众安保险

ZhongAn Insurance

眾安在綫財產保險股份有限公司

ZhongAn Online P & C Insurance Co., Ltd.*

*(A joint stock limited company incorporated in the People's Republic of China with limited liability and carrying on business in Hong Kong as "**ZA Online Fintech P & C**")*

Stock Code: 6060

GLOBAL OFFERING

Joint Sponsors, Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

J.P.Morgan

CREDIT SUISSE

UBS

招銀国际 CMB INTERNATIONAL

* For identification purposes only

If you are in any doubt about any of the contents of this prospectus, you should seek independent professional advice.

众安保险

ZhongAn Insurance

眾安在綫財產保險股份有限公司
ZHONGAN ONLINE P & C INSURANCE CO., LTD.*

*(A joint stock limited company incorporated in the People's Republic of China with limited liability and carrying on business in Hong Kong as "**ZA Online Fintech P & C**")*

GLOBAL OFFERING

Number of Offer Shares under the Global Offering	**:**	**199,293,900 H Shares (subject to the Over-allotment Option)**
Number of Hong Kong Offer Shares	**:**	**9,964,800 H Shares (subject to adjustment)**
Number of International Offer Shares	**:**	**189,329,100 H Shares (subject to adjustment and the Over-allotment Option)**
Maximum Offer Price	**:**	**HK$59.70 per Offer Share plus brokerage of 1.0%, SFC transaction levy of 0.0027% and Hong Kong Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars and subject to refund)**
Nominal Value	**:**	**RMB1.00 per H Share**
Stock Code	**:**	**6060**

Joint Sponsors, Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

J.P.Morgan　CREDIT SUISSE　UBS　招銀国际 CMB INTERNATIONAL

Joint Bookrunners and Joint Lead Managers

CICC 中金香港证券　中国平安 保险·银行·投资　中国平安证券(香港) PING AN OF CHINA SECURITIES (HONG KONG)　Morgan Stanley

ICBC 工银国际　BOC INTERNATIONAL　農銀國際 ABC INTERNATIONAL

Joint Lead Managers

聯合證券 Head & Shoulders Securities　富途證券 WWW.FUTU5.COM　安信國際 ESSENCE INTERNATIONAL

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, 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 prospectus.

A copy of this prospectus, having attached thereto the documents specified in "Appendix VII — Documents Delivered to the Registrar of Companies in Hong Kong and Available for Inspection", has been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility as to the contents of this prospectus or any other documents referred to above.

The Offer Price is expected to be determined by agreement between the Joint Global Coordinators (on behalf of the Underwriters) and the Company on the Price Determination Date, which is expected to be on or about Thursday, September 21, 2017 and, in any event, not later than Friday, September 22, 2017. The Offer Price will not be more than HK$59.70 per Offer Share and is expected to be not less than HK$53.70 per Offer Share, unless otherwise announced.

If, for any reason, the Offer Price is not agreed by Friday, September 22, 2017 between the Joint Global Coordinators (for themselves and on behalf of the Joint Bookrunners and the Underwriters) and us, the Global Offering will not proceed and will lapse.

The Joint Global Coordinators (for themselves and on behalf of the Joint Bookrunners and the Underwriters) may, where considered appropriate and with our consent, reduce the number of Hong Kong Offer Shares and/or the indicative Offer Price range below that stated in this prospectus (which is HK$53.70 to HK$59.70) at any time prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, notices of the reduction in the number of Hong Kong Offer Shares and/or the indicative Offer Price range will be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering. Such notices will also be available on the website of the Stock Exchange at www.hkexnews.hk and on the website of our company at https://www.zhongan.com. Further details are set forth in the sections headed "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" in this prospectus. If applications for Hong Kong Offer Shares have been submitted prior to the day which is the last day for lodging applications under the Hong Kong Public Offering, in the event that the number of Offer Shares and/or the indicative Offer Price range is so reduced, such applications can subsequently be withdrawn.

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities law in the United States and may not be offered, sold, pledged or transferred within the United States, except that Offer Shares may be offered, sold or delivered (a) in the United States to QIBs in reliance on an exemption from registration under the U.S. Securities Act provided by, and in accordance with the restrictions of, Rule 144A or another exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act or (b) outside the United States in offshore transactions in accordance with Regulation S.

The Company is incorporated, and substantially all of its businesses are located, in the PRC. Potential investors should be aware of the differences in the legal, economic and financial systems between the PRC and Hong Kong and that there are different risk factors relating to investment in PRC-incorporated businesses. Potential investors should also be aware that the regulatory framework in the PRC is different from the regulatory framework in Hong Kong and should take into consideration the different market nature of the shares of the Company. Such differences and risk factors are set out in "Risk Factors", "Appendix IV — Summary of Principal Legal and Regulatory Provisions" and "Appendix V — Summary of Articles of Association".

Prior to making an investment decision, prospective investors should consider carefully all of the information set out in this prospectus, including the risk factors set out in "Risk Factors". The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement are subject to termination by the Joint Global Coordinators (on behalf of the Underwriters) if certain grounds arise prior to 8:00 a.m. on the Listing Date. Such grounds are set out in "Underwriting".

* *For identification purposes only and carrying on business in Hong Kong as "**ZA Online Fintech P & C**"*

September 18, 2017

Latest time to complete electronic applications under **HK eIPO White Form** service through the designated website **www.hkeipo.hk**[2]	11:30 a.m. on Thursday, September 21, 2017
Application lists open[3]	11:45 a.m. on Thursday, September 21, 2017
Latest time to lodge **WHITE** and **YELLOW** Application Forms	12:00 noon on Thursday, September 21, 2017
Latest time to give **electronic application instructions** to HKSCC[4]	12:00 noon on Thursday, September 21, 2017
Latest time to complete payment of **HK eIPO White Form** applications by effecting internet banking transfer(s) or PPS payment transfer(s)	12:00 noon on Thursday, September 21, 2017
Application lists close	12:00 noon on Thursday, September 21, 2017
Expected Price Determination Date[5]	Thursday, September 21, 2017

Announcement of:

- the Offer Price;
- the level of application in the Hong Kong Public Offering;
- the level of indications of interest in the International Offering; and
- the basis of allocation of the Hong Kong Offer Shares under the Hong Kong Public Offering

To be published (a) in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese); (b) on our website at **https://www.zhongan.com**[6] and the website of the Hong Kong Exchanges and Clearing Limited at **www.hkexnews.hk**[7] on or before	Wednesday, September 27, 2017
Results of allocations in the Hong Kong Public Offering (with successful applicants' identification document numbers, where appropriate) to be available through a variety of channels (see "How to Apply for Hong Kong Offer Shares — 11. Publication of Results") from	Wednesday, September 27, 2017
Result of allocations in the Hong Kong Public Offering (with successful applicants' identification document numbers, where appropriate) will be available at **www.tricor.com.hk/ipo/result** with a "search by ID" from	Wednesday, September 27, 2017

H Share certificates in respect of wholly or partially successful applications to be dispatched or deposited into CCASS on or before[8] . . . . Wednesday, September 27, 2017

HK eIPO White Form e-Auto Refund payment instructions/refund cheques in respect of wholly or partially unsuccessful applications to be dispatched on or before[8][9][10] . . . . Wednesday, September 27, 2017

Dealings in H Shares on the Hong Kong Stock Exchange expected to commence at 9:00 a.m. on . . . . Thursday, September 28, 2017

Notes:

(1) All times and dates refer to Hong Kong local time, except as otherwise stated. Details of the structure of the Global Offering, including conditions of the Hong Kong Public Offering, are set forth in section headed "Structure of the Global Offering" in this prospectus.

(2) If you have already submitted your application through the designated website at **www.hkeipo.hk** and obtained a payment reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close. You will not be permitted to submit your application through the designated website at **www.hkeipo.hk** after 11:30 a.m. on the last day for submitting applications.

(3) If there is a tropical cyclone warning signal number 8 or above, or a "black" rainstorm warning in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, September 21, 2017, the application lists will not open on that day. Please see "How to Apply for Hong Kong Offer Shares — 10. Effect of Bad Weather on the Opening of the Application Lists" in this prospectus.

(4) Applicants who apply for the Hong Kong Offer Shares by giving electronic application instructions to HKSCC should refer to section headed "How to Apply for Hong Kong Offer Shares — 6. Applying by Giving Electronic Application Instructions to HKSCC via CCASS" in this prospectus.

(5) The Price Determination Date is expected to be on or about Thursday, September 21, 2017 and, in any event, not later than Friday, September 22, 2017. If, for any reason, the Offer Price is not agreed by Friday, September 22, 2017 between the Joint Global Coordinators (for themselves and on behalf of the Joint Bookrunners and the Underwriters) and our Company, the Global Offering will not proceed and will lapse.

(6) None of the website or any of the information contained on the website forms part of this prospectus.

(7) The announcement will be available for viewing on the Hong Kong Stock Exchange's website at **www.hkexnews.hk**.

(8) Applicants who apply for 1,000,000 or more Hong Kong Offer Shares and have provided all information required by your Application Forms, you may collect refund cheques (where applicable) and H Share certificates (where applicable) in person from our H Share Registrar, Tricor Investor Services Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong from 9:00 a.m. to 1:00 p.m. on Wednesday, September 27, 2017. Applicants being individuals who opt for personal collection must not authorize any other person to make collection on their behalf. Applicants being corporations who opt for personal collection must attend by their authorized representatives each bearing a letter of authorization from his corporation stamped with the corporation's chop. Both individuals and authorized representatives (if applicable) must produce, at the time of collection, evidence of identity acceptable to the H Share Registrar. Uncollected refund cheques and H Share certificates will be dispatched promptly by ordinary post to the addresses as specified in the applicants' Application Forms at the applicants' own risk. Details of the arrangements are set out in section headed "How to Apply for Hong Kong Offer Shares" in this prospectus.

(9) Applicants who apply through the **HK eIPO White Form** service and paid their applications monies through single bank accounts may have refund monies (if any) dispatched to their application payment bank account, in the form of e-Auto Refund payment instructions. Applicants who apply through the **HK eIPO White Form** service and paid their application monies through multiple bank accounts may have refund monies (if any) dispatched to the address as specified in their application instructions to the **HK eIPO White Form** Service Provider, in the form of refund cheques, at their own risk.

(10) Refund cheques will be issued in respect of wholly or partially unsuccessful applications, and also in respect of successful applications if the Offer Price is less than the price payable on application.

The H Share certificates will only become valid certificates of title provided that the Global Offering has become unconditional in all respects and neither of the Hong Kong Underwriting Agreement nor the International Underwriting Agreement is terminated in accordance with its respective terms prior to 8:00 a.m. on the Listing Date. The Listing Date is expected to be on or about Thursday, September 28, 2017. Investors who trade the H Shares on the basis of publicly available allocation details prior to the receipt of H Share certificates or prior to the H Share certificates becoming valid certificates of title do so entirely at their own risk.

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IMPORTANT NOTICE TO INVESTORS

We have issued this prospectus solely in connection with the Hong Kong Public Offering and the Hong Kong Offer Shares, and it does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Hong Kong Offer Shares offered by this prospectus pursuant to the Hong Kong Public Offering. This prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any other jurisdiction or in any other circumstances. We have taken no action to permit a public offering of the Offer Shares in any jurisdiction other than Hong Kong, and we have taken no action to permit the distribution of this prospectus in any jurisdiction other than Hong Kong. The distribution of this prospectus and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption therefrom.

You should rely on the information contained in this prospectus and the Application Forms to make your investment decision. We have not authorised anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on by you as having been authorised by us, the Joint Sponsors or any Relevant Persons. Information contained on the website at ***https://www.zhongan.com/*** *does not form part of this prospectus.*

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This summary aims to give you an overview of the information contained in this prospectus. As this is a summary, it does not contain all the information that may be important to you. You should read the entire document before you decide to invest in the Offer Shares.

There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section headed "Risk Factors" in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares.

OVERVIEW

Our Mission

Our mission is to redefine insurance through connecting ecosystems and applying cutting-edge technologies.

Our Company

We are an online-only Insuretech company in China. Leveraging our technologies, we develop ecosystem-oriented insurance products and solutions in different consumption scenarios to better serve our customers. From our inception in October 2013 to December 31, 2016, we sold over 7.2 billion insurance policies and served approximately 492 million policyholders and the insured, ranking us the largest insurer in China by these measures during this period according to the Oliver Wyman Report. In addition, we are the largest online insurance company in China with GWP of RMB3,408.0 million in 2016. We experienced significant growth during the Track Record Period. Our GWP increased significantly from RMB794.1 million in 2014 to RMB2,283.0 million in 2015, and further to RMB3,408.0 million in 2016, and from RMB604.4 million for the three months ended March 31, 2016 to RMB1,030.4 million for the three months ended March 31, 2017. Our net premiums earned increased significantly from RMB712.2 million in 2014 to RMB1,921.5 million in 2015, and further to RMB3,225.4 million in 2016, and from RMB569.2 million for the three months ended March 31, 2016 to RMB886.8 million for the three months ended March 31, 2017.

We believe our proprietary infrastructure and technologies are critical to our success. We operate our core insurance system on our proprietary cloud-based platform called Wujieshan. We have also developed advanced artificial intelligence capabilities to optimize product features quickly to enhance customer experience and strengthen risk management. We have accumulated extensive user data originating from our large and expanding customer base and third-party data providers. The application of our big data analytics throughout the insurance value chain enhances our results of operations.

We have adopted a set of effective policies and procedures that is consistent with industry best practice to evaluate and manage risks. We have an experienced team comprised of risk, legal and compliance professionals to oversee our risk management efforts. In addition, our data-driven risk management system enables dynamic pricing and risk tracking, which enables us to optimize our product features based on our risk control capabilities.

Net Underwriting Loss in the Track Record Period

In 2014, 2015 and 2016, our net profit was RMB37.0 million, RMB44.3 million and RMB9.4 million, respectively. In the same periods, however, we recorded an underwriting loss of RMB61.5 million, RMB511.6 million and RMB153.1 million, respectively, and our combined ratio was 108.6%, 126.6% and 104.7%, respectively.

Our underwriting loss during the Track Record Period was primarily due to the fact that we are in an early stage of development and have mainly focused on expanding our operations at scale by connecting with more ecosystem partners and launching more products to cover more customers to drive long-term growth. As we continue to expand into and penetrate each of the ecosystems, we expect our GWP to increase significantly in 2017. However, such rapid expansion of our business scale entails substantial expenses. Consulting fees and service charges, which are primarily fees paid to our ecosystem partners in connection with sales of our policies through their platforms, increased from 13.3% in 2014 to 30.7% in 2015 and further to 33.9% in 2016 as a percentage of our net premiums earned. Handling charges and commissions, which are fees paid to insurance agents for the distribution of our policies, increased from 2.3% in 2014 to 5.2% in 2015 and further to 8.9% in 2016 as a percentage of our net premiums earned. We also made substantial research and development investments, which increased from 2.8% in 2014 and 2015 to 6.3% in 2016 as a percentage of our GWP.

Our net profit from 2014 to 2016 was mainly driven by our net investment income, which increased from RMB80.1 million in 2014 to RMB520.7 million in 2015 and then decreased to RMB98.6 million in 2016. Our net investment income has fluctuated and will continue to fluctuate subject to the performance of the PRC securities market.

Net loss in 2017

We incurred a net loss of RMB202.1 million in the three months ended March 31, 2017 and are expected to incur a significant net loss in 2017, primarily due to (i) the significant increase in unearned premium reserves due to the change in product mix which includes more products with longer terms, such as our health and consumer finance insurance products, (ii) the significant increase in operating and administrative expenses due to the increased headcount and investment in research and development in order to support the rapid growth of the Company, and (iii) the significant increase in handling charges and commissions, and consulting fees and service charges due to significant growth of our GWP generated from the sales on the platforms of our ecosystem partners. We plan to continue to focus on products in the health and consumer finance ecosystems as we believe that they have significant growth potentials. In addition, during the Track Record Period, net written premiums less (i) insurance claims paid less claims paid ceded to reinsurers, (ii) handling charges and commissions net of revenues expense recovered and (iii) technical service fees, as a percentage of net written premiums, were relatively higher for the health and consumer finance ecosystems among our ecosystems. In 2016 and the three months ended March 31, 2017, the total handling charges and commissions and technical service fees that we paid to our top five ecosystem partner groups (in terms of GWP contribution) amounted to RMB966.0 million and RMB251.1 million, respectively.

Our future results of operations will be affected by, among others, our ability to maintain and develop relationships with our ecosystem partners, to further expand our customer base, and to control our claims incurred and operating expenses. As we continue to experience growth, establish partnership with more ecosystem partners and record increased GWP, we aim to gradually lower our combined ratio through a combination of the following efforts and initiatives: (i) further leveraging on accumulated user data to improve our risk management and pricing and stabilize loss ratio, (ii) leveraging on economies of scale to control staff cost, and other operating and administrative expenses, (iii) change of product mix, and (iv) increasing sales on our proprietary platforms and cooperation with smaller, more specialized or offline ecosystem partners. In the medium to long term, we aim to lower our combined ratio to under 100% and realize an underwriting profit. For further details, see the section headed "Risk Factors — Risks Relating to Our Business — We incurred a net underwriting loss throughout the Track Record Period and a net loss in the first quarter of 2017. We expect to incur a significant loss in 2017, and we may continue to experience losses in the future." in this prospectus.

Our Innovative Business Model

We design and offer ecosystem-oriented insurance products and solutions in different consumption scenarios. We embed our products into our ecosystem partners' platforms. Therefore, our customers are able to purchase our insurance products and solutions seamlessly through consumption scenarios in their daily lives.

Our valuable customer data is primarily originated from the cooperation with our ecosystem partners when we offer our insurance products and solutions to serve our customers. Based on the in-depth and comprehensive understanding of our customers' behaviors, we develop innovative products and solutions, offer dynamic pricing, automated claims settlement and ensure effective risk management. Our advanced technologies and core competencies power our innovative business model and distinguish us from our competitors.

Within each ecosystem that we tap into, we first cooperate with the leading ecosystem partners. After we establish a mature cooperation with the leading ecosystem partners, we build on the successful experience and extend our cooperation with other ecosystem partners, including those smaller, more specialized or offline players. In addition, we sell certain insurance products through insurance agents and our proprietary platforms.

Our Ecosystems, Products and Solutions

We offer extensive property and casualty insurance products, covering accident insurance, bond insurance, health insurance, liability insurance, credit insurance, cargo insurance, household property insurance and other insurance types. The following table sets forth a breakdown of our GWP by insurance types recognized by the CIRC for the periods indicated:

	For the Year Ended December 31,						For the Three Months Ended March 31,			
	2014		2015		2016		2016		2017	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(in thousands, except percentages)						(unaudited)			
Accident insurance	44,391	5.6	282,783	12.4	982,228	28.8	182,519	30.2	311,682	30.3
Bond insurance	108,929	13.7	453,290	19.8	517,613	15.2	108,808	18.0	84,208	8.2
Health insurance	13	0.0	13,384	0.6	205,014	6.0	10,912	1.8	154,881	15.0
Liability insurance	15,993	2.0	81,209	3.5	185,097	5.5	35,082	5.8	82,582	8.0
Credit insurance	4,003	0.5	51,728	2.3	102,826	3.0	24,904	4.1	46,762	4.5
Cargo insurance	—	—	15,682	0.7	59,304	1.7	5,322	0.9	18,343	1.8
Household property insurance	4,555	0.6	33,762	1.5	15,464	0.5	1,732	0.3	10,448	1.0
Others[1]	616,213	77.6	1,351,204	59.2	1,340,502	39.3	235,122	38.9	321,457	31.2
Of which: Shipping return insurance[2]	613,145	77.2	1,298,219	56.9	1,193,562	35.0	206,092	34.1	257,814	25.0
Total	794,097	100.0	2,283,042	100.0	3,408,048	100.0	604,401	100.0	1,030,363	100.0

Note:

(1) The CIRC recognizes the following types of the property and casualty insurance products: accident insurance, bond insurance, health insurance, liability insurance, credit insurance, cargo insurance, household property insurance and others. Although shipping return insurance accounted for a significant percentage of our GWP during the Track Record Period, it is categorized as "others" based on its policy terms in our periodic reports to the CIRC.

(2) GWP from shipping return insurance decreased by 8.1% from RMB1,298.2 million in 2015 to RMB1,193.6 million in 2016, as we increased our focus on other product types with greater growth potentials. In addition, we faced increased competition in 2016 as there were new market entrants providing shipping return insurance on the platforms of our major e-commerce ecosystem partners, such as Taobao Marketplace.

Currently, our products and solutions are primarily offered in the context of five major ecosystems, namely lifestyle consumption, consumer finance, health, auto and travel ecosystems.

The following table sets forth our product types with product examples and the corresponding ecosystem that they mainly serve:

Insurance type	Product example(s)	Main ecosystem(s) served
Accident insurance	*Flight Accident and Delay Policy* ("航意航延險") *Train Accident Policy* ("火車意外險")	Travel
Bond insurance	*Zhong Le Bao* ("眾樂寶") *Can Ju Xian* ("参聚險")	Lifestyle consumption and consumer finance
Health insurance	*Personal Clinic Policy* ("尊享e生") *Group Health Insurance Plan* ("健康團險計劃")	Health
Liability insurance	*Phone Accident Policy* ("手機意外險") *Logistics Liability Insurance* ("物流責任險")	Lifestyle consumption
Credit insurance	*Mashanghua* ("馬上花")	Consumer finance
Cargo insurance	*Taobao Free Return Policy* ("放心淘")	Lifestyle consumption
Household property insurance	*General Screen Crack Policy* ("碎屏險") *Account Safety Policy ("帳戶安全險")*	Lifestyle consumption and consumer finance
Others	*Shipping Return Policy* ("退貨運費險") *Generic Buyer Version of Shipping Return Policy* ("任性退")	Lifestyle consumption

The following table sets forth a breakdown of our GWP by each ecosystem for the periods indicated:

Breakdown by ecosystems	For the Year Ended December 31,						For the Three Months Ended March 31,			
	2014		2015		2016		2016		2017	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(in thousands, except percentages)						(unaudited)			
Lifestyle consumption	732,299	92.2	1,596,203	69.9	1,620,363	47.6	285,210	47.2	346,458	33.7
Consumer finance	9,275	1.2	303,221	13.3	318,079	9.3	73,300	12.1	93,773	9.1
Health	11	0.0	19,225	0.9	235,927	6.9	16,316	2.7	190,059	18.4
Auto	—	—	511	0.0	3,724	0.1	118	0.0	1,495	0.1
Travel	44,271	5.6	322,099	14.1	1,081,643	31.7	204,203	33.8	331,825	32.2
Others	8,241	1.0	41,783	1.8	148,312	4.4	25,253	4.2	66,754	6.5
Total	794,097	100.0	2,283,042	100.0	3,408,048	100.0	604,401	100.0	1,030,363	100.0

The following table sets forth a breakdown of (i) GWP, (ii) net written premiums, defined as gross written premium less premium ceded to reinsurers, (iii) insurance claims paid less claims paid ceded to reinsurers, (iv) handling charges and commissions net of reinsurance expense recovered, and (v) technical service fees, which we paid to certain ecosystem partners under the cooperation agreements, in absolute amounts and as percentages of our net written premiums from or by each ecosystem for the periods indicated:

Ecosystems	For the Year Ended December 31,						For the three Months Ended March 31,			
	2014		2015		2016		2016		2017	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(in thousands, except percentages)						(unaudited)			
Lifestyle consumption										
GWP	732,299		1,596,203		1,620,363		285,210		346,458	
Net written premiums	727,811	100.0	1,591,907	100.0	1,620,363	100.0	285,210	100.0	346,458	100.0
Insurance claims paid less claims paid ceded to reinsurers	488,244	67.1	1,090,311	68.5	1,073,197	66.2	191,925	67.3	209,794	60.6
Handling charges and commissions net of reinsurance expense recovered	(1,117)	(0.2)	(864)	(0.1)	282	0.0	8	0.0	2,705	0.8
Technical service fees	66,964	9.2	278,284	17.5	280,706	17.3	55,855	19.6	89,603	25.9
Consumer finance										
GWP	9,275		303,221		318,079		73,300		93,773	
Net written premiums	9,275	100.0	303,221	100.0	318,079	100.0	73,300	100.0	93,773	100.0
Insurance claims paid less claims paid ceded to reinsurers	1,285	13.9	43,617	14.4	44,962	14.1	18,231	24.9	56,255	60.0

Ecosystems	For the Year Ended December 31, 2014		2015		2016		For the three Months Ended March 31, 2016		2017	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(in thousands, except percentages)									
							(unaudited)			
Handling charges and commissions net of reinsurance expense recovered	41	0.4	165	0.1	130	0.0	15	0.0	4	0.0
Technical service fees	—	—	99,559	32.8	65,861	20.7	12,613	17.2	19,656	21.0
Health										
GWP	11		19,225		235,927		16,316		190,059	
Net written premiums	11	100.0	16,964	100.0	203,456	100.0	13,840	100.0	156,930	100.0
Insurance claims paid less claims paid ceded to reinsurers	—	—	2,410	14.2	41,646	20.5	2,877	20.8	27,248	17.4
Handling charges and commissions net of reinsurance expense recovered	—	—	1,053	6.2	13,793	6.8	1,106	8.0	27,680	17.6
Technical service fees	—	—	—	—	26,777	13.2	2	0.0	3,680	2.3
Auto										
GWP	—		511		3,724		118		1,495	
Net written premiums	—	—	511	100.0	3,724	100.0	118	100.0	1,495	100.0
Insurance claims paid less claims paid ceded to reinsurers	—	—	61	11.9	621	16.7	10	8.5	597	39.9
Handling charges and commissions net of reinsurance expense recovered	—	—	—	—	75	2.0	—	—	59	3.9
Technical service fees	—	—	—	—	4,609	123.8	22	18.6	1,710	114.4
Travel										
GWP	44,271		322,099		1,081,643		204,203		331,825	
Net written premiums	43,948	100.0	319,203	100.0	1,076,793	100.0	203,287	100.0	330,075	100.0
Insurance claims paid less claims paid ceded to reinsurers	143	0.3	36,369	11.4	151,011	14.0	30,135	14.8	43,184	13.1
Handling charges and commissions net of reinsurance expense recovered	17,720	40.3	91,256	28.6	240,241	22.3	38,184	18.8	66,656	20.2
Technical service fees	25,200	57.3	190,008	59.5	633,466	58.8	120,036	59.0	197,782	59.9

Lifestyle consumption ecosystem

We provide insurance products to cover risks associated with product quality, logistics and security of transactions in collaboration with e-commerce platforms in China, such as Taobao Marketplace and Weidian. We also partner with leading consumer electronics manufacturers, such as Xiaomi, to provide insurance for accidental damage and repair services for consumer electronic products such as cell phones and other smart devices.

Our key products in the lifestyle consumption ecosystem include: *Shipping Return Policy* (“退貨運費險”), *Generic Buyer Version of Shipping Return Policy* (“任性退”), *Merchant Performance Bond Insurance* (“商家保證金保險”), *Phone Accident Policy* (“手機意外險”) and *Phone Screen Crack Policy* (“手機碎屏險”).

Consumer finance ecosystem

We offer insurance products and solutions, which protect funding providers against default and facilitate consumer borrowing and consumption on internet finance platforms, including Zhaocaibao and Xiaoying. We also serve the consumer financing needs arising from other platforms, including China Telecom and Mogujie.

Our key products and solutions in the consumer finance ecosystem mainly include: *Mashanghua* (“馬上花”), our credit guarantee solutions for *Orange Baitiao* (“甜橙白條”), a consumer finance service provided by China Telecom, and *Baobei Open Platform* (“保貝計劃”).

Health ecosystem

We offer insurance products and solutions covering risks of incurring medical and healthcare expenses. We also provide value-added services to encourage individuals’ health-consciousness. We offer individual health insurance products and group health insurance plans. We partner with hospitals, research institutions, medical device manufacturers such as Omron, online healthcare platforms such as We Doctor, online healthcare forums, pharmaceutical companies and distributors.

Our key products in the health ecosystem include: *Personal Clinic Policy* (“尊享e生”), *Walk to Wellness Policy* (“步步保”), *Diabetes Policy* (“糖小貝”), as well as our *Group Health Insurance Plan* (“健康團險計劃”).

Auto ecosystem

We offer insurance products to protect our customers against vehicle damage, personal injury and death, vehicle theft and robbery. Since 2015, we jointly launched *Baobiao Auto Insurance* (“保驫車險”) with Ping An Insurance, our shareholder and an insurance company in China. As of the Latest Practicable Date, we have obtained licenses to underwrite auto insurance in 18 regions in China, which cover the majority of the auto insurance market in China, as compared to six regions as of December 31, 2016.

Our key product in the auto ecosystem is *Baobiao Auto Insurance*.

Travel ecosystem

We offer insurance products and solutions covering various risks arising from travel, such as accidents, travel delay and travel cancellation. Since 2015, we have partnered with Ctrip to offer our *Flight Delay Policy*. We have since expanded to partner with other major online travel agencies, airlines and offline travel agencies.

Our key product in the travel ecosystem is *Flight Accident and Delay Policy* (“航意航延險”).

Our Sales Channels

We embed our products and solutions into the platforms of our ecosystem partners to address the customers’ needs for protection. We have established partnerships with leading companies in China’s internet economy, such as Alibaba, Mogujie, Ctrip, Didi Chuxing, Xiaomi, Ant Financial, Bestpay, amongst others and have established partnerships with 199 ecosystem partners as of March 31, 2017.

We rely on our ecosystem partners and other participants in different ecosystems in China to offer innovative insurance products to customers in different consumption scenarios. In each of our ecosystem, and for each of our key product category, we rely on a few ecosystem partners to generate a significant portion of our GWP. In 2014, 2015, 2016 and the first quarter of 2017, GWP generated from or through the sale on the platforms of our ecosystem partner groups, which aggregate ecosystem partners and their subsidiaries, accounted for 100.0%, 97.7%, 86.2% and 74.6% of our GWP in the respective period and GWP generated from or through the platforms of our top five ecosystem partner groups (in terms of GWP contribution) accounted for 98.9%, 95.3%, 80.8% and 66.4% of our GWP in the respective period.

The table below sets forth a breakdown of the GWP generated from or through the platforms of our top five ecosystem partner groups (in terms of GWP contribution but excluding those whose GWP contribution is less than 1% of the total GWP for the periods indicated) in 2014, 2015, 2016 or the three months ended March 31, 2017 and the total fees (referring to handling charges and commissions and technical service fees, as applicable) charged by such ecosystem partner groups to us. With respect to GWP, the respective percentage refers to the percentage of the total GWP for the periods indicated; with respect to the total fees charged, the respective percentage refers to total fees charged as a percentage of the GWP generated from or through the respective ecosystem partner group.

Ecosystem Partner Group	For the Year Ended December 31, 2014		For the Year Ended December 31, 2015		For the Year Ended December 31, 2016		For the Three Months Ended March 31, 2017	
	RMB	%	RMB	%	RMB	%	RMB	%
	(in thousands, except percentages)							
Alibaba, Ant Financial and their subsidiaries[(1)]								
GWP	733,786	92.4	1,708,420	74.8	1,795,992	52.7	431,195	41.8
Total fees	66,964	9.1	333,432	19.5	437,735	24.4	94,332	21.9
Ctrip and its subsidiaries								
GWP	44,313	5.6	297,935	13.0	702,413	20.6	178,785	17.4
Total fees	42,925	96.9	260,751	87.5	486,239	69.2	142,416	79.7
Xiaoying and its subsidiaries								
GWP	1,147	0.1	137,496	6.0	190,454	5.6	52,759	5.1
Total fees	—	—	45,689	33.2	20,165	10.6	14,378	27.3
Fenqile								
GWP	—	—	—	—	29,478	0.9	21,144	2.1
Total fees	—	—	—	—	—	—	—	—
Xiaomi								
GWP	2,120	0.3	30,791	1.3	37,593	1.1	12,258	1.2
Total fees	—	—	—	—	2,164	5.8	3,301	26.9
iyunbao								
GWP	—	—	—	—	64,971	1.9	6,289	0.6
Total fees	—	—	—	—	21,837	33.6	2,016	32.1

Note:

(1) Alibaba works with Ant Financial Group to select companies to provide insurance solutions that can best serve consumer needs arising from their respective platforms. According to the agreement we entered into with Ant Financial Group, Ant Financial Group provides technology and consulting services to us, which facilitate the integration of our solutions into the platforms of Alibaba, Ant Financal and their subsidiaries, including Taobao Marketplace (淘寶), Juhuasuan (聚划算), Jiyoujia (極有家), Tmall (天貓), Zhaocaibao (招財寶) and Alipay (支付寶).

Online travel agencies in China generally charge high rates of handling charges and commissions and technical service fees, primarily because (i) travel related insurance products tend to be standardized and insurance providers mainly rely on price competition; and (ii) travel-related insurance products on average have a low loss ratio.

See “Business — Sales Channels — Ecosystem Partners” for a description of pricing mechanisms for technical service fees and handling charges and commissions charged by our top five ecosystem partner groups.

Our ecosystem partners generally charge us handling charges and commissions and/or technical service fees for the sale of our products through their platforms. Handling charges and commissions or technical service fees charged by most of our ecosystem partners are based on fixed percentages of GWP generated from the relevant products, and the fee rates vary by products. In the lifestyle consumption ecosystem, for certain products embedded into the platforms of Ant Financial and its related parties, technical service fees also take into account the amount of claims settled. We and Ant Financial generally use this fee structure for products that are not yet well established and have short claims settlement cycles, such as *Shipping Return Policy* and *Merchant Performance Bond Insurance*. For more details on the platform service fees paid to Ant Financial and/or its associates, please refer to the section headed “Relationship with Connected Persons — Non-exempt Continuing Connected Transactions — Transaction with Ant Financial Group and its Associates — Online platform cooperation agreement between Ant Financial and/or its associates and us — Pricing Policies” in this prospectus. In addition, the fee arrangements are usually on a short-term basis, and the terms will be re-negotiated every one to two years. Some of our ecosystem partners, for example Tmall, Alipay, Xiaomi and Ctrip, were also among our top policyholders during the Track Record Period. We are able to access certain data if authorized by the customers on the platforms of our ecosystem partners.

Some of our ecosystem partners are also our shareholders or related parties. In 2014, 2015 and 2016 and the three months ended March 31, 2017, our GWP generated from or through our shareholders and related parties accounted for 98.0%, 87.9%, 73.4% and 59.3% of our total GWP, respectively. We expect that the GWP generated from or through our shareholders and related parties will continue to account for a large amount of our total GWP going forward. However, our continuous cooperative arrangements with our shareholders and related parties in the future are subject to certain risks. See “Risk Factors — Risks Relating to Our Business — We historically derived a majority of our total income through partnering with our shareholders and related parties, and the synergy value and cross-selling effect from these partnerships may decrease in the future. Some of our shareholders and related parties offer products competing with ours.” For further details on connected transactions, see section headed “Relationship with Connected Persons” and for further details on related party transactions, see section headed “Appendix I Accountant’s Report”.

In addition to our ecosystem partners’ platforms, we sell certain insurance products through insurance agents or other channels. For example, we currently sell a large portion of our health insurance products through insurance agents. We generally pay insurance agents handling charges and commissions in proportion to the GWP generated.

We also extend our customer reach and grow our customer base on our own platform. We have developed whole-network insurance products and solutions covering multiple platforms and distributed them on our own channels, such as our mobile application, websites, WeChat public accounts and *QQ* public account. We actively seek cross-selling opportunities among customers to maximize customers’ lifetime value.

ASSET MANAGEMENT

Our investing activities consist of cooperating with third-party asset management companies and purchasing asset management products. We had total investment assets of RMB1,149.6 million, RMB7,706.0 million, RMB7,837.3 million and RMB7,737.7 million as of December 31, 2014, 2015 and 2016 and March 31, 2017, respectively. Total investment assets represented 83.9%, 95.5%, 84.0% and 90.4% of our total assets as of December 31, 2014, 2015 and 2016 and March 31, 2017, respectively. As of March 31, 2017, stocks, wealth management products and trusts represented approximately 21.4%, 14.3% and 11.4% of our total investment assets, respectively. Our total investment yield was 7.3%, 12.6%, 1.8%, -2.9% and -0.0% in 2014, 2015 and 2016 and the three months ended March 31, 2016 and 2017, respectively. See “Business — Asset Management” for more details.

We strictly comply with the requirements of relevant PRC laws and regulations and implement prudent risk management by establishing a comprehensive and integrated asset management framework to ensure that our assets are properly managed. See "Business — Asset Management" for more details regarding our investment guidelines and risk management measures. However, our investment returns, and thus our profitability, may be materially and adversely affected by conditions affecting our investments. See "Risk Factors — Risks relating to Our Business — Our investment portfolio is subject to volatility of the PRC securities market and may expose us to unrated instruments and illiquid assets risk, and the investment assets may experience sharp declines in their returns or suffer significant losses, which would have a material adverse effect on our results of operations and financial condition." in this prospectus.

OUR TECHNOLOGY

We believe our proprietary technologies and infrastructure are critical to our success. We have made significant investments in developing a proprietary and scalable technology platform which is our unique competitive edge. We operate our core insurance system on a cloud-based platform. We further developed an open platform in order to connect with the growing number of ecosystem partners. We also apply cutting-edge technologies such as artificial intelligence and big data analytics in marketing, underwriting, pricing and claims processing. In July 2016, we established a wholly-owned subsidiary, ZhongAn Technology, which focuses on research and development of financial technology solutions.

RISK MANAGEMENT

Management of risk exposure is fundamental to our operations. We have established a comprehensive, enterprise-wide integrated and technology-driven risk management framework to manage risks across our operations on a continuous basis. We apply our big data analytics capability and machine learning technology to assist our risk management efforts. The organizational structure of our risk management system include: Board of Directors, risk management committee, senior management, risk management department, legal and compliance department, finance department, actuarial department, operation management center, information and technology department, the various business departments, internal control department and other related departments.

With our compliance-focused capabilities, we developed our systematic enterprise risk management framework, which sets forth our policies of determining the risk limits and adopts the standards of our accounting and statutory metrics. We use our own risk and solvency assessment to evaluate all material risks that could affect our ability to meet policyholder obligations, including market risks, credit and underwriting risks, liquidity risks, and operational risks. We have also established a series of policies and procedures relating to our internal control and management of internal audit risks and financial reporting risks. These policies and procedures are carried out on an on-going basis to deal with the various types of risks encountered by us during our internal control and financial management and to better help us achieve our business objectives.

OVERVIEW OF THE PRC INSURANCE MARKET

Insurance provides financial protection against various forms of losses, such as the loss of property, life or health. Insurance also plays an important role in individual and family financial planning. The PRC insurance market has experienced rapid growth in recent years, increasing from RMB1.4 trillion in 2011 to RMB3.1 trillion in 2016 as measured by GWP, representing a CAGR of 17.2%, according to the Oliver Wyman Report.

Although the size of the PRC insurance market had become the second largest in the world as measured by GWP in 2016 according to the Oliver Wyman Report, insurance penetration and density in China are still substantially lower than those in developed countries, indicating significant growth potential. According to the Oliver Wyman Report, in 2015, GWP only represented 3.6% of GDP in China, compared with 10.9%, 9.9%, 7.3% and 6.3% in Japan, the United Kingdom, the United States and Germany, respectively.

The PRC Insuretech Market

The Insuretech market is created by the dynamic interplay of insurance and technology. According to the Oliver Wyman Report, the PRC Insuretech market consists of three segments: online distribution, technology-enabled upgrade, and ecosystem-oriented innovation. Ecosystem-oriented innovation represents the most novel expansion of the traditional insurance industry by covering previously unaddressed risks. Not only does ecosystem-oriented innovation increase the scope of the insurance market, it also helps drive further growth of the relevant ecosystems by strengthening customer confidence and improving the customer experience.

According to the Oliver Wyman Report, the PRC Insuretech market as measured by GWP was RMB363 billion in 2016, and is expected to grow at a rapid pace in the next few years, reaching RMB1,413 billion in 2021, representing a CAGR of 31.2%. The most innovative Insuretech segment, ecosystem-oriented innovation, is expected to grow particularly fast at a CAGR of 62.0%, compared with 26.1% and 41.1% for online distribution and technology-enabled upgrade segments, respectively. Insurance going online is a rising trend in China. In 2016, of the 9.5 billion newly written policies recorded by the CIRC, approximately 65% were sold online.

We mainly operate in the nascent ecosystem-oriented sub-segment of the Insuretech market, which only accounted for a small percentage of the Insuretech market as of 2016. The ecosystem-oriented market is very fragmented as increasingly more traditional insurers are entering this market. Although we are the leader among the few online-only insurance companies, we only accounted for 17% of this sub-segment and 0.9% of the PRC Insuretech market in 2016, according to the Oliver Wyman Report.

The ecosystem-oriented innovation segment is mainly covered by online-only insurance companies and traditional insurance companies with a significant online presence. Online-only insurance companies tend to have stronger ability to develop insights from large amounts of customer data than traditional insurers, but some traditional insurers are also making investments to capture ecosystem related opportunities. The ecosystem-oriented innovation segment is becoming more populated as an increasing number of traditional insurers have begun to utilize technology to provide similar products such as shipping return insurance, flight delay or accident insurance. As a result, some of our products are facing more intense competition. For example, our GWP from shipping return insurance decreased from 2015 to 2016 partly because there were new market entrants providing shipping return insurance on the platforms of our major e-commerce ecosystem partners, such as Taobao Marketplace.

OUR COMPETITIVE STRENGTHS

We believe the following competitive strengths contribute to our success and differentiate us from our competitors:

- The largest online-only insurance company in China's fast-growing Insuretech market;
- Innovative and scalable business model;
- Proprietary technologies and powerful cloud-based infrastructure;
- Extensive user data and strong data analytics capabilities;
- Sound corporate governance and robust risk management; and
- Visionary management team and entrepreneurial corporate culture with support from shareholders.

For a detailed discussion of these competitive strengths, see "Business — Our Strengths".

OUR STRATEGIES

To achieve our mission, we intend to leverage our existing strengths and pursue the following strategies:

- Further grow our customer base and GWP;
- Enhance our profitability by expanding and optimizing the product mix;
- Strengthen our technology leadership and big data analytics capabilities;
- Further drive operating efficiency; and
- Foster sustainable ecosystems by connecting with more ecosystem partners.

For a detailed discussion of these strategies, see "Business — Our Strategies".

RISK FACTORS

Our business and the Global Offering involve certain risks, which are set out in the section headed "Risk Factors." You should read that section in its entirety carefully before you decide to invest in our H Shares. Some of the major risks we face include:

- We may continue to incur net loss;
- Risks associated with operating in an emerging, dynamic and competitive industry, our limited operating history, and our ability to effectively manage our growth, control our expenses or implement our business strategies;
- Our recent business growth and profitability might not be indicative for future periods;
- Our dependence on partnering with our shareholders and their related parties as well as our cooperation with other ecosystem partners and other participants in the ecosystems;
- Difference in actual benefits and claims from the assumptions used in pricing and setting reserves for our insurance products may materially and adversely affect our results of operations and financial condition;
- Competition in the PRC insurance market, in particular, our business model being replicated quickly by internet companies as well as traditional insurance companies and financial institutions aiming to engage in Insuretech business;
- Failure to meet solvency margin ratio requirements, which could expose us to regulatory actions and could force us to change our business strategies or slow down our growth;
- Credit cycle risk and the risk of deterioration of credit profiles of borrowers in our consumer finance ecosystem;
- Credit or other information we receive about a borrower not being accurate or not accurately reflective of borrower's credit worthiness;
- The success and growth of our business rely on the development of the e-commerce industry in China;
- Effectiveness of our risk management and internal control systems, as well as the risk management tools available to us in identifying or mitigating risks to which we are exposed;
- Risks relating to our intellectual property, technology infrastructure and data analytics; and
- Risks relating to government regulations on insurance companies, internet insurance and internet financial service businesses.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following tables set forth summary financial data from our consolidated financial information for the Track Record Period, extracted from the Accountant's Report set out in Appendix I to this prospectus. The summary consolidated financial data set forth below should be read together with, and is qualified in its entirety by reference to, the consolidated financial statements in this prospectus, including the related notes. Our consolidated financial information was prepared in accordance with HKFRS.

SUMMARY CONSOLIDATED INCOME STATEMENT

The following table sets forth our consolidated income statements for the periods indicated:

	For the Year Ended December 31,			For the Three Months Ended March 31,	
	2014	2015	2016	2016	2017
	(in thousands of RMB)				
				(unaudited)	
Gross written premiums	794,097	2,283,042	3,408,048	604,401	1,030,363
Less: Premiums ceded to reinsurers	(7,265)	(10,443)	(39,632)	(3,516)	(35,954)
Net written premiums	786,832	2,272,599	3,368,416	600,885	994,409
Less: Net change in unearned premium reserves	(74,647)	(351,105)	(143,004)	(31,706)	(107,632)
Net premiums earned	**712,185**	**1,921,494**	**3,225,412**	**569,179**	**886,777**
Net investment income	80,062	520,684	98,624	(167,093)	95,552
Net fair value gains through profit or loss	9,914	40,611	41,843	(52,435)	(96,555)
Other operating income	15,376	26,556	46,841	204	10,120
Other income	**105,352**	**587,851**	**187,308**	**(219,324)**	**9,117**
Total income	**817,537**	**2,509,345**	**3,412,720**	**349,855**	**895,894**
Net claims incurred	(522,903)	(1,316,269)	(1,355,293)	(265,555)	(396,713)
Handling charges and commissions	(16,154)	(100,641)	(287,109)	(44,600)	(115,465)
Finance costs	(5,702)	(3,078)	(203)	(157)	(445)
Other operating and administrative expenses	(236,194)	(1,029,764)	(1,757,100)	(333,235)	(605,975)
Total benefits, claims and expenses	**(780,953)**	**(2,449,752)**	**(3,399,705)**	**(643,547)**	**(1,118,598)**
Operating profit/(loss) before income tax	**36,584**	**59,593**	**13,015**	**(293,692)**	**(222,704)**
Income tax expense	397	(15,336)	(3,643)	38,307	20,608
Net profit/(loss) for the period	**36,981**	**44,257**	**9,372**	**(255,385)**	**(202,096)**

We recorded an underwriting loss of RMB61.5 million, RMB511.6 million and RMB153.1 million, respectively, and our combined ratio was 108.6%, 126.6% and 104.7%, respectively. Our net profit from 2014 to 2016 was mainly driven by our net investment income, which increased from RMB80.1 million in 2014 to RMB520.7 million in 2015 and then decreased to RMB98.6 million in 2016. Our net investment income has fluctuated and will continue to fluctuate subject to the performance of the PRC securities market.

SUMMARY CONSOLIDATED FINANCIAL POSITION

Assets

As of December 31, 2014, 2015 and 2016 and March 31, 2017, our total assets were RMB1,369.5 million, RMB8,069.1 million, RMB9,332.2 million and RMB8,556.1 million, respectively. The following table sets forth the principal components of our assets as of the dates indicated:

	As of December 31,			As of March 31,
	2014	2015	2016	2017
	(in thousands of RMB)			
Financial assets				
Restricted statutory deposits	200,000	248,125	248,125	248,125
Investments classified as loans and receivables	408,299	1,207,896	1,707,648	1,716,451
Available-for-sale financial assets	368,130	3,556,804	3,670,260	3,163,042
Financial assets at fair value through profit or loss	121,486	1,321,398	1,599,230	1,694,232
Securities purchased under agreements to resell	50,000	—	302,300	800
Cash and cash equivalents	141,696	1,374,897	1,153,244	1,054,646
Total financial assets	1,289,611	7,709,120	8,680,807	7,877,296
Assets other than financial assets [1]	79,850	360,023	651,416	678,809
Total assets	1,369,461	8,069,143	9,332,223	8,556,105

Note:
(1) Assets other than financial assets included receivables, fixed and intangible assets, and other miscellaneous assets.

Liabilities

As of December 31, 2014, 2015 and 2016 and March 31, 2017, our total liabilities were RMB348.9 million, RMB1,170.8 million, RMB2,473.3 million and RMB1,909.9 million, respectively. The following table sets forth the principal components of our liabilities as of the dates indicated:

	As of December 31,			As of March 31,
	2014	2015	2016	2017
	(in thousands of RMB)			
Insurance contract liabilities				
Unearned premium reserves	87,459	441,579	601,256	722,989
Claim reserves	35,546	174,652	196,049	245,673
Total insurance contract liabilities	123,005	616,231	797,305	968,662
Financial liabilities				
Policyholders' deposits	—	12	211	203
Investment contract liabilities	—	1,562	573,069	137,196
Securities sold under agreements to repurchase	140,000	1,600	282,674	2,300
Total financial liabilities	140,000	3,174	855,954	139,699
Liabilities other than insurance contract liabilities and financial liabilities	85,894	551,420	819,992	801,504
Total liabilities	348,899	1,170,825	2,473,251	1,909,865

SUMMARY CONSOLIDATED STATEMENTS OF CASH FLOWS

The following table sets forth our cash flows for the periods indicated:

	For the Year Ended December 31,			For the Three Months Ended March 31,	
	2014	2015	2016	2016	2017
	(in thousands of RMB)				
				(unaudited)	
Net cash generated from/(used in) operating activities	119,619	300,547	853,387	43,292	(518,053)
Net cash (used in)/generated from investing activities	(143,084)	(4,662,365)	(1,355,921)	(657,885)	700,305
Net cash generated from/(used in) financing activities	134,298	5,595,019	280,872	63,543	(280,819)
Net effect of foreign exchange rate changes on cash	—	—	9	(1)	(31)
Net increase/(decrease) in cash and cash equivalents	110,833	1,233,201	(221,653)	(551,051)	(98,598)
Cash and cash equivalents at beginning of the period	30,863	141,696	1,374,897	1,374,897	1,153,244
Cash and cash equivalents at the end of the period	141,696	1,374,897	1,153,244	823,846	1,054,646

We had net cash outflows used in operating activities of RMB518.1 million in the three months ended March 31, 2017 compared with net cash inflows from operating activities of RMB43.3 million in the three months ended March 31, 2016, primarily due to cash used in the three months ended March 31, 2017 for the redemption of previously outstanding investment-linked insurance products, which we stopped selling in January 2017 in accordance with a new CIRC regulation.

SOLVENCY MARGIN RATIO

The solvency margin ratio is a measure of capital adequacy for PRC insurance companies and is calculated by dividing the actual capital, which is the difference between an insurance company's admitted assets and admitted liabilities as determined by the CIRC, by a statutory minimum capital. Insurance companies carrying out business in China must comply with requirements on the solvency margin ratio imposed by the CIRC. An insurance company is non-compliant with the solvency requirement if its solvency margin ratio is less than 100%. If it is between 100% and 150%, the CIRC could order the insurance companies in question to submit and implement appropriate plans to prevent any further deterioration of the ratio. The China Risk Oriented Solvency System (C-ROSS), a new-generation solvency system developed by the CIRC, took effect in 2016. During the Track Record Period, we maintained our solvency ratio in compliance with the minimum requirement by the CIRC before and after the transition to C-ROSS. Under the older solvency system, our solvency margin ratio was 714.9% and 1,620.4% as of December 31, 2014 and 2015, respectively. Under C-ROSS, our comprehensive solvency margin ratio was 722.5% and 638.3% as of December 31, 2016 and March 31, 2017, respectively. Our comprehensive solvency margin ratio increased significantly from December 31, 2014 to December 31, 2015 mainly due to increased assets resulting from the issuance of new shares in June 2015. Our comprehensive solvency margin ratio decreased subsequent to December 31, 2015 mainly due to an increase in our statutory minimum capital, which in turn was partly due to the transition to C-ROSS and partly due to the growth in our GWP.

KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios for the periods or as of the dates indicated:

	For the Year Ended or as of December 31,			For the Three Months Ended or as of March 31,	
	2014	2015	2016	2016	2017
				(unaudited)	
Retention ratio(1)	99.1%	99.5%	98.8%	99.4%	96.5%
Loss ratio(2)	73.4%	68.5%	42.0%	46.7%	44.7%
Expense ratio(3)	35.2%	58.1%	62.7%	65.6%	78.4%
Combined ratio(4)	108.6%	126.6%	104.7%	112.3%	123.1%
Net investment yield(5)	4.8%	3.5%	3.6%	0.9%	2.0%
Total investment yield(6)	7.3%	12.6%	1.8%	(2.9%)	(0.0%)
Return on assets(7)	2.7%	0.9%	0.1%	(3.2%)	(2.3%)
Return on equity(8)	3.7%	1.1%	0.1%	(3.8%)	(3.0%)
Gearing ratio(9)	25.5%	14.5%	26.5%	16.5%	22.3%

Notes:

(1) Retention ratio equals net written premiums, which is gross written premiums less premiums ceded to reinsurer, as a percentage of gross written premiums.

(2) Loss ratio equals net claims incurred as a percentage of net premiums earned. Our loss ratio decreased during the Track Record Period primarily due to the continuous improvement in our risk management measures and the growth of insurance products with relatively low loss ratios, such as travel-related accident insurance and health insurance products.

(3) Expense ratio equals insurance operating expenses, expressed as a percentage of net premiums earned. Our expense ratio significantly increased during the Track Record Period primarily as we continue to focus on accident insurance products, which tend to involve higher rate of handling charges and commissions and technical service fees compared to our other types of insurance products, and as a result of increased expenses related to employee benefit expenses, depreciation and amortization expenses and promotional expenses as we continued to expand our operations.

(4) Combined ratio equals the sum of loss ratio and expense ratio.

(5) Net investment yield equals the sum of net interest income and dividend income less interest expense relating to securities sold under agreements to repurchase for the period as a percentage of the average of the opening and closing balances of total investment assets of the period (in the case of 2015 and 2016 and the three months ended March 31, 2016 and 2017) or the closing balance of total investment assets of the period (in the case of 2014).

(6) Total investment yield equals total investment income (defined as the sum of net investment income and net fair value gains through profit or loss, less interest expense relating to securities sold under agreements to repurchase) for the period as a percentage of the average of the opening and closing balances of total investment assets of the period (in the case of 2015 and 2016 and the three months ended March 31, 2016 and 2017) or the closing balance of total investment assets of the period (in the case of 2014).

(7) Return on assets equals profit for the period divided by the average of the opening and closing balances of total assets of the period (in the case of 2015 and 2016 and the three months ended March 31, 2016 and 2017) or divided by the closing balance of total assets of the period (in the case of 2014).

(8) Return on equity equals profit for the period divided by the average of the opening and closing balances of total equity of the period.

(9) Gearing ratio is represented by total liabilities (excluding capital supplementary bonds and subordinated term debts) divided by total assets.

Please refer to the section headed "Financial Information — Selected Financial Ratios" for a discussion of movements of the above financial ratios during the Track Record Period.

RECENT DEVELOPMENTS

Our Directors are responsible for the preparation of our unaudited condensed consolidated financial statements for the six months ended June 30, 2017 in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. Our interim condensed consolidated financial statements for the six months ended June 30, 2017 have been reviewed by our reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. Based on these reviewed but unaudited financial statements, our gross written premiums increased by 84.3% from RMB1,351.9 million in the six months ended June 30, 2016 to RMB2,491.9 million in the six months ended June 30, 2017, primarily due to significant increases in gross written premiums from health insurance, accident insurance, liability insurance and shipping return insurance. However, our loss ratio increased from 41.0% in the six months ended June 30, 2016 to 52.8% in the six months ended June 30, 2017, mainly due to (i) significant increases in insurance claims paid and net increase in claim reserve in relation to credit insurance, a product type that we started to focus on in 2017; and (ii) a significant increase in our unearned premium reserves mainly due to the rapid growth of longer-term products such as health insurance and credit insurance. Our expense ratio increased from 70.9% in the six months ended June 30, 2016 to 76.5% in the six months ended June 30, 2017, mainly due to increases in other operating and administrative expenses, and handling charges and commissions. The increase in other operating and administrative expenses was primarily due to an increase in staff costs and overhead expenses resulting from an expanding workforce to grow our business in accordance with our business plans. The increase in handling charges and commissions was primarily due to the change in our product mix. In particular, health insurance, which tends to incur higher rates of handling charges and commissions than our other insurance products, grew rapidly from the six months ended June 30, 2016 to the six months ended June 30, 2017 and accounted for a growing percentage of our total gross written premiums. As a result of the foregoing, our combined ratio increased from 111.8% in the six months ended June 30, 2016 to 129.3% in the six months ended June 30, 2017, indicating a continuing underwriting loss. Our overall net loss was RMB286.8 million in the six months ended June 30, 2017, compared with a net loss of RMB228.3 million for the same period in 2016. We expect to continue to incur an underwriting loss for the years ending December 31, 2017 and 2018.

Our Directors confirm that, up to the date of this prospectus, other than as disclosed above and in the section headed "— Overview — Net Loss in 2017", there has been no event since March 31, 2017 that would materially affect the information as set out in the Accountant's Report included in Appendix I to this prospectus.

APPROVED NAME FOR CARRYING ON BUSINESS IN HONG KONG

We were incorporated in the PRC on October 9, 2013 as a joint stock limited company under the name of 眾安在綫財產保險股份有限公司 after receiving approval from the CIRC. We are registered as a non-Hong Kong company with the Registrar of Companies in Hong Kong under Part 16 of the Companies Ordinance and we carry on business in Hong Kong as "ZA Online Fintech P & C" as approved by and registered with the Registrar of Companies on September 6, 2017 and September 13, 2017, respectively.

PRE-IPO INVESTMENTS

The Company completed its series A capital raising with the Pre-IPO Investors on June 7, 2015. The Pre-IPO Investors paid in RMB5,775,000,000 for the subscription of an aggregate of 240,625,000 Foreign Shares at a price of RMB24 per Share. The allotment of Shares under the Pre-IPO Investments was completed on June 7, 2015. After the allotment, our registered capital increased from RMB1,000,000,000 to RMB1,240,625,000. The below table is a summary of the number of shares held by the Pre-IPO Investors before and after completion of the Pre-IPO Investments, the consideration paid and percentage of shareholding immediately prior to and after Listing:

Shareholders	Number of shares before completion of Pre-IPO Investments	Number of Shares	Consideration paid (RMB)	Ownership percentage as of the date of this prospectus	Ownership percentage as of the Listing Date (assuming Over-allotment Option is not exercised)
Morgan Stanley Asia Securities Products LLC	—	30,730,833	737,539,992	2.4770%	2.1342%
CICC Securities (HK) Limited	—	31,250,000	750,000,000	2.5189%	2.1703%
CDH Avatar, L.P.	—	62,000,000	1,488,000,000	4.9975%	4.3058%
Keywise ZA Investment	—	61,189,167	1,468,540,008	4.9321%	4.2495%
Equine Forces Limited Partnership	—	55,455,000	1,330,920,000	4.4699%	3.8513%
Total	—	240,625,000	5,775,000,000	19.3954%	16.7110%

ADMINISTRATIVE PROCEEDINGS AND NON-COMPLIANCE

During the Track Record Period and up to the Latest Practicable Date, we did not commit any material non-compliance of the laws or regulations, and we did not experience any systemic non-compliance incidents, which taken as a whole, in the opinion of our Directors, are likely to have a material and adverse effect on our business, financial condition or results of operations. During the same periods, we also did not experience any non-compliance of the laws or regulations, which taken as a whole, in the opinion of the Directors, reflects negatively on the ability or tendency of our Company, the Directors or our senior management, to operate our business in a compliant manner. Our PRC Legal Advisor is of the opinion that, we have complied with all relevant PRC laws and regulations in all material respects during the Track Record Period and up to the Latest Practicable Date. See the section headed "Business — Administrative Proceedings and Non-compliance" for a summary of our certain non-compliance matters during the Track Record Period.

FUTURE DIVIDENDS

PRC laws require that dividends be paid only out of the profit for the year calculated according to PRC accounting principles, which differ in many aspects from the generally accepted accounting principles in other jurisdictions, including HKFRS. Distributions from us and our subsidiaries may also become subject to any restrictive covenants in bank credit facilities, convertible bond instruments or other agreements that we or our subsidiaries may enter into in the future.

The amount of dividend actually distributed to our shareholders will depend upon our earnings and financial condition, operating requirements, capital requirements and any other conditions that our Directors may deem relevant and will be subject to approval of our shareholders. Our Board has the absolute discretion to recommend any dividend.

We have not previously declared or paid cash dividends and we cannot declare or pay any dividends in the near future on our H Shares so long as we continue to be loss-making.

GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. The Global Offering comprises:

(i) the Hong Kong Public Offering of 9,964,800 Offer Shares (subject to adjustment) in Hong Kong as described in the section headed "Structure of the Global Offering — The Hong Kong Public Offering" in this prospectus; and

(ii) the International Offering of an aggregate of initially 189,329,100 Shares (subject to adjustment and the Over-allotment Option), (a) in the United States to QIBs in reliance on Rule 144A or another available exemption; and (b) outside the United States in reliance on Regulation S (including to professional and institutional investors in Hong Kong).

The Offer Shares will represent 13.84% of the issued share capital of our Company immediately following the completion of the Global Offering, assuming the Over-allotment Option is not exercised. If the Over-allotment Option is exercised in full, and the Offer Shares will represent approximately 15.59% of the issued share capital of our Company immediately following the completion of the Global Offering.

We have applied to the Listing Committee for the granting of the listing of, and permission to deal in, our H Shares in issue and to be issued pursuant to the Global Offering (including the additional H Shares which may be issued pursuant to the exercise of the Over-allotment Option), on the basis that, among other things, we satisfy the market capitalization/revenue test under Rule 8.05(3) of the Listing Rules with reference to (i) our total income for the year ended December 31, 2016, being approximately RMB3,412.7 million (equivalent to approximately HK$4,077.9 million), is over HK$500 million; and (ii) our expected market capitalization at the time of Listing, which based on the low-end of the indicative Offer Price range, exceeds HK$4 billion.

OFFERING STATISTICS

All statistics in the following table are based on the assumptions that (i) the Global Offering has been completed and 199,293,900 H Shares are issued pursuant to the Global Offering; and (ii) 1,439,918,900 Shares are issued and outstanding following the completion of the Global Offering.

	Based on an Offer Price of HK$53.70	Based on an Offer Price of HK$59.70
Market capitalisation of our Shares(1)	HK$77,324 million	HK$85,963 million
Unaudited pro forma adjusted net tangible asset per Share(2)	HK$12.57 (RMB10.52)	HK$13.38 (RMB11.20)

Notes:

(1) The calculation of market capitalisation is based on 1,439,918,900 Shares expected to be in issue immediately upon completion of the Global Offering.

(2) The unaudited pro forma adjusted net tangible asset per Share as at March 31, 2017 is calculated after making the adjustments referred to in Appendix II to this prospectus and on the basis that 1,439,918,900 Shares are expected to be in issue immediately upon completion of the Global Offering.

For the calculation of the unaudited pro forma adjusted net tangible asset value per Share attributed to our Shareholders, see the section headed "Unaudited Pro Forma Financial Information" in Appendix II to this prospectus.

LISTING EXPENSES

Based on the mid-point Offer Price of HK$56.70, the total estimated listing related expenses payable by us in relation to the Global Offering is approximately RMB294.6 million (or approximately RMB58.2 million after excluding underwriting fees and commissions and incentive fees of approximately RMB236.4 million). We estimate that listing expenses of RMB11.9 million will be charged to our consolidated statements of comprehensive income for the year ending December 31, 2017, and RMB282.7 million is expected to be capitalized and accounted for as a deduction from equity. These listing expenses mainly comprise professional fees paid and payable to the Joint Sponsors, Joint Bookrunners, the Underwriters, legal advisors and the reporting accountant for their services rendered in relation to the Listing and the Global Offering. Our Directors do not expect such expenses to have a material adverse impact on our financial results for the year ending December 31, 2017.

USE OF PROCEEDS

We estimate that the net proceeds from the Global Offering which the Company will receive, assuming an Offer Price of HK$56.70 (being the mid-point of the Offer Price range), will be approximately HK$10,948 million, after deducting the estimated underwriting fees and commissions, incentive fees and expenses in relation to the Global Offering payable by the Company.

We intend to use the net proceeds from the Global Offering for strengthening our capital base to support our business growth. Pending the deployment of the net proceeds from the Global Offering as described, the Company currently intends to invest such net proceeds in short-term interest bearing deposits and/or money market instruments.

In the event the Over-allotment Option is exercised in full and assuming an Offer Price of HK$56.70 (being the mid-point of the Offer Price range), the net proceeds to be received will be approximately HK$12,601 million, after deducting the estimated underwriting fees and commissions, incentive fees and expenses in relation to the Global Offering payable by the Company.

In this prospectus, unless the context otherwise requires, the following expressions shall have the following meanings.

