will note whether they have passed the relevant environmental and quality certifications. Under the same conditions, we will give priority to suppliers with more complete environmental, safety and quality management systems. At the same time, we are increasing the centralized management of supplier integration and procurement and promoting the optimization and upgrading of the Company's supply chain management to reduce costs and increase efficiency while further improving the efficiency and sustainability of resource utilization.

Ping An Health conducts an annual performance evaluation of suppliers and conducts a comprehensive and objective evaluation and management of the overall performance of cooperative suppliers in terms of price, delivery, quality, service, technology, assets, operation, risk and sustainable development management. Supplier performance evaluation consists of user satisfaction evaluation, purchasing agent price satisfaction evaluation, procurement market price saving rates, supplier discipline, supplier inspection and sustainable development management. Supplier performance evaluation is implemented according to the process of confirming performance evaluation cycles, screening and confirming supplier performance evaluation lists, initiating performance evaluations, generating performance evaluation results and recording performance evaluation results.

In supplier performance management, the Company puts forward a clear method for supplier sustainability management evaluation:

"To establish a unified sustainable development value and implementation standard with cooperative suppliers, create a sustainable supply chain and ensure that there will be no incidents during the cooperation process, the Company advocates sustainable development policies for managing environmental, social and governance risks. Suppliers participating in or cooperating with the Company's environmental, social, governance and other related works have this included in performance evaluation."

The Company has signed agreements that include anti-commercial bribery clauses with all suppliers and has carried out training, including Special Issues Regarding Bribery, Strengthening the Bottom Line of Ethics and Reject Commercial Bribery, Taking Cases as Mirrors of Corporate Duty Violations and Crimes etc. These cover all suppliers and have achieved good effects spreading the message. So far, there have been no incidents of suppliers violating anti-commercial bribery provisions.

## 4. Building a Harmonious Relationship and Promoting Common Prosperity

### 4.3 Fulfilling Social Responsibilities

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

Ping An Health actively responds to the call for rural revitalization and constantly innovates the public welfare model to help solve social problems such as poverty, lack of medical resources, lack of medical education resources and care for groups in difficulties that may exist in the operating areas. With the help of the resources and advantages of Ping An Health's internet medical platform, the Company has created online and offline resources, actively participates in community medical care, community poverty alleviation, medical science popularization and other activities, devotes itself to public welfare undertaking and thus contributes to the harmonious development of society.

Case:

#### Ping An Health supports the "Sincere Award – 2021 First Doctor Science Contest (Shanghai)" to help the development of medical science popularization



In 2021, Ping An Health provided special support for the Sincerity Award – 2021 First Doctor Popularization Contest (Shanghai) jointly sponsored by Shanghai Municipal Health Commission and Shanghai Health Promotion Committee Office and co-hosted by Shanghai Medical and Health Development Foundation and Shanghai Health Promotion Center. We used the "mix and match" of short video + medical science + public welfare to make medical science more "grounded", promote science popularization and improve national health literacy. Nearly 2,000 doctors from public hospitals participated in the event with a total of 1.826 million votes, it attracted widespread attention, and brought 137,000 new registered users during the event. At the same time, Ping An Health converted the number of "likes" into cash in accordance with the rule of "one click, one love" and finally donated 3 million yuan to the Shanghai Medical and Health Development Foundation in the name of all contestants for medical science popularization. The development of the cause allows citizens to better enjoy health care and lead a higher-quality healthy life.

## 4. Building a Harmonious Relationship and Promoting Common Prosperity

Case:

### Ping An Charity Clinic Visited Ping An Hope Primary School

In May 2021, Ping An Health Charity Clinic visited Ping An Hope Primary School in Shunhe Town, Luan City, to support the Healthy China Initiative. Ping An Health's doctors walked into the classroom and interacted with the children through activities such as health education and public welfare free clinics. Their warm support will help the children along their road to their dreams.



## 4. Building a Harmonious Relationship and Promoting Common Prosperity

Case:

Ping An Health rushed to the disaster area in Henan to tend to the physical and mental health of victims

In July this year, many places in Henan encountered extremely heavy rainfall. As an important force in the medical field, Ping An Health immediately launched a 24-hour online free clinic service to provide online assistance to people in disaster-stricken areas. At the same time, Qiao Xiaoyu, a general physician of the Company's self-owned medical team and Zhao Bo, the deputy chief physician of surgery, were invited to record a self-help guide to avoid danger and explain to users the precautions for self-help and health care in rainstorm weather.



After a disaster, psychological crisis intervention and counseling is extremely important. Ping An Health quickly launched a "safe channel" for psychological assistance. This channel includes one-on-one psychological expert picture and text consultation service and post-disaster psychological construction services responding warmly to each plea for help.



## 4. Building a Harmonious Relationship and Promoting Common Prosperity

Case:

### Ping An Healthcare Guardian Action Walks into Jishi Mountain, Gansu

In October 2021, Ping An Healthcare Guardian Action entered Jishi Mountain, Gansu Province. Due to the sudden outbreak of the epidemic, Ping An Health raised and donated 5,000 disinfection protective suits and 20,000 disposable surgical masks to relieve the urgent local needs of Jishishan.



Case:

### Donated rights and interests of remote consultation to Jishishan, Gansu, to assist the elderly and children

Jishishan Baoan and Dongxiang Salar Autonomous County is part of the Linxia Hui Autonomous Prefecture in Gansu Province. It is the only multi-ethnic Autonomous County in Gansu Province. Jishishan did not withdraw from the poor county until February 2020. Ping An Health donated 2,000 audio-visual consultations (10 consults/person) to overcome the barrier of "returning to poverty due to illness" erected by the harsh natural environment, lack of transportation and insufficient medical and health resources. Unlike picture and text consultation, audio and video is more convenient for the elderly and children solving the hidden danger that they may not be able to read and write.

The 24-hour audio and video consultation is empowered by technology using a variety of leading AI technologies in the fields of speech recognition, speech synthesis and natural language understanding to accurately identify medical words and phrases. It is connected with 20 departments and more than 48,000 internal and external doctors teams. No matter when and where, it can connect with appropriate medical resources, provide professional medical services and give reasonable suggestions or solutions.

# Environmental, Social and Governance Report

## 5. Promoting Green Office and Practicing Low-carbon Development

In order to provide guidance to, and build consensus among, all the Company's personnel and business and ensure sustainable development in accordance with the Company's vision, mission and values, the Company has formulated the Environmental, Social and Governance (ESG) Management System. We have further committed to achieving and continuously improving environmental and social benefits, which has important management and governance effects on the Company's operations. The Company will integrate environmental factors and objectives into its business activities combined with the continuous management of environmental impact to minimize the negative impact on the environment (including greenhouse gas emissions, energy and resource use, waste management and so forth).

### 5.1 Adhering to Green and Low-carbon Operations

#### 5.1.1 Addressing Climate Change

Ping An Health has promised to implement the national goals of carbon peaking in by 2030 and carbon neutrality by 2060 actively identifying various risks and opportunities relating to climate change and has formulated targeted countermeasures to comprehensively promote the implementation of the Company's green and low-carbon strategy. The Company proactively identifies and analyzes various climate change risks and opportunities, formulates climate risk management measures and countermeasures in a timely manner and improves its ability to adapt to climate change.

The climate change risks faced by the Company are mainly the risks of inconvenient commuting of employees caused by extreme weather events such as typhoons and the impact of network restrictions on the development of online business. At the same time, disasters caused by extreme weather events combined with disruptions to patient travel will further lead to demand for online medical services. The company will identify and track climate change-related issues in a timely manner and issue notifications as soon as possible before extreme weather events such as typhoons and set up remote work, flexible punch-in and timely reporting mechanisms for employees. This will ensure employee safety and operational stability. At the same time, the Company has set up workplaces and branches in coastal and inland cities to minimize the impact of a single extreme weather event on the Company's overall operations and to enable the Company to have sufficient capabilities to respond to medical needs in a timely fashion during to climate disasters.

#### 5.1.2 Green Operation

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

In order to promote a green, environmentally friendly and efficient workplace, the Company advocates a paperless office. If it is indeed necessary to print paper materials for business, it is recommended that employees should use double-sided printing first and set the default printing mode of the printer to double-sided printing. For single-sided paper that needs to be discarded due to misprinting, employees are encouraged to recycle and improve paper usage.

The Company's water source is mainly the municipal water supply. In order to improve the water use efficiency, the Company defines the use of water resources in each unit, organizes and implements a series of water-saving management and water-saving technical measures and conducts comprehensive water resources management. At the same time, we place warm reminders about water saving in washrooms, pantries and other places to remind employees to consciously develop good water saving habits.

## 5. Promoting Green Office and Practicing Low-carbon Development

Case:

### Workplace Water Conservation



The Company has installed water savers at the faucets of the workplace's pantry to control the amount of water flowing out from the source. At the same time, the words "conserve water" are posted directly above faucets to ensure the conservation of water resources in the workplace via practical measures and publicity efforts.

The Company has actively introduced the national standardized energy management system and environmental management system and has comprehensively regulated the construction of the Company's energy management system. We reasonably allocate area lighting time, arrange workplace inspections, save electricity and use efficient and energy-saving lamps as much as possible. The Company carries out a series of activities on energy conservation in the workplace every month using interactive methods to strengthen employees' awareness of energy conservation and encourage employees to implement energy conservation and consumption reduction into practical actions.

Case:

### Monthly Workplace Energy Saving and Consumption Reduction Punch-in Activities

The Company regularly promotes cost reduction and efficiency enhancement activities every week and every month and advocates a low-carbon office. We conduct environmental assessment work within the Company every month, commending outstanding departments and individuals and encouraging employees to participate through practical actions.



## 5. Promoting Green Office and Practicing Low-carbon Development

### 5.1.3 Green Travel

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

#### Carrying out a One-week Stair Climbing Activity

Case:



In response to the morning rush hour in Ping An Building, the Company's project department took the lead to carry out a week of stair climbing activities in the building. This helped to relieve the pressure of elevator operation and maintenance in the building during the morning rush hour and advocated the concept of green travel and healthy living.

## 5.2 Improving Waste Management

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

For hazardous wastes, such as printer toner cartridges and waste lamps, the Company has set up special recycling procedures in accordance with the People's Republic of China Law on the Prevention and Control of Environmental Pollution by Solid Waste. For electronic waste, in accordance with the Administrative Measures for the Prevention and Control of Environmental Pollution by Electronic Wastes, we carry out classification and centralized treatment. For domestic waste, the Company actively implements the domestic waste classification and treatment systems in different cities and adopts a garbage classification model appropriate to local conditions.

The Company has adopted a series of management measures to encourage emission reduction and maximize resource efficiency such as upgrading the national workplace environment management and conducting workplace environment evaluations. We control the use of disposable products by not providing disposable paper cups and advocating bringing reusable water cups. We advocate avoiding disposable tableware by providing microwave ovens on each floor of the Company and advising employees to bring meals to reduce white pollution. We purchase rechargeable batteries to reduce the generation of harmful waste. In order to create an environment-friendly and healthy working environment and to further promote energy conservation, emission reduction and epidemic prevention, the Company actively responds to the call of the Ping An Building Management Office to reduce plastics by encouraging employees to use plastic bottled water reasonably and by not providing it in ordinary meeting rooms.

## 5. Promoting Green Office and Practicing Low-carbon Development

Case:

### Upgrading National Workplace Environment Management

In order to promote the upgrade of the national workplace environment management, the headquarters workplace took the lead to build a national workplace environment management mechanism in March 2021 establishing a unified standard for national operation and maintenance linking the national workplace and various departments to carry out appraisal work and implement improvement works in the workplace. Also, we have enhanced employees' knowledge of workplace environment maintenance in our daily work with the help of specialized awareness content, reduced workplace waste and pollution and improved the efficiency of workplace management across the country.

**1. Workplace environment management at the headquarters:** We adopted the "management + service" model and jointly carried out special workplace inspections with the administrative liaisons of various departments on a monthly basis; we improved employee participation and strengthened employees' awareness of environmental maintenance;

**2. Non-local workplace environment management:** we carried out national non-local workplace environment appraisal, increased the interest in environmental appraisal by means of remote voting, fully involved the non-local workplace and gradually improved the quality of workplace operations and maintenance.

For individual non-local workplaces, "one-on-one" special optimization management was carried out to ensure that the Company's workplace environment from the headquarters to various fields was fully upgraded.



Announcement of monthly evaluation results of headquarters



The winning team of "the most beautiful office area" in the headquarters



The launch of the national non-local workplace environment evaluation



Announcement of "star workplace" awards in non-local workplaces



Workplace environment maintenance outreach

# Environmental, Social and Governance Report

## Appendixes

### Appendix 1: Environmental Key Performance Form

Indicator category	Key performance indicator	Unit	year of 2021	year of 2020	year of 2019
Greenhouse Gas Emissions	Scope 2 greenhouse gas emissions	ton CO <sub>2</sub> e	9,392.349	9,561.279	8,616.385
	Scope 2 greenhouse gas emission intensity	ton CO <sub>2</sub> e/person	2.742	2.262	2.971
Waste Management	Waste electronics	ton	3.327	1.293	1.144
	Discarded Toner Cartridges	ton	1.528	0.089	0.053
	Waste lamps and bulbs	ton	0.515	0.083	0.093
	Discarded dry batteries	ton	0.045	0.007	0.018
	Total hazardous waste	ton	5.415	1.471	1.308
	Hazardous Waste Density	ton/person	0.0016	0.0003	0.0005
	Total non-hazardous waste	ton	282.581	363.346	143.549
	Non-hazardous Waste Density	ton/person	0.083	0.086	0.049
Usage of Resources	Office paper usage	ton	6.830	8.780	2.957
	Outsourcing heat	GJ	81.000	/	/
	Total Electricity consumption	kWh	13,435,284.66	13,612,704.820	10,633,653.841
	Electricity density	kWh/person	3,922.711	3,221.180	3,666.777
	Total energy consumption	GJ	48,447.986	49,005.737	38,281.154
	Energy density	GJ/person	14.145	11.596	13.200
	Total water consumption	m <sup>3</sup>	37,403.616	36,230.120	27,255.720
	Water consumption density	m <sup>3</sup> /person	10.921	8.570	9.399

The collection period of the environmental data spans from January 1, 2021 to December 31, 2021. The scope of environmental data collection includes nine workplaces of Ping An Healthcare and Technology Company Limited (Shanghai Xuhui, Shanghai Zhangjiang, Guangzhou, Beijing, Qingdao, Hefei, Xi'an, Chengdu, Wuhan), two server rooms (Shanghai Baixin and Shanghai Waigaoqiao) and 16 newly added branches (Hebei, Hunan, Liaoning, Dongguan, Fujian, Guangxi, Hainan, Heilongjiang, Shanxi, Shanxi, Shenzhen, Zhejiang, Chongqing, Guangzhou and Wuhan).

During the year, the Company was not involved in any emission of greenhouse gases (Scope 1) in the course of business development. The greenhouse gas emissions were the emission of greenhouse gases (Scope 2) arising from the use of purchased electricity and outsourcing heat. The relevant emission factors are determined under the Reporting Guidance on Environmental KPIs from the Hong Kong Stock Exchange while emission factors of greenhouse gas for electricity purchased are determined under Baseline CO<sub>2</sub> Emission Factors for Regional Power Grids in China 2011 and 2012 from the Department of Climate Change, National Development and Reform Commission (currently under the jurisdiction of the Ministry of Ecology and Environment of the People's Republic of China). Emission factors of purchased heat are determined under Guidelines for Accounting Methods and Reporting of Greenhouse Gas Emissions of Industrial Enterprises in Other Industries (Trial) of the National Development and Reform Commission.

The Company's total energy consumption in 2021 was indirect energy consumption arising from the use of indirect energy (that is, purchased electricity and outsourcing heat). Consumption factors are determined under the General Principles for the Calculation of Comprehensive Production Energy Consumption (GB2589-2008T).

Non-hazardous wastes are office wastes generated in the office area.

Total hazardous wastes refer to the amount of waste electronics, waste ink cartridges/toner cartridges, waste lamps and bulbs and waste batteries produced.

