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Ping An Good Doctor's Revenue Up by 102%YoY

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First Half of 2019 with Strong Growth in Online Healthcare Segment



The world-leading online healthcare ecosystem platform, Ping An Healthcare and Technology Company Limited, announced its interim results report for 2019. The report shows that in the first half of 2019, revenue growth remained robust across all business segments; the total revenue of the Company amounted to RMB2.273 billion, representing a year-on-year increase of 102.4%. In particular, revenue from Online Medical Services surged to RMB336.1 million, representing year-on-year growth of 80.5%. The Company's monthly paying users (MPU) reached 2.229 million, representing a year-on-year increase of 61.2%.

Solid monetization of a platform with considerable improvement in core operating indicators

In the first half of 2019, the online medical services, also known as the core business of Ping An Good Doctor registered an operating income of RMB336.1 million, representing a year-on-year increase of 80.5%. Meanwhile, the key operating indicators of Ping An Good Doctor also saw significant improvement: as of 30 June 2019, the number of registered users reached 289 million, an increase of 24.1 million from the end of 2018 and an increase of 61.3 million during the past 12 months; the number of monthly active users and monthly paying users at the end of the period grew to 62.7 million and 2.229 million respectively.

Flourish development with multi-channels and create an open healthcare ecosystem

Ping An Good Doctor's strategy for monetizing Online Medical Services will continue to be a collaboration with commercial insurance and offering membership products to the users. As of 30 June 2019, the Company has served over 1.4 million paid memberships. During the reporting period, Ping An Good Doctor also actively expanded its collaboration with other third-party commercial insurance companies and financial institutions. As of the end of July 2019, Ping An Good Doctor has signed strategic cooperation agreements with PKU Founder Life, Pearl River Life, Minsheng Life and Everbright Bank respectively. Ping An Good Doctor will leverage the competitive advantages to help the insurance companies and financial institutions differentiate and enhance their value proposition and solve their customer pain points in accessing quality medical services.

As the Company expands the ecosystem, the Company empowers its partners with the expertise in service, operations and technology. At the same time, the offline partners bring to the Company considerable user traffic as well as a vast pool of potential paying users, which in turn accelerate the monetization of the platform. As the ecosystem continues to improve, the Company is able to provide the users with more diverse medical and healthcare services, while fully supporting the rapid development of various businesses.

Frequent introduction of favourable policies contributes to the promising prospects of the Internet healthcare industry

Since 2018, the Chinese government has successively introduced a number of policies to encourage the development of the new field of "Internet + Healthcare". In June 2019, the State Council promulgated the *Key Tasks for Deepening the Reform of the Medical and Healthcare System in 2019*, requiring relevant authorities to issue detailed regulations of Internet healthcare service charges and reimbursement by Social Health Insurance by the end of September 2019. Recently, according to the information on the official website of National Healthcare Security Administration, the detailed regulations of Internet healthcare service charges are being formulated with the first draft completed, and it is expected that the detailed regulations of Internet healthcare service charges will be issued before the end of September. The frequent issue of various policies and promulgations is proof that the country is determined to continue to deepen and promote "Internet + Healthcare".

As a leader in the Internet healthcare industry, Ping An Good Doctor actively responded to state policies, and officially announced in January 2019 to build the cloud-based Internet hospitals, cloud-based Internet pharmacies, cloud-based Internet clinics and cloud-based Internet village doctors as well as the international "4 + 1" strategy by leveraging its established and professional in-house medical team, the AI-based consultation system and online operation capability.

The cloud-based Internet hospitals contribute to the efficiency promotion and performance improvement of government and hospitals. As of 30 June 2019, Ping An Good Doctor had strategic cooperation with approximately 50 offline hospitals to help them develop an integrated Internet hospital platform comprising online diagnosis and treatment, prescription sharing and insurance payment. In particular, the Company fully considers the different needs of governments and local medical institutions and uses expertise and capabilities to connect medical treatment, medication and Social Health Insurance coverage on the one Internet platform, thereby realizing the vision and objectives of the government's health reforms. In July 2019, Ping An Good Doctor entered into a strategic agreement with the National Health Commission of the PRC in Quzhou city, Zhejiang province, to develop internet hospitals for all hospitals under their jurisdiction.