"affiliate"	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"Alibaba"	Alibaba Group Holding Ltd. (阿里巴巴集團控股有限公司), a Chinese e-commerce company listed on the New York Stock Exchange (NYSE: BABA)
"Alipay"	Alipay (China) Internet Technology Co., Ltd. (支付寶(中國)網絡技術有限公司), a company incorporated in the PRC and a wholly owned subsidiary of Ant Financial
"An Xin"	An Xin Property and Casualty Insurance Co., Ltd. (安心財產保險有限責任公司), an online insurance company incorporated in the PRC
"Ant Financial"	Ant Small and Micro Financial Services Group Co., Ltd. (浙江螞蟻小微金融服務集團股份有限公司), a limited liability company incorporated in the PRC (formerly known as Zhejiang Alibaba E-Commerce Co., Ltd. (浙江阿里巴巴電子商務有限公司) and incorporated on October 19, 2000) and one of our substantial shareholders
"Ant Financial Group"	Ant Financial and its subsidiaries
"Application Form(s)"	the **WHITE** Application Form(s), **YELLOW** Application Form(s) and **GREEN** Application Form(s) or, where the context so requires, any of them
"Articles of Association" or "Articles"	the articles of association of the Company conditionally adopted on November 14, 2016 with effect from the Global offering becoming unconditional on the Listing Date, as amended from time to time, a summary of which is set out in *"Appendix V — Summary of Articles of Association"*
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Bestpay"	China Telecom Bestpay E-commerce Ltd. (天翼電子商務有限公司), a company incorporated in the PRC and a wholly-owned subsidiary of China Telecom
"Board" or "Board of Directors"	the board of Directors of our Company
"Board of Supervisors"	the board of Supervisors of our Company

"business day"	any day (other than a Saturday, Sunday or public holiday) on which banks in Hong Kong are generally open for normal banking business
"CAGR"	compounded annual growth rate
"Cathay"	Cathay Insurance Co., Ltd. (國泰財產保險有限責任公司), an insurance company incorporated in the PRC
"CBRC"	the China Banking Regulatory Commission (中國銀行業監督管理委員會)
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CCASS Account"	a securities account maintained by a CCASS Participant with CCASS
"CCASS Clearing Participant"	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
"CCASS Custodian Participant"	a person admitted to participate in CCASS as a custodian participant
"CCASS Investor Participant"	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
"CCASS Participant"	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
"China CITIC Bank"	China CITIC Bank Corporation Ltd. (中信銀行股份有限公司), a bank incorporated in the PRC and listed on the Hong Kong Stock Exchange (SEHK: 0998)
"China Electronics Standardization Institute"	a non-profit institution engaged in standardization, conformity assessment and measurement activities in the field of electronic information technologies
"China Telecom"	China Telecommunications Corporation Ltd (中國電信集團公司), a telecommunications company incorporated in the PRC and listed on the New York Stock Exchange (NYSE: CHA) and the Hong Kong Stock Exchange (SEHK: 0728)
"CIRC"	the China Insurance Regulatory Commission (中國保險監督管理委員會)
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended or supplemented from time to time

"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended or supplemented from time to time
"Company", "Our Company", "we" or "us"	ZhongAn Online P & C Insurance Co., Ltd. (眾安在綫財產保險股份有限公司), a joint stock limited company with limited liability incorporated in the People's Republic of China on October 9, 2013 and carrying on business in Hong Kong as "ZA Online Fintech P & C"
"CSRC"	the China Securities Regulatory Commission (中國證券監督管理委員會)
"Ctrip"	Ctrip.com International Ltd. an online travel agency incorporated in the Cayman Islands and listed on the Nasdaq Global Select Market (NASDAQ: CTRP)
"Didi Chuxing"	Didi Chuxing Technology Co., Ltd. (滴滴出行科技有限公司), a company incorporated in the PRC
"Director(s)"	the director(s) of the Company
"Domestic Shares"	ordinary shares issued by the Company, with a nominal value of RMB1, which are subscribed for or credited as paid in RMB
"edaijia"	edaijia.cn (e代駕), a mobile platform that enables consumers to find and hire temporary drivers, operated by Beijing Yixin Yixing Automotive Technical Development Service Co., Ltd. (北京億心宜行汽車技術開發服務有限公司), a company incorporated in the PRC
"Foreign Shares"	ordinary shares issued by the Company, with a nominal value of RMB1, which are subscribed for in a company other than RMB
"DXY" or "DXY.cn"	Ding Xiang Yuan (丁香園), a medical online social networking service under Guanlan Network (Hangzhou) Co., Ltd. (觀瀾網絡(杭州)有限公司), a company incorporated in the PRC
"FY"	financial year ended or ending 31 December
"Fenqile"	Shenzhen Fenqile Network Technology Co., Ltd. (深圳市分期樂網絡科技有限公司), a company incorporated in the PRC
"Global Offering"	the Hong Kong Public Offering and the International Offering

"GREEN Application Form(s)"	the application form(s) to be completed by the **HK eIPO White Form** Service Provider designated by our Company
"Group", "we", "our" or "us"	the Company and its subsidiaries, or where the context so requires, in respect of the period before the Company became the holding company of its present subsidiaries, such subsidiaries could be viewed as if they were the subsidiaries of the Company at the time
"H Share Registrar"	Tricor Investor Services Limited
"H Shares"	the overseas listed foreign invested ordinary shares in the ordinary share capital of the Company, with a nominal value of RMB1 each, which are to be subscribed for and traded in Hong Kong dollars and for which an application has been made for the granting of the approval for the listing of, and permission to deal in, on the Hong Kong Stock Exchange, and a "**H Share**" means any of them
"HK$" or "Hong Kong dollars"	Hong Kong dollars, the lawful currency of Hong Kong
"HK eIPO White Form"	the application for Hong Kong Offer Shares to be issued in the applicant's own name by submitting applications online through the designated website of **HK eIPO White Form** at **www.hkeipo.hk**
"HK eIPO White Form Service Provider"	the **HK eIPO White Form** Service Provider designated by our Company as specified on the designated website **www.hkeipo.hk**
"HKFRS"	the Hong Kong Financial Reporting Standards
"HKSCC"	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"HKSCC Nominees"	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC, in its capacity as nominee for HKSCC (or any successor thereto) as operator of CCASS and any successor, replacement or assign of HKSCC Nominees Limited as nominee for the operator of CCASS
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Offer Shares"	the 9,964,800 H Shares initially being offered by the Company pursuant to the Hong Kong Public Offering (subject to adjustment as described in *"Structure of the Global Offering"*)

"Hong Kong Public Offering"	the offer of the Hong Kong Offer Shares to the public in Hong Kong for subscription at the Offer Price, subject to the terms and conditions set out in this prospectus and the Application Forms, as further described in *"Structure of the Global Offering"*
"Hong Kong Stock Exchange" or "Stock Exchange" or "SEHK"	The Stock Exchange of Hong Kong Limited
"Hong Kong Underwriters"	the underwriters listed in *"Underwriting — Hong Kong Underwriters"*, being the underwriters of the Hong Kong Public Offering
"Hong Kong Underwriting Agreement"	the underwriting agreement dated September 14, 2017 relating to the Hong Kong Public Offering entered into between the Company, J.P. Morgan Securities (Asia Pacific) Limited, J.P. Morgan Securities (Far East) Limited, Credit Suisse (Hong Kong) Limited, UBS AG Hong Kong Branch, UBS Securities Hong Kong Limited, CMB International Capital Limited and the Hong Kong Underwriters, as further described in *"Underwriting"*
"Huatai"	Huatai Insurance Group Co., Ltd. (華泰保險集團股份有限公司), an online insurance company incorporated in the PRC
"Independent Third Party(ies)"	an individual or a company who is not connected with (within the meaning of the Listing Rules) any Directors, Supervisors, chief executive or substantial shareholders of the Company, its subsidiaries or any of their respective associates
"International Offer Shares"	the 189,329,100 H Shares initially being offered by the Company pursuant to the International Offering (subject to reallocation as described in *"Structure of the Global Offering"*) together with, where relevant, up to an additional 29,894,000 H Shares which may be issued pursuant to any exercise of the Over-allotment Option
"International Offering"	the offer of the International Offer Shares (a) in the United States to QIBs in reliance on an exemption from registration under the U.S. Securities Act provided by, and in accordance with the restrictions of, Rule 144A or another exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act or (b) outside the United States in offshore transactions in accordance with Regulation S, for subscription or purchase (as the case may be) at the Offer Price, in each case on and subject to the terms and conditions of the International Underwriting Agreement, as further described in *"Structure of the Global Offering"*

"International Underwriters"	the underwriters named in the International Underwriting Agreement, being the underwriters of the International Offering
"International Underwriting Agreement"	the underwriting agreement relating to the International Offering to be entered into between the Company, the Joint Global Coordinators and the International Underwriters on or about the Price Determination Date, as further described in *"Underwriting"*
"iyunbao"	iyunbao.com (i雲保), an online insurance platform operated by Shanghai Leopard Cloud Network Information Service Co., Ltd. (上海豹雲網絡信息服務有限公司), a company incorporated in the PRC
"JD.com"	JD.com Inc., a company incorporated in the Cayman Islands and listed on the Nasdaq Global Select Market (NASDAQ: JD)
"Joint Bookrunners"	J.P. Morgan Securities (Asia Pacific) Limited, Credit Suisse (Hong Kong) Limited, UBS AG Hong Kong Branch, CMB International Capital Limited, China International Capital Corporation Hong Kong Securities Limited, Ping An of China Securities (Hong Kong) Company Limited, Morgan Stanley Asia Limited, ICBC International Capital Limited, BOCI Asia Limited, ABCI Capital Limited, in relation to the Hong Kong Public Offering; J.P. Morgan Securities plc, Credit Suisse (Hong Kong) Limited, UBS AG Hong Kong Branch, CMB International Capital Limited, China International Capital Corporation Hong Kong Securities Limited, Ping An of China Securities (Hong Kong) Company Limited, Morgan Stanley & Co. International plc, ICBC International Capital Limited, BOCI Asia Limited, ABCI Capital Limited in relation to the International Offering
"Joint Global Coordinators"	J.P. Morgan Securities (Asia Pacific) Limited, Credit Suisse (Hong Kong) Limited, UBS AG Hong Kong Branch, CMB International Capital Limited

"Joint Lead Managers"	J.P. Morgan Securities (Asia Pacific) Limited, Credit Suisse (Hong Kong) Limited, UBS AG Hong Kong Branch, CMB International Capital Limited, China International Capital Corporation Hong Kong Securities Limited, Ping An of China Securities (Hong Kong) Company Limited, Morgan Stanley Asia Limited, ICBC International Securities Limited, BOCI Asia Limited, ABCI Securities Company Limited, Head & Shoulders Securities Limited, Futu Securities International (Hong Kong) Limited, Essence International Securities (Hong Kong) Limited in relation to the Hong Kong Public Offering; J.P. Morgan Securities plc, Credit Suisse (Hong Kong) Limited, UBS AG Hong Kong Branch, CMB International Capital Limited, China International Capital Corporation Hong Kong Securities Limited, Ping An of China Securities (Hong Kong) Company Limited, Morgan Stanley & Co. International plc, ICBC International Securities Limited, BOCI Asia Limited, ABCI Securities Company Limited, Head & Shoulders Securities Limited, Futu Securities International (Hong Kong) Limited, Essence International Securities (Hong Kong) Limited in relation to the International Offering
"Joint Sponsors"	J.P. Morgan Securities (Far East) Limited, Credit Suisse (Hong Kong) Limited, UBS Securities Hong Kong Limited, CMB International Capital Limited
"Latest Practicable Date"	September 8, 2017, being the latest practicable date for the purpose of ascertaining certain information contained in this prospectus prior to its publication
"Leshang"	Hangzhou Leshang Internet Technology Co., Ltd. (杭州樂尚網絡科技有限公司), a company incorporated in the PRC
"Listing"	the listing of the H Shares on the Main Board of the Hong Kong Stock Exchange
"Listing Committee"	the listing committee of the Hong Kong Stock Exchange
"Listing Date"	the date, expected to be on or about September 28, 2017, on which the H Shares are first listed and from which dealings in the H Shares are permitted to take place on the Main Board of the Hong Kong Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time

"Locket"	Hangzhou LOCKet Technology Co., Ltd. (杭州臻至科技有限公司), a company incorporated in the PRC
"Mandatory Provisions"	the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas (到境外上市公司章程必備條款), for inclusion in the articles of association of companies incorporated in the PRC to be listed overseas, promulgated by the former State Council Securities Committee and other PRC Government departments on 27 August 1994, as amended, supplemented or otherwise modified from time to time
"Maximum Offer Price"	HK$59.70 per H Share, being the maximum subscription price in the Offer Price Range
"Mi Band"	Huami (Beijing) Information Technology Co., Ltd. (華米(北京)信息科技有限公司), a company incorporated in the PRC
"Mime Financial"	Shanghai Mime Financial Information Service Co., Ltd. (上海米么金融信息服務有限公司), a company incorporated in the PRC
"Minimum Offer Price"	HK$53.70 per H Share, being the minimum subscription price in the Offer Price Range
"MOF"	the Ministry of Finance of the PRC (中華人民共和國財政部)
"MOFCOM"	the Ministry of Commerce of the PRC (中華人民共和國商務部)
"MOLR"	the Ministry of Land and Resources of the PRC (中華人民共和國國土資源部)
"NDRC"	the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
"NPC"	the National People's Congress of the PRC (全國人民代表大會)
"Offer Price"	the final offer price per Offer Share (exclusive of brokerage of 1.0%, SFC transaction levy of 0.0027% and Hong Kong Stock Exchange trading fee of 0.005%) of not less than HK$53.70 and expected to be not more than HK$59.70, such price to be determined by agreement between the Joint Global Coordinators (on behalf of the Underwriters) and the Company on or before the Price Determination Date
"Offer Price Range"	HK$53.70 to HK$59.70 per Offer Share

"Offer Shares"	the Hong Kong Offer Shares and the International Offer Shares, together with, where relevant, any additional H Shares which may be issued pursuant to any exercise of the Over-allotment Option
"Oliver Wyman Report"	an industry report commissioned by us and independently prepared by Oliver Wyman in connection with the Global Offering
"Omron"	Omron Corporation, a company incorporated in Japan
"Over-allotment Option"	the option expected to be granted by the Company under the International Underwriting Agreement to the International Underwriters, exercisable by the Joint Global Coordinators (on behalf of the International Underwriters), pursuant to which the Company may be required to issue up to an additional 29,894,000 H Shares (representing not more than approximately 15.00% of the number of Offer Shares initially being offered under the Global Offering) at the Offer Price, to cover over-allocations in the International Offering, if any, as further described in *"Structure of the Global Offering"*
"PBOC"	the People's Bank of China (中國人民銀行)
"PBOC rate"	the exchange rate for foreign exchange transactions set daily by the PBOC based on the previous day's interbank foreign exchange rate in the PRC and with reference to prevailing exchange rates on the world financial markets
"PICC"	People's Insurance Company of China (中國人民保險集團股份有限公司), an insurance company incorporated in the PRC
"Ping An Asset Management"	Ping An Asset Management Co., Ltd. (平安資產管理有限責任公司), a company established in May 2005 in the PRC with a registered capital of RMB 500 million and a subsidiary of Ping An Insurance
"Ping An Group"	Ping An Insurance and its subsidiaries
"Ping An Insurance"	Ping An Insurance (Group) Co. of China, Ltd. (中國平安保險(集團)股份有限公司), a joint stock limited company incorporated in the PRC on March 21, 1988 listed on Main Board of the Stock Exchange (SEHK: 02318) and the Shanghai Stock Exchange (SSE: 601318), and one of our substantial shareholders

"Ping An P&C"	Ping An Property and Casualty Insurance Company of China, Ltd. (中國平安財產保險股份有限公司), a subsidiary of Ping An Insurance
"PRC" or "China"	the People's Republic of China, but for the purposes of this prospectus only, except where the context requires, references in this prospectus to PRC or China exclude Hong Kong, Macau and Taiwan
"PRC Company Law"	the Company Law of the People's Republic of China (中華人民共和國公司法), as amended and adopted by the Standing Committee of the Twelfth National People's Congress on 28 December 2015 and effective on 1 March 2016, as amended, supplemented and otherwise modified from time to time
"PRC EIT Law"	the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅) adopted by the Tenth National People's Congress on 16 March 2007 and effective on 1 January 2008
"PRC GAAP"	generally accepted accounting principles in the PRC
"PRC Government" or "State"	the central government of the PRC, including all governmental subdivisions (including provincial, municipal and other regional or local government entities) and instrumentalities or, where the context so requires, any of them
"PRC Legal Advisor"	Grandall Law Firm (Shanghai)
"Pre-IPO Investments"	the agreement between our Company and the Pre-IPO Investors, pursuant to which the Pre-IPO Investors paid in RMB5,775,000,000 for the subscription of an aggregate of 240,625,000 Foreign Shares at a price of RMB24.00 per Share completed on June 7, 2015
"Pre-IPO Investors"	Morgan Stanley Asia Securities Products LLC, CICC Securities (HK) Limited, CDH Avatar, L.P., Keywise ZA Investment and Equine Forces Limited Partnership
"Price Determination Date"	the date, expected to be on or about September 21, 2017, on which the Offer Price will be determined and, in any event, not later than September 22, 2017

"Promoter(s)"	Ant Financial, Tencent Computer System, Ping An Insurance, Shenzhen Jia De Xin Investment Company Limited (深圳市加德信投資有限公司), Unifront Holding Limited (優孚控股有限公司), Cnhooray Internet Technology Co. Ltd. (深圳日訊網絡科技股份有限公司), Shanghai Yuanqiang Investment Company Limited (上海遠強投資有限公司), Beijing Ctrip International Travel Agency Limited (北京攜程國際旅行社有限公司) and Shenzhen Rixun Internet Co., Ltd. (深圳市日訊互聯網有限公司)
"QIB"	a qualified institutional buyer within the meaning of Rule 144A
"Regulation S"	Regulation S under the U.S. Securities Act
"Relevant Persons"	the Joint Global Coordinators, the Joint Bookrunners, the Joint Sponsors, the Joint Lead Managers, the Underwriters, any of their or the Company's respective directors, officers or representatives or any other person involved in the Global Offering
"RMB" or "Renminbi"	the lawful currency of the PRC
"Rule 144A"	Rule 144A under the U.S. Securities Act
"SAFE"	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外滙管理局)
"SAIC"	the State Administration of Industry and Commerce of the PRC (中華人民共和國國家工商行政管理總局)
"SASAC"	the State-owned Assets Supervision and Administration Commission of the State Council of the PRC (中華人民共和國國務院國有資產監督管理委員會)
"SAT"	the State Administration of Taxation of the PRC (國家稅務總局)
"SFC"	the Securities and Futures Commission of Hong Kong
"SF Express"	SF Holding Co., Ltd. (順豐控股股份有限公司), a delivery service company incorporated in the PRC
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time

"Shanghai Blockchain Enterprise Development Promotion Alliance"	an alliance launched by ZhongAn Technology on November 2, 2016 to explore the development of blockchain technology in commercial applications and promote the science development and technology innovation
"Shares"	the shares in the share capital of the Company, with a nominal value of RMB1 each
"Shareholders"	the holders of the Shares
"Sinolink Worldwide"	Sinolink Worldwide Holdings Limited, a company incorporated in Bermuda as an exempted company and listed on the Main Board of the Stock Exchange (SEHK: 1168), and our Connected Person
"Sinolink Group"	Sinolink Worldwide and its subsidiaries
"Special Regulations"	the Special Regulations of the State Council on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies (國務院關於股份有限公司境外募集股份及上市的特別規定), promulgated by the State Council on 4 August 1994, as amended, supplemented or otherwise modified from time to time
"Stabilising Manager"	UBS AG Hong Kong Branch (or any of its affiliates or any person acting for it)
"State Council"	the State Council of the PRC (中華人民共和國國務院)
"Supervisors"	members of the Supervisory Committee of the Company and, where the context so requires, any of them
"Supervisory Committee"	the supervisory committee established pursuant to the PRC Company Law, as described in *"Directors, Supervisors and Senior Management"*
"Takeovers Code"	the Codes on Takeovers and Mergers and Share Buy- backs issued by the SFC, as amended, supplemented or otherwise modified from time to time
"Tencent"	Tencent Holdings Limited, a company incorporated in the Cayman Islands and listed on the Main Board of the Stock Exchange (SEHK: 0700)
"Tencent Computer System"	Shenzhen Tencent Computer Systems Company Limited (深圳市騰訊計算機系統有限公司) is a limited liability company incorporated in the PRC on November 11, 1998, one of our substantial shareholders and a subsidiary of Tencent

"Tencent Group"	Tencent Holdings Limited and its subsidiaries
"TK.cn", "Taikang insurance"	Taikang Online Property and Casualty Insurance Co., Ltd. (泰康在線財產保險股份有限公司), an online insurance company incorporated in the PRC
"Tmall"	Tmall.com (天貓), an online platform created by Alibaba
"Track Record Period"	the three years and three months ended March 31, 2017
"Underwriters"	the Hong Kong Underwriters and the International Underwriters
"Underwriting Agreements"	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
"U.S." or "United States"	the United States of America, its territories and possessions, any state of the United States and the District of Columbia
"U.S. Securities Act"	the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
"US$", "USD" or "U.S. dollars"	United States dollars, the lawful currency of the United States
"Wangyixiaodai"	Shanghai Wangyixiaodai Co., Ltd. (上海網易小額貸款有限公司), a company incorporated in the PRC
"Wecash"	Beijing Wecash Technology Co., Ltd. (北京閃銀奇異科技有限公司), a company incorporated in the PRC
"We Doctor"	We Doctor Group Ltd. (微醫集團有限公司), a company incorporated in the PRC
"Weidian"	Weidian (微店), a mobile e-commerce platform operated by Beijing Koudai Fashion Technology Co., Ltd. (北京口袋時尚科技有限公司)
"Xiaomi"	Xiaomi Inc. (北京小米科技有限責任公司), a company incorporated in the PRC
"Xiaoying"	Shenzhen Yingzhongtong Financial Information Service Co., Ltd. (深圳市贏眾通金融信息服務股份有限公司), a company incorporated in the PRC
"Xiaozhu.com"	Xiaozhu.com (小豬短租網), an online platform for short-term rentals operated by Beijing Kuaipao Information Technology Co., Ltd. (北京快跑信息科技有限公司), a company incorporated in the PRC

"Yi An"	Yi An Property and Casualty Insurance Co., Ltd. (易安財產保險股份有限公司), an online insurance company incorporated in the PRC
"Yingzhongtong"	Yingzhongtongda (Tianjin) Commercial Factoring Co., Ltd. (贏眾通達(天津)商業保理有限公司), a company incorporated in the PRC and a subsidiary of Xiaoying
"Yifenqi"	Guangzhou Yifenqi Internet Technology Co., Ltd. (廣州易分期網絡科技有限公司), a company incorporated in the PRC
"Zhaocaibao"	Shanghai Zhaocaibao Financial Information Service Co., Ltd. (上海招財寶金融信息服務有限公司), a company incorporated in the PRC
"ZhongAn Technology"	ZhongAn Information and Technology Services Co., Ltd. (眾安信息技術服務有限公司), a wholly-owned subsidiary of our Company, incorporated in the PRC on July 7, 2016
"%"	per cent

In this prospectus, (i) unless the context otherwise requires, the terms "**associate**", "**connected person**", "**connected transaction**", "**subsidiary**" and "**substantial shareholder**" shall have the meanings given to such terms in the Listing Rules; and (ii) the English names of the PRC nationals, enterprises, entities, departments, facilities, certificates, titles and the like are translations of their Chinese names and are included for identification purposes only. In the event of inconsistency between the Chinese names and their English translations, the Chinese names shall prevail.

Unless otherwise specified, all references to any holdings of H Shares following the completion the Global Offering assume that the Over-allotment Option is not exercised.

Rounding

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

Language

This prospectus is written in the English language and contains a Chinese translation for information purposes only. Should there be any discrepancy between the English language of this prospectus and the Chinese translation, the English language version of this prospectus shall prevail. For ease of reference, the names of Chinese laws and regulations, governmental authorities, institutions or other entities established in the PRC or the awards and certificates given in the PRC have been included in this prospectus in both Chinese and English languages and in the event of any inconsistency, the Chinese language version shall prevail.

This glossary contains explanations of certain terms used in this prospectus in connection with the Company and its business. These terms and their meanings may not always correspond to standard industry meaning or usage of these terms.

"admitted assets"	assets that are not subject to restrictions on disposal and can be used for performing payment obligations to policyholders
"admitted liabilities"	liabilities that need to be repaid whether during continuing operation or during liquidation of an insurance company, and capital instruments in excess of regulatory limits
"annuity"	a savings product where the accumulated amount can be paid out to the customer in a variety of income streams
"application programming interface" or "API"	a set of clearly defined methods of communication between various software components
"artificial intelligence"	intelligence exhibited by machines in the area of computer science that emphasizes the creation of intelligent machines that work and react like humans or other natural intelligence
"big data analytics"	the use of advanced analytic techniques against very large, diverse data sets to uncover hidden patterns, unknown correlations, market trends, customer preferences and other useful information that can help organizations make more-informed business decisions
"blockchain technology"	a decentralized and distributed digital ledger that is used to record transactions across many computers so that the record cannot be altered retroactively without the alteration of all subsequent blocks and the collusion of the network, allowing participants to verify and audit transactions inexpensively
"cede"	the transfer of all or part of a risk written by an insurer to a reinsurer
"claim"	an occurrence that is the basis for submission and/or payment of a benefit under an insurance policy. Depending on the terms of the insurance policy, a claim may be covered, limited or excluded from coverage
"cloud-based"	applications, services or resources made available to users on demand via the Internet from a cloud computing provider's servers with access to shared pools of configurable resources

"combined ratio"	the sum of the loss ratio and the expense ratio. A combined ratio below 100% generally indicates underwriting profit. A combined ratio over 100% generally indicates underwriting loss
"commission"	a fee paid to an agent or broker by an insurance company for services rendered in connection with the sale or maintenance of an insurance product
"credit risk"	the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation
"currency risk"	the risk that asset or liability values, cash flows, income or expenses will be affected by changes in exchange rates
"customer"	the insured under our insurance policies, including customers who choose to purchase our products, as well as customers who are allocated with our products by our ecosystem partners. Some of our ecosystem partners are also our direct customers when they purchase our insurance products. The number of our customers was calculated based on unique identifiers and contact information available to us
"DevOps platform"	a software development and delivery process that emphasizes communication and collaboration among product management, software development and operations
"Double 11 Shopping Festival"	the online shopping promotion event in the PRC on November 11
"embedded page component"	integrated insurance business logic by utilizing H5 page encapsulation, which allows external merchants and partners to access and use through the link and specific parameters and can be embedded in mobile pages and used in applications
"EMR"	Electronic Medical Record, an electronic record of health-related information on an individual that can be created, gathered, managed, and consulted by authorized clinicians and staff within one health care organization
"expense ratio"	insurance operating expenses as a percentage of net premiums earned in the relevant period
"machine learning"	the subfield of computer science of getting computers to act without being explicitly programmed
"GDP"	gross domestic product

"graph mining"	the extraction of patterns (sub-graphs) of interest from graphs
"GWP" or "gross written premiums"	total premiums (whether or not earned) for insurance contracts written or assumed during a specific period, without deduction for premiums ceded
"handling charges and commissions"	fees paid to insurance agents for the distribution of our policies
"insurance agents"	including all agents and brokerage companies that are licensed to sell insurance products
"insurance operating expenses"	expenses incurred by the daily operations of our insurance underwriting business, which equal handling charges and commissions, and other operating and administrative expenses less non-insurance related operating expenses
"insured"	the insured person as specified in the insurance product
"insured amount"	the maximum amount of sum which an insurer agrees to underwrite under an insurance product
"Insuretech"	use of technology innovations designed to achieve savings and efficiency from the traditional insurance industry model
"incurred but not reported reserves" or "IBNR reserves"	reserves for insurance incidents incurred and claims which have not been reported to primary insurance companies or reinsurance companies, or reserves provided for insufficient claim reserves in respect of incurred and reported claims
"investment funds"	pool of funds held for collective investment purposes
"investment products"	products held by an asset management company engaged by us to earn investment gains
"isomorphic and heterogeneous blockchains"	in the world of blockchains, the difference between isomorphism and heterogeneity is whether to support Turing's complete smart contract
"loss ratio"	net claims incurred as a percentage of net premiums earned
"Micro-service architecture"	an architectural style that structures an application as a collection of loosely coupled services, which implement business capabilities
"morbidity"	incidence rates and duration of disability, varying by such parameters as age, gender and period since disability, used in pricing and computing liabilities for accident and health insurance

"net investment income"	the sum of interest income, dividend income and realized gains or losses on securities through profit or loss and available-for-sale securities
"net investment yield"	the sum of interest income and dividend income less interest expense relating to securities sold under agreements to repurchase for the period as a percentage of the average of the opening and closing balances of total investment assets of the period (in the case of 2015 and 2016 and the three months ended March 31, 2016 and 2017) or the closing balance of total investment assets of the period (in the case of 2014)
"net premiums earned"	net written premiums less net change in unearned premium reserves during a period
"net written premiums"	gross written premiums for a given period less premiums ceded to reinsurance companies during such period
"online insurance company"	companies permitted by PRC law and relevant regulations to operate internet insurance business. As of the Latest Practicable Date, there were four licensed online insurance companies in China
"operating margin"	operating margin measures the operating profitability of our business relative to the turnover of the business we generate
"penetration rate"	insurance premiums as a percentage of GDP
"policy fees"	charge to the policyholder collected in addition to the premiums to cover the costs of policy administration and certain other costs
"premium"	payment and consideration received on insurance policies issued or reissued by an insurance company
"product terms"	policy terms filed and registered with the CIRC
"proprietary platforms"	including Zhong An's websites, Zhong An's mobile application, Zhong An's WeChat public accounts, Zhong An's *QQ* public account and Zhong An's Tmall flagship store
"reinsurance"	the practice whereby a reinsurer, in consideration of a premiums paid to it, agrees to indemnify another party for part or all of the liabilities assumed by the reinsured party under an insurance contract, which the reinsured party has issued

"research and development investments"	staff costs, excluding share-based compensation, for our personnel under information and technology department, application development department, data management department, demand planning department, system test departments and ZhongAn Technology, including capitalized development related staff cost
"reserves"	liability established to provide for future payments of claims and benefits to policyholders net of liability ceded to reinsurance companies
"solvency"	the ability of an insurance company to satisfy its policyholder benefits and claims obligations
"solvency margin ratio"	a measure of an insurance company's solvency
"total investment assets"	the sum of cash and short-term time deposits, available-for-sale financial assets, financial assets at fair value through profit or loss, securities purchased under agreements to resell, investments classified as loans and receivables and restricted statutory deposits, net of securities sold under agreements to repurchase after deducting the portion held for investment-linked insurance policyholders
"total investment income"	the sum of net investment income and net fair value gains through profit or loss, less interest expense relating to securities sold under agreements to repurchase
"total investment yield"	total investment income for the period as a percentage of the average of the opening and closing balances of total investment assets of the period (in the case of 2015 and 2016 and the three months ended March 31, 2016 and 2017) or the closing balance of total investment assets at the end of the period (in the case of 2014)
"underwriting"	the process of examining, accepting or rejecting insurance risks, and classifying those accepted, in order to charge an appropriate premium for each accepted risk
"underwriting profit" or "underwriting loss"	net premiums earned less net claims incurred and insurance operating expenses
"unearned premium reserves"	portions of written premiums relating to unexpired risk of insurance coverage

FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties. These forward-looking statements include, but are not limited to, statements relating to:

- our business and operating strategies and our measures and actions to implement these strategies;
- our ability to maintain and enhance our market position;
- the future competitive environment of the PRC or global online insurance and Insuretech industries;
- our insurance policy;
- any capital expenditure plans;
- our operational and business prospects, including development plans for our existing and new businesses, insurance products, services and solutions;
- changes in the regulatory environment of the PRC or global online insurance and Insuretech industries, including the latest developments in the laws, rules and regulations applicable to us;
- general economic conditions; and
- general industry outlook and future developments in the PRC or global online insurance and Insuretech industries.

The words "aim," "anticipate," "endeavour," "believe," "could," "estimate," "proposed," "expect," "going forward," "intend," "may," "plan," "seek," "will," "would" and similar expressions, as they relate to us, are intended to identify forward-looking statements. These forward-looking statements reflect our current views with respect to future events and do not guarantee any future performance. Actual results may differ materially from information, implied or expressed, in the forward-looking statements as a result of a number of factors, including, but not limited to, the risk factors set forth in the section headed "Risk Factors" and the following:

- any changes in the laws, rules and regulations of the central and local governments in the PRC and the rules, regulations and policies of the CIRC and other relevant government authorities relating to any aspects of our business operations, and the implications of such changes for our business, results of operations, financial condition and prospects;
- general economic, market and business conditions in the PRC, including the sustainability of the economic growth and the conditions of the capital markets in the PRC;
- changes or volatility in interest rates, foreign exchange rates, equity prices or other rates or prices;

- the effect of competition in the PRC online insurance and Insuretech industries on the demand for and the prices of our products and solutions;
- business opportunities and expansion that we may pursue;
- changes in population growth and other demographic trends, including mortality, morbidity and longevity rates, in the PRC;
- termination of or changes in the cooperation relationships with our ecosystem partners and third-party service providers;
- our ability to identify, measure, monitor and control risks in our business;
- our ability to price our products and solutions properly and establish reserves for future policy benefits and claims;
- our ability to maintain our credit ratings; and
- other factors beyond our control.

Forward-looking statements involve inherent risks, uncertainties and assumptions and speak only as at the date on which they are made. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way we expect or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements contained in this prospectus are qualified by reference to the cautionary statements set forth in this section. We do not intend to update or otherwise revise the forward-looking statements in this prospectus, whether as a result of any new information or future events or otherwise.

RISKS RELATING TO OUR BUSINESS

We incurred a net underwriting loss throughout the Track Record Period and a net loss in the first quarter of 2017. We expect to incur a significant loss in 2017, and we may continue to experience losses in the future.

Our combined ratio was 123.1% in the three months ended March 31, 2017, compared to 112.3% in the same period of 2016. We expect to incur a significant net loss in 2017. In 2014, 2015 and 2016, we recorded an underwriting loss of RMB61.5 million, RMB511.6 million and RMB153.1 million, respectively, and our combined ratio was 108.6%, 126.6% and 104.7%, respectively. A combined ratio below 100% generally indicates underwriting profit, whereas a combined ratio over 100% generally indicates underwriting loss. We incurred a net loss of RMB202.1 million in the three months ended March 31, 2017. We cannot assure you that we will be able to generate net profits or positive cash flow from operating activities in the future. As a result of our rapid expansion, deepened cooperation with ecosystem partners and continued focus on certain insurance products with relatively higher rates of handling charges and commissions or technical service fees, our insurance operating expenses increased significantly in the three months ended March 31, 2017 and outpaced the increase of our GWP. As a result, our underwriting loss increased from RMB69.8 million in the three months ended March 31, 2016 to RMB205.5 million in the three months ended March 31, 2017.

Our ability to achieve and retain profitability depends in large part on our ability to manage combined ratio as we continue to develop our business. We strive to leverage the operating data accumulated and improve our pricing and risk management capabilities to further drive down our loss ratio. We also expect to optimize our product mix and expand cooperation with smaller, more specialized or offline ecosystem partners to improve our expense ratio. However, the success of these efforts depends on many factors, some of which, such as our relationship with ecosystem partners, competitive landscape, market acceptance of our products, etc., are not entirely within our control. In addition, we are in an early stage of development and currently focusing on expanding our operations at scale by connecting with more ecosystem partners and launching more products to reach more customers, which would entail substantial expenses. Therefore, we may continue to experience losses in the future.

We are in the early stage of development with limited operating history in an emerging, dynamic and competitive industry, and we cannot guarantee that our current or future strategies will be successfully implemented or that we will continue to grow or generate profit.

We have a limited operating history in the emerging, dynamic and competitive Insuretech market in China. We launched our first product in November 2013. Our relatively short operating history, together with the emerging, dynamic and competitive features of the Insuretech industry, makes it difficult to assess our future prospects or forecast our future results. In addition, some of our insurance products have a short operating history and their past profitability may not be indicative of their future profitability and can be also affected by the cooperation model with our ecosystem partners.

As our business develops and in response to competition, we may continue to introduce new products, improve our existing products, or adjust and optimize our business model. In connection with the introduction of new products or in response to general economic conditions, we may impose a more stringent credit management and risk control policy and/or system to ensure the quality of our insurance products and solutions, which may negatively affect the growth of our business. Any significant change to our business model may not achieve expected results and may have a material and adverse impact on our financial condition and results of operations. It is therefore difficult to effectively assess our future prospects. The risks and challenges we encounter or may encounter in this emerging, dynamic and competitive market may have impacts on our business and prospects. These risks and challenges include our ability to, among other things:

- develop and maintain relationships with our existing business partners and attract new business partners;
- enhance and maintain the value of our brand;
- navigate an evolving regulatory environment;
- develop and launch diversified and distinguishable products to effectively address the needs of our customers and ecosystem partners;
- grow our customer base and enhance our customer engagement in a cost-efficient manner;
- develop or implement additional strategic initiatives to further increase monetization;
- enhance our credit management and risk control capabilities;
- maintain a reliable, secure, high-performance and scalable technology infrastructure;
- maintain our innovative corporate culture and continue to attract, retain and motivate talented employees;
- generate reasonable returns on our investments or realize synergies by investing in potential strategic targets; and
- defend ourselves against litigation, regulatory interference, claims concerning intellectual property, privacy or other aspects of our business.

The industries in which we operate are generally new and highly dynamic, and may not develop as expected. If we fail to educate business partners and customers about the value of our platform and services, if the market for our products and solutions does not develop as we expect, if we fail to address the needs of our target market, or face other risks and challenges, our business and results of operations will be harmed.

Our business growth and profitability in recent periods may not be indicative of future performance. You should not rely on the results of recent periods as an indication of future revenue, profit or growth.

Although we have experienced significantly growth since our inception in 2013, we may not experience similar growth in future periods. Accordingly, you should not rely on the results of any prior quarterly or annual periods as indicative of our future GWP or net profit growth or financial results. In future periods, our GWP could grow more slowly than we expect or even decline. We incurred a net loss of RMB202.1 million in the three months ended March 31, 2017 and we expect to incur a net loss in 2017. We may continue to incur losses in the future for a number of reasons, including other risks described in this prospectus, and we may encounter unforeseen expenses, difficulties, complications, delays and other unknown factors.

We derived and expect to continue to derive a significant majority of our total income from the sale of our ecosystem-oriented insurance products, which are in a competitive industry. In addition, our recent profitability may not be indicative of future profitability. Our combined ratio was above 100% during each of the three years from 2014 to 2016 and the three months ended March 31, 2017. As we continue to expand and deepen our cooperation with ecosystem partners, we expect our operating and administrative expenses, in particular, consulting fees and service charges and handling charges and commissions, to increase significantly and outpace the growth of our net premiums earned as we continue to rely on partnerships with our shareholders and other ecosystem partners. See "— We historically derived a majority of our total income through partnering with our shareholders and related parties, and the synergy value and cross-selling effect from these partnerships may decrease in the future." "Some of our shareholders and related parties offer products competing with ours" and "— We depend on our cooperation with our ecosystem partners and other participants in the ecosystems. Our business may be affected if such partners do not continue to maintain their relationship with us or by the operational failure of third-party ecosystem partners" in this section. As a result, we may incur net losses in the future.

We historically derived a majority of our total income through partnering with our shareholders and related parties, and the synergy value and cross-selling effect from these partnerships may decrease in the future.

Our shareholders, in particular Ant Financial and Ping An Insurance, are amongst our most important ecosystem partners. Please refer to "Relationship with Connected Persons — Summary of Our Connected Persons" for details of connected persons who were our ecosystem partners or top five customers during the Track Record Period. We would not be able to achieve our rapid growth without the support and resources provided by our shareholders. We cannot assure you that our agreements with our shareholders will be renewed or renewed on acceptable terms upon their expiration, and we cannot assure you that we will be able to benefit from the cooperation from our shareholders.

We rely on the systems and platforms of our shareholders and related parties to uncover and address different consumer needs. For example, our idea to develop *Shipping Return Policy*, the product that has brought the most sizable sales, arose from the need to protect the consumers from the risk of having to return purchased goods on Taobao Marketplace. To implement it, we embedded the *Shipping Return Policy* into the order system of Taobao Marketplace.

A number of our largest ecosystem partners, including Taobao Marketplace, Jiyoujia (極有家), Juhuasuan (聚划算) and and Tmall (天貓), are owned or operated by Alibaba. Alibaba works with Ant Financial Group to select companies to provide insurance solutions that can best serve consumer needs arising from their respective platforms. Ant Financial Group provides technology and consulting services to us, which facilitate the integration of our solutions into the platforms of Alibaba and its subsidiaries. With respect to our cooperation with the platforms of Alibaba and its subsidiaries, we have entered into various agreements with Ant Financial Group. However, we do not have direct contractual relationships with Alibaba or its subsidiaries. In the event that Ant Financial Group is unable to facilitate the integration of our solutions into the platforms of Alibaba and its subsidiaries, our business and results of operations may be materially and adversely affected.

Some of our shareholders and related parties offer products competing with ours.

The cooperative arrangements with our shareholders or related parties are not exclusive and more players are entering into the market to engage in similar business as ours. Whether our insurance solutions are ultimately selected over our competitors' is determined by these ecosystem partners, which may not necessarily favor us. Some of our shareholders and related parties also offer products competing with ours. For example, Ping An Group offers short-term health insurance products that are similar to our *Personal Clinic Policy*. Cathay, a subsidiary of Ant Financial, offers shipping return insurance on the platforms of Alibaba, Ant Financial and their subsidiaries. Internet conglomerates in China, particularly Alibaba and Tencent, have strong technological capabilities, and may independently develop more products competing with ours in the future. If competition between us and our shareholders and related parties becomes more intense in the future, our business and results of operations may be materially and adversely affected.

We may not be able to effectively manage our growth, control our expenses or implement our business strategies, in which case we may be unable to maintain high-quality services or adequately address competitive challenges, and our business and results of operations may be materially and adversely affected.

We have experienced rapid growth, particularly in our customer base and GWP, in recent years. We provided services to 199.1 million, 312.9 million, 344.8 million and 238.2 million customers in 2014, 2015 and 2016 and in the first quarter of 2017, respectively. Our GWP grew from RMB794.1 million in 2014, to RMB2,283.0 million in 2015, and further to RMB3,408.0 million in 2016, and from RMB604.4 million in the first quarter of 2016 to RMB1,030.4 million in the first quarter of 2017. However, we may not be able to grow at the same rate in the future if we cannot maintain the growth of our customer base or implement our business strategies. Our success will depend in part on our ability to manage our growth effectively and deal effectively with any and all issues that may potentially hinder our growth. As our operations grow in scale, scope and complexity, we will need to improve and upgrade our systems and infrastructure, which will require significant expenditures and allocation of valuable management resources. If we fail to maintain the necessary level of discipline or fail to allocate limited resources effectively in our organization as it grows, our business, operating results and financial condition will suffer.

To effectively manage our growth, we will need to implement a variety of new and upgraded operational, technological and financial systems, procedures and controls, including the improvement of our accounting, actuarial, claims and other internal management systems and the enhancement of our compliance and risk control capabilities. The expansion of our customer base and the rapid increase in GWP may subject us to greater exposure to insurance risks, and the premiums we collect may not be sufficient to cover insurance operating expenses. Such expansion may also increase our exposure to liquidity risk, credit risk and operational risk.

We expect that we will need to continue to devote substantial financial, operational and technical resources to managing our growth and implementing our business strategies. In order to attain and maintain profitability, we will need to recruit, develop and retain skilled and experienced personnel who can demonstrate our value proposition to customers and ecosystem partners. Continued growth could also strain our ability to maintain reliable customer services, effectively monetize our services, and improve our operations. Furthermore, the addition of new employees and the upgrading of systems will increase our cost.

We depend on our cooperation with our ecosystem partners and other participants in the ecosystems. Our business may be affected if such partners do not continue to maintain their relationship with us or by the operational failure of third-party ecosystem partners.

We rely on our ecosystem partners in China to offer innovative insurance products to customers through scenario-based settings. In each of our ecosystem, and for each of our key product category, we rely on a few ecosystem partners to generate a significant portion of our GWP. In 2014, 2015, 2016 and the first quarter of 2017, GWP generated from or through platforms of our ecosystem partners accounted for 100.0%, 97.7%, 86.2% and 74.6% of our GWP in the respective period and GWP generated from or through the platforms of our top five ecosystem partner groups (in terms of GWP contribution) accounted for 98.9%, 95.3%, 80.8% and 66.4% of our GWP in the respective period. Some of our ecosystem partners, for example Alipay and SF Express, were also our top policyholders during the Track Record Period. See "Business — Our Customers and Customer Services — Our Customers." We have established partnership with China's leading e-commerce platforms, such as Taobao Marketplace and Tmall, major online travel platforms, including the top four online travel agencies in China, namely Ctrip.com, Qunar.com, Alitrip.com and Tongcheng.com, medical device manufacturers such as Omron, online healthcare platforms such as We Doctor. We cooperate with Ping An Insurance for *Baobiao Auto Insurance*. Our extensive customer data originates from our large and expanding customer base, most of which comes from our ecosystem partners. Certain of our ecosystem partners allocate insurance products provided by different insurance companies based on their platform rules and may not necessarily favor us. For example, Ctrip allocates flight delay or accident insurance products to its customers from various providers, including us, based on the fee proposals and service capabilities of the insurance providers, and the competition among providers could be intense.

The partnerships with our ecosystem partners are not on an exclusive basis, and the terms of certain cooperation agreements with the ecosystem partners are generally one to two years subject to renewal. If our ecosystem partners change their cooperation policies, terminate their partnership or do not renew the cooperation agreements with us, our business and result of operations may be materially and adversely affected. If we are not able to attract new ecosystem partners, retain our existing ecosystem partners or renew our existing contracts with major ecosystem partners on terms favourable to us, we may not be able to increase our customer base, which will hinder our business growth. Additionally, we may rely on our ecosystem partners to drive the growth of our customer base, and we may incur significant customer acquisition costs in the future if our existing ecosystem partners experience loss in traffic, or charge a higher fee rate. Furthermore, with respect to our consumer finance business, we have relied on, and may continue to rely on, our ecosystem partners such as Xiaoying and its subsidiaries for debt recovery and collection, and our loss ratio, which is net of recovery, may increase significantly in future if our ecosystem partners fail to continue to provide such assistance in debt recovery and collection. See "—We are subject to credit cycle and the risk of deterioration of credit profiles of borrowers and the risks associated with debt recovery and collection for our consumer finance ecosystem, the occurrence of which will adversely affect our results of operation and financial condition." The occurrence of any of these circumstances may significantly hinder our ability to increase our customer base and may significantly increase our expense and thus our business, results of operations, financial condition and prospects might be materially and adversely affected.

In addition, we generate a significant portion of our GWP from a limited number of policyholders. For example, for each of the years ended December 31, 2014, 2015 and 2016 and for the three months ended March 31, 2016 and 2017, our top five policyholders combined accounted for approximately 9.4%, 9.9%, 6.4%, 9.8% and 7.4% of our GWP, respectively. For the three months ended March 31, 2017, our top five policyholders each accounted for 2.2%, 1.9%, 1.8%, 0.9% and 0.5% of our GWP, respectively. Failure to retain these policyholders may have a material adverse effect on our business and results of operations.

Our business model may be replicated quickly by other internet companies as well as traditional insurance companies and other financial institutions aiming to engage in Insuretech business.

The leading Chinese internet companies have experienced the fast-moving internet development in China in past decades and have demonstrated their strong capacities in customer-centric and efficiency-driven business development and innovation. We are operating in an emerging industry, and we may be exposed to unprecedented uncertainties and risks. As such, companies intending to enter the market may be able to learn from the lessons and experiences we have accumulated from our operations. These companies also may have more resources to enter into the Insuretech industry. Given the large amount of data and strong capacity of technological development the leading Chinese internet companies have, we believe it is possible that the cycle of business development and growth of those internet companies might be much shorter than ours. In addition, we have seen certain traditional insurance companies and other financial institutions enter the Insuretech market in order to take advantage of the soaring opportunities emerged from online ecosystems. Considering these internet companies' strong abilities in capturing customer data and promoting their products through their existing abundant online channels and the potential of traditional insurance companies and financial corporations to convert their offline resources and customers online, we may face severe competition in the near future from these potential competitors.

If we do not meet solvency margin ratio requirements, we could be subject to regulatory actions and could be forced to change our business strategies or slow down our growth.

We are required by CIRC regulations to maintain solvency margin ratios commensurate with our business and risk exposures. We are required to meet the relevant solvency margin ratio requirements, failing to do so could cause CIRC to impose a range of limitations on our insurance business operations and investment activities. For example, insurance companies with solvency margin ratios of less than 100% may be subject to limitations in relation to, among others, the establishment of new branches, distribution of dividends and investments in unsecured corporate bonds, infrastructural debt investment plans, unlisted equity securities, real estate, overseas investments, business scope, compensation of directors and supervisors, commercial advertisement and change of responsible persons and management of the Company. For additional information, see "Regulatory Overview — Solvency Management — Solvency Management of Insurance Company." Under the older solvency system, our solvency margin ratio was 714.9% and 1,620.4% as of December 31, 2014 and 2015, respectively. Under the China Risk Oriented Solvency System (C-ROSS), which took effect in 2016, our comprehensive solvency margin ratio was 722.5% and 638.3% as of December 31, 2016 and March 31, 2017, respectively.

The solvency margin ratios are affected by a number of factors, such as the amount of capital, the level of reserves we are required to maintain, the profit margin of our products, returns on our investments, underwriting and acquisition costs, policyholder and shareholder dividends and business growth, and the solvency margin ratios fluctuate frequently. Many factors can cause the solvency margin ratios to fall below the level required by the CIRC. If our financial performance or business results deteriorate, our business grows too rapidly and causes significant decline in solvency margin ratios, the CIRC may require us to make a rectification or otherwise impose more stringent solvency margin ratio requirements in the future, or for other reasons if we cannot comply with the CIRC's solvency margin ratio requirements, we may need to raise additional capital in order to support our business and operations. Our ability to obtain additional capital from external sources in the future is subject to a variety of uncertainties, including, among others, our future financial condition, results of operations and cash flows. We may not be able to obtain additional capital in a timely manner or on acceptable terms or at all. Therefore, we cannot assure you that we will always be able to achieve the minimum solvency margin ratios required by the CIRC on an ongoing basis. If we fail to maintain the required solvency margin ratios, the CIRC may impose regulatory limitations on us, including, among other things, (i) order us to increase capital or restrict our distribution of dividends to shareholders; (ii) limit the compensation and spending of directors and senior management officers; (iii) impose restrictions on commercial advertising; (iv) restrict the establishment of new branches, limit our business scope, or order us to cease operating new business and to transfer our insurance business or cede our business; (v) order an auction of our assets or restrict our purchases of fixed assets; (vi) restrict the channels for deployment of our insurance funds; (vii) change the controller and relevant management; and (viii) put us into receivership. See "Regulatory Overview — Solvency Management — Solvency Management of Insurance Company." Some or all of these limitations could constrain our underwriting capacity, lower our growth rate and have a material adverse effect on our business, results of operations and financial condition.

Differences in actual benefits and claims from the assumptions used in pricing and charging reserves for our insurance products may materially and adversely affect our results of operations and financial condition.

Our financial results from our operations depend to a significant extent on the level of consistency between actual benefits and claims we pay out and the assumptions and estimates we use when setting the prices for our insurance products.

Our product pricing is based on assumptions and estimates that we derive from, among other things, our historical operating data, data collected from our ecosystem partners and third-party data providers, industry data, historical and current market conditions and the relevant CIRC regulations. In addition, given that our operating period in the industry is relatively short during which we collected and accumulated our data, we are only able to verify the reliability of our data during such limited operating period, and our data analytics capabilities may be limited. As a large portion of our products are innovative, we may lack sufficient historical data to conduct accurate pricing and risk management. Furthermore, if the actual circumstances are not consistent with the data we collect, based on which we formulate our product pricing, or if our actual investment performance is worse than the underlying assumptions, our profitability may be materially and adversely affected, which may in turn have a material adverse effect on our business, results of operations and financial condition.

We are subject to credit cycle and the risk of deterioration of credit profiles of borrowers and the risks associated with debt recovery and collection for our consumer finance ecosystem, the occurrence of which will adversely affect our results of operation and financial condition.

Our credit guarantee insurance is subject to credit cycle associated with the volatility of general economy. As economic conditions deteriorate, we face increased risk of default or delinquency of borrowers in our consumer finance ecosystem, which will result in lower returns or losses. In the event that the creditworthiness of our customers deteriorates or we cannot track the deterioration of their creditworthiness, the credit criteria we use for the analysis of borrower credit profiles may be rendered inaccurate, and our risk management system may be subsequently rendered ineffective and our risk reserves may become insufficient to cover losses, albeit we believe they were adequately made based on our historical results. This in turn may lead to higher default rates and adverse impacts on our reputation, business, results of operations and financial positions.

In addition, compared to traditional products offered by commercial banks with strict purchase requirements and procedures, we sell our credit guarantee insurance online with simple, paperless and highly transparent processes as well as relatively low premiums. Thus, our credit guarantee products have attracted an increasing number of young borrowers that are active users of e-commerce business and have strong needs for small credit to finance their online purchases. This trend in turn may reduce the general creditworthiness of borrowers in our consumer finance ecosystem and increase the default rates of our products in our consumer finance ecosystem because young borrowers tend to have less experience in managing finance and do not have stable income.

Moreover, our financial condition and results of operations depend on our ability to recover losses associated with credit guarantee insurance. Our debt recovery and collection depend on a variety of factors including borrower profiles, the effectiveness of our credit risk management, and the cooperation with and assistance from our ecosystem partners such as Xiaoying and its subsidiaries. See "—We depend on our cooperation with our ecosystem partners and other participants in the ecosystems. Our business may be affected if such partners do not continue to maintain their relationship with us or by the operational failure of third-party ecosystem partners." During the Track Record Period, we were able to recover a majority of our losses for our credit guarantee insurance. In the event that our ability to recover is impaired or lower than expected, our recovery rate and insurance claims paid as a percentage of net written premiums would deteriorate and our financial condition and results of operations will be negatively impacted. These factors beyond our control may adversely affect our results of operations and financial positions or render our risk reserve insufficient to cover losses. The total underlying assets with our credit guarantee insurance as of December 31, 2014, 2015 and 2016 and March 31, 2017 were RMB2.6 billion, RMB23.6 billion, RMB61.7 billion and RMB54.2 billion, respectively.

We have relied on the cooperation with two major ecosystem partners, namely Zhaocaibao and Xiaoying and its subsidiaries, for the growth of our consumer finance ecosystem. We provide credit guarantee insurance to borrowers or investors on the platforms of Zhaocaibao and Xiaoying to facilitate the borrowing or investment on these platforms. In addition, we cooperate with Xiaoying's subsidiaries, including certain asset management companies and a factoring company, to connect consumer finance platforms with diversified funding sources. For example, Xiaoying's affiliated asset management companies and a factoring company acquire and sell asset packages to our financial institution partners. We provide credit guarantee insurance for the consumer loans underlying these asset packages. Approximately 67% and 22% of the underlying assets with our credit guarantee insurance as of March 31, 2017 were from the policyholders from or through Zhaocaibao and Xiaoying, respectively. Furthermore, GWP generated from or through Zhaocaibao and Xiaoying accounted for approximately 13% and 21%, respectively, of GWP generated from the sale of our credit guarantee insurance for the three months ended March 31, 2017. See "— We depend on our cooperation with our ecosystem partners and other participants in the ecosystems. Our business may be affected if such partners do not continue to maintain their relationship with us or by the operational failure of third-party ecosystem partners". In addition, if the business operation, credit assessment and risk management of these platforms are not effective or our cooperation models with these platforms change, we might incur significant bad debt and increase the loss ratio of our credit guarantee insurance.

Our business may be negatively impacted if the credit or other information that we receive from third parties about a borrower for our credit guarantee business and other related information is inaccurate or may not accurately reflect the borrower's creditworthiness.

For our credit guarantee business, in order to evaluate the creditworthiness of borrower for our credit guarantee business and determine their credit levels, we obtain information on our customers and certain information on risk profiles of the customers through required personal information submitted by the borrowers themselves, information on their credit profiles from the PBOC credit reference center as well as independent third-party data providers, such as Qian Hai Zheng Xin (前海征信), Sesame Credit (芝麻信用), Lawxp.com, Tongdun and Bairong Financial. We accordingly establish credit profiles for borrowers based on such credit information we collect, and we classify and manage our borrowers based on their credit scores. However, as credit reporting systems for individuals in China are in their early stages of development, there are limited public sources available to verify the financial and credit information of individual consumer, and the systems may not be able to reflect the real credit profiles of these borrowers constantly and accurately. Although we have developed our credit management and risk control procedures and policies and have devoted efforts to verifying the creditworthiness of these borrowers before we offer credit guarantee insurance, the effectiveness of such credit management for our credit guarantee insurance is conditioned on the accuracy and completeness of the customer information we obtain. We cannot guarantee the completeness or accuracy of any information we obtain with respect to any particular customer. If the data and information we rely on are inaccurate, obsolete, or otherwise not indicative of the creditworthiness of the borrowers of our credit guarantee business, we are exposed to higher risks of default, and we cannot achieve the operating margins as we anticipate. As a result, our business and operations could be severely disrupted, which could materially and adversely affect our results of operations and financial conditions.

The success and growth of our business rely on the development of the e-commerce industry in China.

We rely on the rapid growth of the e-commerce industry in China as most of the ecosystem partners we work with are existing players in the e-commerce industry and all of our transactions are completed via the internet, which requires us to react quickly to any development of the e-commerce market in order to provide timely and reliable fulfillment to our online customers.

As we share a large and growing customer base and extensive transaction data with players in the e-commerce market and our product design is driven by needs for protection in the internet ecosystem-oriented economy, we believe the development of the e-commerce industry will directly influence our understanding of the market, our expansion of customer base and our presence in the market as well as our corresponding performance in serving customers and realizing our strategies, all of which will ultimately impact the success and growth of our business.

If we fail to promote and maintain our brand reputation, we may lose market share and our business, results of operations and financial condition may be materially adversely affected.

We believe that promoting and maintaining awareness of our ZhongAn brand among our customers, ecosystem partners and other third parties is critical to achieving widespread acceptance of our products and solutions, gaining trust for our brand and attracting new business partners and customers to our platform. In most scenarios, our products are embedded into the platforms of our ecosystem partners, and our brand names are not displayed unless the customers click the “more information” button to locate the relevant policies of the specific insurance products. Successful promotion of our brand will depend largely on the quality of the products and solutions we offer and the effectiveness of our branding/marketing efforts and the customer experience we provide. Our brand promotion activities may not yield income from increased brand awareness and, even if they do, any income increases may not offset the expenses we incur to promote our brand. If we are unable to maintain and further enhance our brand recognition and reputation and promote awareness of our platform, we may not be able to increase or maintain our current level of customer base and GWP.

Unfavorable publicity related to our industry, to our competitors or to us, could negatively affect our brand or reputation and our ability to attract new customers. If we fail to successfully promote and maintain our brand, if we incur substantial expenses in an unsuccessful attempt to promote and maintain our brand, we may lose our existing ecosystem partners and customers or be unable to attract new partners and customers, which may cause our total income to decrease, harm competitiveness and negatively impact our business and results of operations.

Our business is inherently subject to the personal financial situation and preference of our customers, and thus may be materially and adversely affected due to the reduction of the demand for our products and solutions caused by the change of personal financial situation or preference of our customers.

The insurance market in China, the ecosystems where we operate and our customers' preferences are constantly evolving. As a result, we must continuously respond to changes in the market, ecosystems and customer preferences to remain competitive, grow our business and maintain market share in the geographical markets in which we operate. We face many risks when introducing new products. Our new products may fail to be accepted by the market. Our new products may also be rendered obsolete or uneconomical by competition or developments in the insurance industry. Furthermore, even if our current and anticipated product offerings respond to changing market demand, we may be unable to commercialize them. Moreover, new products may potentially fail to receive necessary regulatory approvals, be difficult to market on a large scale, be uneconomical to introduce, fail to achieve market acceptance or be precluded from commercialization by proprietary rights of third parties. An inability to commercialize our products would materially impair the viability of our business. Therefore, our future success will depend on our ability to adapt to changing customer preferences, industry standards and new product offerings. Any of these changes may require us to reevaluate our business model and adopt significant changes to our strategies and business plan. Any inability to adapt to these changes would have a material adverse effect on our business, financial condition and results of operations.

We rely on the data we collect throughout the insurance value chain to enhance our business performance and results, and we cannot assure you that we are able to accumulate or access sufficient data in the future, the lack of which may materially and adversely affect our business and results of operations.

As a technology-driven Insuretech company, we highly rely on usage of our data in every step of the entire insurance value chain, including research and development of our insurance products, pricing, underwriting, risk management, claim settlement, and customer services etc. We develop our proprietary technologies on top of cloud computing infrastructures of third-party providers to automate and streamline the various processes in our operations, support our day-to-day business analytics and provide periodic or real-time applications in supporting our large amount of transactions and executing our strategies. We have made substantial investments in ensuring the effectiveness of our big data analytics that supports our rapid growth and enables us to provide effecient services to our customers. We cannot assure you that we will be able to continuously collect and retain sufficient data, or improve our data technologies to satisfy our operating needs. Failure to do so will materially and adversely affect our business and results of operations.

We face intense competition in the PRC online insurance industry from traditional insurance companies and other internet companies, which could lead to adverse pricing pressure, reduced operating margins, loss of market share, departures of qualified employees and increased capital expenditures.

Our current or potential competitors, including traditional insurance companies, commercial banks and internet companies, may have significantly more financial, technical, marketing and other resources than we do and may be able to devote greater resources to the development, promotion, sale and support of their platforms and products. They may also have more extensive customer base and greater brand recognition than we do. As such, they may have stronger capability to develop new products and solutions, to respond more quickly to new technologies and to undertake more extensive marketing campaigns. Hence, our ecosystem partners may prefer products and solutions from our competitors compared to the ones we offer, and competition could result in reduced cooperation between our ecosystem partners and us, and/or higher fee rates. Our expense ratio during the Track Record Period increased primarily as a result of the increase in consulting and service fees charged by our major ecosystem partners for the sale of our insurance policies on their platforms. Please also refer to "— We depend on our cooperation with our ecosystem partners and other participants in the ecosystems. Our business might be affected if such partners do not continue to maintain their relationship with us or by the operational failure of third-party ecosystem partners." The failure to achieve or maintain more widespread market acceptance or significant increases in our cost of customer acquisition, among others, could harm our business and results of operations.

We primarily operate in the ecosystem-oriented innovation segment, which was the smallest segment in terms of GWP in the PRC Insuretech market in 2016, and is expected to remain the smallest segment in terms of GWP by 2021, according to the Oliver Wyman Report. In 2016, we accounted for 17% of the ecosystem-oriented innovation segment and only 0.9% of the PRC Insuretech market, according to the Oliver Wyman Report. Furthermore, the ecosystem-oriented innovation segment is becoming more populated as an increasing number of traditional insurers have begun to utilize technology to provide similar products such as shipping return insurance, flight delay or accident insurance. As a result, some of our products are facing more intense competition. For example, our GWP from shipping return insurance decreased from 2015 to 2016 partly because there were new market entrants providing shipping return insurance on the platforms of our major e-commerce ecosystem partners, such as Taobao Marketplace.

In addition, most of our ecosystem partners are internet companies, whose businesses are market-driven. If the Insuretech market becomes more developed and profitable, our ecosystem partners may terminate their cooperation relationship with us and engage in similar business as we do. All these potential competitors may engage in pricing competition in the future by offering products with lower cost to customers. Potential pricing competition may force us to lower the prices of our products and solutions in order to stay competitive and thus cause downward pressure on our income and margins. If we are unable to compete with our competitors in this industry, the demand for our products and solutions could stagnate or substantially decline, which could have a material and adverse effect on our business and results of operations.

A significant portion of our GWP are contributed by a limited number of insurance products. If we cannot continue to offer these insurance products for any reason or the popularity of these products declines, our GWP may decrease and our financial condition and results of operations may be materially and adversely affected.

We generate a significant portion of our GWP from a limited number of popular insurance products. As of March 31, 2017, the top five product terms (in terms of GWP) accounted for 57.3% of the total GWP, as compared to 67.8% in 2016 during the same period. In 2016, our top five product terms, in terms of GWP, contributed approximately 64.5% of our total GWP, as compared to 74.2% in 2015, and 82.2% in 2014. We primarily offer and sell these popular insurance products through our ecosystem partners. If we fail to maintain or renew our cooperation with our ecosystem partners on acceptable terms or at all, we may be unable to continue offering these popular insurance products through them and our operating results will be adversely affected. Although we intend to continue to diversify our product offerings, expand our customer base and generate GWP from insurance products addressing customer needs in a wider variety of scenarios-based settings, we cannot guarantee you that we will be able to succeed. If we cannot continue to offer these popular insurance products for any reason or the popularity of these products decline, our GWP may decrease and our financial condition and results of operations may be materially and adversely affected.

Our auto insurance business is limited to 18 regions in China, and our expansion to the other regions in China is subject to the review and approval by the competent PRC governmental authorities, which brings uncertainty to our growth and profitability.

In 2015, we launched our *Baobiao Auto Insurance* through our cooperation with Ping An Insurance. In accordance with the relevant laws and regulations, the sales of auto insurance products are subject to prerequisite approval by the CIRC or its local counterparts, and the operating activities relating to auto insurance are extensively regulated by those authorities. As of the Latest Practicable Date, we are only allowed by the CIRC to conduct business related to auto insurance in 18 regions in China. Along with the expansion of our auto insurance business into other regions in China that are not covered by our existing licenses, we are still required to go through various review and approval procedures with the CIRC or its local counterparts to obtain necessary licenses. We may face difficulties or unexpected hurdles set by the competent local authorities in determining whether or not to grant licenses to us due to the evolving regulation environment in China, the variance in the interpretation to laws and national regulations and in the implementation of such laws and regulations by different local authorities. We plan to submit applications with the CIRC for engaging auto insurance business in certain additional regions in China, but we cannot estimate when and whether the CIRC will issue its approval. Since China's auto insurance regulatory regime is undergoing significant changes, we are subject to uncertainties associated with CIRC's regulation and policies, which may significantly impact our auto insurance business.

Our travel-related insurance may face intensive and concentrated claims due to incidents such as large scale flight delays and major accidents which reflect the nature of the travel industry, such as flight delay and accidents, which may bring challenges to our financial condition during a specific period of time.

Our travel-related insurance includes flight delay insurance, travel accident insurance, travel cancellation insurance and hotel cancellation insurance. Due to the nature of business and tourism trips, the triggering events for claim settlement can happen all at once and the claims that customers may raise in case of a triggering event might be abundant. For example, all customers that have purchased a *Flight Delay Policy* for a specific flight might simultaneously raise claims when the flight has been delayed for a certain period of time. Under such circumstances, we may face tremendous pressure from a sudden surge of claims and we need to be prepared with our resources timely, in particular the reserves required for payment of claims, to handle the claims we receive from our policyholders. This sudden increase in claims to be settled may challenge our financial condition and adversely impact our liquidity situation.

If the third-party service providers in our ecosystem fail to provide secure, reliable and satisfactory services, or if we fail to maintain or expand our relationship with such service providers, our business, financial condition and results of operations may be materially and adversely affected.

We rely on third-party service providers in our ecosystem to provide certain services to us and our customers. For example, we rely on certain domestic electronics service companies for the repair services or pickup services associated with our consumer electronics policies. We engage certain business process outsourcing companies and human resource on-site service providers to cover our customer inquiry, complaint and related services. To the extent such third-party service providers in our ecosystem fail to provide secure, reliable, cost-effective and satisfactory services to us and our customers, we may experience disruptions to our business operations, and our ability to attract customers may be severely harmed. If any of these third-party service providers stop offering their services on our platform, we may not be able to find alternative third-party service providers willing to provide similar services on commercially reasonable terms in a timely manner or at all. Furthermore, we may fail to establish and maintain additional third party relationships necessary to support the growth of our business on economically viable terms, or at all. Any interruption to or discontinuation of our cooperative relationship with key third-party service providers may severely and negatively impact our ability to serve our customers, and any occurrence of the circumstances mentioned above may have a material and adverse effect on our business, financial condition and results of operations.

We integrate our information technology systems within our ecosystem partners' platforms. Any unauthorized data revision or failure to maintain data integrity on the part of third parties may severely and negatively impact our ability to serve our customers.

Our Insuretech business requires us to be capable of processing data and information speedily. To support our operations with large amount of transactions through the cooperation with our ecosystem partners, we integrate our information technology systems into our ecosystem partners' environment. For example, we integrate our system to the database of the e-commerce platforms we cooperate with, which has greatly reduced the labor cost required by our business and improved our capability of automatic processing. If any of our partners inappropriately revises any data or information stored by us in its database without our authorization or fails to maintain data integrity, or if any third party of our partners is able to penetrate our network to damage data and security or otherwise impede the normal operation of the database against our interest, the operation of our business may be materially and adversely affected or even be interrupted.

Our business is highly dependent on the proper functioning and improvement of our information technology systems and infrastructure as well as internal control system. If we fail to keep up with technological developments and evolving consumer demands and expectations, our business and operating results may be materially and adversely affected.

We operate in a market characterized by rapidly developing technologies, evolving industry standards, frequent new product and service launches and updates, and changing user demands and expectations. The continuing popularity of our products and solutions and our ability to further monetize depend in significant part on our ability to adapt to these rapidly changing technologies and industry standards as well as our ability to continually innovate in response to evolving user demands and expectations and intense market competition. Any failure on our part to act effectively in any of these areas may materially and adversely affect our business and operating results.

Moreover, enhancing legacy technologies and incorporating new technologies into our platform involves numerous technical challenges, substantial capital, human capital and significant time, and we may not be able to handle these challenges effectively due to numerous factors, some of which are beyond our control. For instance, our ability to predict customer demands and expectations is linked to the size of our customer base, as the more samples of user behavior we collect, the more accurate our partners' platforms and our apps can be in making the product recommendations to users through different scenarios. If we fail to retain or expand our customer base or maintain customer engagement levels in our ecosystem partners or our platforms, the amount of data available to us for analysis would be affected, and our ability to predict customer preferences may be adversely impacted. Thus, all of the factors that affect the size and level of activities of our customer base also affect our ability to keep up with technology and user expectations.

Our failure to anticipate or successfully implement new technologies could render our business uncompetitive, and reduce our income and market share. Although we have been and will continue to devote significant resources to the enhancement and development of technologies, products and solutions, we may not be able to effectively develop or integrate new technologies on a timely basis or at all, which may decrease customer satisfaction. In addition, new technologies may not succeed or integrate well with our products and solutions, and even if integrated, may not function as expected or may be unable to attract and retain a substantial number of customers. Our failure to keep pace with rapid technological changes may impact our ability to retain or attract customers or generate income, and have a material and adverse effect on our business and operating results.

Our operations depend on the performance of the internet infrastructure and telecommunications networks in China. We cannot assure you that the internet infrastructure and the telecommunications networks in China will be able to support the demands associated with our continued growth in internet usage.

Almost all access to the internet in China is maintained through state-owned telecommunication operators under the administrative control and regulatory supervision of the Ministry of Industry and Information Technology, or the MIIT. Moreover, we primarily rely on a limited number of telecommunications service providers to provide us with data communications capacity through local telecommunications lines and internet data centers to host our servers. We have limited access to alternative networks or services in the event of disruptions, failures or other problems with China's internet infrastructure or the fixed telecommunications networks provided by telecommunication service providers. Web traffic in China has experienced significant growth during the past few years. Effective bandwidth and server storage at internet data centers in large cities such as Shanghai and Beijing are scarce.

With the expansion of our business, we may be required to upgrade our facilities, technology, operation and IT infrastructure to keep up with the increasing traffic on our platform, which may require substantial investment. In addition, we cannot assure you that the internet infrastructure and the fixed telecommunications networks in China will be able to support the demands associated with the continued growth in internet usage. If we are unable to increase our online service delivering capacity accordingly, we may not be able to continuously grow the traffic to our platform, and the adoption of our financial services may be hindered, which could adversely impact our business and our profitability.

Any significant disruption in service on the website, the mobile applications or in our computer systems or our ecosystem partners, including events beyond our control, could materially and adversely affect our business, financial condition and results of operation.

Our business is dependent on the ability of our information technology systems to timely process a large amount of information and transactions. The satisfactory performance, reliability and availability of our technology and our underlying network infrastructure are critical to our operations, level of customer service, reputation and ability to retain and attract customers. Our system hardware is hosted in various locations in China. We are able to achieve a real-time backup of our operating system through the cloud-based data base, which automatically and constantly save all our operating data and retain the same for seven days. We are not guaranteed that access to our website and our mobile applications will be uninterrupted, error-free or secure. Our operations depend on the ability of the host of our system hardware to protect its and our systems in its facilities against damage or interruption from natural disasters, power or telecommunications failures, air quality, temperature, humidity and other environmental concerns, computer viruses or criminal acts. If our arrangement with the current host is terminated, or there is a lapse of service or damage to the host's facilities, we could experience interruptions in our service as well as delays and additional expense in arranging new facilities. In the event of a partial or complete failure of any of our computer systems, our business activities would be materially disrupted. In addition, a prolonged failure of our information technology system could damage our reputation and materially and adversely affect our future prospects and profitability.