## Appendixes

### Appendix 2: Social Key Performance Form

Indicator category	Key performance indicator	Unit	year of 2021	year of 2020	year of 2019	
Employment	Total workforce	person	3,425	4,226	2,900	
	Workforce by gender	Male	person	1,452	1,639	1,725
		Female	person	1,973	2,587	1,175
	Workforce by employment type	High level	person	67	62	61
		mid-level	person	713	795	539
		junior	person	2,645	3,369	2,300
	Workforce by age group	30 and under	person	1,594	2,348	1,552
		30 – 50	person	1,797	1,832	1,315
		50 and above	person	34	46	33
	Workforce by geographical region	Mainland China	person	3,418	4,221	2,900
		Overseas and HK, MO, TW	person	7	5	0
	Employee turnover rate by gender	Male	%	64.769	/	/
		Female	%	59.430	/	/
	Employee turnover rate by age group	30 and under	%	79.148	/	/
		30 – 50	%	43.042	/	/
		50 and above	%	37.500	/	/
	Employee turnover rate by geographical region	Mainland China	%	61.448	/	/
Overseas and HK, MO, TW		%	150	/	/	

Indicator category	Key performance indicator		Unit	year of 2021	year of 2020	year of 2019
<b>Health and Safety</b>	Number of work-related fatalities		person	0	0	0
	Rate of work-related fatalities		%	0	0	0
	Lost days due to work injury		day	42	17.06	0
	Employee Health Exam Coverage		%	100	100	/
<b>Development and Training</b>	The percentage of employees trained by gender	Male	%	100	96	95
		Female	%	100	98	98
	The average training hours completed per employee by gender	Male	hour	243	185	49.6
		Female	hour	295	240	87.3
	The percentage of employees trained by employee category	High Level	%	100	87	82
		Mid-Level	%	100	90	93
		Junior	%	100	98	96
	The average training hours completed per employee-by-employee category	High Level	hour	52	38	28.7
		Mid-Level	hour	291	202	58.9
		Junior	hour	274	226	82.6

## Appendixes

Indicator category	Key performance indicator	Unit	year of 2021	year of 2020	year of 2019
<b>Supply Chain Management</b>	Total number of suppliers	numbers	4,363	1,932	967
	Number of suppliers in mainland China	numbers	4,360	1,928	967
	Overseas and HK, TW, MO Suppliers	numbers	3	4	0
	Suppliers with a Supplier Access Determination Score or Performance Evaluation	numbers	4,363	/	/
	Number of suppliers assessed as having significant negative ESG impact	numbers	0	/	/
	The number of suppliers who whose cooperation was terminated after ESG assessment	numbers	0	/	/
	Proportion of suppliers signing anti-commercial bribery clauses	%	100	100	100
	Suppliers with ESG Training	%	100	100	100
<b>Product Responsibility</b>	Percentage of total products sold or shipped subject to recalls for safety and health reasons	%	0	0	0
	Number of customer service consulting services	numbers	1,580,000	2,680,000	3,219,000
	Number of products and service-related complaints	piece	13,089	22,422	/
	Complaint Resolution Rate	%	100	100	100
	Complaint Resolution Satisfaction	%	98.2	98.4	98
<b>Anti-corruption</b>	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	time	20	21	25
	Number of internal anti-corruption or related internal audit investigations	time	3	20	/

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

Disclosure requirements		Disclosure	Corresponding chapter or explanation
<b>Mandatory disclosure requirements</b>			
Governance structure		Disclosed	1.1 Board Statement
Reporting principles		Disclosed	About This Report
Reporting scope		Disclosed	About This Report
<b>“Comply or explain” clauses</b>			
<b>A1: Emissions</b>			
General Disclosure		Disclosed	5. Promoting Green office and Practicing Low-carbon Development
A1.1	Types of emissions and respective emissions data.	Not applicable	Ping An Health is not involved in the emission of gas pollutants. Accordingly, such indicator is not applicable
A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tons) and, where appropriate, Intensity (e.g. per unit of production volume, per facility).	Disclosed	Appendix 1: Environmental Key Performance Form
A1.3	Total hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Disclosed	Appendix 1: Environmental Key Performance Form
A1.4	Total non-hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Disclosed	Appendix 1: Environmental Key Performance Form
A1.5	Description of the emissions targets set and the steps taken to achieve them.	Disclosed	5. Promoting Green office and Practicing Low-carbon Development
A1.6	Description of how hazardous and non-hazardous wastes are handled, the waste reduction targets set and the steps taken to achieve them.	Disclosed	5.2 Improving Waste Management

## Appendixes

Disclosure requirements		Disclosure	Corresponding chapter or explanation
<b>A2: Usage of Resources</b>			
General Disclosure		Disclosed	5. Promoting Green office and Practicing Low-carbon Development
A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Disclosed	Appendix 1: Environmental Key Performance Form
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Disclosed	Appendix 1: Environmental Key Performance Form
A2.3	Description of the energy efficiency goals set and the steps taken to achieve them.	Disclosed	5.1 Adhering to Green and Low-carbon Operations
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency goals set and the steps taken to achieve them.	Disclosed	5.1 Adhering to Green and Low-carbon Operations
A2.5	Total packaging material used for finished products (in tons) and, where appropriate, with reference to per unit produced.	Not applicable	Ping An Health is not involved in the direct provision of packaging material for finished products. Accordingly, such indicator is not applicable.
<b>A3: Environment and Natural Resources</b>			
General Disclosure		Not applicable	Other environment and natural resources are not involved in the daily operation of Ping An Health, so the disclosure of significant impact on environment and natural resources at A3 level is not applicable.
A3.1	Description of the significant impacts of activities on the environment and natural resources and actions taken to manage them.	Not applicable	Other environment and natural resources are not involved in the daily operation of Ping An Health, so the disclosure of significant impact on environment and natural resources at A3 level is not applicable.
<b>A4: Climate Change</b>			
General Disclosure		Disclosed	5. Promoting Green office and Practicing Low-carbon Development
A4.1	Description of material climate-related issues that have and may have an impact on the issuer, and corresponding actions.	Disclosed	5.1 Adhering to Green and Low-carbon Operations

Disclosure requirements		Disclosure	Corresponding chapter or explanation
<b>B1: Employment</b>			
General Disclosure		Disclosed	4.1 Strengthening the Talent System
B1.1	Total workforce by gender, employment type, age group and geographical region.	Disclosed	Appendix 2: Social Key Performance Form
B1.2	Employee turnover rate by gender, age group and geographical region.	Disclosed	Appendix 2: Social Key Performance Form
<b>B2: Health and Safety</b>			
General Disclosure		Disclosed	4.1 Strengthening the Talent System
B2.1	Number and rate of work-related fatalities in the past 3 years (including the reporting year).	Disclosed	Appendix 2: Social Key Performance Form
B2.2	Lost days due to work injury.	Disclosed	Appendix 2: Social Key Performance Form
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Disclosed	4.1 Strengthening the Talent System
<b>B3: Development and Training</b>			
General Disclosure		Disclosed	4.1 Strengthening the Talent System
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Disclosed	Appendix 2: Social Key Performance Form
B3.2	The average training hours completed per employee by gender and employee category.	Disclosed	Appendix 2: Social Key Performance Form
<b>B4: Labor Standards</b>			
General Disclosure		Disclosed	4.1 Strengthening the Talent System
B4.1	Description of measures to review employment practices to avoid child and forced labor.	Disclosed	4.1 Strengthening the Talent System
B4.2	Description of steps taken to eliminate such practices when discovered.	Disclosed	4.1 Strengthening the Talent System
<b>B5: Supply Chain Management</b>			
General Disclosure		Disclosed	4.2 Standardizing supply chain management
B5.1	Number of suppliers by geographical region.	Disclosed	Appendix 2: Social Key Performance Form
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Disclosed	4.2 Standardizing supply chain management Appendix 2: Social Key Performance Form
B5.3	Description of the practices for identifying environmental and social risks at each stage of the supply chain, how they are implemented and monitored.	Disclosed	4.2 Standardizing supply chain management
B5.4	Description of the practices that promote the use of environmentally friendly products and services when selecting suppliers, how they are implemented and monitored.	Disclosed	4.2 Standardizing supply chain management

## Appendixes

Disclosure requirements		Disclosure	Corresponding chapter or explanation
<b>B6: Product Responsibility</b>			
General Disclosure		Disclosed	2. Strengthening Medical Products and Services in Support of Healthy China Action
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Disclosed	Appendix 2: Social Key Performance Form
B6.2	Number of products and service related complaints received and how they are dealt with.	Disclosed	3.1 Optimizing Customer Experience Appendix 2: Social Key Performance Form
B6.3	Description of practices relating to observing and protecting intellectual property rights.	Disclosed	2.1 Improving Scientific and Technological Innovation
B6.4	Description of quality assurance process and recall procedures.	Disclosed	2.2 Ensuring Product Quality and Safety
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Disclosed	3.3 Protecting Data Security
<b>B7: Anti-corruption</b>			
General Disclosure		Disclosed	1.5 Adhering to Good Business Practices
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Disclosed	Appendix 2: Social Key Performance Form
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Disclosed	1.5 Adhering to Good Business Practices
B7.3	Description of anti-corruption training provided to directors and employees.	Disclosed	1.5 Adhering to Good Business Practices
<b>B8: Community Investment</b>			
General Disclosure		Disclosed	4.3 Fulfilling Social Responsibilities
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	Disclosed	4.3 Fulfilling Social Responsibilities
B8.2	Resources contributed (e.g. money or time) to the focus areas.	Disclosed	4.3 Fulfilling Social Responsibilities

# Independent Auditor's Report

## To the Shareholders of Ping An Healthcare and Technology Company Limited

*(incorporated in the Cayman Islands with limited liability)*

## Opinion

### What we have audited

The consolidated financial statements of Ping An Healthcare and Technology Company Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 119 to 199, comprise:

- the consolidated statement of financial position as at 31 December 2021;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

### Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### Basis for Opinion

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

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

### Independence

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

# 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
- Valuation of Health Membership Plans claim liabilities

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><b>Impairment of goodwill</b></p> <p>Refer to note 2.10, 4(a) and 15 to the consolidated financial statements.</p> <p>As at 31 December 2021, the Group held a significant amount of goodwill amounting to RMB969.9 million, of which RMB961.6 million arose from the acquisition of Ping An Wanjia Healthcare Investment Management Co., Ltd. in 2018. 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 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 is appropriate.</p>

---

## Independent Auditor's Report

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><b>Valuation of Health Membership Plans claim liabilities</b></p> <p>Refer to note 2.18 and 3.2 to the consolidated financial statements.</p> <p>As at 31 December 2021, the Group held claim liabilities of Health Membership Plans with carrying value of RMB172.7 million, representing 5% of the Group's total liabilities.</p> <p>The valuation of claim liabilities involved complex models and a high degree of judgement by management in setting assumptions including expected loss ratio.</p> <p>We focused on this area due to the high degree of estimation uncertainty and inherent risk. The inherent risk in relation to the valuation of Health Membership Plans claim liabilities is considered significant due to the subjectivity of significant assumptions used.</p>	<p>We understood the valuation process of the Group and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors. We evaluated and tested the internal controls over data collection and analysis, management's assumptions setting processes.</p> <p>We performed independent modelling analysis for claim liabilities by performing below procedures with the assistance of our actuarial experts including method review, assumption assessment and independent modelling. We also assessed the competence, capabilities and objectivity of management's external actuaries by considering professional experience, industry reputation and our previous experience with them.</p> <p>We assessed the valuation method used in management's estimation, evaluated management's selection of key assumptions by reviewing the reasonableness based on applicable industry experiences and consideration of historical data of the Group.</p> <p>We tested the underlying data used in the valuation models, including comparing recorded revenue to system-generated report which has been tested and reported claims to accounting records.</p> <p>We also evaluated the overall reasonableness of the Group's claim liabilities through independent modelling calculation with the assistance of our actuarial experts.</p> <p>Based on our audit procedures, we do not consider management's judgements in the valuation of claim liabilities to be insupportable by the evidence we gathered.</p>

## Other Information

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

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

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

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

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

## Independent Auditor's Report

- 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, 15 March 2022

# Consolidated Income Statement

For the year ended 31 December 2021

(All amounts expressed in RMB thousand unless otherwise stated)

	Note	Year ended 31 December	
		2021	2020
Revenue	5	7,334,214	6,865,987
Cost of sales	5, 6	(5,627,353)	(5,001,573)
<b>Gross profit</b>		<b>1,706,861</b>	<b>1,864,414</b>
Selling and marketing expenses	6	(1,756,828)	(1,586,627)
Administrative expenses	6	(1,846,413)	(1,017,083)
Other income	10	274,771	205,426
Other losses – net	11	(21,866)	(385,269)
<b>Operating loss</b>		<b>(1,643,475)</b>	<b>(919,139)</b>
Finance income	12	169,471	105,679
Finance costs	12	(10,830)	(5,993)
Finance income – net	12	158,641	99,686
Share of losses of associates and joint ventures	19,20	(38,773)	(121,895)
<b>Loss before income tax</b>		<b>(1,523,607)</b>	<b>(941,348)</b>
Income tax expense	13	(15,792)	(7,155)
<b>Loss for the year</b>		<b>(1,539,399)</b>	<b>(948,503)</b>
<b>Loss attributable to:</b>			
– Owners of the Company		(1,538,183)	(948,478)
– Non-controlling interests		(1,216)	(25)
		<b>(1,539,399)</b>	<b>(948,503)</b>
<b>Loss per share attributable to owners of the Company</b>			
– Basic (RMB yuan)	14	(1.39)	(0.92)
– Diluted (RMB yuan)	14	(1.39)	(0.92)

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

# Consolidated Statement of Comprehensive Income

For the year ended 31 December 2021

(All amounts expressed in RMB thousand unless otherwise stated)

	Year ended 31 December		
	Note	2021	2020
<b>Loss for the year</b>		<b>(1,539,399)</b>	(948,503)
<b>Other comprehensive income</b>			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		<b>(17,113)</b>	(4,524)
Other comprehensive loss for the year, net of tax		<b>(17,113)</b>	(4,524)
<b>Total comprehensive loss for the year</b>		<b>(1,556,512)</b>	(953,027)
<b>Total comprehensive loss attributable to:</b>			
– Owners of the Company		<b>(1,555,296)</b>	(953,002)
– Non-controlling interests		<b>(1,216)</b>	(25)
		<b>(1,556,512)</b>	(953,027)

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

# Consolidated Statement of Financial Position

As at 31 December 2021

(All amounts expressed in RMB thousand unless otherwise stated)

	Note	As at 31 December	
		2021	2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	15	969,929	969,929
Right-of-use assets	16	196,913	115,417
Property, plant and equipment	17	140,030	166,265
Other intangible assets	18	105,587	101,973
Investments in associates	19	385,415	382,823
Investments in joint ventures	20	160,204	68,660
Prepayments and other receivables	23	–	76,851
Financial assets at amortized cost	24	498,193	571,493
Financial assets at fair value through profit or loss	25	17,970	15,730
Term deposits	26	2,649,317	837,791
Total non-current assets		5,123,558	3,306,932
<b>Current assets</b>			
Inventories	21	398,073	160,465
Trade receivables	22	1,553,645	1,058,211
Contract related assets	5	82,129	102,031
Prepayments and other receivables	23	549,355	439,297
Financial assets at amortized cost	24	2,096,879	2,009,785
Financial assets at fair value through profit or loss	25	4,937,084	3,565,775
Restricted cash	26	75,092	–
Cash and cash equivalents	26	3,064,876	7,920,375
Total current assets		12,757,133	15,255,939
<b>Total assets</b>		<b>17,880,691</b>	<b>18,562,871</b>

## Consolidated Statement of Financial Position

As at 31 December 2021

(All amounts expressed in RMB thousand unless otherwise stated)

	Note	As at 31 December	
		2021	2020
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	27	36	36
Treasury shares	28	(367,860)	(2)
Reserves	29	20,808,040	20,651,792
Accumulated losses		(6,356,799)	(4,818,616)
Total equity attributable to owners of the Company		14,083,417	15,833,210
Non-controlling interests		2,463	22,989
<b>Total equity</b>		<b>14,085,880</b>	<b>15,856,199</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Lease liabilities	16	120,918	39,121
Trade and other payables	31	43	44
Total non-current liabilities		120,961	39,165
<b>Current liabilities</b>			
Trade and other payables	31	2,641,097	1,862,855
Contract liabilities	5	952,376	729,808
Lease liabilities	16	80,377	74,844
Total current liabilities		3,673,850	2,667,507
<b>Total liabilities</b>		<b>3,794,811</b>	<b>2,706,672</b>
<b>Total equity and liabilities</b>		<b>17,880,691</b>	<b>18,562,871</b>

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

The consolidated financial statements on pages 119 to 199 were approved by the Board of Directors on 15 March 2022 and were signed on its behalf:

**FANG Weihao**  
Director

**Lin Lijun**  
Director

# Consolidated Statement of Changes in Equity

For the year ended 31 December 2021

(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			
<b>As at 1 January 2021</b>		36	20,651,792	(2)	(4,818,616)	15,833,210	22,989	15,856,199	
Loss for the year		-	-	-	(1,538,183)	(1,538,183)	(1,216)	(1,539,399)	
Other comprehensive income for the year		-	(17,113)	-	-	(17,113)	-	(17,113)	
Share-based payments	29	-	79,566	-	-	79,566	-	79,566	
Exercise of share options	29	-	93,795	-	-	93,795	-	93,795	
Repurchase of shares	28	-	-	(367,858)	-	(367,858)	-	(367,858)	
Non-controlling interests on deregistration of subsidiaries		-	-	-	-	-	(19,310)	(19,310)	
<b>As at 31 December 2021</b>		36	20,808,040	(367,860)	(6,356,799)	14,083,417	2,463	14,085,880	

	Attributable to owners of the Company							Non-controlling interests	Total equity
	Note	Share capital	Reserves	Treasury shares	Accumulated losses	Total			
<b>As at 1 January 2020</b>		33	13,518,868	(2)	(3,870,138)	9,648,761	20,726	9,669,487	
Loss for the year		-	-	-	(948,478)	(948,478)	(25)	(948,503)	
Other comprehensive income for the year		-	(4,524)	-	-	(4,524)	-	(4,524)	
Placing of new shares	29	3	6,869,447	-	-	6,869,450	-	6,869,450	
Share-based payments	29	-	64,993	-	-	64,993	-	64,993	
Exercise of share options	29	-	203,008	-	-	203,008	-	203,008	
Non-controlling interests arising from acquiring control over joint venture		-	-	-	-	-	2,288	2,288	
<b>As at 31 December 2020</b>		36	20,651,792	(2)	(4,818,616)	15,833,210	22,989	15,856,199	

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

# Consolidated Statement of Cash Flows

For the year ended 31 December 2021

(All amounts expressed in RMB thousand unless otherwise stated)

	Note	Year ended 31 December	
		2021	2020
<b>Cash flows from operating activities</b>			
Cash used in operations	33(a)	(1,389,141)	(1,097,988)
Income tax paid		(13,855)	(4,284)
<b>Net cash used in operating activities</b>		<b>(1,402,996)</b>	<b>(1,102,272)</b>
<b>Cash flows from investing activities</b>			
Proceeds from disposal of property, plant and equipment and intangible assets		1,143	–
Payments for property, plant and equipment and intangible assets		(89,154)	(73,169)
Proceeds from acquiring control over joint venture		–	5,204
Payment for acquisition of subsidiary, net of cash acquired		(1,978)	–
Proceeds from sales of financial assets at fair value through profit or loss		19,683,819	5,521,888
Payments for financial assets at fair value through profit or loss		(20,920,519)	(7,173,852)
Payments for financial assets at amortized cost		–	(500,000)
Interest received from investment in financial assets at amortized cost		99,150	93,376
Payments for investments in joint ventures		(142,901)	(72,968)
Proceeds of cash dividends declared by associates		–	2,323
Payments for term deposits with initial term of over three months		(1,730,000)	(300,000)
<b>Net cash used in investing activities</b>		<b>(3,100,440)</b>	<b>(2,497,198)</b>
<b>Cash flows from financing activities</b>			
Payments for lease liabilities		(109,139)	(82,274)
Placing of new shares		–	6,869,450
Proceeds from exercise of share options		167,124	134,903
Payments for deregistration of subsidiary to minority shareholders		(10,036)	–
Payments for repurchase of shares		(367,858)	–
<b>Net cash (used in)/generated from financing activities</b>		<b>(319,909)</b>	<b>6,922,079</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(4,823,345)</b>	<b>3,322,609</b>
Cash and cash equivalents at the beginning of the year	26	7,920,375	4,965,455
Effects of exchange rate changes on cash and cash equivalents		(32,154)	(367,689)
<b>Cash and cash equivalents at the end of the year</b>	<b>26</b>	<b>3,064,876</b>	<b>7,920,375</b>

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

(All amounts expressed in RMB thousand unless otherwise stated)

## 1 General Information

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

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

Glorious Peace Limited (“Glorious Peace”) is the major shareholder of the Company, holding 38.43% of the shareholding interest in the Company as at 31 December 2021.