The cloud-based Internet pharmacies contribute to the building of a new business model of pharmacy. As the end of the Reporting Period, Ping An Good Doctor has partnered with over 32 thousand offline retail pharmacies in offering our medical health services including online consultation service and 1-hour drug delivery.

The cloud clinic network contributes to the comprehensive improvement of the level of basic diagnosis and treatment. As of 30 June 2019, over 47,000 clinics had been on the cloud clinic network and over 32 thousand offline retail pharmacies had been partnered.

Meanwhile, Ping An Good Doctor has also actively undertaken social responsibilities and worked closely with local governments in China to implement the "Village Doctor" Scheme. During the Reporting Period, the Company provided high-tech products and services such as specific application software, examination and test equipment, and multi-scenario remote training programs to village doctors in remote and poverty-stricken areas in Guangxi, Jiangxi, Chongqing, and Inner Mongolia. As of 30 June 2019, the Company has upgraded over 600 rural clinics and trained over 7,000 village doctors.

Private doctors, being strategic products of Ping An Good Doctor, lead technology reform of the medical industry

Ping An Good Doctor officially launched the strategic membership product "Ping An Good Doctor VIP Membership" in June 2019 to offer comprehensive quality medical and healthcare services for wide sections of the community including children, adults, the elderly and the chronically ill. Customers will receive one-to-one private doctor service and have access to an expert group of medical professionals comprising renowned doctors in the respective fields from the top 100 hospitals across the country. Its services include 24/7 online consultation, secondary medical opinion, offline hospital outpatient treatment arrangement, health management, and chronic disease management.

Ping An Good Doctor feels this innovative model can accurately target users' demands to offer precise and personalized medical and healthcare solutions. Importantly, it also builds a strong element of trust between doctors and patients, which in turn allows us to better serve the needs of the users. In the meantime, clients can experience a different healthcare

service that they have active health management instead of the passive mode of going to a doctor when sick via the active care services and the close management of the clients' daily health behaviours in a timely manner.

International strategy: AI technology and business mode empower global partners

In addition to developing the domestic market, Ping An Good Doctor also exports its technology and capabilities in online healthcare to overseas markets: in 2018, the Company established a joint venture with Grab Holdings Inc., the largest O2O platform in Southeast Asia. The joint venture company has selected Indonesia as the first country to launch online healthcare after conducting thorough market research. Southeast Asia has a population of 640 million and Indonesia has nearly half of the population of Southeast Asia; however, advanced and innovative medical solutions are urgently needed in the country due to a severe shortage of local traditional medical resources. This presents a huge opportunity to develop online healthcare. The Company expect the medical and healthcare service offering, which include online consultation and health mall, to be available to users in Indonesia this year.

As another important part of our globalization strategy, Ping An Good Doctor has officially entered the online healthcare market in Japan by establishing a joint venture with SoftBank and is actively exploring local strategic partners including hospitals, doctors, insurance companies, pharmacies, logistics and delivery companies. Ping An Good Doctor will leverage on the expertise, capabilities and technology to bring quality healthcare services to users in Japan.

The continuous improvement of technology, the extensive application of cutting-edge technologies such as 5G, artificial intelligence and the Internet of Things have improved the quality and efficiency of medical services. Ping An Good Doctor firmly seizes the opportunities arising from this technology transformation and serves the role as the leader of Internet healthcare. The Company actively promotes the globalization strategy, forms close collaboration with offline medical partners and healthcare service providers both at home and abroad, and provides the users with worldwide, quality medical services to building the world's largest healthcare ecosystem