The sophisticated and innovative technologies we use for the operation of our business, in particular the blockchain and artificial intelligence technologies, are new and subject to further exploration by market players. We cannot assure you that the performance of those technologies will be stable to support our business.

Our Insuretech services are built on huge stacks of data, so we adopt sophisticated and innovative technologies, in particular blockchain and artificial intelligence, to address our operating needs, predict operating patterns and help make decisions in terms of business strategies and implementation plans. We aim to make our operations more streamlined, automated and cost-effective by using these advanced technologies. The blockchain to be applied in the entire ecosystem is still under construction, and the implementing and experimenting with the artificial intelligence is still at the early stage. As such, it is difficult to predict when the blockchain can be applied into practice extensively and whether the performance of artificial intelligence and blockchain can be effective and advantageous on a long-term basis as we anticipate. Moreover, we believe the legal and regulatory issues involved in the application of blockchain and artificial intelligence are unclear and difficult to predict, which brings uncertainties to the operation of business.

Our risk management and internal control systems, as well as the risk management tools available to us, may not be adequate or effective in identifying or mitigating risks to which we are exposed to, which could materially and adversely affect our business or results of operations.

While we have established risk management and internal control systems consisting of organizational framework, policies, procedures and risk management methods that we consider appropriate for our business operations, we experienced failures in risk management and internal control in the past. While we seek to improve and reinforce our risk management and internal control systems over time, we cannot assure you that such systems will be able to identify, manage or protect us against all risks, and we may need more time to fully evaluate and assess the adequacy and effectiveness of these systems. We may need to further improve our risk management and internal control systems from time to time.

We implement our risk management and internal control by using a series of methods. See "Business—Risk Management" and "Business—Internal Control Measures." However, as risk management and internal control methods are generally based on analysis of historical situations, and the assumption that risks in the future will share similar characteristics with those in the past, we cannot assure you that such assumptions will always be valid. We commenced our operations in 2013, and our limited historical information and operating experience may not be sufficient to adequately reflect the risks to which we are exposed. Such risks could be greater than what our empirical information suggests or may not be reflected in such information at all.

We have significantly upgraded our information technology system in recent years to better assist in the collection, analysis and processing of information. However, there may be uncertainties, limitations or technical defects associated with the tools, software and models used by us to analyze, monitor and manage risks or in connection with their applications. We cannot assure you that our existing information technology system will be adequate and sufficient in the future. As a result, our risk management methods and techniques, which depend on the data collection and analysis capabilities of our information technology system, may not be effective in directing us to take timely and appropriate measures in risk management and internal control.

Our risk management and internal controls also depend on our employees for their effective implementation. Given the various business departments within the Company and their intensive collaboration in executing our business plans, we cannot assure you that such implementation will not involve human errors or mistakes, which may have a material adverse effect on our business, results of operations and financial condition.

As the regulation of the PRC insurance and Insuretech industries are constantly evolving and the PRC Insuretech market continues to grow, we are likely to offer a broader and more diverse range of Insuretech products in the future. The diversification of our Insuretech product offerings will require us to continue to enhance our risk management capabilities. Our failure to adapt our risk management policies and procedures to our evolving business in a timely manner could have a material adverse effect on our business, results of operations and financial condition.

We rely on our cloud-based and data-driven risk management system to control risk. If the data we collect or the analytics technology we adopt is inaccurate, our risk tracking and pricing capabilities may be materially adversely affected.

We use a cloud-based and data-driven risk management system to minimize our risks and enhance our risk management capabilities. The effectiveness of the real-time cloud computing data analytics technology is conditioned on the accuracy and completeness of the data and information we collect and thereafter use in our system. In the event that any such data or information is inaccurate or incomplete, we face the risk that the corresponding measures and solutions we take based on the data and information will not be workable to address the relevant risks or the pricing we make based on the data and information will not be accurate or reliable in estimating our profit, and our overall risk management system may be rendered ineffective. Moreover, given that we only have a relatively short operating history in managing our data-driven system, we may face the risk of inaccurate pricing. As a result, our products may not be profitable. As a result, it in turn may lead to a higher level of risks and adversely impact our reputation, business and results of operations.

If our risk management procedures and policies become ineffective or if we fail to effectively implement or follow such procedures, our business, financial condition and results of operations may be materially and adversely affected.

Our ability to reduce risks associated with our business depends on our ability to implement and maintain an effective risk management system. We have established extensive risk management policies and procedures that seek to mitigate the riskiness of the transactions we facilitate. See "Business—Risk Management—Management of Credit Risk." However, as we have a relatively short operating history in the Insuretech industry, our historical experience may not provide a sufficient basis for us to evaluate and maintain the effectiveness of our risk management system at all times. The risk management procedures and policies we have in place may not be able to anticipate certain risks or the magnitude of potential losses that may be caused by such risks. Our risk modeling and methods might not be adequate in effectively evaluating potential risks. Furthermore, human errors made by certain employees may unpredictably cause us to render the wrong decisions on customizing our products for various customers. If our risk management policies and procedures turn out to be ineffective or if we fail to effectively implement them or if our employees and agents fail to correctly carry out such policies and procedures, we may experience unanticipated results in executing our transactions, and our business, financial conditions and results of operations may be materially and adversely affected.

We face potential default or fraud of our customers who lack creditworthiness, and our Company may be subject to losses and financial liability to our cooperative partners that provide funds for such defaulted customers.

Transactions on our or our ecosystem partners' platforms as well as our credit risk assessment procedures may be subject to sophisticated schemes or collusion to defraud or other illegal activities, and there is a risk that the platforms may be used for such purposes by our customers. While we have internal controls and procedures designed to prevent such fraud and misconduct, we may not always be able to detect or prevent such misconduct in a timely manner, and the precautions we take to prevent these activities may not be effective in all cases. Failure to protect our operations and our cooperative partners from fraudulent activities by our customers could result in reputational damage to us and could materially and adversely affect our results of operations.

Failure to maintain accuracy in actuarial statistics and capabilities in underwriting and pricing of our products could have a material adverse effect on our business, results of operations and financial condition.

We rely heavily on the accuracy in actuarial statistics and capabilities in underwriting and pricing of our products to conduct our business, including recording and processing our operational and financial data and effectively executing our business plans through accurate actuarial analysis and pricing modeling. The proper functioning of our actuarial analysis, statistical analysis, products pricing, risk management, financial control, accounting, customer database, customer service, investment management and other data processing systems, including those relating to underwriting and claim settlement, is highly critical to our business and our ability to compete effectively. We rely on our artificial intelligence and data capabilities to perform, among other things, our actuarial analysis and pricing modeling. We cannot guarantee you we will be able to continue to upgrade our technology and maintain our capacity and accuracy. Failure of maintaining such capacity and accuracy could have a material adverse effect on our business, results of operations and financial condition.

We rely on third-party asset management companies to provide investment services.

Our investment activities consist of cooperating with third-party asset management companies and purchasing asset management products. We primarily rely on Ping An Asset Management Co., Ltd. to provide investment services and asset management. As of March 31, 2017, Ping An Asset Management Co., Ltd. managed 95.4% of our total investment assets. Although the asset management companies we cooperate with are CIRC-recognized domestic asset management companies and are frequently used by PRC commercial banks or large institutions, the services they provide may not meet our expectations. As a result, we may be subject to the risk of underperformance in managing our assets by such asset management companies. Although we attempt to minimize the risks associated with these asset management companies through sophisticated evaluation mechanisms and a portfolio of diversified investments to hedge risks and motivate their performance, we cannot assure you that we will be successful in identifying all related risks and making our investment decisions appropriately. To the extent that we suffer significant losses due to the unsatisfied performance of these asset management companies, our results of operations and financial condition would be materially and adversely affected.

As an insurance company, we are subject to CIRC's regulations on the types of products that we are allowed to invest in, which may limit our ability to diversify our investment portfolio, and we cannot assure you that we will be able to comply with those requirements in the future.

The investment channels available to PRC insurance companies are subject to CIRC's supervision and regulation, enabling us to invest in only the following limited types of products subject to approval by the CIRC: (i) government, financial and corporate bonds, (ii) securities investment funds, (iii) preferred shares, (iv) term deposits, (v) venture capital investment funds, (vi) RMB-denominated stocks listed on PRC stock exchanges, (vii) equities of unlisted companies or equity investment funds, (viii) infrastructure debt investment plans, (ix) real estate, (x) financial products; (xi) financial derivatives; and (xii) overseas investments. Although the PRC regulatory authorities, including CIRC, have significantly expanded the asset classes in which PRC insurance companies are permitted to invest in recent years, the asset classes remain limited, as compared to those available to many international insurance companies. Even with the broadened investment types, our ability to diversify our investment portfolio continues to be limited by the restrictions on the amount and percentage that we can invest in some of these assets classes, such as stocks listed on PRC stock exchanges and securities investment funds. See "Regulatory Overview—Deployment of Insurance Funds". Substantially all of our investments are solely concentrated in certain permitted assets classes. In addition, each type of products that we invest in possesses its own risks. By complying with the requirements and regulations of the CIRC, we are exposed to specific risks of certain products that cannot be leveraged among our investment portfolio given the limited types of products that are allowed to invest. As a result, our limited ability to diversify our investments may have a material adverse effect on our business, results of operations and financial condition.

Our investment portfolio is subject to volatility of the PRC securities market and may expose us to unrated instruments and illiquid assets risk, and the investment assets may experience sharp declines in their returns or suffer significant losses, which would have a material adverse effect on our results of operations and financial condition.

Our investment returns, and thus our profitability, may be materially and adversely affected by conditions affecting our investments, including currency exchange rates, credit and liquidity conditions, the performance and volatility of the PRC capital markets, asset values, and macroeconomic and geopolitical conditions. Any significant deterioration in one or more of these factors could reduce the value of, and the income generated by, our investment portfolio and could have a material adverse effect on our business, financial condition and results of operations. For example, our net investment income and total investment yield in 2016 decreased significantly due to adverse market conditions.

Our financial assets are classified into several categories, including at fair value through profit or loss, loans and receivables, held-to-maturity financial assets and available for sale. Gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss category are recorded as net fair value gains through profit or loss on our consolidated statement of comprehensive income and are a component of our total income. Changes in the fair value of monetary and non-monetary securities classified as available for sale are recorded as other comprehensive income on our consolidated statement of comprehensive income. The fair value of investment assets are generally prices that would be received in the principal market or most advantageous market for such assets. The fair value of our investment assets, particularly equity and fixed-income assets, are primarily determined by the general conditions of the PRC capital markets. Market fluctuations or other factors affecting the fair value of our investment assets may have a material effect on our total investment yield and results of operations.

We are also exposed to credit risks in relation to our investments, including a decrease in the fair value of securities we own, a downgrade in credit ratings of securities we own and the credit risks of counterparties in our investment activities. As of March 31, 2017, 99% of the bonds we held received external ratings of AA level or above from CIRC-recognized domestic rating agencies. However, these domestic rating agencies may not use the same methods or have the same analytical capabilities as internationally-recognized rating agencies, such as Standard and Poor's, Moody's and Fitch. Consequently, domestic credit ratings, even with the same rating symbols, may not reflect the same creditworthiness as a rating by an internationally-recognized rating agency, and we may be subject to greater credit risks with respect to our investments in debt securities than we believe, which could result in a decrease in the fair value of our debt securities, giving rise to impairment losses.

Failure to ensure and protect the confidentiality of the personal data of customers on our platform or to comply with data privacy and protection laws and regulations could negatively impact our reputation or deter customers from using our platform, which could materially affect our results of operations.

A significant challenge to providing technology-based products and solutions is the secure collection, storage and transmission of confidential information. In providing our products and solutions, we hold certain private information about our customers, such as their names, addresses, contact information and social media footprint, as well as financial and credit information. We also need to provide such information to our ecosystem partners and other parties for the purpose of conducting the transactions. Customers demand complete security for such confidential information, which is essential to maintaining customer confidence. In addition, we are subject to various laws, regulations and rules governing the protection of the personal data and confidential information of our clients. PRC data privacy laws restrict our storage, use, processing, disclosure, transfer and protection of nonpublic personal information provided to us by our customers.

On December 12, 2012, the Standing Committee of the National People's Congress promulgated the Decision on Strengthening Network Information Protection, or the Network Information Protection Decision, to enhance the legal protection of information security and privacy on the internet. The Network Information Protection Decision also requires internet operators to take measures to ensure confidentiality of information of users. In July 2013, the MIIT promulgated the Provisions on Protection of Personal Information of Telecommunication and Internet Users to regulate the collection and use of users' personal information in the provision of telecommunication service and internet information service in China. On November 7, 2016, the Standing Committee of the National People's Congress promulgated Cyber Security Law effective on June 1, 2017, according to which internet service providers shall undertake the responsibility of cyber security protection. These existing and any additional proposed laws and regulations can be costly to comply with and can delay or impede the development of our new products, result in negative publicity, increase our operating costs, require significant management time and attention, and subject us to claims or other remedies, including fines or demands that we modify or cease existing business practices. In addition, public concerns about our practices with regard to the collection, use or disclosure of personal information or other privacy-related matters, even if unfounded, could damage our reputation and operating results.

We rely on a network of process and software controls to protect the confidentiality of data provided to us or stored on our systems. We also rely on contracts with our partners, including our ecosystem partners and third-party providers, to ensure their protection of the private information we provide to them. If we or our partners do not maintain adequate internal controls or fail to implement new or improved controls, such data could be misappropriated or confidentiality could otherwise be breached. If we or our partners inappropriately disclose any personal information, or if third parties are able to penetrate our network security or otherwise gain access to confidential information, we could be subject to claims for identity theft or other similar fraud claims or claims for other misuses of personal information, such as unauthorized marketing or unauthorized access to personal information. While we strive to protect our customers' privacy and comply with all applicable data protection laws and regulations, any failure or perceived failure to do so may result in proceedings or actions against us by our customers, government entities or others, and could damage our reputation and subject us to fines and damages. In addition, such events would lead to negative publicity and cause customers to lose their trust and confidence in us, which may result in material and adverse effects on our reputation, business, financial condition and results of operations.

With the substantial change in the way people access the internet and the intrinsic expectation that data be protected, practices regarding the collection, use, storage, transmission and security of personal information by companies operating over the internet and mobile platforms are under increased public scrutiny across a number of countries. As online insurance business continues to evolve, we believe that increased regulation by the PRC or other governments of data privacy on the internet is likely. We may become subject to new laws and regulations applying to the solicitation, collection, processing or use of personal or consumer information that could affect how we store, process and share data with our customers, partners and third-party providers.

In addition, in light of the borderless nature of the internet, we may be directly or indirectly subject to the laws and regulations on personal data and privacy, which have been increasing and tightening in recent years, of multiple jurisdictions in addition to the PRC. For example, in Hong Kong, the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong) restricts a company's collection, processing and use of personal data, including the sale or transfer of personal data for direct marketing purposes. The European Union has also adopted the EU e-Privacy Directive and is reforming its existing data protection legal framework.

We generally strive to comply with laws and industry standards and are subject to the terms of our own privacy policies. Compliance with any additional laws, along with the push for comprehensive data protection regulation, could be expensive, and may place restrictions on the conduct of our business and the manner in which we interact with our customers and ecosystem participants. Any failure by us or our ecosystem partners to comply with applicable regulations could also result in regulatory enforcement actions against us and adversely impact our reputation. In addition, some of our ecosystem partners may require us to indemnify and hold them harmless from the costs or consequences of litigation resulting from using their platforms. Concerns regarding the collection, use or disclosure of personal information or other data privacy-related matters, even if unfounded, could damage our reputation and results of operations.

We may be subject to intellectual property infringement claims or other allegations by third parties, which may materially and adversely affect our business, operating results and prospects.

We believe that our brand name, copyrights, trademarks and other intellectual property are essential to our success. We depend to a large extent on our ability to develop and maintain the intellectual property rights relating to our technology and online platforms. We have devoted considerable time and energy to the development and improvement of our brand name, websites, mobile apps and our online platforms. We cannot be certain that third parties will not claim that our business infringes upon or otherwise violates patents, copyrights or other intellectual property rights that they hold. Companies in the internet and technology sectors are frequently involved in litigation related to allegations of infringement of intellectual property rights, unfair competition, invasion of privacy, defamation and other violations of other parties' rights. The validity, enforceability and scope of protection of intellectual property rights in internet-related industries, particularly in China, are still evolving. We may face allegations that we have infringed the trademarks, copyrights, patents and other intellectual property rights of third parties, including our competitors, or allegations that we are involved in passing off or unfair trade practices. For example, a party has alleged that our use of the characters "眾安" in our company name represents passing off of their trade name in Hong Kong due to that party having the same Chinese characters in its company name. We have been duly registered in Hong Kong as a non-Hong Kong company pursuant to the Companies Ordinance and do not carry on any business in Hong Kong other than the establishment and maintenance of a share transfer and registration office for our H Shares to be issued pursuant to the Global Offering. We have registered our trade name for the purpose of carrying on our business in Hong Kong as "ZA Online Fintech P & C", and, after consulting with our Hong Kong legal counsel, we do not believe that this allegation will have any material impact on us in light of the use of a trade name that is completely different from "眾安" in conjunction with the name of our company name as a PRC incorporated company and the circumstances of use of the company name and trade name as stated above. If we face any intellectual property claim in relation to this matter and we are not able to successfully defend the claim, the adverse party may seek interlocutory relief against us or threaten to take other actions during the Global Offering and/or upon our Listing and this may impact on our ability to use the company name of "眾安" in Hong Kong and our brand name and reputation, our business, financial condition and results of operation may be materially and adversely affected. Notwithstanding the various measures taken by us in good faith to mitigate the risks associated with this alleged claim, we are not able to exert any control or influence over third parties, including the press and media, and the manner in which they refer to us. As we face increasing competition and as litigation becomes a more common method for resolving commercial disputes, we face a higher risk of being the subject of intellectual property infringement claims. See "Business—Intellectual Property" in this prospectus for further information.

If any claim or litigation is raised against us in the future, we cannot assure you that we can defend against such claims successfully. In addition, defending against intellectual property claims is costly and can impose a significant burden on our management and resources, and favorable final outcomes may not be obtained in all cases. Such claims, even if they do not result in actual liability, may harm our reputation. Any resulting liability or expenses, or changes required to our products and solutions to reduce the risk of future liability, may have a material adverse effect on our business, results of operations and prospects.

Our inability to use software licensed from third parties, including open source software, could negatively affect our ability to sell our solutions and subject us to possible litigation.

Our technology platform incorporates software licensed from third parties, including open source software, which we have been authorized to use. The terms of many open source licenses to which we are subject have not been interpreted by courts, and there is a risk that such licenses could be construed in a manner that imposes unanticipated conditions or restrictions on our ability to provide our solutions to our customers. In addition, the terms of open source software licenses may require us to provide software that we develop using such software to others on unfavorable license terms. For example, certain open source licenses may require us to offer the components of our platform that incorporate the open source software for free, to make available source code for modifications or derivative works we create based upon, incorporating or using the open source software, and to license such modifications or derivative works under the terms of the particular open source license.

In the future, we could be required to seek licenses from third parties in order to continue use our platform, in which case licenses may not be available on terms that are acceptable to us, or at all. Alternatively, we may need to re-engineer our platform or discontinue the use of portions of the functionality provided by our platform. Our inability to use third-party software could result in disruptions to our business, or delays in the development of future offerings or enhancements of our existing platform, which could materially and adversely affect our business and results of operations.

Not all of our proprietary technologies are protected by intellectual property rights registered with the relevant governmental authorities in China. If we fail to protect our intellectual property rights or prevent the loss or misappropriation of our intellectual property rights, we may lose our competitive edge and our brand, reputation and operations may be materially and adversely affected.

We protect our intellectual property rights through a combination of patent, copyright, trademark and other intellectual property laws as well as confidentiality and license agreements with our employees, suppliers, partners and others. However, as of the Latest Practicable Date, not all of proprietary technologies, including certain components of our Wujieshan platform, are protected by intellectual property rights registered with the relevant competent governmental authorities in China. See “Business—Intellectual Property” in this prospectus for further information. Due to the lack of registered intellectual property rights over these unprotected technologies, third parties may obtain and use intellectual property that we own over these technologies, which may harm our business and adversely affect the results of our operations.

Unauthorized use of any of our intellectual properties may adversely affect our business and reputation. We rely on a combination of patents, copyrights, trademarks and trade secrets laws to protect our intellectual property rights. Nevertheless, third parties may obtain and use our intellectual property without due authorization. For instance, we have noticed that certain third-party companies engaging in investment consulting and management services, e-commerce technology development and assets management are operating under the name ZhongAn with such kind of similarity that may cause confusion or speculations over whether there is any affiliation or cooperation between us and those third-party companies, which may harm our brand and reputation and adversely affect our results of operations. We are initiating certain proceedings for a precautionary purpose but we do not believe that these currently existing unauthorized uses of the ZhongAn name can seriously affect our operations.

The practice of intellectual property rights enforcement action by Chinese regulatory authorities is in its early stage of development and is subject to significant uncertainty. We may also need to resort to litigation or other legal proceedings to enforce our intellectual property rights. Any such action, litigation or other legal proceedings could result in substantial costs and diversion of our management’s attention and resources and could disrupt our business. In addition, there is no assurance that we will be able to enforce our intellectual property rights effectively or otherwise prevent others from the unauthorized use of our intellectual property. Failure to adequately protect our intellectual property could materially and adversely affect our brand name and reputation, and our business, financial condition and results of operations.

We are required to obtain certain licenses for our business operation and insurance products, and we may not be able to obtain or maintain our licenses to run such business or to market and sell such insurance products.

We are required to obtain applicable licenses, permits and approvals from different PRC regulatory authorities in order to conduct our business. Over the past several years, various governmental authorities in the PRC have issued regulations on specific aspects of the insurance business and internet content and services. Certain regulations require operators to obtain licenses, permits or approvals that were not required previously. There can be no assurance that the government authorities will not continue to issue new regulations governing the internet or the Insuretech industry that will require us to obtain additional licenses, permits or approvals in order to operate our existing business or will prohibit us from engaging in those types of business to which the new requirements will apply. Among other things, new regulations or new interpretations of existing regulations could increase the Company's costs of doing business and prevent the Company from efficiently delivering services and products over the internet. As we plan to expand our business to engage in life insurance area, we are in the process of applying for life insurance license with CIRC and will be subject to other rules and regulations in addition to the rules and regulations currently imposed on us. We cannot assure you that we will be able to satisfy the requirements from CIRC to obtain such life insurance license in a timely manner or at all.

If we are deemed by overseas jurisdictions to be conducting insurance business, we may need to obtain licenses for our business operation and insurance products in that jurisdiction.

Each of our insurance products are based on product terms approved by the CIRC and the terms and conditions of our insurance policies are all governed by the laws of the PRC. As our subsidiaries and operations are all within the PRC, our insurance products are targeted at customers located in the PRC and we do not conduct any marketing activities outside the PRC, we believe we do not need, and have not applied for, insurance licenses in any jurisdictions other than the PRC. However, in light of the borderless nature of the internet, there are uncertainties in the interpretation, application and enforcement of the licensing requirements with respect to companies in various jurisdictions. We cannot guarantee that we will not be required to obtain licenses for our business operation and insurance products in jurisdictions other than the PRC. For example, we do not currently carry on an insurance business in or from Hong Kong and, as such, have not applied for an insurance license pursuant to the Insurance Ordinance (Chapter 41 of the Laws of Hong Kong). Please see the section headed "Business — Licenses, Permits and Approval" for further details. To the best knowledge of our Directors, there are no precedents of companies having been found liable for carrying on an insurance business in Hong Kong purely by way of operating an online insurance business in the PRC. However, if we are found to carry on an insurance business in or from Hong Kong without an insurance license pursuant to the Insurance Ordinance, we commit an offence and may be liable (a) on conviction upon indictment to a fine of HK$2 million and (b) on summary conviction to a fine of HK$200,000, together with, in either case, a fine of HK$2,000 for each day on which the offence continues. Also, as advised by our PRC Legal Advisor, we may be liable for penalties if the actions of our ecosystem partners result in them being found to have carried on business in contravention of the PRC insurance regulations, and we are not permitted under the PRC insurance regulations to exclude any liability for any actions of our ecosystem partners in relation to the dealings for the issue of a contract of insurance and insurance business relating to the contract. If we fail to obtain and maintain any licenses and approvals where required or otherwise fails to comply with applicable laws, rules and regulations in jurisdictions other than the PRC where required, or if new laws, rules or regulations come into effect that require us to obtain additional licenses, we may be subject to fines, injunctive orders and other penalties, as well as adverse reputational risk. In addition, license requirements in multiple jurisdictions could result in additional compliance obligations and increased costs, or place restrictions on our current or future business.

We depend on our key management and actuarial, information technology, underwriting, sales and other personnel, and our business, financial condition and growth prospects may be severely disrupted if we lose their services or are unable to attract new employees to replace these key personnel.

The successful execution of our business plans depends to a large extent on our ability to attract and retain key personnel who have an in-depth understanding of the Insuretech industry in China as well as our business model and strategies. Those key personnel include members of our senior management, in particular, our Chairman, Mr. Yaping Ou, a successful entrepreneur and the founder of two public companies and the controlling shareholder of a company listed on Main Board of the Stock Exchange, our chief executive officer, Mr. Jin Chen, who has nearly 20 years' experience in finance and business management, and Mr. Xing Jiang, who is our chief technology officer in charge of the information technology department of the Company and operations of ZhongAn Technology as well as qualified underwriting personnel, actuaries, information technology specialists, experienced investment managers, sales staff and other personnel. According to PRC Labor Contract Law and related regulations, we cannot prevent such personnel from terminating their respective contracts in accordance with the relevant agreed terms and conditions. As a result of the increase in the number of Insuretech companies in China and other fintech companies and the rapid expansion of their business operation, the market demand and competition for talented management personnel and technical staff has intensified. We cannot assure you that we will be able to attract and retain qualified key personnel or that they will not retire or leave our Company in the future. The loss of the services of our senior management and other key personnel and our failure to adequately and timely replace them could have a material adverse effect on our business, results of operations and financial condition.

Our performance depends on favorable labor relations with our employees, and any deterioration in labor relations, shortage of labor or material increase in wages may have an adverse effect on our results of operation.

Favorable labor relations are considered a significant factor that can affect our business performance and operating results. In this regard, any deterioration of our labor relations could cause labor disputes, resulting in the disruption of our production and business operations.

Labor costs in China have risen in recent years as a result of social development and increasing inflation in China. Average labor wages in China are expected to experience continued increases. We may also need to increase our total compensation packages to attract and retain experienced personnel who are required for the achievement of our business objectives. Any material increase in our labor costs resulting from factors including but not limited to the aforesaid may have an adverse effect on our business, financial condition and results of operations.

Confidentiality agreements with employees and others may not adequately prevent disclosure of trade secrets and other proprietary information.

We consider proprietary trade secrets and/or confidential know-how and unpatented know-how to be important to our business. We may rely on trade secrets and/or confidential know-how to protect our technology, especially where patent protection is believed by us to be of limited value. However, trade secrets and/or confidential know-how can be difficult to maintain as confidential.

To protect this type of information against disclosure or appropriation by competitors, our policy is to require our employees, ecosystem partners, consultants, contractors, third-party providers and advisors to enter into confidentiality agreements with us. However, current or former employees, consultants, contractors, third-party providers and advisers may unintentionally or willfully disclose our confidential information to competitors, and confidentiality agreements may not provide an adequate remedy in the event of unauthorized disclosure of confidential information. Enforcing a claim that a third party obtained illegally and is using trade secrets and/or confidential know-how is expensive, time consuming and unpredictable. The enforceability of confidentiality agreements may vary from jurisdiction to jurisdiction.

Failure to obtain or maintain trade secrets and/or confidential know-how trade protection could adversely affect our competitive position. Moreover, our competitors may independently develop substantially equivalent proprietary information and may even apply for patent protection in respect of the same. If successful in obtaining such patent protection, our competitors could limit our use of our trade secrets and/or confidential know-how.

If we cannot maintain our corporate culture as we grow, we could lose the innovation, collaboration and focus that contribute to our business.

We believe that a critical component of our success is our corporate culture, which we believe fosters innovation, encourages teamwork and cultivates creativity. Our entrepreneurial and innovative corporate culture plays a significant role in paving the way for the successful operation of our businesses as we have experienced rapid growth since our inception in 2013. It leads to our flat start-up style organizational structure that encourages our personnel to take ownership in the insurance value chain and enhance the operational efficiency. Such a positive and rewarding culture helps our personnel achieve their full potential and make our Company a place for them to work seamlessly and to be as innovative, creative and collaborative as possible, and those characteristics align with our business strategies.

As we develop the infrastructure of a public company and continue to grow, we may find it difficult to maintain these valuable aspects of our corporate culture. Any failure to preserve our culture could negatively impact our future success, including our ability to attract and retain employees, encourage innovation and teamwork and effectively focus on and pursue our corporate objectives.

The interests of our shareholders may not be aligned with your or our interests, and we cannot assure you that they will not reduce their support for our Company in the future.

We may have overlap with the business of our shareholders immediately after the completion of the Global Offering. We cannot assure you that our shareholders will act in the best interest of our Company should any conflict arise. If they fail to act in our best interests, for example, if they fail to continue their cooperation with us through their platform and traffic direction, or conduct business in an unacceptable manner or take other actions that are detrimental to our interests, we may have to renegotiate with them for the cooperation or attempt to approach other business partners as replacements, which may be expensive, time-consuming and disruptive to our operations. If we are unable to resolve any such conflicts, or if we suffer significant delays or other obstacles as a result of such conflicts, our business and operations could be severely disrupted, which could materially and adversely affect our results of operations and financial condition.

Our shareholding structure is relatively dispersed and may subject us to uncertainties relating to changes in our shareholders or their corporate structures.

Our shareholding structure is relatively dispersed and we do not have a single controlling shareholder or group of controlling shareholders. See the section headed "History and Corporate Structure" in this prospectus for further details. Although our current Shareholders other than our Pre-IPO Investors will continue to hold domestic shares upon completion of the Global Offering, our shareholding structure may nevertheless be less stable than those of companies with controlling shareholders, and may subject us to uncertainties relating to changes in our Shareholders or their corporate structures. For example, if any of our current or future Shareholders are viewed as being ultimately controlled by non-PRC holding companies, it may impact whether we are viewed as having a sufficient level of our equity controlled by PRC shareholders for regulatory purposes. Furthermore, the corporate structures of our Shareholders may need to be changed in the future due to potential changes in applicable laws and regulations, which may lead to uncertainties in our shareholding structure.

We operate in a capital intensive industry and require a significant amount of working capital to fund our operations. We may need additional capital in the future, but we cannot assure you that we will be able to obtain such capital on acceptable terms, or at all. If we cannot obtain sufficient working capital, our business, financial condition and prospects may be materially and adversely affected.

The Insuretech industry that we engage in requires us to possess a significant amount of working capital to support the function of our huge volume of transactions and our robust operations of business. In order for us to grow, remain competitive, enter new businesses, expand our scale of operations or meet regulatory capital adequacy or solvency margin ratio requirements, we may need new capital in the future. Our ability to obtain additional capital in the future is subject to a variety of uncertainties, including:

- our future financial condition, results of operations and cash flows;
- the ability to obtain the necessary regulatory approvals on a timely basis;
- the Shareholders' ability to make continuous contributions;
- general market conditions for capital raising activities; and
- economic, political and other conditions in the PRC and elsewhere.

Our evolving business may require additional capital to meet the minimum solvency margin ratio requirements imposed by CIRC and to achieve economies of scale and implement our growth strategy. In addition, similar to many other insurance products, we have inherent payment obligations in connection with our insurance products. If we fail to raise sufficient capital, we may not be able to meet our obligations at maturity or surrender of policies and our business and operations may be restricted. Financing in the form of equity may also result in dilution of shareholding of our existing Shareholders. Our inability to raise additional funds in a timely manner and on favorable terms may have a material adverse effect on our business, financial condition and results of operations.

We had net cash used in operating activities in the three months ended March 31, 2017 and may not have positive cash flows from operating activities in the future.

Our ability to meet our working capital requirements depends in part on our ability to generate positive cash flows from operating activities. In 2014, 2015 and 2016, we had net cash from operating activities of RMB119.6 million, RMB300.5 million and RMB853.4 million, respectively. However, we had net cash used in operating activities of RMB518.1 million in the three months ended March 31, 2017, primarily due to cash used for the redemption of previously outstanding investment-linked insurance products, which we stopped selling in January 2017 in accordance with a new CIRC regulation. Excluding the effect of such redemption, we had net cash used in operating activities of RMB82.2 million in the three months ended March 31, 2017, primarily due to significant insurance operating expenses in the period. We cannot guarantee that we will be able to generate positive cash flows from our operating activities in the future. Our future cash flows from operating activities will be influenced by the demand for our products, our ability to control our costs and expenses, general economic conditions and other factors affecting our operations, many of which are beyond our control.

Adverse market conditions could limit our access to liquidity and increase the cost of capital. Failure to manage our liquidity and cash flows may materially and adversely affect our financial conditions and results of operations.

Our ability to access liquidity may be limited to our future financial performance as well as a number of factors outside of our control, such as government regulatory changes, general market conditions for capital raising activities, the availability of bank liquidity in general and the economic and political environment in and outside of China. If these sources of funding are not available to us on a regular basis, on reasonable term, or at all, we may be required to reduce or suspend our business activities. In the event that we have to downsize our operating scale due to lack of cash flows, our financial condition, results of operations and liquidity position would be materially and adversely affected.

Seasonal fluctuations in business activities may materially and adversely affect our cash flows, results of operations and financial condition.

We experience seasonality in our business, reflecting a combination of traditional insurance seasonality patterns and new patterns associated with online business in the ecosystems we partner with. For example, we generally experience less consumer traffic and purchase orders during national holidays in China, particularly during the Chinese New Year holiday season in the first quarter of each year. On the other hand, e-commerce companies in China hold special promotional campaigns on Double 11 Shopping Festival. As a significant portion of our sales rely on the platforms of various e-commerce players, the purchase orders of our insurance products dramatically increase during such period every year. Furthermore, sales in commercial industries generally are significantly higher in the fourth quarter of each calendar year than in the preceding three quarters. Overall, the historical seasonality of our business has been relatively mild due to the rapid growth we have experienced and may increase further in the future. Our financial condition and results of operations for future periods may continue to fluctuate. As a result, the trading price of our H Shares may fluctuate from time to time due to seasonality.

We may not receive sustainable government grants.

We have historically received grants and subsidies from the PRC government, which include, among others, rental subsidies, development support funds and government subsidies related to intangible assets. In 2014, 2015 and 2016 and the three months ended March 31, 2016 and 2017, we recorded government grants of RMB15.4 million, RMB26.5 million, RMB46.5 million, RMB0.1 million and RMB0.2 million, respectively. The government grants are subject to the sole discretion of the relevant governmental authorities and are subject to change and termination. We expect that government grants received by us are likely to decrease a few years after our establishment. Therefore, we cannot assure you that we will continue to receive government grants in similar amounts as we received during the Track Record Period, or at all.

Regulatory actions, legal proceedings and customer complaints against us could harm our reputation and have a material adverse effect on our business, results of operations, financial condition and prospects.

We were involved in litigations and other disputes in the ordinary course of our business, which include lawsuits, arbitration, regulatory proceedings and other disputes relating to our insurance products and sales and customer services carried out by our employees and third-party partners. See "Business—Legal and Regulatory Proceedings and Compliances" for further information. Along with growth and expansion of our business, we may be involved in litigations, regulatory proceedings and other disputes arising outside the ordinary course of our business. See "Business—Legal and

Regulatory Proceedings and Compliance" and "Business—Employees" for further information. Such litigations and disputes may result in claims for actual damages, freezing of our assets and diversion of our management's attention, as well as legal proceedings against our Directors, officers or employees, and the probability and amount of liability, if any, may remain unknown for long periods of time. Given the uncertainty, complexity and scope of many of these litigation matters, their outcome generally cannot be predicted with any reasonable degree of certainty. Therefore, our reserves for such matters may be inadequate. As a result, any unfavorable final resolution of pending litigation matters, including substantial liabilities arising from lawsuit judgments, could have a material adverse effect on our business, results of operations and financial condition. Moreover, even if we eventually prevail in these matters, we could incur significant legal fees or suffer significant reputational harm, which could have a material adverse effect on our prospects and future growth, including our ability to attract new customers, retain current customers, expand our partnership with existing or new business partners and recruit and retain employees and agents.

Defects related to certain of our leased properties may adversely affect our ability to use these properties.

As of March 31, 2017, we operated our businesses through 18 leased properties in Shanghai, Hangzhou, Beijing, Shenzhen and Guangzhou in China. Our leased properties in China primarily serve as our offices, research and development centers, and customer service centers. Our leased properties have a total gross floor area of approximately 22,614.68 square meters. As of March 31, 2017, we failed to register 13 leases with a total gross floor area of approximately 15,811.85 square meters, accounting for 69.9% of all the gross floor we leased, primarily due to the difficulty of cooperating with the lessors to register such leases. Though we are in the process of registering the required leases with the local branch of the Ministry of Housing and Urban Development of the PRC, there is no assurance that this will be completed in a timely manner. Our PRC Legal Advisor has advised us that the lack of registration of the lease contracts will not affect the validity of the lease agreements under PRC law, and has also advised us that a maximum penalty of RMB10,000 may be imposed for non-registration of each lease. The estimated total maximum penalty is RMB130,000. In addition, as of March 31, 2017, five owners of our leased properties failed to provide relevant title certificate. Those properties had a total gross floor area of approximately 8,616.36 square meters, accounting for 38.10% of all the gross floor we leased. For details, please see "Business — Properties."

Any dispute or claim in relation to the titles of the properties that we occupy, including any litigation involving allegations of illegal or unauthorized use of these properties, could require us to relocate our business operations occupying these properties. If any of our leases are terminated or voided as a result of challenges from third parties or the government or if the lease is otherwise not renewed by our landlords upon expiration, we would need to seek alternative premises and incur relocation costs. Furthermore, there can be no assurance that the PRC Government will not amend or revise existing property laws, rules or regulations to require additional approvals, licenses or permits, or impose stricter requirements on us to obtain or maintain relevant title certificates for the properties that we use.

RISKS RELATING TO OUR INDUSTRY

The Insuretech industry is emerging, rapidly evolving based on disruptive technology that may not be successful in the future.

The Insuretech industry in China is a relatively new and rapidly evolving industry characterized by frequent changes in market demand and evolving industry practices. Insuretech is reshaping the traditional insurance market with extensive use of advanced technologies in the insurance sector, enabling new insurance products, services and processes. Our Company adopted advanced technologies and an innovative business model in the Insuretech industry in China, and is still undergoing the revolutionary stage with uncertainties that are difficult to predict.

Our online-centric approach for selling our Insuretech products and our technology components in integrating our strategies in serving the needs of customers in their daily lives are disruptive and have not been well acknowledged by customers and business players in China. As a result, we face pressure in converting customers who believe in traditional insurance as reliable protection. For new customers who have purchased our products through either our ecosystem partners' platforms or our own platforms, due to our limited operating history, we cannot assure you that we are able to accurately predict how long those customers will engage in purchasing our insurance products so that we could adjust our service and strategies to maintain those customers, and whether they will opt in traditional insurance products versus our products and solutions in the future.

Our future results of operations will depend on numerous factors affecting the development of the Insuretech industry in China, which may be beyond our control. These factors include:

- the growth of internet, personal computer and mobile penetration and usage in China, and the rate of any such growth;
- the trust and confidence level of online ecosystem customers in China, as well as changes in customer demographics and consumer tastes and preferences;
- the selection, price and popularity of insurance products that we and our competitors offer online;
- whether alternative distribution channels or business models that better address the needs of consumers emerge in China; and
- the development of fulfilment, payment and other ancillary services associated with the online insurance business.

A decline in the popularity of online activities in general, or any failure by us to adapt the distribution channels, including our website, and improve the online experience of our customers in response to trends and consumer requirements, may adversely affect the rate of growth of the Insuretech market and thus affect our performance and business prospects as a key player in such market.

The Insuretech industry is highly competitive.

Our businesses operate in the highly competitive Insuretech industry. We believe that our future success will depend in part on our ability to continue to uncover market needs and to offer related services that meet the evolving industry practices on a timely and cost-effective basis. We may not always be able to successfully identify new market needs and develop and introduce new products and solutions to our ecosystem partners and customers in a timely and cost-effective manner, which could have a material and adverse effect on our business and results of operations.

In addition, we operate in the ecosystem-oriented sub-segment of the Insuretech market, which is even more nascent and we have accounted for only a small percentage of the Insuretech market. The ecosystem-oriented market is very fragmented as increasingly more traditional insurers are entering this market. Although we are the leader among the few online only insurance companies, we only accounted for 17% of this sub-segment and 0.9% of the PRC Insuretech market in 2016 according to the Oliver Wyman Report.

The rate of growth of the Insuretech market may not be as high or as sustainable as we anticipate.

Since the inception of our Company, we experienced rapid growth as the first online insurance company in China and the first to address and have a leading market position in the ecosystem-oriented Insuretech market. However, the long-term viability and prospects of Insuretech market in China remain relatively untested. We expect the Insuretech market in China to expand and the penetration rate to rise with the continued growth of the Chinese economy and disposable income, the reform of the social welfare system, demographic changes and the regulatory changes by Chinese authorities. Our judgments regarding the anticipated drivers of such growth and their impact on the Insuretech industry in China are prospective. We cannot assure you that such prospective judgments will be consistent with actual developments.

If we cannot effectively respond to the increasing competition in the PRC insurance industry, our profitability and market share could be materially and adversely affected.

We face intense competition from both domestic and foreign insurance companies. Our primary competitors are domestic traditional insurance companies. With the gradual opening up of the PRC insurance market, we also face increasing competition from foreign-invested insurance companies. Some of our competitors may have advantages over us in one or more areas, such as financial strength, management capabilities, resources, operating experience, market share, distribution channels and capabilities in pricing, underwriting and claim settlement. In addition, we face potential competition from commercial banks, some of which have reportedly obtained approvals to invest in, or form alliances with, existing insurance companies to offer insurance products and solutions that compete against those offered by us. These commercial banks may also establish subsidiaries of their own to engage in insurance business directly. Such potential competitors may further increase the competitive pressures we experience.

Our competitiveness depends on a number of factors, including our:

- brand name and reputation;
- product mix and features;
- scope of distribution and cooperative arrangements;
- quality of service;
- risk management and internal control;
- pricing techniques and price;
- investment performance and perceived financial strength;
- ability to innovate; and
- claim settlement ability.

A decline in our competitive position as to one or more of these factors may materially and adversely affect our results of operations, financial condition and business prospects, including reducing our market share, losing our existing customers, impairing our ability to attract new customers and decreasing our profitability.

Government regulations, measures and policies in response to internet insurance and internet financial service businesses may materially and adversely affect our business.

Due to the relatively short history of the Insuretech and internet financial service industries in China, the PRC government has not adopted a clear regulatory framework to regulate these industries. As the first Chinese online insurance company that is permitted by Chinese law and the relevant regulatory authority to engage in internet insurance business in China, our internet insurance license was granted on a special approval basis instead of a regular approval basis under the framework of the existing laws. Therefore, we cannot assure you that the PRC regulatory authority will not revoke such special approval or grant such special approval to a large number of companies in the near future, the occurrence of either of which may have a material adverse impact on our business, financial condition and prospects.

Currently, we do not need additional licenses or permits to operate our existing business in property, casualty insurance and credit guarantee insurance. However, new applicable laws and regulations and new interpretation to the existing laws and regulations may be adopted from time to time to address new issues that arise, and additional licenses and permits may be required as the relevant government authorities issue and implement additional regulations with respect to these industries. As a result, we face substantial uncertainties regarding the evolution of the regulatory system and the interpretation and implementation of the current and any future PRC laws and regulations applicable to our business. We cannot guarantee that our current practice and operations will not be challenged by any relevant authorities if they interpret any current laws or regulations in a different way or change their policies so as to conflict with the ones we are complying with now. Also, if any new PRC regulations promulgated in the future require us to obtain additional licenses or permits in order to continue to conduct our business operations, we cannot guarantee you that we will immediately meet all the new requirements of such new regulations in order to obtain such licenses or permits in a timely fashion. The occurrence of any circumstance described above may materially and adversely affects our business, financial condition and prospects.

Our businesses are subject to regulation and administration by the CIRC, and failure to comply with any applicable regulations and rules by us or our ecosystem partners could result in financial losses or harm to our business. Change in laws and regulations may reduce our profitability and limit our growth.

We are subject to the PRC Insurance Law and related rules and regulations. Our businesses in property, casualty insurance and other insurance areas are extensively regulated by the CIRC, which has been given wide discretion in its administration of these laws, rules and regulations as well as the authority to impose regulatory sanctions on us. Under the amendments to the PRC Insurance Law promulgated in 2009, the CIRC has been granted greater regulatory oversight over the PRC insurance industry, in part to afford policyholders more protection.

The terms and premium rates of our insurance products are subject to regulations. Changes in these regulations may affect our profitability on the products we sell. In addition, the evolving laws and regulations by CIRC may limit our innovative initiatives on product development and design, the lack of which will affect our growth and development as we aim to achieve. For example, we stopped selling investment-linked insurance products in January 2017 in accordance with a new CIRC regulation. We may subject to administrative proceedings regarding our insurance products and related pricing practices along with the expansion of such business. Please refer to the section headed "Business—Legal and Regulatory Proceedings and Compliance" in this prospectus for further details.

Failure to comply with any of the laws, rules and regulations to which we are subject could result in fines, restrictions on business expansion or, in extreme cases, the revocation of a business license, which could materially and adversely affect us. As some of the laws, rules and regulations that we are subject to are relatively new, there is uncertainty regarding their interpretation and application. In addition, the laws, rules and regulations under which we are regulated may change from time to time. We cannot assure you that future legislative or regulatory changes, including deregulation, would not have a material adverse effect on our business, results of operations and financial condition.

Examinations and investigations by the PRC regulatory authorities may result in fines and/or other penalties that may have a material adverse effect on our reputation, business, results of operations and financial condition.

As a participant in the insurance industry, we are subject to periodic or ad hoc examinations and investigations by PRC regulatory authorities in respect of our compliance with PRC laws and regulations, which may impose fines and/or other penalties on us. From time to time, the CIRC carries out comprehensive evaluations and inspections of the internal control and financial and operational compliance of PRC insurance companies in China. For example, in January 2017, we receive an administrative penalty which imposed a fine of RMB200,000 with regard to our operations in auto insurance business relating to inappropriate rebate to customers.

The issuance of new accounting standards or future interpretations of existing accounting standards could adversely affect our operating results.

We prepare our financial statements in accordance with HKFRS. New accounting standards, amendments and interpretation applicable to us could have a significant effect on our reported results and might affect our reporting of transactions completed before a change is announced. The issuance of new accounting standards or future interpretations of existing accounting standards, or changes in our business practices or estimates, could result in future changes in our revenue recognition or other accounting policies that could have a material adverse effect on our results of operations. For example, IFRS 17 was issued in May 2017 as replacement for IFRS 4 Insurance Contracts. This new rule is expected to impact our accounting policies related to revenue recognition, insurance contract liabilities provision and expense amortization and deferral, thus impacting our statements of comprehensive income and financial position. Insurers are also required to disclose information about amounts, judgements and risks arising from insurance contracts. Insurance contracts revenue on the statement of comprehensive income, which is a key performance indicator, will include different components compared with its current composition. As a result, we may need to implement system changes to capture such different components and other information required to be presented in accordance with IFRS 17, which may incur additional costs. In addition, when the new rule is adopted and before investors become familiar with the changes, it may be difficult for investors to evaluate our financial results or compare them with our past results. See Note 2.1 to the Accountant's Report included in Appendix I to this prospectus.

Changes in interest rates may materially and adversely affect our profitability.

The profitability of some of the products and investment returns of insurance companies are highly sensitive to interest rate fluctuations, and changes in interest rates could adversely affect our investment returns and results of operations. In periods of rising interest rates, while the increased investment yield will increase the returns on newly added assets in our investment portfolios, surrenders and withdrawals of existing insurance products may also increase as policyholders seek to buy products with perceived higher returns. These surrenders and withdrawals may result in cash payments requiring the sale of invested assets at a time when the prices of those assets are adversely affected by the increase in market interest rates, potentially resulting in realized investment losses.

These cash payments to policyholders would result in a decrease in total invested assets and a potential decrease in net income. Moreover, a rise in interest rates would adversely affect our shareholders' equity in the immediate fiscal year due to a decrease in the fair value of our investment in debt securities.

Conversely, a decline in interest rates could result in reduced investment returns on our newly added assets and have an adverse impact on our profitability. During periods of declining interest rates, our average investment yield will decline as our maturing investments, as well as bonds that are redeemed or prepaid to take advantage of the lower interest rate environment, are replaced with new investments carrying lower yields, which would adversely affect our profitability. Historically, in light of the global financial crisis that unfolded in 2008 and continued during 2009, the PBOC has reduced the benchmark interest rate on one-year term deposits several times, from 4.14% in December 2007 to 2.25% in December 2008, in an effort to bolster the economy. The PRC government may take further measures in response to changes in the macroeconomic environment, including further reducing interest rates, which may reduce our return on investments and materially and adversely affect our results of operations.

Our exposure to interest rate risk primarily relates to the interest income generated by excess cash, which is mostly held in interest-bearing bank deposits. We have not used any derivative financial instruments to manage our interest risk exposure. Interest-earning instruments carry a degree of interest rate risk. We have not been exposed, nor do we anticipate being exposed, to material risks due to changes in interest rates. However, our future interest income may be lower than expected due to changes in market interest rates.

Adverse change in the reinsurance markets or a default by our reinsurers could materially and adversely affect our results of operations and financial condition.

Our ability to obtain external reinsurance on a timely basis and at reasonable terms is subject to a number of factors, many of which are beyond our control. If we are unable to renew any expiring external coverage or obtain acceptable new external reinsurance coverage, our net risk exposure could increase or, if we are unwilling to bear an increase in net risk exposure, our overall underwriting capacity and the amount of risk we are able to underwrite could decrease. To the extent that we are unable to utilize external reinsurance successfully, our business, financial condition and results of operations may be materially and adversely affected.

In addition, although a reinsurer would be liable to us for the risk transferred pursuant to a reinsurance arrangement, such an arrangement does not discharge our primary liability to our policyholders. As a result, we are exposed to credit risk with respect to reinsurers for the business sessions that involve reinsurance. In particular, a default by one or more of our reinsurers under our reinsurance arrangements would increase the financial losses arising out of a risk we have insured, which would reduce our profitability and may have a material adverse effect on our liquidity position. We cannot assure you that our reinsurers will always be able to meet their obligations under our reinsurance arrangements on a timely basis, if at all.

Catastrophic events that are covered by our insurance products could materially increase our liabilities for claims by policyholders and affect our insurance capacity.

We are exposed to risks of unpredictable liabilities for insurance claim payments arising out of catastrophic events, which are unpredictable by nature. The frequency and severity of catastrophes are unpredictable. Catastrophes can be caused by various natural hazards, including hurricanes, typhoons, floods, earthquakes, severe weather and fires. Catastrophes can also be man-made, such as terrorist attacks, wars, nuclear explosions and nuclear radiation. In addition, a health epidemic or pandemic such as severe acute respiratory syndrome or swine flu, etc. can adversely affect our insurance business. Catastrophes could also result in losses in our investment portfolios due to, among other things, the failure of our counterparties to perform, or significant volatility or disruption in the financial markets, which could in turn have a material adverse effect on our business, results of operations and financial condition.

RISKS RELATING TO DOING BUSINESS IN CHINA

Adverse changes in the PRC economy, political and social conditions, as well as laws and government policies, may materially and adversely affect our business, financial condition, results of operations and growth prospects.

The economic, political and social conditions in the PRC differ from those in more-developed countries in many respects, including structure, government involvement, level of development, growth rate, control of foreign exchange, capital reinvestment, allocation of resources, rate of inflation and trade balance position. Before the adoption of its reform and opening up policies in 1978, the PRC was primarily a planned economy. In recent years, the PRC government has been reforming the PRC economic system and government structure. For example, the PRC government has implemented economic reform and measures emphasizing the utilization of market forces in the development of the PRC economy in the past three decades. Economic reform measures, however, may be adjusted, modified or applied inconsistently from industry to industry or across different regions of the country.

We cannot predict whether the resulting changes will have any adverse effect on our current or future business, financial condition or results of operations. Despite these economic reforms and measures, the PRC government continues to play a significant role in regulating industrial development, allocation of natural and other resources, production, pricing and management of currency, and there can be no assurance that the PRC government will continue to pursue a policy of economic reform or that the direction of reform will continue to be market friendly.

Our ability to successfully expand our business operations in the PRC depends on a number of factors, including macroeconomic and other market conditions, and credit availability from lending institutions. Stricter credit or lending policies in the PRC may affect our ability to obtain external financing, which may reduce our ability to implement our expansion strategies. We cannot assure you that the PRC government will not implement any additional measures to tighten credit or lending standards, or that, if any such measure is implemented, it will not adversely affect our future results of operations or profitability.

Demand for our services and our business, financial condition and results of operations may be materially and adversely affected by the following factors:

- political instability or changes in social conditions of the PRC;
- changes in laws, regulations and administrative directives, or the interpretation thereof;
- measures that may be introduced to control inflation or deflation; and
- changes in the rate or method of taxation.

These factors are affected by a number of variables that are beyond our control. The recent rapid growth of the PRC insurance market in general and Insuretech market in particular may not be sustainable. The rate of growth of the PRC insurance market and the Insuretech industry may not be as high or as sustainable as what we have seen in the recent years. In particular, the insurance industry in the Asia Pacific region may not expand, and a low penetration rate in a given market does not necessarily mean that a market has growth potential or that we will succeed in increasing our penetration into that market. In addition, certain of the geographical markets in which we operate may be or become saturated and exhibit low or no growth in the future. The growth and development of the Insuretech industry are subject to a number of industry trends and uncertainties that are beyond our control.

An economic slowdown in the PRC may reduce the demand for our products and solutions and have a material adverse effect on our results of operations, financial condition and profitability.

We conduct all our business and generate substantially all our income from our operations in the PRC. As a result, economic developments in the PRC have a significant effect on our results of operations and financial condition, as well as our future prospects. The PRC economy has experienced significant growth in the past several decades. Although such growth has slowed down in recent years, China still has one of the fastest-growing economies in the world. However, it is unclear whether such growth is sustainable.

Factors such as consumer, corporate and government spending, business investment, volatility and strength of the capital markets and inflation all affect the business environment and, ultimately, the profitability of our business. In addition, future calamities, such as natural disasters, outbreaks of contagious diseases or social unrest, may cause a decrease in the level of economic activities and adversely affect economic growth in the PRC, Asia and elsewhere in the world. In an economic downturn characterized by higher unemployment, lower family income, lower corporate earnings, lower business investment and lower consumer spending, the demand for our insurance products and solutions could be adversely affected. In addition, we may experience an elevated incidence of claims and a large scale of lapses, partial withdrawals or surrenders of policies. Our policyholders may also choose to defer or stop paying insurance premiums altogether.

If the PRC economy experiences slower growth or a significant downturn, our business, results of operations and financial condition may be materially and adversely affected.

Government control of currency conversion and future fluctuation of Renminbi exchange rates could have a material adverse effect on our results of operations and financial condition, and may reduce the value of, and dividends payable on, our H Shares in foreign currency terms.

Substantially all our income, costs and expenses are denominated in Renminbi, which is not currently a completely freely convertible currency. A portion of these income must be converted into other currencies to meet our foreign currency obligations, including our payments of declared dividends, if any, for our H Shares.

Under the PRC's existing foreign exchange regulations, by complying with certain procedural requirements, following the completion of the Global Offering, we will be able to undertake current account foreign exchange transactions, including payment of dividends in foreign currencies without prior approval from the State Administration of Foreign Exchange. However, the PRC government may take measures at its discretion in the future to restrict access to foreign currencies for capital account and current account transactions under certain circumstances. We may not be able to pay dividends in foreign currencies to our Shareholders if the PRC government restricts access to foreign currencies for current account transactions. Under existing PRC foreign exchange regulations, conversion of Renminbi is permitted, without prior approval from the SAFE, for current account transactions, including profit distributions, interest payments and expenditures from trade-related transactions, as long as certain procedural requirements are complied with. However, approval from and registration with the SAFE and other PRC regulatory authorities are required where Renminbi is to be converted into foreign currency and remitted out of China for capital account transactions, which includes foreign direct investment and repayment of loans denominated in foreign currencies. These limitations could affect our ability to obtain foreign exchange through equity financing, or to obtain foreign exchange for capital expenditures.

Furthermore, the net proceeds from the Global Offering are expected to be deposited overseas in currencies other than Renminbi until we obtain necessary approvals from relevant PRC regulatory authorities to convert these proceeds into onshore Renminbi. If the net proceeds cannot be converted into onshore Renminbi in a timely manner, our ability to deploy these proceeds efficiently may be affected, as we will not be able to invest these proceeds on RMB-denominated assets onshore or deploy them in uses onshore where Renminbi is required, which may adversely affect our business, results of operation and financial condition.

The change in the value of Renminbi against the Hong Kong dollar and other currencies may fluctuate and is affected by, among other things, changes in China's political and economic conditions. From 1994 until July 2005, the conversion of the Renminbi into foreign currencies in the PRC, including the Hong Kong dollar and U.S. dollar, has been based on fixed rates set by the PBOC. The PRC government, however, has, with effect from July 21, 2005, reformed the exchange rate regime by moving into a managed floating exchange regime based on market supply and demand with reference to a basket of currencies. On June 19, 2010, the PBOC announced that it intends to further reform the Renminbi exchange rate regime by enhancing the flexibility of the Renminbi exchange rate. Following this announcement, the Renminbi had appreciated from approximately RMB6.83 per U.S. dollar to RMB6.12 per U.S. Dollar as of June 15, 2015. On August 11, 2015, the PBOC further enlarged the floating band for trading prices in the interbank spot exchange market of Renminbi against the U.S. dollar to 2.0% around the closing price in the previous trading session, and Renminbi depreciated against the U.S. dollar by approximately 1.9% as compared to August 10, 2015, and further depreciated nearly 1.6% on the next day. On November 30, 2015, the Executive Board of the International Monetary Fund (IMF) completed the regular five-year review of the basket of currencies that make up the Special Drawing Right ("SDR") and decided that with effect from October 1, 2016, Renminbi is determined to be a freely usable currency and will be included in the SDR basket as a fifth currency, along with the U.S. dollar, the Euro, the Japanese yen, and the British pound. With the development of the foreign exchange market and progress toward interest rate liberalization and Renminbi internationalization, the PRC government may in the future announce further changes to the exchange rate system, and we cannot assure you that the Renminbi will not appreciate or depreciate significantly in value against the Hong Kong dollar or the U.S. dollar in the future.

Fluctuations of the Renminbi could adversely affect the value of our foreign currency-denominated investments or any dividends payable on our H Shares, and therefore the price of our shares. Following the Global Offering, our exposure to risks associated with foreign currency fluctuations may further increase as the net proceeds from the Global Offering are expected to be deposited in currencies other than Renminbi until we obtain necessary approvals from relevant PRC regulatory authorities to convert them into Renminbi. On the other hand, future Renminbi devaluations could increase our costs and expenses or lead to fluctuations in the exposure of our foreign currency-denominated liabilities, thereby adversely affecting our profitability.

Dividends received by foreign holders of our H Shares and gains derived from the disposition of our H Shares by such holders may be subject to PRC taxation.

Individual holders of our H Shares who are foreign nationals are subject to PRC individual income tax on dividends received from us. Pursuant to the Circular on the Individual Income Tax Matters after the Repeal of Guo Shui Fa [1993] No. 45 Circular (Guo Shui Han [2011] No. 348) issued by State Administrative of Taxation on June 28, 2011 (關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知), we are required to withhold such tax from dividend payments to foreign nationals at tax rates ranging from 5% to 20% (usually 10%) depending on the applicable tax treaty between the PRC and the jurisdiction in which the foreign national resides. Residents of jurisdictions that have not entered into a tax treaty with the PRC will be subject to a 20% withholding tax on dividends. See Appendix III "Taxation and Foreign Exchange—Laws and Regulations of the PRC in respect of Shareholders of the Company—Tax on Dividends" for details. With respect to gains on the disposal of our H Shares by individuals, under the Individual Income Tax Law, individuals are subject to tax at a rate of 20% on gains realized on the sale of shares in PRC resident enterprises, but pursuant to the Circular Declaring That Individual Income Tax Continues to Be Exempted over Income of

Individuals from Transfer of Shares (Cai Shui Zi [1998] No. 61) (關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知(財稅字[1998]61號)) issued by the MOF and the SAT on March 30, 1998, income of individuals derived from the transfer of shares in listed enterprises is exempt from individual income tax. As of the Latest Practicable Date, no legislation has expressly provided that income of non-Chinese resident individuals derived from the sale of shares in PRC resident enterprises listed on overseas stock exchanges, such as our H Shares, is subject to individual income tax, and, in practice, the taxation administrations do not collect individual income tax on such income. If such tax is collected in the future, the value of such foreign individual holders' investments in our H Shares may be adversely affected.

Under the PRC EIT Law and its implementation rules, a foreign enterprise is generally subject to enterprise income tax at the rate of 10% with respect to PRC-sourced income, including dividends received from a PRC company and gains derived from the disposition of equity interests in a PRC company, subject to further reductions under any special arrangement or applicable treaty between the PRC and the jurisdiction of the relevant foreign enterprise's residence. As the PRC EIT Law and its implementation rules are relatively new, there remains uncertainty as to their interpretation and application by the PRC tax authorities, including whether and how enterprise income tax on gains derived by foreign enterprise holders of H Shares may be collected in each case. If such tax is collected, the value of such foreign enterprise holders' investments in our H Shares may be adversely affected.

For additional information, see "Appendix III—Taxation and Foreign Exchange."

Inflation and increases in labor costs in the PRC could negatively affect our profitability and growth.

The economy of China has been experiencing significant growth, leading to inflation and increased labor costs. According to the National Bureau of Statistics of China, the year over year percentage change in the consumer price index in China was 2.1% in December 2016. China's overall economy and the average wage in the PRC are expected to continue to grow. Future increases in China' s inflation and material increases in the cost of labor may materially and adversely affect our profitability and results of operations unless we are able to pass on these costs to our customers by increasing the prices of our products.

Labor costs in China have risen in recent years as a result of social development and increasing inflation in China. As of March 31, 2017, we employed approximately 1,700 employees in China. The increases in labor cost may erode our profitability and materially harm our business, financial condition and results of operations. Pursuant to the Labor Contract Law, which became effective in January 2008 amended in December 2012, and its implementation rules effective as of September 2008, employers are subject to stricter requirements in terms of signing labor contracts, minimum wages, paying remuneration, determining the term of employees' probation and unilaterally terminating labor contracts. In the event that we decide to terminate some of our employees or otherwise change our employment or labor practices, the Labor Contract Law and its implementation rules may limit our ability to effect those changes in a desirable or cost-effective manner, which could adversely affect our business and results of operations. According to the Social Insurance Law, which became effective on July 1, 2011, and the Administrative Regulations on the Housing Funds, employees must participate in pension insurance, work-related injury insurance, medical insurance, unemployment insurance, maternity insurance and housing funds, and the employers must, together with their employees or separately, pay the social insurance premiums and housing fund contributions for such employees.

In light of the rapid economic development in China and evolving employment laws and regulations in China, we expect that our labor costs, including wages and employee benefits, will continue to increase. In addition, as the interpretation and implementation of the new laws and regulations are still evolving, our employment practice may not be at all times be deemed in compliance with the new laws and regulations. If we are subject to severe penalties or incur significant liabilities in connection with labor disputes or investigation, our business and profitability may be adversely affected.

The legal system of the PRC is not fully developed, and there are inherent uncertainties that may affect the protection afforded to our business and our Shareholders.

We are organized under the laws of the PRC. Our business and operations in the PRC are governed by the PRC legal system that is based on written statutes. Prior court decisions may be cited for reference but have limited precedential value. Since the late 1970s, the PRC government has promulgated laws and regulations dealing with economic matters such as securities, shareholders' rights, foreign investment, corporate organization and governance, commerce, taxation and trade. However, as these laws and regulations are relatively new and continue to evolve, interpretation and enforcement of these laws and regulations involve significant uncertainties and different degrees of inconsistency. Some of the laws and regulations are still in the developmental stage and are therefore subject to policy changes. Many laws, regulations, policies and legal requirements have only been recently adopted by PRC central or local government agencies, and their implementation, interpretation and enforcement may involve uncertainty due to the lack of established practice available for reference. We cannot predict the effect of future legal developments in the PRC, including the promulgation of new laws, changes in existing laws or their interpretation or enforcement, or the preemption of local regulations by national laws. As a result, there is substantial uncertainty as to the legal protection available to us and our Shareholders. Furthermore, due to the limited volume of published cases and the nonbinding nature of prior court decisions, the outcome of dispute resolution may not be as consistent or predictable as in other more developed jurisdictions, which may limit the legal protection available to us. In addition, any litigation in the PRC may be protracted and result in substantial costs and the diversion of resources and management attention.

Our operations in the PRC are subject to PRC regulations governing PRC companies. These regulations contain provisions that are required to be included in the articles of association of PRC companies and are intended to regulate the internal affairs of these companies. PRC company law and regulations, in general, and the provisions for the protection of shareholders' rights and access to information, in particular, may be considered less developed than those applicable to companies incorporated in Hong Kong, the United States and other developed countries or regions. In addition, PRC laws, rules and regulations applicable to companies listed overseas do not distinguish between minority and controlling shareholders in terms of their rights and protections. As such, our minority shareholders may not have the same protections afforded to them by companies incorporated under the laws of the United States and certain other jurisdictions.

Furthermore, although we will be subject to the Hong Kong Listing Rules and the Hong Kong Takeovers Code upon the listing of our H Shares on the Hong Kong Stock Exchange, the holders of H Shares will not be able to bring actions on the basis of violations of the Hong Kong Listing Rules and must rely on the Hong Kong Stock Exchange to enforce its rules. Moreover, the Hong Kong Takeovers Code do not have the force of law and provide only standards of commercial conduct considered acceptable for takeover and merger transactions and share repurchases in Hong Kong.

Disputes between holders of H Shares and us, our Directors, Supervisors, senior officers or holders of non-listed shares, arising out of our Articles of Association or the rights or obligations conferred or imposed upon by the PRC Company Law and related rules and regulations concerning our affairs, including the transfer of our Shares, are to be resolved through arbitration rather than by a court of law. A claimant may elect to submit a dispute to arbitration organizations in Hong Kong or the PRC. Awards that are made by the PRC arbitral authorities recognized under the Arbitration Ordinance of Hong Kong can be enforced in Hong Kong. Hong Kong arbitration awards may be recognized and enforced by PRC courts, subject to the satisfaction of certain PRC legal requirements. However, we cannot assure you that any action brought in the PRC by any holder of H Shares to enforce a Hong Kong arbitral award made in favor of holders of H Shares would succeed.

In addition, according to the PRC Insurance Law and the related regulatory rules, the change of any shareholder whose capital investment accounts for more than 5% of a limited liability company's registered capital, or the change of any shareholder holding more than 5% of a joint stock company's shares shall be subject to CIRC's approval. In the event that an investor holds more than 5% of the issued shares of a listed insurance company, the insurance company shall obtain CIRC's approval within 5 days of such occurrence. The CIRC has the right to request that investors who do not meet its qualification requirements transfer their shares. Therefore, shareholders holding more than 5%, or such other percentage as specified by the CIRC, of our issued shares, may be requested to transfer their shares as a result of their incompliance with CIRC's requirements and may not be able to exercise the shareholders' rights corresponding to such shares.

It may be difficult to effect service of process upon us, our Directors or our executive officers that reside in the PRC or to enforce against them or us in the PRC any judgments obtained from non-PRC courts.

We are organized under the laws of the PRC, and substantially all of our business, assets, operations and subsidiaries are located in the PRC. In addition, all our senior management members reside in the PRC, substantially all of our assets, and substantially all of the assets of those persons, are located in the PRC. Therefore, it may be difficult for investors to effect service of process upon those persons inside the PRC or to enforce against us or them in the PRC any judgments obtained from non-PRC courts. The PRC does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts with the United States, the United Kingdom, Japan and many other developed countries. Therefore, recognition and enforcement in China of judgments of a court in any of these jurisdictions in relation to any matter not subject to a binding arbitration provision may be difficult or even impossible.

Moreover, the legal framework to which our Company is subject is materially different from the Companies Ordinance or corporate law in the United States and other jurisdictions with respect to certain areas, including the protection of minority shareholders. In addition, the mechanisms for enforcement of rights under the corporate governance framework to which our Company is subject are also relatively undeveloped and untested. However, according to the PRC Company Law, shareholders may commence a derivative action against the directors, supervisors, officers or any third party on behalf of a company under certain circumstances.