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 2021

(All amounts expressed in RMB thousand unless otherwise stated)

## 1 General Information (Continued)

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

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

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

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

## 2 Summary of Significant Accounting Policies

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

### 2.1 Basis of preparation

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

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

#### *New and amended standards and interpretations adopted by the Group*

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2021.

Amendments to IFRS 16	Covid-19-Related Rent Concessions
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2

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

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

(All amounts expressed in RMB thousand unless otherwise stated)

## 2 Summary of Significant Accounting Policies (Continued)

### 2.1 Basis of preparation (Continued)

#### *New standards and interpretations not yet adopted by the Group*

Standards, amendments and interpretations that have been issued but not yet effective for the financial year beginning 1 January 2021 and not been early adopted by the Group as at the reporting period are as follows:

		Effective for annual periods beginning on or after
IFRS 17	Insurance contracts	1 January 2023
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to IAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to IFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Amendments to IFRSs	Annual improvements to IFRS standards 2018-2020	1 January 2022
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before intended use	1 January 2022

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 2021 or not been early adopted by the Group which are relevant to the Group's operation. Except as described below, the Group believes that the application of amendments to IFRSs, amendments to IASs and the new interpretations is unlikely to have a material impact on the Group's statement of financial position and performance as well as disclosure in the future.

#### IFRS 17

IFRS 17 was issued in May 2017 and was amended in June 2020, which will replace the current IFRS 4 "Insurance Contracts". It applies to the measurement of insurance contracts issued, all reinsurance contracts and investment contracts with discretionary participating features. It requires a current measurement model where estimates are re-measured at each reporting period. Contracts are measured using the building blocks of:

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

The Group entered into a few service contracts that meet the definition of "insurance contract" under IFRS 4. For the year ended 31 December 2021, the Group recorded revenue of RMB352,555 thousand from such service contracts and as at 31 December 2021, the liability arising from such service contracts amounted to RMB253,053 thousand.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

(All amounts expressed in RMB thousand unless otherwise stated)

## 2 Summary of Significant Accounting Policies (Continued)

### 2.1 Basis of preparation (Continued)

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

##### IFRS 17 (Continued)

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

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

### 2.2 Subsidiaries

#### 2.2.1 Consolidation

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

##### Business combination

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

The Group recognises 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 recognised 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 recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised 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 recognised 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 2021

(All amounts expressed in RMB thousand unless otherwise stated)

## 2 Summary of Significant Accounting Policies (Continued)

### 2.2 Subsidiaries (Continued)

#### 2.2.1 Consolidation (Continued)

##### Business combination (Continued)

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 recognised 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 recognised directly in the income statement.

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

#### 2.2.2 Separate financial statements

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

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

#### 2.2.3 Change in ownership interests

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

### 2.3 Structured entities

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

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

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

(All amounts expressed in RMB thousand unless otherwise stated)

## 2 Summary of Significant Accounting Policies (Continued)

### 2.4 Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised 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 recognised at cost and adjusted thereafter to recognise 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 recognised 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 recognised 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 recognise 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 recognises the amount adjacent to "share of losses of associates and joint ventures" in the consolidated statement of comprehensive income.

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

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

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

(All amounts expressed in RMB thousand unless otherwise stated)

## 2 Summary of Significant Accounting Policies (Continued)

### 2.5 Joint venture

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

Investments in joint venture are accounted for using the equity method. Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise 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 recognised 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 recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised 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. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

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

### 2.6 Segment reporting

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

### 2.7 Foreign currency translation

#### *Functional and presentation currency*

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

#### *Transactions and balances*

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

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

(All amounts expressed in RMB thousand unless otherwise stated)

## 2 Summary of Significant Accounting Policies (Continued)

### 2.7 Foreign currency translation (Continued)

#### *Transactions and balances* (Continued)

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 recognised 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 recognised 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 recognised in other comprehensive income.

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

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

### 2.8 Property and equipment and depreciation

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

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.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

(All amounts expressed in RMB thousand unless otherwise stated)

## 2 Summary of Significant Accounting Policies (Continued)

### 2.8 Property and equipment and depreciation (Continued)

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	5%
Leasehold improvements	Over the shorter of economic useful lives and terms of the leases	–

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

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

### 2.9 Intangible assets

#### (a) Goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised 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, recognised 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.

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 recognised. An impairment loss recognised 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.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

(All amounts expressed in RMB thousand unless otherwise stated)

### 2 Summary of Significant Accounting Policies (Continued)

#### 2.9 Intangible assets (Continued)

##### (b) Other intangible assets

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

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

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

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

##### (i) Software

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

Costs associated with maintaining computer and mobile software programmes are recognised 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 recognised 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;
- There is an ability to use or sell the software product;
- It can be demonstrated how the software product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- The expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

(All amounts expressed in RMB thousand unless otherwise stated)

## 2 Summary of Significant Accounting Policies (Continued)

### 2.9 Intangible assets (Continued)

#### (b) Other intangible assets (Continued)

##### (ii) Licenses

Licences include online drug sales license and other licences. They are initially recognised 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

### 2.10 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that a non-financial asset other than deferred tax assets may be impaired. If any such indication exists, or when annual impairment testing for a non-financial asset is required, the Group makes an estimate of the asset's recoverable amount. A non-financial asset's recoverable amount is the higher of the asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. Where the carrying amount of a non-financial asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to disposal, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

For non-financial assets other than goodwill and intangible assets for indefinite life, an assessment is made at each reporting date as to whether there is any indication that previously recognised 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 recognised 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 recognised. 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 recognised for the asset in prior years. Such a reversal is recognised 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 recognised 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.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

(All amounts expressed in RMB thousand unless otherwise stated)

### 2 Summary of Significant Accounting Policies (Continued)

#### 2.11 Investments and other financial assets

##### (a) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value through profit or loss, and
- those to be measured at amortised 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 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 recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised 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.

##### 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:

- Amortised 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 amortised 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 recognised 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.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

(All amounts expressed in RMB thousand unless otherwise stated)

### 2 Summary of Significant Accounting Policies (Continued)

#### 2.11 Investments and other financial assets (Continued)

##### (c) Measurement (Continued)

###### Debt instruments (Continued)

- 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 recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses) – net. Interest income from these financial assets is included in other gains/(losses) using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) – net and impairment expense are presented as separate line item in the statement of profit or loss.
- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) 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 recognised 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 recognised in other gains/(losses) 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.

##### (d) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised 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 recognised from initial recognition of the receivables, see Note 22 for further details.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

(All amounts expressed in RMB thousand unless otherwise stated)

### 2 Summary of Significant Accounting Policies *(Continued)*

#### 2.12 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

#### 2.13 Inventories

Inventories are mainly merchandise and are stated at the lower of cost and net realizable value. Cost is determined using the weighted average costing method. Costs of purchased inventories are determined after deducting rebates and discounts. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Adjustments are recorded to write down the cost of inventory to the estimated net realizable value due to slow-moving merchandise and damaged goods, which is dependent upon factors such as historical and forecasted consumer demand, and promotional environment. Write downs are recorded in cost of revenue in the consolidated statement of profit or loss.

#### 2.14 Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognised at fair value. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment.

#### 2.15 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash in hand and at banks, deposits held at call with banks and other 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.

#### 2.16 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

(All amounts expressed in RMB thousand unless otherwise stated)

## 2 Summary of Significant Accounting Policies (Continued)

### 2.17 Treasury shares

Le An Xin (PTC) Limited (“Le An Xin”) was set up as a special vehicle for the purpose of holding the ordinary shares for the Company’s employees under the equity-settled share-based compensation plan (“the Share Option Plan”) which will be awarded to employees in the future. As the Company has the power to govern the relevant activities of Le An Xin and can derive benefits from the contributions of the eligible directors, employees and other persons (collectively, the “Grantees”), the directors of the Company consider that it is appropriate to consolidate Le An Xin.

Own equity instruments which are acquired and held by the Group (treasury shares) are recognized directly in equity at cost. No gain or loss is recognized in the statement of profit or loss on the purchase, sale, issue or cancellation of the Group’s own equity instruments.

### 2.18 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

#### (a) Contract liabilities of Health Membership Plans

Contract liabilities of “Health Guard 360” plans, “Private Doctor Membership” plans and other similar health plans (“Health Membership Plans”) comprise unearned revenue liabilities and claim liabilities.

Contract liabilities of Health Membership Plans are measured based on the revenue to be earned and best estimates of the payments that the Group will make to fulfill the relevant obligations under the contracts. These estimates represent the expected future cash outflows under such contracts.

- Expected future cash outflows represent reasonable cash outflows which are necessary for the Group to fulfill the obligations under the contracts, and mainly include: (a) guaranteed benefits or claims under the contracts; (b) reasonable expenses necessary for maintaining and serving the contracts, obligation handling, including membership maintenance expenses, claim expenses, etc.

A best estimate of expected future net cash flows is determined based on information currently available as at the end of the reporting period.

#### Unearned revenue liabilities

Unearned revenue liabilities are recognised at inception of Health Membership Plans which are amortized over the contract coverage period. The unearned revenue liabilities represent revenue received for risks that have not yet expired. At inception of the contract, it represents contract price received or receivable minus relevant acquisition costs. Acquisition costs related to the sale of new Health Membership Plans such as handling charges and commissions, tax and surcharges and other incremental costs are recorded as expenses in profit or loss. Subsequent to initial recognition, unearned revenue liabilities are released on a straight-line basis over the contract coverage period, normally one year. When any deficiency arises from performing the liability adequacy tests as described below, unearned revenue liabilities have to be adjusted to reflect the deficiency.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

(All amounts expressed in RMB thousand unless otherwise stated)

### 2 Summary of Significant Accounting Policies (Continued)

#### 2.18 Trade and other payables (Continued)

##### (a) Contract liabilities of Health Membership Plans (Continued)

###### Claim liabilities

Claim liabilities comprise of incurred and reported claim liabilities, incurred but not reported (“IBNR”) claim liabilities and claim expense liabilities.

Incurred and reported claim liabilities represent the claims incurred and reported to the Group but not yet settled. The Group uses case-by-case method to measure the liabilities based on the best estimate of the ultimate claim amount and a risk adjustment is applied to reflect the uncertainty of estimation.

IBNR claim liabilities represent the claims incurred but not reported to the Group. The Group uses expected loss ratio method to measure the liabilities based on the best estimate of the ultimate claim amount and the a risk adjustment is applied to reflect the uncertainty of estimation.

Claim expense liabilities represent related claims handling costs. The Group measures the liabilities based on a best estimate of necessary costs to handle the incurred claims, which is based on estimated ratio of incurred claim liabilities.

###### Liability adequacy test

At the end of each reporting period, a liability adequacy test is performed to ensure the adequacy of unearned revenue liabilities. If, after applying a risk adjustment, the amount of expected present value of cash outflows for the unexpired risks exceeds the carrying amount of the unearned revenue liabilities, the excess amount would be recognised in profit or loss in the period in which the deficiency arises.

#### 2.19 Employee benefits

##### (a) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised 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.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

(All amounts expressed in RMB thousand unless otherwise stated)

## 2 Summary of Significant Accounting Policies (Continued)

### 2.19 Employee benefits (Continued)

#### (c) Housing benefits

The employees of the Group are entitled to participate in various government-sponsored housing funds. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees. The Group's liability in respect of these funds is limited to the contributions payable in each period.

#### (d) Medical benefits

The Group makes monthly contributions for medical benefits to the local authorities in accordance with relevant local regulations for the employees. The Group's liability in respect of employee medical benefits is limited to the contributions payable in each period.

### 2.20 Share-based payments

An equity-settled share-based compensation plan was granted to the employees, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised 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 recognises 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 recognised as if the terms had not been modified. An additional expense is recognised 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 recognised for the award is recognised 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 2021

(All amounts expressed in RMB thousand unless otherwise stated)

### 2 Summary of Significant Accounting Policies (Continued)

#### 2.21 Revenue recognition

Revenues are recognised 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 recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised 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.

If contracts involve the sale of multiple goods, goods followed by related services, or multiple 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 amortised when the related revenue is recognised.

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.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

(All amounts expressed in RMB thousand unless otherwise stated)

## 2 Summary of Significant Accounting Policies (Continued)

### 2.21 Revenue recognition (Continued)

The following is a description of the accounting policy for the principal revenue streams of the Group.

#### (a) Medical services

Medical services consist primarily of online consultation, hospital referral and appointment, inpatient arrangement, diagnosis and treatment of diseases and related pharmaceuticals, medical devices sales. During the year, this revenue stream is primarily derived from (1) medical services to corporate customers; (2) medical services provided to individual customers; (3) Health Membership Plans and (4) pharmaceuticals, medical devices sales.

Revenue from medical services is recognised on a gross basis when the Group is regarded as the primary obligor as long as such services are provided by its own employees since the Group has the ability to determine the pricing of the services, nature of services and is responsible for providing the services by its employees. Revenue is recognised on a net basis when such services are provided by external contracted doctors.

#### Medical services to corporate customers

The Group offers customized service to corporate customers, including their customers and employees. The packages of services provided include online consultation services as well as telephone consultations and healthcare products are provided to individuals. The transaction price is allocated between the medical services and healthcare products offered based on their relative stand-alone selling prices.

The end customers or employees of corporate customers are entitled to the services free of charge whenever the agreement with the Group or individual service is effective, which is typically for a period of one year after activation of service package.

The revenue of the healthcare products is recognised when the products are delivered while the revenue of medical services is recognised over the one-year contract period since the Group is obligated to provide a kind of standby service on a when-and-if-available basis to customers.

Since the corporate customers are usually required to make payments upon subscription of services, the Group records payment due from the corporate customers as receivable when the corporate customers are obligated to pay for the service based on the contracts and the corresponding unsatisfied performance obligation is recorded as contract liabilities. In other cases, the Group records a receivable from corporates after the services are rendered as the payment is in arrears and its right to consideration is unconditional.

#### Medical services provided to individual customers

The Group also offers a wide range of medical services to individual users at various retail prices through its mobile app or offline clinic, including online diagnosis and treatment.

Since individual customers are usually required to make payments in advance for the medical services, the unsatisfied performance obligation is recorded as contract liabilities accordingly. The revenue of the medical services is recognised when such services are rendered.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

(All amounts expressed in RMB thousand unless otherwise stated)

## 2 Summary of Significant Accounting Policies (Continued)

### 2.21 Revenue recognition (Continued)

#### (a) Medical services (Continued)

##### Health Membership Plans

The Group launched Health Membership Plans, which mainly include “Health Guard 360” plans, “Private Doctor Membership” and other similar health plans.

Under cooperation with commercial insurance companies, “Health Guard 360” plans and similar health plans, which are included in insurance policies, provide integrated services of online consultations, offline medical treatments and express pharmaceutical delivery to the insurance policyholders who choose to join this membership plan. The services include medical services such as hospital appointment and inpatient arrangement at hospitals, domestic and overseas second opinion services, and follow-up visit arrangements, and these services will be fulfilled when the insurable event occurs.

As for “Private Doctor Membership”, the Group provides paying users with one-to-one exclusive private doctors for comprehensive healthcare services, such as real-time consultations, second medical opinion, arrangement for offline outpatient treatment and chronic disease management.

The inception date for the Health Membership Plans which are in conjunction with the date of insurance policies is prescribed in the contracts and the duration for the membership plan is usually one year which co-relates the validity period of the contracts. For other contracts, the inception date usually starts after activation and the duration lasts for one year.

Health Membership Plans demonstrate certain features of an insurance contract defined in IFRS 4, where one party accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder, which falls in the scope of application of IFRS 4.

Accordingly, revenue of Health Membership Plans is recognised based on the total transaction amount stated in the contracts when the contract is activated by the end user and the related risk is undertaken by the Group, the economic benefits associated with the insurance contract will probably flow to the Group and when the revenue can be measured reliably. The related liabilities of Health Membership Plans are recorded in “Trade and other payables”, the measurement of such liabilities is explained in Note 2.18.

If the membership plans fail to fulfill certain features of an insurance contract, the revenue of services in the plans is recognised upon the individual service is rendered to customers.

##### Pharmaceuticals, medical devices sales

The Group is engaged in the sale of pharmaceutical products and medical devices to individual customers through its online store and offline pharmacies as well as offline pharmaceutical sale to merchant customers.

Revenue from individual customers is recorded net of discounts and recognised when such products are delivered, either by third party couriers or at the Group’s offline outlets, while net revenue are recognised when such products are delivered through external retail pharmacies.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

(All amounts expressed in RMB thousand unless otherwise stated)

## 2 Summary of Significant Accounting Policies (Continued)

### 2.21 Revenue recognition (Continued)

#### (a) Medical services (Continued)

##### Pharmaceuticals, medical devices sales (Continued)

The Group also launched benefit products for individual customers who could consume pharmaceuticals provided by retail pharmacies at a fixed amount limit as specified on the products upon sales as well as online consultation through the Group's app. Once the benefit products are activated, the customers can consume pharmaceuticals provided by 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 products as revenue taking into consideration the pattern of rights exercised by the customers during the validity period, which equals to products selling amount deduct expected payment to pharmacies prior to expiration of benefits.

Revenue from sales to merchant customers are recognized at the point of acceptance. The Group manages inventories by adjusting inventories level based on fluctuations in supply and price, seasonality, popularity of a particular product and also taken into consideration the shelf life of pharmaceutical products. The Group also has sole discretion in determining the pricing and takes the obligation to provide after-sales services and to respond to return requests.

#### (b) Health services

##### Standardized consumption health services

The Group provides a variety of standardized health 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 health service packages to individual customers or corporate customers. Different types of health service packages provide the customers with a specific number of times of services for each service offered in the package.

Health 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 health products is recognised when the products are delivered while revenue of services is recognised upon the individual service is rendered to customers.

The Group sells the health service packages either to individuals on a retail basis or to corporate customers for the benefit of their employees on a wholesale basis. The health 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 health 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.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

(All amounts expressed in RMB thousand unless otherwise stated)

### 2 Summary of Significant Accounting Policies (Continued)

#### 2.21 Revenue recognition (Continued)

##### (b) Health services (Continued)

###### Standardized consumption health services (Continued)

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 amortised to profit and loss when the relevant revenue is recognised.

