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PING AN HEALTHCARE AND TECHNOLOGY COMPANY LIMITED

平安健康醫療科技有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1833)

CONTINUING CONNECTED TRANSACTIONS PROPOSED REVISION OF ANNUAL CAPS

The Board proposes to further revise annual caps under the Provision of Products and Services Framework Agreement and the Services Purchasing Framework Agreement for the years ending December 31, 2019 and 2020, which is subject to the Shareholders' approval at a general meeting of the Company.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Ping An is one of the controlling shareholders of the Company and held approximately 41.27% of the total issued share capital of the Company, and thus Ping An and its associates are connected persons of the Company. Therefore, the revision of annual caps under the Provision of Products and Services Framework Agreement and the Services Purchasing Framework Agreement for the years ending December 31, 2019 and 2020 are connected transactions of the Company. As the highest applicable percentage ratio in respect of the highest proposed revised annual caps under each of the Provision of Products and Services Framework Agreement and the Services Purchasing Framework Agreement, on a stand-alone basis, is more than 5%, the revision of annual caps under both of the Provision of Products and Services Framework Agreement and the Services Purchasing Framework Agreement is therefore subject to reporting, announcement, circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

DISPATCH OF CIRCULAR

The Company expects to dispatch a circular on or before September 6, 2019 containing, among others, (i) details of the proposed revision of annual caps under the Provision of Products and Services Framework Agreement and the Services Purchasing Framework Agreement for the years ending December 31, 2019 and 2020; (ii) a letter of advice from the independent financial adviser to the Independent Board Committee and Independent Shareholders regarding the proposed revision of annual caps; and (iii) a letter of recommendation from the Independent Board Committee regarding the proposed revision of annual caps, and the notice of the general meeting to the Shareholders.

INTRODUCTION

Reference is made to the announcement of the Company dated August 16, 2018 and the circular of the Company dated October 10, 2018 in relation to, among other things, the revision of annual caps under the Provision of Products and Services Framework Agreement and the Services Purchasing Framework Agreement for the three years ending December 31, 2020. The Board proposes to further revise the annual caps under the Provision of Products and Services Framework Agreement and the Services Purchasing Framework Agreement for the years ending December 31, 2019 and 2020, which is subject to the Shareholders' approval at a general meeting of the Company.

REVISION OF ANNUAL CAPS

The Board proposes to further revise the annual caps as set out below:

Nature of the Transaction and Transaction Agreement	For the year ending December 31, 2019 (RMB in thousands)		For the year ending December 31, 2020 (RMB in thousands)	
	Original annual caps ^(Note 1)	Proposed revised annual caps	Original annual caps ^(Note 1)	Proposed revised annual caps
Provision of Products and Services Framework Agreement				
Transaction amount to be paid by Ping An and/or its associates to us	1,835,680	2,800,000	2,389,084	3,750,000
Services Purchasing Framework Agreement				
Transaction amount to be paid by us to Ping An and/or its associates	174,056	400,000	240,667	600,000

Note 1: The original annual caps under the Provision of Products and Services Framework Agreement and the Services Purchasing Framework Agreement for the years ending December 31, 2019 and 2020 represent the revised annual caps as approved by the shareholders of the Company on October 31, 2018.

Historical transaction amounts under the Provision of Products and Services Framework Agreement and Services Purchasing Framework Agreement for the three years ended December 31, 2018 are set out as follows:

Nature of the Transaction and Transaction Agreement	For the year ended December 31,		
	2016 <i>(RMB in thousands)</i>	2017 <i>(RMB in thousands)</i>	2018 <i>(RMB in thousands)</i>
Provision of Products and Services Framework Agreement			
Transaction amount paid by Ping An and/or its associates to us	478,446	1,108,285	1,381,300
Services Purchasing Framework Agreement			
Transaction amount paid by us to Ping An and/or its associates	39,326	55,031	104,700

Rationale and Basis of the Revision of Annual Caps

Provision of Products and Services Framework Agreement

The Board determines the proposed revised annual caps based on the following reasons:

- due to the business development of the Group and the diversification of products and services offered by the Group, purchase from Ping An and/or its associates increased significantly;
- as the business of Ping An and/or its associates continues to develop, their business needs of family doctor service, prepaid card and health check-up service package, products in the Company's health mall, and advertising services recorded substantial increase;
- the Group launched a new product, Private Doctor, which provides premium healthcare services and targets high-end customers. Such new product provides a wide spectrum of services including disease prevention, medical treatment arrangement, recovery and health management with private doctors involved in the process, which form a full chain of customized private doctor services. As Ping An and/or its associates have a large base of our target customers, the purchase from Ping An and its associates is estimated to increase accordingly;
- the historical annual cap has been fully utilized such that the historical transaction amount under the Provision of Products and Services Framework Agreement for the year ended December 31, 2018 reached approximately 99% of the relevant annual cap. Based on the unaudited management account of the Company for the six months ended June 30, 2019, the transaction amount reached approximately 68% of the original annual cap for the year ending December 31, 2019. Taking into account the aforementioned historical transaction amounts, it is estimated that the annual cap as approved by the shareholders will not be sufficient to cover the transactions contemplated under the Provisions of Products and Services Framework Agreement for the year ending December 31, 2019; and

- the proposed revised annual cap for the year ending December 31, 2020 is estimated based on (i) our business cooperation plans with Ping An and/or its associates; (ii) our target to reduce connected transactions with Ping An and/or its associates; and (iii) our anticipation that we will expand more third-party channels for the products and services offered by our Group.

Services Purchasing Framework Agreement

The Board determines the proposed revised annual caps based on the following reasons:

- due to the launch of Private Doctor product by the Group in June 2019, the Group plans to leverage various channels of Ping An and/or its associates as one of the channels of the Group to market and distribute such new product. As a result, we shall pay Ping An and/or its associates fees for their distribution service;
- the anticipated amount of fees payable by us to Ping An and/or its associates is estimated based on (i) our sales target for the year 2019 and 2020, (ii) the portion of product volume we plan to distribute through channels of Ping An and/or its associates, (iii) business cooperation between the Company and Ping An and/or its associates which was originally scheduled to be carried out in 2018 and carried forward to 2019, and (iv) fee rate for such distribution set out in (ii) and (iii);
- based on the unaudited management account of the Company for the six months ended June 30, 2019, the transaction amount reached approximately 39% of the original annual caps for the year ending December 31, 2019. As our business continues to grow with the launch of Private Doctor, and taking into account of the distribution fees payable to Ping An and/or its associates, the original annual caps may not be sufficient to cover the rapid growth of business, which may limit the growth of the Private Doctor product and may in turn be prejudicial to the business of the Group; and
- the proposed revised annual cap for the year ending December 31, 2020 is estimated based on (i) our procurement and cooperation plans with Ping An and/or its associates for the year 2020; (ii) our target to reduce connected transactions with Ping An and/or its associates; and (iii) our anticipation that we will distribute more our products and services through our in-house and third-party channels and thus the commission payable to Ping An and/or its associates shall decrease accordingly.

Save for the proposed revision of the original annual caps as set out above, all other terms of the Provision of Products and Services Framework Agreement and the Services Purchasing Framework Agreement, as disclosed in the Prospectus, remain unchanged.

OPINION FROM THE BOARD

The Directors (including the independent non-executive Directors) are of the view that the revision of annual caps under the Provision of Products and Services Framework Agreement and the Services Purchasing Framework Agreement for the years ending December 31, 2019 and 2020 was determined after arm's length negotiation, and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of the Company and its Shareholders as a whole. The Provision of Products and Services Framework Agreement and the Services Purchasing Framework Agreement are and will be conducted in the ordinary and usual course of business of the Company. The Provision of Products and Services Framework Agreement and the Services Purchasing Framework Agreement will continue to be agreed on an arm's length basis with terms that are fair and reasonable to the Company.

The independent non-executive Directors have formed the Independent Board Committee for the purposes of advising the Independent Shareholders in respect of the proposed revision of annual caps under the Provision of Products and Services Framework Agreement and the Services Purchasing Framework Agreement for the years ending December 31, 2019 and 2020 and whose views and recommendation will be included in the circular to be dispatched by the Company.