On July 14, 2006, the Supreme People's Court of the PRC and the Government of Hong Kong signed the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned (《關於內地與香港特別行政區法院互相認可和執行當事人協議管轄的民商事案件判決的安排》). Under such an arrangement, where any designated people's court in the PRC or any designated Hong Kong court has made an enforceable final judgment requiring payment of money in a civil and commercial case pursuant to a choice of court agreement in writing by the parties, any party concerned may apply to the relevant people's court in the PRC or Hong Kong court for recognition and enforcement of the judgment. Although this arrangement became effective on August 1, 2008, the outcome and effectiveness of any action brought under the arrangement may still be uncertain.

Any failure by us or our third-party service providers to comply with applicable anti-money laundering laws and regulations could damage our reputation.

In cooperation with our third-party service providers, we have adopted various policies and procedures, such as "know-your-customer" procedures as one of our internal control measures for anti-money laundering purposes. In addition, we rely on our third-party service providers to have their own appropriate anti-money laundering policies and procedures. If any of our third-party service provides fail to comply with applicable anti-money laundering laws and regulations, our reputation could suffer and we could become subject to regulatory intervention, which could have a material adverse effect on our business, financial condition and results of operations.

In July 2015, the PBOC together with other nine PRC regulatory authorities jointly released a guideline to promote a healthy and steady development of internet finance industry, which requires, among other things, that internet finance service providers to comply with certain anti-money laundering requirements, including the establishment of a customer identification program, the monitoring and reporting of suspicious transactions, the preservation of customer information and transaction records, and the provision of assistance to the public security department and judicial authority in investigations and proceedings in relation to anti-money laundering matters. The PBOC will formulate implementing rules to further specify the anti-money laundering obligations of internet finance service providers. We cannot assure you that the anti-money laundering policies and procedures we have adopted will be effective in protecting our marketplace from being exploited for money laundering purposes or will be deemed to be in compliance with applicable anti-money laundering implementing rules if and when adopted.

RISKS RELATING TO THE GLOBAL OFFERING

There has been no previous public market for our H Shares, and the liquidity and market price of our H Shares may be volatile.

Prior to the Global Offering, there has been no public market for our H Shares. The initial issue price range for our H Shares resulted from negotiations between us and the Underwriters, and the Offer Price may differ significantly from the market price for our H Shares following the Global Offering. We have applied for the listing of, and permission to deal in, our H Shares on the Hong Kong Stock Exchange. A listing on the Hong Kong Stock Exchange, however, does not guarantee that an active and liquid trading market for our H Shares will develop or, if it does develop, will be sustained following the Global Offering or that the market price of our H Shares will not decline following the Global Offering. Furthermore, the price and trading volume of our H Shares may be volatile. The following factors may affect the volume and price at which our H Shares will trade:

- actual or anticipated fluctuations in our GWPs and results of operations;
- news regarding the recruitment or loss of key personnel by ourselves or our competitors;
- announcements of competitive developments, acquisitions or strategic alliances in our industry;
- changes in earnings estimates or recommendations by financial analysts;
- potential litigation or regulatory investigations;
- general market conditions or other developments affecting us or our industry;
- the operating and stock price performance of other companies, other industries and other events or factors beyond our control; and
- the release of lockup or other transfer restrictions on our outstanding H Shares, or sales or perceived sales of additional H Shares by us or other shareholders.

Moreover, the securities market has from time to time experienced significant price and volume fluctuations that were unrelated, or not directly related, to the operating performance of the underlying companies. These broad market and industry fluctuations may have a material and adverse effect on the market price and trading volume of our H Shares.

Future sales or perceived sales or conversion of substantial amounts of our Shares in the public market, including any future offering of H Shares or conversion of our unlisted Shares into H Shares, could have a material adverse effect on the prevailing market price of our H Shares and our ability to raise additional capital in the future, or may result in dilution of your shareholding.

The market price of our H Shares could decline as a result of future sales or issuances of a substantial number of our H Shares or other securities relating to our H Shares in the public market, or the perception that such sales or issuances may occur. Moreover, such future sales or perceived sales may also adversely affect the prevailing market price of our H Shares and our ability to raise capital in the future at favorable time and price.

In addition, upon completion of the Global Offering and conversion of the Foreign Shares into H Shares, we would have two classes of Shares: Domestic Shares and H Shares. Our Domestic Shares may be converted into H Shares under certain circumstances, subject to the applicable PRC laws, regulations and approvals, including internal approval and the approval from the relevant PRC regulatory authorities, and subject to the rules, regulations and procedures of the Hong Kong Stock Exchange. If a significant number of Domestic Shares are converted into H Shares, the supply of H Shares may be substantially increased, which could materially and adversely affect the prevailing market price of our H Shares. Additionally, if any of our unlisted Shares were to be converted and traded as H Shares on the Hong Kong Stock Exchange, our Shareholders would experience a dilution in their holdings upon such issuance and listing. Furthermore, if additional funds are raised through our issuance of new equity or equity-linked securities other than on a pro-rata basis to existing Shareholders, the percentage ownership for such Shareholders may be reduced. Such new securities may also confer rights and privileges that take priority over those conferred by the H Shares.

Since there will be a gap of several days between the pricing and trading of our H Shares, holders of our H Shares are subject to the risk that the price of our H Shares could fall during the period before the trading of our H Shares begins.

The Offer Price of our H Shares is expected to be determined on the Price Determination Date. However, our H Shares will not commence trading on the Hong Kong Stock Exchange until they are delivered, which is expected to be five Hong Kong business days after the pricing date. As a result, investors may not be able to sell or deal in our H Shares during that period. Accordingly, holders of our H Shares are subject to the risk that the price of our H Shares could fall before trading begins as a result of unfavorable market conditions, or other adverse developments, that could occur between the time of sale and the time trading begins.

Future sales or perceived sales of substantial amounts of our H Shares in the public market could have a material adverse effect on the prevailing market price of our H Shares and our ability to raise additional capital in the future.

The market price of our H Shares could decline as a result of substantial future sales of our H Shares or other securities relating to Shares in the public market. Such a decline could also occur with the issuance of new Shares or other securities relating to our Shares, or the perception that such sales or issuances may occur. Future sales, or perceived sales, of substantial amounts of our Shares could materially adversely affect the prevailing market price of our H Shares and our ability to raise future capital at a favorable time and price. Our shareholders would experience a dilution in their holdings upon the issuance or sale of additional securities for any purpose.

Because the initial public offering price of our H Shares is substantially higher than the consolidated net tangible book value per share, purchasers of our H Shares in the Global Offering may experience immediate dilution upon such purchases.

As the Offer Price of our H Shares is higher than the consolidated net tangible assets per share immediately prior to the Global Offering, purchasers of our H Shares in the Global Offering will experience an immediate dilution in pro forma adjusted consolidated net tangible assets. Our existing Shareholders will receive an increase in the pro forma adjusted consolidated net tangible asset value per share of their shares. In addition, holders of our H Shares may experience further dilution of their interest if the Underwriters exercise the Over-allotment Option or if we issue additional shares in the future to raise additional capital.

If securities or industry analysts do not publish research reports about our business, or if they adversely change their recommendations regarding our H Shares, the market price and trading volume of our H Shares may decline.

The trading market for our H Shares will be influenced by the research and reports that industry or securities analysts publish about us or our business. If one or more of the analysts who cover us downgrade our Shares, the price of our Shares would likely decline. If one or more of these analysts cease coverage of our Company or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline.

Payment of dividends is subject to restrictions under PRC law. There is no assurance whether and when we will pay dividends.

During the Track Record Period, we have not distributed cash dividends. Under the applicable PRC laws, dividends may be paid only out of distributable profits. Distributable profits mean, as determined under PRC GAAP or HKFRS, whichever is lower, our net profits for a period, plus the distributable profits or net of the accumulated losses, if any, at the beginning of such period, less appropriations to general risk reserve, transaction risk reserve, statutory surplus reserve (determined under PRC GAAP) and discretionary surplus reserve (as approved by our shareholders' meeting). As a result, we may not have sufficient profit to enable us to make future dividend distributions to our shareholders, even if one of our financial statements prepared in accordance with PRC GAAP or HKFRS indicates that our operations have been profitable.

Certain facts and statistics derived from government and third-party sources contained in this prospectus may not be reliable.

We have derived certain facts and other statistics in this prospectus, particularly those relating to the PRC, the PRC economy and the PRC securities industry, from information provided by the PRC and other government agencies, industry associations, independent research institutes and other third-party sources. While we have taken reasonable care in the reproduction of the information, it has not been prepared or independently verified by us, the underwriters or any of our or their respective affiliates or advisors, and, therefore, we cannot assure you as to the accuracy and reliability of such facts and statistics, which may not be consistent with other information compiled inside or outside the PRC. The facts and other statistics include the facts and statistics included in the sections entitled "Risk Factors," "Industry Overview" and "Business." Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable with statistics produced for other economies, and you should not place undue reliance on them. Furthermore, we cannot assure you that they are stated or compiled on the same basis, or with the same degree of accuracy, as similar statistics presented elsewhere. In all cases, you should consider carefully how much weight or importance you should attach to or place on such facts or statistics.

You should read the entire document carefully, and we strongly caution you not to place any reliance on any information contained in press articles or other media regarding us or the Global Offering.

There may be, subsequent to the date of this prospectus but prior to the completion of the Global Offering, press and media coverage regarding us and the Global Offering, which may contain, among other things, certain financial information, projections, valuations and other forward-looking information about us and the Global Offering. We have not authorized the disclosure of any such information in the press or media and do not accept responsibility for the accuracy or completeness of such press articles or other media coverage. We make no representation as to the appropriateness, accuracy, completeness or reliability of any of the projections, valuations or other forward-looking information about us. To the extent such statements are inconsistent with, or conflict with, the information contained in this prospectus, we disclaim responsibility for them. Accordingly, prospective investors are cautioned to make their investment decisions on the basis of the information contained in this prospectus only and should not rely on any other information.

You should rely solely upon the information contained in this prospectus, the Global Offering and any formal announcements made by us in Hong Kong in making your investment decision regarding our H Shares. We do not accept any responsibility for the accuracy or completeness of any information reported by the press or other media, nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media regarding our H Shares, the Global Offering or us. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such data or publication. Accordingly, prospective investors should not rely on any such information, reports or publications in making their decisions as to whether to invest in our Global Offering. By applying to purchase our H Shares in the Global Offering, you will be deemed to have agreed that you will not rely on any information other than that contained in this prospectus and the Global Offering.

Some facts, forecasts and statistics contained in this prospectus with respect to the PRC, Hong Kong and their economies and insurance industries are derived from various official or third-party sources and may not be accurate, reliable, complete or up-to-date, and statistics in the prospectus provided by Oliver Wyman are subject to assumptions and methodologies set forth in the "Industry Overview" section of this prospectus.

Some facts, forecasts and statistics in this prospectus relating to the PRC, Hong Kong and their economies and insurance industries are derived from various official or third-party sources. While we have exercised reasonable care in compiling and reproducing these facts, forecasts and statistics, they have not been independently verified by us. Therefore, we make no statement on the accuracy of such facts, forecasts and statistics, which may not be consistent with other information compiled within or outside these jurisdictions and may not be complete or up to date. Moreover, the statistics in this prospectus may be inaccurate or less developed than statistics produced by other economies and should not be unduly relied upon.

This prospectus contains forward-looking statements relating to our plans, objectives, expectations and intentions, which may not represent our overall performance for periods of time to which such statements relate.

This prospectus contains certain statements and information that are "forward-looking" and uses forward-looking terminology such as "anticipate," "believe," "could," "estimate," "expect," "may," "ought to," "should" or "will" or similar terms. Those statements include, among other things, the discussion of our Company's growth strategy and expectations concerning our future operations, liquidity and capital resources. Investors of the H Shares are cautioned that reliance on any forward-looking statements involves risks and uncertainties and that any or all of those assumptions could prove to be inaccurate, and, as a result, the forward-looking statements based on those assumptions could also be incorrect. The uncertainties in this regard include, but are not limited to, those identified in this section, many of which are not within our Company's control. In light of these and other uncertainties, the inclusion of forward-looking statements in this prospectus should not be regarded as representations by our Company that our plans or objectives will be achieved and investors should not place undue reliance on such forward-looking statements. Our Company does not undertake any obligation to update publicly or release any revisions of any forward-looking statements, whether as a result of new information, future events or otherwise. Please refer to the section headed "Forward-looking statements" in this prospectus for further details.

INFORMATION AND REPRESENTATION

You should only rely on the information contained in this prospectus and the Application Forms to make your investment decision. None of the Company or any of the Relevant Persons has authorised anyone to provide you with any information or to make any representation that is different from what is contained in this prospectus. No representation is made that there has been no change or development reasonably likely to involve a change in our Group's affairs since the date of this prospectus or that the information contained in this prospectus is correct as at any date subsequent to its date.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the Listing Rules for the purpose of giving information to the public with regard to our Group.

The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this prospectus misleading.

APPROVALS OF CIRC AND CSRC

We have obtained approvals from the CIRC and the CSRC for the Global Offering and the making of the application to list the H Shares on the Hong Kong Stock Exchange on June 14, 2017 and June 29, 2017, respectively. In granting such approval, neither the CIRC nor the CSRC accepts any responsibility for the financial soundness of our Group or the accuracy of any of the statements made or opinions expressed in this prospectus or the Application Forms.

As advised by our PRC Legal Advisers, our Company has obtained all necessary approvals and authorisations in the PRC in relation to the Listing.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Listing Committee for the granting of the listing of, and permission to deal in, our H Shares in issue and to be issued pursuant to the Global Offering (including the additional H Shares which may be issued pursuant to the exercise of the Over-allotment Option), on the basis that, among other things, we satisfy the market capitalization/revenue test under Rule 8.05(3) of the Listing Rules with reference to (i) our total income for the year ended December 31, 2016, being approximately RMB3,412.7 million (equivalent to approximately HK$4,077.9 million), is over HK$500 million; and (ii) our expected market capitalization at the time of Listing, which based on the low-end of the indicative Offer Price range, exceeds HK$4 billion.

Save as disclosed in this prospectus, no part of the Shares is listed or dealt in on any other stock exchange and no such listing or permission to list is being or is proposed to be sought in the near future.

H SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of listing of, and permission to deal in, the H Shares on the Hong Kong Stock Exchange and our compliance with the stock admission requirements of HKSCC, the H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the H Shares on the Hong Kong Stock Exchange or any other date as determined by HKSCC. Settlement of transactions between participants of the Hong Kong Stock Exchange is required to take place in CCASS on the second Business Day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Investors should seek the advice of their stockbroker or other professional advisers for the details of the settlement arrangements as such arrangements may affect their rights and interests. All necessary arrangements have been made by us for the H Shares to be admitted into CCASS.

RESTRICTIONS ON THE OFFER AND SALE OF THE OFFER SHARES

Each person subscribing for the Hong Kong Offer Shares under the Hong Kong Public Offering will be required to confirm, or by his/her subscription of the Hong Kong Offer Shares be deemed to confirm, that he/she is aware of the restrictions on the offering and sales of the Offer Shares described in this prospectus.

No action has been taken to permit a public offering of the Offer Shares in any jurisdiction other than in Hong Kong, or the distribution of this prospectus and/or the related Application Forms in any jurisdiction other than Hong Kong. Accordingly, this prospectus and/or the related Application Forms may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and/or the related Application Forms and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption therefrom.

The Offer Shares are offered for subscription solely on the basis of the information contained and representations made in this prospectus and the related Application Forms, and on the terms and subject to the conditions set out herein and therein. No person is authorised in connection with the Global Offering to give any information, or to make any representation, not contained in this prospectus, and any information or representation not contained in this prospectus must not be relied upon as having been authorised by the Company or any of the Relevant Persons. For further details of the structure of the Global Offering, including its conditions, and the procedures for applying for the Hong Kong Offer Shares, please see "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares".

UNDERWRITING

The listing of the H Shares on the Hong Kong Stock Exchange is sponsored by the Joint Sponsors. The Global Offering is managed by the Joint Global Coordinators. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters listed in the section headed "Underwriting", subject to an agreement on the Offer Price between the Company and the Joint Global Coordinators (on behalf of the Underwriters). The International Offering is expected to be fully underwritten by the International Underwriters. For further details about the Underwriters and the underwriting arrangements, see "Underwriting".

DETERMINATION OF THE OFFER PRICE

The Offer Shares are being offered at the Offer Price which will be determined by our Company and the Joint Global Coordinators (on behalf of the Underwriters) on or around Thursday, September 21, 2017 and in any event no later than Friday, September 22, 2017.

If the Joint Global Coordinators (on behalf of the Underwriters) and our Company are unable to reach an agreement on the Offer Price on or before Friday, September 22, 2017, or such later date or time as may be agreed between the Joint Global Coordinators (on behalf of the Underwriters) and our Company, the Global Offering will not become unconditional and will lapse.

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

Particulars of the structure of the Global Offering, including its conditions, and details of the arrangements relating to the Over-allotment Option and the stabilisation are set out in *"Structure of the Global Offering"* and *"Underwriting — Stabilization"*, respectively.

PROCEDURES FOR THE APPLICATION OF HONG KONG OFFER SHARES

The procedures for applying for the Hong Kong Offer Shares are set out in *"How to Apply for Hong Kong Offer Shares"* and the Application Forms.

PROFESSIONAL TAX ADVICE RECOMMENDED

If you are unsure about the taxation implications of subscribing for, purchasing, holding, disposing of, or dealing in the H Shares or exercising any rights attached to them, you should consult an expert. It is emphasised that neither the Company nor any of the Relevant Persons accepts responsibility for any tax effects on, or liabilities of, any person resulting from subscribing for, purchasing, holding, disposing of, or dealing in the H Shares or exercising any rights attached to them.

REGISTER OF MEMBERS AND STAMP DUTY

All of the H shares issued pursuant to applications made in Global Offering will be registered on our H Share register to be maintained in Hong Kong by the H Share Registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong. Our principal register of members will be maintained by us at our head office in the PRC.

Dealings in the H Shares registered on our H Share register will be subject to the Hong Kong stamp duty.

Unless determined otherwise by us, dividends payable in Hong Kong dollars in respect of H Shares will be paid to the Shareholders listed on our H Share register in Hong Kong, by ordinary post, at the Shareholders' risk, to the registered address of each Shareholder.

REGISTRATION OF SUBSCRIPTION, PURCHASE AND TRANSFER OF H SHARES

We have instructed Tricor Investor Services Limited, the H Share Registrar, and it has agreed, not to register the subscription, purchase or transfer of any H Shares in the name of any particular holder unless and until the holder delivers to the H Share Registrar a signed form in respect of those H Shares bearing statements to the effect that the holder:

(i) agrees with us and each of the Shareholders, and we agree with each Shareholder, to observe and comply with the PRC Company Law, the Special Regulations and the Articles of Association;

(ii) agrees with us, each of the Shareholders, Directors, Supervisors, managers and officers, and we acting for ourselves and for each of the Directors, Supervisors, managers and officers agree with each of the Shareholders to refer all differences and claims arising from the Articles of Association or any rights or obligations conferred or imposed by the PRC Company Law or other relevant laws and administrative regulations concerning our affairs to arbitration in accordance with the Articles of Association, and any reference to arbitration shall be deemed to authorise the arbitration tribunal to conduct hearings in open session and to publish its award. Such arbitration shall be final and conclusive;

(iii) agrees with us and each of the Shareholders that the H Shares are freely transferable by the holders thereof; and

(iv) authorises us to enter into a contract on his or her behalf with each of the Directors, Supervisors, managers and officers whereby such Directors, Supervisors, managers and officers undertake to observe and comply with their obligations to the Shareholders as stipulated in the Articles of Association.

COMMENCEMENT OF DEALING IN THE H SHARES

Dealing in the H Shares on the Hong Kong Stock Exchange is expected to commence on Thursday, September 28, 2017. The H Shares will be traded in board lot of 100 H Shares each.

MARKET SHARE DATA

The statistical and market share information contained in this prospectus has been derived from official government publications, market data providers and other independent third party sources. We believe that sources of the information are appropriate sources for such information and have reproduced the data and statistics extracted from such official government publications and other sources in a reasonably cautious manner. We have no reasons to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. While we have exercised reasonable care in compiling and reproducing such information unless otherwise indicated, the information has not been verified by us independently. This statistical information may not be consistent without statistical information from other sources within or outside the PRC. You should not unduly rely on such information.

CURRENCY TRANSLATIONS

Unless otherwise specified, amounts denominated in RMB and US$ have been translated, for the purpose of illustration only, into Hong Kong dollars in this prospectus at the following rates:

HK$1.00 : RMB0.83687	(set by the PBOC for foreign exchange transactions prevailing on September 13, 2017)
US$1.00 : HK$7.8112	(based on the exchange rate set forth in the H.10 weekly statistical release of the Federal Reserve Board of the United States on September 8, 2017)

No representation is made that any amounts in RMB, US$ or HK$ can or could have been at the relevant dates converted at the above rates or any other rates or at all.

Name	Position	Address	Nationality
Yaping Ou (歐亞平) . .	Chairman of the Board and executive Director	House No. 3 Mt Kellett View Town Houses 65-69 Mt Kellett Road The Peak Hong Kong	Chinese (Hong Kong)
Jin Chen (陳勁)	Executive Director and chief executive officer	Room 102 No. 12, Lane 333, Yelian Road Qingpu District Shanghai PRC	Chinese
Xinyi Han (韓歆毅). . .	Non-executive Director	22nd Floor No. 5 Star Street, Wanchai Hong Kong	Chinese
Jimmy Chi Ming Lai (賴智明)	Non-executive Director	Flat A, 1/F, Blk T1 Rainbow Lodge, 9 Ping Shan Lane Yuen Long, NT Hong Kong	Chinese (Hong Kong)
Guoping Wang (王國平)	Non-executive Director	4/F, Baohua Court Jiabaotian Gardens Lowu District Shenzhen PRC	Chinese
Xiaoming Hu (胡曉明)	Non-executive Director	Room 1002, Unit 1 Block 16, Yitian Plaza Binjiang District Hangzhou PRC	Chinese
Fang Zheng (鄭方) . . .	Non-executive Director	Room F, 61/F, Tower 6 The Belcher's, Pokfulam Hong Kong	Chinese
Hugo Jin Yi Ou (歐晉羿)	Non-executive Director	Flat A, 2/F, Fortuna Court 25 Repulse Bay Road Hong Kong	Chinese (Hong Kong)
Shuang Zhang (張爽) .	Independent non-executive Director	911 Tilman Rd Charlottesville, VA 22901 United States of America	Chinese

Name	Position	Address	Nationality
Hui Chen (陳慧)	Independent non-executive Director	32-C, No. 2, Lane 100 Xingong Road, Xuhui District Shanghai PRC	Chinese
Li Du (杜力).	Independent non-executive Director	9/F, Tower B 8 Mount Nicholson Road Happy Valley Hong Kong	Chinese (Hong Kong)
Yifan Li	Independent non-executive Director	103 Claridge Ct Apt 4 Princeton NJ 08540-7033 United States of America	American
Ying Wu (吳鷹)	Independent non-executive Director	3002, 11/F 8 Chaoyang Gongyuan South Road Chaoyang District Beijing PRC	Chinese
Yuping Wen (溫玉萍) .	Supervisor	3206(C) No. 6 Building Xiangshanli Garden (second phase) Overseas Chinese Town Nanshan District Shenzhen PRC	Chinese
Baoyan Gan (干寶雁) .	Supervisor	Room 601 No. 1, Lane 1269 Zhangyang Road Shanghai PRC	Chinese
Lei Xiang (向雷).	Supervisor	Room 1401, Unit 3, Block C Guanhaitai Garden Nanshan District Shenzhen PRC	Chinese

Further information is disclosed in the section headed “Directors, Supervisors and Senior Management” in this prospectus.

Joint Sponsors	**J.P. Morgan Securities (Far East) Limited** 28/F, Chater House 8 Connaught Road Central Hong Kong
	Credit Suisse (Hong Kong) Limited L88, International Commerce Centre 1 Austin Road West Kowloon Hong Kong
	UBS Securities Hong Kong Limited 42/F, One Exchange Square 8 Connaught Place Central Hong Kong
	CMB International Capital Limited Units 1803-4, 18/F Bank of America Tower 12 Harcourt Road Central Hong Kong
Joint Global Coordinators	**J.P. Morgan Securities (Asia Pacific) Limited** 28/F, Chater House 8 Connaught Road Central Hong Kong
	Credit Suisse (Hong Kong) Limited L88, International Commerce Centre 1 Austin Road West Kowloon Hong Kong
	UBS AG Hong Kong Branch 52/F, Two International Finance Centre 8 Finance Street Central Hong Kong

	CMB International Capital Limited Units 1803-4, 18/F Bank of America Tower 12 Harcourt Road Central Hong Kong
Joint Bookrunners	**J.P. Morgan Securities (Asia Pacific) Limited** (in relation to the Hong Kong Public Offering only) 28/F, Chater House 8 Connaught Road Central Hong Kong
	J.P. Morgan Securities plc (in relation to the International Offering only) 25 Bank Street Canary Wharf London E14 5JP United Kingdom
	Credit Suisse (Hong Kong) Limited L88, International Commerce Centre 1 Austin Road West Kowloon Hong Kong
	UBS AG Hong Kong Branch 52/F, Two International Finance Centre 8 Finance Street Central Hong Kong
	CMB International Capital Limited Units 1803-4, 18/F Bank of America Tower 12 Harcourt Road Central Hong Kong
	China International Capital Corporation Hong Kong Securities Limited 29/F, One International Finance Centre 1 Harbour View Street Central Hong Kong

Ping An of China Securities (Hong Kong) Company Limited
28/F, 169 Electric Road, North Point, Hong Kong

Morgan Stanley Asia Limited
(in relation to the Hong Kong Public Offering only)
46/F, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong

Morgan Stanley & Co. International plc
(in relation to the International Offering only)
25 Cabot Square, Canary Wharf, London, E14 4QA

ICBC International Capital Limited
37/F, ICBC Tower
3 Garden Road
Hong Kong

BOCI Asia Limited
26th Floor, Bank of China Tower
1 Garden Road
Hong Kong

ABCI Capital Limited
11/F, Agricultural Bank of China Tower
50 Connaught Road
Central, Hong Kong

Joint Lead Managers

J.P. Morgan Securities (Asia Pacific) Limited
(in relation to the Hong Kong Public Offering only)
28/F, Chater House
8 Connaught Road
Central
Hong Kong

J.P. Morgan Securities plc
(in relation to the International Offering only)
25 Bank Street
Canary Wharf
London E14 5JP
United Kingdom

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Kowloon
Hong Kong

UBS AG Hong Kong Branch
52/F, Two International Finance Centre
8 Finance Street
Central
Hong Kong

CMB International Capital Limited
Units 1803-4, 18/F
Bank of America Tower
12 Harcourt Road
Central
Hong Kong

China International Capital Corporation Hong Kong Securities Limited
29/F, One International Finance Centre
1 Harbour View Street
Central
Hong Kong

Ping An of China Securities (Hong Kong) Company Limited
28/F,169 Electric Road, North Point, Hong Kong

Morgan Stanley Asia Limited
(in relation to the Hong Kong Public Offering only)
46/F, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong

Morgan Stanley & Co. International plc
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25 Cabot Square, Canary Wharf, London, E14 4QA

ICBC International Securities Limited
37/F, ICBC Tower
3 Garden Road
Hong Kong

BOCI Asia Limited
26th Floor, Bank of China Tower
1 Garden Road
Hong Kong

ABCI Securities Company Limited
10/F, Agricultural Bank of China Tower
50 Connaught Road
Central, Hong Kong

Head & Shoulders Securities Limited
Room 2511, 25/F, Cosco Tower
183 Queen's Road Central
Hong Kong

Futu Securities International (Hong Kong) Limited
11/F Bangkok Bank Building
14-20 Bonham Strand West
Sheung Wan, Hong Kong

Essence International Securities (Hong Kong) Limited
39/F., One Exchange Square, Central, Hong Kong

Legal Advisors to the Company

As to Hong Kong and U.S. laws:

Skadden, Arps, Slate, Meagher & Flom and affiliates
42nd Floor, Edinburgh Tower
The Landmark
15 Queen's Road Central
Hong Kong

As to PRC laws:

Grandall Law Firm (Shanghai)
23-25/F, Garden Square
968 West Beijing Road
Shanghai 200041
P.R. China

Legal Advisors to the Joint Sponsors and the Underwriters

As to Hong Kong and U.S. laws:

Cleary Gottlieb Steen & Hamilton (Hong Kong)
37/F Hysan Place
500 Hennessy Road
Causeway Bay
Hong Kong

As to PRC laws:

Han Kun Law Offices
9/F, Office Tower C1
Oriental Plaza, 1 East Chang An Avenue
Beijing
China

Reporting Accountant	**PricewaterhouseCoopers** 22/F Prince's Building Central Hong Kong
Compliance Adviser	**Somerley Capital Limited** 20/F, China Building 29 Queen's Road Central Central Hong Kong
Receiving Bank	**Bank of China (Hong Kong) Limited** 1 Garden Road Hong Kong

Registered Office, Headquarters and Principal Place of Business in the PRC	4-5/F, Associate Mission Building 169 Yuanmingyuan Road Shanghai PRC
Principal Place of Business in Hong Kong	Level 54, Hopewell Centre 183 Queen's Road East Hong Kong
Joint Company Secretaries	Yongbo Zhang Room 302 No. 78, Lane 100, Wanding Road Minhang District Shanghai PRC Ella Wai Yee Wong (HKICS; ICSA) Level 54, Hopewell Centre 183 Queen's Road East Hong Kong
Authorised Representatives	Jin Chen Room 102, No. 12, Lane 333, Yelian Road Qingpu District Shanghai PRC Ella Wai Yee Wong Level 54, Hopewell Centre 183 Queen's Road East Hong Kong
Audit Committee	Hui Chen *(Chairman)* Guoping Wang Yifan Li
Risk Management Committee	Fang Zheng (*Chairman*) Xiaoming Hu Ying Wu
Remuneration and Nomination Committee	Shuang Zhang (*Chairman*) Yaping Ou Li Du

Investment Strategy Committee	Jin Chen *(Chairman)* Xinyi Han Jimmy Chi Ming Lai Hugo Jin Yi Ou
Principal Banks	ICBC Shanghai Branch Sales Department No. 24, Dong Yi Road Huangpu District Shanghai PRC CITIC Bank Shanghai Branch Sales Department Aurora International Building No. 99 Fucheng Road Pudong District Shanghai PRC
H Share Registrar	Tricor Investor Services Limited Level 22, Hopewell Centre 183 Queen's Road East Hong Kong
Company's Website	**https://www.zhongan.com/** (The information on the website does not form part of this prospectus)

Certain information, including statistics and estimates, set forth in this section and elsewhere in this prospectus has been derived from an industry report commissioned by us and independently prepared by Oliver Wyman in connection with the Global Offering. We believe that the sources of such information are appropriate, and we have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading in any material respect or that any fact has been omitted that would render such information false or misleading in any material respect. However, neither we nor any other party involved in the Global Offering has independently verified such information, and neither we nor any other party involved in the Global Offering makes any representation as to the accuracy or completeness of such information. Therefore, investors are cautioned not to place any undue reliance on the information, including statistics and estimates, set forth in this section or similar information included elsewhere in this prospectus. For a discussion of risks relating to our industry, please refer "Risk Factors — Risks Relating to Our Industry."

SOURCE OF INFORMATION

In connection with the Global Offering, we commissioned Oliver Wyman to conduct market research concerning the PRC Insuretech industry as well as technology applications in the PRC insurance industry. Oliver Wyman is a wholly-owned subsidiary of Marsh & McLennan Companies, a global management consulting firm with 50 offices in 26 countries. It has deep industry knowledge with specialized expertise in strategy, operations, risk management, and organization transformation. We believe that Oliver Wyman has specialized research capabilities and experience for the insurance and Insuretech markets in China and globally. The information from Oliver Wyman disclosed in the prospectus is extracted from the Oliver Wyman Report, which was commissioned by us for a fee of RMB2.2 million and is disclosed with the consent of Oliver Wyman. The payment of such fee was not conditional on our successful listing or on the results of the Oliver Wyman Report. The Oliver Wyman Report is independent from our influence.

In preparing the Oliver Wyman Report, Oliver Wyman has conducted primary research, which involved discussions with industry experts and leading industry participants about the status of the insurance, Insuretech and other related industries in China. Oliver Wyman has also conducted secondary research, which involved review of data published by official institutions, public company reports, independent research reports and data from Oliver Wyman's own research database. Oliver Wyman's projections on market sizes are based on its market forecasting methodology, which takes into consideration various factors, including (i) historical data, (ii) its assessment of the macroeconomic and regulatory environment, (iii) key drivers and restraints of the relevant market as estimated by Oliver Wyman, and (iv) expert opinions on the future development of the insurance and Insuretech industries. Oliver Wyman's projections on the insurance and Insuretech market sizes in China are based on certain assumptions, including: (i) the social, economic and political environments in China and around the world will remain stable; (ii) key drivers of the insurance and Insuretech industries will remain relevant and applicable in the forecast period; and (iii) no subversive changes will happen to the insurance, Insuretech and other related industries.

After making reasonable enquiries, our Directors confirm that there has been no adverse change in the market information presented in the Oliver Wyman Report since the date of such report which may qualify, contradict or impact the information in this "Industry Overview" section.

THE TRANSFORMATION OF THE PRC ECONOMY

While China's GDP growth has slowed down in recent years, the PRC economy is undergoing a structural transformation under the "New Normal," whereby economic growth is increasingly driven by consumer spending and technological innovations.

The rise of the PRC economy in the past several decades was largely accomplished under an investment-driven and export-oriented model. In recent years, China has attached greater importance to increasing domestic consumption as a driver to economic growth. Personal consumption has been growing at a faster rate than overall GDP since 2009 and the trend is expected to continue in the foreseeable future, according to the Oliver Wyman Report. However, in terms of personal consumption as a percentage of GDP, China still lags behind many developed countries by wide margins. In 2016, personal consumption accounted for only 39% of GDP in China, compared with 69%, 63%, 57% and 55% in the United States, the United Kingdom, Japan and Germany, respectively, according to the Oliver Wyman Report. Therefore, there are significant potentials for the further growth of consumption in China. As a result of China's growing disposable income and consumption needs, consumers have developed stronger demand for financial services. Personal investable assets in China reached RMB134 trillion in 2016, according to the Oliver Wyman Report, which have increased the demand for wealth management and other investment services. Meanwhile, greater and more diversified consumption needs have generated increasing demand for payment, financing and protection services.

The transformation of the PRC economy is characterized by rapid penetration of internet, mobile internet and related technological innovations. As of December 31, 2016, China's internet and mobile internet populations reached 731 million and 695 million, respectively, representing penetration rates of 53% and 50%, respectively, according to the Oliver Wyman Report. However, such penetration rates are still relatively low compared to developed countries, and there is substantial room for further growth. In particular, internet and mobile financial services have quickly gained popularity in China. For example, as of December 31, 2016, 57.7% and 44.6% of all mobile users in China used mobile payment and mobile banking services, respectively, according to the Oliver Wyman Report. Compared with traditional financial service channels, online platforms provide more convenience in access, more diversified product choices and price benchmarks. The emergence of various new technologies is expected to further enhance the convenience, personalization, cost effectiveness and security of online financial services. Specifically, internet of things, cloud computing, blockchain and big data analytics are some of the representative technologies that are changing the landscape of the financial services industry.

With strong government support for innovation and well-established yet rapidly evolving online ecosystems, both traditional and non-traditional financial industry participants in China are presented with immense opportunities. We believe that insurance plays an important role in this transformation.

OVERVIEW OF THE PRC INSURANCE MARKET

Market Size and Breakdowns

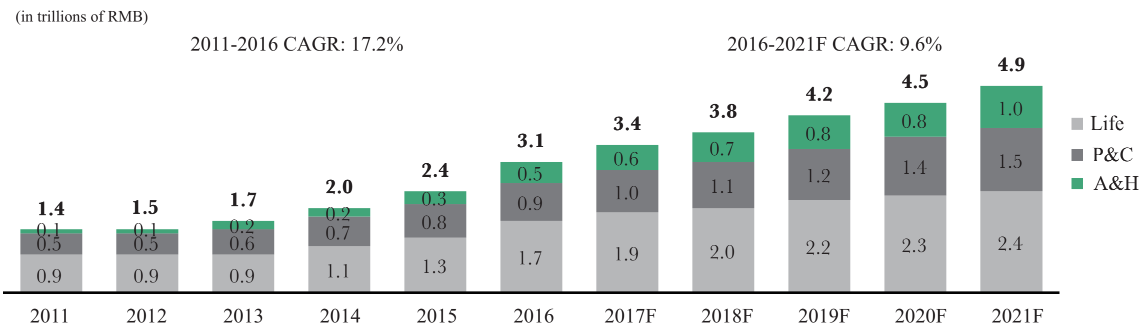
Insurance provides financial protection from various forms of losses, such as property, life or health. Insurance can also play an important role in individual and family financial planning. The PRC insurance market has experienced rapid growth in recent years, increasing from RMB1.4 trillion in 2011 to RMB3.1 trillion in 2016 as measured by GWP, representing a CAGR of 17.2%, according to the Oliver Wyman Report.

Although the size of the PRC insurance market was the second largest in the world as measured by GWP in 2016 according to the Oliver Wyman Report, insurance penetration and density in China are still substantially lower than those in developed countries, indicating significant growth potentials. According to the Oliver Wyman Report, in 2015, GWP over GDP was only 3.6% in China, compared with 10.9%, 9.9%, 7.3% and 6.3% in Japan, the United Kingdom, the United States and Germany, respectively; and GWP per capita was only US$0.3 thousand in China, compared with US$3.6 thousand, US$4.4 thousand, US$4.1 thousand and US$2.6 thousand in Japan, the United Kingdom, the

United States and Germany, respectively. According to the Several Opinions of the State Council on Accelerating the Development of the Modern Insurance Service Industry (《國務院關於加快發展現代保險服務業的若干意見》) issued in 2014, China's GWP to GDP ratio and per capita GWP are targeted to reach 5% and RMB3,500, respectively, by 2020.

Furthermore, the PRC government deems insurance a strategically important industry and has provided strong support. See "— Favorable Regulatory Development" below. Partly based on the favorable policies, the PRC insurance market is projected to further expand to RMB4.9 trillion in 2021, representing a CAGR of 9.6% from 2016 to 2021, according to the Oliver Wyman Report.

The insurance market can be divided into three segments: property and casualty ("**P&C**"), life, and accident and health ("**A&H**"). The following chart shows the historical and projected breakdown of the PRC insurance market from 2011 to 2021:



Source: CIRC, Oliver Wyman Report

Insurance products are distributed through multiple channels. In China, life insurance is predominantly distributed by agents or in partnership with banks under the "bancassurance" model. By contrast, approximately 40% of non-life insurance (including P&C and A&H) in China is sold by insurance companies directly including through the internet. According to the Oliver Wyman Report, direct sales of non-life insurance products are expected to further accelerate as online insurance marketplaces improve in product offerings and pricing.

Favorable Regulatory Development

The PRC government has issued several major policy pronouncements guiding the development of the insurance industry, such as the *Several Opinions of the State Council on the Reform and Development of the Insurance Industry* (《國務院關於保險業改革發展的若干意見》) in 2006 and CIRC's *Outline of the 13th Five-Year Plan for China's Insurance Industry* (《中國保險業發展"十三五"規劃綱要》) in 2016. According to the Oliver Wyman Report, the following recent regulatory developments are expected to have a positive impact on the PRC insurance industry:

- *PBOC Fintech Committee*. In May 2017, the PBOC established a Fintech committee to strengthen research on Fintech and to promote the healthy development of China's Fintech industry.
- *C-ROSS*. The China Risk Oriented Solvency System (C-ROSS), a new-generation solvency system developed by the CIRC, took effect in January 2016. C-ROSS reflects the determination of the CIRC to give the market a decisive role in resource allocation.
- *Deregulation on pricing*. Pricing deregulation is gradually taking place, covering some previously tariffed traditional products, such as auto insurance and life insurance.
- *Deregulation in asset management*. Compared with a few years ago, insurance companies in China are allowed to invest in a wider range of assets.

- *Changes in accounting rules on the inclusion of investment products in GWP.* In 2011, changes in PRC accounting rules resulted in the exclusion of certain investment products from GWP. Such changes are intended to foster a healthier product structure and better investment risk management.

THE PRC INSURETECH MARKET

Market Definition and Segments

The Insuretech market is created by the dynamic interplay between insurance and technology. According to the Oliver Wyman Report, the PRC Insuretech market consists of three segments:

- *Online distribution.* The first Insuretech segment involves selling traditional insurance products through online or mobile channels. Online and mobile distribution allows insurance companies to reach long-tail customers in an efficient and cost-effective manner, and provides customers with improved experience.

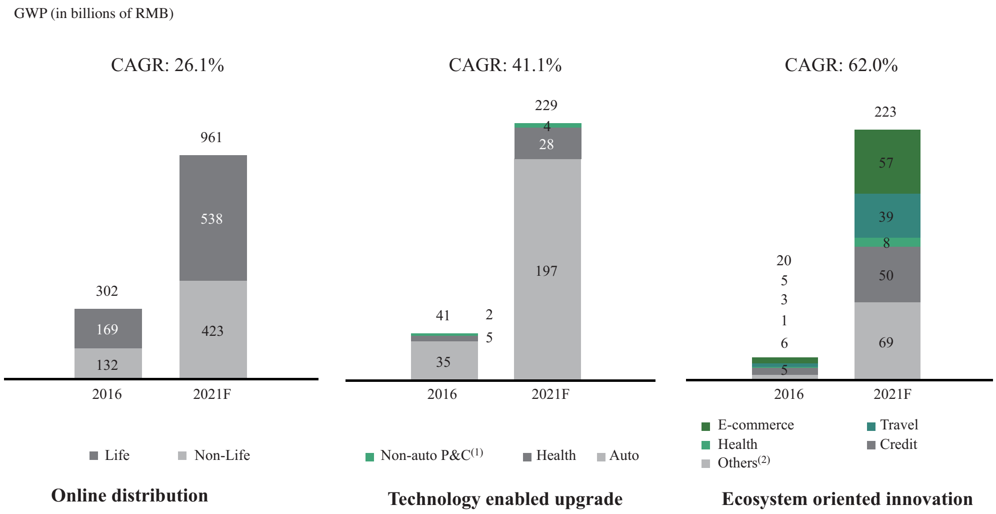
- *Technology enabled upgrade.* The second Insuretech segment involves utilizing technology to make existing insurance products more targeted, customized and dynamic. Insurance companies are using technology to collect and analyze a massive amount of user and transaction data, which helps insurance companies manage the underlying risks and optimize operations and claims efficiency.

- *Ecosystem-oriented innovation.* The third Insuretech segment involves leveraging data analytics to satisfy previously unmet insurance needs that have arisen in various ecosystems, such as e-commerce, travel and health.

Ecosystem-oriented innovation represents the most novel expansion of the traditional insurance industry by covering previously unaddressed risks in an innovative way to reach customers. Not only does ecosystem-oriented innovation increase the scope of the insurance market, it also helps drive further growth of the relevant ecosystems by strengthening customer confidence and improving customer experience. Insurance alleviates customer concerns by providing an additional level of protection against financial, personal or property losses during and after purchases. For example, shipping return insurance encourages purchases by easing the worry of purchasing goods that might turn out to be unwanted. It also allows online shoppers covered by such insurance to order multiple items to try out at home and simply return the unsatisfactory products at no additional shipping cost. Furthermore, insurance improves both buyer and seller experience by lowering the frequency of disputes between them. In turn, increased consumption in the relevant ecosystems leads to more insurance sales, resulting in a virtuous cycle.

Market Size

According to the Oliver Wyman Report, the PRC Insuretech market as measured by GWP was RMB363 billion in 2016, and is expected to reach RMB1,413 billion in 2021, representing a CAGR of 31.2%. The most innovative Insuretech segment, ecosystem-oriented innovation, is expected to grow particularly fast at a CAGR of 62.0%, compared with 26.1% and 41.1% for online distribution and technology enable upgrade segments, respectively. The following chart shows the historical and projected GWP breakdown of the three segments of the PRC Insuretech market in 2016 and 2021:



Notes

(1) Non-auto P&C includes insurance products such as property, accident and travel

(2) Others include financial services, lifestyle, sports and entertainment, etc.

Source: Oliver Wyman Report

Development of Insuretech Business Models

According to the Oliver Wyman Report, the development of Insuretech business models consists of three waves, evolving from the initial technology enablement to ecosystem integration, and eventually to future derivatives of expansion.

Wave 1: Technology enablement

Traditional insurance companies generally offer homogenous products serving clear and tangible customer needs, with prices decided by analyzing historical data through actuarial models. The traditional model entails a large salesforce and operational support team to gain market share. To improve efficiency and product offerings, insurance companies have started to utilize digital technologies. For example, online and mobile distribution channels and automated claims processing reduce staff costs, while cloud computing enables high-capacity, scalable data processing in an efficient, cost-effective and flexible manner. The technology enablement business model mainly contributes to the online distribution and technology enabled upgrade segments of the PRC Insuretech market. However, under this initial wave of development, the fundamentals of the traditional insurance business model have remained largely unchanged.

Wave 2: Ecosystem integration

Under the ecosystem integration business model, Insuretech companies create a universal analytics and processing engine that links a third-party online ecosystem with the insurance provider. Such engine gathers consumer data from the ecosystem, applies analytics to create customized, scenario-based insurance products and processes claims with automation technology. This new business model is both asset- and human capital-light, and is based on the ability of Insuretech companies to reach existing online ecosystems, including smaller and more specialized ecosystems, through their open platforms, and then to identify consumers' needs and create tailored products that address these needs. Major players operating under this model are mainly newcomers with strong internet backgrounds. The ecosystem integration business model contributes to all three segments of the Insuretech market, particularly the ecosystem-oriented innovation segment.

Wave 3: Future derivatives of expansion

As insurance products become embedded in an increasing number of online ecosystems, insurance companies gain access to a vast array of consumer data across different ecosystems, which create opportunities for them to develop new businesses. For example, an Insuretech company may become a provider of credit data, or use blockchain technology to provide personal health information. In the longer term, consumer data can be used to digitally provide a suite of customized financial products. This model will ultimately take Insuretech players beyond insurance, turning them into customer-centric digital service providers.

Competitive Landscape

The three segments of Insuretech have distinct competitive landscapes, with technology-centric startups being more competitive in the innovative segments of technology enabled upgrade and, particularly, ecosystem-oriented innovation.

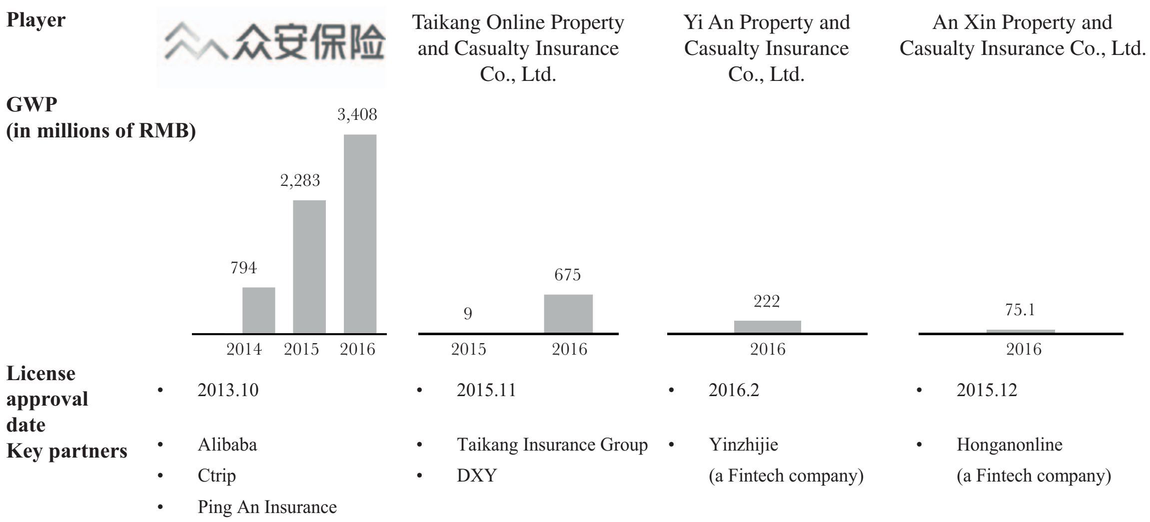
- *Online distribution segment.* The online distribution segment is mainly dominated by traditional insurers selling P&C and universal life products. For example, in 2015, PICC and Ping An Insurance were the dominant leaders in online distribution of P&C insurance, according to the Oliver Wyman Report.

- *Technology enabled upgrade segment.* The technology enabled upgrade segment is the battleground for many new innovative products. Traditional insurers like PICC and Ping An Insurance are adopting telematics to improve auto insurance pricing methodology. Online insurance players, such as ZhongAn, offer health insurance based on biometric data collected from wearable devices, DNA testing or other sources. In terms of gross written premiums, traditional players like PICC and Ping An Insurance are leading the technology enabled upgrade segment while the market share of online insurance players like ZhongAn in terms of gross written premiums are relatively small.

- *Ecosystem-oriented innovation segment.* The ecosystem-oriented innovation segment is mainly covered by online-only insurance companies and traditional insurance companies with a significant online presence. As of the Latest Practicable Date, the four licensed online-only insurance companies in China were ZhongAn, TK.cn, Yi An and An Xin. Due to their technology background, these companies tend to have stronger ability to develop insights from large amounts of customer data than traditional insurers and become first movers of innovating new products in this segment. However, some traditional insurers are also following the footsteps of online insurance companies to capture ecosystem related opportunities. The ecosystem-oriented innovation segment is becoming more populated as an increasing number of traditional insurers have begun to utilize technology to provide similar products such as shipping return insurance and flight delay or accident insurance. As a result, those online-only insurance companies are facing more intense competition in this segment. ZhongAn, as the first and largest online-only insurance company, mainly operate in the nascent ecosystem-oriented innovation segment and had a market share of 17% in terms of gross written premiums in this sub-segment, making itself rank top 5 in this sub-segment, in 2016. Comparing with online-only insurance companies, traditional insurers need to overcome some major barriers of entry. Many traditional insurers currently are not able to provide innovative solutions given their limited technological expertise.

They also may not be able to quickly adapt and respond to ecosystem needs. The product design processes and corporate structure of traditional insurers may not be optimal for the fast-evolving ecosystem-oriented innovation segment. Furthermore, traditional insurers may face challenges in dealing with the conflict between their traditional business and innovative business.

As measured by GWP in 2016, ZhongAn had a 0.9% share of the PRC Insuretech market, according to the Oliver Wyman Report. Among the four online-only insurance companies, ZhongAn obtained its online insurance license in October 2013, more than two years earlier than any of the other three companies, according to the Oliver Wyman Report. ZhongAn is also the clear leader among these four companies in terms of GWP. The following chart compares the four online insurance companies:



Source: CIRC, company websites, Oliver Wyman Report

Regulatory Development of Insuretech

Insurance going online is a rising trend in China. In 2016, of the 9.5 billion newly written policies recorded by the CIRC, approximately 65% were sold online.

The CIRC has shown encouragement and support for innovative insurance products and online distribution. As of the Latest Practicable Date, the CIRC had issued four online-only insurance licenses to support the "Internet+" strategy promoted by the PRC government. Regulatory barriers for innovative insurance products have been relaxed. For example, unlike traditional insurance products such as auto insurance, shipping return and flight delay insurance can be distributed to nationwide clients, without the need to obtain approval from provincial regulators. Furthermore, the CIRC promulgated the *Interim Measures for the Supervision of Internet Insurance Businesses* (《互聯網保險業務監管暫行辦法》) in 2015 to promote the healthy development of internet insurance businesses.

MAJOR INSURETECH ECOSYSTEMS

Insuretech is deeply embedded in different online ecosystems. Certain online ecosystems, such as e-commerce and travel, have salient inherent risks, which many consumers are willing to pay to hedge against if the appropriate insurance products are available. These inherent risks create opportunities for Insuretech companies to develop mutually beneficial insurance products through cooperation with leading players in the relevant ecosystems. Major online ecosystems that are currently relevant to the PRC Insuretech industry include, among others, lifestyle consumption, consumer finance, health, auto and travel. The following is an overview of these major ecosystems and the opportunities they present to Insuretech companies.

Lifestyle Consumption

Supported by the rapid growth of the penetration of internet and, in particular, mobile internet, China has a relatively mature and fast growing e-commerce market. Leading players such as Alibaba and JD.com operate some of the largest e-commerce platforms in the world. The e-commerce and retail ecosystem in China is characterized by fast innovation and continuous growth. According to the Oliver Wyman Report, the gross merchandise value of the online retail market in China grew from RMB1.9 trillion in 2013 to RMB5.3 trillion in 2016, and is expected to further grow to RMB12.6 trillion in 2021, representing a CAGR of 18.9% from 2016 to 2021.

Online retail transactions have various inherent risks that may lead to losses to customers, merchants as well as the platform operators. For example, purchased goods may be damaged, lost or stolen during shipping. Customers or merchants may be required to pay shipping costs for returning products. There may also be security issues relating to payment and customer information, which not only harm customer, but also affect the reputation of merchants and platform operators.

Insurance can protect against many of the risks inherent in the e-commerce and retail ecosystem. Examples of innovative insurance products related to e-commerce include shipping return insurance, warranty insurance, merchant performance insurance and account safety insurance. The large volume of transactions as well as diverse customer and transaction profiles in e-commerce settings require dynamic pricing and big data processing capability. Compared with traditional insurance companies, Insuretech companies are well positioned to capture the opportunities in the e-commerce and retail related insurance market.

According to the Oliver Wyman Report, the e-commerce and retail related insurance market in China is entirely addressable by Insuretech. According to the Oliver Wyman Report, the size of this Insuretech market amounted to RMB5.3 billion in 2016, and is expected to grow to RMB56.9 billion in 2021, representing a CAGR of 60.8%.

According to the Oliver Wyman Report, key competitors in e-commerce and retail related insurance market in China include ZhongAn, PICC, Cathay and Huatai. Among them, ZhongAn has partnered with a larger number of e-commerce platforms, with continuous new product launches and upgrades.

Consumer Finance

In the Oliver Wyman Report and this section, consumer finance is defined as personal loans for consumption purposes, excluding mortgages and auto loans. Specifically, it includes, among others, credit card loans, e-commerce credit offerings and online consumption loan products. According to the Oliver Wyman Report, China's consumer finance market is expected to increase from RMB5.7 trillion in 2016 to RMB13.7 trillion in 2021, representing a CAGR of 19.2%. In particular, non-credit card consumption loans are expected to grow at a CAGR of 34.7% from 2016 to 2021.

Insurance companies participate in the consumer finance market mainly through underwriting credit insurance and providing credit facilitation services, such as services related to consumer credit data and lending technology. During loan origination, insurance companies can utilize the multi-dimensional consumer data they have collected to analyze the ability, willingness and sustainability of repayment. Based on such analysis, insurance companies can help their platform partners integrate online lending and risk management technical capabilities into their existing ecosystems. Credit insurance is also potentially useful in the creation of loan securitization products based on consumer credit. Insurance companies may provide additional credit enhancement services to increase the attractiveness of securitization products to investors.

According to the Oliver Wyman Report, the consumer finance related insurance market in China is entirely addressable by Insuretech. According to the Oliver Wyman Report, the size of this Insuretech market amounted to RMB6 billion in 2016, and is expected to grow to RMB50 billion in 2021, representing a CAGR of 52.8%.

Both traditional players and emerging internet players compete in the consumer finance market. Compared to traditional banks, Insuretech companies have advantages in their ability to manage consumer credit risk efficiently through automated processes. As consumer finance gradually moves online, new methods of risk assessment will be required. Technologies such as facial recognition and micro-expressions analysis have already been applied to online approval processes. Machine learning techniques are also being applied to improve fraud detection.

The range of insurance products related to consumer finance is still relatively limited. Key players in this industry include ZhongAn, Ping An Insurance, TK.com and Sunshine Insurance. They mainly provide consumer credit insurance as a means to facilitate online borrowing and lending.

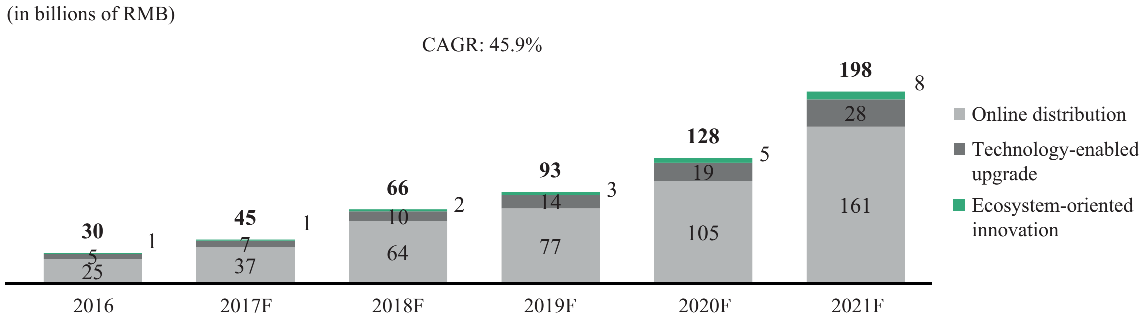
Health

China's healthcare market is one of the largest in the world and is expected to continue to grow at a fast pace. According to the Oliver Wyman Report, healthcare spending in China is expected to increase from RMB4.4 trillion in 2016 to RMB7.8 trillion in 2021, representing a CAGR of 12.1%.

Insurance plays an integral role in making healthcare accessible to the masses. Driven by strong government support, rising awareness of using insurance to manage health risk and increasing affordability, China's health insurance market is expected to grow faster than overall healthcare spending. According to the Oliver Wyman Report, health insurance GWP in China is expected to grow from RMB404 billion in 2016 to RMB874 billion in 2021, representing a CAGR of 16.7%.

Historically, the PRC government itself was the predominant health insurance provider. Under recent healthcare reforms, however, the government has been working more actively with health insurance companies.

The health insurance market in China is partly addressable by Insuretech. According to the Oliver Wyman Report, the size of the health related Insuretech market amounted to RMB30 billion in 2016, and is expected to grow to RMB198 billion in 2021, representing a CAGR of 45.9%. The percentage of the overall health insurance market that is addressable by Insuretech is expected to increase from 7% in 2016 to 22% in 2021, according to the Oliver Wyman Report. The following chart shows the historical and projected GWP breakdown of the three segments of the PRC health related Insuretech market from 2016 to 2021:



Source: Oliver Wyman Report

Health insurance is increasingly dependent on online distribution channels given their low cost of customer acquisition and the convenience they bring to consumers. Companies have also been bringing innovation to the technology enabled upgrades segment of the health related Insuretech market. Both traditional and online companies, including Taikang, PICC, and ZhongAn, have started to process claims submitted digitally. ZhongAn has partnered with Xiaomi to integrate data collected from fitness wearable devices into health insurance pricing. ZhongAn also offers health insurance products based on the test results of advanced DNA diagnosis.

Ecosystem-oriented innovation is a new and promising segment for health insurance. In China, certain specific doctors in prestigious hospitals are not easily accessible to patients. Online insurer Yi An currently offers an insurance product that allows consumers to gain priority registration to see a doctor and makes payout if registration is unsuccessful.

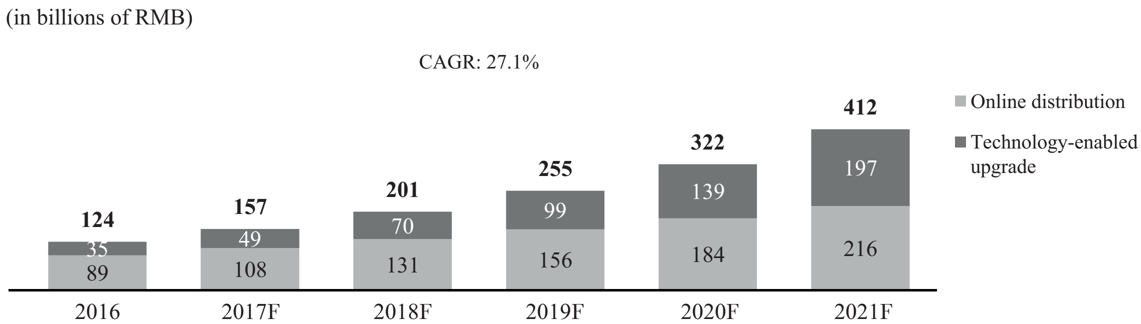
Auto

China has become the largest auto market in the world. According to the Oliver Wyman Report, the number of outstanding vehicles in China amounted to 194 million in 2016, and is expected to grow to 321 million in 2021, representing a CAGR of 10.6%. China's auto market still has tremendous growth potential. Even by 2021, every 1,000 people in China are expected to own less than 250 cars, compared with over 800 cars for the United States currently, according to the Oliver Wyman Report.

Auto insurance is the largest component of the P&C insurance market in China. With a GWP of RMB683 billion in 2016, auto insurance accounted for 77% of the overall P&C market, according to the Oliver Wyman Report. The auto insurance market is expected to grow steadily to RMB1,171 billion in 2021, representing a CAGR of 11.4% from 2016 to 2021.

The auto insurance market in China is dominated by traditional P&C insurers. Concentration is high with the top five players making up 80% of market GWP, according to the Oliver Wyman Report. Auto insurance, including its pricing, is still highly regulated in China, but gradual deregulation is opening up the market to more nimble online insurance players.

The auto insurance market in China is partly addressable by Insuretech. According to the Oliver Wyman Report, the size of the auto related Insuretech market amounted to RMB124 billion in 2016, and is expected to grow to RMB412 billion in 2021, representing a CAGR of 27.1%. The percentage of the overall auto insurance market that is addressable by Insuretech is expected to increase from 18% in 2016 to 35% in 2021, according to the Oliver Wyman Report. Currently, auto related Insuretech products mainly fall into the online distribution and technology enabled upgrade segments. Traditional insurance products sold through ecosystems are not considered to fall into the ecosystem-oriented innovation segment. The following chart shows the historical and projected GWP breakdown of the three segments of the PRC auto related Insuretech market from 2016 to 2021:



Source: Oliver Wyman Report

Online distribution helps insurance companies reduce cost and improve customer experience. Many traditional insurance companies have set up their own websites or utilized third-party platforms to provide direct quotes and sell policies. An increasing number of traditional insurance companies are also trying to pilot automated claims processing.

Technology enabled upgrade is an area where Insuretech companies are able to add value for customers. With the help of products like telematics devices that capture drivers behavioral data, Insuretech companies can use advanced algorithms and big data techniques to tailor product pricing to observed risk levels. For example, ZhongAn and a PRC automaker has jointly set up a research center to develop internet of things and telematics solutions. Ping An and ZhongAn are partnering with telematics hardware companies to test the technology for usage-based insurance. An Xin is also partnering with insurance agents to develop similar products.

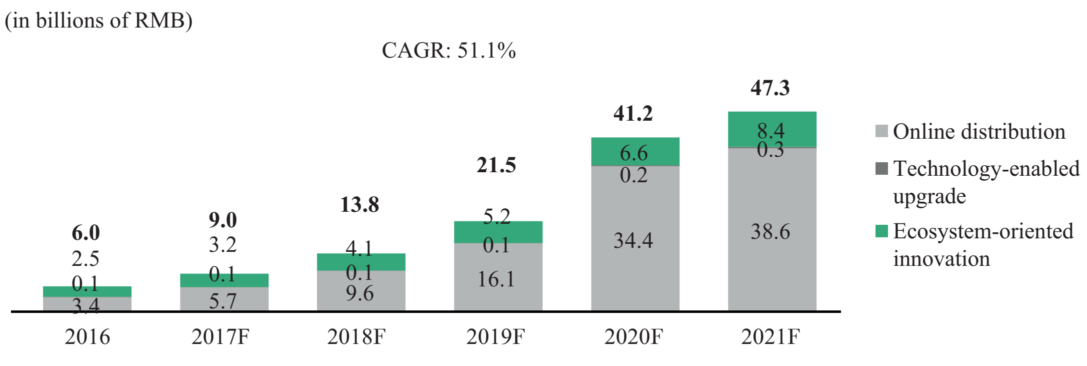
Travel

According to the Oliver Wyman Report, the PRC travel market amounted to RMB2.2 trillion in 2016, and is expected to grow to RMB3.9 trillion in 2021, representing a CAGR of 12.1%. Online travel agencies ("**OTAs**") play an important role in China's travel market. Major OTAs in China include Ctrip, Tuniu, LY.com, Lvmama and Aoyou. OTAs tend to offer similar products, and they mainly differentiate themselves through additional value-added services. The availability of travel-related insurance products is one of such value-added services that help attract customers.

Travel is often associated with stress and uncertainty. For example, customers are generally required to pay high fees for cancellation or changes. They may encounter unpleasant events such as flight delays and loss of personal belongings. There may also be security issues relating to payment and customer information.

The travel ecosystem provides many opportunities for Insuretech companies to innovate. In China, an increasing percentage of travel is booked through online or mobile channels. Insurance products that are well integrated into OTA websites or apps and can be purchased without strict time constraints are especially welcomed by consumers. Some of the travel related risks outlined above are already addressed by innovative products designed by Insuretech companies. For example, flight delay insurance can compensate travelers in case of flight delay, and weather insurance can cover some losses if customers have to cancel a trip or skip certain activities during the trip.

According to the Oliver Wyman Report, the travel related insurance market in China is entirely addressable by Insuretech. According to the Oliver Wyman Report, the size of this Insuretech market amounted to RMB6.0 billion in 2016, and is expected to grow to RMB47.3 billion in 2021, representing a CAGR of 51.1%. Among the three Insuretech segments, ecosystem-oriented innovation is expected to experience the strongest growth in the next few years, according to the Oliver Wyman Report. The following chart shows the historical and projected GWP breakdown of the three segments of the PRC travel related Insuretech market from 2016 to 2021:



Source: Oliver Wyman Report

In China, both traditional insurance companies and online insurance companies are actively competing in the travel related insurance market. According to the Oliver Wyman Report, key competitors in this market include ZhongAn, Huatai, CPIC, PICC and Ping An Insurance.

PRC REGULATORY OVERVIEW

The insurance industry in the PRC is regulated by the CIRC and its local bureaus. The legal provisions constituting the legal framework for supervising and regulating insurance activities in the PRC mainly include the PRC Insurance Law and the administrative rules, regulations and other regulatory documents promulgated pursuant to the PRC Insurance Law.

REGULATORY AUTHORITY — CIRC

The CIRC was set up on November 18, 1998. According to the Notice relating to the Establishment of the China Insurance Regulatory Commission of the State Council (國務院關於成立中國保險監督管理委員會的通知) implemented on November 14, 1998, the CIRC is the competent authority regulating commercial insurance in China and a regulatory body directly under the State Council. The CIRC performs administrative management functions as authorised by the State Council and centrally supervises and regulates the insurance market in a uniform way in accordance with laws and regulations. The major tasks of the CIRC include formulating policies and regulations as well as developing industry plans in relation to commercial insurance, conducting supervisory administration and providing business guidelines on the operational activities of insurance enterprises in compliance with law, maintaining the order of the insurance market, administering investigations and punishment of insurance enterprises that violate the law, protecting the interests of the insured, cultivating and developing the insurance market, promoting reform of the insurance industry, improving the insurance market system, facilitating fair competition among insurance enterprises, establishing the assessment and warning systems for risks in the insurance market, preventing and mitigating risks in the insurance market, facilitating stable and sound operation of insurance enterprises and healthy development of businesses.

According to the Notice relating to the Principal Responsibilities, Internal Organisation and Personnel Establishment of the China Insurance Regulatory Commission (國務院辦公廳關於印發中國保險監督管理委員會主要職責內設機構和人員編製規定的通知) issued by the General Office of the State Council on 7 July 2003, and the Catalogue for Administrative Approvals of the CIRC (中國保監會行政審批事項目錄) and information published on the CIRC website, the principal authorities of the CIRC include:

- preparing principles and policies for the development of the insurance industry; formulating industry development strategies and plans; drafting laws and regulations for the supervision and regulation of the insurance industry and formulating industry rules and regulations of the insurance industry;

- approving the establishment of insurance companies and their branches, insurance group companies and insurance holding companies; jointly with the relevant authorities approving the establishment of insurance asset management companies; approving the establishment of representative offices by overseas insurance institutions; approving the establishment of insurance intermediaries such as insurance agencies, insurance brokerage companies, insurance loss adjusting companies and their respective branches; approving the establishment of overseas insurance institutions by domestic insurance and non-insurance institutions; approving mergers, splits, changes of corporate forms and dissolutions of insurance institutions and making decisions on the receivership and the appointment of receivers; participating in and overseeing the bankruptcy and liquidation proceedings of insurance companies;

- examining and confirming the qualifications of senior management members in various types of insurance institutions; setting the basic qualification standards for insurance practitioners;

- approving the terms and premium rates of insurance products related to public interests, statutory mandatory insurance and newly developed life and health insurance products; supervision of other insurance products through registration of the insurance terms and premium rates of such insurance;

- supervising the solvency and market activities of insurance companies; managing the insurance guarantee funds and monitoring the insurance security deposits; formulating the relevant rules and regulations on the basis of laws and policies of the PRC Government on the deployment of insurance fund, and supervising the deployment of funds by insurance companies;

- conducting business supervision on fiscal subsidy insurance and mandatory insurance; supervising organizational forms and operations such as captive insurance and mutual insurance; centralizing the administration of insurance industry associations and organizations such as the Insurance Association of China and The Insurance Institute of China;

- investigating into and imposing penalties on illegal acts and misconducts of insurance institutions and practitioners such as unfair competition according to the law and direct or disguised engagement in insurance business by non-insurance institutions;

- supervising overseas insurance institutions established by domestic insurance and non-insurance institutions; and

- establishing the standards for information systems of the insurance industry; establishing insurance risk-assessment, risk-warning and risk-monitoring systems; tracking, analyzing, monitoring and forecasting the operating conditions of the insurance market; centralizing compilation of statistical data and reports for the national insurance industry and carrying out publication in accordance with relevant regulations.