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 one year after activation. 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, with limited historical data for estimating breakage, the Group cannot reasonably estimate the amount of such breakage. Accordingly, the Group recognises breakage amount as revenue upon the expiry date which is the later of expiry date pre-printed in the service package or one year after activation.

The online consultation services and hospital appointment services are performed by service team of the Group. The Group is also continually expanding the network with healthcare institutions which provide offline services. Customers can select the healthcare institutions from the Group's pre-determined list of service providers through the Group online platform. The Group has the sole discretion to select the healthcare institutions and the purchase prices are negotiated separately with healthcare institutions. Since the Group has the ability to determine the pricing of the products or services and has the sole discretion to determine the healthcare institutions, to take responsibility for monitoring the quality of services provided and to negotiate the service terms, the Group is regarded as the primary obligor and therefore, it recognises 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 recognised as revenue over the period during which the individual services are rendered or goods are transferred to customers.

###### Online mall revenue

Online mall revenue stream of the Group principally generates revenue from selling the products (excluding medicine which is stated in medical services) 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 Ping An Insurance (Group) Company of China, Ltd. ("Ping An") mobile apps.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

(All amounts expressed in RMB thousand unless otherwise stated)

### 2 Summary of Significant Accounting Policies (Continued)

#### 2.21 Revenue recognition (Continued)

##### (b) Health services (Continued)

###### Online mall revenue (Continued)

###### *Direct sales*

Under direct sales model, the Group procures merchandise from suppliers and sells products directly to consumers through the platform. The suppliers consist primarily of distributors in the PRC. The Group is entitled to determine pricing and adjust offerings of products.

In this business model, the Group either manages its own inventories or has suppliers to manage inventories and arranges delivery within 48 hours once the order is placed. In the former situation, 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 fulfill the order, provide after-sales services, attend to customers' complaints and respond to return requests, the Group considers it as a principal and recognises revenue under direct sales model based on the gross amount of products sales. The Group recognises 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 recognises sales revenue from platform when products are delivered to customers while historical returns are insignificant.

Payments for the ordered products are generally made upon orders placed by individual customers in platform and goods are dispatched within 48 hours after orders are placed. External logistics companies are responsible for delivery to customers. In certain cases, direct sales in online mall are also sold to corporate customers with credit terms ranging from 5 days to 30 days.

The Group also sells prepaid cards to corporate customers under credit terms. The Group has unconditional rights to receive the consideration after the prepaid cards are delivered to customers, and therefore, the Group recognises receivables and contract liabilities accordingly. The contract liabilities are recognised as revenue when the products are delivered to customers.

###### *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.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

(All amounts expressed in RMB thousand unless otherwise stated)

## 2 Summary of Significant Accounting Policies (Continued)

### 2.21 Revenue recognition (Continued)

#### (b) Health services (Continued)

##### Online mall revenue (Continued)

##### *Marketplace* (Continued)

Marketplace vendors manage inventories on their own and the vendors are responsible for product delivery as well. Delivery of products is required within 24 hours after order placing for pharmacy chains or 96 hours after order placing for overseas shopping. The vendors are also responsible for after sales services, attending to customers' complaints and responding to return requests. Revenue related to commissions is recognised on a net basis and when the orders are placed and payments are made by customers while historical returns on sales from platform are insignificant. Payments with third-party vendors are usually settled on a monthly basis for the commissions earned during the period.

##### Other services

The Group also provided advertisements through its mobile app, comprehensive health management services and other services.

Advertising fee is charged primarily on per thousand impression, per click or per display duration basis by different types of advertisements. Revenue from advertisements of number of impressions or clicks is recognised based on the actual number and unit price agreed in the contract while revenue from advertisements of display duration is recognised over the period during which the advertisements are displayed.

The advertisers are usually required to pay for the advertisement in advance. The Group records receivables and contract liabilities correspondingly when the advertising contracts are signed with customers since the Group has unconditional rights to payments of advertising services which are due according to the contract terms. The contract liabilities are recognised as revenue when the advertisements are displayed or services are provided.

Comprehensive health management services to the employees of corporate customers mainly include healthcare course recommendation, psychological counselling services, sub-health management, disease intervention management and other services. The Group enters into agreements with the corporate customers that commit to regularly provide service and share related information with their employees within contract period which is usually one year.

The Group charges corporates at a fixed fee taking into consideration of the expected usage of the services and head count of employees. Since the corporate customers are usually required to make payments upon subscription of services, the Group records contract liabilities as there is unsatisfied performance obligation owing to customers. The revenue of this service is recognised when the performance obligation is satisfied over the contract period.

### 2.22 Cost of sales

Cost of sales primarily comprise labor, 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 recognised 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.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

(All amounts expressed in RMB thousand unless otherwise stated)

## 2 Summary of Significant Accounting Policies (Continued)

### 2.23 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 recognised as a right-of-use asset and a corresponding liability at the date when the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

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 recognised 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.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

(All amounts expressed in RMB thousand unless otherwise stated)

## 2 Summary of Significant Accounting Policies (Continued)

### 2.24 Interest income

Interest income on financial assets at amortised 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).

### 2.25 Dividend income

Dividend income is recognised when the right to receive payment is established.

### 2.26 Government grants

Grants from the government are recognised 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 recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate.

### 2.27 Tax

Income tax comprises current and deferred tax. Income tax is recognised in the statement of comprehensive income, or in other comprehensive income or in equity if it relates to items that are recognised in the same or a different period directly in other comprehensive income or in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised 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.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

(All amounts expressed in RMB thousand unless otherwise stated)

## 2 Summary of Significant Accounting Policies (Continued)

### 2.27 Tax (Continued)

Deferred tax assets are recognised 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 recognised 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.

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 unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised 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.

### 2.28 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.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

(All amounts expressed in RMB thousand unless otherwise stated)

### 3 Management of Financial Risk and Insurance Risk

The Group's activities expose it to a variety of financial risks: financial risk including market risk (comprising foreign currency risk, price risk and interest rate risk), credit risk, liquidity risk and insurance risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. Risk management is carried out by the senior management of the Group.

#### 3.1 Financial Risk

##### (a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risks, which arise from foreign exchange rates (currency risk), market prices (price risk) and market interest rates (interest rate risk).

##### Foreign Currency risk

Foreign currency risk is the risk of loss resulting from changes in foreign currency exchange rates. Fluctuations in exchange rates between the RMB and other currencies in which the Group conducts business may affect its financial position and results of operations. The foreign currency risk assumed by the Group mainly comes from movements in the USD/RMB and HKD/RMB exchange rates. The Group mainly operates in the PRC with most of the transactions settled in RMB.

The group's exposure to foreign currency risk at the end of the reporting period was as follows:

	31 December 2021			
	RMB	USD (RMB equivalent)	HKD (RMB equivalent)	RMB equivalent total
Cash and cash equivalents	2,661,393	154,159	249,324	3,064,876
Financial assets at fair value through profit or loss	3,259,521	1,695,533	–	4,955,054
	5,920,914	1,849,692	249,324	8,019,930

	31 December 2020			
	RMB	USD (RMB equivalent)	HKD (RMB equivalent)	RMB equivalent total
Cash and cash equivalents	1,921,869	5,816,650	181,856	7,920,375
Financial assets at fair value through profit or loss	1,866,165	1,715,340	–	3,581,505
	3,788,034	7,531,990	181,856	11,501,880

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

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

(All amounts expressed in RMB thousand unless otherwise stated)

### 3 Management of Financial Risk and Insurance Risk (Continued)

#### 3.1 Financial Risk (Continued)

##### (a) Market risk (Continued)

###### 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 2021 RMB'000	31 December 2020 RMB'000
USD	+ 5%	92,485	376,599
USD	- 5%	(92,485)	(376,599)

###### 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% (2020: 5%) higher/lower as at 31 December 2021, profit of loss for the year would have been approximately RMB127,699 thousand (31 December 2020: RMB145,868 thousand) higher/lower, excluding the wealth management products issued by banks.

###### 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 24 and Note 26.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

(All amounts expressed in RMB thousand unless otherwise stated)

### 3 Management of Financial Risk and Insurance Risk (Continued)

#### 3.1 Financial Risk (Continued)

##### (b) Credit risk

The Group is exposed to credit risk in relation to its cash and cash equivalents, restricted cash, term deposits, financial assets at amortized cost, trade and other receivables. The carrying amounts of each class of the above financial assets represent the Group's maximum exposure to credit risk in relation to financial assets.

##### Credit risk of cash and cash equivalents, restricted cash and term deposits

The Group's cash and cash equivalents, restricted cash and term deposits are mainly deposited in reputable banks and financial institutions which are generally considered to be relatively stable. The Group considers that there is no significant credit risk and is not subject to any material losses due to the default of the other parties.

##### Credit risk of financial assets at amortized cost

As to financial assets at amortized cost, which mainly includes debt investment schemes, the Group manages the credit risk of these investments mainly through controlling the investment scales, selecting counterparties within the financial institutions with appropriate credit quality prudently, balancing the credit risk and rate of return of investment and considering the internal and external credit rating information comprehensively. The Group applies expected credit losses prescribed by IFRS 9, to make provision for financial assets at amortized cost.

##### Credit risk of trade receivables

The Group applies the simplified approach to measure expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, the Group categorizes its trade receivables based on the nature of customer accounts, shared credit risk characteristics and account aging. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of trade receivables and adjusts for forward looking macroeconomic data.

The assessed expected credit losses for the trade receivables as of 31 December 2021 and 2020 are determined as follows:

As at 31 December 2021	0-90 days	90-180 days	180-365 days	365-730 days	Over 730 days	Total
Gross carrying amount	1,149,043	183,281	151,604	81,367	48,811	1,614,106
Expected credit loss rate	1.6%	1.6%	0.4%	7.3%	67.7%	3.7%
Expected credit loss	17,899	2,955	617	5,941	33,049	60,461

As at 31 December 2020	0-90 days	90-180 days	180-365 days	365-730 days	Over 730 days	Total
Gross carrying amount	744,081	111,651	72,487	146,914	21,305	1,096,438
Expected credit loss rate	2.3%	2.3%	2.4%	2.6%	60.7%	3.5%
Expected credit loss	17,114	2,568	1,757	3,847	12,941	38,227

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

(All amounts expressed in RMB thousand unless otherwise stated)

### 3 Management of Financial Risk and Insurance Risk (Continued)

#### 3.1 Financial Risk (Continued)

##### (b) Credit risk (Continued)

###### Credit risk of trade receivables (Continued)

The reconciliation of closing loss allowances for trade receivables as at 31 December 2021 and 2020 to the opening loss allowances as follows:

	31 December 2021	31 December 2020
At the beginning of the year	38,227	17,344
Movement in loss allowance for trade receivables	22,234	20,883
<b>At the end of the year</b>	<b>60,461</b>	<b>38,227</b>

###### Credit risk of other receivables

Other receivables mainly comprise agent business related receivables, deposit, amounts due to related parties, exercise cost of share options 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 behaviour 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.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

(All amounts expressed in RMB thousand unless otherwise stated)

### 3 Management of Financial Risk and Insurance Risk (Continued)

#### 3.1 Financial Risk (Continued)

##### (c) Liquidity risk

The Group aims to maintain sufficient cash and cash equivalents and marketable securities to mitigate its liquidity risk. Due to the dynamic nature of the underlying businesses, the Group maintains flexibility in funding by maintaining adequate cash and cash equivalents.

The table below analyses 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 2021					
	On demand	Within 1 year	1 to 5 years	Over 5 years	Undated	Total
Liabilities:						
Lease liabilities	–	82,164	140,116	495	–	222,775
Trade and other payables	–	2,017,315	–	–	43	2,017,358
	–	2,099,479	140,116	495	43	2,240,133

	As at 31 December 2020					
	On demand	Within 1 year	1 to 5 years	Over 5 years	Undated	Total
Liabilities:						
Lease liabilities	–	76,626	44,566	–	–	121,192
Trade and other payables	–	1,280,325	–	–	44	1,280,369
	–	1,356,951	44,566	–	44	1,401,561

#### 3.2 Insurance risk

Insurance risk refers to the risk that actual indemnity might exceed expected indemnity due to the frequency and severity of insurance accidents. The principal risk the Group faces under such contracts is that the actual claims and benefit payments exceed the carrying amount of contract liabilities of Health Membership Plans. This could occur due to any of the following factors:

- Occurrence risk – the possibility that the number of insured events will differ from those expected.
- Severity risk – the possibility that the cost of the events will differ from those expected.
- Development risk – the possibility that changes may occur in the amount of the Group's obligation at the end of the contract period.

The variability of risks is improved by diversification of risk of loss to a large portfolio of Health Membership Plans as a more diversified portfolio is less likely to be affected across the board by change in any subset of the portfolio. The variability of risks is also improved by careful selection and implementation of business developing strategies and guidelines.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

(All amounts expressed in RMB thousand unless otherwise stated)

### 3 Management of Financial Risk and Insurance Risk (Continued)

#### 3.2 Insurance risk (Continued)

##### *Key assumptions*

Claim liabilities are mainly based on assumptions of expected loss ratio which is determined after considering industry benchmark, experience data, and margin factors. These assumptions are made in respect of average claim costs, obligation handling costs and obligation fulfilling ratio. The Group develops its average claim cost, obligation handling costs and obligation fulfilling ratio based on industry analysis and the Group's historical claim payments experience. Additional judgment is used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates.

##### *Sensitivities*

The claim liabilities for Health Membership Plans are sensitive to the above key assumptions. The sensitivity of certain variables including legislative change, uncertainty in the estimation process, etc., is not possible to quantify. Furthermore, because of delays that arise between the occurrence of a claim, its subsequent notification and eventual settlement, the outstanding claim liabilities are not known with certainty at the end of the reporting period.

To illustrate the sensitivities of expected loss ratio, while other assumptions remain unchanged, a 5% increase in expected loss ratio would increase claim liabilities of Health Membership Plans as at 31 December 2021 by RMB9,831 thousand (31 December 2020: RMB6,580 thousand).

##### **Contract liabilities of Health Membership Plans**

	31 December 2021	31 December 2020
Unearned revenue liabilities	80,352	224,460
Claim liabilities	172,701	144,630
	<b>253,053</b>	369,090

##### **Movements of contract liabilities of Health Membership Plans**

###### Movements of unearned revenue liabilities

	Contract liabilities
As at 31 December 2020	224,460
Increase	356,656
Decrease	(500,764)
<b>As at 31 December 2021</b>	<b>80,352</b>

###### Movements of claim liabilities

	Contract liabilities
As at 31 December 2020	144,630
Increase	67,194
Decrease	(39,123)
<b>As at 31 December 2021</b>	<b>172,701</b>

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

(All amounts expressed in RMB thousand unless otherwise stated)

### 3 Management of Financial Risk and Insurance Risk (Continued)

#### 3.3 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to enhance shareholders' value in the long-term.

The Group monitors capital (including share capital and reserves) by regularly reviewing the capital structure. As a part of this review, the Company considers the cost of capital and the risks associated with the issued share capital. The Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or repurchase the Company's shares. In the opinion of the directors of the Company, the Group's capital risk is low.

#### 3.4 Fair value estimation

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

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

##### *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, analyse 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.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

(All amounts expressed in RMB thousand unless otherwise stated)

### 3 Management of Financial Risk and Insurance Risk (Continued)

#### 3.4 Fair value estimation (Continued)

##### *Determination of fair value and fair value hierarchy* (Continued)

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 recognised 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.

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

	As at 31 December 2021			Total
	Level 1	Level 2	Level 3	
<b>Assets measured at fair value</b>				
Financial assets at fair value through profit or loss				
– Equity investments	–	2,738,153	2,216,901	4,955,054

	As at 31 December 2020			Total
	Level 1	Level 2	Level 3	
<b>Assets measured at fair value</b>				
Financial assets at fair value through profit or loss				
– Equity investments	–	2,923,391	658,114	3,581,505

During the year, there were no transfers among different levels of fair values measurement.

##### Valuation techniques

The fair value of the unquoted equity investments has been determined using valuation techniques such as comparable company valuation multiples, recent transaction prices of the same or similar instruments, with appropriate adjustments made where applicable, for example, for lack of liquidity using option pricing models. The valuation requires management to make certain assumptions about unobservable inputs to the model, which mainly include historical volatility and estimated time period prior to the listing of the unquoted equity instruments, etc. The fair value of the unquoted equity investments is not significant to the Group.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

(All amounts expressed in RMB thousand unless otherwise stated)

### 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 recognised in the financial statements.

#### (a) Recoverability of non-financial assets

The Group tests annually whether goodwill has suffered any impairment. Goodwill and other non-financial assets, mainly including property, plant and equipment, other intangible assets and investments in associates and joint ventures are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts have been determined based on fair value less costs of disposal or value-in-use calculations. These calculations require the use of judgements and estimates.

Judgement is required to identify any impairment indicators existing for any of the Group's goodwill, other non-financial assets, to determine appropriate impairment approaches, i.e., fair value less costs of disposal or value in use, for impairment review purposes, and to select key assumptions applied in the adopted valuation models, including discounted cash flows and market approach. Changing the assumptions selected by management in assessing impairment could materially affect the result of the impairment test and in turn affect the Group's financial position and results of operations. If there is a significant adverse change in the key assumptions applied, it may be necessary to take additional impairment charge to the consolidated statement of comprehensive income.

#### (b) Valuation of Health Membership Plans contract liabilities

At the end of the reporting period, when measuring the contract liabilities of Health Membership Plans, the Group needs to make a reasonable estimate of amounts of the payments which the Group is required to make in fulfilling the obligations under the contracts, based on information currently available at the end of the reporting period.

At the end of the reporting period, the Group shall make an estimate of the assumptions used in the measurement of Health Membership Plans contract liabilities. Such assumptions shall be determined based on information currently available at the end of the reporting period. To determine these assumptions, the Group selects proper risk margins according to both uncertainties and degree of impact of expected future cash outflows. Refer to Note 2.21(a) for the accounting policies and estimates.

The major assumptions needed in measuring claim liabilities include expected loss ratio which can be used to predict the future cost of claims. The assumptions are based on the Group's historical claim payments experience and industry experiences, taking into consideration changes in the Group's policies such as the underwriting policy, expenses and obligation handling, and changing trends in external environments such as economic conditions, regulations and legislation. The Group determined the risk margin assumptions for claim liabilities based on the industry experience ranged from 2.5% to 3%.