As Mr. Lee Yuan Siong, Mr. Yao Jason Bo and Ms. Cai Fangfang, all being Directors who hold directorships in Ping An, they have therefore abstained from voting on the relevant Board resolutions approving the proposed revision of annual caps under both of the Provision of Products and Services Framework Agreement and the Services Purchasing Framework Agreement and the transactions contemplated thereunder. Save as disclosed above, none of the other Directors has material interests in the transactions contemplated thereunder.

LISTING RULES IMPLICATIONS

As of the date of this announcement, Ping An is one of the controlling shareholders of the Company and held approximately 41.27% of the total issued share capital of the Company, and thus Ping An and its associates are connected persons of the Company. Therefore, the revision of annual caps under the Provision of Products and Services Framework Agreement and the Services Purchasing Framework Agreement for the years ending December 31, 2019 and 2020 are connected transactions of the Company. As the highest applicable percentage ratio in respect of the highest proposed revised annual caps under each of the Provision of Products and Services Framework Agreement and the Services Purchasing Framework Agreement, on a stand-alone basis, is more than 5%, the revision of annual caps under both of the Provision of Products and Services Framework Agreement and the Services Purchasing Framework Agreement is therefore subject to reporting, announcement, circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

INFORMATION ON THE PARTIES

The Group is principally engaged in the provision of online medical and wellness services, such as family doctor services, consumer healthcare services, healthmall as well as health management and wellness interaction.

Ping An is an insurance and financial services group in the PRC with the ability to provide multiple insurance and financial services and products to corporate and retail customers.

DISPATCH OF CIRCULAR

The Company expects to dispatch a circular on or before September 6, 2019 containing, among others, (i) details of the revision of annual caps under the Provision of Products and Services Framework Agreement and the Services Purchasing Framework Agreement for the years ending December 31, 2019 and 2020; (ii) a letter of advice from the independent financial adviser to the Independent Board Committee and Independent Shareholders regarding the proposed revision of annual caps; and (iii) a letter of recommendation from the Independent Board Committee regarding the proposed revision of annual caps, and the notice of the general meeting to the Shareholders.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings.

“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of directors of the Company;
“Company”, “we” or “us”	Ping An Healthcare and Technology Company Limited, a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the main board of the Stock Exchange with stock code 1833;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries and the Operating Entities, from time to time;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Board Committee”	an independent board committee comprising all the independent non-executive Directors;
“Independent Shareholders”	Shareholders other than Glorious Peace Limited;
“Operating Entity(ies)”	the companies that the financial results of which have been consolidated and accounted for as the subsidiaries of the Company pursuant to the contractual arrangements;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;

“Ping An”	Ping An Insurance (Group) Company of China, Ltd. (中國平安保險(集團)股份有限公司), a company incorporated under the laws of PRC whose shares are dually listed on the Shanghai Stock Exchange and the Stock Exchange (Shanghai Stock Exchange: 601318; Hong Kong Stock Exchange: 2318) and one of the controlling shareholders of the Company;
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region and Taiwan;
“Provision of Products and Services Framework Agreement”	the provision of products and services framework agreement entered into between the Company and Ping An on April 18, 2018, details of which are set out in the Prospectus;
“Prospectus”	the prospectus of the Company dated April 23, 2018;
“RMB”	Renminbi, the lawful currency of the PRC;
“Services Purchasing Framework Agreement”	the services purchasing framework agreement entered into between the Company and Ping An on April 18, 2018, details of which are set out in the Prospectus;
“Shareholders”	holder(s) of the Share(s);
“Shares”	ordinary share(s) in the share capital of the Company with a par value of US\$0.000005 each;
“Stock Exchange” or “Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
%	per cent.

By order of the Board
PING AN HEALTHCARE AND TECHNOLOGY COMPANY LIMITED
Wang Tao
Chairman

Shanghai, the PRC
August 16, 2019

As at the date of this announcement, the Board comprises Mr. Wang Tao as chairman and executive Director; Mr. Lee Yuan Siong, Mr. Yao Jason Bo, Ms. Cai Fangfang, Mr. Dou Wenwei, Ms. Wang Wenjun and Mr. Law Siu Wah Eddie as non-executive Directors; Mr. Tang Yunwei, Mr. Guo Tianyong, Mr. Liu Xin and Dr. Chow Wing Kin Anthony as independent non-executive Directors.