Regulatory and Legal Framework

The PRC Insurance Law is the most important law in the regulatory and legal framework for the PRC insurance industry. The PRC Insurance Law was passed on June 30, 1995, implemented on October 1, 1995 and amended four times in 2002, 2009, 2014 and 2015, respectively.

The PRC Insurance Law implemented on October 1, 1995 covers general principles, insurance contracts, insurance companies, insurance operational rules, supervision and regulation of the insurance industry, insurance agencies and insurance brokerage companies, legal liabilities and supplementary provisions. It was the fundamental insurance law of the PRC.

In 2015, the PRC Insurance Law was amended for the fourth time. Such amendments primarily include: (i) the deletion of the clauses related to the requirement that the establishment of an offshore representative office by an insurance company shall be subject to the approval of the insurance regulatory authorities under the State Council; (ii) abolishment of the requirement that the individuals who are engaged in insurance sales for an insurance company shall obtain the qualification certificates issued by the insurance regulatory authorities, and replace such requirement with the requirement that the aforesaid individuals should be of good character and have the professional competence required for insurance sales, and the deletion of all provisions in the PRC Insurance Law related to the requirements that the aforesaid individuals shall obtain the qualification certificates stipulated in the PRC Insurance Law; (iii) the deletion of the provisions that individual insurance agents, agency practitioners of insurance agencies and brokerage practitioners of insurance brokers shall obtain the qualification certificates issued by the insurance regulatory authorities in the PRC insurance law and stipulated the new provision that the aforesaid individuals should be of good character and have professional competence required in transacting insurance agencies and insurance brokerage businesses; (iv) the abolishment of the requirements that the merger and divisions of corporates and any change of the corporate structure, establishment of branch offices and dissolution of insurance agencies and insurance brokerages shall be subject to the approval of the insurance regulatory authority.

Since the promulgation of the PRC Insurance Law in 1995, the insurance supervision and regulatory authority has promulgated a series of departmental rules and regulations and other regulatory documents pursuant to the PRC Insurance Law, which covered almost all aspects of insurance operations.

Establishment and Business Operation Qualification

Legal Framework

The PRC insurance laws and regulations set out different requirements on establishment and business operation qualification for different types of entities engaged in insurance business, including insurance companies, insurance intermediaries and insurance asset management companies.

For the establishment of insurance companies, in addition to the PRC Insurance Law, important laws and regulations also include the Administrative Regulations for Insurance Companies (保險公司管理規定) implemented on October 1, 2009 and amended in October 2015. The Administrative Regulations for Insurance Companies set out regulations on the organisation structuring of insurance companies, branch establishment, change in organization structure, dissolution and deregistration of organisation, branch management, insurance operation and supervision and management.

Qualification of Shareholders of Insurance Companies

According to the PRC Insurance Law, the Administrative Regulations for Insurance Companies (保險公司管理規定), the Measures for Administration of Controlling Shareholders of Insurance Companies (保險公司控股股東管理辦法) implemented on October 1, 2012 and the Administrative Measures on Equity of Insurance Companies (保險公司股權管理辦法) amended in 2014, unless otherwise provided in laws and regulations, those acquiring equity interests in insurance companies must be domestic corporate entities in the PRC or overseas financial institutions that satisfy prescribed conditions, except for those purchasing the shares of listed insurance companies through stock exchanges.

A domestic enterprise must satisfy the following requirements for its equity investment in an insurance company:

- having a stable and sound financial condition and having been profitable;
- having a good credit and tax payment record;
- having no record of material non-compliance with laws or regulations for the past three years;
- for financial institutions, having complied with prudent regulatory indicators as required by relevant financial regulatory authorities; and
- having met other requirements pursuant to applicable laws and administrative regulations as well as other requirements of the CIRC.

An overseas financial institution must satisfy the following requirements for its investment in an insurance company:

- having a stable and sound financial condition and having been profitable for the past three consecutive accounting years;
- having total assets of no less than US$2 billion at the end of the preceding year;
- its long-term credit rating having been given grade A or above by international rating agencies for the past three consecutive years;
- having no record of material non-compliance with laws or regulations for the past three years;
- having complied with prudent regulatory indicators as required by the financial regulatory authorities in its home jurisdiction; and
- having satisfied other requirements pursuant to applicable laws and administrative regulations as well as other requirements of the CIRC.

A principal shareholder who holds 15% or more of the equity interest of an insurance company, or less than 15% of the equity interest of an insurance company but controls the insurance company directly or indirectly, must also satisfy the following requirements:

- having the ability to make sustained capital contribution and having been profitable for the past three consecutive accounting years;
- having relatively abundant capital, and its net assets is not less than RMB200 million; and
- having a good reputation and a leading position in its industry.

According to the Notice of the CIRC on Issues Concerning Article 4 of the Administrative Measures for Equities of Insurance Companies (中國保監會關於<保險公司股權管理辦法>第四條有關問題的通知) [2013] 29號 , the proportion of capital contribution or shareholdings by a single shareholder (including related parties) of an insurance company may exceed 20% but not more than 51%. For a shareholder of an insurance company whose proportion of capital contribution or shareholdings are more than 20% (excluding 20%), apart from satisfying the requirements of Article 15 of the Administrative Measures for Equities of Insurance Companies (保險公司股權管理辦法) regarding principal shareholders, such shareholder shall also meet the following conditions:

- Total assets at the end of the latest year shall not be less than RMB10 billion;
- Net assets shall not be less than 30% of total assets;
- Foreign long-term equity investment, including the investments in the insurance company, shall not exceed the net assets;
- Three years (including three years) has lapsed since investing in the insurance company;
- Such shareholder has no behavior which violates the Insurance Law, the Provisions on Administration of Insurance Companies (保險公司管理規定), the Measures for Administration of Equity of Insurance Companies (保險公司股權管理辦法), the Measures for Administration of Controlling Shareholders of Insurance Companies (保險公司控股股東管理辦法) and other provisions relating to the code of conducts for shareholders of insurance companies.

The change of any shareholder whose capital investment accounts for 5% or more of a limited liability company's registered capital, or the change of any shareholder holding 5% or more of a joint stock company's shares, shall be subject to CIRC's approval. If an investor holds 5% or more of the issued shares of a listed insurance company through a stock exchange, the insurance company must report it to the CIRC for approval within five days after the occurrence of such matter. The CIRC has the authority to require the transfer of all shares held by any shareholder who fails to meet the required qualification criteria set out in the Administrative Measures on Equity of Insurance Companies

(保險公司股權管理辦法). Save for listed insurance companies, the change of any shareholder whose capital contribution or equity interest accounts for less than 5% of an insurance company's registered capital shall be submitted to the CIRC for filing within 15 days after the execution of the equity transfer agreement.

In addition to the above requirements, the Pilot Administrative Measures on Investment by Commercial Banks in Insurance Companies (商業銀行投資保險公司股權試點管理辦法) implemented on 5 November 2009 and the Notice of the CIRC on Regulating Equity Investment by Limited Partnership in Insurance Companies (中國保監會關於規範有限合伙式股權投資企業投資入股保險公司有關問題的通知) implemented on April 17, 2013 also set forth requirements on the qualification for companies of special types as shareholders of an insurance company. The Measures for the Administration of Information Disclosure by Insurance Companies (保險公司信息披露管理辦法) implemented on June 12, 2010 require insurance companies to disclose shareholders with more than 5% shareholdings and their status of shareholdings, as well as change in controlling shareholders or de facto controllers and change in registered share capitals; the Notice of the CIRC on Further Strengthening Disclosure of Information Regarding Equities of Insurance Companies (中國保監會關於進一步加強保險公司股權信息披露有關事項的通知) [Baojian Fa [2016] No. 62] implemented on July 15, 2016 has further regulated the information disclosure behaviors of insurance companies relating to preparation for establishment and change in equity.

Registered Capital

Under the PRC Insurance Law, the minimum registered capital for the establishment of an insurance company is RMB200 million and all of which must be paid-in monetary capital.

Under the Administrative Regulations for Insurance Companies (保險公司管理規定), insurance companies that are established with the minimum RMB200 million registered capital must increase their registered capital by RMB20 million for each branch office they apply for initial establishment in each province, autonomous region or directly-administered municipality of the PRC outside their domicile. An insurance company may apply for establishment of a branch office without increasing its registered capital as required if its registered capital already exceeds the minimal capital amount required for setting up branches. Insurance companies with a registered capital of RMB500 million or more may set up branches without increasing their registered capital as long as they have adequate solvency.

Establishment of Insurance Institutions and Qualifying for Conducting Insurance Business

Under the PRC Insurance Law and Administrative Regulations for Insurance Companies (保險公司管理規定), the establishment of an insurance company shall be subject to the approval by the insurance regulatory authority under the State Council. The establishment of an insurance institution is divided into two stages, namely the preparation for establishment and the commencement of business.

An applicant who satisfies the conditions on the establishment of an insurance company shall submit an application for the preparation for establishment to the insurance supervision and regulatory authority under the State Council, which may make the decision on the approval of the preparation for establishment after confirming that the conditions have been indeed satisfied. Within one year after receipt of the notice on approval for the preparation for establishment, the applicant shall complete the preparation works and submit an application for the commencement of business to the insurance supervision and regulatory authority under the State Council, which will issue an insurance business permit to the applicant if it makes a decision on the approval of the commencement of business after review. The insurance company may engage in business operation after obtaining the approval on commencement of business and the insurance business permit and completing registration formalities with other registration authorities.

Under the PRC Insurance Law, the establishment of a branch office within the PRC by an insurance company shall be subject to the approval by the insurance supervision and regulatory authority under the State Council. For those that have satisfied the relevant requirements, the insurance supervision and regulatory authority under the State Council will carry out inspection in respect of the commencement of business for a branch office, and issue an insurance business permit to the branch office if it decides for approval. The branch office of the insurance company whose establishment has been approved shall commence business after completing registration formalities with the industrial and commercial administrative departments and obtaining the business license with the approval documents and the branch office's insurance business permit.

Insurance Business

Business Scope

According to the provisions of the PRC Insurance Law, the business scope of an insurance company includes:

- life and health insurance, including life, health, accident and other insurance businesses;

- property and casualty insurance, including property, liability, credit, surety and other insurance businesses;

- other insurance-related businesses approved by insurance regulatory authority of the State Council.

Insurers shall not concurrently operate life and health insurance business and P&C insurance business. However, insurance companies which operate property insurance business can operate short-term health insurance and accident insurance with approval of insurance regulatory authority of the State Council.

After obtaining approval from insurance regulatory authorities of the State Council, insurance companies can engage in the following reinsurance business of insurance business provided by Article 95 of the PRC Insurance Law:

- Outward reinsurance;
- Inward reinsurance.

According to the Insurance Exchange Management Guidelines (保險業務外匯管理指引) implemented on March 1, 2015, if insurance companies or their branches carry out insurance business in the PRC that is denominated in foreign currencies or denominated in RMB but settled with foreign currencies, such insurance companies shall be subject to approval of local authority of foreign exchange and also need to obtain approval documents to operate foreign exchange insurance.

Insurance Clauses and Premium Rates

Pursuant to the Administrative Measures on Insurance Clauses and Insurance Premium Rates of Property and Casualty Insurance Companies (財產保險公司保險條款和保險費率管理辦法) as amended and implemented on April 1, 2010 and the Notice on Issues Relating to the Implementation of the Administrative Measures on Insurance Clauses and Premium Rates of Property and Casualty Insurance Companies (關於實施〈財產保險公司保險條款和保險費率管理辦法〉有關問題的通知) implemented on May 1, 2010, insurance companies must submit the following property insurance clauses and premium rates to the CIRC for examination and approval:

- motor insurance;
- non-life insurance with investment features;
- surety and credit insurance with an insurance period exceeding one year;
- other types of insurance concerning social and public interest as identified by the CIRC and insurance of a compulsory nature pursuant to laws, administrative regulations and regulatory documents.

Revisions to approved insurance clauses or premium rates by insurance companies shall be submitted for approval.

Insurance clauses or premium rates of those insurance other than the above set by insurance companies shall be registered with the CIRC within ten working days after operation. Any modification or adjustment to insurance liability or premium rates under insurance clauses already registered should be resubmitted to the CIRC for registration.

The Notice of the CIRC on Publication of the Guidelines for the Development of Insurance Products of Property Insurance Companies (中國保監會關於印發<財產保險公司保險產品開發指引>的通知) promulgated by CIRC on December 30, 2016 and became effective from January 1, 2017 has provided the basic criteria for the development of insurance products, the naming rules of insurance products, the insurance clauses requirements, the insurance premium rates requirements, the requirements of organizations in charge of insurance product development, and the development procedures of insurance products. In particular, insurance products developed by an insurance company shall not go against insurance theories, social orders and customs, public interests and the legitimate rights and interests of insurance consumers. In development of an insurance product, an insurance company shall thoroughly consider factors such as its underwriting capacity, composition of its insurance units, its reinsurance backup, etc. The solvency and financial stability of the insurance company shall not be endangered. An insurance company may not develop insurance products:

(1) which do not have a legally recognized interests in the subject matter insured.

(2) pursuant to which an agreed insured incident will not cause actual loss to the insured.

(3) that the risks insured are determined, for example, no loss will not actually be incurred or risk of loss is determined.

(4) which are speculative products that may incur either loss or profit.

(5) which has no real content or meaning, but rather a gimmicky product with concept of speculation.

(6) which has no protection contents but simply for the purpose of reducing price (fees) or increasing price (fees).

(7) which featured "zero premium", "premium returned without insurance" or return of other improper interests.

(8) other insurance product that violates laws and regulations, insurance theories as well as social orders and good customs.

According to the Guidelines on the Pricing of Products of Property Insurance Companies (財產保險公司產品費率釐定指引) issued by the CIRC on January 5, 2017 and implemented on February 1, 2017, insurance companies should set up an internal control cycle mechanism for preliminary preparation, during-the-course measurement, and post monitoring and adjustment. Premiums of products include risk premiums and additional premiums. Premium rate consists of a base rate and a rate adjustment factor. The base rate to be determined includes a pure rate of loss and an additional rate. Insurance companies shall follow the principle of reasonableness when determining the rate and are not allowed to secure excess profits that are not commensurate with the risks that they have undertaken. No high cost levels that are inconsistent with the services provided shall be set in the rate structure, thereby impairing the legitimate interests of the policyholder and the insured. The rate set shall match the insurance terms and help the policyholder take the initiative to carry out risk control. Insurance companies shall follow the principle of fairness when determining the rates, and the rates shall match the risk characteristics of the insured and the subject-matter insured and no discriminatory rate arrangement based on factors other than the risk profiles shall be made; in determining the rate insurance companies shall follow the principle of adequacy and the rate level shall not endanger the financial stability and solvency of the insurance companies or impede fair competition in the market. The rate level after taking into the investment income shall not in principle be less than the sum of the corresponding costs and the rate adjustment factors set in the rate structure shall not affect the rate adequacy.

Pursuant to the Interim Measures for the Supervision of Credit Guarantee and Insurance Business' promulgated by the China Insurance Regulatory Commission on July 11, 2017, insurance companies carrying out credit insurance businesses shall comply with the regulatory requirements on solvency and ensure the overall size of business is appropriate for the capital strength of the company. When carrying out credit insurance business, insurance companies shall pay particular attention to the underlying risks, fully assess the impact of credit insurance business on the solvency of the company, and duly perform liquidity risk management. Insurance companies carrying out credit insurance business shall submit an annual report on business operation for the previous year before April every year; the various branches of insurance companies shall report business operation of credit insurance business in accordance with the provision of local Insurance Regulatory Commission.

According to relevant provisions of the Regulation on Compulsory Traffic Accident Liability Insurance for Motor Vehicles (機動車交通事故責任強制保險條例) as amended on December 17, 2012, insurance companies may, upon the approval of the CIRC, conduct statutory automobile liability insurance business. The CIRC is entitled to require an insurance company to conduct such business. A policyholder may not add any additional terms and conditions to the insurance clauses and premium rates specified in such policy. The insurance company may not force the policyholder to enter into a commercial insurance contract or add additional terms and conditions. Insurance companies may not rescind statutory automobile liability insurance contracts unless the policyholder fails to perform his or her obligation of faithful disclosure on important matters. Upon rescinding the contract, an insurance company must withdraw the insurance product and the insurance marker and notify the motor vehicle administration department in writing.

Pursuant to the Circular on Strengthening the Control over the Insurance Clauses and Premium Rates of Commercial Motor Insurance (關於加強機動車輛商業保險條款費率管理的通知) promulgated by the CIRC on February 23, 2012, insurance clauses and premium rates for commercial motor insurance formulated by insurance companies shall be submitted to the CIRC for approval and, if approved by the CIRC, must be strictly implemented by the relevant insurance companies. The terms of commercial motor insurance shall be complete in content, clear in format and easy to read. Where an insurance incident is caused by damage to an insured motor vehicle by a third party, from the day when the insurance company compensates the policyholder for the insured amount, the insurance company may within the range of the compensation amount exercise the rights of subrogation for the policyholder to request compensation from the third party. The insurance company may not refuse to perform its insurance obligation by abandoning the rights of subrogation. The Insurance Association of China published the Model Terms of Commercial Insurance (機動車輛商業保險示範條款) on March 14, 2012.

According to the Measures for the Administration of Insurance Clauses and Premium Rates of Life and Health Insurance Companies (人身保險公司保險條款和保險費率管理辦法) implemented on December 30, 2011 and as amended on October 19, 2015, insurance companies are required to submit to the CIRC for approval the insurance clauses and premium rates of the following insurance products before they are adopted:

- insurance products associated with public interests;
- insurance products of a compulsory nature in accordance with laws;
- newly developed life insurance products as stipulated by the CIRC;
- other insurance products as required by the CIRC.

Other types of insurance other than the above must be submitted to the CIRC for record.

If insurance companies change personal insurance clauses and premium rates already approved or filed, or change their insurance liability, insurance categories or pricing methods, insurance clauses and premium rates should be resubmitted for approval or filing. If insurance companies decide to terminate the use of personal insurance clauses and premium rates throughout the country, they shall submit a report to the CIRC within ten days after the termination, explaining the reason for the termination, follow-up services and other related measures, and submit the report copy to the regional bureau of the CIRC of original operating locations.

According to the Measures for the Administration of Insurance Clauses and Premium Rates of Life and Health Insurance Companies (人身保險公司保險條款和保險費率管理辦法), chief actuaries of insurance companies shall produce chief actuary statements in respect of insurance clauses and premium rates submitted for approval or filing, and shall sign on the relevant actuarial report and the premium rate adjustment measures or product parameter adjustment measures.

According to the Measures for the Administration of Insurance Clauses and Premium Rates of Life and Health Insurance Companies (人身保險公司保險條款和保險費率管理辦法), an insurance company that submits insurance clauses and premium rates for approval or filing shall appoint a legally responsible person and be approved by the CIRC. The legally responsible person of an insurance company shall issue a declaration of legally responsible persons for insurance clauses submitted for approval or filing, and shall bear the liability that the insurance clauses are fair and reasonable with precise and prudently expressed text, and are consistent with the Insurance Law and other laws, administrative regulations and the relevant requirements of the CIRC. An insurance company shall not appoint any legally responsible person in any form without the approval of qualification by the CIRC.

According to the Notice of the CIRC on Issues concerning the Regulation of Personal Insurance Products with Short and Medium Duration (中國保監會關於規範中短存續期人身保險產品有關事項的通知) that became effective on March 21, 2016, an insurance company shall reasonably determine the scale of premiums of products with short and medium duration according to the company's capital strength and other factors. An insurance company's annual premium income from products with short and medium duration shall be controlled within the quota as required in Article 6 of the notice.

According to the Notice of the CIRC on Issues concerning Further Improving the Actuarial System of Personal Insurance (中國保監會關於進一步完善人身保險精算制度有關事項的通知) promulgated and implemented on September 2, 2016, an insurance company shall submit newly developed life insurance products with proposed interest rate or minimum guaranteed interest rate not higher than maximum assessed rate to the CIRC for record.

According to the Notice of the CIRC on Strengthening the Supervision of Personal Insurance Products (中國保監會關於強化人身保險產品監管工作的通知) promulgated and implemented on September 2, 2016, an exit mechanism for personal insurance products will be established. Where the CIRC discovers through spot check and determines that an insurance company's product on record is involved in any violation of law or regulation, it will order the insurance company to cease the use of the product involved in the violation and release to the public information on the suspension of the sales of the product.

Internet Insurance Business

According to the Notice of the CIRC on Issuing the Interim Measures for the Supervision of the Internet Insurance Business (互聯網保險業務監管暫行辦法) promulgated on July 22, 2015 and implemented on October 1, 2015, insurance institutions which carry out internet insurance business, that is, conclusion of insurance contracts and provision of insurance services via self-operated network platforms, and third-party network platforms, among others, by relying on the internet, mobile communications, and other technologies, shall comply with the relevant provisions and shall not damage the lawful rights and interests of insurance consumers and public interest. Insurance institutions shall scientifically evaluate their risk management and control capability and customer service capability, and rationally determine insurance products appropriate for internet operations and the marketing scope thereof. If they cannot guarantee customer service quality or risk management and control, they shall make adjustments in a timely manner. Insurance institutions shall ensure that internet insurance consumers enjoy insurance services such as insurance purchase and claim settlement that are not less than those from any other business channel, and guarantee the safety of insurance transaction information and consumer information. Insurance institutions shall manage and take charge of insurance operations of the internet insurance business, including sales, underwriting, claim settlement, surrender, handling of complaints, and customer services. Third-party network platforms that engage in the aforesaid insurance business shall have obtained the qualification to engage in the insurance business.

A self-operated network platform which an insurance institution conducts the internet insurance business through shall meet the following conditions:

- It has an information management system supporting internet insurance business operations, realizes real-time seamless connection with the core business systems of the insurance institution, and ensures effective separation from any other internal application system of the insurance institution, so as to avoid the transmission and spread of information safety risks inside and outside the insurance institution;
- It has a complete internet information safety management system covering firewall, invasion detection, data encryption, and disaster recovery, among others;
- It has a license issued by the competent authority of the internet industry or has completed filing of its website with the competent authority of the internet industry, and the connection into the website is within the territory of the People's Republic of China;
- It has a special department that manages the internet insurance business, and has the corresponding professionals;
- It has complete management rules and operating procedures for the internet insurance business;
- Internet insurance business salespersons shall comply with the relevant provisions of the CIRC;
- Other conditions as required by the CIRC.

Where an insurance institution conducts internet insurance business through a third-party network platform, the third-party network platform shall meet the following conditions:

- It has the license issued by the competent internet industry authority or has completed filing of its website at the competent internet industry authority, and the connection into the website is within the territory of the People's Republic of China;
- It has a safe and reliable internet operation system and information safety management system, and realizes effective separation from any application system of the insurance institution, so as to avoid the transmission and spread of information safety risks inside and outside the insurance institution;
- It is able to provide the personal identity information, contact information, account information, operation track of insurance purchased, and other information on the insurance applicant, the insured and the beneficiary required for conducting the insurance business to the insurance institution in a complete, accurate and timely manner;

- It has not been given any serious administrative punishment by the competent internet industry authority, the administrative authority for industry and commerce or any other government authorities in the past two years, and has not been included by the CIRC in the list of entities subject to cooperation prohibition in the insurance sector;

- Other conditions as required by the CIRC.

Where the third-party network platform fails to meet the aforesaid conditions, the insurance institution shall not cooperate with it in conducting internet insurance business.

In order to implement the decision and arrangement of the CPC Central Committee and the State Council and to promote the healthy development of internet insurance standards, the CIRC together with 14 authorities issued the Implementation Plan for the Special Campaign on Internet Insurance Risks (互聯網保險風險專項整治工作實施方案) (hereinafter referred to as the "Plan").

According to the Plan, comprehensive arrangements are made for the Special Campaign on Internet Insurance Risks, which circles around the objectives of regulating the operation patterns; optimizing the market development environment; improving the regulation systems and rules; realizing equal emphasis on innovation and risk prevention; promoting the sound and sustainable development of internet insurance; adhering to the principles of highlighting key points and being vigorous and steady, implementing measures by different category, tackling both problems and causes, specifying responsibility, and strengthening cooperation. Emphasis of remediation includes the following three aspects: The first aspect is the internet business of high cash value, with focus on investigating and correcting insurance companies which make misrepresentation of one-sided or exaggerating past performance in the sales of insurance products through the internet, and make misleading description such as illegal profit commitment or committing to bear loss. The second aspect is the cross-border business expansion of insurance institutions through the internet, with focus on investigating and correcting acts of insurance companies which cooperate with network platforms of third-party operators unqualified for operating internet insurance business; insurance companies which cooperate with internet financing platforms which have the acts of providing credit enhancement services, establishing fund pools and illegal financing, triggering the migration of risks to the field of insurance; insurance companies in the course of operating internet credit platforms financing guaranteed insurance business with circumstances such as imperfect means of risk control and internal control management. The third aspect is the illegal operation of internet insurance business, with focus on investigating and correcting issues such as illegal operation of internet insurance business by non-licensed institutions and operation of insurance business through the internet by internet companies without obtaining business qualification; and illegal fund-raising by illegal institutions and illegal personnel through the internet using the name of or borrowing the credit of insurance companies. Internet insurance practitioners should strictly implement the requirements of third party custodian system for customer funds to protect the security of customer funds. Through reporting and heavy penalties, problems shall be detected in a timely manner and institutions conducting misconducts and illegal acts shall be investigated and corrected.

Governance of Insurance Companies

Pursuant to the PRC Company Law and the Guiding Opinions on Regulating the Corporate Governance Structure of Insurance Companies (Pilot) (關於規範保險公司治理結構的指導意見(試行)) as implemented on January 5, 2006, insurance companies are required to hold shareholders' meetings (general shareholders' meetings) and establish the board of directors, the board of supervisors and the management, and to allocate and classify the powers of the same in the articles of association and relevant internal governance documents. The board of directors of insurance companies must have at least two independent directors and the proportion of independent directors must gradually account for more than one third of the members of the board of directors, and at least an audit committee and a nomination and remuneration committee must be established under the board of directors.

Pursuant to the Guiding Opinions on Regulating the Corporate Governance Structure of Insurance Companies (關於規範保險公司治理結構的指導意見), insurance companies are required to establish an audit department, a risk management department and a compliance department to enhance internal control, risk management and compliance.

Under the Guiding Opinions on Regulating the Corporate Governance Structure of Insurance Companies (關於規範保險公司治理結構的指導意見), insurance companies are required to set up an internal management system in respect of related transactions and file with the CIRC.

According to the Guiding Opinions on Regulating the Corporate Governance Structure of Insurance Companies (關於規範保險公司治理結構的指導意見), material resolutions at shareholders' general meetings and board of directors' meetings of insurance companies must be reported to the CIRC within 30 days after passing the resolution. The board of directors of an insurance company is required to submit compliance report to the CIRC each year.

Pursuant to the Notice of the CIRC on Further Regulating Submission of Governance Report by Insurance Companies (中國保監會關於進一步規範報送〈保險公司治理報告〉的通知) promulgated and implemented on June 1, 2015, insurance companies and insurance asset management companies established pursuant to laws within the PRC are required to submit a corporate governance report for the prior year to the CIRC by May 15 in each year. The corporate governance report shall be drafted under the leadership of the chairman, and submitted to the CIRC after reviewed and approved by the board of directors, together with any dissenting opinions of independent directors on the contents of the corporate governance report. Before the board of directors reviews the report, the nomination and remuneration committee shall review the contents on incentive and restraint mechanism as set out in part two of the Corporate Governance Report of Insurance Companies (保險公司治理報告), and the audit committee shall review the contents on internal control assessment as set forth in part three and on internal audit as set out in part four of the Corporate Governance Report of Insurance Companies.

Articles of Association

Insurance companies are required to formulate the basic contents of their articles of association and set out the requirements on the formulation and modification procedures of the articles of association in accordance with the PRC Insurance Law, the PRC Company Law, the Opinions on Regulating the Articles of Association of Insurance Companies (關於規範保險公司章程的意見) (promulgated on July 8, 2008 and effective since October 1, 2008) and laws, regulations and regulatory requirements.

On April 24, 2017, the CIRC issued the Guidelines on the Articles of Associations of Insurance Company to further regulate the establishment of the articles of association of insurance company. Among which, the articles of association of insurance company shall include "the shares of company can be transferred in accordance with laws, subject to the relevant regulations of the CIRC and the relevant regulatory authorities and the agreement in this articles of association. The shareholder shall complete the relevant procedures of share transfer in accordance with laws for transferring shares of company, and report to the company in written form within 15 working days after the signing date of the shares transfer agreement. Company shall not provide financial assistance in form of loan or guarantee to the directors, supervisors and senior management for purchasing the shares of the company."

The Company proposes to amend its articles of association in light of the requirements under the Guidelines on the Articles of Associations of Insurance Company, which include further clarification of shareholders' rights and obligations, improvements on the authorization mechanisms for shareholders' and board meetings, improvements on voting mechanisms, improvements of relevant rules relating to independent directors, provisions in respect of special rules for corporate governance. Amongst these, amendments in respect to share transfer restrictions include: shareholders that are transferring the Company's shares shall follow relevant procedures in accordance with applicable laws and shall, within 15 working days from the date of signing of the share transfer agreement, notify the Company in writing. For shareholders transferring listed shares, we must comply with the applicable laws, regulations and rules of the place of listing. The source of fund for the acquisition of the shares and the holding of the shares of the Company must also be in compliance with applicable supervisory regulations. Holding shares on behalf of another party or holding a percentage of shares that exceeds the permitted amount are prohibited by law. Unless as required by laws, rules or regulations, any shareholder must not withdraw their shares (i.e., have its shares repurchased). Any shareholders who violates relevant laws, regulations and rules shall not be permitted to exercise any of its shareholder's rights including voting rights, entitlement to dividend and nomination rights, and shall undertake to accept supervisory measures imposed by the CIRC including restrictions on shareholder's rights, orders to transfer its shares and other measures. The Amendments will not have any material adverse impact on Shareholders' rights, including but not limited to share transfer rights, of H-shares shareholders.

The Company expects to effect the above changes to its articles of association prior to December 31, 2017 and will comply with the applicable requirements under the Listing Rules to effect these amendments.

Internal Control, Compliance and Risk Management

Pursuant to the Principal Rules for the Internal Control of Insurance Companies (保險公司內部控制基本準則) implemented on January 1, 2011, an insurance company must establish an internal control organisational system with clear work allocation, clear working procedures, cooperation and highly efficient execution which the board of directors should ultimately be responsible for, the management should directly lead, the internal control departments should coordinate, the internal audit department should examine and supervise, and the business departments should primarily be responsible for. Internal control activities of an insurance company shall cover sales control, operation control, infrastructure management control and funds utilisation control. Insurance companies are required to establish an internal control assessment system to perform annual comprehensive assessment on the integrity, reasonableness and effectiveness of their internal control system and prepare an internal control assessment report for review and approval by the board of directors and submission to the CIRC.

Pursuant to the Risk Management Guidance for Insurance Companies (Pilot) (保險公司風險管理指引(試行)) implemented on July 1, 2007, an insurance company is required to set clear risk management objectives, establish an integrated risk management system, standardise risk management process, adopt advanced risk management methods and means, and maximise efficiency with appropriate level of risks. An insurance company must establish a risk management organizational system which the board of directors should ultimately be responsible for, the management should directly lead, the relevant functional departments should closely cooperate, and should cover all business units based on the risk management organisation. An insurance company shall identify and assess all types of major risks in the course of operation, including insurance risk, market risk, credit risk and operational risk, and verify and evaluate the process and effectiveness of risk management. Pursuant to the Guidance for Reputational Risk Management of Insurance Companies (保險公司聲譽風險管理指引) implemented on February 19, 2014, an insurance company is required to include reputational risk in its firm-wide risk management system, establish relevant system and mechanism, prevent and identify reputational risk and handle and deal with reputational events. The board of directors of an insurance company has ultimate responsibility for reputational risk management. An insurance company must fully consider reputational risk in all aspects including corporate governance, market behaviour, and information disclosure to prevent any risk affecting the reputation of the company and the industry from occurring. In case of any reputational event, an insurance company shall take prompt actions and control to prevent any individual reputational event from damaging the general reputation of the industry and maintain a stable insurance market.

According to the Notice of the CIRC on Issuing the Work Rules for the Internal Audit of Insurance Institutions (保險機構內部審計工作規範) issued and implemented on December 7, 2015, an insurance company shall establish an independent internal audit system, conduct vertical management of internal audit, and qualified insurance institutions are encouraged to conduct centralized management of internal audit, and further strengthen the independence of the internal audit system. An insurance company shall maintain a sufficient number of internal auditors.

Pursuant to the Notice of the CIRC on Matters Concerning Further Strengthening the Compliance Management of Insurance Companies (中國保監會關於進一步加強保險公司合規管理工作有關問題的通知) implemented on June 1, 2016, an insurance company shall: (1) establish sound requirements on qualification for its compliance chief and clearly define the disqualifying situations; and (2) comprehensively review the declaration requirements in the application materials about employment qualification; consolidate the requirements on employment qualification of the compliance chief in the relevant documents, and uniformly stipulate the materials for employment qualification that should be submitted by the compliance chief; (3) further strengthen the compliance management. The insurance company shall clearly stipulate the work that directors, supervisors, senior management as well as departments and branches of the insurance company shall support and cooperate with, and the insurance company shall provide the necessary material resources, financial resources and technical support for the compliance work.

According to the Measures for Compliance Management of Insurance Company (保險公司合規管理辦法) formulated by the CIRC on December 30, 2016 and to be implemented on July 1, 2017, an insurance company shall set up a compliance department and compliance positions, and shall maintain compliance staff that meet the requirements. An insurance company shall ensure the independence of the compliance management department and the compliance positions, and shall carry out independent budgeting and evaluation for implementation. The compliance management department and compliance positions shall be independent from departments such as the business, finance, fund utilization and internal audit departments that may conflict with the duties of compliance management. An insurance company shall establish a compliance management framework with three lines of defense: Departments and branches of an insurance company perform the first line of defense duties for compliance management, and be responsible for direct and first duties within their scope of responsibilities; compliance management departments and compliance positions of an insurance company perform the second line of defense duties of compliance management; while the internal audit department of an insurance company perform the third line of defense duties of compliance management, and carry out independent audit of the company's compliance management on a regular basis.

The board of directors of an insurance company shall bear the ultimate responsibility for the compliance management of the company, and shall perform the following compliance duties: (1) to consider and approve compliance policies, supervising implementation of the compliance policies and conduct annual assessments on the implementation; (2) to review and approve and submit to the CIRC annual compliance report of the company, and to propose solutions for issues reflected in the annual compliance report; (3) to decide on the appointment, dismissal and remuneration of the compliance chief; (4) to decide on the establishment of company's compliance management and functions; (5) to ensure that the compliance chief's independent communication with the board of directors and the professional committees under the board of directors; and (6) other compliance duties as stipulated in the articles of association of the company.

The board of directors of an insurance company may authorize professional committees to perform the following compliance duties: (1) to review the annual compliance report of the company; (2) to listen to reports on compliance matters by the compliance chief and the compliance management department; (3) to supervise the compliance management of the company, to understand the implementation of compliance policies and existing problems, and to provide comments and suggestions to the board of directors; (4) other compliance duties as provided in the articles of association of the company or determined by the board of directors.

The supervisors or the board of supervisors of an insurance company shall perform the following compliance duties: (1) to supervise the performance of compliance duties of directors and the senior management; (2) to supervise the decision-making and compliance of decision processes of the board of directors; (3) to propose dismissal of directors and senior management who cause material compliance risks; (4) to propose to the board of directors replacement of the compliance chief of the company; (5) to investigate the relevant circumstances of the compliance risks in the operation of the company according to law and to request assistance of relevant senior management and departments; (6) other compliance duties as stipulated in the articles of association of the company.

The general manager of an insurance company shall perform the following compliance duties: (1) to establish and improve the organization structure of the company's compliance management according to decision of the board of directors, to establish the compliance management department, and to provide sufficient conditions for the compliance chief and the compliance department to perform their duties; (2) to review the compliance policies of the company, and to implement the same after submission of the same for consideration of the board of directors; (3) to organize at least once a year identification and evaluation of the compliance risks of the company, and to review the annual compliance management plan of the company; (4) to review the annual compliance report of the company and to submit the same to the board of directors or the professional committees under the board of directors; (5) where irregular operating and management behaviors of the company are identified, to promptly stop and correct the same, and to pursue corresponding responsibility of the person responsible for the violation and report the same as required; (6) other compliance duties provided by the articles of association and determined by the board of directors of the company.

Administration of Qualification of Directors, Supervisors and Senior Management

Pursuant to the Administration of Directors, Supervisors and Senior Management Qualifications of Insurance Companies (保險公司董事、監事和高級管理人員任職資格管理規定) as amended and implemented on January 23, 2014, senior management of an insurance company refers to the following persons with a decision-making power or significant influence on the operation and management activities and risk control of an insurance institution: (i) the general manager, deputy general manager and assistant general manager of the head office; (ii) the board secretary, compliance controller, chief actuary, chief financial officer and audit controller of the head office; (iii) the general manager, deputy general manager and assistant general manager of branches and central sub-branches; (iv) the manager of sub-branches and business departments; or (v) management officers with equivalent powers and duties to the above senior management officers.

Directors, supervisors and senior management of an insurance institution shall obtain qualification approved by the CIRC before assuming office.

The CIRC will not approve the qualification of any proposed director, supervisor or senior management of an insurance institution if he is: (i) a person without legal capacity or with restricted legal capacity; (ii) a person who has been sentenced to criminal punishment for corruption, bribery, infringement of property, misappropriation of property or sabotaging social economic orders, or who has been deprived of his political rights, in each case where not more than five years have elapsed since the date of the completion of such punishment or deprivation; (iii) a person who has been sentenced to any other criminal penalty of other offences where no more than three years have elapsed since the date of completion of such punishment; (iv) a person who has his qualification cancelled or revoked by a financial regulatory authority, where no more than five years has elapsed since the date of the cancellation or revocation of his qualification; (v) a person who has been barred from entering into the market by a financial regulatory authority, where no more than five years has elapsed since the date of the bar; (vi) a person who has been removed from public office by a government authority, where no more than five years has elapsed since the date of removal from public office; (vii) a person who is a former lawyer, certified public accountant or professional of a professional institution such as asset valuation institution or certification institution, whose professional qualification has been revoked because of a breach of law as a result of a non-compliance conduct, where no more than five years have elapsed since the date of the revocation of his professional qualification; (viii) a person who is a former director, factory manager or manager of a company or enterprise which has been bankrupted and liquidated and he is personally liable for the bankruptcy of such company or enterprise, where no more than three years have elapsed since the date of the completion of the bankruptcy and liquidation of the company or enterprise; (ix) a person who is a former legal representative of a company or enterprise which had its business license revoked due to a violation of law and that person was responsible for such violation, where no more than three years has elapsed since the date of the revocation of the business license; (x) a person who has a relatively large amount of debts due and outstanding; (xi) a person who was subject to administrative penalty by the CIRC in form of a warning or fine within one year immediately preceding the application for the approval of his qualification; (xii) a person who is investigated by the CIRC because of suspected involvement in serious illegal activity, which investigation is not yet concluded; (xiii) a person who was subject to material administrative penalty by other administrative management department, where not more than two years have elapsed since the date of the material administrative punishment; (xiv) a person who has been sentenced to any criminal penalty outside of the PRC, where not more than five years since the completion of such punishment have elapsed or, in case of administrative punishment due to a serious violation of law, where not more than three years have lapsed since the date of the completion of such administrative punishment; and (xv) a person with other circumstances provided by the CIRC.

Any person who served as a director, supervisor or senior management of an insurance company subject to rectification or receivership and is directly responsible for such rectification or receivership may not serve as a director, supervisor or senior management officer of other insurance institutions during the period of rectification or receivership.

Pursuant to the Interim Measures on the Administration of Independent Directors of Insurance Companies (保險公司獨立董事管理暫行辦法) promulgated and implemented on April 6, 2007, in addition to the qualification required by the Administration of Directors, Supervisors and Senior Management Officers Qualifications of Insurance Companies (保險公司董事、高級管理人員任職資格管理規定), an independent director shall: (i) have a bachelor degree or above; (ii) for those serving on the audit committee of the board of directors, have more than five years of work experience in the financial or legal field; (iii) for those serving on the nomination and remuneration committee of the board of directors, have a strong capability of identifying and using talent and managing remunerations, and more than five years of working experience in a leading or management position in enterprises, public institutions or government agencies; and (iv) other qualifications required by the CIRC.

A person may not serve as an independent director of an insurance company if he: (i) is a person or a close relative of a person who has held a position in the past three years in a corporate shareholder holding more than 5% of the shares of the insurance company or a corporate shareholder being one of the top ten shareholders of the insurance company; (ii) is a person or a close relative of a person who has held a position in the past three years in the insurance company or an enterprise effectively controlled by such insurance company; (iii) has provided the insurance company with legal, audit, actuarial and management consultancy services in the past one year; (iv) is a partner, controlling shareholder or senior management officer of a bank, law firm, consultancy agency or audit firm with business with the insurance company; or (v) has other capacity that is likely to affect his independent judgment in the opinion of the CIRC.

An independent director may not hold a position in any other insurance company engaging in similar principle activities, or serve as independent director in more than four enterprises at the same time.

Before assuming office, in addition to submitting his qualification to the CIRC for approval according to regulatory requirements, an independent director is also required to make a statement on his independence through the media specified by the CIRC, and undertake to act diligently and to commit adequate time and efforts in performing his duties.

Related Transactions

Pursuant to the PRC Insurance Law, an insurance company is required to establish rules on the management of related transactions and information disclosure. The controlling shareholders, de facto controlling persons, directors, supervisors and senior management of an insurance company are not allowed to impair the interests of the insurance company through related transactions.

In addition to the requirements under the PRC Insurance Law, when entering into any related transactions, an insurance company shall also comply with the Interim Provisions on Related Transactions of Insurance Companies (保險公司關聯交易管理暫行辦法) implemented on 6 April 2007, the Notice of the CIRC on the Issues concerning Increased Regulation on Related Transactions of Insurance Companies (中國保監會關於進一步規範保險公司關聯交易有關問題的通知) implemented on April 1, 2015, and the Notice of the CIRC on the Issues concerning Increased Strengthening of Information Disclosure of Related Transactions of Insurance Companies (中國保監會關於進一步加強保險公司關聯交易信息披露工作有關問題的通知) implemented on June 30, 2016 under which an insurance company is required to formulate policies on related transactions and file such policies with the CIRC. An insurance company is also required to identify related parties and related transactions in accordance with the above requirements and report its major related transactions to the CIRC within 15 working days of the execution of related transaction agreement. Material related transactions are defined as a single transaction with a single related party involving an amount of more than RMB30 million and no less than 1% of the net assets of the insurance company as at the end of the preceding year, or transactions with a single related party in a fiscal year involving an accumulated amount of not less than 5% of the net assets of the insurance company as at the end of the preceding year. For material related transactions, apart from reporting and disclosures according to the Interim Provisions on Related Transactions of Insurance Companies (保險公司關聯交易管理暫行辦法) and the Measures for the Administration of Information Disclosure by Insurance Companies (保險公司信息披露管理辦法), the contents of reporting and disclosures shall also be increased in accordance with Article 2 of the Notice of the CIRC on the Issues concerning Increased Strengthening of Information Disclosure of Related Transactions of Insurance Companies (中國保監會關於進一步加強保險公司關聯交易信息披露工作有關問題的通知). For related transactions that need to be reported and disclosed on a case-by-case basis, insurance companies shall report the same to the CIRC within 10 working days after signing the transaction agreements, and at the same time disclose the same in the website of the company and the website of the Insurance Association of China. Related transactions that need to be reported and disclosed on a case-by-case basis refer to related transactions for use of funds, including the use of funds for investment purpose and entrusted management of funds; a related asset transaction with a related natural person for an amount of more than RMB300,000 or a related asset transaction with a related legal person for an amount of more than RMB3,000,000, including the sale and purchase, lease and endowment of fixed assets and intangible assets; a related interest transfer transaction with a related natural person for an amount of more than RMB300,000 or a related interest transfer transaction with a related legal person for an amount of more than RMB3,000,000, including the provision of financial assistance, transfer or restructuring of debt interests or debts, and transaction activities by entering into an authorized contract, donations, mortgages and other transactions that lead to the transfer of property or interest of the company.

According to the Notice of the CIRC on Matters in relation to Further Strengthening Related Transaction Management of Insurance Companies (中國保監會關於進一步加強保險公司關聯交易管理有關事項的通知) promulgated by CIRC on June 23, 2017 and became effective from the same date, general related transactions shall be approved under internal procedures and finally approved by or filed with the related party transaction control committee or the audit committee; and significant related party transactions shall, upon examination by the related party transaction control committee or the audit committee, be submitted to the board of directors for approval pursuant to the relevant provisions. CIRC identifies related parties and related transaction activities basing on substance rather than forms and requires that insurance companies should follow the supervision requirements of transparent management in insurance funds to monitor the flow of funds and establish an effective control system of related party transactions. An insurance company intends to broaden usages of funds and commence entrusted management business, it shall specify in a relevant agreement if any underlying assets in which the funds are invested involve any related parties of the insurance company, and the situation shall be examined pursuant to the relevant provisions on related party transactions and reported to the CIRC.

Pursuant to the Standards for the Information Disclosure of Insurance Funds Deployment by Insurance Company: No.1: Related Transactions (保險公司資金運用信息披露準則第1號：關聯交易) implemented on May 19, 2014, the following activities involving insurance funds deployment between an insurance company and its related party shall be disclosed: (i) placement of bank deposits (other than demand deposit) with the related party; (ii) investment in the equity, real property and other assets of the related party; (iii) investment in a financial product issued by the related party or the underlying assets of which comprise the assets of the related party; and (iv) other related transactions as determined by the CIRC. The information to be disclosed for the above related transactions include: (i) transaction overview and basic information on the subject matter of the transaction; (ii) related relationships between the parties and basic information on the related party; (iii) transaction pricing policy and basis; (iv) main contents of the transaction agreement, including consideration, settlement method, conditions precedent, effective date, deadline for performance; (v) decision-making and review of the transaction; and (vi) other information required to be disclosed in the opinion of the CIRC.

If an insurance company enters into the above related transaction with its related party, it is required to publish a disclosure announcement as required on the websites of the insurance company and the Insurance Association of China within 10 working days of execution of the transaction agreement or of the occurrence of the same if there is no such agreement.

The Standards for the Information Disclosure of Insurance Funds Deployment by Insurance Company: No.1: Related Transactions (保險公司資金運用信息披露準則第1號：關聯交易) shall apply to insurance group (holdings) companies and insurance asset management entities conducting any of the above related transactions, as well as insurance asset management entities which set up a financial product with its related party as counterparty or with the assets of the related party as underlying assets.

According to Notice of the China Insurance Regulatory Commission on Matters Relating to Strengthening Management of Related Party Transactions by Insurance Companies implemented on June 23, 2017, an insurance company shall establish a related party transactions control committee or appoint an audit committee to take charge of identification and maintaining of related parties, management, examination, approval and risk control for related party transactions. General related party transactions shall be examined and approved in accordance with internal procedures, and ultimately approved by or filed with the related party transactions control committee or audit committee for record; significant related party transactions shall, upon examination by the related party transactions control committee or audit committee, and be submitted to the board of directors for approval pursuant to the relevant provisions. Where an insurance company engages in utilization of funds and entrusted management, it shall specify in the agreement that, where the underlying assets in which the funds are invested involve a related party of the insurance company, the matter shall be examined pursuant to the relevant provisions on related party transactions and reported to the CIRC.

External Guarantee

Pursuant to the Notice on Relevant Matters Regarding Regulating Guarantees Provided by Insurance Entities (中國保監會關於規範保險機構對外擔保有關事項的通知) implemented on January 20, 2011, insurance companies and insurance asset management companies may not provide any external guarantee other than (i) guarantees in litigation; (ii) credit guarantees relating to export credit insurance operated by an export credit insurance company; and (iii) maritime guarantees.

Security Deposits

An insurance company is required by the PRC Insurance Law to make a security deposit which amount to 20% of its total registered capital into a bank designated by the State Council's insurance regulatory authority. Such security deposit shall not be used for any purposes other than settling the debts of such insurance company during liquidation proceedings.

Pursuant to the Measures for the Administration of Security Deposits of Insurance Companies (保險公司資本保證金管理辦法) amended and implemented on April 3, 2015, insurance companies should choose more than two commercial banks as security deposit banks. Such security deposit banks should satisfy the following requirements: (i) a state-owned commercial bank, a joint-stock commercial bank, the Postal Savings Bank of China and a city commercial bank; (ii) having no less than RMB20 billion net assets at the end of the immediately preceding year; (iii) their capital adequacy ratio and non-performing asset ratio are in compliance with the relevant requirements of banking industry regulatory authorities; (iv) having a sound corporate governance structure, internal audit and control system and risk control system; (v) having no related party relations with the company; and (vi) having no records of material non-compliance of laws or regulations in the past two years.

Insurance companies can make security deposit in the form of: (i) fixed-term deposits; (ii) large-amount agreement deposits; (iii) other forms approved by the CIRC.

The amount of each security deposit shall not be less than RMB10 million (or equivalent foreign currency). If the increase in registered capital (working capital) of an insurance company is less than RMB50 million (or equivalent foreign currency), a one-off security deposit which is equal to 20% of the actual increase in capital shall be deposited. The term for deposits of the security deposits shall not be shorter than one year. During the term of deposits, insurance companies are not allowed to change the nature of the security deposits or use the security deposits for mortgage financing.

Reserves

Pursuant to requirements of the PRC Accounting Standards for Business Enterprises No. 25 —Original Insurance Contracts (企業會計準則第25號——原保險合同) implemented on February 15, 2006, the PRC Accounting Standards for Business Enterprises No. 26 — Reinsurance Contracts (企業會計準則第26號——再保險合同) implemented on January 1, 2007, the Administrative Measures on Reserves for Non-Life Insurance Business of Insurance Companies (Pilot) (保險公司非壽險業務準備金管理辦法(試行)) implemented on 15 January 2005, and the Implementing Rules of Administrative Measures on Reserves for Non-Life Insurance Business of Insurance Companies (Pilot) (保險公司非壽險業務準備金管理辦法實施細則(試行)) implemented on January 15, 2005, insurance companies must make allocations to the following reserves:

- Unearned premium reserves, which represents the reserves allocated at the date of assessment for outstanding liabilities, including the reserves allocated for liabilities undertaken for unexpired policies of one year or less in duration and the long-term reserves allocated for liabilities undertaken for unexpired policies of greater than one year in duration by insurance companies;

- Claim reserves: the reserves allocated by insurance companies for unsettled claims, including reserves for incurred and reported claims, IBNR reserves and loss adjustment expense reserves. Among them, reserves for incurred and reported claims are those reserves allocated by insurance companies for incurred and reported claims but which insurance companies haven't settled yet. IBNR reserves are those reserves allocated by insurance companies for incurred but not yet reported claims. Loss adjustment expense reserves are those reserves allocated by insurance companies for the cost to be incurred for unsettled claims. The expenses provided for the services that are directly incurred by specific claims cases, such as expenses for experts and lawyers and for damage inspections, are allocated loss adjustment expenses (ALAE) reserves, and the amounts provided for expenses not directly incurred by specific claims cases are unallocated loss adjustment expenses (ULAE) reserves;

- Life insurance liability reserves refer to the reserves allocated for unexpired liabilities undertaken in life insurance products;

- Long-term health insurance reserves refer to the reserves allocated for unexpired liabilities undertaken in long-term health insurance products;

- Other reserves as required by the CIRC.

According to the Measures for the Administration of Health Insurance (健康保險管理辦法) implemented on September 1, 2006, for those claim cases which insurance incidents occurred and has been made claims but insurance companies yet not settle, insurance companies shall set aside incurred and reported reserves. Insurance companies should take reasonable measures such as case-by-case loss estimating method and average cost per claim method incurred to set aside incurred and reported reserves carefully. If actuaries of insurance companies cannot confirm the reliability of estimation methods or the experience data of related business is less than three years, insurance companies shall set aside incurred and reported reserves in accordance with claiming amounts. For short-term health insurance, insurance companies shall set aside claim reserves.

For life insurance reserve provisions, it also includes the Notice on Issuance of Investment-linked Insurance Universal Insurance Actuarial Provisions (關於印發投資連結保險萬能保險精算規定的通知) implemented on March 26, 2007.

According to the Insurance Companies Internal Management Specification on Non-life Reserves Base Data, Assessment and Audit (保險公司非壽險業務準備金基礎數據、評估與核算內部控制規範) implemented on July 1, 2012, insurance companies should pay attention to and strengthen reserve base data quality control, establish work procedure and internal control systems, so as to regulate information system data transmission standard and the data transmission among business, finance, reinsurance, investment and other different systems. All underwriting, claims, reinsurance, expenses, investment and other business activities should be completely recorded and preserved through information systems, in order to ensure the authenticity, integrity, consistency and effectiveness of data.

Pursuant to the Administrative Measures on the Retrospective Analysis of Reserves of Non-Life Insurance Business of Insurance Companies (保險公司非壽險業務準備金回溯分析管理辦法) effective as at May 17, 2012, retrospective analysis of reserves of non-life insurance business comprises a retrospective analysis of unearned premium reserves and a retrospective analysis of claim reserves. Claim reserves include incurred and reported reserves, incurred but not reported reserves, and loss adjustment expense reserves. Insurance companies' reserves retrospective analysis includes two parts: annual reserve evaluation results retrospective analysis and regular quarterly reserve evaluation results retrospective analysis. Annual reserve evaluation results retrospective analysis refers to insurance companies should calculate at the end of each quarter the deviation between audited unearned premium reserves and evaluation value of claim reserves at the end of previous two financial years and those as at the retrospective points, so as to determine the reserving adequacy in audited annual financial statements. Regular quarterly reserve evaluation results retrospective analysis refers to insurance companies should calculate at the end of each quarter the deviation between unsettled claim reserves before previous two quarters and those as at the retrospective points. Through analysing the deviation reasons, insurance companies can monitor the quality of basic data and internal claim control, guide and dynamically adjust the evaluation results of that quarter. An insurance company shall submit the reserve retrospective analysis report signed by the general manager and the chief actuary (or the actuarial controller) to the CIRC on a regular basis. The general manager of an insurance company shall be responsible for the truthfulness of the basic information and the chief actuary (or the actuarial controller) shall be responsible for the methodology of the retrospective analysis, the reasonableness of the assumptions, and the accuracy of the calculation result.

Reserves Fund

According to the PRC Company Law, a company should, during distribution of after-tax net profit of the current year, set aside 10% of the profit and contribute to its statutory reserves fund. For a statutory reserves fund that reaches 50% of the company's registered capital, no additional fund will need to be set aside into the statutory reserves fund. When a company's statutory reserves fund is not sufficient to make up for losses in previous years, prior to contributing the statutory reserve in accordance with the preceding paragraph, its profit of current year shall be used to make up for such losses.

In addition to a statutory reserves fund set aside from its after-tax net profit, the company may also set aside funds for a discretional reserves fund from its after-tax net profit upon passing a resolution at an authorising shareholders' meeting or shareholders' general meeting.

The premium in excess of par value from the issuance of stocks of a joint stock company, and other incomes contributed to the capital reserves fund as provided by the treasury departments of the State Council, must be contributed to the company's capital reserves.

Insurance Guarantee Fund

According to the provisions of the PRC Insurance Law, insurance companies shall pay the insurance guarantee fund. Insurance guarantee fund should be under centralised management, and used in a coordinated manner in the following situations:

- When an insurance company is deregistered or declared bankrupted, provide relief to the policyholders, the insured or the beneficiaries;
- When an insurance company is deregistered or declared bankrupted, provide relief to the insurance companies legally accepting its life insurance contracts;

- Other cases specified by the State Council.

According to the Administrative Regulations on Insurance Guarantee Fund (保險保障基金管理辦法) implemented on 11 September 2008, insurance companies shall pay the insurance guarantee fund for property and casualty insurance business or life and health insurance business they operated pursuant to the following regulations. Those insurance business which was paid insurance guarantee fund would be covered by the insurance guarantee fund relief:

- 0.8% of the premium income for non-investment-type property and casualty insurance, 0.08% of the business revenue received for investment-type property and casualty insurance with guaranteed return, and 0.05% of the business revenue received for investment-type property and casualty insurance without guaranteed return;

- 0.15% of the business revenue received for life insurance with guaranteed return, and 0.05% of the business revenue received for life insurance without guaranteed return;

- 0.8% of the premium income for short-term health insurance, and 0.15% of the premium income for long-term health insurance; and

- 0.8% of the premium income for non-investment-type accident insurance, 0.08% of the business revenue received for investment-type accident insurance with guaranteed return, and 0.05% of the business revenue received for investment-type accident insurance without guaranteed return.

The above business revenue refers to full amount paid by the policyholder to the insurance company in accordance with the insurance contract for the purchase of corresponding insurance products.

Solvency Management

Solvency Management of Insurance Company

The solvency of an insurance company represents the ability of an insurance company to repay its debt. According to the Administrative Provisions on the Solvency of Insurance Companies (保險公司償付能力管理規定) which was implemented on September 1, 2008, an insurance company shall have capital commensurate with its risks and business scale and shall ensure its solvency margin ratio is not less than 100%. The "solvency margin ratio" refers to the ratio between an insurance company's actual capital and the minimum capital.

Under the PRC Insurance Law, the Administrative Provisions on the Solvency of Insurance Companies (保險公司償付能力管理規定) and Notices of China Insurance Regulatory Commission on Strengthening the Solvency Management of Insurance Companies (中國保險監督管理委員會關於保險公司加強償付能力管理有關事項的通知) enforced from June 27, 2012, insurance companies shall establish the internal solvency management system aligned with their business size, business structure and risk characteristics, enhance capital control, so as to ensure adequate solvency.

Insurance companies shall evaluate their solvency on a regular basis, calculate the minimum capital and actual capital, and carry out dynamic solvency test pursuant to the Solvency Reporting Standards for Insurance Companies formulated by the CIRC. In addition, risk-oriented solvency shall also be evaluated as well.

Under the Solvency Reporting Standards for Insurance Companies and relevant regulations complied by the CIRC, insurance companies shall formulate and submit solvency reports and ensure the authenticity, accuracy, completeness and compliance of the reported information. Solvency reports include annual reports, quarterly reports and interim reports.

As a part of overall risk management, insurance companies shall consolidate all influence factors of solvency into the internal solvency management system, strengthen asset management, liability management, matching management and capital management, timely identify, prevent and relieve asset risk, underwriting risk, asset-liability mismatch risk, governance risk, operational risk and other types of risks.

Insurance companies shall set up capital constraint mechanism and take the influences of solvency into consideration while formulating development strategy, operational planning, product design and insurance funds deployment, etc.

For an insurance company with solvency ratio of less than 150% of the regulatory requirement, the lower of the following two factors shall be the basis for profit distribution:

(1) the distributable profit as ascertained under the Accounting Standards for Business Enterprises;

(2) the residual overall income ascertained pursuant to the preparation rules of the insurance company's solvency report. Insurance companies shall develop capital plan, determine capital demand in the future and hence propose a practical capital supplement plan, in accordance with business development plans and based on the dynamic solvency test. Insurance group companies shall formulate the capital plans from the perspectives of business development and capital planning of member companies, propose capital supplement plans and achieve proper capital allocation within the group on the basis of overall consideration of capital demands for all member companies.

SOLVENCY SUPERVISION OF CIRC

According to the Administrative Provisions on the Solvency of Insurance Companies (保險公司償付能力管理規定), the CIRC classifies insurance companies into three categories to implement category-based supervision based on their solvency margins:

- inadequate solvency: insurance companies with solvency margin ratio of less than 100%;

- adequate solvency I: insurance companies with solvency margin ratio of between 100% and 150%; and

- adequate solvency II: insurance companies with solvency margin ratio of higher than 150%.

For an insurance company in the category of inadequate solvency, the CIRC may take one or several of the following regulatory measures:

- order the insurance company to increase its capital or restrict its distribution of dividends to its shareholders;

- limit the compensation and spending of directors and senior management officers;

- impose restrictions on its commercial advertising;

- restrict the establishment of new branches, limit its business scope, or order it to cease operating new business and to transfer its insurance business or cede its business;

- order an auction of the insurance company's assets or restrict its purchases of fixed assets;

- restrict the channels for deployment of its insurance funds;

- change the controller and relevant management;

- put the insurance company into receivership; and

- other regulatory measures as deemed necessary by the CIRC.

Pursuant to the Solvency Reporting Standards for Insurance Companies and relevant regulations promulgated by the CIRC, insurance companies shall formulate and submit solvency reports and ensure the authenticity, accuracy, completeness and compliance of the reported information. Solvency reports include annual reports, quarterly reports and interim reports.

An insurance company shall report to the CIRC within five business days from the date of the occurrence of the following matters which have material adverse impacts on its solvency: (i) significant investment losses; (ii) material compensation, large-scale surrender or suffering a major lawsuit; (iii) its subsidiaries and joint ventures are experiencing financial crisis or taken over by financial regulatory authorities; (iv) the head office of the branch of a foreign insurance company is imposed with administrative penalties, is regulated with mandatory regulatory measures or is filed for bankruptcy protection; (v) its parent company is experiencing financial crisis or taken over by financial regulatory authorities; (vi) its major assets are frozen by judicial authorities or imposed with major administrative penalties by other administrative authorities; (vii) other matters that have material adverse impacts on its solvency.

CHINA RISK ORIENTED SOLVENCY SYSTEM (C-ROSS)

According to the Regulatory Standards on Solvency of Insurance Company (Nos 1-17) (保險公司償付能力監管規則(1-17號)) issued on February 13, 2015, the CIRC launched the construction work of China Risk Oriented Solvency System (中國風險導向償付能力體系) (hereafter referred to as "C-ROSS") in 2012. Under the regulatory framework of the C-ROSS, solvency supervision covers actual capital, minimum capital, life insurance contract liability valuation, minimum capital for insurance risk (non-life insurance business), minimum capital for insurance risk (life insurance business), minimum capital for insurance risk (reinsurance company), minimum capital for market risk, minimum capital for credit risk, stress testing, overall risk rating (classified supervision), solvency risk management requirements and evaluation, liquidity risk, solvency information public disclosure, solvency information exchange, credit rating of insurance company, solvency report and insurance group supervision.

According to the Notice of the Overall Framework of the Second-Generation Solvency Supervision System of China (中國第二代償付能力監管制度體系整體框架) issued by the CIRC on May 3, 2013, the overall framework of the C-ROSS regime comprises three parts: institutional characteristics, supervisory pillars and supervisory foundation. The institutional characteristics include: (i) one supervision, representing that subject to authorisation from the State Council, the CIRC performs relevant administrative functions and implements unified supervision and management of the insurance market of the PRC in accordance with relevant laws and regulations, such as implementing unified supervision and management of solvency of all insurance companies in the PRC; (ii) emerging market, representing that given the reality that the PRC's insurance market is still an emerging insurance market, the framework of the C-ROSS regime takes into consideration of the characteristics of an emerging insurance market and strives to differentiate itself from a solvency supervisory system which is suitable to a developed market; and (iii) risk-oriented with value consideration, representing the balance between the objectives of risk warning and value assessment. The supervisory foundation is a company's solvency management. The supervisory pillars include: (i) the first pillar, representing the quantitative capital requirements, which primarily focuses on preventing the risks which could be quantified and requires an insurance company to have capital commensurate with the risks it faces through scientifically identifying and quantifying different kinds of risks; (ii) the second pillar, representing the qualitative supervisory requirements, which is on top of the quantitative capital requirements and requires an insurance company to take precautions against risks that are difficult to be quantified, such as operational risks, strategic risks, reputational risks and liquidity risks, etc.; and (iii) the third pillar, representing market discipline mechanism, which promotes and utilises the disciplinary power of markets through public disclosure to strengthen supervision on insurance companies' solvency so as to further prevent risks.

The three pillars are also applicable to the supervision of insurance groups. The substance and requirements of group-level supervision involve all three pillars. Moreover, insurance groups typically have risk diversification effects and they also face special risks different from those faced by an individual insurance company. In developing specific supervisory standards for the three pillars, these special risks should be taken into account and reflected accordingly.

There are three indicators to evaluate the solvency position of insurance undertakings: core solvency margin ratio, aggregated solvency margin ratio and integrated risk rating.

According to the Notices of China Insurance Regulatory Commission on Transitional Period of China Risk Oriented Solvency System (中國保監會關於中國風險導向償付能力體系實施過渡期有關事項的通知) promulgated on February 13, 2015, the PRC insurance authority has entered the trial period for transition of the C-ROSS since the date of promulgation. During such transitional period, insurance companies are obliged to formulated two solvency reports respectively in accordance with the present solvency supervision system and the C-ROSS, with the present solvency supervision system as the supervisory basis. According to the Notice of the CIRC on Issues Concerning the Formal Implementation of the China Risk Oriented Solvency System (中國保監會關於正式實施中國風險導向的償付能力體系有關事項的通知) promulgated on January 25, 2016, with the consent of the State Council, the CIRC hereby decides to formally implement the C-ROSS and to implement the Solvency Regulatory Rules for Insurance Companies (Nos 1-17) since January 1, 2016.

Subordinated Debts

Pursuant to the Measures for the Administration of Subordinated Term Debts of Insurance Companies (保險公司次級定期債務管理辦法) amended on March 15, 2013, insurance companies (including domestic insurance companies, joint venture insurance companies and foreign wholly-owned insurance companies) may issue subordinated term debts.

"Subordinated debts" refers to debts with a maturity of five years or more issued with approval by an insurance company for recovery of temporary and periodical capital insufficiency that are subordinated to the policy liabilities and other obligations of the company but senior to the company's equity in terms of the ranking of principal repayment and interest payment. Funds raised by an insurance company through subordinated debts may be counted in the company's supplementary capital, but may not be used to offset the daily operating loss. The amount of subordinated debts incorporated into an insurance company's supplemental capital shall not exceed 50% of its net assets and the specific approval standards are subject to the CIRC's requirements.

Insurance companies with existing solvency margin ratio lower than 150% or expected solvency margin ratio in the coming two years lower than 150% may apply for issuance of subordinated debts. Insurance companies applying for the issue of subordinated debts must satisfy the following requirements: (i) having been established over three years; (ii) having audited net assets of no less than RMB500 million at the end of the previous year; (iii) after the issuance, the accumulated outstanding principal and interest of subordinated debts may not exceed 50% of the audited net assets at the end of the previous year; (iv) being solvent; (v) having a sound corporate governance structure; (vi) having an integrated internal control system which has been strictly complied with; (vii) having no assets being occupied by any natural persons, legal persons or other entities who have effective control over the assets or their related parties; (viii) having no record of being subject to material administrative penalty for the past two years; and (ix) other requirements specified by the CIRC.

Issuance of subordinated debts by insurance group companies (or insurance holding companies) could also apply the provisions of the Measures for the Administration of Subordinated Term Debts of Insurance Companies (保險公司次級定期債務管理辦法).

Subordinated debts issued by insurance companies may only be subscribed by qualified investors. Qualified investors refer to domestic or overseas legal persons who possess abilities of independent analysis and risk tolerance in respect of purchase of subordinated debts with the exception of (i) any company under the control of the relevant issuer; and (ii) any company under the common control with the relevant issuer of a third party.

Subordinated debts held by a single shareholder and controllers of such shareholder of an issuer shall not exceed 10% of a single batch or accumulated amount of subordinated debts, and the percentage of subordinated debts held by them for either a single batch or accumulated amount shall not be the highest. Subordinated debts held accumulatively by all shareholders or all controllers of shareholders of an issuer shall not exceed 20% of a single batch or accumulated amount. Any issuance of subordinated debts in phases by an issuer should be counted as one single issue and be subject to the aforesaid requirements.