#### (c) Uncertain tax positions

Deferred tax assets are recognised 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 recognised any deferred tax assets resulting from operating loss and deductible temporary differences.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

(All amounts expressed in RMB thousand unless otherwise stated)

### 5 Revenue and Segment Information

#### (a) Disaggregation of revenue from contracts with customers

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 has changed the structure of internal organization in a manner that causes the composition of the Group's reportable segments to change. During the reporting period, the Group combined the online medical service segment and pharmaceuticals sales, which were formerly presented in health mall segment to medical services segment. In addition, consumer healthcare segment, the remaining health mall segment and health management and wellness interaction segment have been regrouped as health services segment to better reflect the Group's operating strategy. The corresponding items of segment information for earlier period has been restated.

CODM assesses the performance of the operating segments mainly based on segment revenue and gross profit of each operating segment which is used by management as a basis for the purpose of resource allocation and assessment of segment performance. The selling and marketing expenses and administrative expenses are not included in the measurement of the segments' performance. Other income, other gains/(losses) – net, finance income – net, share of losses of associates and joint ventures, and income tax expense are also not allocated to individual operating segments.

Revenues from external customers reported to CODM are measured as segment revenue, which is derived from the customers in each segment. Cost of sales primarily comprises cost of medical service fee, inventories consumed, salary and compensation expenses, and others.

The segment information provided to CODM is measured in a manner consistent with that applied in these financial statements. There was no information on separate segment assets or segment liabilities provided to CODM, as CODM does not use such information to allocate resources to or evaluate the performance of the operating segments.

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

	For the year ended 31 December 2021		
	Medical services	Health services	Total
Revenue from customers	2,288,052	5,046,162	7,334,214
Medical related services	753,252	1,730,631	2,483,883
Sales of goods	1,462,887	3,211,835	4,674,722
Commission income	71,913	35,308	107,221
Other services	–	68,388	68,388
Cost of sales	(1,462,185)	(4,165,168)	(5,627,353)
<b>Gross Profit</b>	<b>825,867</b>	<b>880,994</b>	<b>1,706,861</b>

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

(All amounts expressed in RMB thousand unless otherwise stated)

### 5 Revenue and Segment Information (Continued)

#### (a) Disaggregation of revenue from contracts with customers (Continued)

	For the year ended 31 December 2020 (restated)		Total
	Medical services	Health services	
Revenue from customers	2,119,273	4,746,714	6,865,987
Medical related services	1,213,090	1,369,542	2,582,632
Sales of goods	905,229	3,166,007	4,071,236
Commission income	954	10,491	11,445
Other services	–	200,674	200,674
Cost of sales	(1,153,369)	(3,848,204)	(5,001,573)
<b>Gross Profit</b>	<b>965,904</b>	<b>898,510</b>	<b>1,864,414</b>

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 2021, most of the non-current assets of the Group were located in the PRC.

#### (b) Contract related assets and liabilities

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

	Year ended 31 December	
	2021	2020
Contract related assets		
Medical services	<b>52,802</b>	6,486
Health services	<b>29,327</b>	95,545
	<b>82,129</b>	102,031
Contract liabilities		
Medical services	<b>429,595</b>	155,846
Health services	<b>522,781</b>	573,962
	<b>952,376</b>	729,808

#### (i) Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised during the year relates to carried-forward contract liabilities:

	Year ended 31 December	
	2021	2020
Revenue recognised that was included in the contract liability balance at the beginning of the period		
Medical services	<b>155,846</b>	212,752
Health services	<b>571,570</b>	618,645
	<b>727,416</b>	831,397

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

(All amounts expressed in RMB thousand unless otherwise stated)

### 5 Revenue and Segment Information (Continued)

#### (b) Contract related assets and liabilities (Continued)

##### (ii) Unsatisfied performance obligations

The following table shows unsatisfied performance obligations as at 31 December 2021 and 2020:

	At 31 December	
	2021	2020
Medical services	476,765	155,846
Health services	522,780	596,072
	<b>999,545</b>	<b>751,918</b>

Management expects that more than 95% of the transaction price allocated to the unsatisfied contracts as at 31 December 2021 will be recognised as revenue during the next reporting period.

##### (iii) Assets recognised from incremental costs to obtain a contract

In addition to the contract balances disclosed above, the Group has also recognised 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	
	2021	2020
Asset recognised from costs incurred to obtain a contract at 31 December 2021 and 2020		
Medical services	52,802	6,486
Health services	29,327	95,545
	<b>82,129</b>	<b>102,031</b>
Amortisation recognised as selling and marketing expenses for provision of services during the period		
Medical services	225,102	440,203
Health services	253,428	208,387
	<b>478,530</b>	<b>648,590</b>

In adopting IFRS 15, the Group recognised 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 recognised on such contract related assets.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

(All amounts expressed in RMB thousand unless otherwise stated)

### 6 Expenses by Nature

	Year ended 31 December	
	2021	2020
Cost of merchandise	<b>4,313,991</b>	3,737,050
Employee benefit expenses (Note 7)	<b>1,710,674</b>	1,181,354
Direct sale and business development fee (Note a)	<b>1,253,108</b>	959,586
Cost for service fee paid to vendors	<b>1,156,129</b>	866,124
Consulting expenses	<b>272,041</b>	209,941
Travelling, entertainment expenses and general office expense	<b>136,246</b>	127,951
Depreciation of right-of-use assets	<b>104,143</b>	73,587
Labor outsourcing expense	<b>88,625</b>	35,449
Depreciation of property, plant and equipment	<b>68,421</b>	68,852
Postage and communication expenses	<b>67,820</b>	66,489
Amortization of other intangible assets	<b>34,376</b>	27,338
Clearing fee	<b>32,713</b>	15,008
Tax and surcharges	<b>26,556</b>	14,236
Leasing expenses	<b>11,118</b>	11,399
Remuneration of the auditors	<b>4,150</b>	3,422
Change of contract liabilities of Health Membership Plans (Note b)	<b>(116,038)</b>	158,824
Others	<b>66,521</b>	48,673
	<b>9,230,594</b>	7,605,283

Notes:

(a) The direct sale and business development fee includes commission expenses, advertising expenses and promotion expenses.

(b) The change of contract liabilities of Health Membership Plans reflected in profit and loss is the movement of unearned revenue liabilities and claim liabilities of Health Membership Plans which is stated in Note 31.

### 7 Employee Benefit Expenses (Including directors' remuneration)

	Year ended 31 December	
	2021	2020
Wages, salaries and bonuses	<b>1,252,699</b>	876,324
Welfare and other benefits	<b>378,409</b>	240,037
Share-based payments	<b>79,566</b>	64,993
	<b>1,710,674</b>	1,181,354

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

(All amounts expressed in RMB thousand unless otherwise stated)

### 8 Directors' Remuneration

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

	Year ended 31 December	
	2021	2020
Wages, salaries and bonuses	18,941	12,054
Pension costs – defined contribution plans	32	6
Other social security costs, housing benefits and other employee benefits	98	427
Share-based payments	9,238	1,820
	<b>28,309</b>	<b>14,307</b>

The remuneration of each director for the year ended 31 December 2021 is set out as follows:

	Year ended 31 December 2021					Total
	Wages, salaries and bonuses	Pension costs – defined contribution plans	Other social security costs, housing benefits and other employee benefits	Share-based payments		
<b>Executive directors</b>						
– Fang Weihao (Chairman)	17,460	32	98	9,238		26,828
<b>Non-executive directors</b>						
– Cai Fang Fang <sup>1</sup>	–	–	–	–		–
– Yao Jason Bo <sup>1</sup>	–	–	–	–		–
– Tan Sin Yin	–	–	–	–		–
– Lin Lijun	–	–	–	–		–
– Pan Zhongwu	–	–	–	–		–
– Zhu Ziyang <sup>2</sup>	–	–	–	–		–
<b>Independent non-executive directors</b>						
– Tang Yunwei	407	–	–	–		407
– Guo Tianyong	407	–	–	–		407
– Liu Xin <sup>3</sup>	266	–	–	–		266
– Chow Wing Kin Anthony	401	–	–	–		401
	<b>18,941</b>	<b>32</b>	<b>98</b>	<b>9,238</b>		<b>28,309</b>

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

(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 2020 is set out as follows:

	Year ended 31 December 2020					Total
	Wages, salaries and bonuses	Pension costs – defined contribution plans	Other social security costs, housing benefits and other employee benefits	Share-based payments		
<b>Executive directors</b>						
– Fang Weihao (Chairman)	3,813	4	130	1,820		5,767
– Wang Tao <sup>4</sup>	6,418	2	297	–		6,717
<b>Non-executive directors</b>						
– Cai Fang Fang <sup>1</sup>	–	–	–	–		–
– Yao Jason Bo <sup>1</sup>	–	–	–	–		–
– Tan Sin Yin	–	–	–	–		–
– Lin Lijun	–	–	–	–		–
– Pan Zhongwu	–	–	–	–		–
– Wang Wenjun <sup>5</sup>	–	–	–	–		–
– Dou Wenwei <sup>5</sup>	–	–	–	–		–
<b>Independent non-executive directors</b>						
– Tang Yunwei	462	–	–	–		462
– Guo Tianyong	462	–	–	–		462
– Liu Xin <sup>3</sup>	462	–	–	–		462
– Chow Wing Kin Anthony	437	–	–	–		437
	12,054	6	427	1,820		14,307

Notes:

1. Resigned from non-executive directors since August 2021.
2. Appointed as non-executive director since December 2021.
3. Resigned from independent non-executive director since August 2021.
4. Resigned from executive director since May 2020.
5. Resigned from non-executive directors since February 2020.
6. 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 2021 and 2020.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

(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 2021 and 2020.

#### (iii) Directors' termination benefits

There was no termination benefits paid to directors during 2021 and 2020.

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

There was no payment to third parties for making available directors' services during 2021 and 2020.

#### (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 2021 and 2020.

#### (vi) Directors' material interests in transactions, arrangements or contracts

There was no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

### 9 Five Highest Paid Individuals

The five individuals whose emoluments were the highest in the Group include one director during the year ended 31 December 2021 (2020: two), and their emoluments are reflected in the analysis shown in Note 8. The emoluments payable to the remaining four (2020: three) individuals during the year ended 31 December 2021, are as follows:

	Year ended 31 December	
	2021	2020
Wages, salaries and bonuses	16,483	10,032
Pension costs – defined contribution plans	132	68
Other social security costs, housing benefits and other employee benefits	265	865
Share-based payments	8,459	6,098
	25,339	17,063

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

(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	
	2021	2020
Nil to RMB1,000,000	–	–
RMB1,000,001 to RMB2,000,000	–	–
RMB2,000,001 to RMB3,000,000	–	1
RMB3,000,001 to RMB4,000,000	–	–
RMB4,000,001 to RMB5,000,000	2	–
RMB5,000,001 to RMB6,000,000	1	1
RMB6,000,001 to RMB10,000,000	1	1
	<b>4</b>	<b>3</b>

During the years ended 31 December 2021 and 2020, 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	
	2021	2020
Interest on financial assets at amortized cost	<b>140,990</b>	99,474
Short-term investments placed with banks	<b>66,982</b>	42,889
Government grants	<b>66,799</b>	63,063
	<b>274,771</b>	205,426

### 11 Other Losses

	Year ended 31 December	
	2021	2020
Net foreign exchange losses	<b>(42,648)</b>	(367,699)
Gains on disposal of financial assets at fair value through profits or loss	<b>25,763</b>	17,056
Net gains on disposals and deemed disposals of joint ventures	–	3,166
Net gains on disposals and deemed disposals of subsidiaries	<b>5,087</b>	–
Fair value (losses)/gains on financial assets at fair value through profit or loss	<b>21,382</b>	(1,438)
Impairment losses of financial assets	<b>(22,159)</b>	(30,955)
Others	<b>(9,291)</b>	(5,399)
	<b>(21,866)</b>	(385,269)

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2021  
(All amounts expressed in RMB thousand unless otherwise stated)

### 12 Finance Income – Net

	Year ended 31 December	
	2021	2020
Finance income		
Interest income	169,471	105,679
Finance costs		
Interest expenses on lease liabilities	(10,830)	(5,993)
	158,641	99,686

### 13 Income Tax Expense

The income tax expense of the Group for the year ended 31 December 2021 is analysed as follows:

	Year ended 31 December	
	2021	2020
Current income tax	15,792	7,155

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	
	2021	2020
<b>Loss before income tax</b>	<b>(1,523,607)</b>	<b>(941,348)</b>
Tax calculated at PRC statutory income tax rate of 25%	(380,902)	(235,337)
Tax effects of		
– Differential income tax rates applicable to overseas subsidiaries (Note a)(Note b)	(236)	132,468
– Income not subject to tax	(11,171)	–
– Expenses not deductible for tax purposes	107,229	153,670
– Tax losses and temporary differences for which no deferred income tax asset was recognised	299,085	40,937
– PRC withholding income tax	10,159	3,003
– Adjustments for current tax of prior periods	1,346	(718)
– Super deduction for research and development expenses	(1,001)	(986)
– Previously unrecognised tax losses now recouped to reduce current tax expense	–	(15,653)
– Previously unrecognised temporary differences now recouped to reduce current tax expense	(8,717)	(70,229)
<b>Income tax expense</b>	<b>15,792</b>	<b>7,155</b>

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

(All amounts expressed in RMB thousand unless otherwise stated)

### 13 Income Tax Expense (Continued)

The unused tax losses as at 31 December 2021 are analysed as follows:

	At 31 December	
	2021	2020
Unused tax losses for which no deferred tax asset has been recognised	<b>3,226,665</b>	2,900,296
Potential tax benefit @ 25%	<b>792,246</b>	694,702
Potential tax benefit @ 16.5%	<b>9,518</b>	20,045

Notes:

(a) *Cayman Islands Income Tax*

*The Company is incorporated under the laws of the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and is accordingly not subject to Cayman Islands income tax.*

(b) *Hong Kong Income Tax*

*Hong Kong income tax rate is 16.5%. No Hong Kong profits tax was provided for as there was no estimated assessable profit that was subject to Hong Kong profits tax during the reporting period.*

(c) *PRC Corporate Income Tax ("CIT")*

*The income tax provision of the Group in respect of its operations in PRC was calculated at the tax rate of 25% on the assessable profits for the reporting period, based on the existing legislation, interpretations and practices in respect thereof. According to the relevant tax circulars issued by the PRC tax authorities, some subsidiaries of the Group are entitled to certain tax concessions as they are regarded as small and micro enterprises.*

(d) *PRC Withholding Tax ("WHT")*

*According to the New Corporate Income Tax Law ("New CIT Law"), distribution of profits earned by PRC companies since 1 January 2008 to foreign investors is subject to withholding tax of 5% or 10%, depending on the country of incorporation of the foreign investor, upon the distribution of profits to overseas-incorporated immediate holding companies. WHT of the Group was levied on interests income received on the loans provided by the Company to PAHC.*

*The Group does not have any plan to require its PRC subsidiaries to distribute their retained earnings and intends to retain them to operate and expand its business in the PRC. Accordingly, no deferred income tax liability on WHT was accrued as at 31 December 2021 (31 December 2020: nil).*

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

(All amounts expressed in RMB thousand unless otherwise stated)

### 14 Loss Per Share

- (a) Basic loss per share for the year ended 31 December 2021 are calculated by dividing the loss attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the year and excluding treasury shares.

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

	Year ended 31 December	
	2021	2020
Loss attributable to the owners of the Company	<b>(1,538,183)</b>	(948,478)
Weighted average number of ordinary shares in issue ('000)	<b>1,102,771</b>	1,029,290
Basic loss per share (RMB yuan)	<b>(1.39)</b>	(0.92)

- (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 2021, 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 2021 are same as basic loss per share.

### 15 Goodwill

	As at	Increase	Decrease	As at
	1 January 2021			31 December 2021
Ping An Wanjia Healthcare Investment Management Co., Ltd. ("Wanjia Healthcare") (Note a)	<b>961,644</b>	–	–	<b>961,644</b>
Jiangxi Pingan Good Doctor Pharmacy Company Limited ("Jiangxi Pingan Good Doctor") (Note b)	<b>5,119</b>	–	–	<b>5,119</b>
Pingan Yingjian Medical Management (Shanghai) Limited ("Yingjian Medical") (Note c)	<b>3,166</b>	–	–	<b>3,166</b>
Total	<b>969,929</b>	–	–	<b>969,929</b>
Less: Impairment losses	–	–	–	–
<b>Net book value</b>	<b>969,929</b>	–	–	<b>969,929</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

(All amounts expressed in RMB thousand unless otherwise stated)

## 15 Goodwill (Continued)

Notes:

- (a) Goodwill amounted to RMB961,644 thousand arising from the acquisition of 100% equity interests in Wanjia Healthcare in October 2018. Following the change in operating and management's reporting structure of Wanjia Healthcare from 2019, approximately RMB582,398 thousand and RMB379,246 thousand of goodwill were re-allocated to two CGUs (medical related CGU and health related CGU respectively). The reallocation was based on a relative fair values of the these two operations of Wanjia Healthcare prior to their integration to the Group.

As at 31 December 2021, management prepared a value-in-use assessment by using cash flow projections based on business plan for the purposes of impairment review covering an eight-year's period. Under paragraph 33(b) of IAS 36, a period longer than five years can be used if it is justifiable. Given the Group expects to maintain an extended high growth rate over a period longer than 5 years, management of the Group considers that the Group's business is expected to reach a steady and stable terminal growth state likely after an eight-year's period. As the pioneer in the online healthcare industry, management believes they are better positioned to forecast cash flows for an extended period over 5 years. The expected annual growth rates over the eight-year's forecast period are based on the Group's past performance and management's expectation of future market and business developments.

As at 31 December 2021, for medical related CGU, key assumptions for goodwill used for value-in-use calculations include annual growth rates ranging from 6% to 29% (2020: from 10% to 26%), and gross margin ranging from 58% to 65% (2020: from 64% to 65%), while for the health related CGU, annual growth rates ranging from 6% to 28% (2020: from 7% to 25%), and gross margin ranging from 33% to 37% (2020: from 41% to 44%). As at 31 December 2021, the discount rate used for medical related CGU of 19.09% (2020: 21.60%) and the discount rate used for health related CGU of 19.09% (2020: 20.05%) are pre-tax rates and 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 RMB2,009,627 thousand (2020: RMB1,755,226 thousand) and for the health related CGU, the excess was approximately RMB1,567,862 thousand (2020: RMB1,013,173 thousand) as at 31 December 2021. 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 equal recoverable amount (in percent) 2021
Medical related CGU	Assuming the annual growth rate for each year during the eight-year period decreased by 3.8% and shall be no less than the terminal growth rate of 3%
Health related CGU	Assuming the annual growth rate for each year during the eight-year period decreased by 2.7% and shall be no less than the terminal growth rate of 3%

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2021  
(All amounts expressed in RMB thousand unless otherwise stated)

### 15 Goodwill (Continued)

Notes: (Continued)

(b) Goodwill amounted to RMB5,119 thousand arising from the acquisition of 100% equity interests in Jiangxi Pingan Good Doctor in April 2016.