Issuers may entrust China Government Securities Depository Trust & Clearing Co. Ltd. or China Securities Depository and Clearing Co., Ltd as the registration and trustee agency of their subordinated debts, and may entrust it to repay the principles and interests on their behalf. The use of funds raised by issuance of subordinated debts should meet the relevant CIRC requirements and the funds are not allowed to be used for equity, real property or infrastructure investments. Issuers may repay principals and interests of subordinated debts only when they can make sure that they will have a solvency margin ratio not lower than 100% after such repayment. Issuers may not distribute any profits to their shareholders during any period when they are not able to repay any principals and interests on time.

Issuers may set up redemption option over subordinated debts and redemption date shall be five years from the date of issuance of subordinated debts. Subordinated debts contracts shall not provide that creditors have put option over subordinated debts. If subordinated debts are redeemed in advance according to the contracts, it shall ensure that insurance companies have a solvency margin ratio not lower than 100%. Except for redemption option established pursuant to the above requirements, issuers shall not redeem subordinated debts in advance.

Issuers shall, pursuant to the relevant CIRC requirements, prepare prospectus of subordinated debts and other information disclosure documents and procure the true, accurate, complete and timely disclosure of information that have substantive effect on issuing targets. Issuers and the relevant parties shall not mislead investors to purchase subordinated debts in any manner.

Subordinated Convertible Bonds

Pursuant to the Circular on Issues Concerning the Issuance of Subordinated Convertible Bonds by Listed Insurance Companies (中國保險監督管理委員會關於上市保險公司發行次級可轉換債券有關事項的通知) implemented on May 15, 2012, "subordinated convertible bonds" refers to bonds issued by listed insurance companies and listed insurance group companies in accordance with statutory procedures with a maturity of five years or more, and the repayment of principal and the payment of interests of which is subordinated to policy liabilities and other ordinary liabilities during bankruptcy settlement, which can be converted into shares pursuant to prescribed conditions within a certain period. Subordinated convertible bonds can be incorporated into the company's supplementary capital before being converted into shares. The ratio and standard of subordinated convertible bonds to be incorporated into supplementary capital are otherwise provided by the CIRC.

Listed insurance companies and listed insurance group companies applying for the issuance of subordinated convertible bonds shall satisfy the following requirements as well as conditions provided by securities regulatory authorities: (i) the repayment of principal and the payment of interests of subordinated convertible bonds is subordinated to policy liabilities and other ordinary liabilities during bankruptcy settlement; (ii) an insurance company shall not use its assets as mortgage or pledge for its subordinated convertible bonds; (iii) the design of terms for subordinated convertible bonds shall favour the facilitation of the conversion of subordinated convertible bonds into shares by their holders; (iv) except for circumstances provided for by securities regulatory authorities, the issuer shall not otherwise confer put option to a holder of subordinated convertible bonds.

Insurance Company Deregistration and Business Transfers

Under the PRC Insurance Law, where an insurance company needs to be dissolved as a result of any split, merger, resolution of the shareholders' meeting or occurrence of a cause of dissolution prescribed in the articles of association of the company, it shall be dissolved upon the approval of the insurance regulatory authorities under the State Council. An insurance company which operates the life insurance business shall not be dissolved except for any split, merger or cancellation according to law. Where an insurance company dissolves, it shall set up a liquidation team to proceed with liquidation in accordance with law. Where an insurance company which operates the life insurance business is deregistered or declared bankrupt according to law, it must assign its life insurance contracts and liability reserves to another insurance company which operates the life insurance business; where it cannot reach an assignment agreement with another insurance company, the insurance regulatory authorities under the State Council shall designate an insurance company which operates the life insurance business to accept the assignment.

Deployment of Insurance Funds

Legal Framework

In recent years, the CIRC has gradually loosened regulation on the deployment of insurance funds, and the fields of insurance funds that can be invested in have been gradually increased. Currently the important laws and regulations related to the deployment of insurance funds include: PRC Insurance Law, the Interim Management Measures on the Deployment of Insurance Funds (保險資金運用管理暫行辦法) amended on April 4, 2014 and implemented on May 1, 2014, the Interim Measures for the Administration of Securities Investment Funds (保險公司投資證券投資基金管理暫行辦法) implemented on January 17, 2003, the Provisional Regulations on Administration of Stock Investment of Insurance Institutional Investors (保險機構投資者股票投資管理暫行辦法) implemented on October 24, 2004, the Interim Measures for the Administration of Overseas

Investment of Insurance Funds (保險資金境外投資管理暫行辦法) implemented on June 28, 2007, the Notice of Regulating Insurance Agency's Equity Investment Business (關於規範保險機構股票投資業務的通知) implemented on March 18, 2009, the Interim Measures for Equity Investment with Insurance Funds (保險資金投資股權暫行辦法) implemented on July 31, 2010, the Interim Measures for the Investment of Insurance Funds in Real Estate (保險資金投資不動產暫行辦法) implemented on July 31, 2010, the Detailed Rules for the Implementation of the Interim Measures for the Administration of Overseas Investment with Insurance Funds (保險資金境外投資管理暫行辦法實施細則) implemented on October 12, 2012, the Interim Measures for the Investment of Insurance Funds in Bonds (保險資金投資債券暫行辦法) implemented on July 16, 2012, the Notice on Issues Relating to the Investment in Equity and Real Property with Insurance Funds (關於保險資金投資股權和不動產有關問題的通知) implemented on July 16, 2012, the Notice on the Investment with Insurance Funds in Relevant Financial Products (關於保險資金投資有關金融產品的通知) implemented on October 12, 2012, the Interim Provisions for the Administration of Debt Investment Schemes for Infrastructure (基礎設施債權投資計劃管理暫行規定) implemented on October 12, 2012, the Interim Measures for the Participation of Insurance Funds in the Trading of Financial Derivatives (保險資金參與金融衍生產品交易暫行辦法) implemented on October 12, 2012, Measures for the Pilot Programme of Establishing Fund Management Companies by Insurance Institutions (保險機構投資設立基金管理公司試點辦法) implemented on June 18, 2013, the Notice of the China Insurance Regulatory Commission on Regulating the Bank Deposit Business for Insurance Funds (關於規範保險資金銀行存款業務的通知) implemented on February 28, 2014, the Notice of the China Insurance Regulatory Commission on Issues concerning the Investment of Insurance Funds in Preferred Shares (關於保險資金投資優先股有關事項的通知) implemented on October 17, 2014, the Circular on Strengthening and Improving the Oversight of the Percentages for the Application of Insurance Proceeds (關於加強和改進保險資金運用比例監管的通知) (hereinafter referred to as "Circular on Oversight of the Percentages") implemented on January 23, 2014, the Circular on Matters Relevant to the Investment of Insurance Capital in Venture Capital Funds (關於保險資金投資創業投資基金有關事項的通知) implemented on December 12, 2014, the Notice of the China Insurance Regulatory Commission on Adjusting the Policies Relating to Overseas Investment with Insurance Funds (關於調整保險資金境外投資有關政策的通知) implemented on March 27, 2015 , the Interim Measures for the Management of Asset-Backed Plan Business (資產支持計劃業務管理暫行辦法) implemented on August 25, 2015, the Notice of the CIRC on Matters Concerning Strengthening Prudential Supervision of Asset Allocation of Insurance Companies (中國保監會關於加強保險公司資產配置審慎性監管有關事項的通知) implemented on December 3, 2015, the Guidelines on Internal Control of Insurance Funds (保險資金運用內部控制指引)(GICIF) and the Application Guideline No. 1on Internal Control of Insurance Funds— Bank Deposits (保險資金運用內部控制應用指引第1號—銀行存款), the Application Guideline No. 2 on Internal Control of Insurance Funds —Fixed Return Investment (保險資金運用內部控制應用指引第2號—固定收益投資), the Application Guideline No. 3 on Internal Control of Insurance Funds — Stock and Equity Funds (保險資金運用內部控制應用指引第3號—股票及股票型基金) implemented on January 1, 2016, the Guideline No. 4 on Information Disclosure for the Use of Funds by Insurance Companies: Investment in Large Amount Unlisted Equity and Large Real Estate (保險公司資金運用信息披露準則第4號：大額未上市股權和大額不動產投資) implemented on May 4, 2016, the Notice on Strengthening Regulation of Portfolio Insurance Asset Management Products and Businesses (關於加強組合類保險資產管理產品業務監管的通知) implemented on June 13, 2016, the Administrative Measures for the Indirect Investment of Insurance Funds in Infrastructure Projects (保險資金間接投資基礎設施項目管理辦法) ("Administrative Measures") implemented on August 1, 2016, and the Circular on Matters relating to the Further

Enhanced Regulation of Stock Investment with Insurance Funds (關於進一步加強保險資金股票投資監管有關事項的通知) implemented on January 24, 2017. Notice of the China Insurance Regulatory Commission on Matters Relating to the Investment in Public-Private-Partnership Projects with Insurance Funds (中國保監會關於保險資金投資政府和社會資本合作項目有關事項的通知) implemented on May 4, 2017. Notice of the China Insurance Regulatory Commission on the Matters Relating to the Investment in Major Project though the Debt Investment Scheme (中國保監會關於債權投資計劃投資重大工程有關事項的通知) implemented on May 16, 2017.

The Several Opinions of the State Council on Accelerating the Development of the Modern Insurance Service Industry (國務院關於加快發展現代保險服務業的若干意見), promulgated on August 10, 2014, stated that "the distinct advantage of insurance long-term funds should be made full use. Under the precondition of security and profitability, promote innovations to insurance fund deployment and improve the efficiency of fund allocation. The deployment of insurance funds to promote projects such as infrastructure construction, shanty town renovation, urbanisation and national major projects through debt investment plan and equity investment plan will be encouraged. Insurance companies should be encouraged to provide financial support to technology enterprises, small and micro companies, strategic emerging industries through various approaches such as equity interest investment, bond investment, funds and asset-backed plans, with the precondition that risks are properly controlled. The research on policies for insurance funds to invest into venture capital funds should be carried forward." According to this document, the investment field of insurance funds will be further expanded.

Applicable Areas

Bank Deposits

Pursuant to PRC Insurance Law, the Interim Measures for the Administration of Deployment of Insurance Funds (保險資金運用管理暫行辦法), and the Notice of the China Insurance Regulatory Commission on Regulating the Bank Deposit Business for Insurance Funds (關於規範保險資金銀行存款業務的通知), the insurance fund could be deployed for bank deposits, and an insurance company shall incorporate its bank deposits other than demand deposits as needed in maintaining its routine operations into the administration of investment accounts, strictly implement the rules for credit assessment, investment decision-making, and risk management improve the management of operational procedures such as the opening of accounts, transfer of funds, and safekeeping of documents, and procure operations in compliance with regulations.

When an insurance company makes bank deposit, the deposit bank should satisfy the following conditions and shall have a long-term credit rating of A or equivalent to A or above for the latest year:

- capital adequacy ratio, net assets and provision coverage ratio satisfy regulatory requirements;
- having a normative governance regulatory structure, integrated internal control system and sound operating results;
- no material violations of laws or regulations found for the past three years; and

- having a credit rating above investment grade for three consecutive years.

When an insurance company makes bank deposit, it should choose a commercial bank with insurance fund custodian qualification or a third-party custody should be implemented by other professional financial institutions, so as to prevent the risk of fund misappropriation. The duties of a fund custodian include, at least, keeping document, interest settlement and cash withdraw, financial accounting, investment supervision and information reports.

Any insurance company shall not use its bank deposit for providing pledge financing to others, guarantees, entrusted loans or seeking benefits for others. If an insurance company finances itself by pledging its bank deposits, the obtained funds should be primarily used for the needs such as temporary position adjustments and large-amount insurance claims, the amount of financing will be covered by the financial leverage ratio management.

An insurance company shall promptly report banking deposits information in accordance with the related regulations. Insurance companies that pledged bank deposits for their own financing should report transaction by transaction, and its trustee agency should do the same.

Bonds

Pursuant to the Interim Measures for the Administration of Deployment of Insurance Funds (保險資金運用管理暫行辦法) and the Interim Measures on Bonds Investment with Insurance Funds (保險資金投資債券暫行辦法), bonds invested by insurance funds shall attain the credit rating as assessed by credit rating agencies recognised by the CIRC and comply with the stipulated credit rating requirements, which mainly comprise government bonds, finance bonds, enterprise (corporate) bonds, non-financial enterprise debt financing tools and other bonds that meets the regulatory requirements. The Interim Measures on Bonds Investment with Insurance Funds (保險資金投資債券暫行辦法) also states that insurance funds can be deployed to invest in RMB bonds and foreign currency bonds legally issued in the PRC, including government bonds, potential government bonds, enterprise (corporate) bonds and other bonds that meets the regulatory requirements.

Equity of Listed Companies

Pursuant to the Notice of the China Insurance Regulatory Commission on Regulating the Stock Investment Business of Insurance Institutions (關於規範保險機構股票投資業務的通知), an insurance company shall, in light of the characteristics of insurance funds and its solvency, uniformly allocate the domestic and overseas stock assets and reasonably determine the stock investment scale and proportion.

According to the Notice of the CIRC on Matters in relation to Further Enhanced Regulation of Stock Investment with Insurance Funds (中國保監會關於進一步加強保險資金股票投資監管有關事項的通知) promulgated by CIRC on January 24, 2017 and became effective from the same date, investment in listed companies' shares by insurance institutions or insurance institutions with non-insurance parties acting in concert can be categorized into three types, namely general stock investment, substantial stock investment and acquisition of listed companies, and CIRC implements differential supervision criteria in accord with actual situations. An insurance institution which engages in general stock investment shall have a solvency margin ratio no less than 100% in the last quarter, while an insurance institution which engages in substantial stock investment and acquisition of listed companies shall have a solvency margin ratio no less than 150% in the last quarter and shall report it investment management capability to the competent authorities and fulfil its internal control requirements in relation to deployment of insurance funds. An insurance institutions can apply its insurance funds for investment in listed companies' shares and is free to choose industries for its investment but shall make rational investment choices in accord with sources, costs and durations of the funds and the investment shall be beneficial to asset-liability management and has synergy to its core business, i.e., its insurance business.

An insurance institution shall finance its acquisition of listed companies by its self-owned funds. No insurance institution can acquire listed companies jointly with non-insurance parties acting in concert, neither shall it pledge its stock investments for securing funds for investment in listed companies' stocks.

When an insurance institution engages in substantial stock investment with non-insurance parties acting in concert, it shall apply its self-owned funds for further investment in such listed companies upon reporting to the competent authorities of its previous substantial stock investments.

The industry scope of listed companies which may be acquired by insurance organizations shall be restricted to insurance enterprises, non-insurance financial enterprises, and industries which are related to insurance business, comply with State industry policies and have stable expected cash flow return; insurance organizations shall not acquire listed companies which are high pollution or high energy consumption, fail to attain energy conservation and environmental standards of the State, or have lower technology value-added.

An insurance institution shall submit a report including investment and research, internal decision-making, subsequent investment plan and risk management measure to the CIRC when its investment in a listed company is over 5% issued shares of such company; the insurance institution shall summit a report including investment and research, internal decision-making, subsequent investment plan and risk management measure to the CIRC and summit the source of investment fund to the CIRC for filing when it meets the standard of signification equity investment; the insurance institution shall apply for approval from the CIRC in advance when it wishes to acquire a listed company.

Securities Investment Funds

Pursuant to the Interim Measures for the Administration of Securities Investment Funds (保險公司投資證券投資基金管理暫行辦法), insurance funds can invest in the securities investment funds set up or regulated by the Interim Measures for the Administration of Securities Investment Funds (證券投資基金管理暫行辦法).

Equity of Unlisted Companies and Equity Investment Funds

Pursuant to the Interim Measures for Equity Investment with Insurance Funds (保險資金投資股權暫行辦法) and the Notice on Issues Relating to the Investment in Equity and Real Property with Insurance Funds (關於保險資金投資股權和不動產有關問題的通知), insurance company can invest in unlisted corporate shares and equity investment funds.

An enterprise to which direct or indirect equity investment is made with insurance funds shall satisfy the following conditions:

(1) It was legally registered and formed and has the legal person status;

(2) It complies with the industrial policies of the state and has the qualifications prescribed by the relevant departments of the state;

(3) Its shareholders and senior managements have a good credit and good business reputation;

(4) Its industry is at the stage of growth or maturity or is a strategical emerging industry, or it has the specific intent of going public and has relatively high value for mergers and acquisitions;

(5) It has advantages in terms of market, technologies, resources, or competition and has room for value appreciation, expects good cash returns and has a specific dividend system;

(6) Its management team has the professional knowledge, industrial experience and management ability appropriate for performing its functions;

(7) It is not involved in any major legal disputes, the property rights of its assets are integrated and intact, and there is no legal defect in its equities or ownership;

(8) It has no affiliated relationship with any insurance company, investment institution or professional institution, except for the relationships permitted by regulatory provisions, and have been reported and disclosed in advance; and

(9) It satisfied other prudent conditions as prescribed by the CIRC.

No insurance funds shall be invested in the equity of an enterprise which does not comply with the industrial policies of the state, has no prospect for a stable cash return or appreciation in asset value, emits high pollution or is a high energy-consuming project, fails to reach the national standards on energy conservation or environmental protection, has relatively low added value in technology. Neither shall insurance funds be invested in venture capital, venture capital funds, establishment of or equity investment in investment institutions.

An insurance company that invests in the equities of insurance-like enterprises is not governed by the preceding paragraphs (2), (4), (5), (8).

Equity directly invested by insurance funds is limited to the equity of insurance enterprise, non-insurance financial enterprise, and pension agency, medical institution, automotive services company, energy enterprise, resources enterprise, modern agricultural enterprise and new trade circulation enterprise that related to insurance business.

According to the provisions of the Trial Measures on the Investment in and Establishment of Fund Management Companies by Insurance Agencies (保險機構投資設立基金管理公司試點辦法), insurance institutions (including insurance companies, insurance (holding) companies, insurance asset management companies and other insurance institutions) are allowed to invest in and establish fund management companies, and engage in the fund management business. The investment in and establishment of a fund management company shall comply with the above requirements related to equity investment and be subject to the regulatory opinions from the CIRC regarding to the investment in the fund management company. The insurance institution shall make an application to the CSRC after obtaining such regulatory opinions, and then may establish the fund management company by way of establishment or through the acquisition of equity interests after such approval has obtained. The insurance institution and the fund management company invested and established by it shall set up sound corporate governance, and a risk-insolation system between the insurance institution and the fund management company interested and established by it in strict compliance with the principle of "separate legal entities". Subject to the compliance with relevant laws and regulations as well as regulatory requirements, the insurance institution may invest in fund products issued by the fund management company invested and established by it, and may also provide financial assistance for such company. However, the insurance institution shall not conduct transactions with the fund management company invested and established by it on terms that are more favourable than those offered to independent third parties in similar transactions in the inter-bank market, the exchange market and other markets. The CIRC shall implement consolidated reporting supervision over fund management companies established by insurance agencies.

According to the Notice on Issues Relating to the Investment in Equity and Real Property with Insurance Funds (關於保險資金投資股權和不動產有關問題的通知), equity funds that invested by insurance funds includes growth funds, mergers and acquisition funds, emerging strategic industry funds and fund of funds that targets on the above equity funds. Among them, the investment targets of mergers and acquisition funds may include publicly traded stocks, but only limited in non-trading transactions like strategic investment, private placement, block transaction. The investment targets of emerging strategic industry funds may include financial services company equity, pension agency equity, medical enterprise equity, and modern agricultural enterprise equity and the equity of the enterprises that invest in construction, administration, and operation of public rental housing or low-rent housing. Transaction structure of fund of funds should be simple and clear and shall not include other fund of funds.

Real Estate

According to the Notice on Issues Relating to the Investment in Equity and Real Property with Insurance Funds (關於保險資金投資股權和不動產有關問題的通知), insurance companies investing in real estate projects should clearly state the position of investors and commission the qualified development institutions to construct the projects; they shall not develop their own construction investment projects and shall not appropriate the insurance funds.

Insurance companies invest in real estate may not aim on investment-purpose real estate and participate in primary land development in the name of self-use real estate. When an insurance company converts self-use real estate to investment-purpose real estate, the reason and the necessity of the conversion should be fully demonstrated and ensure the fairness of the conversion value, and it shall not take advantage of asset reallocation to transfer benefits or harm the interests of policyholders.

Insurance funds may be invested in the real estate that satisfies the following conditions:

- Projects with a state-owned land use right certificate and a license for construction land use planning;
- Projects under construction with a state-owned land use right certificate, a license for construction land use planning, a license for construction project planning and a construction license;
- Transferable projects with a state-owned land use right certificate, a license for construction land use planning, a license for construction project planning, a construction license, and a presale license or sale license;
- Projects with a property certificate or certificate of other rights; and
- Qualified government land reserve projects.

The real estate invested with insurance funds shall have clear property rights with no dispute with respect to ownership, have complete, legal and effective right certificates, and be located in a municipality directly under the Central Government, provincial capital city, city under separate state planning, or a city with obvious location advantages. The management rights shall be relatively centralised so as to satisfy the requirements for insurance asset allocation and risk control.

Insurance funds may invest in the financial product related to real estate and should satisfy the following conditions:

- the investment institutions are in line with Article 9 of the Interim Measures for the Investment of Insurance Funds in Real Estate (保險資金投資不動產暫行辦法);
- it is approved by the relevant government authorities, initiated or issued in China, and supervised by a professional team;
- the underlying assets and invested real estate is located in China and in line with the above-mentioned conditions when insurance funds directly invest in real estate;
- it implements an asset custody system and establishes a risk-insulation mechanism;
- it has a clear investment objective, investment scheme, follow-up management plan, income distribution system, liquidity and settlement arrangements;

- the transaction structure is clear, risk alarm is sufficient, and information disclosure is truthful and complete;
- it has a registration or bookkeeping arrangement to meet the needs of market transactions or transfer agreement; and
- it satisfies other prudent conditions as prescribed by the CIRC.

Real estate-related financial product is a fixed-income product and should have a long-term credit rating of, or equivalent to, AA or above, which is assessed by domestic credit rating agency approved by the CIRC, and provide legal and valid credit enhancement arrangements; for equity product, an appropriate investment rights protection mechanism should be established.

Insurance companies which invest in real properties must not engage in the following activities:

- offering unsecured debt financings;
- providing mortgage guarantee with their invested properties;
- investing in the development or sale of commercial residential properties;
- directly conducting the development of residential properties (including the development of tier-one land);
- investing in the establishment of real estate development companies or in the equity of unlisted real estate enterprises (excluding project companies), or controlling real estate enterprises by purchasing their shares. Insurance companies which have invested in and established or controlled any real estate enterprises must exit or transfer the shares to other parties within a specified period;
- investing in real properties with funds raised by borrowing, issuing debt, repurchasing and lending, unless debt issuance is otherwise permitted by the CIRC;
- violating the requirements stipulated in the Interim Measures for the Investment of Insurance Funds in Real Estate with respect to investment proportion;
- other activities prohibited by the CIRC as well as laws and regulations.

Infrastructure

Pursuant to the Administrative Measures for the Pilot Indirect Investment of Insurance Funds in the Infrastructure Projects (保險資金間接投資基礎設施項目試點管理辦法) (hereinafter referred to as the "Administrative Measures"), insurance funds can be invested in qualified infrastructure project through trustees. The infrastructure project indirectly invested by insurance funds, in the

Administrative Measures, refers to the principal entrusts its insurance funds to the trustee, according to the wishes of the principal, the trustee, in his own name, develops an investment plan and invest in infrastructure project, for the interest of the beneficiary or other specific purposes to manage or dispose.

Pursuant to the Interim Administrative Provisions on the Infrastructure Debt Investment Scheme (基礎設施債權投資計畫管理暫行規定), an infrastructure debt investment scheme refers to a financial product, by which an insurance asset management company and other professional management institution ("professional management institution"), as trustee, issue beneficiary certificates to principals, the Administrative Measures and Interim Administrative products on the Infrastructure Debt Investment Scheme, and the raised fund is used to invest in infrastructure projects by way of debt and pay the expected return and repay the principals as well as interests.

A debt investment scheme of a professional management institution shall comply with the following requirements: (i) the professional management institution has signed investment contract with the indebted body, the underlying assets of the product is clear; the investment and investment strategy direction of fund raising is in line with the state macroeconomic policy, industrial policy, regulatory policy and relevant regulations; (ii) the transaction structure is clear, and an investor rights protection mechanism is established; (iii) the interests in the debt investment scheme are divided into equal shares; and (iv) it meets other product requirements as provided by the CIRC. A debt investment scheme of a professional administrative institution shall ensure effective credit enhancement, and satisfy the following requirements:

(i) Credit enhancement mode and the sources of repayment funds of the underlying project company are independent of one another.

(ii) Credit enhancement adopts the following measures or a combination of these measures:

(a) Class A enhancement mode: state special fund, policy-related bank, state-owned bank or joint-stock commercial bank whose credit rating achieved AA level or above in the previous year, provides unconditional and irrevocable joint liability guaranty with principal and interest in full. If a provincial branch of the above banks provides such guarantee, it shall provide legal documents authorised by its head office and explain its guarantee limit and the guarantee amount that already provided.

(b) Class B enhancement mode: legally established enterprise (company), which was incorporated in China, provides unconditional and irrevocable joint liability guaranty with principal and interest in full and satisfies the following conditions:

(1) the guarantor's credit rating shall not be less than the credit rating of the indebted body;

(2) if the issuing scale of the debt investment scheme is no more than RMB2 billion, the net assets of the guarantor at the end of the previous year shall not be less than RMB6 billion; if the issuing scale of the creditor's right investment scheme is above RMB2 billion and no more than RMB3 billion, the net assets of the

guarantor at the end of the previous year shall not be less than RMB10 billion; if the issuing scale of the debt investment scheme is more than RMB3 billion, the net assets of the guarantor at the end of the previous year shall not be less than RMB15 billion;

(3) the proportion between the total guarantee amount of the same guarantor to its net assets should not exceed 50%. All guarantee amount and the net assets should calculate and determine according to the scope of the assets the guarantee body provides;

(4) if the parent company or actual controller of an indebted body provides guarantee, the net assets of the guarantor shall not be less than 1.5 times of the net assets of the indebted body;

(5) all legal formalities for providing guarantees have been handled.

(c) Class C enhancement mode: provide listed tradable shares, which has high liquidity and full right of disposal, and whose fair value is not less than 2 times of debt value, as collateral security, or provide right of charge, which can be transferred according to law, as collateral guarantee, or provide physical assets with value-added potential and easy realisation, which the guarantor has right to dispose of in accordance with the law and no other right attached, as collateral. Collateral should be registered, and mortgaged should be ranked first in terms of real right, the collateral value shall not be less than 2 times the value of debt.

The fair value of the pledged assets shall be assessed by the assessment agency with the highest professional qualifications, and be re-evaluated at least once a year. If the value of collateral assets declines or a liquidity risk occurs, which may impact the property safety of creditor's right investment scheme, the relevant professional management agency should take timely measures like start stop-loss mechanism, increase guarantee body, add legal and sufficient collateral to ensure the guarantee is sufficient and effective.

If a creditor's right investment scheme meets the following conditions, it may be exempted from the credit enhancement:

(1) the net assets of the debt body in the last two fiscal years was not less than RMB30 billion, its annual revenues is no less than RMB50 billion, and in accordance with the requirements in the Administrative Measures and the Interim Administrative Provisions on the Creditor's Right Investment Scheme of Infrastructure (基礎設施債權投資計劃管理暫行規定);

(2) the indebted body has issued unsecured bonds over the last two years, and the credit rating of the indebted body and the issued bonds were both graded as AAA level;

(3) the issuing scale of the bonds was no more than RMB3 billion.

Preferred Shares

Pursuant to the Notice of the China Insurance Regulatory Commission on Issues concerning the Investment of Insurance Funds in Preferred Shares (關於保險資金投資優先股有關事項的通知), the term "preferred shares", in which insurance funds are allowed to invest, means a class of shares prescribed in addition to common shares in accordance with relevant laws and regulations of China, the holders of which have priority over those of common shares in the distribution of profits and residual assets but have restricted rights in decision-making and management of the company. Preferred shares include those publicly offered and non-publicly offered.

Preferred shares in which insurance funds invest shall have a long-term credit rating of, or equivalent to, A or above. Preferred shares in which insurance funds invest shall be rated by credit rating agencies, which approved by the CIRC; the credit rating of preferred shares, in principle, should be at least two levels below the credit rating of the recent ordinary debt or at least one level below the credit rating of subordinated debt (if both of them exist, subject to the lower level). If an issuer has recently issued ordinary or subordinated debt and it has been graded by the early-mentioned rating agencies and existed, the credit rating of preferred stock can be directly determined by the rating agencies in accordance with the above principle.

Venture Capital Fund

Pursuant to the Notice of the China Insurance Regulatory Commission on Matters concerning the Investment of Insurance Funds in Venture Capital Funds (關於保險資金投資創業投資基金有關事項的通知), insurance funds can be invested in private equity funds that established accordance with the law and administered by qualified fund management institutions. The said private equity funds mainly invest ordinary shares of venture company or preferred stock that can be lawfully converted into ordinary shares, convertible bonds and other equity.

A fund management institution that invests insurance funds in venture capital funds shall satisfy the following conditions:

- It shall be established according to the law, with sound and effective corporate governance, internal control mechanism and management system, over 5 years of experience in venture capital management, outstanding historical performance, and accumulative size of venture capital asset under management no less than RMB1 billion;

- It shall have arranged an exclusive and stable management team with at least five investment professionals, no less than a total of ten venture capital projects from which it successfully exited, at least three investment professionals who have been working together for five years, and investment decision-makers with more than five years of experience in venture capital management, including at least two people with more than three years of experience in enterprise management and operation;

- It shall have established an incentive and restraint mechanism, a follow-up investment mechanism, an asset custody mechanism and a risk isolation mechanism, and there is no conflict of interest between the different assets that it manages;

- It shall answer the questions involving investment of insurance funds asked by the CIRC, and report the relevant situation;

- It has no record of significant violation of laws in the past three years.

Venture capital funds in which insurance funds invest should not be the first venture capital fund administered by fund management institution, and it shall satisfy the following conditions:

- Venture company invested by insurance funds should be established in China by law and in line with state industrial policy, with an excellent management team and strong growth potential, the key management personnel of the company should have no record of serious violation of law;

- The size of each fund shall not exceed RMB500 million;

- The balance invested in a single venture equity by a single fund shall not exceed 10% of the size of the fund raising;

- The fund balance invested or subscribed by general partner of an fund (or fund management institution) and related parties, key management personnel of the fund shall not be less than 3% of the total size of the fund raising.

Securitised Financial Products

Pursuant to the Circular on Investment in Relevant Financial Products with Insurance Proceeds (關於保險資金投資有關金融產品的通知), insurance funds may invest in the wealth management products of commercial banks, in accordance with law, credit asset-backed securities of the banking financial institutions, collective assets trust schemes of trust companies, special assets management schemes of securities companies, infrastructure investment schemes of insurance assets management companies, real estate investment schemes, project asset-backed schemes and other financial products.

Financial Derivatives

According to the Interim Measures on the Participation of Insurance Funds in Financial Derivatives Trading (保險資金參與金融衍生產品交易暫行辦法), insurance (holding) companies or insurance companies may participate in financial derivatives trading (hereinafter referred to as the "derivatives trading") and subject to the Measures and relevant requirements, may also entrust insurance asset management companies and other professional management institutions which meet requirements of the CIRC to participate in derivatives trading within the scope of authorisation. Financial derivatives shall refer to domestic derivatives trading, excluding offshore derivatives trading.

Financial derivatives refer to financial contracts whose values rely on one or more fundamental assets, indicators or special events, including forwards, futures, options and swaps. Insurance institutions' participation in financial derivatives trading is limited to hedging or avoiding risks and not for speculation purposes.

Overseas Investment

Pursuant to the Interim Measures for the Administration of Overseas Investment with Insurance Funds (保險資金境外投資管理暫行辦法) and the Detailed Rules for the Implementation of the Interim Measures for the Administration of Overseas Investment with Insurance Funds (保險資金境外投資管理暫行辦法實施細則), if an insurance company plans to be in the engagement of overseas investments with insurance funds, it shall file an application with the CIRC and ask for approval. A sponsor who has been approved by the CIRC to be in the engagement of the business of overseas investment with insurance funds shall file an application with the SAFE for the quota for foreign exchange remittance due to overseas investment.

When conducting overseas investments, insurance funds shall select the financial markets in the countries and regions listed in the Detailed Rules for the Implementation of the Interim Measures for the Administration of Overseas Investment with Insurance Funds (保險資金境外投資管理暫行辦法實施細則) and invest in the following types of products:

(1) Money market products

Money market tools or products such as commercial notes with a term less than one year, bank notes, significant and transferable certificate of deposit, reverse repos and short-term treasury bonds and overnight loans. The issuers of the money market products (including securities pledged under reverse repo) must have a credit rating of A or above.

(2) Fixed income products

Fixed income products include bank deposits, government bonds, government-backed bonds, supranational financial institution bonds and corporate bonds and convertible bond.

Bonds should be denominated in a major international currency, and the issuer and the debt must have a credit rating of BBB or above ranked by an internationally-recognised rating agency. In accordance with the relevant regulation, if an exemption from the above requirement as to credit ratings applies, the issuer shall have not less than the credit rating required in respect of the bond. Bonds issued by the PRC Government outside of China's territory are not subject to the requirements as to credit rating referred to above. The convertible bonds should be listed on an exchange in a prescribed country or region listed in the regulation.

(3) Equity products

Equity products include ordinary/preference shares and global/American depository receipts and equities of unlisted companies in certain industries.

The stocks and depository receipts must be listed on the main board of a stock exchange in a country or region listed in the Detailed Rules for the Implementation of the Interim Measures for the Administration of Overseas Investment with Insurance Funds (保險資金境外投資管理暫行辦法實施細則).

Direct invested equity of unlisted companies is limited to equity investments in corporates in finance, pension, health care, energy, resources, car services and modern agriculture.

(4) Real estate products

Direct investment in real estate products are limited to commercial real estate located in the central business districts of the major cities of the designated developed countries/regions listed in the Detailed Rules for the Implementation of the Interim Measures for the Administration of Overseas Investment with Insurance Funds (保險資金境外投資管理暫行辦法實施細則). The said commercial real estate should be established commercial real estate and office real estate with stable income.

Insurance companies shall, pursuant to the Interim Measures for the Administration of Overseas Investment with Insurance Funds (保險資金境外投資管理暫行辦法) and the Detailed Rules for the Implementation of the Interim Measures for the Administration of Overseas Investment with Insurance Funds (保險資金境外投資管理暫行辦法實施細則), report the status of overseas investment of insurance fund to the CIRC.

Prohibitive Regulations

According to the Interim Management Measures on the Deployment of Insurance Funds (保險資金運用管理暫行辦法), an insurance group (holding) company or an insurance company engaged in the deployment of insurance funds shall not commit any of the following acts:

- depositing insurance funds in non-banking financial institutions;
- purchasing the shares under "special treatment" (ST) or "special treatment of delisting risk warning" (*ST) imposed by stock exchanges;
- investing in enterprises' equities or real estate that has no prospects for a stable cash return or asset value gain, or those that involve high-polluting projects not in conformity with the national industry policies;
- directly engaging in the development and construction of real estate;
- using the investment assets formed from the deployment of insurance funds to provide guarantees or grant loans, with the exception of granting personal policy-pledged loans;
- engaging in venture capital investment;
- other investments prohibited by the CIRC.

Ratios Oversight

The Circular on Strengthening and Improving Ratios Oversight for the Application of Insurance Proceeds (關於加強和改進保險資金運用比例監管的通知) was promulgated and implemented on January 23, 2014. According to its contents, "the Circular will take effect on the date of promulgation, the original oversight ratios of insurance funds investment and the applicable investment ratios of innovative pilot business will be revoked." According to this provision, the provisions about the oversight percentage of insurance funds invested in various investment products before dispersing will no longer apply.

For the purpose of supervision on insurance funds, the investment assets of insurance companies are classified into five categories, namely, liquid assets, fixed-income assets, equity assets, real estate assets and other financial assets.

In terms of major asset class allocation for insurance companies, the following ratios should be implemented:

- Book balance of the invested equity assets should, in total, be no more than 30% of the total assets of the company at the end of the latest quarter, and book balance of the major equity investment should be no more than the company's net assets at the end of the latest quarter. Book balance does not include equities of insurance companies that were invested with its own funds.

- Book balance of the invested real estate assets should be no more than 30% of the total assets of the company at the end of the latest quarter. Book balance does not include self-use real estate purchased by the insurance company.

- Book balance of the self-use real estate purchased by the insurance company should be no more than 50% of the net assets of the company at the end of the latest quarter.

- Book balance of other invested financial assets should be no more than 25% of the total assets of the company at the end of the latest quarter.

- Balance of the overseas investment should be, in total, be no more than 15% of the total assets of the company at the end of the latest quarter.

For setting cap on the insurance funds that insurance companies invest in a single asset and a single counterparty, the following ratio should be implemented:

- Book balance of the invested single fixed-income assets, equity assets, real estate assets, and the other financial assets, should be no more than 5% of the company's total assets at the end of the latest quarter. Excluding investments such as domestic central government bonds, quasi government bonds, bank deposits, major equity investment and insurance corporate equities invested by its own funds, purchase of real property for its own use, and purchase of insurance asset management products within the group.

A single asset investment refers to investing in a single specific asset product among a major asset class. For an investment product that is issued in instalments, book balance of the single asset investment is the total investment balances of each instalment.

- Balance of the investment in a single legal entity, in total, should be no more than 20% of the total assets of the company at the end of the latest quarter. Excluding investments such as domestic central government bonds, quasi government bonds, and insurance corporate equity invested by its own funds.

A single legal entity refers to a single financing body that insurance companies invest in and forms a direct contractual relationship or direct equity relationship with, which possesses independent legal personality.

Pursuant to the Circular on Oversight of the Percentages (比例監管通知), insurance companies should add up the oversight percentages of the largest assets both inside and outside of China.

Anti-Money Laundering

According to the Rules for Anti-money Laundering by Financial Institutions (金融機構反洗錢規定) implemented on January 1, 2007, PBOC is the major administrative department under the State Council responsible for anti-money laundering. The PBOC monitors and governs the anti-money laundering works of financial institutions according to the laws. The CBRC, the CSRC and the CIRC perform their duties in monitoring and governing anti-money laundering works in their respective fields.

According to the PRC Anti-Money Laundering Law (中華人民共和國反洗錢法) and Rules for Anti-money Laundering by Financial Institutions (金融機構反洗錢規定) implemented on January 1, 2007, the Administrative Measures for the Financial Institutions' Report of Large-sum Transactions and Doubtful Transactions (金融機構大額交易和可疑交易報告管理辦法) implemented on March 1, 2007 (hereinafter referred to as the Administrative Measures for the Financial Institutions' Report of Large-sum Transactions and Doubtful Transactions (2016 Amendment) (金融機構大額交易和可疑交易報告管理辦法(2016修訂)) will be implemented since July 1, 2017, the Administrative Measures for Financial Institutions' Report of Transactions Suspected of Financing for Terrorist Purposes (金融機構報告涉嫌恐怖融資的可疑交易管理辦法) implemented on June 11, 2007, and the Measures for the Supervision and Administration of Anti-Money Laundering by Financial Institutions (Pilot) (金融機構反洗錢監督管理辦法(試行)) implemented on November 15, 2014, serving as financial institutions, insurance companies should establish and implement internal anti-money laundering control systems, set up specialised departments or appoint internal departments to conduct anti-money laundering work, lay out internal anti-money laundering operation procedures and control measures, and offer anti-money laundering trainings to staff members, so as to strengthen their anti-money laundering capabilities and to comply with relevant regulations. Insurance companies should establish and implement customer identification systems in accordance with relevant regulations, and report to their headquarters any transactions suspected of terrorist financing. Then the headquarters, or any organisations appointed by the headquarters, can report to the China Anti-Money Laundering Monitoring & Analysis Centre (中國反洗錢監測分析中心) electronically within ten business days after the relevant incident occurred.

According to the Notice of China Insurance Regulatory Commission on Strengthening the Anti-money Laundering Work in the Insurance Sector (中國保險監督管理委員會關於加強保險業反洗錢工作的通知) implemented on August 10, 2010 and Measures on Anti-Money Laundering in the Insurance Industry (保險業反洗錢工作管理辦法) implemented on October 1, 2011, the CIRC is responsible for organising, coordinating and guiding anti-money laundering works in the insurance industry. Insurance companies, insurance asset management companies, insurance agencies, and insurance brokerage companies should base their insurance policy registrations on real names and follow the principles of complete customer data, proper documentation of trading records and capital flows regulations, thereby tightening the internal controls on anti-money laundering.

Applications for the establishment of insurance companies and insurance asset management companies should meet the anti-money laundering conditions set forth by the CIRC (including legitimate sources of investment asset; establishment of internal anti-money laundering systems; setting up specialised bodies or appointing internal departments to conduct anti-money laundering works; appointing anti-money laundering bodies or individuals who had received the necessary anti-money laundering trainings; equipped with information systems that meet the needs of anti-money laundering works; and other requirements as set forth by the CIRC). If there are additions to the registered capital, changes in shareholdings (except when the shares of listed institutions acquired through securities exchanges are less than 5% of the registered capital of the insurance company or insurance asset management company), or other circumstances as stipulated by the CIRC, insurance companies or insurance asset management companies should have knowledge about the sources of the investment asset. They should also file explanations regarding the sources of investment asset, and declare the legitimacy of such sources.

Applications for the establishment of affiliates of insurance companies or insurance asset management companies should meet the anti-money laundering conditions set forth by the CIRC (including the following: the parent company possesses a robust anti-money laundering internal control system, and has sound governance over the affiliate; the information system of the parent company is able to support the anti-money laundering works of the affiliate; setting up specialized bodies or appointing internal departments to conduct anti-money laundering works in the affiliate, which is being set up; the anti-money laundering personnel has received the necessary anti-money laundering trainings; and other requirements set forth by the CIRC).

In pursuance to the laws, when entering into insurance contracts, rescinding insurance contracts, settling claims or making payments, insurance companies should perform customer identification on any transactions with amounts above the specified level;

- In pursuance to the laws, insurance companies and insurance asset management companies should properly maintain customers' personal data and trading records, and ensure related transaction information can be retraced, which enables the monitoring and analysis of transactions, investigation of suspicious transaction, and the tracing of required information for anti-money laundering criminal cases;

- Insurance companies and insurance asset management companies should, according to the laws, identify and report large-sum transactions and suspicious transactions;

- When conducting insurance businesses through insurance agencies and financial institutions who act as ancillary insurance agencies, insurance companies should include anti-money laundering terms and conditions in the cooperation agreements.

According to the regulations set forth in the Notice of China Insurance Regulatory Commission on Strengthening the Anti-money Laundering Work in the Insurance Sector (中國保險監督管理委員會關於加強保險業反洗錢工作的通知), in the application materials seeking approval for the qualifications of senior management of insurance institutions, there should be a declaration stating that the applicant has not been a subject of any material anti-money laundering administrative sanctions in the past two years; for those applicants who have previously worked in foreign financial institutions, a declaration should be submitted stating that in the past two years, the applicant has not been a subject of any material anti-money laundering administrative sanctions in the jurisdiction where the foreign financial institution resides. All insurance companies and insurance intermediary institutions should regularly collect, summarise, report information and closely monitor the progress of the agency's anti-money laundering works, guard against the risk of money laundering, and conduct anti-money laundering trainings and promotions, so as to raise the awareness and strengthen preventive measures with regard to anti-money laundering.

According to the Notice on Reporting Information of Anti-money Laundering Work in the Insurance Industry (關於報送保險業反洗錢工作信息的通知) implemented on October 1, 2011, all insurance companies and insurance asset management companies should summarise the progress of anti-money laundering works in the system, and report information about such progress to the CIRC quarterly. According to the laws and regulations of the PRC Anti-Money Laundering Law (中華人民共和國反洗錢法), information about anti-money laundering works refers to, in the operation and supervision of insurance businesses, the situation of anti-money laundering works carried out in accordance with the laws, including: The implementation status of anti-money laundering obligations, the execution of anti-money laundering works in the organisation, and the supervision of anti-money laundering works in the insurance industry.

MAJOR INSURANCE INDUSTRY COMMITMENTS IN CONNECTION WITH THE PRC'S ACCESS TO THE WORLD TRADE ORGANIZATION ("WTO")

According to the Circular on Distributing the Contents Related to Insurance Industry in the Legal Documents of China's Accession to WTO (關於印發我國加入WTO法律文件有關保險業內容的通知) announced on March 12, 2002, the following are the parts related to the insurance industry in the legal documents about China's entrance into the WTO, Foreign Ownership, Territorial Restrictions and Business Scope.

Foreign Ownership

Since the PRC's accession to the WTO, foreign property and casualty insurance companies have been permitted to establish branches or joint ventures and are permitted to establish wholly-owned subsidiaries in the PRC. Foreign life and health insurance companies have been permitted to have up to 50% foreign ownership in a joint venture with a partner of their choice and also may freely agree on the terms of the joint venture, provided that the terms remain within the limits of the commitments contained in the WTO schedule. Currently, foreign investors are permitted to hold up to 51% of ownership in a joint venture insurance brokerage company. In addition, pursuant to the Announcement on Permitting Foreign Insurance Brokerage Companies to Establish Wholly Foreign-owned Insurance Brokerage Companies (關於允許外國保險經紀公司設立外商獨資保險經紀公司的公告) promulgated by the CIRC on December 11, 2006, from December 11, 2006, foreign insurance brokerage companies are allowed to establish wholly foreign-owned insurance brokerage companies according to law without any restriction other than those on conditions for establishment and business scope.

Territorial Restrictions

Foreign insurance companies are permitted to conduct business throughout the PRC without any territorial restrictions.

Scope of Business

Since the PRC's accession to the WTO, foreign property and casualty insurance companies have been permitted to provide without territorial restrictions master policy insurance (a single insurance policy for a company covering its various properties or liabilities located in different geographic regions) and large-scale commercial insurance. Foreign property and casualty insurance companies are now permitted by the CIRC to provide the full range of property insurance services to both foreign and PRC clients.

At present, life and health joint venture insurers in the PRC are also permitted by the CIRC to provide health insurance, group insurance and pension/annuities services to foreign and PRC citizens.

Currently, foreign insurance brokerage companies are permitted to engage in the following brokerage business in the PRC: (i) Large-scale commercial insurance brokerage; (ii) Reinsurance brokerage; and (iii) International maritime, aviation and transport insurance and their reinsurance brokerage. In addition, foreign insurance brokerage companies are permitted to provide master policy insurance brokerage business on the same basis as treatment of nationals.

Foreign insurance companies are permitted to provide reinsurance services for life and health insurance and property insurance as a branch, joint venture, or wholly foreign-owned subsidiary, without geographic or quantitative restrictions on the licenses issued.

Foreign insurance companies are not permitted to engage in statutory insurance business. Statutory insurance, as specified in China's Schedule of Specific Commitments, is limited to the following specific categories, and no additional lines or products will be added: third party auto liability insurance and driver and operator liability insurance for buses and other commercial vehicles. Nevertheless, pursuant to the Regulation on Statutory Automobile Liability Insurance (機動車交通事故強制保險條例) amended on December 17, 2012 and February 6, 2016, insurers may, upon the approval of the CIRC, conduct statutory automobile liability insurance business. In addition, foreign insurance companies and foreign-funded insurance companies are not permitted to engage in businesses forbidden by laws, administrative regulations and other regulatory documents of the PRC.

Foreign-Invested Insurance Companies

Under the Administrative Regulations of the PRC on Foreign-Invested Insurance Companies (外資保險公司管理條例) amended on May 30, 2013, a foreign-invested insurance company means (i) an insurance company established in the PRC as joint venture by a foreign insurance company with a PRC company or enterprise ("Joint Venture Insurance Company"); (ii) an insurance company inside the PRC invested and operated by a foreign insurance company ("Wholly Foreign-Owned Insurance Company"); or (iii) a branch of a foreign insurance company inside the PRC ("Branch of Foreign Insurance Company"). Foreign insurance companies applying for the establishment of a foreign-invested insurance company shall satisfy the following requirements:

(i) having been engaged in the insurance business for at least 30 years;

(ii) having a representative office in the PRC for at least 2 years;

(iii) having total assets of US$5 billion or more as at the end of the year immediately prior to its application;

(iv) being subject to effective insurance regulation by the relevant authorities in their home countries or regions which possess a comprehensive insurance regulatory system;

(v) meeting the solvency margin requirements in their home countries or regions;

(vi) having received approvals from the regulatory authorities in their home countries or regions of their applications; and

(vii) other prudent requirements by the CIRC.

The minimum registered capital of a Joint Venture Insurance Company or Wholly Foreign-Owned Insurance Company is RMB200 million or an equivalent amount in other freely convertible currencies. The minimum registered capital must be paid-in monetary capital. A Branch of Foreign Insurance Company must be able to obtain at least RMB200 million or an equivalent amount in other freely convertible currencies at nil consideration from its parent company as its working capital.

According to the business scope verified by the CIRC, a foreign-invested insurance company may legally operate all or any of the following categories of insurance business: (i) Property insurance business, including property loss insurance, liability insurance, credit insurance and other insurance business; (ii) Life and health insurance business, including life insurance, health insurance, accident insurance and other insurance business. Upon verification of the CIRC according to applicable regulations, a foreign-invested insurance company may operate large-scale commercial insurance and master policy insurance business within the verified scope; and (iii) The following reinsurance business of insurance business specified in (i) and (ii) above: (1) outward reinsurance and (2) inward reinsurance. The specific business scope, territorial coverage and clients of a foreign-invested insurance company are subject to the verification of the CIRC according to applicable regulations. A foreign-invested insurance company may conduct insurance business only within the verified scope.

Internet Business

The State Council promulgated the Regulation on Telecommunications of the People's Republic of China (中華人民共和國電信條例) (hereinafter referred to as the "Regulation on Telecommunications") on September 25, 2000 and amended the same on July 29, 2014 and February 6, 2016 respectively. According to the Regulation on Telecommunications, telecommunications business is divided into two categories: basic telecommunications business and value-added telecommunications business. According to the Telecommunication Business Category (電信業務分類目錄) attached to the Telecommunication Ordinance (電信條例) promulgated by the Ministry of Information Industry of the People's Republic of China (formerly the Ministry of Industry and Information Technology) on February 21, 2003 and revised by the Ministry of Industry and Information Technology of the People's Republic of China on December 28, 2015, information services provided through the fixed network, mobile network and the internet are categorized as value-added telecommunications business.

The Regulation on Internet Information Service of the People's Republic of China (互聯網信息服務管理辦法)(hereinafter referred to as the "Regulation on Internet Information Services"), which was promulgated on September 25, 2000 and revised on January 8, 2011 by the State Council, has developed the guidelines relating to internet information services. The contents of China's internet information are highly regulated. According to the Regulation on Internet Information Services, offenders shall be punished for the provision of the following internet information contents, including criminal sanctions: opposing the basic principles of the PRC Constitutions, endangering national security, divulging state secrets, subverting state power or damaging national unity, harming the dignity or interests of China, inciting national hatred or racial discrimination, or damaging international solidarity, undermining China's religious policies or promoting superstition, disseminating rumors, disrupting social order or undermining social stability, spreading obscenity or pornography, encouraging gambling, violence, murder or intimidation, or instigating crimes, insulting or defaming a third party or infringing the legitimate rights and interests of the third party, or other contents prohibited by law or administrative regulations.

Internet contents are regulated and restricted in China from the standpoint of national security. Pursuant to the Decision on Preserving Computer Network Security (維護互聯網安全的決定) promulgated on December 28, 2000 and revised on August 27, 2009 by the Standing Committee of the National People's Congress (hereinafter referred to as the "NPC Standing Committee"), anyone who commits any of the following acts within the PRC shall be investigated for criminal responsibility: (i) invading the computer or system of strategic importance; (ii) disseminating harmful information; (iii) divulging State secrets; (iv) disseminating false business information; or (v) infringing intellectual property rights. According to the Measures for Administration of International Network Security of Computer Information Network (計算機信息網絡國際聯網安全保護管理辦法) issued on December 16, 1997 and revised and implemented on January 8, 2011 by the Ministry of Public Security, disclosure of state secrets or spreading contents that disturbs social order via the internet are prohibited. The Ministry of Public Security has the power of supervision and inspection in this regard, and the relevant local public security departments may also have the rights of supervision and review. If a holder of business license of telecommunications and information services (ICP license) violates these measures, the Chinese government may revoke its ICP license and close its website.

On December 28, 2012, the NPC Standing Committee announced the implementation of the Decision on Strengthening Protection of Network Information (關於加強網絡信息保護的決定) which stipulates the basic principles for protection of identity of citizens and electronic information involving personal privacy of citizens. On July 16, 2013, the Ministry of Industry and Information Technology announced the Provisions on Protecting the Personal Information of Telecommunications and Internet Users (電信和互聯網用户個人信息保護規定) to further improve the system for protecting personal information of telecommunications and the internet industry, clarify the scope and obligors of protecting personal information of telecommunications and internet users, the rules for collection and use of users' personal information by telecommunications business operators and measures for management of agency and information security protection.

The NPC Standing Committee has promulgated the Cybersecurity Law of the People's Republic of China (中華人民共和國網絡安全法) (hereinafter referred to as the "Cybersecurity Law"). The Cybersecurity Law was promulgated by the NPC Standing Committee on November 7, 2016 and took effect on June 1, 2017. Pursuant to the Cybersecurity Law, network services providers who conduct business and provide services shall comply with laws and regulations and to fulfill the obligation of protecting cybersecurity, effectively respond to cybersecurity incidents, prevent illegal criminal activities committed on the network, and maintain the integrity, confidentiality and availability of network data.

Mobile Application

Mobile internet application (herein after referred to as the "Mobile Application") is governed by the Provisions on the Administration of Mobile Internet Applications Information Services (移動互聯網應用程序信息服務管理規定) (hereinafter referred to as the "Provisions on Administration of Application") promulgated by the Cyberspace Administration of China on June 28, 2016 and became effective on August 1, 2016.

Pursuant to the Provisions on Administration of Application, application information service providers shall obtain the relevant qualifications prescribed by laws and regulations, strictly implement their information security management responsibilities, and carry out the following duties: (1) According to the principle of "real name enforced at backstage, and volunteered at front stage (後台實名、前台自願)", conduct mobile telephone number-based real identity information verification of registered users; (2) Establish and complete user information security protection mechanisms, the principles of legality, justice and necessity shall be respected when collecting and using personal information, the objective, method and scope of collected and used data shall be clarified, and the user shall consent; (3) Establish and complete information content inspection and management mechanisms, where information content violating laws or regulations is published, in view of the circumstances, punishments such as a warning, restriction of functions, provisional cessation of renewal and account closure are implemented, records shall be preserved and reported to relevant regulatory bodies; (4) Lawfully protect users' right to know and right to choose in the process of usage, and without clear indication to users and users' consent, it is not permitted to initiate functions such as collection of geographic location, accessing the address book, using the camera, starting recordings, etc., and it is not permitted to open functions unrelated to the service, or bundle or install unrelated applications; (5) Respect and protect intellectual property rights, and it is prohibited to produce or disseminate applications infringing other persons' intellectual property rights; and (6) Record users' daily information, and preserve it for 60 days. Application store services providers shall, within 30 days of the business going online and starting operations, conduct filing procedures with the local cybersecurity and informatization department. Furthermore, internet application store service providers and internet application information service providers shall sign service agreements to determinate both sides' rights and obligations.

REGULATIONS RELATING TO EMPLOYMENT AND SOCIAL WARFARE

The Labor Contract Law

The Labor Contract Law of the PRC (中華人民共和國勞動合同法) (hereinafter referred to as the "**Labor Contract Law**"), which was implemented on January 1, 2008 and amended on December 28, 2012, is primarily aimed at regulating employee/employer rights and obligations, including matters with respect to the establishment, performance and termination of labor contracts. Pursuant to the Labor Contract Law, labor contracts shall be concluded in writing if labor relationships are to be or have been established between enterprises or institutions and the laborers. Enterprises and institutions are forbidden to force laborers to work overtime and employers shall pay laborers for overtime work in accordance with national regulations. In addition, labor wages shall not be lower than local standards on minimum wages and shall be paid to laborers timely. In addition, according to the Labor Contract Law: (i) employers must pay laborers double wages if within one year an employer fails to enter into an employment contract that is more than one month but less than one year from the date of employment and if such period exceeds one year, the parties are deemed to have entered into a labor contract with an "unfixed term"; (ii) employees who satisfy certain criteria, including having worked for the same employer for ten years or more, may demand that the employer execute a labor contract with them with an unfixed term; (iii) employees must adhere to terms in the labor contracts concerning commercial confidentiality and non-competition; (iv) an upper limit not exceeding the cost of training supplied to the employee can be as the amount of compensation an employer may seek for an employee's breach of the provisions concerning term of services in the labor contract; (v) employees may terminate their employment contracts with their employers if their employers fail to make social insurance contributions in accordance with the law; (vi) if an employer pays for an employee's professional training, the labor contract may specify a term of service. When the employee breach term of service, the amount of compensation may not exceed the training expenses; (vii) employers who demand money or property from employees as guarantee or otherwise may be subject to a fine of more than RMB500 but less than RMB2,000 per employee; and (viii) employers who intentionally deprive employees of any part of their salary must, in addition to their full salary, pay such employees compensation ranging from 50% to 100% of the amount of salary so deprived if they fail to pay the salary deprived within ascertain period by the labor administration authorities.

According to the Labor Law of the PRC (中華人民共和國勞動法) promulgated on July 5, 1994, effective since 1 January 1995 and amended on August 27, 2009, enterprises and institutions shall establish and improve their system of workplace safety and sanitation, strictly abide by state rules and standards on workplace safety, educate laborers in labor safety and sanitation in the PRC. Labor safety and sanitation facilities shall comply with state-fixed standards. Enterprises and institutions shall provide laborers with a safe workplace and sanitation conditions which are in compliance with state stipulations and the relevant articles of labor protection.

Social Insurance and Housing Fund

As required under The Regulation of Insurance for Labor Injury (工傷保險條例) implemented on January 1, 2004 and amended in 2010, The Provisional Measures for Maternity Insurance of Employees of Corporations (企業職工生育保險試行辦法) implemented on January 1, 1995, The Decisions of the State Council on the Establishment of a Unified Program for Old-Aged Pension Insurance (國務院關於建立統一的企業職工養老保險制度的決定) issued on July 16, 1997, The Decisions of the State Council on the Establishment of the Medical Insurance Program for Urban Workers (國務院關於建立城鎮職工基本醫療保險制度的決定) promulgated on December 14, 1998, The Unemployment Insurance Measures (失業保險條例) promulgated on January 22, 1999 and The Social Insurance Law of the PRC (中華人民共和國社會保險法) implemented on July 1, 2011, enterprises are obliged to provide their employees in the PRC with welfare schemes covering pension insurance, unemployment insurance, maternity insurance, labor injury insurance and medical insurance. These payments are made to local administrative authorities and any employer that fails to contribute may be fined and ordered to make up within a prescribed time limit.

In accordance with The Regulations on the Management of Housing Funds (住房公積金管理條例) which was promulgated by the State in 1999 and amended in 2002, enterprises must register at the competent managing center for housing funds and upon the examination by such managing center of housing funds, complete procedures for opening an account at the relevant bank for the deposit of employees' housing funds. Enterprises are also required to pay and deposit housing funds on behalf of their employees in full and on time.

OVERVIEW

Our Company was incorporated on October 9, 2013 as a joint stock limited company under the name of ZhongAn Online P & C Insurance Co., Ltd.* (眾安在綫財產保險股份有限公司) after receiving approval from the CIRC. Our Company was founded by nine shareholders: Ant Financial (浙江螞蟻小微金融服務集團股份有限公司) (previously known as Zhejiang Alibaba Digital Commerce Company Limited (浙江阿里巴巴電子商務有限公司)), Tencent Computer System (深圳市騰訊計算機系統有限公司), Ping An Insurance (中國平安保險(集團)股份有限公司), Shenzhen Jia De Xin Investment Company Limited (深圳市加德信投資有限公司), Unifront Holding Limited (優孚控股有限公司), Cnhooray Internet Technology Co. Ltd. (深圳日訊網絡科技股份有限公司), Shanghai Yuanqiang Investment Company Limited (上海遠強投資有限公司), Beijing Ctrip International Travel Agency Limited (北京攜程國際旅行社有限公司) and Shenzhen Rixun Internet Co., Ltd. (深圳市日訊互聯網有限公司). Our Company was the first internet company to obtain an insurance institution permit (保險公司法人許可證) and one of the four online-only insurance companies holding such an insurance permit. We offer a wide range of online insurance products and solutions to the Chinese market.

We are registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance under "ZhongAn Online P & C Insurance Co., Ltd." and "眾安在綫財產保險股份有限公司". We carry on business in Hong Kong as "ZA Online Fintech P & C" as approved by and registered with the Registrar of Companies on September 6, 2017 and September 13, 2017, respectively.

OUR MILESTONES

The following are the significant milestones of our development:

Date		**Event**
2013	November	We began operation.
2014	March	CIRC approved the expansion of the insurance industry's permitted business scope, including the addition of "short term health and accident insurance".
	April	Our proprietary technology platform "Wujieshan" went online.
	November	The total number of insurance policies sold by us during the Double 11 Shopping Festival reached the record of approximately 100 million within one week.
2015	May	We received approval from CIRC to include "motor vehicle insurance, including mandatory motor vehicle accident insurance and commercial motor vehicle insurance" and "insurance information services" in our permitted business scope.
	June	We completed our Pre-IPO Investments and RMB5.775 billion was raised.

* *For identification purposes only*

	September	We received approval from CIRC to adopt the China Insurance Association Model Comprehensive Commercial Vehicle Insurance Policy (中國保險行業協會商業車險綜合示範條款) in six commercial auto insurance experimental zones including Heilongjiang, Shandong, Guangxi, Chongqing, Shanxi and Qingdao.
	November	We released the first Online to Offline auto insurance and maintenance brand *Baobiao Auto Insurance (保驫車險)*.
	December	We topped the "Fintech 100" list jointly published by KPMG and Australian fintech investment firm H2 Ventures.
2016	April	We released the *Baobei Open Platform (保貝計劃)*, which connects consumer finance platforms with our financial institution partners, including banks, assets management department of securities brokers, trusts, finance leasing companies, microfinance providers and factoring companies by utilizing our advanced technology and risk management capabilities.
	May	ZhongAn Information and Technology Services Co., Ltd. was incorporated with the approval from CIRC.
	August	We released a mid-range medical insurance product *Personal Clinic Policy (尊享e生)*.
	October	We were placed fifth in the "Fintech 100" list jointly published by KPMG and Australian fintech investment firm H2 Ventures.
	November	We released the "ZhongAn Tech" brand (眾安科技), with the aim of supporting the technological upgrade of the insurance industry and promoting and developing the insurance industry's use of blockchain, artificial intelligence and other new technologies. The total number of insurance products sold by us during the Double 11 Shopping Festival reached the record of approximately 200 million within one week. The Joint Laboratory of Blockchain and Information Security (區塊鏈與信息安全聯合實驗室) was established through our joint cooperation with Fudan University.
	December	We were awarded the "Annual Award for Online Insurance" (年度互聯網保險獎) at the 2016 Yicai Financial Summit (2016第一財經新金融峰會). As of December 31, 2016, we served over 492 million policyholders and the insured since inception, and had an aggregate of 245 insurance product terms approved by the CIRC.

INCORPORATION OF OUR COMPANY

On October 9, 2013, our Company was incorporated as a joint stock limited company with a registered capital of RMB1 billion in the PRC. Upon its incorporation, our Company's shareholding was as follows:

Shareholder	Number of Domestic Shares of RMB1 each as of October 9, 2013	Ownership percentage as of October 9, 2013
Ant Financial (浙江螞蟻小微金融服務集團股份有限公司)[(1)]	199,000,000	19.9000%
Tencent Computer System (深圳市騰訊計算機系統有限公司)[(2)]	150,000,000	15.0000%
Ping An Insurance (中國平安保險 (集團)股份有限公司)[(3)]	150,000,000	15.0000%
Unifront Holding Limited (優孚控股有限公司)[(4)]	150,000,000	15.0000%
Shenzhen Jia De Xin Investment Company Limited (深圳市加德信投資有限公司)[(5)]	140,000,000	14.0000%
Cnhooray Internet Technology Co. Ltd. (深圳日訊網絡科技股份有限公司)[(6)]	81,000,000	8.1000%
Shanghai Yuanqiang Investment Company Limited (上海遠強投資有限公司)[(7)]	50,000,000	5.0000%
Beijing Ctrip International Travel Agency Limited (北京攜程國際旅行社有限公司)[(8)]	50,000,000	5.0000%
Shenzhen Rixun Internet Co., Ltd. (深圳市日訊互聯網有限公司)[(9)]	30,000,000	3.0000%
Total	1,000,000,000	100.0000%

(1) Ant Financial was previously known as Zhejiang Alibaba Digital Commerce Company Limited (浙江阿里巴巴電子商務有限公司). Ant Financial leverages technology to assist financial institutions and its partners, with an aim of making financial services accessible to small and micro enterprises and individual consumers. It is owned by Hangzhou Junao Investments (Limited Partnership) (杭州君澳股權投資合夥企業(有限合夥)) as to 34.15%, Hangzhou Junhan Investments (Limited Partnership) (杭州君瀚股權投資合夥企業(有限合夥)) as to 42.28% and 21 other shareholders as to the remaining 23.57%. The voting rights of Hangzhou Junao Investments (Limited Partnership) (杭州君澳股權投資合夥企業(有限合夥)) and Hangzhou Junhan Investments (Limited Partnership) (杭州君瀚股權投資合夥企業(有限合夥)) are controlled by Hangzhou Yunbo Investment Consulting Co., Ltd. (杭州雲鉑投資諮詢有限公司) which in turn is wholly-owned by Jack Ma (馬雲).

(2) Tencent Computer System is a subsidiary of Tencent Holdings Limited, a company listed on the Main Board of the Stock Exchange (SEHK: 0700). It is a leading provider of internet value added services in China.

(3) Ping An Insurance is a joint-stock company incorporated in the PRC and listed on the Main Board of the Stock Exchange (SEHK: 02318) and the Shanghai Stock Exchange (SSE: 601318). It is a personal financial services group with three core businesses: insurance, banking and investment.

(4) Unifront Holding Limited (優孚控股有限公司) is owned by Shanghai Songlu Investment Management Co., Ltd. (上海松鹿投資管理有限公司) as to 25%, Shanghai Jianglu Investment Management Co., Ltd. (上海江鹿投資管理有限公司) as to 16.88%, Shanghai Xinlu Investment Management Co., Ltd. (上海鑫鹿投資管理有限公司) as to 13.12%. The entire interest of Shanghai Songlu Investment Management Co., Ltd. (上海松鹿投資管理有限公司), Shanghai Jianglu Investment Management Co., Ltd. (上海江鹿投資管理有限公司) and Shanghai Xinlu Investment Management Co., Ltd. (上海鑫鹿投資管理有限公司) are held by Shanghai Youlu Investment Management Co., Ltd. (上海游鹿投資管理有限公司), which in turn is controlled by Zhang Zhen (張真). It is principally engaged in investment, non-financial asset management, trading, distributing products and technology in China.

(5) Shenzhen Jia De Xin Investment Limited (深圳市加德信投資有限公司) is a subsidiary of Shenzhen Huaxinlian Investment Co., Ltd. (深圳市華信聯投資有限公司) which is controlled by Ou Yafei (歐亞非). It is principally engaged in investments in the financial industry and asset management. Ou Yafei is the elder brother of Ou Yaping, the Chairman of our Board.

(6) Cnhooray Internet Technology Co. Ltd. (深圳日訊網絡科技股份有限公司) is a subsidiary of Timeway Holdings Limited (中宇集團有限公司). The entire interest of Timeway Holdings Limited (中宇集團有限公司) is held by Sinolink Worldwide Holdings Limited (香港百仕達控股有限公司) which is listed on the Main Board of the Stock Exchange (SEHK: 1168). It is principally engaged in the design, development and integration of network technology, computer software and hardware and multimedia communication.

(7) Shanghai Yuanqiang Investment Company Limited(上海遠強投資有限公司)is controlled by Zou Song (鄒松). It is principally engaged in asset management.

(8) Beijing Ctrip International Travel Agency Limited(北京攜程國際旅行社有限公司)is a subsidiary of Ctrip.com International Ltd., a NASDAQ-listed company (NASDAQ: CTRP). It is a leading provider of travel services including accommodation reservation, transportation ticketing, packaged tours and corporate travel management.

(9) Shenzhen Rixun Internet Co., Ltd. (深圳市日訊互聯網有限公司)is wholly-owned by Shanglian Xinfutong Communication Services Co., Ltd. (商聯信付通通訊服務有限公司), which is owned by Zhou Yi (周屹) as to 50% and He Zhixiong (何志雄) as to 50%. It is principally engaged in the development and application of electronic communication and software in addition to the internet telecommunications industry.