(c) Goodwill amounted to RMB3,166 thousand arising from the acquirement of control over Yingjian Medical in April 2020.

### 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 2021	At 1 January 2021
<b>Right-of-use assets</b>		
Properties	196,913	115,417
<b>Lease liabilities</b>		
Current	80,377	74,844
Non-current	120,918	39,121
	<b>201,295</b>	<b>113,965</b>

Addition to the cost of right-of-use assets during the 2021 financial year were RMB185,639 thousand.

#### (b) Amounts recognized in the income statement

The income statement shows the following amounts relating to leases:

	Year ended 31 December 2021	2020
<b>Depreciation of right-of-use assets</b>		
Properties	(104,143)	(73,587)
Finance costs	(10,830)	(5,993)

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

(All amounts expressed in RMB thousand unless otherwise stated)

### 17 Property, Plant and Equipment

	Office and telecommunication equipment	Leasehold improvements	Total
<b>As at 1 January 2021</b>			
Cost	297,371	87,343	384,714
Accumulated depreciation	(168,673)	(49,776)	(218,449)
<b>Net book amount</b>	<b>128,698</b>	<b>37,567</b>	<b>166,265</b>
<b>Year ended 31 December 2021</b>			
Opening net book amount	128,698	37,567	166,265
Additions	36,194	11,277	47,471
Acquisition of a subsidiary	23	–	23
Disposal	(5,308)	–	(5,308)
Depreciation charge	(52,882)	(15,539)	(68,421)
<b>Closing net book amount</b>	<b>106,725</b>	<b>33,305</b>	<b>140,030</b>
<b>As at 31 December 2021</b>			
Cost	313,631	98,620	412,251
Accumulated depreciation	(206,906)	(65,315)	(272,221)
<b>Net book amount</b>	<b>106,725</b>	<b>33,305</b>	<b>140,030</b>
<b>As at 1 January 2020</b>			
Cost	255,583	74,340	329,923
Accumulated depreciation	(111,449)	(32,029)	(143,478)
<b>Net book amount</b>	<b>144,134</b>	<b>42,311</b>	<b>186,445</b>
<b>Year ended 31 December 2020</b>			
Opening net book amount	144,134	42,311	186,445
Additions	33,159	11,186	44,345
Acquisition of a subsidiary	2,763	1,566	4,329
Disposal	(2)	–	(2)
Depreciation charge	(51,356)	(17,496)	(68,852)
<b>Closing net book amount</b>	<b>128,698</b>	<b>37,567</b>	<b>166,265</b>
<b>As at 31 December 2020</b>			
Cost	297,371	87,343	384,714
Accumulated depreciation	(168,673)	(49,776)	(218,449)
<b>Net book amount</b>	<b>128,698</b>	<b>37,567</b>	<b>166,265</b>

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

(All amounts expressed in RMB thousand unless otherwise stated)

### 18 Other Intangible Assets

	Software	Licences	Total
<b>As at 1 January 2021</b>			
Cost	117,734	57,472	175,206
Accumulated amortisation	(36,832)	(16,832)	(53,664)
Accumulated impairment	–	(19,569)	(19,569)
<b>Net book amount</b>	<b>80,902</b>	<b>21,071</b>	<b>101,973</b>
<b>Year ended 31 December 2021</b>			
Opening net book amount	80,902	21,071	101,973
Additions (Note a)	35,212	6,965	42,177
Amortisation	(26,563)	(7,813)	(34,376)
Disposal	(4,187)	–	(4,187)
<b>Closing net book amount</b>	<b>85,364</b>	<b>20,223</b>	<b>105,587</b>
<b>As at 31 December 2021</b>			
Cost	141,526	64,437	205,963
Accumulated amortisation	(56,162)	(24,645)	(80,807)
Accumulated impairment	–	(19,569)	(19,569)
<b>Net book amount</b>	<b>85,364</b>	<b>20,223</b>	<b>105,587</b>
<b>As at 1 January 2020</b>			
Cost	94,626	57,472	152,098
Accumulated amortisation	(17,069)	(9,251)	(26,320)
Accumulated impairment	–	(19,569)	(19,569)
<b>Net book amount</b>	<b>77,557</b>	<b>28,652</b>	<b>106,209</b>
<b>Year ended 31 December 2020</b>			
Opening net book amount	77,557	28,652	106,209
Additions	23,059	–	23,059
Acquisition of a subsidiary	43	–	43
Amortisation	(19,757)	(7,581)	(27,338)
<b>Closing net book amount</b>	<b>80,902</b>	<b>21,071</b>	<b>101,973</b>
<b>As at 31 December 2020</b>			
Cost	117,734	57,472	175,206
Accumulated amortisation	(36,832)	(16,832)	(53,664)
Accumulated impairment	–	(19,569)	(19,569)
<b>Net book amount</b>	<b>80,902</b>	<b>21,071</b>	<b>101,973</b>

Notes:

- (a) Addition for the year comprises the pharmacy chain license obtained by the Group in the acquisition of Shanghai Kangrong Pharmacy Co., Ltd. ("Shanghai Kangrong"), which is accounted as an asset acquisition with definite useful life.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

(All amounts expressed in RMB thousand unless otherwise stated)

### 19 Investments in Associates

	At 1 January 2021	Share of profit in associates	At 31 December 2021
Ningbo Chengyi Partnership Enterprise L.P. ("Chengyi")	251,246	5,984	257,230
Shanghai Hydee Software Corp., Ltd. ("Hydee")	131,577	(3,392)	128,185
	<b>382,823</b>	<b>2,592</b>	<b>385,415</b>

The investments in associates as at 31 December 2021 are as follows:

	Place	Principal activities	Percentage of equity interest	Percentage of voting rights
Chengyi	Ningbo	Equity investment management	49.9%	33%
Hydee	Shanghai	Software and information technology services	20%	20%

Summarized financial information of the Group's major associates:

	Chengyi		Hydee	
	Year ended 31 December 2021	2020	Year ended 31 December 2021	2020
The associate's total assets	<b>365,368</b>	353,342	<b>233,804</b>	240,085
The associate's total liabilities	<b>(72)</b>	(37)	<b>(108,038)</b>	(92,714)
The associate's profit/(loss)	<b>11,992</b>	3,058	<b>(16,960)</b>	9,540

As at 31 December 2021, the Group did not recognise any impairment loss on its investments in associates.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

(All amounts expressed in RMB thousand unless otherwise stated)

### 20 Investments in Joint Ventures

	At 1 January 2021	Additional investment	Share of loss in joint ventures	Share of other comprehensive income	At 31 December 2021
Good Doctor Technology Limited (Note a)	13,074	142,901	(97,990)	(86)	57,899
Health Technologies Corp.	55,586	–	56,625	(9,906)	102,305
	68,660	142,901	(41,365)	(9,992)	160,204

Note:

(a) In April 2021, Good Doctor Online Healthcare Limited, the wholly owned subsidiary of the Company, injected additional capital of USD21,950,000 to Good Doctor Technology Limited which was established in Cayman.

The investments in joint ventures as at 31 December 2021 are as follows:

	Place	Principal activities	Percentage of equity interest	Percentage of voting rights
Good Doctor Technology Limited	Cayman	Medical services	67%	51%
Health Technologies Corp.	Japan	Medical services	50%	50%

Summarized financial information of the Group's major joint ventures:

	Good Doctor Technology Limited		Health Technologies Corp.	
	Year ended 31 December 2021	2020	Year ended 31 December 2021	2020
The joint venture's total assets	113,861	66,416	272,780	129,284
The joint venture's total liabilities	(82,094)	(89,202)	(66,980)	(17,034)
The joint venture's loss	(148,635)	(132,590)	113,250	(82,356)
The joint venture's other comprehensive income	(106)	(1,683)	(19,812)	(6,928)

As at 31 December 2021, the Group did not recognise any impairment loss on its investments in joint ventures.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

(All amounts expressed in RMB thousand unless otherwise stated)

### 21 Inventories

	At 31 December 2021	2020
Inventories in warehouse	220,690	152,958
Goods in transit	167,310	–
Inventories stored in third parties	10,073	7,507
Less: impairment provision	–	–
	<b>398,073</b>	<b>160,465</b>

### 22 Trade Receivables

	At 31 December 2021	2020
Medical services	432,943	422,216
Health services	1,181,163	674,222
	<b>1,614,106</b>	<b>1,096,438</b>
Less: Loss allowance	(60,461)	(38,227)
	<b>1,553,645</b>	<b>1,058,211</b>

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

	At 31 December 2021	2020
Up to 3 month	1,149,043	744,081
3 to 6 months	183,281	111,651
6 months to 1 year	151,604	72,487
1 to 2 years	81,367	146,914
More than 2 years	48,811	21,305
	<b>1,614,106</b>	<b>1,096,438</b>
Less: Loss allowance	(60,461)	(38,227)
	<b>1,553,645</b>	<b>1,058,211</b>

Approximately 57% of trade receivables aged more than one year are due from related parties.

(b) Fair values of trade receivables

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

(c) Impairment and risk exposure

The Group applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

(All amounts expressed in RMB thousand unless otherwise stated)

### 23 Prepayments and Other Receivables

	At 31 December	
	2021	2020
Included in current assets		
Agent business related receivable	268,294	–
Advance payments	118,454	210,089
Recoverable value-added tax	62,996	48,578
Deposits	40,551	35,940
Amounts due from related parties (Note a)	13,299	5,900
Exercise cost of share options	10,271	83,600
Interests receivable	2,562	20,177
Prepaid expenses	1,313	7,977
Others	31,615	27,036
	<b>549,355</b>	<b>439,297</b>
Included in non-current assets		
Other receivable	–	76,851

Notes:

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

(b) As at 31 December 2021, 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.

### 24 Financial Assets at Amortized Cost

	At 31 December	
	2021	2020
Included in current assets (Note 34(c))		
Debt schemes	2,109,886	2,020,215
Less: provision for impairment losses	(13,007)	(10,430)
	<b>2,096,879</b>	<b>2,009,785</b>
Included in non-current assets (Note 34(c))		
Debt schemes	500,708	577,749
Less: provision for impairment losses	(2,515)	(6,256)
	<b>498,193</b>	<b>571,493</b>

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

(All amounts expressed in RMB thousand unless otherwise stated)

### 25 Financial Assets at Fair Value Through Profit or Loss

	At 31 December	
	2021	2020
Included in current assets		
Equity investments		
Wealth management products	2,412,454	642,384
Investment funds	2,524,630	2,923,391
	<b>4,937,084</b>	<b>3,565,775</b>
Included in non-current assets		
Equity investments in unlisted companies	17,970	15,730

### 26 Cash and Cash Equivalents, Restricted Cash and Term Deposits

#### (a) Cash and cash equivalents

	At 31 December	
	2021	2020
Cash	30	97
Cash at bank	2,749,719	7,881,530
Short-term bank deposits with initial term within three months	280,558	–
Other cash equivalents	34,569	38,748
	<b>3,064,876</b>	<b>7,920,375</b>

Cash and cash equivalents are denominated in the following currencies:

	At 31 December	
	2021	2020
USD	154,159	5,816,650
HKD	249,324	181,856
RMB	2,661,393	1,921,869
	<b>3,064,876</b>	<b>7,920,375</b>

#### (b) Restricted cash

As at 31 December 2021, restricted deposits held at banks amounted to RMB75,092 thousand, of which RMB70,000 thousand is legally frozen due to litigation(Note 35).

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

(All amounts expressed in RMB thousand unless otherwise stated)

### 26 Cash and Cash Equivalents, Restricted Cash and Term Deposits (Continued)

#### (c) Term deposits

	At 31 December	
	2021	2020
Term deposits with initial term of over one year	2,650,987	838,373
Less: Loss allowance of term deposits	(1,670)	(582)
	<b>2,649,317</b>	<b>837,791</b>

Term deposits are denominated in the following currencies:

	At 31 December	
	2021	2020
RMB	2,650,987	838,373

The weighted average effective interest rate of the term deposits of the Group for the year ended 31 December 2021 is 4.14% (Year ended 31 December 2020: 4.23%).

### 27 Share Capital

	Number of shares		USD
Authorised			
Ordinary shares of USD0.000005 each at 1 January 2021 and 31 December 2021	10,000,000,000		50,000
Issued			
Ordinary shares of USD0.000005 each at 1 January 2021 and 31 December 2021	1,147,294,200	5,736	Equivalent to RMB 35,994

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

(All amounts expressed in RMB thousand unless otherwise stated)

### 28 Treasury Shares

	At 31 December	
	2021	2020
Treasury shares	<b>367,860</b>	2

On 31 December 2021, 15,552,000 shares were purchased from the Hong Kong Stock Exchange. The total repurchasing consideration excluding transaction expenses was HKD450,430 thousand (equivalent to approximately RMB367,858 thousand). The monthly breakdown of share repurchase made by the Company during 2021 is as follows:

Month	Repurchased shares (share)	Highest purchased price (RMB equivalent)	Lowest purchasing price (RMB equivalent)	Repurchasing consideration (RMB equivalent)
December 2021	15,552,000	25.54	21.62	367,858 thousand

These shares had not been canceled as at 31 December 2021.

### 29 Reserves

	At 31 December	
	2021	2020
Other reserves		
– share-based payments – value of employee services	<b>236,374</b>	220,271
Reorganization (Note a)	<b>350,000</b>	350,000
Share premium		
– share premium from capital injection	<b>19,662,022</b>	19,662,022
– share-based payments – value of employee services	<b>188,111</b>	124,648
– proceeds from exercise of share options	<b>389,760</b>	295,965
Exchange differences on translation of foreign operations	<b>(18,229)</b>	(1,116)
Other	<b>2</b>	2
	<b>20,808,040</b>	20,651,792

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 treated as a deemed distribution from the owners.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

(All amounts expressed in RMB thousand unless otherwise stated)

### 30 Share-Based Payments

On 26 December 2014, an equity-settled share-based compensation plan was granted to the employees with the objective to recognise 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 the 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 that it is appropriate to consolidate Le An Xin. The total number of shares pursuant to the Share Option Plan is 70,000,000 after considering the effect of the share subdivision (Note 1).

Subject to the Grantees continuing to be a service provider, 100% of these options will be vested over 4 years upon fulfilling the service conditions and non-market performance conditions prescribed in the share option agreement.

The options should be exercised no earlier than 180 days before the Company successfully completes an initial public offering and the Company's shares get 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 need to be considered.

	Number of share options	
	At 31 December	
	2021	2020
At the beginning of the year	25,804,241	37,857,318
Granted	1,268,500	3,426,000
Exercised (Note a)	(6,229,999)	(11,817,721)
Forfeited	(2,952,810)	(3,661,356)
At the end of the year	17,889,932	25,804,241

Note:

(a) During the year ended 31 December 2021, 6,229,999 ordinary shares were exercised (year ended 31 December 2020: 11,817,721 ordinary shares) at the total consideration of RMB93,795 thousand. The exercise price range from RMB0 each to RMB32 each.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

(All amounts expressed in RMB thousand unless otherwise stated)

### 30 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	
			2021	2020
2014	2024	0.50	<b>405,605</b>	806,105
2015	2025	0.75	<b>2,273,010</b>	3,553,262
2016	2026	5.00	<b>446,000</b>	677,250
2017	2027	23.50-32.00	<b>9,055,150</b>	13,203,809
2019	2029	0-30.95	<b>1,964,986</b>	3,391,740
2020	2030	0	<b>2,664,281</b>	4,172,075
2021	2021	0	<b>1,080,900</b>	–
			<b>17,889,932</b>	<b>25,804,241</b>

Before the Listing, the Company had 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 share. Key assumptions, such as discount rate and projections of future performance, are required to be determined by the Company with best estimate. Based on fair value of the underlying ordinary share, the Company had used Binomial option-pricing model to determine the fair value of the share options as at the grant date.

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 2021 was HKD46.35 per share (equivalent to approximately RMB55.05 yuan per share) (year ended 31 December 2020: HKD74.46 per share (equivalent to approximately RMB64.42 yuan per share)).

For those 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 24 August 2021
Share price	<b>HKD61.75</b>
Risk-free interest rate	<b>0.57%</b>
Volatility	<b>44.69%</b>
Dividend yield	<b>0%</b>

During the year ended 31 December 2021, the Group recorded share-based payments of approximately RMB79,566 thousand (year ended 31 December 2020: RMB64,993 thousand) related to the Share Option Plan.

The remaining contractual life of share options outstanding as at 31 December 2021 is 6.2 years (As at 31 December 2020: 6.9 years).

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

(All amounts expressed in RMB thousand unless otherwise stated)

### 31 Trade and Other Payables

	At 31 December	
	2021	2020
Included in current liabilities		
Trade payables (Note a)	<b>1,054,958</b>	390,605
Wages payable	<b>465,361</b>	448,518
Accrued expense	<b>438,107</b>	326,792
Contract liabilities of Health Membership Plans	<b>253,053</b>	369,090
Tax payables	<b>158,421</b>	134,012
Amounts due to suppliers	<b>80,894</b>	118,744
Agent business related payable	<b>73,779</b>	–
Amounts due to related parties	<b>50,314</b>	61,728
Others	<b>66,210</b>	13,366
	<b>2,641,097</b>	1,862,855
Included in non-current liabilities		
Amounts due to related parties	<b>43</b>	44

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

	At 31 December	
	2021	2020
Up to 3 month	<b>1,022,576</b>	358,437
3 to 6 months	<b>5,994</b>	6,021
6 months to 1 year	<b>7,364</b>	9,605
1 to 2 years	<b>19,024</b>	16,542
	<b>1,054,958</b>	390,605

### 32 Dividends

No dividends have been paid or declared by the Company during the year ended 31 December 2021 (year ended 31 December 2020: nil).

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

(All amounts expressed in RMB thousand unless otherwise stated)

### 33 Cash Flow Information

#### (a) Cash used in operations

	Year ended 31 December	
	2021	2020
Loss for the year	<b>(1,539,399)</b>	(948,503)
Depreciation and amortisation	<b>206,940</b>	169,777
Impairment losses of financial assets	<b>22,159</b>	30,955
Fair value gains on financial assets at fair value through profit or loss	<b>(47,145)</b>	(15,618)
Share of losses of associates and joint ventures	<b>38,773</b>	121,895
Share option expenses	<b>79,566</b>	64,993
Finance income – net	<b>(272,033)</b>	(173,821)
Net gains on disposals and deemed disposals of subsidiaries	<b>(5,087)</b>	–
Net gains on disposals and deemed disposals of joint ventures	–	(3,166)
Net losses on disposals of property, plant and equipment and intangible assets	<b>4,483</b>	–
Net foreign exchange losses	<b>38,352</b>	367,689
Change of inventories	<b>(237,608)</b>	(85,697)
Change of restricted cash	<b>(75,092)</b>	–
Increase in trade receivables and other assets	<b>(621,570)</b>	(601,891)
Increase/(Decrease) in trade payables and other liabilities	<b>1,004,665</b>	(28,885)
	<b>(1,402,996)</b>	(1,102,272)

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

(All amounts expressed in RMB thousand unless otherwise stated)

### 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.

#### (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")	Controlled by Ping An
Ping An Health Insurance Company of China, Ltd. ("Ping An Health")	Controlled by Ping An
Ping An Property & Casualty Insurance Company of China, Ltd. ("Ping An Property & Casualty")	Controlled by Ping An
Ping An Bank Co., Ltd. ("Ping An Bank")	Controlled by Ping An
Ping An Annuity Insurance Company of China, 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. ("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
Shanghai An Yi Tong Electronic Commerce Co., Ltd. ("An Yi Tong")	Controlled by Ping An
Shenzhen Ping An Communication Technology Co., Ltd. ("Ping An Communication Technology")	Controlled by Ping An
Shanghai Zean Investment Management Co., Ltd. ("Zean Investment")	Controlled by Ping An
Ping An International Financial Leasing Company Limited ("Ping An Financial Leasing")	Controlled by Ping An
Ping An Trust Co., Ltd. ("Ping An Trust")	Controlled by Ping An
Ping An Real Estate Company Ltd. ("Ping An Real Estate")	Controlled by Ping An
Shenzhen Ping An Properties Investment Co., Ltd. ("Ping An Properties")	Controlled by Ping An
Shenzhen Pingan Decheng Investment Co., Ltd. ("Ping An Decheng")	Controlled by Ping An
Shenzhen Ping An Huitong Investment Management Co., Ltd. ("Ping An Huitong")	Controlled by Ping An
Ping An Fund Management Co., Ltd. ("Ping An Fund")	Controlled by Ping An
Ping An Asset Management Co. Ltd ("Ping An Asset Management")	Controlled by Ping An
Ping An Wealth Management Co., Ltd. ("Ping An Wealth Management")	Controlled by Ping An
Ping An Financial Technology Consulting Co., Ltd. ("Ping An Financial Tech")	Controlled by Ping An
Shenzhen Pingan Zhihui Enterprise Information Management Co., Ltd. ("Ping An Zhihui")	Controlled by Ping An
Ping An Technology (Shanghai) Co., Ltd. ("Ping An Technology")	Controlled by Ping An
Guangxi Anxuan Real Estate Co., Ltd. ("Guangxi Anxuan")	Controlled by Ping An
Chongqing Anxie Tongxin Real Estate Co., Ltd ("Chongqing Anxie")	Controlled by Ping An
Ping An Chuangzhan Insurance Sales & Service Co., Ltd. ("PingAn Chuangzhan")	Controlled by Ping An
Ping An Haoyi Investment Management Co., Ltd. ("Ping An HaoYi")	Controlled by Ping An
Health Technologies Corp.	Joint venture of the Group
Good Doctor Technology Limited	Joint venture of the Group

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

(All amounts expressed in RMB thousand unless otherwise stated)

### 34 Related Party Transactions (Continued)

#### (b) Significant transactions with related parties

	Year ended 31 December	
	2021	2020
<b>Trademark licensing</b>		
Ping An	–	–
<b>Provision of products and services</b>		
(included in contract liabilities and revenue)		
Ping An Life	1,466,168	1,585,963
Ping An Property & Casualty	554,560	402,722
Ping An Bank	391,957	288,610
Ping An Health	122,733	63,500
Ping An Annuity	68,264	34,271
Financial Services	26,243	27,556
Health Technologies Corp.	21,114	15,297
Ping An Securities	15,723	13,097
Good Doctor Technology Limited	15,356	17,939
Ping An Fund	14,194	16,126
Ping An Trust	6,204	36,097
Ping An Financial Leasing	5,596	6,326
Ping An Technology	4,953	8,068
Shenzhen Wanlitong	4,244	648
<b>Services purchasing</b>		
Ping An Technology	71,558	38,323
Shenzhen Wanlitong	63,637	60,950
Ping An Communication Technology	46,474	43,438
Ping An Property & Casualty	39,774	22,539
Ping An Bank	35,950	306,146
Ping An Life	30,355	–
Financial Services	24,736	23,464
Ping An Real Estate	23,641	–
Ping An	10,529	10,170
Ping An Annuity	8,512	6,584
An Yi Tong	7,888	14,947
Ping An Wealth Management	7,712	10,237
Ping An Pay Tech	7,666	1,326
Ping An Huitong	6,802	6,802
<b>Property leasing</b>		
Zean Investment	27,012	26,659
Ping An Life	10,938	741
<b>Deposit interests</b>		
Ping An Bank	33,575	44,530

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

(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	
	2021	2020
<b>Investment income</b>		
Ping An Asset Management	<b>41,554</b>	8,581
Ping An Bank	<b>32,189</b>	33,230
Ping An Properties	<b>12,295</b>	66,903
Ping An Decheng	<b>1,883</b>	7,414

#### *Trademark licensing*

The Group enters into a trademark licensing framework agreement with Ping An (the "Trademark Licensing Framework Agreement"), pursuant to which Ping An grants to the Group non-exclusive and non-transferable licenses for the use of certain trademarks owned by Ping An that are either registered or for which registration applications have been filed in the PRC or Hong Kong on a royalty-free basis. The initial term of the Trademark Licensing Framework Agreement commenced on 15 November 2017 and ends on 14 November 2022.

#### *Provision of products and services*

The Group provides various types of products and services to Ping An and its subsidiaries ("Ping An Group"), including, but not limited to: (1) online medical services comprising online consultation, hospital referral and appointment, inpatient arrangement and second opinion services; (2) "Healthy Life Pass" prepaid cards and health check-up service package; (3) products in the health mall; and (4) advertising services and comprehensive wellness management services. Fees are paid to the Group by Ping An Group in respect of the provision of such products and services.

The products and services fees the Group charges to Ping An Group are determined on the basis of mutual negotiations between the relevant parties. For the various types of services provided by the Group to Ping An Group, the service fee is determined on a cost-plus margin basis.

#### *Services purchasing*

Ping An Group provides a wide spectrum of services to the Group, including but not limited to consulting services, business promotion services, settlement services, insurance services, online traffic diversion services and customer referral services. The Group, in return, pays service fees to Ping An Group. The precise scope of service, service fee calculation, method of payment and other details of the service arrangement are agreed between the relevant parties separately.

The services fees paid by the Group to Ping An Group are determined on the following basis: (1) through bidding procedure according to the internal rules and procedures of the Group; and (2) if no tendering and bidding process is required under the Group's internal rules, through mutual negotiations between the parties based on historical fees of such services and comparable market rates. The terms are no less favorable to the Group than terms of services available to independent third parties (if applicable) to the Group.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

(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 provides deposit service, financing service and wealth management service to the Group.

The deposit interest rates and the borrowing interest rates are determined which are no less favorable than (1) those available to the Group from independent third parties; and (2) those offered by Ping An Group to independent third parties for deposits under similar or comparable terms. The investment income received by the Group are in line with the average investment income generated by similar types of wealth management services of Ping An Bank provided to independent third parties under similar terms and conditions.

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

	At 31 December	
	2021	2020
<b>Cash and cash equivalents and term deposits</b>		
Ping An Bank	2,128,059	7,258,899
Ping An Securities	203,234	61
Ping An Pay Tech	22,846	25,077
<b>Financial assets at fair value through profit or loss</b>		
Ping An Bank	1,876,546	40,156
Ping An Asset Management	829,097	1,146,416
<b>Trade receivables</b>		
Ping An Property & Casualty	381,522	307,484
Ping An Life	313,541	294,837
Ping An Pay Tech	311,562	7
Ping An Bank	128,781	46,721
Ping An Health	59,796	43,893
Good Doctor Technology Limited	35,299	19,015
Ping An Annuity	14,516	5,755
Health Technologies Corp.	11,974	16,215
Ping An Securities	5,338	995
Ping An Financial Leasing	3,894	3,516
<b>Trade and other payables</b>		
Ping An Technology	15,711	18,205
Ping An Property & Casualty	8,642	8,171
Ping An Communication Technology	6,525	18,653
Ping An Health	6,457	4,621
Ping An Huitong	5,509	3,746

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

(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	
	2021	2020
<b>Prepayments and other receivables</b>		
Ping An Property & Casualty	12,468	2,534
Ping An Annuity	8,471	3,879
Zean Investment	8,334	–
Ping An Health	7,626	1,462
<b>Interests receivables</b>		
Ping An Bank	2,399	19,495
<b>Debt schemes</b>		
Ping An Properties	1,519,496	1,512,366
Ping An Decheng	498,193	497,418
<b>Deposits</b>		
Zean Investment	8,334	7,417
Ping An Life	3,042	183

Apart from the debt schemes with principal of RMB1,500,000 thousand due from Ping An Yuanxin Real Estate and of RMB500,000 thousand due from Ping An Decheng which bear interest rates of 4.3% and 3% per annum respectively, and the interest receivables generated from term deposits and financial assets at fair value through profit or loss due from Ping An Bank calculated based on deposit interest rates, the other balances including other prepayments and other receivables, trade receivables and deposits due from related parties are unsecured, interest-free and repayable on demand.

The balances including trade and other payables due to related parties are unsecured, interest-free and repayable on demand.

#### (d) Key management personnel compensations

Key management includes directors(executive and non-executive) and senior officers. The compensations paid or payable to key management for employee services are shown below:

	Year ended 31 December	
	2021	2020
Wages, salaries and bonuses	27,420	24,841
Welfare and other benefits	343	2,069
Share-based payments	16,943	8,524
	44,706	35,434

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

(All amounts expressed in RMB thousand unless otherwise stated)

### 35 Contingencies

On 29 December 2021, the Group as the defendant, received the first-instance civil judgment from the Intermediate People's Court of Sichuan Liangshan Yi Autonomous Prefecture on an unfair competition dispute case. The Group and its legal counsel have objections on the applicable laws, the facts finding and the result of the first-instance judgment. The Group has appealed to Sichuan Higher People's Court on 17 January 2022 within statute of limitations for appeal. The Group will actively request the court to revoke the first-instance judgment in accordance with the law and reject all the appeals of the appellee. As at the date of this report, the appeal case is still in the preliminary stage. In view of the fact that the first-instance judgement has not yet come into effect and considering the current litigation progress, the Group believes that the outcome of the appeal case is still significantly uncertain, and therefore, the Group has not recognized any contingent liabilities related to the lawsuit as at 31 December 2021.

### 36 Subsequent Events

In January 2022, the Group repurchased 2,410,000 shares from the Hong Kong Stock Exchange in consideration of HKD64,079 thousand (equivalent to approximately RMB52,378 thousand). On 25 January 2022, all the 17,962,000 shares repurchased in December 2021 and January 2022 had been canceled.

Except for the item listed above, there were no material subsequent events need to be disclosed during the period from 31 December 2021 to the approval date of these consolidated financial statements by the Board of Directors on 15 March 2022.

### 37 Comparative Figures

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

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

(All amounts expressed in RMB thousand unless otherwise stated)

### 38 Financial Statement and Reserve Movement of the Company

#### (a) Financial position of the Company

	As at 31 December	
	2021	2020
<b>ASSETS</b>		
<b>Non-current assets</b>		
Prepayments and other receivables	–	2,979,452
Investment in subsidiaries	4,433,651	128,657
<b>Total non-current assets</b>	<b>4,433,651</b>	<b>3,108,109</b>
<b>Current assets</b>		
Prepayments and other receivables	11,979,665	9,451,096
Financial assets at fair value through profit or loss	2,073,087	1,715,340
Cash and cash equivalents	1,469,910	5,957,332
<b>Total current assets</b>	<b>15,522,662</b>	<b>17,123,768</b>
<b>Total assets</b>	<b>19,956,313</b>	<b>20,231,877</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	36	36
Treasury shares	(367,858)	–
Reserves	20,051,782	19,957,987
Retained earnings	194,689	195,050
<b>Total equity</b>	<b>19,878,649</b>	<b>20,153,073</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Trade and other payables	43	44
<b>Total non-current liabilities</b>	<b>43</b>	<b>44</b>
<b>Current liabilities</b>		
Trade and other payables	77,621	78,760
<b>Total current liabilities</b>	<b>77,621</b>	<b>78,760</b>
<b>Total liabilities</b>	<b>77,664</b>	<b>78,804</b>
<b>Total equity and liabilities</b>	<b>19,956,313</b>	<b>20,231,877</b>

The financial statement of the Company was approved by the Board of Directors on 15 March 2022 and was signed on its behalf.

\_\_\_\_\_  
**FANG Weihao**  
*(Director)*

\_\_\_\_\_  
**LIN Lijun**  
*(Director)*

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

(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	
	2021	2020
Administrative expenses	(19,361)	(25,905)
Other income	32,189	5,258
Other gains – net	(113,249)	(571,744)
<b>Operating loss</b>	<b>(100,421)</b>	<b>(592,391)</b>
Finance income	110,219	85,884
<b>Profit/(Loss) before income tax</b>	<b>9,798</b>	<b>(506,507)</b>
Income tax expense	(10,159)	(3,003)
<b>Loss for the year</b>	<b>(361)</b>	<b>(509,510)</b>

#### (c) Reserve movement of the Company

	Reserves	Retained earnings
	<b>As at 1 January 2021</b>	<b>19,957,987</b>
Loss for the year	–	(361)
Exercise of share options	93,795	–
<b>As at 31 December 2021</b>	<b>20,051,782</b>	<b>194,689</b>
<b>As at 1 January 2020</b>	12,885,532	704,560
Loss for the year	–	(509,510)
Placing of new shares	6,869,447	–
Exercise of share options	203,008	–
<b>As at 31 December 2020</b>	<b>19,957,987</b>	<b>195,050</b>

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

(All amounts expressed in RMB thousand unless otherwise stated)

### 39 Subsidiaries and Controlled Structured Entities

#### (a) Subsidiaries

As at 31 December 2021, 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 2021	31 December 2020		
<b>Directly owned:</b>						
Glorious Delight	Hong Kong/ 14 November 2014	USD646,143,922	100%	100%	Investment Holding/ Hong Kong	
Le An Xin (Note 30)	British Virgin Islands ("BVI")/ 17 October 2017	USD0	–	–	Investment Holding/ BVI	
Good Doctor Online Healthcare Limited	Cayman Islands/ 23 July 2018	USD21,950,001	100%	100%	Investment Holding/ Cayman Islands	
Yu Kang Limited	Hong Kong/ 12 December 2018	HKD1 USD21,000,000	100%	100%	Investment Holding/ Hong Kong	
<b>Indirectly owned:</b>						
Kang Jian	the PRC/ 13 February 2015	USD886,193,921	100%	100%	Investment Holding/ the PRC	
Zhongyikang	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	(i)
Shanghai Kangrong	the PRC/ 21 May 2019	RMB10,000,000	100%	–	Medicine Marketing/ the PRC	(ii)
Hefei Yunshantang Nuoke Pharmacy Co., Ltd.	the PRC/ 4 November 2021	RMB1,260,000	100%	–	Medicine Marketing/ the PRC	(iii)
Hefei Yunshantang Nuorui Pharmacy Co., Ltd.	the PRC/ 4 November 2021	RMB1,210,000	100%	–	Medicine Marketing/ the PRC	(iii)
<b>Controlled by the Company pursuant to the Contractual Agreements</b>						
PAHC	the PRC/ 20 August 2014	RMB350,000,000	100%	100%	Development and operation of apps/ the PRC	
Jiangxi Pingan Good Doctor	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	RMB15,000,000	100%	100%	Technology Development/the PRC	(iv)
Qingdao Pingan Good Doctor Internet Hospital Company Limited	the PRC/ 24 April 2017	RMB10,000,000	100%	100%	Hospital/the PRC	
Hefei Ping An Kangjian Internet Hospital Company Limited	the PRC/ 21 September 2017	RMB150,000	100%	100%	Health Consultation/ the PRC	
Jiangsu Nabaite Pharmacy Company Limited	the PRC/ 11 October 2017	RMB10,000,000	100%	100%	Medicine Marketing/ the PRC	

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

(All amounts expressed in RMB thousand unless otherwise stated)