PRE-IPO INVESTMENTS

1. Overview

The Company completed its series A capital raising with the Pre-IPO Investors on June 7, 2015. The Pre-IPO Investors paid in RMB5,775,000,000 for the subscription of an aggregate of 240,625,000 Foreign Shares at a price of RMB24 per Share. The allotment of Foreign Shares under the Pre-IPO Investments was completed on June 7, 2015. After the allotment, our registered capital increased from RMB1,000,000,000 to RMB1,240,625,000. The below table is a summary of the number of shares held by the Pre-IPO Investors before and after completion of the Pre-IPO Investments, the consideration paid and percentage of shareholding immediately prior to and after Listing:

Shareholders	Number of Shares before completion of Pre-IPO Investments	Number of Foreign Shares as of the date of this prospectus	Consideration paid (RMB)	Ownership percentage as of the date of this prospectus	Ownership percentage as of the Listing Date (assuming Over-allotment Option is not exercised)
Morgan Stanley Asia Securities Products LLC	—	30,730,833	737,539,992	2.4770%	2.1342%
CICC Securities (HK) Limited	—	31,250,000	750,000,000	2.5189%	2.1703%
CDH Avatar, L.P.	—	62,000,000	1,488,000,000	4.9975%	4.3058%
Keywise ZA Investment	—	61,189,167	1,468,540,008	4.9321%	4.2495%
Equine Forces Limited Partnership	—	55,455,000	1,330,920,000	4.4699%	3.8513%
Total	—	240,625,000	5,775,000,000	19.3954%	16.7110%

2. Principal terms of the Pre-IPO Investments and Pre-IPO Investors' Rights

Type of investments	Subscription of shares
Consideration per Share	RMB24 per share
Discount to IPO price (based on the mid-point Offer Price of HK$56.70)	49.4%
Lock-Up Period	The terms of the agreement under the Pre-IPO Investments did not impose any lock up obligations over the Foreign Shares held by any of the Pre-IPO Investors upon Listing. However, pursuant to the PRC Company Law, the Pre-IPO Investors will not be able to transfer the Shares issued to them within one year from the Listing Date.
Use of Proceeds from the Pre-IPO Investments	We used the proceeds for strengthening our capital base to support our business growth. As of the Latest Practicable Date, the net proceeds from the Pre-IPO Investments have been fully utilized.

Strategic benefits the Pre-IPO Investors brought to our Company	At the time of the Pre-IPO Investments, our Directors were of the view that our Company could benefit from the additional capital that would be provided by the Pre-IPO Investors' investments in our Company and their knowledge and experience.
Basis of determining the consideration paid	The basis of determination for the consideration for the Pre-IPO Investments were from arm's length negotiations between our Company and the Pre-IPO Investors after taking into consideration the timing of the investments and the status of our business and operating entities.

There are no special rights granted to the Pre-IPO Investors.

3. Public Float

Upon completion of the Global Offering (assuming the Over-allotment Option is not exercised), the Pre-IPO Investors will collectively hold 240,625,000 H Shares or 16.71% of the Company and no individual Pre-IPO Investor will hold 10% or more of the enlarged issue share capital of the Company. As a result, the Shares held by the Pre-IPO Investors, excluding Keywise ZA Investment, will count towards the public float. All the Pre-IPO Investors, excluding Keywise ZA Investment, are Independent Third Parties of our Group.

4. Information about the Pre-IPO Investors

Morgan Stanley Asia Securities Products LLC

Morgan Stanley Asia Securities Products LLC ("**MSASPL**") is incorporated in the Cayman Islands. MSASPL conducts sales and trading activities as well as corporate lending in addition to also being a holding company of a number of important wholly owned Asian subsidiaries of Morgan Stanley. MSASPL is a wholly-owned subsidiary of Morgan Stanley, whose shares are listed on New York Stock Exchange (NYSE: MS).

CICC Securities (HK) Limited

CICC Securities (HK) Limited, a company wholly-owned by China International Capital Corporation Limited (SEHK: 3908), is an investment holding company registered in Hong Kong.

CDH Avatar, L.P.

CDH Avatar, L.P. is a private equity fund registered in Cayman Islands. It is advised and managed by CDH China HF Holdings Company Limited as a general partner, which is wholly owned by CDH Wealth Management Company Limited.

Keywise ZA Investment

Keywise ZA Investment is an investment of Keywise Greater China Opportunities Master Fund (the "Fund"). The investment advisor of the Fund is Keywise Capital Management (HK) Limited. The Fund's interest in Keywise ZA Investment is 23% and other investors' interest is 77%. Keywise ZA Investment is accustomed to taking instructions from Mr. Fang Zheng, a non-executive Director.

Equine Forces Limited Partnership

Equine Forces Limited Partnership was established on March 19, 2015 as an exempted limited partnership under the laws of the Cayman Islands and is advised and managed by Equine Forces Limited (Cayman Islands) as a general partner.

COMPLIANCE WITH INTERIM GUIDANCE AND GUIDANCE LETTERS

The Joint Sponsors confirm that the investment by the Pre-IPO Investors is in compliance with the Guidance Letter HKEx-GL29-12 issued on January 2012 and updated in March 2017, the Guidance Letter HKEx-GL43-12 issued by the Stock Exchange in October 2012 and updated in March 2017 and the Guidance Letter HKEx-GL44-12 issued by the Stock Exchange in October 2012 and updated in March 2017.

To the extent that there have been minor changes to the shareholding structure not disclosed in this prospectus, the Company does not believe any of them to be significant for the purposes of disclosure in accordance with applicable Hong Kong Stock Exchange guidance.

OUR MAJOR SUBSIDIARY AND OTHER OPERATING ENTITY

On July 7, 2016, we established ZhongAn Information and Technology Services Company Limited (眾安信息技術服務有限公司). It was established to explore technology innovation focusing in particular on artificial intelligence, block chain, cloud computing and data driven marketing. On March 20, 2017, we established its Shanghai branch: ZhongAn Information and Technology Services Co., Ltd. (Shanghai Branch) (眾安信息技術服務有限公司上海分公司).

Name of subsidiary	Registered Share Capital	Percentage of ownership	Date of incorporation
ZhongAn Information and Technology Services Co., Ltd. (眾安信息技術服務有限公司)	RMB500,000,000	100%	July 7, 2016

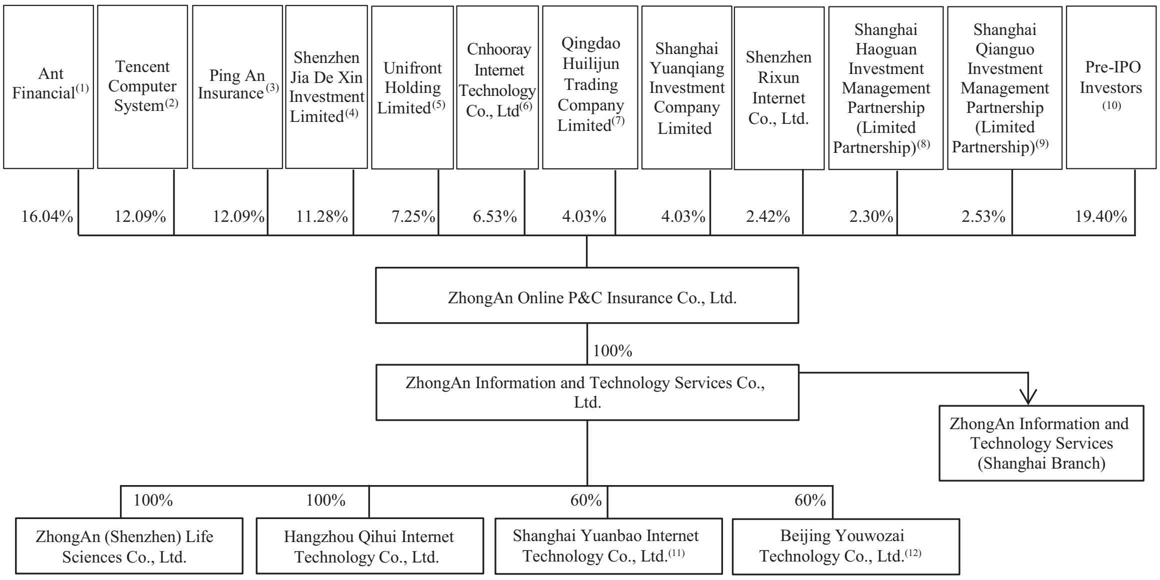
PLAN IN ESTABLISHING A SMALL LOAN COMPANY

Our Board has passed a resolution to establish a small loan company as a joint venture with Sinolink Worldwide.

Chongqing Finance Office (重慶市金融工作辦公室) and Chongqing Dazu Finance Office (重慶市大足區金融工作辦公室) approved our proposal to establish a small loan company at Dazu District, Chongqing (重慶市大足區) known as Chongqing ZhongAn Small Loan Company Limited (重慶眾安小額貸款有限公司) as a joint venture with Sinolink Worldwide with a registered capital of RMB300 million in which we are expected to hold a 70% interest and Sinolink Worldwide is expected to hold a 30% interest. We have not entered into any definitive agreement with Sinolink Worldwide as at the Latest Practicable Date. As Sinolink Worldwide is an associate of Mr. Yaping Ou, Chairman of the Board and our executive Director, we will, comply with the disclosure requirements under the Listing Rules when the joint venture is established.

OUR STRUCTURE IMMEDIATELY PRIOR TO THE GLOBAL OFFERING

The chart below illustrates the structure of our Group immediately prior to the completion of the Global Offering:



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(1) Ant Financial is owned by Hangzhou Junao Investments (Limited Partnership) (杭州君澳股權投資合夥企業(有限合夥)) as to 34.15%, Hangzhou Junhan Investments (Limited Partnership) (杭州君瀚股權投資合夥企業(有限合夥)) as to 42.28% and 21 other shareholders as to the remaining 23.57%. The voting rights of Hangzhou Junao Investments (Limited Partnership) (杭州君澳股權投資合夥企業(有限合夥)) and Hangzhou Junhan Investments (Limited Partnership) (杭州君瀚股權投資合夥企業(有限合夥)) are controlled by Hangzhou Yunbo Investment Consulting Co., Ltd. (杭州雲鉑投資諮詢有限公司) which in turn is wholly-owned by Jack Ma (馬雲).

(2) Tencent Computer System is a consolidated affiliated entity (through contractual arrangements) of Tencent Holdings Limited, a company listed on the Main Board of the Stock Exchange (SEHK: 0700), and is one of its principal PRC domestic operating entities. Tencent Computer System is a leading provider of internet value added services in China and is a clear holder of our Shares. As such, Tencent Holdings Limited will be deemed to be interested in the Shares held by Tencent Computer System upon Listing. Ma Huateng (馬化騰) holds 54.29% shares in Tencent Computer System.

(3) Ping An Insurance is listed on the Main Board of the Stock Exchange (SEHK: 02318) and the Shanghai Stock Exchange (SSE: 601318).

(4) Shenzhen Jia De Xin Investment Limited (深圳市加德信投資有限公司) is a subsidiary of Shenzhen Huaxinlian Investment Co., Ltd. (深圳市華信聯投資有限公司) which is controlled by Ou Yafei (歐亞非). Ou Yafei is the elder brother of Yaping Ou, the Chairman of our Board.

(5) Unifront Holding Limited (優孚控股有限公司) is owned by Shanghai Songlu Investment Management Co., Ltd. (上海松鹿投資管理有限公司) as to 25%, Shanghai Jianglu Investment Management Co., Ltd. (上海江鹿投資管理有限公司) as to 16.88%, Shanghai Xinlu Investment Management Co., Ltd. (上海鑫鹿投資管理有限公司) as to 13.12%. The entire interest of Shanghai Songlu Investment Management Co., Ltd. (上海松鹿投資管理有限公司), Shanghai Jianglu Investment Management Co., Ltd. (上海江鹿投資管理有限公司) and Shanghai Xinlu Investment Management Co., Ltd. (上海鑫鹿投資管理有限公司) are held by Shanghai Youlu Investment Management Co., Ltd. (上海游鹿投資管理有限公司), which in turn is controlled by Zhang Zhen (張真).

(6) Cnhooray Internet Technology Co. Ltd. (深圳日訊網絡科技股份有限公司) is a subsidiary of Timeway Holdings Limited (中宇集團有限公司). The entire interest of Timeway Holdings Limited (中宇集團有限公司) is held by Sinolink Worldwide Holdings Limited (香港百仕達控股有限公司) which is listed on the Hong Kong Stock Exchange (SEHK: 1168), of which Mr. Yaping Ou is interested in more than one third of the voting shares. As such, Timeway Holdings Limited (中宇集團有限公司), Sinolink Worldwide Holdings Limited (香港百仕達控股有限公司) and Mr. Yaping Ou will be deemed to be interested in the Shares held by Cnhooray Internet Technology Co. Ltd. (深圳日訊網絡科技股份有限公司) upon listing.

(7) Qingdao Huilijun Trading Company Limited (青島惠麗君貿易有限公司) acquired shares from Beijing Ctrip International Travel Agency Limited（北京攜程國際旅行社有限公司）in a private transfer completed on April 28, 2017. The transaction between the parties was a private, confidential transaction. Ctrip, though a U.S. listed company, was not required to publicly disclose the amount of the proceeds it gained from the sale of its stake in the Company at the time of completion, and therefore considers such information to remain confidential. As such, Ctrip has declined to provide this information for disclosure in this document.

(8) Shanghai Haoguan Investment Management Partnership (Limited Partnership) (上海灝觀投資管理合夥企業(有限合夥)) acquired 28,570,000 shares from Unifront Holding Limited (優孚控股有限公司) which was completed on July 28, 2016. Please also refer to Note 9 below.

(9) Shanghai Qianguo Investment Management Partnership (Limited Partnership) (上海謙果投資管理合夥企業(有限合夥)) acquired 31,430,000 shares from Unifront Holding Limited (優孚控股有限公司) through a private transfer which was completed on July 28, 2016.

The purpose for the above transfer of a combined 60,000,000 Shares or 4.836% of the Company's Shares from Unifront Holding Limited (優孚控股有限公司) to Shanghai Haoguan Investment Management Partnership (Limited Partnership) (上海灝觀投資管理合夥企業(有限合夥)) and Shanghai Qianguo Investment Management Partnership (Limited Partnership) (上海謙果投資管理合夥企業(有限合夥)), completed on July 28, 2016, was for the motivation of our senior management, core employees and other skilled personnel and to provide incentives for their contributions to our Company. As of the Latest Practicable Date, the interests of Shanghai Haoguan Investment Management Partnership (Limited Partnership) (上海灝觀投資管理合夥企業(有限合夥)) and Shanghai Qianguo Investment Management Partnership (Limited Partnership) (上海謙果投資管理合夥企業(有限合夥)) were held by a general partner and 98 individuals, consisting of one Director and seven members of senior management (Jin Chen, Xing Jiang, Wei Xu, Ti Wu, Hui Teng, Yongbo Zhang, Huichuan Zhou and Min Wang), and the remaining were employees of the Group. The aggregate consideration of the transfer of the 60,000,000 Shares was RMB90,000,000, or RMB1.5 per Share, paid with contributions from the said 98 employees of the Company to Shanghai Haoguan Investment Management Partnership (Limited Partnership) and Shanghai Qianguo Investment Management Partnership (Limited Partnership).

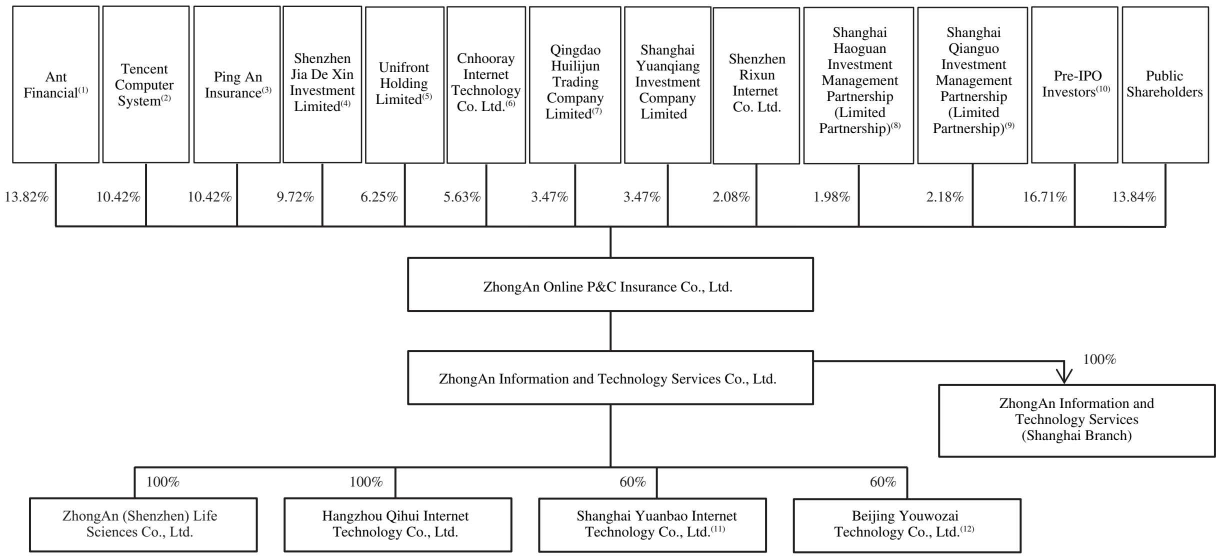
(10) The remaining interest is owned by the Pre-IPO Investors. Please see "— Pre-IPO Investments" in this section for details.

(11) Shanghai Yuanbao Internet Technology Co., Ltd (上海員寶網絡技術有限公司) is owned by ZhongAn Information and Technology Services Co., Ltd. (眾安信息技術服務有限公司), a wholly-owned subsidiary of our Company, as to 60%, and Wu Qianchang (吳前常) as to 40%. Wu Qianchang is an Independent Third Party.

(12) Beijing Youwozai Technology Co., Ltd. (北京有我在科技有限公司) is owned by ZhongAn Information and Technology Services Co., Ltd. (眾安信息技術服務有限公司), a wholly-owned subsidiary of our Company, as to 60%, Xu Wei (許煒) as to 20% and Wang Dong (王東) as to 20%. Other than Xu Wei being the chief operating officer of our Company and the shareholder of Beijing Youwozai Technology Co., Ltd., he is an Independent Third Party. Wang Dong is an Independent Third Party.

OUR STRUCTURE IMMEDIATELY FOLLOWING THE GLOBAL OFFERING

The chart below illustrates the structure of our Group immediately following the completion of the Global Offering (assuming that the Over-allotment Option is not exercised):



Notes (1) to (12): Please refer to the details contained in Notes (1) to (12) in the preceding two pages.

OVERVIEW

We are an online-only Insuretech company in China. Leveraging our technologies, we develop ecosystem-oriented insurance products and solutions through scenario-based settings to better serve our customers. From our inception in October 2013 to December 31, 2016, we sold over 7.2 billion insurance policies and served approximately 492 million policyholders and the insured, ranking us the largest insurer in China by these measures during this period according to the Oliver Wyman Report. In addition, we are the largest online insurance company in China with GWP of RMB3,408.0 million in 2016.

Our mission is to redefine insurance by connecting ecosystems and applying cutting-edge technologies. We primarily offer products and solutions in the context of five major ecosystems:

- Lifestyle consumption ecosystem: We identify customers' protection needs in both e-commerce and electronic product related consumption scenarios. We provide insurance products to cover risks associated with product quality, logistics and security of transactions in collaboration with e-commerce platforms in China, such as Taobao Marketplace and Weidian. We also partner with leading consumer electronics manufacturers, such as Xiaomi, to provide insurance for accidental damage and repair services for consumer electronic products such as cell phones and other smart devices.

- Consumer finance ecosystem: We offer insurance products and solutions, which protect funding providers against default and facilitate consumer borrowing and consumption on internet finance platforms, including Zhaocaibao and Xiaoying. We also serve the consumer financing needs arising from other platforms, including China Telecom and Mogujie.

- Health ecosystem: We offer insurance products and solutions covering risks of customers incurring healthcare expenses. We also provide value-added services to increase health awareness for our customers. We offer individual health insurance products and group health insurance plans. We partner with hospitals, medical device manufacturers such as Omron, and online healthcare platforms such as We Doctor, online healthcare forums, pharmaceutical companies and distributors.

- Auto ecosystem: We offer insurance products to protect our customers against vehicle damage, personal injury and death, and vehicle theft and robbery. Since 2015, we jointly launched *Baobiao Auto Insurance* with Ping An Insurance, our shareholder and an insurance company in China. As of the Latest Practicable Date, we have obtained licenses to underwrite auto insurance in 18 regions in China, which cover the majority of the auto insurance market in China, as compared to six regions as of December 31, 2016.

- Travel ecosystem: We offer insurance products and solutions to our customers, covering various risks arising from travel, such as travel accident, travel delay and travel cancellation. Since 2015, we have partnered with Ctrip to offer our *Flight Delay Policy*. We have since expanded to partner with major online travel agencies, airlines and offline travel agencies.

We believe our proprietary infrastructure and technologies are critical to our success. We operate our core insurance system on our proprietary cloud-based platform called Wujieshan. We have also developed artificial intelligence capabilities to optimize product features quickly to enhance customer experience and strengthen risk management. We have accumulated extensive user data originating from our large and expanding customer base and third-party data providers. The application of our big data analytics throughout the insurance value chain enhances our results of operations. In July 2016, we established a wholly-owned subsidiary, ZhongAn Technology, which focuses on research and development of financial technology solutions. We plan to export and monetize our technology solutions in the future.

We have adopted a set of effective policies and procedures that is consistent with industry best practice to evaluate and manage risks. We have an experienced team comprised of risk, legal and compliance professionals to oversee our risk management efforts. In addition, our data-driven risk management system enables dynamic pricing and risk tracking, which enables us to optimize our products based on our risk control capabilities.

We experienced significant growth during the Track Record Period. Our GWP increased significantly from RMB794.1 million in 2014 to RMB2,283.0 million in 2015, and further to RMB3,408.0 million in 2016 and also increased from RMB604.4 million in the first quarter of 2016 to RMB1,030.4 million in the first quarter of 2017. Our net premiums earned increased significantly from RMB712.2 million in 2014 to RMB1,921.5 million 2015, and further to RMB3,225.4 million in 2016 and also increased from RMB569.2 million in the first quarter of 2016 to RMB886.8 million in the first quarter of 2017.

OUR STRENGTHS

The largest online-only insurance company in China's fast-growing Insuretech market

We are an online-only Insuretech company in China. Leveraging our technologies, we design and offer insurance products and solutions through scenario-based settings to better serve hundreds of millions of customers. From our inception in October 2013 to December 31, 2016, we sold over 7.2 billion insurance policies and served approximately 492 million policyholders and the insured, ranking us the largest insurer in China by these measures during this period according to the Oliver Wyman Report. In addition, we are the largest online insurance company in China with GWP of RMB3,408.0 million in 2016. As of March 31, 2017, we had sold over 8.2 billion insurance policies and served approximately 543 million policyholders and the insured since our inception.

China's insurance industry is rapidly growing, in particular, China's Insuretech industry is one of the fastest-growing sectors with massive potential. According to the Oliver Wyman Report, the GWP of China's insurance market is expected to grow from approximately RMB3.1 trillion in 2016 to approximately RMB4.9 trillion in 2021, representing a CAGR of 9.6%, while China's Insuretech market is expected to grow from RMB363 billion in 2016 to RMB1,413 billion in 2021, representing a CAGR of 31.2%. We have achieved significant growth since our inception in 2013. Our GWP increased significantly from RMB794.1 million in 2014 to RMB2,283.0 million in 2015, and further to RMB3,408.0 million in 2016 and also increased from RMB604.4 million in the first quarter of 2016 to RMB1,030.4 million in the first quarter of 2017. In particular, we had the largest market share of 44% in terms of GWP of online non-auto property and casualty insurance in China in 2015, according to the Oliver Wyman Report.

We are a pioneer in China's Insuretech market. Founded in October 2013, we are the first online insurance company in China. We were the first to address and have a leading market position in the ecosystem-oriented Insuretech market, which extends beyond traditional insurance market. We partner with leading companies in different ecosystems in China to develop and offer innovative insurance products and solutions to customers through scenario-based settings. We have established partnership with a number of leading e-commerce platforms in China and all of the top four online travel agencies. We believe that our technology, accumulated knowledge and experience in Insuretech market enable us to strengthen our leading position, react to the fast-evolving market trends and differentiate us from our competitors.

We believe our "ZhongAn" brand is one of the best known and the most trustworthy brands in the industry. We are ranked among the top five fintech companies globally and the only Insuretech company in China in the "Fintech 100 2016" report by KPMG & H2 Ventures, which shortlisted companies that are using technologies to innovate and disrupt the traditional financial industry. We believe our brand recognition enhances our relationship with our ecosystem partners as their preferred insurance provider. Our brand awareness also increases customer loyalty. In 2016, approximately 78% of our customers were served by our products at least twice, and on average, each of our customers was protected by 10.3 policies during the year. Our average GWP per customer increased from RMB4.0 in 2014 to RMB7.3 in 2015 and further to RMB9.9 in 2016 and increased from RMB3.8 in the first quarter of 2016 to RMB4.3 in the first quarter of 2017. Since our inception till March 31, 2017, there were approximately 18.0 million customers served by our products from at least two ecosystems. We believe our valuable brand image proves our first-mover advantage in China's Insuretech market and makes us stand out in the fast-growing and fragmented Insuretech market in China. We believe we are well-positioned to capitalize on the enormous growth of the Insuretech industry in China and continue to lead its development.

Innovative and scalable business model

The center of our innovative and scalable business model is the value we create for our customers and ecosystem partners. For our customers, we strive to deliver the best insurance products and solutions by addressing their protection needs and discovering the new needs arising from the internet economy. For our ecosystem partners, we integrate our products into their platforms to enhance the customer experience by providing insurance protection, which in turn encourages user engagement on our ecosystem partners' platforms.

Value propositions to our customers

We design and offer insurance products and solutions to address the needs associated with customers' everyday lives. Our products are embedded in our partners' online platforms in different ecosystems, including lifestyle consumption, consumer finance, health, auto and travel ecosystems. We offer policies in various levels of premiums with dynamic and customized pricing, which allows us to accumulate a large customer base and address the needs that many traditional insurers may not be able to meet. We believe we offer our customers the following value propositions:

- Personalized product offerings: Powered by our proprietary technologies and big data analytics, we observe and react to the market trends in different ecosystems and design innovative and personalized insurance products of different terms and protection scopes. With our customer-centric approach, we believe that we are able to address the customers' protection needs. As of March 31, 2017, we had 262 product terms approved by the CIRC, based on which we developed thousands of insurance products and solutions in connection with various scenarios.

- Customized and dynamic pricing: Our cloud-based computing and data analytical capabilities enable us to profile our customers and achieve automated and customized pricing for many of our insurance products. For example, our *Shipping Return Policy* is integrated into our various e-commerce ecosystem partners' platforms. Our customers are provided with instant premium decisions while they are shopping online without taking any additional actions or wait for lengthy approval process, which ensures a convenient purchase experience.

- Automated services: We implement automated claims process and fraud detection technologies which make real-time claim settlement feasible. For example, our *Flight Delay Policy* is integrated into the platforms of the leading online travel agencies and major Chinese airlines. Customers who purchased this product will be reimbursed automatically into their WeChat Pay accounts if flights are delayed beyond certain amount of time as specified in the policy. Our automated customer service system is able to address customers' inquiries and improve customer satisfaction. We also utilize our artificial intelligence technology to automatically examine whether the conditions of the phone screens meet the underwriting requirements of the *Phone Screen Crack Policy*.

Value propositions to our ecosystem partners

We create a virtuous cycle for our ecosystems. We embed our products into the platforms of our ecosystem partners to address the customers' needs for protection during the purchase process. We also improve the customer experience by lowering the frequency of disputes caused by unsatisfactory products and services. We believe that these policies help drive the overall increase in purchases and consumption in the ecosystems as they improve customer experience and contribute to our partners' growth. As such, we have established partnerships with leading Chinese internet companies, such as Alibaba, Mogujie, Ctrip, Didi Chuxing, Xiaomi, Ant Financial, Bestpay, amongst others. As of December 31, 2014, 2015 and 2016 and March 31, 2017, we had 20, 71, 177 and 199 ecosystem partners, respectively.

Furthermore, we are able to export our core competencies, such as technology capabilities and consumer finance capabilities to our ecosystem partners. For example, we are able to connect funding providers with platforms whose customers have consumer finance needs, provide our risk management and evaluate customer credit profile. Also, we connect our open APIs with smaller and more specialized ecosystem partners which do not have the business scale to establish proprietary technology platforms.

A sustainable business model that thrives in the ecosystems and drives growths

We believe that our strong value propositions to the customers and our ecosystem partners strengthen our leading position and create barriers of entry. We believe that our innovative business model and strong technology capabilities lead to the evolution of the insurance value chain, including product development, marketing and distribution, pricing and underwriting and claim settlement. Through our scalable business model, we have reached a diversified customer base with relatively lower sales and marketing expense. As of March 31, 2017, more than 60% of our customers who have disclosed their age were aged 20 to 35 who are receptive to our innovative products and solutions and accustomed to ecosystem partners. We have attracted a large customer base with user-friendly interface, which lays a solid foundation for cross-selling opportunities for us. With our scalable business model and large customer base, we believe that we are well-positioned to expand beyond insurance market to provide a comprehensive suite of financial services and drive further growth.

Proprietary technologies and powerful cloud-based infrastructure

We have made significant investments in developing proprietary technologies that are catered to our unique business needs. Our proprietary technology platform, "Wujieshan", is based on a robust cloud-based system, with advantages in stability, speed and scalability. Powered by our cloud-based infrastructure, we are able to handle a large amount of transactions simultaneously. Because of our scalable technology platform, we are able to accommodate the enormous surge in transactions on major promotion events such as Double 11 Shopping Festival. During the Double 11 Shopping Festival in 2016, we sold over 200 million policies within one week, with peak processing volume reaching approximately 13,000 policies per second. With the automated feature of our platform, our system allocates resources based on the actual utilization, which we believe significantly reduces operational expenses. Given the nature of our business which involves sophisticated financial transactions, dynamic pricing and risk management, we are one of the few insurance companies in China that has the capability to fully operate on the cloud-based platform with high security standard while achieving an average response time within five seconds to cyber-attacks.

In addition to our Wujieshan platform, we also developed artificial intelligence capabilities such as machine learning, deep learning, and natural language processing (NLP) to optimize product features quickly to increase customer acceptance. We also integrated our remote identification recognition, image recognition, machine learning and deep learning capabilities extensively to support our risk management. For example, we are able to achieve automation in real-time risk control which greatly improves the efficiency of our product development and upgrade. Our advanced image recognition technology provides us with an unique competitive advantage in optimizing our underwriting and claim settlement process for our innovative products such as our *Phone Screen Crack Policy*. Our smart automated chatbot is replacing customer service representatives, which reduces our human resource expense and improves customer satisfaction by providing 24-7 real-time assistance and service. Our machine learning capabilities allow us to continuously improve the degree of confidence in predicting customer behavior.

Our chief technology officer, Mr. Xing Jiang, has over 15 years of experience in IT engineering and was the chief technology officer of Taobao Marketplace. As of March 31, 2017, we had a strong research and development department with approximately 860 engineers. Our research and development investments reached RMB214.4 million in 2016 and RMB91.7 million in the first quarter of 2017, representing 6.3% and 8.9%, respectively, of our GWP in the same periods. We integrate our technology team with different business departments. They work closely to provide solutions in every aspect of our business, including pricing and underwriting, cooperation with our partners, and technical support. All of these have contributed to speedy product launch and better customer experience. Our typical product development cycle, which adopts stringent product review and risk management control, is five to ten days. We believe our efficiency and our speed-to-market implementation have given us a significant competitive edge in the rapidly evolving Insuretech industry.

Extensive user data and strong data analytics capabilities

Our extensive user data originates from our large and expanding customer base and third-party data providers. We have successfully connected our systems to a number of major data service providers, such as PBOC credit reference center, the identification database of the Public Security Bureau, Sesame Credit, Qian Hai Zheng Xin, Lawxp.com (匯法網), Tongdun (同盾) and Bairong Financial (百融金服). Capitalizing on our rich data sources, we are able to identify and portrait our customers as well as to analyze their online behaviors and consumption patterns in different ecosystems.

With approximately 860 experienced engineers and technical staff, among which more than 100 engineers have expertise in finance and insurance industries, we have designed a system which can efficiently and accurately collect and analyze a large amount of user data to create customer profiles. We adopt customer intelligence analytics tools to obtain detailed understandings of customer behaviors. We enhance our models based on iterative learning in operating our businesses, and gradually improve accuracy and comprehensiveness of customer profiles. Such models include claims analysis, profitability analysis, segment analysis, behavioral model, correlation model, fraud detection model and event forecast model. Furthermore, our cloud-based infrastructure allows us to analyze a large amount of data simultaneously and update user database and user profiles quickly. We believe our user profiling capability is difficult to replicate and represents a significant competitive advantage.

The application of our big data analytics throughout the insurance value chain enhances our business performance and results of operations. Through our deep understanding of the customer behaviors, we tailor the scenario settings and pricing to provide attractive value proposition to our customers and drive our growth. For example, we have been able to attract and retain high-quality customers for our consumer finance products with our advanced customer profiling capabilities. We are also able to improve the efficiency of our sales and marketing with our deep understanding of customer preferences based on data analytics. For example, we adjust the frequency and timing of the push notifications from our mobile application, WeChat public accounts and QQ public account according to the customers' daily routine and create an ideal scenario setting to market products. Our sophisticated data analytics capabilities have enabled us to continuously enhance user experience, improve our ability to attract and retain customers and improve our operating efficiency.

Sound corporate governance and robust risk management

We establish our corporate governance structure and risk management system based on the relevant rules and regulations issued by CIRC with reference to certain industry best practice. Our board of directors has established a risk management committee to oversee the overall corporate governance and risk management policies and procedures. Our management team comprising of risk, legal and compliance professionals contributes to our risk management efforts. We also include personnel with relevant expertise within each business department to ensure timely response and efficient communication. We have adopted a set of policies and procedures to evaluate and manage risks typically associated with the insurance and consumer finance industry, including insurance risk, market risk, credit risk, operational risk, strategic risk, reputational risk and liquidity risk.

To protect against insurance risks, we combine actuarial science with big data technology to enhance product pricing and quantify risk correlations. Our technology-enabled platform allows us to reduce fraud risk. For example, we are able to automatically track boarding status for the insured under *Flight Delay Policy*. In consumer finance ecosystem, we have established strict criteria in evaluating customer credits and verifying the identity and profile of individual borrowers to estimate the likelihood of fraud and default.

Our data-driven risk management system provides real-time risk tracking and dynamic pricing capabilities. We closely monitor the performance of our products and optimize them to achieve target profitability. We track performance indicators for various risk factors on a real-time basis and make timely adjustments to risk allocations and actively manage risks in the changing environment. We also actively monitor new product launches and support ongoing optimization of new products.

Visionary management team and entrepreneurial corporate culture with support from shareholders

Our management team with extensive experience and knowledge in both technology and financial services industries have been instrumental in driving the success of our business. Led by our Chairman, Yaping Ou, a successful entrepreneur, the founder of two public companies and the controlling shareholder of a company listed on Main Board of the Stock Exchange, our senior executive officers each has over a decade of experience in finance, business development, internet product development, insurance management and technology fields.

Our founders and senior management have nurtured a unique corporate culture of entrepreneurship, innovation and team work with a goal to revolutionize China's insurance market. We believe our lean start-up style organizational structure encourages product managers to take more responsibilities and enhance the operational efficiency. We adopt an integrated operating model with business departments led by experienced product managers with a team of members each specializing in technology, business development, risk management, and sales and marketing. We aim to emphasize both technology innovation and financial expertise. As of March 31, 2017, we had approximately 1,100 employees with technology background, and approximately 300 employees with finance background, totaling approximately 79% of all our employees, which demonstrated our strong focus on bridging technology and finance. Moreover, a majority of our mid-level management team has working experience in China's leading technology companies, such as Alibaba and Tencent, or financial service companies, such as Ping An Insurance, and brings us sophisticated operational experience they obtained from their experiences. We set individualized goals of objective and key results (OKR) for each business department to encourage innovation.

Our management team's collective experience, strong execution capabilities and entrepreneurial corporate culture pave the way for the successful operation of our businesses. This success is demonstrated by our track record of maintaining our industry leading position and achieving a rapid growth since our inception in 2013. Our founders and substantial shareholders, including Ant Financial, Tencent and Ping An Insurance, provide us with strong business support, including access to China's leading online ecosystems.

OUR STRATEGIES

Our mission is to redefine insurance through connecting ecosystems and applying cutting-edge technologies. Specifically, we plan to implement the following strategies:

Further grow our customer base and GWP

We seek to expand our customer base and grow our GWP by implementing various branding initiatives and targeted marketing as well as expanding the depth of our customer-centric services through our proprietary platforms.

We plan to continue to cooperate with our ecosystem partners to further increase our customer reach. We seek to strategically deploy marketing initiatives to reach potential customers and to facilitate the conversion of paying customers through our innovative product offerings and accurate customer profiling.

We believe that building our brand and strengthening our reputation for providing innovative products and solutions are critical to our success. We intend to continue to improve our brand recognition and customer loyalty by better understanding customers' needs and refining our data analytics capabilities.

We also intend to further enhance the efficiency of our customer service and the functionality of our platform to improve our customer experience and enhance customer loyalty. We seek to increase both average premium per policy and annual premiums per customer to ultimately maximize customers' lifetime value.

In the next few years, we plan to focus on further penetrating the consumer finance, health and auto ecosystems and aim to achieve significant GWP growth in these ecosystems, while maintaining moderate growth in the lifestyle consumption and travel ecosystems.

Enhance our profitability by expanding and optimizing the product mix

We seek to enhance our profitability by expanding and optimizing our product mix. We will continue to develop innovative new products and solutions and upgrade existing products and solutions. By leveraging our experience in the three core ecosystems, namely, lifestyle consumption, consumer finance and travel, we are well-positioned to develop scalable and replicable operations. We believe we can replicate our business operations in those mature core ecosystems into other ecosystems with great growth potential, such as health and auto ecosystems. Furthermore, we plan to continue to increase our focus on the ecosystems with higher profitability during the Track Record Period, namely, health and consumer finance ecosystems. Based on our operating experience, we believe that the major products we offer in health and consumer finance ecosystems have higher profitability due to its lower distribution costs and more favorable loss experience. We aim to increase profitability of our overall business by increasing the GWP contribution from these ecosystems.

Our goal is to expand our product portfolio through scenario-based setting to tap into customers' everyday lives beyond traditional insurance. We aim to connect with smaller ecosystem partners. In addition, we will further promote sales on our proprietary platforms by increasing advertising expenditures as well as offering products that can be used across different platforms. For example, we are expanding our *MaShangFei* products to cover a broad spectrum of customers' travel-related needs. Based on our operating experience, we believe sales through our proprietary platforms and sales through cooperation with smaller ecosystem partners generally incur less expenses as a percentage of GWP. We also plan to focus on cost control over handling charges and commissions as well as technical service fees. In the medium to long term, we aim to lower our combined ratio to under 100% and realize underwriting profit.

In addition, we are currently in the process of applying for a license to offer life insurance products. We believe as we accumulate more experience and data, we will be able to offer innovative solutions to various new areas of risks without incurring substantial additional cost.

We intend to enhance our speed-to-market product engineering to capitalize on market opportunities we identify. We plan to utilize our big data analytics capabilities to refine our pricing and adjust product features to enhance our profitability. We also plan to leverage our proprietary platforms to develop and offer integrated financial services.

Strengthen our technology leadership and big data analytics capabilities

We strive to solidify our leadership in technology. We intend to continue devoting substantial resources to our research and development efforts and to seek top engineering talents in the industry. We plan to continue to establish cooperation with leading universities and laboratories such as Fudan University.

In July 2016, we incorporated ZhongAn Technology, which focuses on research and development of internet technologies, as well as exporting and monetizing such technology solutions, including artificial intelligence and blockchain. We plan to continue to expand the use of blockchain in our business operations and connect with other enterprises across different industries in China. We believe it will benefit us by speeding up and simplifying new customer onboarding process, implementing automated underwriting and claims settlement, increasing effectiveness in fraud detection and pricing, reducing administrative expenses and safeguarding our customers' data privacy.

We plan to further develop and refine our big data analytics capabilities and to improve our user profiling which will be valuable in target marketing. Based on such approach we are targeting to create and maintain a pre-approved list of high quality customers for our consumer finance insurance products. We also intend to further invest in our cloud-based infrastructure to enhance system efficiency and stability. Combined with our efforts in enhancing big data analytics capabilities and leveraging our large customer base, we believe we can create more value for our customers and ecosystem partners in each step of the insurance value chain.

Further drive operating efficiency

We plan to enhance our core competencies in risk management, internal control and asset management to further drive our operating efficiency.

We intend to reinforce risk management culture among our management and staff by focusing on cultivating our core value as a responsible company that brings insurance closer to consumers' daily lives. We will continue to invest in new risk management technologies and focus on providing comprehensive trainings to our staff.

We will continue to develop our lean organizational structure and integrated operation model with entrepreneurial spirit, while implementing an efficient central management system to coordinate among business departments to improve operating efficiency. By developing and optimizing our back-office support mechanism and framework, we believe we will be able to further drive our overall growth.

We also plan to build a professional investment team with strong market knowledge to refine our investment strategies and to improve return, liquidity and risk profiles for our investment.

Foster sustainable ecosystems by connecting with more ecosystem partners

Building on the foundation of our insurance-centric open platform and large customer base, we plan to foster and grow sustainable and connective ecosystems across each aspect of the industry value chain, adding to the value propositions we bring to our customers and our ecosystem partners. We aspire to maximize the connections and sharing among ecosystems.

We will continue to work with our ecosystem partners to develop new products. We seek to expand our distribution capabilities through partnerships with a variety of channels and through our own platform. We also plan to deepen our cooperation with smaller ecosystem partners. In particular, we plan to provide standard products and services via APIs to smaller ecosystem partners. By providing them with related technological support, we expect to enjoy lower rates of handling charges and commissions, and technical service fees when we cooperate with smaller ecosystem partners. In addition, we intend to partner with more companies and expand beyond internet through online-to-offline initiatives, internet of things and internet of vehicles. Our goal is to continue to enhance our core competency, solidify our leadership position and create entry barriers for potential competitors.

We will also explore investment, acquisition and business collaboration opportunities with prudence and will consider opportunities that complement or enhance our existing operations and are strategically beneficial to our long-term goals.

OUR INNOVATIVE BUSINESS MODEL

Ecosystem-oriented insurance products and solutions

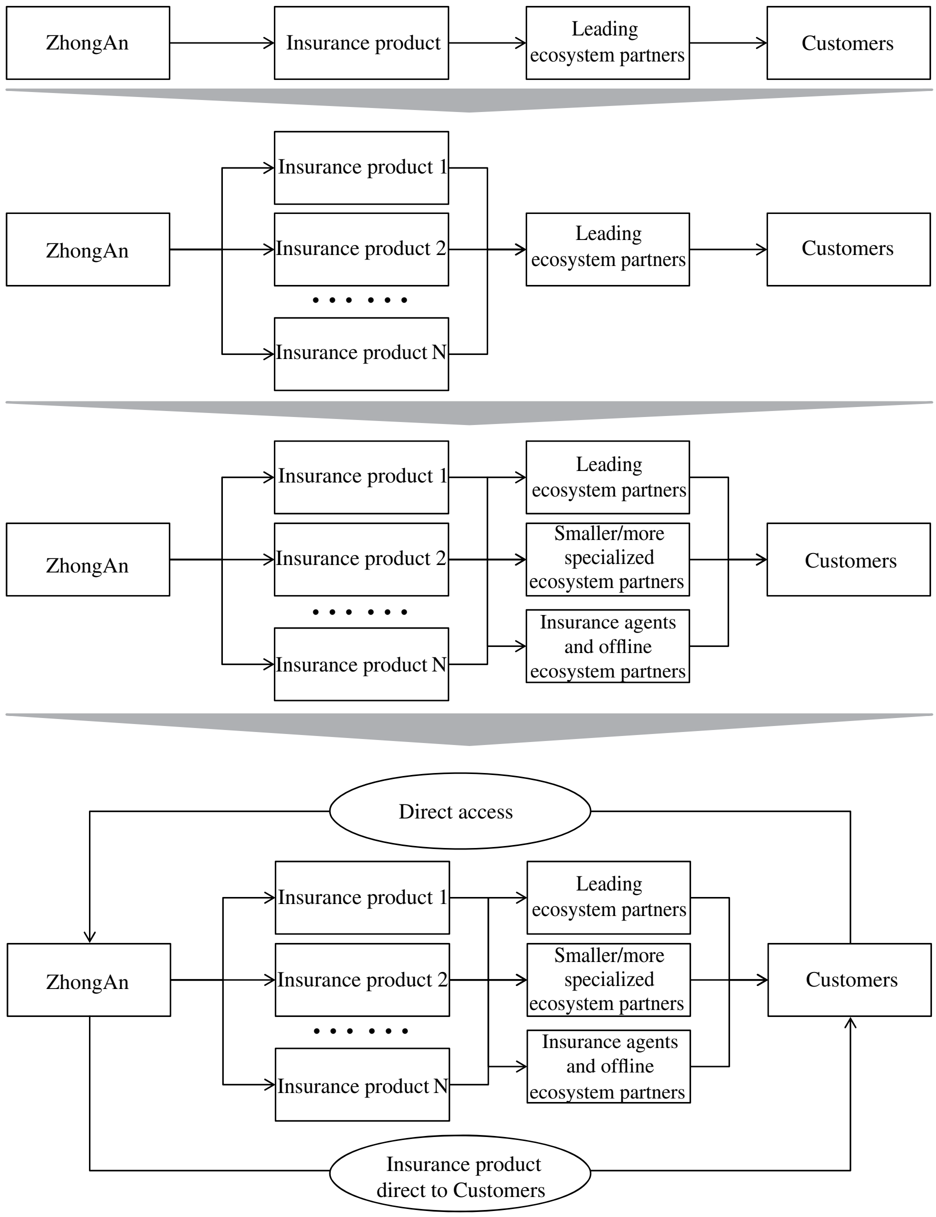
We design and offer ecosystem-oriented insurance products and solutions through scenario-based settings. We embed our products into our ecosystem partners' platforms. Therefore, our customers enjoy a simple insurance experience in the consumption scenario. We accumulate customer data originating from the cooperation with a number of our ecosystem partners when we offer our insurance products and solutions. Based on the in-depth and comprehensive understanding of our customers' behaviors, we develop innovative products and solutions, offer dynamic pricing, automated claim settlement and ensure effective risk management. Our advanced technologies and core competencies power our innovative business model and distinguish us from our competitors.

The evolution of our ecosystems

Within each ecosystem that we tap into, we first cooperate with the ecosystem partners operating the leading platforms in the ecosystem. We then gradually expand our product offerings tailored to the leading ecosystem partners. After we establish mature cooperation with the leading ecosystem partners, we build on our experience and extend our cooperation with other ecosystem partners, including those smaller, more specialized or offline players. In addition, we sell certain insurance products through insurance agents.

We also sell certain insurance products on our proprietary platforms and grow our customer base on our own platform. We have developed insurance products and solutions covering multiple platforms and distribute through our own channels, such as our mobile application, websites, WeChat public accounts and *QQ* public account. We seek cross-selling opportunities among customers and maximize customers' lifetime value.

The diagram below sets forth the evolution of our ecosystems:



OUR ECOSYSTEMS, PRODUCTS AND OTHER VALUE-ADDED SOLUTIONS

The following table sets forth the expense, loss and combined ratio for the periods indicated:

	For the year ended December 31,			For the three months ended March 31,	
	2014	2015	2016	2016	2017
	(percentage (%))				
				(unaudited)	
Loss Ratio	73.4	68.5	42.0	46.7	44.7
Expense Ratio	35.2	58.1	62.7	65.6	78.4
Combined Ratio	108.6	126.6	104.7	112.3	123.1

Overview of Our Ecosystems

Currently, our products and solutions are primarily offered in the context of five major ecosystems, namely lifestyle consumption, consumer finance, health, auto, and travel ecosystems.

The following table sets forth a breakdown of our GWP by each ecosystem for the periods indicated:

	For the year ended December 31,			For the three months ended March 31,	
Ecosystems	2014	2015	2016	2016	2017
	(in thousands of RMB)				
				(unaudited)	
Lifestyle consumption	732,299	1,596,203	1,620,363	285,210	346,458
Consumer finance	9,275	303,221	318,079	73,300	93,773
Health	11	19,225	235,927	16,316	190,059
Auto	—	511	3,724	118	1,495
Travel	44,271	322,099	1,081,643	204,203	331,825
Others	8,241	41,783	148,312	25,253	66,754
Total	794,097	2,283,042	3,408,048	604,401	1,030,363

The following table sets forth a breakdown of (i) GWP, (ii) net written premiums, defined as gross written premium less premium ceded to reinsurers, (iii) insurance claims paid less claims paid ceded to reinsurers, (iv) handling charges and commissions net of reinsurance expense recovered, and (v) technical service fees, which we paid to certain ecosystem partners under the cooperation agreements, in absolute amounts and as percentages of our net written premiums from or by each ecosystem for the periods indicated:

	For the Year Ended December 31,						For the three Months Ended March 31,			
Ecosystems	2014		2015		2016		2016		2017	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(in thousands of RMB, except percentages)						(unaudited)			
Lifestyle consumption										
GWP	732,299		1,596,203		1,620,363		285,210		346,458	
Net written premiums	727,811	100.0	1,591,907	100.0	1,620,363	100.0	285,210	100.0	346,458	100.0
Insurance claims paid less claims paid ceded to reinsurers	488,244	67.1	1,090,311	68.5	1,073,197	66.2	191,925	67.3	209,794	60.6
Handling charges and commissions net of reinsurance expense recovered	(1,117)	(0.2)	(864)	(0.1)	282	0.0	8	0.0	2,705	0.8
Technical service fee	66,964	9.2	278,284	17.5	280,706	17.3	55,855	19.6	89,603	25.9
Consumer finance										
GWP	9,275		303,221		318,079		73,300		93,773	
Net written premiums	9,275	100.0	303,221	100.0	318,079	100.0	73,300	100.0	93,773	100.0
Insurance claims paid less claims paid ceded to reinsurers	1,285	13.9	43,617	14.4	44,962	14.1	18,231	24.9	56,255	60.0
Handling charges and commissions net of reinsurance expense recovered	41	0.4	165	0.1	130	0.0	15	0.0	4	0.0
Technical service fee	—	—	99,559	32.8	65,861	20.7	12,613	17.2	19,656	21.0
Health										
GWP	11		19,225		235,927		16,316		190,059	
Net written premiums	11	100.0	16,964	100.0	203,456	100.0	13,840	100.0	156,930	100.0

Ecosystems	For the Year Ended December 31,						For the three Months Ended March 31,			
	2014		2015		2016		2016		2017	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(in thousands of RMB, except percentages)						(unaudited)			
Insurance claims paid less claims paid ceded to reinsurers	—	—	2,410	14.2	41,646	20.5	2,877	20.8	27,248	17.4
Handling charges and commissions net of reinsurance expense recovered	—	—	1,053	6.2	13,793	6.8	1,106	8.0	27,680	17.6
Technical service fee	—	—	—	—	26,777	13.2	2	0.0	3,680	2.3
Auto										
GWP.	—		511		3,724		118		1,495	
Net written premiums	—	—	511	100.0	3,724	100.0	118	100.0	1,495	100.0
Insurance claims paid less claims paid ceded to reinsurers	—	—	61	11.9	621	16.7	10	8.5	597	39.9
Handling charges and commissions net of reinsurance expense recovered	—	—	—	—	75	2.0	—	—	59	3.9
Technical service fee	—	—	—	—	4,609	123.8	22	18.6	1,710	114.4
Travel										
GWP.	44,271		322,099		1,081,643		204,203		331,825	
Net written premiums	43,948	100.0	319,203	100.0	1,076,793	100.0	203,287	100.0	330,075	100.0
Insurance claims paid less claims paid ceded to reinsurers	143	0.3	36,369	11.4	151,011	14.0	30,135	14.8	43,184	13.1
Handling charges and commissions net of reinsurance expense recovered	17,720	40.3	91,256	28.6	240,241	22.3	38,184	18.8	66,656	20.2
Technical service fee	25,200	57.3	190,008	59.5	633,466	58.8	120,036	59.0	197,782	59.9

Lifestyle Consumption Ecosystem

Overview

China's retail industry has experienced substantial growth as a result of rising disposable income and increased urbanization. Due to China's large population, the wide variety of consumer behaviors and increasing purchasing power across the country, online retail consumption has been growing significantly and the use of consumer electronic devices has become an integral part of people's daily lives in China. We integrate with e-commerce platforms to serve consumers' needs arising in online retail consumption. We also cooperate with offline electronics device providers and repair services providers to serve consumers' needs arising in electronics consumption.

In the lifestyle consumption ecosystem, we sell our products mainly through our ecosystem partners by embedding our products into their platforms. Our ecosystem partners include, among others, Taobao Marketplace, Juhuasuan, Jiyoujia, Alipay, Tmall, Mogujie, DJI (大疆無人機). We mainly sell our *Shipping Return Policy*, *Merchant Performance Bond Insurance* and *Phone Accident Policy* through our ecosystem partners. We also sell *Logistics Liability Insurance* through insurance agents, as well as *Drone Accident Policy* through our proprietary platforms.

As of March 31, 2017, our e-commerce business department had 27 employees, among which six were product managers; our consumer electronics business department had 22 employees, among which eight were product managers. In 2014, 2015, 2016 and the first quarter of 2017, we sold approximately 1,070.7 million, 2,533.1 million, 3,468.7 million and 981.2 million policies, respectively, in the lifestyle consumption ecosystem, and recorded GWP of RMB732.3 million, RMB1,596.2 million, RMB1,620.4 million and RMB346.5 million, respectively. In 2014, 2015, 2016 and the first quarter of 2017, our lifestyle consumption related insurance products served approximately 197.0 million, 297.9 million, 308.8 million and 201.3 million customers, respectively.

E-commerce

According to the Oliver Wyman Report, China's online retail market measured by gross merchandise value was RMB5.3 trillion in 2016 and is expected to reach RMB12.6 trillion by 2021, representing a CAGR of 18.9%. Along with the increase in online shopping, the need for protection against various risks related to such consumption has significantly increased. For example, although the sellers on e-commerce platforms typically provide product return or exchange services in compliance with the relevant consumer protection laws, as well as the policies of the e-commerce platforms, the shipping expenses create a burden for the buyers, or render the product return process not economical. Our *Shipping Return Policy* covers the shipping expenses by charging a small premium, which in turn encourages customers' purchases and creates value for e-commerce platforms.

In November 2013, we partnered with Alibaba to launch our *Shipping Return Policy* on its Taobao Marketplace and Tmall. Our *Shipping Return Policy* is embedded into the e-commerce platforms of our ecosystem partners. During the check-out process on these platforms, they are automatically presented with the option to purchase various add-on services, including shipping return insurance. Our ecosystem partners will then allocate shipping return policies from various providers to these consumers.

Through cooperation with Alibaba, we expanded beyond shipping return insurance, and introduced online payment security insurance, account security insurance and other insurance products on the platforms of Alibaba or its subsidiaries to better serve customers. We have also expanded our products beyond Alibaba platforms to serve a wider range of e-commerce platforms, such as Weidian (微店), Chuchujie (楚楚街) and Xiaomi Pay (小米支付). With the data aggregated through our operations, and our advanced pricing and risk management model, we introduced our whole-network product *Generic Buyer Version of Shipping Return Policy* (任性退), which enables qualifying customers to return goods which were purchased from major e-commerce platforms by paying a monthly insurance premium. In the event that consumers opt to return or exchange the qualifying products they had purchased, SF Express or our other contracted couriers would pick up and ship back the products purchased at low or no costs. As of March 31, 2017, we had worked with SF Express for logistics service in 325 cities at municipal level and 1,737 cities at district or county level in China. In this way, we provide a more comprehensive and diversified insurance protection to our e-commerce related ecosystem partners.

We analyze data to understand behaviors of merchants and consumers on e-commerce ecosystem partners' platforms. We develop knowledge of customers' behaviors across platforms and create multi-dimensional customer profiles. We realize real-time personalized pricing and dynamic risk management based on the model jointly developed with our ecosystem partners. Our advanced cloud-based platform enables us to handle a large number of transactions simultaneously. During the Double 11 Shopping Festival in 2016, we underwrote over 200 million policies within one week and processed approximately 13,000 policies per second at the peak.

Consumer Electronics

The use of consumer electronics devices has become an integral part of people's daily lives in China. According to China Internet Network Information Center, the penetration rate of mobile devices over total internet users reached 95.1% in China as of December 2016. Given the popularity of smart devices and the restrictions of standard limited warranties provided by the manufacturers, we recognize customers' needs for alternative or extended coverage for their consumer electronics to serve their pain points, such as accidental phone screen cracks and other phone damages.

In July 2014, we partnered with Xiaomi, one of the leading smartphone manufacturers in China, to offer insurance against phone screen cracks and other phone damages to customers who purchase the newly launched Xiaomi smartphones. Customers will automatically be advised to purchase our policies when they purchase a new Xiaomi smartphone, and will be reimbursed when a phone screen is damaged or other insured accident occurs. We then extended our coverage to used phones. We apply image recognition technology to examine phone conditions remotely and to verify whether the underwriting requirements are met. These technologies enable us to detect and prevent fraud. We also gradually refine the accuracy of our identification capability through machine-learning. With these technologies, we further extended our insurance products to cover a wide variety of consumer electronics, including tablets and laptops from major manufacturers. In addition, we expanded our coverage from online to offline ecosystem partners, such as SanPower PC Mall to offer extended warranty, quality assurance and screen crack insurance for consumer electronics sold in their stores. We also extended the offering of electronics-related insurance to more customers through our proprietary platforms.

To provide customers with better repair services and to lower our claim expenses, we facilitate third-party repair services through our partner specializing in connecting users with repair and delivery service providers. We also developed a monitoring and evaluation system to closely monitor the progress and quality of third-party repair services. As of March 31, 2017, we connected with more than 30 third-party maintenance and repair service providers through our partner's platform. With this model, we were able to serve up to 10,000 devices per month in the first quarter of 2017, and enable manufacturers of consumer electronics and supporting networks to be connected through our partner's platform to create more value for our customers. As a result, we are able to provide speedy services at lower costs. We are also able to accumulate a large amount of data related to repairs to improve our pricing and risk management.

Our Key Products

Shipping Return Policy ("退貨運費險")

We launched our *Shipping Return Policy* on Alibaba's Taobao Marketplace and Tmall in November 2013. We offer two versions of *Shipping Return Policy* for merchants (seller version) and purchasers (buyer version), respectively. Buyer version policies are purchased by consumers. Seller version policies are purchased by merchants for the benefit of consumers who purchase their products.

The policy covers the shipping fees for returning products purchased on the e-commerce platform by reimbursing to the merchants or the purchasers for the shipping cost incurred. The premiums of the *Shipping Return Policy* range from RMB0.15 to RMB3.3 per policy for seller version and from RMB0.2 to RMB9.9 per policy for buyer version based on the results of our dynamic pricing model. We determine the premium based on various factors, such as transaction amount or volume and distance of delivery. For the merchants, we also consider the scope of their businesses and adjust risk level on an ongoing basis. It typically takes less than 72 hours to approve a claim and we directly settle the claims by transferring funds to the customer's Alipay account. Through this process, our policies alleviate customers' concerns about returning purchased items, which would ultimately increase the transaction volume on our ecosystem partners' platforms.

Shipping Return Policy was our top product in terms of GWP during the Track Record Period. We generated RMB613.1 million, RMB1,298.2 million and RMB1,193.6 million in 2014, 2015 and 2016, respectively, and RMB206.1 million and RMB257.8 million in the three months ended March 31, 2016 and 2017, respectively, from the sale of our Shipping Return Policy. As we continued to diversify our product mix and allocate sale and marketing resources to other products, the GWP generated from our Shipping Return Policy decreased slightly in 2016.

Generic Buyer Version of Shipping Return Policy (“任性退”)

In October 2016, we launched our *Generic Buyer Version of Shipping Return Policy,* a shipping return insurance that provides product-return services on major e-commerce platforms that we partner with.

During the policy period, our customer is entitled to receive up to three kilogram complimentary shipping return services for any purchase across major e-commerce platforms that we partner with. The monthly premium of our *Generic Buyer Version of Shipping Return Policy* is RMB9.9 and is automatically renewable. We also cooperate with logistics service providers for the door-to-door pick-up and delivery services within two hours of the claim.

Merchant Performance Bond Insurance (“商家保證金保險”)

Through cooperation with Taobao Marketplace and Tmall, we provide insurance solutions to reduce deposit requirements for merchants operating on Taobao Marketplace and Tmall. For example, merchants are generally required to pay a deposit to Alibaba to cover the costs of customer indemnification and other customer protection services provided by Alibaba's platforms. We launched our *Merchant Performance Bond Insurance* named *Zhong Le Bao* (“眾樂寶”) on Alibaba's Taobao Marketplace in November 2013 and launched the similar product named *Can Ju Xian* (“參聚險”) on Tmall in March 2014. If a merchant purchases our *Merchant Performance Bond Insurance*, it will not be required to pay any deposit to Alibaba. The insurance premium payable is a relatively small amount compared to the deposit. For example, the premium for *Zhong Le Bao* is 1.8% of the deposit otherwise payable for a term of six months, or 3.0% of the deposit otherwise payable for a term of one year. In the event that a merchant has to indemnify a purchaser in a transaction, *Merchant Performance Bond*

Insurance also offers advance indemnification to the purchaser up to a certain amount. This was the first insurance solution designed specifically for merchants that participate in the deposit program on Alibaba's platforms, which has improved merchants' liquidity by eliminating Alibaba's deposit requirements.

Phone Accident Policy (“手機意外險”) and Phone Screen Crack Policy (“手機碎屏險”)

In July 2014, we launched our *Phone Accident Policy* to offer insurance for phone screen and other damages. The policy covers repair services for newly purchased Xiaomi mobile phones if qualified accidents occur to an insured device. We further launched our *Phone Screen Crack Policy* in June 2016 to cover damages to screens of new and used phones by providing a one-time free repair within a year.

Our *Phone Screen Crack Policy* covers phones from major manufacturers with average premiums of RMB50.2 in the first quarter of 2017. In addition to Xiaomi, we also sell our *Phone Screen Crack Policy* through Leshang, other insurance agents, our own mobile applications and other channels. We are able to track the unique identification of the insured phone through our pre-installed mobile application. Our customers are required to use another phone to submit a picture of their phone screen when purchasing our *Phone Screen Crack Policy*. Our image recognition system examines whether the conditions of the phone screens meet the underwriting requirements. Once a claim is approved, we inform our service platform to arrange repair services for our customers, who have the options to request on-site repair, complimentary pick-up or drop-off at designated processing centers free of charge. We arrange and monitor the repair process through a service platform that connects repair service providers to ensure service quality. Due to our ability to manage the repair process effectively and efficiently, we are able to offer customers high quality repair service that covers many different models of devices. We also offer our *General Screen Crack Policy* (“碎屏險”) through our own mobile applications and other online and offline channels to cover other mobile devices such as tablets.

Other Products

In addition to the key products, we also develop and offer various innovative products in the lifestyle consumption ecosystem, such as *Furniture Protection Policy* (“極有家家裝保障險”), a comprehensive insurance product for merchants on Jiyoujia home interior fitting platform, a one-stop online home interior fitting store of Alibaba, which covers shipping return insurance, cargo insurance and product quality bond insurance, *Drone Accident Policy* (“無人機意外險”), a third party liability insurance covering the property loss or personal injury or death caused by drone crashes and *Account Safety Policy* (“帳戶安全險”), a policy that covers any loss incurred by the customers on an online payment platform, such as Alipay, due to a fraudulent payment and *Mobike E-commerce Platform Liability Insurance* (“摩拜電商平台責任險”), which covers personal injuries and medical expenses caused by accidents happened during the ride of bicycles of Mobike.

Consumer Finance Ecosystem

The fast growth of consumer consumption and the increasing consumer finance demand in China have created a strong market for credit guarantee services. According to the Oliver Wyman Report, China's consumer finance market is expected to increase from RMB5.7 trillion in 2016 to RMB13.7 trillion in 2021, representing a CAGR of 19.2%. However, the credit infrastructure in China is currently underdeveloped due to the lack of complete credit information. Leveraging our technology-empowered risk management system, we provide credit guarantee insurance and solutions with both ecosystem partners with consumer finance capabilities such as Zhaocaibao and Xiaoying and our ecosystem partners with no consumer finance capabilities such as Mougujie and China Telecom.

For ecosystem partners with consumer finance capabilities, we provide credit guarantee insurance policies to the borrowers or funding providers on these platforms to facilitate the transactions. In 2014, we first partnered with Zhaocaibao, a leading digital financial service platform, to offer credit guarantee services to lenders and borrowers on Zhaocaibao. Our credit guarantee insurance policies enhance consumer credits for borrowers or provide assurance for funding providers who are connected on Zhaocaibao. In addition, we also provided credit guarantee insurance on cash out loans offered by Zhaocaibao. Zhaocaibao customers can cash out on their investments before the maturity by applying for cash out loan using the proceeds to be received at the time of maturity of such investment as source of repayment. The investment products on Zhaocaibao were generally insured by other financial institutions and we have no longer provided credit guarantee insurance with cash out loan on Zhaocaibao since the middle of 2016.

In addition, we cooperate with Xiaoying's subsidiaries, including certain asset management companies and a factoring company, to connect consumer finance platforms with funding sources. Xiaoying's affiliated asset management companies and factoring company acquire asset packages and sell the asset packages to funding providers we partner with, including banks, assets management department of securities companies, trusts and factoring companies. To facilitate the transaction, we provide credit guarantee insurance on the consumer loans underlying these asset packages. In addition to Zhaocaibao and Xiaoying, we have expanded to collaborate with various ecosystem partners and have jointly launched credit guarantee services on their platforms such as Mime Financial.

For the ecosystem partners without consumer finance capabilities, we provide credit solutions, including risk control and assets evaluation services to address consumer finance needs. Our credit guarantee insurance policies can enable our ecosystem partners with no consumer finance capabilities to offer consumer finance services such as installment services and cash loan services. In 2015, we expanded our partnership to an online merchant, Mogujie, to offer insurance to facilitate borrowing by online shoppers and helped Mogujie to connect the borrowing requests generated by its shoppers to funding providers. In addition to Mogujie, we also provided credit solutions to address the consumption needs arising from China Telecom, Secco and Spring Airlines.

Powered by our big data analytics capabilities, we conduct multi-dimensional analysis of a borrower's profiling and evaluate credit risks based on such borrower's consumption behaviors, and further achieve real-time credit rating and immediate borrower installment services. We analyze multi-dimensional factors, including educational background, gender, age, address, credit information in PBOC's system, time spent on mobile devices and annual consumption amount to provide credit guarantee insurance to facilitate consumer borrowings. If the borrowers were to default, insurance claims would be paid to the funding providers to cover their losses.

We plan to establish a joint venture of a small loan company within the next year as we further develop in the consumer finance ecosystem. The small loan company is expected to use its own capital and other legally permitted sources of funds to finance the small loans it will extend, while we can provide credit guarantee insurance on such loans. It is expected to supplement the funding resources alongside the funding providers. We envision that the establishment of the small loan company will support our business development in the consumer finance ecosystem. The small loan company may further expose us to credit risk of borrowers in our consumer finance ecosystem. For further details, see the section headed "Risk Factors — Risk Relating to Our Business — We are subject to credit cycle and the risk of deterioration of credit profiles of borrowers and the risks associated with debt recovery and collection for our consumer finance ecosystem, the occurrence of which will adversely affect our results of operation and financial condition." in this prospectus.

As of the Latest Practicable Date, we were one of the insurance companies in China granted access to PBOC credit reference center, which provides us with access to customer's official credit record. In addition, we have developed a model to effectively identify potential fraud and high credit risk. We developed robust risk control mechanism for our products in the consumer finance ecosystem through the transaction cycle. We utilize our big data analytics and artificial intelligence to enhance our understanding of risk profiles of individual customers. We monitor the status of the transactions, the utilization of credit facilities and the potential fraudulent activities during the term of our credit guarantee products. We closely track bad debt. We have generally relied on, and may continue to rely on, our ecosystem partners and third-party collection agents for debt recovery and collection. See "Risk Factors — Risks Relating to Our Business — We depend on our cooperation with our ecosystem partners and other participants in the ecosystems. Our business may be affected if such partners do not continue to maintain their relationship with us or by the operational failure of third-party ecosystem partners" and "—We are subject to credit cycle risk and the risk of deterioration of credit profiles of our customers and the risks associated with debt recovery and collection for our consumer finance ecosystem, the occurrence of which will adversely affect our results of operations and financial condition."

We sell our consumer finance insurance products mainly through our ecosystem partners such as Zhaocaibao and Xiaoying. For example, borrowers with loan demands and funding providers with funding capabilities connected through Xiaoying's platform can purchase our credit guarantee insurance for consumer loans underlying the asset packages they are loaning out or investing in, in order to enhance the credit of consumer loans underlying such asset packages. Please refer to "— Our Key Products and Solutions — Our Solution for consumer finance partners — Baobei Open Platform (保貝計劃)."