### 39 Subsidiaries and Controlled Structured Entities (Continued)

#### (a) Subsidiaries (Continued)

Company name	Place and date of incorporation/ establishment	Issued and paid-in capital	Attributable economic interest to the Group		Principal activities/ Place of operations	Notes
			31 December 2021	31 December 2020		
<b>Controlled by the Company pursuant to the Contractual Agreements (Continued)</b>						
Shanghai Hao Yi Smart Technology Company Limited ("Shanghai Hao Yi")	the PRC/ 21 November 2017	RMB0	-	70%	Technology Development/the PRC	(v)
Yinchuan Pingan Internet Hospital Company Limited	the PRC/ 12 March 2018	RMB3,000,000	100%	100%	Hospital/the PRC	
Wanjia Healthcare	the PRC/ 4 July 2016	RMB400,000,000	100%	100%	Technology Development/the PRC	
Shanghai Pingan Wanjia Healthcare Management Company Limited	the PRC/ 8 December 2016	RMB100,000,000	100%	100%	Technology Development/the PRC	
Shenzhen Pingan Wanjia Healthcare Investment Company Limited	the PRC/ 11 August 2016	RMB30,000,000	100%	100%	Investment Holding/the PRC	
Xiamen Pingan Wanjia Healthcare Investment Company Limited	the PRC/ 6 December 2016	RMB20,000,000	100%	100%	Investment Holding/the PRC	
Xiamen Siming Wanjia Enjoyment Outpatient Service Department Company Limited	the PRC/ 26 July 2017	RMB11,000,000	100%	100%	Clinic/the PRC	
Shenzhen Anan Outpatient Service Department	the PRC/ 20 June 2017	RMB400,000	100%	100%	Clinic/the PRC	
Pingan Health Insurance Agency Co. Ltd	the PRC/ 10 February 2011	RMB50,000,000	100%	100%	Insurance Agency/the PRC	(vi)
Guangzhou Jifan Biotechnology Company Limited	the PRC/ 23 July 2015	RMB100,000	100%	100%	Medicine Marketing/the PRC	
Pingan (Nantong) Internet Hospital Company Limited	the PRC/ 15 November 2018	RMB10,000	100%	100%	Health Consultation/the PRC	
Hainan Ping An Healthcare and Technology Company Limited	the PRC/ 15 October 2019	RMB610,000	100%	100%	Hospital/the PRC	
Hebei Nabaite Pharmacy Company Limited	the PRC/ 28 December 2019	RMB4,200,000	100%	100%	Medicine Marketing/the PRC	
Yingjian Medical	the PRC/ 24 April 2015	RMB35,000,000	50%	50%	Medical Service/the PRC	
Shanghai Yingjian Clinics Co., Ltd	the PRC/ 12 December 2016	RMB10,000,000	50%	50%	Clinic/the PRC	
Fuzhou Kangjian Medical Technology Company Limited	the PRC/ 8 April 2020	RMB50,000,000	100%	100%	Hospital/the PRC	
Guangxi Pingan Good Doctor Internet Hospital Company Limited	the PRC/ 13 April 2020	RMB3,040,000	51%	51%	Hospital/the PRC	

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

(All amounts expressed in RMB thousand unless otherwise stated)

### 39 Subsidiaries and Controlled Structured Entities (Continued)

#### (a) Subsidiaries (Continued)

Company name	Place and date of incorporation/ establishment	Issued and paid-in capital	Attributable economic interest to the Group		Principal activities/ Place of operations	Notes
			31 December 2021	31 December 2020		
<b>Controlled by the Company pursuant to the Contractual Agreements (Continued)</b>						
Pingan Good Doctor Nanjing Medical Technology Company Limited	the PRC/ 20 May 2020	RMB1,850,000	100%	100%	Hospital/the PRC	
Shenyang Kangjian Intelligent Internet Hospital Company Limited	the PRC/ 22 May 2020	RMB1,200,000	100%	100%	Health Consultation/ the PRC	
Chengdu Ping An Kangjian Internet Hospital Management Company Limited	the PRC/ 14 January 2020	RMB48,600,000	100%	100%	Hospital/the PRC	
Taiyuan Pingan Internet Hospital Company Limited	the PRC/ 30 April 2020	RMB2,000	100%	100%	Health Consultation/ the PRC	
Shanghai Pingan Good Doctor No.8 Internet Hospital Company Limited	the PRC/ 11 June 2020	RMB6,300,000	100%	100%	Hospital/the PRC	
Weihai Kangjian Internet Hospital Co., Ltd.	the PRC/ 6 July 2020	RMB1,420,000	100%	100%	Hospital/the PRC	
Tianjin Pingan Kangjian Internet Hospital Co., Ltd.	the PRC/ 27 September 2020	RMB831,000	100%	100%	Health Consultation/ the PRC	
Harbin Haoyikang Internet Hospital Co., Ltd.	the PRC/ 4 September 2020	RMB2,400,000	100%	100%	Health Consultation/ the PRC	
Zhengzhou Pingan Internet Hospital Co., Ltd.	the PRC/ 10 September 2020	RMB0	100%	100%	Health Consultation/ the PRC	
Hangzhou Kangyijian Medical Technology Co., Ltd.	the PRC/ 13 August 2020	RMB1,000	100%	100%	Technology Development/the PRC	
Guangzhou Kangjian Internet Hospital Co., Ltd.	the PRC/ 2 December 2020	RMB0	100%	100%	Health Consultation/ the PRC	
Chongqing Haoyi Health Internet Hospital Co., Ltd.	the PRC/ 10 December 2020	RMB0	100%	100%	Health Consultation/ the PRC	
Ping An Health (Jiangsu) Internet Co., Ltd.	the PRC/ 17 November 2020	RMB30,000,000	100%	100%	Technology Development/the PRC	
Kunming Haoyi Health Internet Hospital Co., Ltd.	the PRC/ 24 December 2020	RMB0	100%	100%	Health Consultation/ the PRC	

\* All of the subsidiaries of the Company established in the PRC were limited liability company.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

(All amounts expressed in RMB thousand unless otherwise stated)

### 39 Subsidiaries and Controlled Structured Entities (Continued)

#### (a) Subsidiaries (Continued)

Notes:

- (i) *Shanghai Yiteng was formerly named as Shanghai Pingan Health Culture Communication Company Limited.*
- (ii) *Shanghai Yiteng entered into a share purchase agreement with Jiajie Zhengxin and Mr. Hu Jianing in relation to the acquisition of 100% shareholding interest of Shanghai Kangrong. The change of shareholder registration in the local industrial and commercial administration for Shanghai Kangrong was completed on 19 November 2021.*
- (iii) *Hefei Yunshantang Nuoke Pharmacy Co., Ltd. and Hefei Yunshantang Nuorui Pharmacy Co., Ltd. were established by Shanghai Yiteng in the PRC on 4 November 2021. They are wholly-owned subsidiaries of Shanghai Yiteng.*
- (iv) *Tianjin Kuaiyijie Medical Electronic Commerce Company Limited was formerly named as Hefei Kuaiyijie Medical Electronic Commerce Company Limited.*
- (v) *PAHC entered into an agreement with Unisound Intelligence Technology Co., Ltd. to terminate the operation of Shanghai Hao Yi. The deregistration of Shanghai Hao Yi was completed on 24 January 2022.*
- (vi) *Pingan Health Insurance Agency Co. Ltd was formerly named as Guang Dong Y.C. Insurance Agency Company Limited.*

#### (b) Structured entities

As at 31 December 2021, the Group consolidated the following principal structured entities:

Name	Attributable equity interest	Paid-in capital (RMB)	Principal activities
Ping An Huitong Jinyu No.17 Assets Management	100%	1,500,000	Investment in debts
Ping An Huitong Jinyu No.19 Assets Management	100%	570,000	Investment in debts
Ping An Huitong Jinyu No.22 Assets Management	100%	500,000	Investment in debts

- \* *The asset manager of above three asset management plans is Shenzhen Ping An Huitong Investment Management Company Limited, which is controlled by Ping An.*

# Five Year Financial Summary

## Condensed Consolidated Income Statement

	Year ended 31 December				
	2017	2018	2019	2020	2021
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	1,868,021	3,337,849	5,065,429	6,865,987	<b>7,334,214</b>
Gross profit	612,070	911,938	1,171,429	1,864,414	<b>1,706,861</b>
Net loss for the year	(1,001,643)	(913,055)	(746,716)	(948,503)	<b>(1,539,399)</b>
Net loss attributable to the owners of the Company	(1,001,643)	(911,662)	(733,860)	(948,478)	<b>(1,538,183)</b>

## Condensed Consolidated Statement of Financial Position

	As of 31 December				
	2017	2018	2019	2020	2021
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Total assets	5,972,080	12,373,521	12,379,138	18,562,871	<b>17,880,691</b>
Total liabilities	1,938,118	2,106,229	2,709,651	2,706,672	<b>3,794,811</b>
Total equity	4,033,962	10,267,292	9,669,487	15,856,199	<b>14,085,880</b>
Equity attributable to the owners of the Company	4,033,962	10,198,920	9,648,761	15,833,210	<b>14,083,417</b>

# Definitions

*In this Annual Report, unless the context otherwise requires, the following expressions shall have the following meanings:*

“AI”	artificial intelligence, the use of machine to aid or replace human in doing certain tasks by simulating the sight, hearing, senses and thinking of human
“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 Risk Management Committee”	Audit and Risk Management Committee under the Board
“Bang Qi Jian”	Bang Qi Jian Limited (幫騏鍵有限公司), 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
“close associate”	has the meaning ascribed to it under the Listing Rules
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company”, “the Company” or “Ping An Health”	Ping An Healthcare and Technology Company Limited (平安健康醫療科技有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 12 November 2014
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Corporate Governance Code”	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
“Director(s)”	the director(s) of the Company
“EIS Option(s)”	the option(s) granted and to be granted to the Directors and employees of the Group under the Employee Incentive Scheme
“EIS Share(s)”	the Share(s) under the EIS Options which are directly held by Le An Xin

“Employee Incentive Scheme” or “EIS”	the scheme adopted by the Company on 26 December 2014, as amended or otherwise modified from time to time, to grant options to the incentive targets
“Family doctor team”	Ping An Health’s in-house and external doctors as well as health management specialists, nutritionists, and counseling psychologists.
“Fuzhou Kangjian”	Fuzhou Kangjian Medical Technology Co., Ltd. (福州康健醫療科技有限公司), a company incorporated under the laws of the PRC on 8 April 2020, a wholly-owned subsidiary of Ping An Health Cloud and one of our Operating Entities
“Glorious Delight”	Glorious Delight Limited (鑫悦有限公司), 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
“GMV”	gross merchandise volume, the total value of all orders on the platform, including product and service orders under the direct sales and marketplace model (regardless whether the products were returned), as well as the procurement by corporate clients
“Grab”	Grab Holding Inc., a company incorporated under the laws of Cayman Islands on 25 July 2017 and a Southeast Asian technology company headquartered in Singapore and Indonesia. The company, through its subsidiaries, provides software APPs for ride-hailing, food delivery and digital payment services, and is one of the shareholders of Good Doctor Technology Limited
“Grade-A medical record rate”	proportion of Grade-A patient medical records per unit of time to total medical records over the same period.
“Group”, “the Group”, “we”, “us” or “our”	the Company, its subsidiaries and the Operating Entities or, where the context so requires, in respect of the period prior to the Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of the Company at the relevant time
“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 Ping An Good Doctor 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

## Definitions

“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
“Hangzhou Kangyijian”	Hangzhou Kangyijian Medical Technology Co., Ltd. (杭州康醫健醫療科技有限公司), a company incorporated under the laws of the PRC on 22 July 2020, 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 Ping An Good Doctor and one of our Operating Entities
“VAS paying rate”	the number of purchases of value-added services such as drugs, products, or service packages to the number of paid consultations.
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Health Maintenance Organization (HMO)”	a network that provides insured individuals in particular regions with comprehensive medical services in exchange for fixed premiums.
“Hefei Yunshantang Nuoke”	Hefei Yunshantang Nuoke Pharmacy Co., Ltd.* (合肥允善堂諾氮大藥房有限公司), 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
“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 Jiangsu Nabaite and one of our Operating Entities
“Jiangxi Ping An Good Doctor”	Jiangxi Ping An Good Doctor Pharmacy Company Limited (江西平安好醫生大藥房有限公司), 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

\* for identification purposes only

“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
“Le An Xin”	Le An Xin (PTC) Limited, a company incorporated under the laws of BVI on 17 October 2017
“Listing”	the listing of the Shares on the Main Board of the Stock Exchange
“Listing Date”	4 May 2018, the date on which the Shares were listed and on which dealings in the Shares were first permitted to take place on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Last Twelve Months (LTM)”	the timeframe of the immediately preceding 12 months.
“Lufax Holding”	Lufax Holding Ltd. (陸金所控股有限公司), a company incorporated under the laws of the Cayman Islands on 2 December 2014 whose shares are listed on the New York Stock Exchange (NYSE: LU)
“Main Board”	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange
“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
“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 incorporated under the laws of the Cayman Islands on 30 October 2017 whose shares are listed on the New York Stock Exchange (NYSE: OCFT)

## Definitions

“Operating Entities”	collectively, Ping An Health Cloud, Jiangxi Ping An Good Doctor, Tianjin Kuaiyijie, Pingan (Qingdao) Internet Hospital, Pingan (Hefei) Internet Hospital, Jiangsu Nabaite, Shanghai Hao Yi, Pingan (Yinchuan) Internet Hospital, Wanjia Healthcare, Shanghai Pingan Wanjia, Shenzhen Pingan Wanjia, Xiamen Wanjia, Xiamen Siming Wanjia, Anan Outpatient Service Department, Pingan Insurance Agency, Guangzhou Jifan, Pingan (Nantong) Internet Hospital, Hainan Pingan Health, Hebei Nabaite, Yingjian Medical, Shanghai Yingjian Clinics, Fuzhou Kangjian, Pingan (Guangxi) Internet Hospital, Ping An Good Doctor Nanjing Medical Technology, Shenyang Kangjian, Pingan (Chengdu) Internet Hospital, Pingan (Taiyuan) Internet Hospital, Shanghai Pingan (Eighth Hospital), Weihai Kangjian, Pingan (Tianjin) Internet Hospital, Pingan (Harbin) Internet Hospital, Pingan (Zhengzhou) Internet Hospital, Hangzhou Kangyijian, Guangzhou Kangjian Internet Hospital, Pingan (Chongqing) Internet Hospital, Ping An Health (Jiangsu) Internet Hospital and Pingan (Kunming) Internet Hospital, the financial results of which have been consolidated and accounted for as subsidiaries of the Company by virtue of the Contractual Arrangements
“Paying rate”	the proportion of paid consultations to total consultations.
“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.
“Pingan Insurance Agency”	Pingan Health Insurance Agency Co., Ltd (平安健康保險代理有限公司), a company incorporated under the laws of the PRC on 10 February 2011, a wholly-owned subsidiary of Ping An Health Cloud and one of our Operating Entities
“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 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 of China, 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 Puhui”	Ping An Puhui Investment Consultation Co., Ltd. (平安普惠投資諮詢有限公司), a company incorporated under the laws of the PRC on 5 September 2005 and a close associate of Ping An
“Pingan Good Doctor Nanjing Medical Technology”	Ping An Good Doctor Nanjing Medical Technology Co., Ltd. (平安好醫生南京醫療科技有限公司), a company incorporated under the laws of the PRC on 20 May 2020, a wholly-owned subsidiary of Ping An Health Cloud and one of our Operating Entities
“Pingan (Chengdu) 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
“Pingan (Chongqing) Internet Hospital”	Chongqing Haoyi Kangjian Internet Hospital Co., Ltd. (重慶好醫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
“Pingan (Guangxi) 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
“Pingan (Harbin) Internet Hospital”	Harbin Haoyikang Internet Hospital Co., Ltd. (哈爾濱好醫康健互聯網醫院有限公司), a company incorporated under the laws of the PRC on 4 September 2020, a wholly-owned subsidiary of Ping An Health Cloud and one of our Operating Entities
“Pingan (Hefei) 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

“Pingan (Jiangsu) Internet Hospital”	Pingan Health (Jiangsu) Internet Hospital Co., Ltd. (平安健康(江蘇)互聯網醫院有限公司), 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
“Pingan (Kunming) Internet Hospital”	Kunming Haoyikang Internet Hospital Co., Ltd. (昆明好醫康健互聯網醫院有限公司), a company incorporated under the laws of the PRC on 24 December 2020, a wholly-owned subsidiary of Ping An Health Cloud and one of our Operating Entities
“Pingan (Nantong) Internet Hospital”	Pingan (Nantong) Internet Hospital Company Limited (平安(南通)互聯網醫院有限公司), a company incorporated under the laws of the PRC on 15 November 2018, a wholly-owned subsidiary of Ping An Health Cloud and one of our Operating Entities
“Pingan (Qingdao) Internet Hospital”	Qingdao Ping An Good Doctor Internet Hospital Co., Ltd. (青島平安好醫生互聯網醫院有限公司), formerly known as Pingan (Qingdao) Internet Hospital Company Limited, a company incorporated under the laws of the PRC on 24 April 2017, a wholly-owned subsidiary of Ping An Health Cloud and one of our Operating Entities
“Pingan (Taiyuan) Internet Hospital”	Taiyuan Pingan Internet Hospital Co., Ltd. (太原平安互聯網醫院有限公司), a company incorporated under the laws of the PRC on 30 April 2020, a wholly-owned subsidiary of Ping An Health Cloud and one of our Operating Entities
“Pingan (Tianjin) 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
“Pingan (Yinchuan) 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
“Pingan (Zhengzhou) Internet Hospital”	Zhengzhou Pingan Internet Hospital Company Limited (鄭州平安互聯網醫院有限公司), a company incorporated under the laws of the PRC on 10 September 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
“Reporting Period”	the year ended 31 December 2021
“RMB” or “Renminbi”	Renminbi, the lawful currency of China
“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 Hao Yi”	Shanghai Hao Yi Smart Technology Company Limited (上海滯醫智能科技有限公司), a company incorporated under the laws of the PRC on 21 November 2017, a subsidiary of Ping An Health Cloud and one of our Operating Entities
“Shanghai Kangrong”	Shanghai Kangrong Pharmacy Co., Ltd. (上海康榮大藥房有限公司), a company incorporated under the laws of the PRC on 21 May 2019, a wholly-owned subsidiary of Shanghai Yiteng
“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
“Shenyang Kangjian”	Shenyang Kangjian Intelligent Internet Hospital Co., Ltd. (瀋陽康健智慧互聯網醫院有限公司), a company incorporated under the laws of the PRC on 22 May 2020, a wholly-owned subsidiary of Ping An Health Cloud and one of our Operating Entities
“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

## Definitions

“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Tianjin Kuaiyijie”	Tianjin Kuaiyijie Medical Electronic Commerce Company Limited (天津快易捷醫藥電子商務有限公司) formerly known as Hefei Kuaiyijie Medical Electronic Commerce Company Limited, a company incorporated under the laws of the PRC on 29 March 2005, a wholly-owned subsidiary of Ping An Health Cloud and one of our Operating Entities
“USD”	United States dollars, the lawful currency of the United States
“Wanjia Healthcare”	Ping An Wanjia Healthcare Investment Management Co., Ltd. (平安萬家醫療投資管理有限責任公司), a company incorporated under the laws of the PRC on 4 July 2016 and a wholly-owned subsidiary of Ping An Health Cloud and one of our Operating Entities
“Weihai Kangjian”	Weihai Kangjian Internet Hospital Co., Ltd. (威海康健互聯網醫院有限公司), a company incorporated under the laws of the PRC on 6 July 2020, a wholly-owned subsidiary of Ping An Health Cloud and one of our Operating Entities
“Xiamen Siming Wanjia”	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
“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