For the year ended December 31, 2014, 2015 and 2016 and for the three months ended March 31, 2017, we operated in approximately 200 different consumption scenarios, served approximately 0.4 million, 8.8 million, 8.9 million and 1.6 million customers in consumer finance ecosystem, respectively. In 2014, 2015, 2016 and the first quarter of 2017, we sold 0.5 million, 46.5 million, 24.4 million and 4.5 million policies, respectively, in the consumer finance ecosystem, and recorded GWP of RMB9.3 million, RMB303.2 million, RMB318.1 million and RMB93.8 million, respectively. The total underlying assets with our credit guarantee insurance as of December 31, 2014, 2015 and 2016 and March 31, 2017 was RMB2.6 billion, RMB23.6 billion, RMB61.7 billion and RMB54.2 billion, respectively. We have relied on the cooperation with two major ecosystem partners, namely Zhaocaibao and Xiaoying and its subsidiaries for the success and growth of our consumer finance ecosystem. Approximately 67% and 20% of the underlying assets with our credit guarantee insurance as of March 31, 2017 was from the policyholders from or through Zhaocaibao and Xiaoying, respectively. Furthermore, GWP generated from or through Zhaocaibao accounted for approximately 13% of GWP generated from the sale of our credit guarantee insurance for the three months ended March 31, 2017, and GWP generated from or through Xiaoying accounted for approximately 22% of GWP generated from the sale of our credit guarantee insurance in the three months ended March 31, 2017.

Our Key Products and Solutions

Our Solution for consumer finance service providers — Baobei Open Platform (“保貝計劃”)

We launched our *Baobei Open Platform* in April 2016. Through *Baobei Open Platform*, we connect consumer finance platforms with our financial institution partners, including banks, assets management department of securities companies, trusts, finance leasing companies, microfinance providers and factoring companies by utilizing our advanced technology and risk management capabilities. Our credit guarantee insurance provides credit enhancement with respect to customers who satisfy our risk management and creditworthiness requirements and borrow funds from our financial institution partners. Through our *Baobei Open Platform*, we are able to connect the channels and assist our ecosystem partners with their consumption installment services and cash loans services through insurance products. We plan to expand the network of our business partners to work with more fund providers with a wide variety of assets. We also provide our core capabilities in credit management, asset management and risk management to the fund providers. Further, we embed the credit assessment models of service providers into the models on the *Baobei Open Platform*, together with our credit guarantee insurance, to increase the quality of assets and credits. As of March 31, 2017, we had reached agreements with approximately 50 consumer finance service providers across education, housing, cosmetic and automotive industries, such as Xiaoying, Zhaocaibao, Fenqile, Wecash, Mime Financial, Yifenqi and others, as well as approximately 20 funding providers.

Mashanghua (“馬上花”)

We launched our *Mashanghua* solutions in June 2017, through which we provide both online and offline consumer financing services to consumers with financing needs in various scenario-based settings. *Mashanghua* solutions primary target consumers such as frequent users of credit cards, female customers, young generation, frequent travelers and other customers that have strong needs in consumer financing services. To resolve their pain points and build a beneficial consumer finance ecosystem for a number of participants, we build a dynamic information and credit platform connecting with the online platforms of our ecosystem partners, service providers and financial institution partners, including banks, funds, brokers and other financial institutions in order to expand the coverage of consumer finance and related financial services. Our credit guarantee insurance of our Mashanghua solutions facilitates credit line to consumers to fund their purchases in both online and offline scenarios, covering their needs in various aspects of their daily lives. Both consumers and financial institution partners providing funding sources to the consumers can be customers of the credit guarantee insurance of our Mashanghua solutions.

We establish a central consumer finance system based on our multi-dimensional risk management models as well as an automatic technology platform with the massive data accumulated from our operations to evaluate the creditworthiness of consumers in different ecosystem scenarios. Through such central consumer finance system, we set a centralized account for each consumer in order to track his/her credit records and profiling and accordingly facilitate a long-term credit line that could be used in a wide variety of scenario-based settings, such as clothing, eating, living, and transportation. Our *Mashanghua* system has embedded consumer finance services to a wide-ranging aspect of consumers' daily consumption. We first connected our *Mashanghua* system to a variety of scenario-based systems, including Mogujie, an e-commerce platform targeting female consumers, Secoo, a luxury merchandise platform, Spring Airlines, an airline carrier, China Unionpay Merchant Service, a financial service platform for credit card issuers and Bestpay, a payment platform of China Telecom. In June 2016, we cooperated with China Telecom to launch a new product whereby purchasers can make payments of new phones by installments after purchasing such products from China Telecom. We plan to expand the coverage of our *Mashanghua* system through cooperation with more ecosystem partners so as to provide one-stop consumer finance services to consumers who have needs in a wide variety of aspects of their lives.

Other Products

In addition to the key products and solutions, we also develop and offer various innovative products in the consumer finance ecosystem, such as *Quick Loan Policy* (“速貸寶”), which covers credit guarantee for qualified consumers in borrowing funds at a maximum amount of RMB80,000 from our financial institution partners, *Hua Bao* (“花豹”), which provides credit guarantee for consumers to obtain consumer finance services from banks and financial institutions we cooperate with. Currently, we sell *Quick Loan Policy* through Wangyixiaodai and sell *Hua Bao* through our proprietary platforms.

Health ecosystem

Because of the aging population and increased disposable income in China, healthcare has become one of our key focuses. In China, healthcare expenditure is expected to grow from RMB 4.4 trillion in 2016 to RMB7.8 trillion in 2021, representing a CAGR of 12.1% according to the Oliver Wyman Report. We design and offer innovative internet-based health insurance products to cover a full array of healthcare needs. We integrate our health-related insurance business into the health ecosystem to serve our customers' needs for condition management and health protection in different aspects of their lives.

In 2015, we began to cooperate with high-tech wearable devices manufactures, such as Mi Band, Ledongli and Meizu, and offer innovative health insurance products, such as *Walk to Wellness Policy* ("步步保") by connecting personal exercise data with insurance product covering major diseases. We further launched creative products focusing on prevention and care of chronic diseases, such as *Diabetes Policy* ("糖小貝"), and realized personalized pricing through tracking data recorded by the intelligent glucose meter provided together with our *Diabetes Policy*. We connect with medical device manufacturers, health examination centers and clinics to launch insurance products targeting specific diseases, such as female cervical cancer and breast-related diseases, childhood diseases and dental-related medical treatment, and for the comprehensive health concerns of elderly people. In addition, we designed general coverage policy, *Personal Clinic Policy* ("尊享e生") to cover individual customers for clinical visits and medical treatments within the claim range.

We sell our health insurance products mainly through insurance agents and ecosystem partners. Customers can purchase our health insurance products through the platforms of our ecosystem partners, such as iyunbao and Alipay. For example, our products are displayed in the insurance section on the Alipay platform. We have established partnership with medical device manufacturers such as Omron and online healthcare platforms such as We Doctor to expand our presence in the health ecosystem. We also sell health insurance products on our proprietary platforms, including our websites, our mobile application, our WeChat public accounts and our Tmall flagship store. In addition to individual policies, we design customized group insurance products for our corporate and institutional clients. Our group insurance products are sold to our corporate and institutional customers by our group insurance direct sales representatives and third party agents, such as human resources service companies and online social insurance providers. We design group health insurance by leveraging our cloud-based platform and offer them an user-friendly platform to manage their employees' healthcare plans.

In 2015, 2016 and the first quarter of 2017, we sold approximately 0.05 million, 0.6 million and 0.6 million policies, respectively in health ecosystem, recorded a GWP of RMB19.2 million, RMB235.9 million and RMB190.1 million, and served approximately 0.4 million, 1.3 million and 1.2 million customers through our health insurance products.

Our Key Products

Individual Health Insurance Product — Personal Clinic Policy ("尊享e生")

We launched our *Personal Clinic Policy* in August 18, 2016. Our *Personal Clinic Policy* provides illness and disease insurance protections and medical benefits during the policy period, which is one year from the effective date of the policy and is renewable.

The age of our customers for the *Personal Clinic Policy* ranges from 30 days to 60 years old, with the renewal eligibility until 80 years of age. As of the March 31, 2017, the annual premiums of policies from *Personal Clinic Policy* is approximately RMB450 per person, enabling the customer to be eligible for an annual sum insured to the amount of RMB3 million for ordinary medical expenses plus an additional RMB3 million for malignant tumor-related expenses that exceed the deductible of RMB10,000. During the policy period, any and all expenses exceeding the deductible incurred in tier-two or above hospitals in China in connection with ordinary illness or malignant tumor diseases, including clinic fees, medical treatment fees, medicine expenses, medical operation fees, meal charges and bed service fees are fully reimbursed. We sold our *Personal Clinic Policy* through a wide variety of channels, including our own applications, our ecosystem partners platforms and third party sales agents.

Our Group Health Insurance Plans

In 2015, we launched customized group insurance products for our corporate and institutional clients and mainly sell these products through insurance agents. Our customers are employees of these corporate and institutional clients. On our enterprise settlement platform, employees of our corporate and institutional clients can directly apply and claim reimbursement for healthcare expenditures under their plan and value-added services. If the amount claimed is less than RMB3,000, an employee can be reimbursed within three working days by submitting the supporting materials electronically to the settlement platform. We believe our group insurance services reduce human resources cost of our clients in realizing employee benefits with more efficient settlement.

Individual Health Insurance Product — Walk to Wellness Policy ("步步保")

We launched our *Walk to Wellness Policy* ("步步保"), an internet-based health management plan to provide customized health protection to our customers for major diseases, in August 2015. The implementation and terms of the plan depend on a customer's actual number of steps everyday, which is detected and tracked with the assistance of our ecosystem business partners, including Mi Band, Ledongli App and WeChat.

The plan contains an underlying health insurance for protection of major diseases and is sold through our mobile application, WeChat public account, and on Ledongli App. Customers that are eligible to be insured are at age from 18 to 55. The amount covered by the plan is either RMB100,000, RMB150,000 or RMB200,000, corresponding to a target daily steps of 5,000, 10,000 and 15,000, and the monthly premiums corresponding to each of these sums range from RMB7.4 to RMB155.2, from RMB9.8 to RMB206.0 and from RMB11.3 to RMB238.8, respectively, based on the ages of the customers. After the policy takes effect, we track our customer's actual exercise amount and dynamically adjust the premium to be paid by a policyholder next month based on his daily steps recorded by such instruments. Our dynamic pricing system encourages our customers to better control their health as they enjoy a lower premium with more exercise. As of December 31, 2016, more than 5 million of mobile application users have authorized us to obtain data on their walk steps.

This innovative product connects ecosystems and is in the early stage of development. We have observed the growth of market acceptance since its launch.

Individual Health Insurance Product — Diabetes Policy ("糖小貝")

We launched our big-data intelligent medical-insurance product, *Diabetes Policy* ("糖小貝"), in November 2015. We primarily target people with diabetes-related problems. The *Diabetes Policy* is sold together with an intelligent glucose meter provided through Tencare Doctor Tang ("糖大夫"), a platform of Tencent, which tracks and monitors our customers' health conditions by measuring their daily glucose levels.

The annual premiums for our *Diabetes Policy* is RMB996. A customer is eligible for an additional amount insured of RMB200 daily if he maintains their glucose level within a certain range, up to an annual cap of RMB50,000 per customer. The glucose meter will also send dynamic data to a customer's WeChat account to generate a systematic report to reflect the customer's health conditions to motivate him to proactively manage his health. By this way, we are able to provide advisory services to our customers to manage their health and we adjust the insured amount for each customer based on his specific medical condition.

This innovative product provides value added services with integration of high tech devices and is in the early stage of development. We have observed the development of market acceptance since its launch.

Other Products

In addition to these products, we also offer other innovative products and value-added solutions in the health ecosystem, such as *Colorectal Cancer Policy* ("腸命百歲"), which provides a variety of protective services to our customers based on our customers' exfoliated colo-rectal tumor cells screening (結直腸癌早篩測驗), *Home Medical Clinic Policy* ("家庭守護互聯網醫院門診險"), the first online outpatient insurance product that covers partial internet clinic medical expenses of our customers and *Children Comprehensive Policy* ("兒童綜合保險"), a policy that is specially designed for children and covers a variety of risks, such as accidents, in-patient expenses and certain child common disease. We sell *Home Medical Clinic Policy* through We Doctor and sell other products through our proprietary platforms.

Auto Ecosystem

China is the largest auto market in the world and auto insurance is the largest component of the property and casualty insurance market in China. According to the Oliver Wyman Report, the auto insurance market in China is expected to continue to grow from RMB683 billion in 2016 to RMB1,171 billion in 2021, representing a CAGR of 11.4%. The development of transportation sharing economy and the internet of vehicles create a natural incubator for technology-driven auto insurance. Currently, auto insurance products and operating licenses are regulated by the CIRC and the CIRC normally will consult with the specific local authorities in different regions where an applicant is intending to engage auto insurance business. Our expanded business scope has included auto insurance business. As of the Latest Practicable Date, we have obtained licenses permitting our auto insurance product in 18 regions in China covering the majority of the auto insurance market in China, as compared to licenses in six regions as of December 31, 2016. We plan to apply licenses in other regions in the PRC.

In July 2015, we partnered with Ping An Insurance by signing a cooperation agreement and jointly launched *Baobiao Auto Insurance* in November 2015. Under this cooperative arrangement, we are in charge of sales and marketing of *Baobiao Auto Insurance* and are allocated 30% of the income and expenses from the product, while Ping An Insurance is in charge of the claim settlement process, and is allocated 70% of the income and expenses from the product. We are gradually cooperating with more partners, such as Didi Chuxing, Xiaomi and WeChat, by embedding our products into their platforms to reach out to more customers. We also sell our automobile tire damage insurance to customers through platforms such as Tuhu. In addition to cooperating with our ecosystem partners, we also sell our products through insurance agents and our proprietary platforms.

With our targeted marketing practices and streamlined purchasing and settlement process, compared with traditional auto insurance, we connect online customer base with offline insurance settlement providers and offer more convenient customer services, which enable us to tap into the large auto insurance markets. We are developing a big data-powered technology platform capable of conducting dynamic and personalized pricing. We are exploring collaborations with our ecosystem partners, such as Didi Chuxing and Tuhu, and automaker partners, such as Chang'an Motors, to gather and analyze relevant data regarding travel and vehicle information, which will be valuable for the customized pricing and risk control for our auto insurance products in the future. We plan to extend the coverage to the full automotive industry value chain, including products designed for used vehicles, auto consumer finance, accident insurance and extended warranty.

Auto insurance in China is subject to strict regulations, and the pricing and terms of auto insurance products are rigorously regulated. However, in 2015, the PRC government formally launched a reform of the regulation on the premiums of auto insurance products with the goal to allow broader coverage of insured circumstances of auto insurance products, adjust claim settlement standard from the perspective of insurance terms for the benefits of the insured, and release certain restrictions on setting insurance price by insurance companies. Although auto insurance remains subject to strict pricing regulations, we believe our dynamic pricing capability and asset-light business model well position us to take advantage of future policy changes and along with the implementation of the reform, if enforced, we believe our innovation and strong capability to reach customers can enable us to further expand our coverage of auto insurance business and better serve more customers.

As of March 31, 2017, our auto insurance business department had 36 employees, among which 11 were product managers, who led teams dedicated to promoting and operating specific insurance products. We first obtained license to operate auto insurance related business in six regions in China in September 2015, and began to ramp up our operations in auto ecosystem in 2016. In 2016 and the first quarter of 2017, we sold approximately 0.1 million and 0.1 million auto insurance policies, respectively. We recorded a GWP of RMB3.7 million in 2016 and RMB1.5 million in the first quarter of 2017 and served approximately 0.1 million and 0.1 million customers, respectively.

Our Key Products

Baobiao Auto Insurance (“保驫車險”)

We launched our *Baobiao Auto Insurance* in November 2015 in the regions that we have obtained relevant licenses. The average premium for our *Baobiao Auto Insurance* is approximately RMB2,500 per insured vehicle, typically for a term of one year. The standard coverage includes: damages caused to the insured vehicles by collision, fire, explosion, typhoon or mudslides, as well as damages when the insured vehicle is stolen, etc. We also offer customized options to cover our automobile insurance customers that cover losses such as liability to passengers and cargos.

We and Ping An Insurance jointly provide auto insurance pursuant to our cooperation agreement on a 30% versus 70% basis and we split GWP and expenses based on such ratios. We plan to gradually expand our cooperation with Ping An Insurance to provide auto insurance in more regions in China. For example, we have entered into partnerships with online ecosystem partners, including Didi Chuxing, Xiaomi and WeChat, to distribute our *Baobiao Auto Insurance*. We plan to submit applications with CIRC for expanding auto insurance businesses into more regions in China.

Travel Ecosystem

People in recent years travel much more frequently than before for both business and leisure, which drives the demand for travel-related insurance. According to the Oliver Wyman Report, the PRC travel market amounted to RMB2.2 trillion in 2016, and is expected to grow to RMB3.9 trillion in 2021, representing a CAGR of 12.1%. We have witnessed the strong needs in air travel, which constitutes a significant majority of the overall PRC travel market, and have thus devoted to developing and providing a large variety of customer-centric air travel insurance products in order to address the customers' pain points. We take advantage of the opportunities emerged from travel ecosystem to offer innovative and simple solutions for travellers in every aspect of their travel plans through cooperation with Chinese online and offline travel agencies.

In March 2014, we began to partner with Ctrip and launched our *Flight Accident Policy* to compensate our customers who purchase flight tickets on Ctrip.com, in the event of an aircraft crash in a flight accident. In January 2015, we further expanded the cooperation with Ctrip and developed *Flight Accident and Delay* ("航意航延險") to cover both travel accidents and flight delays for our customers who purchase travel packages on Ctrip. We also designed and launched our *Flight Delay Policy* as well as other travel related insurance products, such as trip cancellation insurance, ticket refund insurance, train accident insurance, hotel cancellation insurance, travel destination weather insurance and others. We are one of the third-party insurance service providers that embed their products into Ctrip's platform. When customers purchase tickets or other travel services on the platform, they can also conveniently purchase related insurance policies. Ctrip will then allocate the insurance policies purchased by its customers to different third-party insurance service providers based on the quality of their insurance products, their service capabilities and price quotes. Some of our insurance products provide simple online claim and approval process and aim to lower the cost to be borne by a customer in the event of a flight delay, a flight accident or flight or ticket cancellation. In addition, we have extended cooperation to major online travel platforms, including the top four online travel service providers in China, namely, Ctrip.com, Qunar.com, Alitrip.com and Tongcheng.com, to serve customers through our various travel insurance products. As the Chinese regulatory authorities have been encouraging direct sales by airlines themselves in recent years, we also cooperate with major airlines, including China Eastern, Air China and Spring Airlines. We also started to sell our products through our own platforms, including our official website and our travel WeChat public account, *Mashangfei*. To fully cover customers' needs and reach more traditional travellers that purchase tickets offline, we also cooperate with offline tickets agents and sell our insurance products through them. We are one of few insurance companies to successfully connect our technological system to the system of a state-owned information technology provider that processes air tickets bookings on domestic and overseas commercial airlines in China sold by offline tickets agents.

Through our cooperation with our ecosystem partners, we obtained relevant customer data and airline data with our customers' authorization. Therefore, we are able to implement automated claim settlement system and directly compensate our customers when flight delay occurs. We are also able to verify whether a customer that raises a claim actually has boarded such delayed flight and thus prevent fraud and disputes. Our technology and system enable us to provide a hassle-free solution to our customers by processing the entire claim and settlement automatically without requiring a customer to apply personally. For example, in the event of a delayed flight, a customer that has purchased our *Flight Delay Policy* will receive the amount insured automatically through his or her WeChat account immediately after the delayed time has met the minimum timing requirement pursuant to the policy terms. Compared to traditional ways, we believe these features enhanced our customer satisfaction. Further, our data analytics enables us to improve customer experience and achieve dynamic pricing based on flight information, customer profile and weather condition. We are also able to enhance our risk control by accurately identifying whether the customers have boarded the delayed flight.

In 2014, 2015, 2016 and the first quarter of 2017, we sold 2.2 million, 13.8 million, 45.6 million and 15.6 million policies, respectively, in the travel ecosystem, recorded GWP of RMB44.3 million, RMB322.1 million, RMB1,081.6 million and RMB331.8 million, respectively, and served 2.1 million, 9.7 million, 29.3 million and 10.9 million customers through our travel insurance products. Due to the higher rate of handling charges and commissions and consulting fees and service charges charged by the ecosystem partners in the travel ecosystem, the operating expense as a percentage of the net written premiums is higher for the travel ecosystem than overall during the Track Record Period.

Our Key Products and Other

Flight Accident and Delay Policy (“航意航延險”)

We launched *Flight Accident and Delay Policy* in January 2015 through cooperation with Ctrip, a leading online travel booking operator. Customers who purchase flight tickets on Ctrip’s website will be directed to the purchase options of insurance products, including our *Flight Accident and Delay Policy* and we will reimburse those customers in the event of an extended flight delay over a certain length of time or flight accidents. The purchase option we embedded in Ctrip’s website enables our customers to receive a travel insurance plan as part of the ticketing process and the coverage we provide to our customers has eased their concerns of economic losses or time lost in case of extended delays. Ctrip’s customers have the option to choose product combination to cover flight delay or cancellation. Ctrip allocates flight delay or accident insurance products to its customers from various providers, including us, based on the fee proposals, and service capabilities of the insurance providers. Our customers are those who are allocated with and insured under our products. We also sell flight delay insurance products through Alitrip.com and Tongcheng.com.

We further enlarged our product range by developing the *Jijiubao* (“急救保”) to cover same day flight delay for last minute travelers. With our advanced data analytics capabilities, we are able to decide the coverages, i.e. the length of flight delay, based on analysis using real-time flight information. The customers are randomly assigned premiums ranging from RMB1 to RMB50 and a corresponding coverage of up to RMB1,000. This product offers timely protections in the event that a customer forgets to purchase the policy in advance. In addition, we offer an annual package of *Flight Delay Policy* targeting frequent travellers by covering the next 12, 24 or other different times of flight delay within a year. If customers purchase our annual package through their WeChat accounts, we can automatically compensate them upon the occurrence of delayed flight over a certain length of time by transferring the corresponding compensated amount to their account, which is user-friendly.

Other Products

In addition to the key products, we also offer other value-added solutions in the travel ecosystem, such as *Train Accident Policy* (“火車意外險”) to cover any accidents during trips on trains through

Alitrip.com; *Hotel Cancellation Policy* (“酒店取消險”) to cover cost incurred due to a cancellation of hotel reservation by a customer through eLong.com; and *Flight Ticket Change Policy* (“機票退改險”) that covers any cost incurred by a customer due to ticket cancellation or re-schedule through China Eastern Airline. We also sell these products through insurance agents. In addition, we sell accident insurance products through edaijia and Xiaozhu.com.

OUR CUSTOMERS AND CUSTOMER SERVICES

Our Customers

We have accumulated a large customer base. Since our inception in 2013 until March 31, 2017, we had served approximately 543 million policyholders and the insured, and sold 8.2 billion insurance policies. We believe that as we continue to expand and deepen our cooperation with our ecosystem partners, and our innovative products and solutions continue to satisfy our customers, our customer base will continue to expand.

We define our customers as the insured under our insurance policies, including customers who choose to purchase our products, as well as customers who are allocated with our products by our ecosystem partners For *Shipping Return Policy*, *Merchant Performance Bond Insurance*, *Mobike E-commerce Platform Liability Insurance*, *Flight Accident and Delay Policy*, *Account Safety Policy* and *Train Accident Policy*, customers may be allocated with our products by the relevant ecosystem partners. For our other major products, customers generally choose to purchase our products. Some of our ecosystem partners are also our direct customers when they purchase our insurance products. Customers who choose to purchase our products can identify us as the insurance service provider before purchase. Customers who are allocated with our products by our ecosystem partners can identify us as the insurance service provider only after purchase. For customers we acquire through cooperation with our ecosystem partners, during the underwriting process, we gain access to their personal and transactional data that are necessary for underwriting insurance policies and use such data in the ordinary course of our business. We can retain such data even in the event that our cooperation with the relevant ecosystem partners is terminated.

Our products and services are popular among the young generation. As of March 31, 2017, over 60% of our individual customers were aged 20 to 35 years old. Our customers are distributed across different geographic areas in China largely in line with the distribution of internet users in China. We have attracted customers from China’s more affluent urban areas, and also have observed an increasing penetration rate in smaller, non-first tier Chinese cities. For each of the years ended December 31, 2014, 2015 and 2016 and for the three months ended March 31, 2016 and 2017, our top five policyholders combined accounted for approximately 9.4%, 9.9%, 6.4%, 9.8% and 7.4% of our GWP, respectively. For the three months ended March 31, 2017, our top five policyholders each accounted for 2.2%, 1.9%, 1.8%, 0.9% and 0.5% of our GWP, respectively. For the first quarter of 2017, our top policyholders include Bohai International Trust, Yingzhongtong and Qidao Asset Management in the consumer finance ecosystem, DJI in the lifestyle consumption ecosystem and Ctrip in the travel ecosystem.

During the Track Record Period, Alipay and Zhaocaibao were our Connected Persons; Ctrip, which ceased to be our Shareholder since April 28, 2017, Yingzhongtong, whose ultimate controlling shareholder was indirectly interested in approximately 1.45% of the total issued share capital of the Company, and SF Express, which had no shareholding in the Company, were Independent Third Parties.

In 2016, approximately 78% of our customers were served by our products at least twice, and on average, each of our customers was protected by 10.3 policies during the year. Our average GWP per customer increased from RMB4.0 in 2014 to RMB7.3 in 2015 and further to RMB9.9 in 2016 and increased from RMB3.8 in the first quarter of 2016 to RMB4.3 in the first quarter of 2017. Since our inception till March 31, 2017, there were approximately 18.0 million customers served by our products from at least two ecosystems. As we cooperate with more ecosystem partners and develop our own platforms, we believe we will be able to realize more cross-selling opportunities and increase our customers' life time value.

Customer Services

We transform customer service experience in traditional insurance, and we are dedicated to providing best user experience and customer services. Leveraging our artificial intelligence technologies, we are able to offer our customers simple and speedy customer services so as to maximize customer satisfaction. We embed diverse innovative products into various scenarios and directly access customers.

We have a dedicated customer service team assisted by our proprietary AI-based customer service chatbot which is able to analyze natural-language customer questions and provide relevant and useful responses. We recruit our customer services personnel from candidates who have good communication skills and high customer service ethics, and we provide on-the-job training to our new recruits. We conduct ongoing evaluations of our customer service staff and provide periodic training to develop their skills. Each of our customer service personnel is responsible for the cases assigned to him or her and will follow up until the case is closed or resolved to our customer's satisfaction. We also invite our customers to provide their feedback and ratings after the customer service calls and conduct online satisfaction surveys. Our public relationship specialist monitors internet forums or media to proactively discover any negative feedback or complaints about our products or services and reach out to the customers to resolve the issues. We believe we are able to continue to maintain high customer satisfaction rate. In addition to our in-house customer service team, we have selected qualified third-party service providers with excellent track record and reputation to support our call center service.

As of March 31, 2017, we had a total of 348 customer service personnel, including 34 employees and 314 outsourced personnel. We did not experience any customer complaints or claims that materially and adversely affected our business during the Track Record Period. Our customer complaint rate for each of 2014, 2015, 2016 and the first quarter of 2017 was lower than 0.01% per policy.

SALES CHANNELS

Ecosystem Partners

We primarily embed our insurance products into the platforms of our ecosystem partners. We market and sell our products to customers in different consumption scenarios. For example, Taobao Marketplace, Jiyoujia, Juhuasuan and certain other platforms owned or operated by Alibaba, who work with Ant Financial Group to select companies to provide insurance solutions that can best serve consumer needs arising from their respective platforms. Ant Financial Group provides technology and consulting services to us, which facilitate the integration of our solutions into platforms owned or operated by Alibaba. As we embed our products into our ecosystem partners' platforms, our customers are able to purchase insurance specifically for risks related to their consumption behaviors in a very simple manner.

Our ecosystem partners mainly include cooperative platforms, direct sales business partners and partners connected to our open platform. Cooperative platforms mainly include platforms with which we jointly develop insurance products to address needs of users on these platforms and/or embed our insurance products in the consumption scenarios on these platforms as value-added features for their users. Our cooperative platforms include, for example, Taobao Marketplace, Alipay and Ctrip. Direct sales business partners mainly include partners to which we sell our insurance products. Such partners are the policyholders, and the insured can be the partners themselves or their customers. Our direct sales business partners include, for example, Xiaomi, DJI and Juhuasuan. For our cooperation with ecosystem partners connected to our open platform, please refer to the section headed "Business—Our Technology—Open Platform."

Our ecosystem partners generally charge us handling charges and commissions or technical service fee for the sale of our products through their platforms. Technical service fees are charged for various types of services depending on the particular ecosystem partner, including, among others, product development, account security management, system maintenance and upgrade, and software support. Handling charges and commissions or technical service fees charged by most of our ecosystem partners are based on fixed percentages of GWP generated from the relevant products, and the fee rates vary by products. In the lifestyle consumption ecosystem, for certain products embedded into the platforms of Alibaba, Ant Financial and their subsidiaries, technical service fees also take into account the amount of claims settled. We and Ant Financial generally use this fee structure for products that are not yet well established and have short claims settlement cycles, such as *Shipping Return Policy* and *Merchant Performance Bond Insurance*. For more details on the technical service fees paid to Ant Financial and its associates, please refer to the section headed "Relationship with Connected Persons — Non-exempt Continuing Connected Transactions — Transaction with Ant Financial Group and its Associates — Online platform cooperation agreement between Ant Financial and/or its associates and us — Pricing Policies" in this prospectus. In addition, the fee arrangements are usually on a short-term basis and the terms will be re-negotiated every one to two years. We negotiate the rates of handling charges and commissions and technical service fees with our ecosystem partners based on the service quality and capacity of our ecosystem partners. Factors taken into consideration include GWP collected and the number and quality of the customers obtained through the platforms of our ecosystem partners.

The table below sets forth our handling charges and commissions (net of reinsurance expense recovered) and technical service fees as a percentage of net written premiums by ecosystem for the periods indicated:

	For the year ended December 31,			For the three months ended March 31,	
	2014	2015	2016	2016	2017
				(unaudited)	
Lifestyle consumption	9.0%	17.4%	17.3%	19.6%	26.6%
Consumer finance	0.4%	32.9%	20.7%	17.2%	21.0%
Health	—	6.2%	19.9%	8.0%	20.0%
Auto	—	—	125.8%	18.6%	118.3%
Travel	97.7%	88.1%	81.1%	77.8%	80.1%
Others	(8.5)%	28.1%	32.8%	25.9%	37.1%
Overall	13.8%	29.5%	39.0%	39.0%	43.6%

In addition, we set up our official online store on major online sales channels, such as Tmall, Ant Financial Group's insurance platform, Weidian, and others. Our *Personal Clinic Policy* was the top seller in the non-auto insurance category on Ant Financial Group's insurance platform in 2016. For certain of our insurance products, we further expand our sales through cooperation with offline channels. For example, we work with offline travel agencies to sell our *Flight Delay Policy* and with offline consumer electronics shopping centers to sell our *General Screen Crack Policy*.

In each of our ecosystems, and for each of our key product categories, we rely on a few ecosystem partners to generate a significant portion of our total GWP. In 2014, 2015, 2016 and the first quarter of 2017, GWP generated from or through the platforms of our ecosystem partners accounted for 100.0%, 97.7%, 86.2% and 74.6% of our total GWP in the respective period and GWP generated from or through the platforms of our top five ecosystem partner groups (in terms of GWP contribution) accounted for 98.9%, 95.3%, 80.8% and 66.4% of our total GWP in the respective period. See the section headed "Risk Factors — We depend on our cooperation with our ecosystem partners and other participants in the ecosystems. Our business may be affected if such partners do not continue to maintain their relationship with us or by the operational failure of third-party ecosystem partners."

For a variety of our insurance products, we cooperate with our ecosystem partners to embed these insurance products into their platforms and sell our policies to users of such platforms. Our ecosystem partners generally charge us handling charges and commissions or technical service fee for the sale of our products through their platforms. Technical service fees are charged for various types of services depending on the particular ecosystem partner, including, among others, product development, account security management, system maintenance and upgrade, and software support. The table below sets forth the material terms, including pricing arrangements for such technical service fees and handling charges and commissions, of our agreements with the top five ecosystem partner groups, which aggregate the ecosystem partners and their respective subsidiaries, in terms of the GWP generated through our cooperation with the respective ecosystem partner groups for each of the years ended December 31, 2014, 2015 and 2016 or for the three months ended March 31, 2017 but excluding those whose GWP contribution was less than 1% of the total GWP for the same periods:

Ecosystem Partner Group	Pricing mechanism for fees charged[(1)]	Term and renewal
Alibaba, Ant Financial and their subsidiaries[(2)]	We pay technical service fees to Ant Financial (or its subsidiaries) (i) for the technology and consulting services provided by Ant Financial (or its subsidiaries) on its platforms or (ii) for the technology and consulting services provided by Ant Financial (or its subsidiaries) on the platforms of Alibaba or its subsidiaries to facilitate the integration of our products and solutions into such platforms. Technical service fees are charged based on a fixed percentage of GWP generated through the platforms of Alibaba, Ant Financial and their subsidiaries, with fee rates varying by products. In the lifestyle consumption ecosystem, for certain products embedded into the platforms of Alibaba, Ant Financial and their subsidiaries, technical service fees also take into account the amount of claims settled.	The current online platform agreements entered into with Ant Financial are for the provision of insurance products to Alibaba's various platforms. These agreements contain specific pricing and other terms and generally have terms of one or two years. We also entered into an online platform cooperation framework agreement with Ant Financial for a term of three years, which will be effective upon the Listing Date. This framework agreement is in parallel with the current agreements with Ant Financial. The framework agreement does not set out the specific pricing terms and does not contain a provision on renewal.
Ctrip and its subsidiaries	Handling charges and commissions and technical service fees are charged based on a fixed percentage of GWP with fee rates varying by products	The term of the agreements is one year or 14 months with effective period from July 1, 2017 to June 20, 2018 or from May 1, 2017 to June 30, 2018, and can be automatically renewed either every year or once for an additional term of one year.
Xiaoying and its subsidiaries	Technical service fees are charged based on a fixed percentage of GWP with fee rates varying by products	The term of our strategic agreement with Xiaoying is one year with effective period from March 31, 2016. The agreement can be automatically renewed every year and was renewed in March 2017.

Ecosystem Partner Group	Pricing mechanism for fees charged[1]	Term and renewal
Fenqile	N/A[3]	The terms of the agreements are two or three years, each expiring in 2019.
Xiaomi	Handling charges and commissions are charged based on a fixed percentage of GWP with fee rates varying by products	The term of our cooperation agreement is three years with effective period from May 1, 2016 to April 30, 2019, and can be automatically renewed before expiration for one year subject to two automatic renewals at maximum.
iyunbao	Technical service fees are charged based on a fixed percentage of GWP with fee rates varying by products	The term of the agreement is one year effective from May 10, 2016. The agreement can be automatically renewed every year subject to two automatic renewals at maximum and was renewed in May 2017.

Notes:

(1) The fee arrangements are usually on a short-term basis and the terms will be re-negotiated every one to two years.

(2) Alibaba works with Ant Financial Group to select companies to provide insurance solutions that can best serve consumer needs arising from their respective platforms. According to the agreements we entered into with Ant Financial, Ant Financial Group provides technology and consulting services to us, which facilitate the integration of our solutions into the platforms of Alibaba, Ant Financal and their subsidiaries, including Taobao Marketplace (淘寶), Juhuasuan (聚划算), Jiyoujia (極有家), Tmall (天貓), Zhaocaibao (招財寶) and Alipay (支付寶).

(3) Fenqile did not charge us handling charges and commissions or technical service fees during the Track Record Period.

For customers we acquire through cooperation with our top ecosystem partner groups above, during the underwriting process, we gain access to their personal and transactional data that are necessary for underwriting insurance policies and use such data in the ordinary course of our business. There are no material terms regarding the use of customer data in our contracts with the top ecosystem partner groups above. We also collect anonymized, non-confidential user behaviors and patterns and source data from third-party data providers, which are not linked to specific individual users. We can retain such data even in the event that our cooperation with the relevant ecosystem partner groups is terminated.

The table below sets forth a breakdown of the GWP generated from or through the platforms of the ecosystem partner groups mentioned above, and the total fees (referring to handling charges and commissions and technical service fees, as applicable) charged by such ecosystem partner groups.

With respect to GWP, the respective percentage refers to the percentage of the total GWP for the periods indicated; with respect to the total fees charged, the respective percentage refers to total fees charged as a percentage of the GWP generated from or through the respective ecosystem partner group.

Ecosystem Partner Group[1]	For the Year Ended December 31,						For the Three Months Ended March 31, 2017	
	2014		2015		2016			
	RMB	%	RMB	%	RMB	%	RMB	%
	(in thousands, except percentages)							
Alibaba, Ant Financial and their subsidiaries								
GWP	733,786	92.4	1,708,420	74.8	1,795,992	52.7	431,195	41.8
Total fees	66,964	9.1	333,432	19.5	437,735	24.4	94,332	21.9
Ctrip and its subsidiaries								
GWP	44,313	5.6	297,935	13.0	702,413	20.6	178,785	17.4
Total fees	42,925	96.9	260,751	87.5	486,239	69.2	142,416	79.7
Xiaoying and its subsidiaries								
GWP	1,147	0.1	137,496	6.0	190,454	5.6	52,759	5.1
Total fees	—	—	45,689	33.2	20,165	10.6	14,378	27.3
Fenqile								
GWP	—	—	—	—	29,478	0.9	21,144	2.1
Total fees	—	—	—	—	—	—	—	—
Xiaomi								
GWP	2,120	0.3	30,791	1.3	37,593	1.1	12,258	1.2
Total Fees	—	—	—	—	2,164	5.8	3,301	26.9
iyunbao								
GWP	—	—	—	—	64,971	1.9	6,289	0.6
Total fees	—	—	—	—	21,837	33.6	2,016	32.1

Online travel agencies in China generally charge high rates of handling charges and commissions and technical service fees, primarily because (i) travel related insurance products tend to be standardized and insurance providers mainly rely on price competition; and (ii) travel-related insurance products on average have a low loss ratio.

Some of our ecosystem partners are also our shareholders or related parties. In 2014, 2015 and 2016 and the three months ended March 31, 2017, our GWP generated from or through our shareholders and related parties accounted for 98.0%, 87.9%, 73.4% and 59.3% of our total GWP, respectively. We expect that the GWP generated from or through our shareholders and related parties will continue to account for a large amount of our total GWP going forward. However, our cooperative arrangements with our shareholders and related parties in the future may be subject to certain risks. See "Risk Factors — Risks Relating to Our Business — We historically derived a majority of our total income through partnering with our shareholders and related parties, and the synergy value and cross-selling effect from these partnerships may decrease in the future. Some of our shareholders and related parties offer products competing with ours.” For further details on connected transactions, see section headed “Relationship with Connected Persons” and for further details on related party transactions, see section headed “Appendix I Accountant’s Report”. Ctrip ceased to be a shareholder of our Company in April 2017 as Qingdao Huilijun Trading Company Limited (青島惠麗君貿易有限公司) acquired shares from Beijing Ctrip International Travel Agency Limited(北京攜程國際旅行社有限公司) in a private transfer completed on April 28, 2017. The transaction between the parties was a private, confidential transaction. Ctrip, though a U.S. listed company, was not required to publicly disclose the amount of the proceeds it gained from the sale of its stake in the Company at the time of completion, and therefore considers such information to remain confidential. As such, Ctrip has declined to provide this information for disclosure in this document. The transaction was for Ctrip’s own business purpose and financial planning, and has not affected our cooperation with Ctrip. We entered into cooperation agreement with Ctrip on an arms’ length basis and expect to renew the agreement on the same basis subject to the market conditions. Our GWP generated from or through Ctrip’s platform increased by 20.6% in the six months ended June 30, 2017 as compared with the same period of 2016.

Insurance Agents

In addition to our ecosystem partners’ platforms, we sell certain insurance products through insurance agents. For example, we currently sell a large portion of our health insurance products through insurance agents. With the significant growth of our health insurance products during the Track Record Period, insurance agents have become an increasingly important sales channel for the distribution of our policies. We generally pay insurance agents handling charges and commissions in proportion to the GWP generated.

In 2014, 2015 and 2016 and the three months ended March 31, 2017, our GWP generated through insurance agents (other than Ctrip Insurance Agency Co., Ltd., who is also one of our ecosystem partners) accounted for 0.0%, 2.1%, 13.2% and 23.8% of our total GWP, respectively. The handling charges and commissions of the products sold through insurance agents (other than Ctrip Insurance Agency Co., Ltd.) in 2014, 2015, 2016 and the three months ended March 31, 2017 represented 0.0%, 0.6%, 4.7% and 9.7% of our total net written premiums, respectively.

Our Proprietary Platforms

In addition to distributing through our ecosystem partners’ platforms or other third party channels, we develop our own platforms including our websites, our mobile application, our WeChat public accounts, our *QQ* public account and our Tmall flagship store to sell our insurance products. For example, we have developed *Generic Buyer Version of Shipping Return Policy* which our customers can purchase on our own platform to cover return shipping fee on various e-commerce platforms. We also set up our official WeChat public accounts to further expand our reach to customers. For example, we sell *Jijiubao* through our WeChat mobile application, which primarily targets business travelers that have frequent business travel plans with last minute needs for flight delay protection.

We also direct users to our platforms for better services. By furnishing an engaging user experience, we believe that our direct sales can increase user loyalty and stickiness. Our customers can conveniently purchase a wide range of policies when they surf on our websites and mobile application, through which we realize cross-selling and increase our customer's life time value. In addition, with the development and continuous upgrade of our proprietary platforms, we believe that we will be able to directly serve more customers and sell more products on our platforms to control our costs.

In 2014, 2015 and 2016 and the three months ended March 31, 2017, our GWP generated through our proprietary platforms accounted for 0.0%, 0.2%, 0.5% and 1.6% of our total GWP, respectively, and our net written premiums generated through our proprietary platforms accounted for 0.0%, 0.1%, 0.5% and 1.4% of our total net written premiums, respectively.

Other Platforms

We also distribute our products through other platforms, such as Alipay Wallet Service Counter (支付寶錢包服務窗) and WeChat Mini Programs (微信小程序).

INSURANCE VALUE CHAIN

Product Management System

We adopt an effective product management system. Each product manager takes ownership of a team, which consists of experts specialized in product design, application development, engineering and operations. Each team works closely together with high efficiency and responds to the market quickly by frequently communicating with ecosystem partners and adopting a customer-centric approach. We staff employees performing finance, legal, human resources and other administrative functions in each department to support their work and more efficiently respond to internal demands. Through the flat structure, we are able to maintain transparency and accountability throughout the organization.

Product Development

Once our product managers identify unaddressed market needs or uncover new demand, each team begins to develop and test the products. Our product review committee, which consists of the senior management with risk control expertise and CIRC regulatory experience, will evaluate the new products before the official launch. The product development process typically takes less than a month, and can be as short as several days in the case of embedding an existing product into a new partner's system or upgrading an existing product. We are able to achieve economies of scale with the increased number of products and income supported by small teams led by product managers.

Marketing and Distribution

Unlike traditional insurance companies, we primarily market and sell our ecosystem-oriented products through our ecosystem partners' platforms. We are also able to directly reach customers who have registered with our proprietary platforms through our websites, mobile application, WeChat public accounts and *QQ* public account. As of March 31, 2017, there were more than 3.6 million users registered with our proprietary platforms. We also distribute our products through insurance agents.

Pricing and Underwriting

Pricing for our insurance products is based on generally accepted actuarial principles as well as relevant CIRC regulations. We principally take into account the following factors in pricing our insurance products: applicable regulatory requirements, severity and frequency of loss, expenses relating to marketing and promotion, claim settlement expenses, target margins and pricing of similar products in the market.

We strive to control our risk exposure and achieve profitability for our insurance products through effective pricing. We take into consideration of actuarial rates, as well as our estimated expenses associated with distribution, marketing and claim settlement, to determine our "breakeven" rates, and add in a suitable margin for profit. Formulation and material modification of policy terms and premium rates of our insurance products do not require prior CIRC approval, but are required to be filed with the CIRC within 10 business days after the launch of such products.

With our big data capabilities, we analyze extensive user data originating from our large and expanding customer base and third-party data providers to enhance our pricing accuracy. Such data include personal and transactional data we gain access to for the purpose of underwriting insurance policies, as well as anonymized user behaviors and patterns we collect during the ordinary course of business and source from third-party data providers. Our cloud-based platform enables us to achieve dynamic and customized pricing.

Claim Settlement

We have established a centralized claim settlement management system to provide automated online claim settlement for certain of our products. We cooperate with our ecosystem partners or data providers in the claim settlement process to ensure accurate and efficient claim settlement process. For example, for our *Flight Delay Policy*, we actively track flight data and passenger information and complete the reimbursement automatically.

Reinsurance

We reinsure certain portions of the insurance risks we underwrite to reduce risk exposure, protect capital resources and maintain stability in operations. We currently do not reinsure products with short policy terms, smaller coverage amount and high purchase frequency, such as *Shipping Return Policy* and *Flight Delay Policy*. We reinsure products with relatively larger coverage amount and longer terms, such as certain products in the health ecosystem. Most of our reinsurance was for our *Personal Clinic Policy* during the Track Record Period. We also use reinsurance to improve our underwriting capacity and limit our exposure to potential extraordinary losses. We determine our retention amount and our cession ratio based on the relevant insurance laws and regulations in the PRC, the development strategies of our property and casualty insurance business, our solvency margin, the characteristics of different insurance products, as well as the needs of our business operations.

According to Article 102 of the PRC Insurance Law, retained premiums of a property and casualty insurance company for the current year may not exceed four times the sum of its paid-in capital and the capital reserve. According to Article 103 of the PRC Insurance Law, the liability of an insurance company for the maximum amount of loss that may be caused by a single insured event may not be more than 10% of the sum of paid-in capital and the capital reserve. Any part exceeding the 10% limit must be reinsured. According to Article 10 of the Provisions on the Administration of Reinsurance Business promulgated by the CIRC, an insurance company must determine its total retained premiums and its retained liability for each risk unit for the current year. Reinsurance must be obtained for the excess.

We have established internal reinsurance policy with detailed implementation rules to ensure compliance with relevant laws and regulations and manage relevant risks. In general, we believe reinsurance is necessary under the following three circumstances : (i) according to our internal policy and the relevant regulatory requirements, for each product policy, we set an estimated tolerance amount with respect to the maximum risks associated with such policy that we could be able to manage. We would need reinsurance to allocate and control our risks in the event that the actual risks of the product policy exceed such tolerance risks; (ii) during the development stage of a product, we may lack sufficient data or experience in assessing the relevant risks associated with such product and thus we expect to leverage on experience in pricing and claim settlement from reinsurers to mitigate our risks; and (iii) for product policies that usually involve excessive risks, we expect to reduce the risks and avoid extreme risk volatility through reinsurance. We gain knowledge from our reinsurers about various types of risks and the basis of rating the risks in developing our products, and we effectively reduce our insurance risks by distributing some risks among reinsurers in these situations. We have adopted cautious strategies for selecting our reinsurers and adhering to the requirements set forth in the Circular on Issues Concerning Security of Reinsurance Business. We select our reinsurers carefully, based on their financial strength, service, terms of coverage, efficiency of claims settlement and price. Our reinsurers must have obtained high ratings from reputable third party rating agencies for their financial conditions and possessed required licenses and permits.

OUR TECHNOLOGY

We believe our proprietary infrastructure and technologies are critical to our success. We have made significant investments in developing a proprietary, scalable cloud-based core system which is one of our competitive advantages.

We are one of the few insurance companies in China that operate their core insurance systems fully on cloud-based platforms. We further developed open platforms in order to connect with the growing number of ecosystem partners. We also apply big data analytics and artificial intelligence in marketing, underwriting, pricing, claim processing and settlement. Furthermore, we develop our technology solution business which offers data, technology and model solutions to our ecosystem partners and other players in the financial industry.

Wujieshan, our Cloud-based Core System

We have developed a secure, efficient and cost-effective cloud-based core system, Wujieshan, to operate our insurance business. Cloud-based technology allows us to process large amount of complicated data in-house, which significantly reduces cost and improves operation efficiency.

Our proprietary Wujieshan is highly secured. We back up our data at different locations by different cloud server providers simultaneously. Our proprietary security system analyzes and predicts malicious attack. The response time of our cloud system is shortened to within five seconds, resulting in enhanced responsiveness to any challenges or attacks.

Our Wujieshan system enables efficient automatic operation and maintenance capabilities. We are able to achieve up to 500 product releases each week without interrupting the servers, and the policy processing speed can be up to 13,000 policies per second. Our system can generate a response in ten milliseconds with feedback provided within five seconds. We are capable of completing reconciliation on a daily basis and we have never lost a single policy as of the Latest Practicable Date. Therefore, during the peak hours, such as the Double 11 Shopping Festival in 2016 when massive orders came from customers simultaneously, our cloud-based system processed 200 million policies within one week.

Furthermore, we power our Wujieshan system by our micro-service architecture, DevOps platform and monitoring platform. By means of these architecture and platforms, the development cycle would not exceed two weeks. In addition, we are capable of releasing new product or feature to our production environment within one minute. The notification about any exception happened in production environment would be received within ten seconds.

Our artificial intelligence includes the application of technologies related to image recognition and NLP. We apply image recognition in our *Phone Screen Crack Policy* and NLP in the chatbot program for our *Personal Clinic Policy*. We have obtained and are in the process of obtaining intellectual property rights for some of our technologies. See "— Intellectual Property." As of March 31, 2017, our Group had two patents registered with the State Intellectual Property Office of China. We also had eight patent applications, all of which relate to various aspects of our Wujieshan system.

Our technology platform incorporates licensed third-party software, which we are authorized to use under strict compliance with the relevant licensing requirements. We utilize a number of open-source software frameworks of the Apache series in our IT infrastructure, including Hadoop, Spark, Zookeeper and others, which support our big-data processing, management and cloud computing. See the section headed "Risk Factors — Risks Related to Our Business — Our inability to use software licensed from third parties, including open source software, could negatively affect our ability to sell our solutions and subject us to possible litigation" in this prospectus.

Open Platform

Our open platform enables us to embed insurance products to various ecosystems through different technologies and mechanisms, including standard APIs, embedded page component, and software development kit embedded into our operating system. Through our open platform, we are able to cooperate with more ecosystem partners in an efficient manner. In addition to serving our insurance related business, our open platform also provides data related risk management services to our ecosystem partners. We plan to leverage our open platform and advanced technology underlying this platform to help more customers enjoy comprehensive insurance protections in various aspect of their lives. For example, Xiaozhu.com, a short term apartment sharing website in China, utilizes our open platform to offer our comprehensive homeowners insurance and occupation accident insurance to the homeowners and tenants on its platform.

Big Data Analytics

Data is one of the most important assets for the insurance companies. Throughout the insurance value chain, insurance companies face decisions that rely on the analysis of financial, actuarial, claims, risk, consumer, producer and other types of data. New analytical methods allow insurance companies to process these huge amounts of so far untapped data. Predictive and statistical modelling allows insurance companies to predict what may happen in the future by measuring and understanding past behaviors and patterns.

Through our business in various ecosystems, we have accumulated big data from our growing customer base. Given our ecosystem-oriented innovation and scenario-based settings, we have access to valuable data of customers' behaviors and consumption patterns in their everyday lives. During the underwriting process, we gain access to personal and transactional data of our customers that are necessary for underwriting insurance policies and use such data in the ordinary course of our business. We also collect anonymized, non-confidential user behaviors and patterns and source data from third-party data providers, which are not linked to specific individual users. Leveraging on the unique and large amount of data we have gathered, combined with our internally developed machine learning engine and analytics models, we are able to efficiently and accurately collect and analyze large amount of user data to insurance related profiles.

On the customer end, we utilize our big data capability on behavior predictions, customer profiling, targeted marketing and user experience optimization. For example, we are able to recommend our insurance products in the consumption scenario based on the customer's pattern to accurately address their pain points to improve their overall experience. We also apply our data analytic in our product design process, including product iteration, dynamic pricing, real-time fraud detection, claim settlement and customer services. Our sophisticated data insights and data analytics capabilities have driven our rapid growth and improved our operational efficiency. The value of our rich data increases exponentially with our strong emphasis in data analytics. Our accurate and comprehensive user profiling enables us to continuously enhance user experience, improve our ability to attract and retain customers and maximize our profitability.

Artificial Intelligence/Machine Learning

The insurance industry is ripe for further automation as it revolves primarily around analysis and processing of information. The availability of advanced artificial intelligence technology brings significant value to the insurance companies. We apply artificial intelligence in multiple areas, such as identity verification, image recognition, model iteration and customer service, to improve our risk management, operating efficiencies and customer satisfaction.

For example, we utilize machine learning and neuro-linguistic programming to develop automated customer service chatbot, which significantly improved customer experience and reduced our insurance operating expenses. Most significantly, we integrated our artificial intelligence capabilities extensively to support risk management. For example, we are able to achieve automation in real-time risk control and dynamic underwriting system to achieve more accurate pricing specifically addresses risks we face. Our user profiling through graph mining enables us to provide accurate predictive recommendation to our customers. We are able to build a customer white list based on the analysis. Our advanced image recognition technology enables us to design fast and effective anti-fraud measures, which provide us with an unique competitive advantage in optimizing our claims process for our innovative products such as *Phone Screen Crack Policy*. Our technology allows us to verify that the phone in the photos sent by the users is the same phone to be insured, and increases the accuracy of the check for the screen of the phone. Our real-time risk management system enabled by artificial intelligence technology makes it possible for us to obtain holistic understanding of customers and address fraud and default risks throughout a product lifecycle, from product design, underwriting, monitoring and claim settlement.

Blockchain

Blockchain is a distributed ledger technology used to store static records and/or dynamic transaction data distributed across a network of synchronized and replicated databases. It empowers trust between parties without the use of a central intermediary, removing frictional costs and inefficiency. From a technical perspective, blockchain is a distributed database that maintains a continuously growing list of ordered records called blocks. Blockchain can be applied to identity management, fraud detection, and peer-to-peer risk management, which can be valuable for our products in the health ecosystem.

We independently developed our blockchain system, namely Ann-chain and Ann-router. Ann-chain is a blockchain protocol implementation which is intended as a foundation for developing blockchain applications and solutions. Ann-router is our blockchain network component which is intended to link isomorphic and heterogeneous blockchains.

We have applied the blockchain technology and developed Ti-Capsule, which is a peer-to-peer and secured data storage system. The documents stored in Ti-Capsule are secured and cannot be modified. Data is secured even if one of the data center is under attack. Sensitive information such as customer identity, asset proof, health information and e-contracts can be securely stored with Ti-Capsule, which is valuable to financial institutions, especially insurance companies.

We are actively involved in the development of blockchain in China and are one of the founding members of the Shanghai Blockchain Enterprise Development Promotion Alliance, which include Xiaoying, Locket and Bestpay. We also participated in drafting the industry standard in collaboration with China Electronics Standardization Institute.

Our Research and Development Team

We have a team of experienced engineers dedicated to our research and development. As of March 31, 2017, our research and development staff consisted of approximately 860 engineers and technicians, representing over 50.6% of our total employees. As of March 31, 2017, among our research and development staff, approximately 63.5% are responsible for system connections with our ecosystem partners, system maintenance of such ecosystems and product development, approximately 7.3% specialize in big data analytics, approximately 5.5% are in charge of the development and maintenance of our *Wujieshan* platform, approximately 1.5% focus on blockchain related technology, approximately 4.5% specialize in artificial intelligence and machine learning and the remaining 17.7% are general support. In the future, as we emphasize more on our technology solutions business, we are committed to investing further in our research and development capabilities and expanding our research and development team to support our business development and maintain our technological advantages. Our engineers are based in our Shanghai or Hangzhou office. We recruit most of our engineers from prestigious universities in China and hire experienced laterals from well-established internet and software companies. We compete aggressively for engineering talent to help us address challenges and maintain our technological edges. In the years ended December 31, 2014, 2015, 2016 and in the three months ended March 31, 2016 and 2017, our research and development investments were RMB22.4 million, RMB63.9 million, RMB214.4 million, RMB34.5 million and RMB91.7 million, respectively, representing 2.8%, 2.8%, 6.3%, 5.7% and 8.9% of our GWP in these periods, respectively.

OUR TECHNOLOGY SOLUTIONS BUSINESS

In July 2016, we established a wholly-owned subsidiary in China, ZhongAn Technology, which focuses on the research and development of cutting-edge financial technologies. In addition to supporting our own research and development efforts, ZhongAn Technology aims to provide technology solutions to our business partners and other industry participants. By integrating artificial intelligence, blockchain, cloud computing and big data capabilities, we envision our technology solutions to play an important role in further promoting the information system in the insurance and financial services industries. We strive to make ZhongAn Technology a leader in applying blockchain and artificial intelligence technologies and the incubator for other advanced technologies in the future.

Through ZhongAn Technology, we currently develop and offer three series of technology services: the S series of insurance and financial applications, the X series of intelligent data services and T series of blockchain services. As of March 31, 2017, we had developed two S series products, seven X series products and three T series products. We aim to market our technology solutions to our corporate customers in the insurance and financial services industries. As of the Latest Practicable Date, ZhongAn Technology had entered into 27 technical service agreements in connection with the provision of services such as big data, risk management, online platform infrastructure and software engineering. ZhongAn Technology did not record any revenues during the Track Record Period, and began to generate revenue in the second quarter of 2017. Revenue generated by ZhongAn Technology in the six months ended June 30, 2017 amounted to RMB2.9 million.

S Series

Our S series products include cloud-based applications designed for the insurance and financial services industries, aiming to speed up the digitalization of traditional insurance and financial services. We mainly develop three types of S series solutions for insurance and financial industries:

- *E-commerce platforms*. We have been developing new technologies to establish e-commerce platforms for our clients. They allow traditional insurance companies and agents to quickly build up their online sales channels, including official homepages, mobile apps, e-commerce platforms, WeChat platforms and others. Such platforms can also be connected to and integrated with other e-commerce platforms in the relevant online ecosystems. We have launched e-commerce platform development services in the first quarter of 2017.

- *Insurance core systems*. We have been developing cloud-based core systems for insurance providers.

- *Finance core systems*. We have been developing cloud-based core systems for financial service providers. We entered into an agreement with our cloud-based cooperative partner in the second quarter of 2017.

The value of S series contracts ranges from RMB1 milllion to RMB3 million.

X Series

Our X series products include various data services backed by our artificial intelligence technology. We offer customized solutions to meet the unique needs of our customers by providing data services through API connection to our clients, which are mainly internet finance platforms. We charge a fee ranging from RMB0.3 to RMB6.0 for each occurrence of API usage. The followings are some examples of X series services we have launched or plan to launch in the near future:

- *X-Model*. X-Model helps our clients conduct data analysis and develop customized risk management models. We launched X-Model in March 2017.

- *X-Decision*. X-Decision helps our clients make transactional decisions, such as whether to approve a loan application, based on data analysis provided by X-Data and X-Model. We launched X-Decision in May 2017.

- *X-Man*. X-Man helps our clients analyze their own customer data to create customer profiles. We are currently developing client relationships for X-Man.

- *Smart Customer Service*. Our customer service chatbot programs analyze customer questions to provide relevant and useful responses using NLP. Since the launch of the customer service program for our Personal Clinic Policy in November 2016, it has handled over 40,000 service incidents per week, reducing our customer service staff cost.

- *Facial Recognition*. Our facial recognition service helps us and our clients achieve remote identity verification, which enhances security in online financial transactions.

In addition, we also offer X-Data, X-Opinion and X-Security, and we develop platform-level X series products including intelligent development tools and intelligent infrastructure services, such as X-Flow, X-Antifraud and X-Custmade. As of the Latest Practicable Date, we had more than 150 customers for our X series products.

T Series

Our principal T series product is Anlink, our proprietary internet security platform based on blockchain, artificial intelligence and other technologies. Anlink can be deployed on private or public cloud, and includes a suite of secure services such as identity verification, digital assets circulation, clearing, data storage and copyright protection. We launched Anlink with our cooperative partners, and promoted Anlink externally in November 2016. We began providing service on our Anlink website in March 2017 and commercialized Anlink in May 2017. Our potential partners in the development of blockchain technology include major stock and insurance exchanges, insurance companies, banks, as well as leading companies in other industries.

- *Ti-Capsule*. Ti-Capsule is used to store the important or sensitive information such as EMR or privacy information. All documents stored in Ti-Capsule are tamper-resistant and also do not drop-out in any situation. We launched Ti-Capsule in August 2016.

- *Ti-Sun.* Ti-Sun provides an unique and secure digital identity for any users in our ecosystem. A smart identity contains all digitalized attributes and assets belonging to the corresponding user which helps us provide services such as know-your-client and anti-money laundering. We launched Ti-Sun in December 2016.

- *Ti-GlassHouse.* Ti-GlassHouse is Anlink ecosystem's financial infrastructure. It provides the ability to digitalize off-chain assets such as points or insurance products to blockchain. All on-chain digital assets could be transacted in real time and support supervision naturally. We launched Ti-GlassHouse in May 2017.

- *Ti-Packet.* Ti-Packet is an online electronic blockchain-based signing system. It allows signing parties to enter an agreement by certified electronic signatures as well as authorization by blockchain, which ensures the agreement to be non-amendable so as to protect the interests of the signing parties. We launched Ti-Packet in May 2017.

As of the Latest Practicable Date, we have entered into one agreement in connection with our provision of the Anlink-based technological services.

RISK MANAGEMENT

Our Risk Management Framework

Management of risk exposure is fundamental to our operations. We have established a comprehensive, enterprise-wide and technology-driven risk management framework to manage risks across our operations. We apply our big data analytics capability and machine learning technology to assist our risk management efforts. The three pillars of our risk management framework include (i) quantitative capital requirements, such as the management of insurance risk, market risk, credit risk and liquidity risk, (ii) qualitative risk management requirements, such as the management of operational risk, strategic risk, reputation risk and liquidity risk, and (iii) market discipline.

The Board of Directors assumes the ultimate responsibility for our risk management, internal control and compliance. Our risk management activities are centrally undertaken and monitored by a risk management committee under our Board, and supplemented by the legal and compliance department, internal audit department and other business departments. The risk management committee is responsible for identifying and reviewing the major areas of risk across the Company, and for approving, and ensuring compliance with key financial and operational risk management policies. Our chief risk officer who has over 18 years of legal and risk management experience in financial institutions, oversees the risk management of the Company and participates in the meetings of the risk management committee. We also set up a risk management department with expertise in finance, investment, legal and regulatory, actuarial and internal audit to oversee the daily risk management activities of the Company.

In addition to overall risk management, we also emphasize our risk management throughout the insurance value chain. For example, we closely monitor the credit risks when developing our credit guarantee insurance. Our product managers in each business department also contributed to our risk management efforts in their daily practices. We set up key risk indicators for each business department to monitor our daily operations. Prompt reporting to the risk management department is required when key risk indicators are triggered.

The organizational structure of our risk management system includes: Board of Directors, risk management committee, senior management, risk management department, legal and compliance department, finance department, actuarial department, operation management center, information and technology department, the various business departments, internal control department and other related departments.

Board of Directors

The Board of Directors of our Company is the highest authority in terms of risk management. It monitors the effectiveness of our management's risk management, and takes the ultimate responsibility in terms of the effectiveness of risk management. The principal risk management responsibilities of the Board of Directors include:

- Provide guidance on establishment and improvement of risk management system of the Company, review and approve annual risk management work schedule and target, and supervise the management team over solvency risk control;
- Review and approve risk management policies;
- Review and approve the formulation and adjustment of the risk management structure and responsibility;
- Review and approve the strategy of risk management, including the overall target, risk preference, risk tolerance, risk management policy, choice of risk management tool and resource allocation scheme for risk management;
- Review other risk assessment reports that need to be disclosed to the public; and
- Other important matters that need approval by the Board of Directors.

Risk Management Committee

The risk management committee of the Board is responsible for understanding all major risks involved in the Company's operations and their management and is also responsible for supervising the effectiveness of our risk management system. The risk management committee has the following principal functions:

- Review overall objectives, fundamental policies and operational rules for risk management, and make suggestions and recommendations to the Board;
- Prepare annual risk management plan and working targets;
- Review setup of risk management systems as well as each organization's duties and responsibilities, and make suggestions and recommendations to the Board;
- Review risk assessment relating to significant decision-making and proposed measures to address significant risks, and make suggestions and recommendations to the Board;

- Review annual risk assessment reports, risk management reports on specific issues and key risk analysis reports and make suggestions and recommendations to the Board; and

- Coordinate and oversee the risk management practice in each business department.

Senior Managements

Our senior managements execute resolutions relating to risk management approved by the Board of Directors and the risk management committee and manage the risks involved in our daily operations. The principal functions include:

- Formulate and execute the policy and schedule of risk management according to the overall target and risk preference approved by the Board of Directors;

- Coordinate with risk management department and other departments to review the risk management system and policy and accomplish the necessary updates;

- Establish and evaluate solvency risk management organizational structure and adjustment scheme; senior management can review quarterly and annual risk assessment reports on senior management general meetings and can review various risk management regulations;

- Lead and supervise risk management activities of all functional departments to ensure the establishment and operation of risk management process;

- Review risk management development strategy, including risk preference and tolerance, limit of various risks, principal solutions, choice of risk management tool and resource allocation scheme;

- Report to the risk management committee regarding solvency risk level and risk management condition annually;

- Review quarterly risk assessment report, discuss major risk solution scheme; and

- Coordinate the establishment of risk execution information system and cultivate risk management culture.

Risk Management Department

The risk management department is in charge of the daily risk management of the Company and coordination among the business departments and report to the Board. The risk management department has the following principal functions:

- Establish and maintain solvency management system; facilitate formulation of various risk management regulations; set responsibility, methods, content, measurement, monitoring and report arrangement of various risk management; review and update the regulations at least once a year and keep the records;

- Establish the strategy of risk management, including the overall target, risk preference, risk tolerance, risk management policy, choice of risk management tools and resource allocation schemes for risk management;

- Take lead in preparing risk management report; carry out quarterly and annual risk assessment and measurement; track the latest risk allocation and risk management system operation conditions and submit the relevant reports to the Board of Directors or senior management;

- Take lead in preparing solvency risk report and submitting it to senior management and CIRC, and submit the same on the second and fourth quarter to the risk management committee and the Board of Directors to consider and approve;

- Assist to establish and improve the solutions and emergency mechanisms for major risk accidents, major solvency accidents and major operational management accidents; summarize significant discrepancy of solvency risk systems and other relevant matters and report to the risk management committee and senior management; and

- Participate, coordinate and oversee risk management and execution information system; improve risk management method, technology and model; ensure common awareness and use of risk information among various functional departments to satisfy the requirements of risk assessment and supervision.

Enterprise Risk Management

With our strong focus on compliance, we developed our systematic enterprise risk management framework, which sets forth our policies in determining the risk limits and adopts the standards of our accounting and statutory metrics. We use our own risk and solvency assessment (ORSA), in line with the relevant Chinese regulations. ORSA provides us with an internal process for assessing the effectiveness of risk-management capabilities and solvency under both normal and stressed conditions. ORSA also helps us evaluate material risks that could affect our ability to meet policyholder obligations, including market risks, credit and underwriting risks, liquidity risks, and operational risks.

At the same time, the risk-management function is incorporated with loss control and risk-return optimization into its role. During the ongoing dialogue with other functions (such as finance) and other business departments, we identify potential issues and, where helpful, challenge common practices. The function develops an understanding of corporate strategies and the ability to model risk capitalization and conduct stress testing, which then converts into strategic input for further management.

Management of Insurance Risk

We face insurance risks, which involve the potential loss arising from, among others: (i) defective product design; (ii) mispricing of products or inadequate reserves due to inaccurate assumptions regarding factors such as loss ratio and surrender rate, (iii) inappropriate reinsurance arrangements or (iv) unanticipated major claim settlement. Our actuarial department is key to our insurance risk management, which is actively involved in product development, pricing and underwriting.

We face risks relating to defective product design or inaccurate assumptions. Potential loss might arise from a particular insurance product as a result of actual market conditions, loss experience being different from the assumed market conditions and loss experience used when designing and pricing the product. We manage product design risk through comprehensive product tests. Our product review committee establishes standards and guidelines designed to ensure that our level of product risk for a particular product is within an acceptable range and consistent with the designed profile of the product. The standards and guidelines cover, among other things, product design, pricing methods, assumption setting, capital requirement, profit margin objectives, documentation, approval processes and loss experience monitoring programs. Our big data-based dynamic pricing assists us in managing relevant product risks. In addition, we set aggregate retention limits and purchase reinsurance to further reduce our product risk.

If an insurer's pricing is based on assumptions that prove inadequate, it may have an adverse impact on our continuous and healthy business operations. We manage pricing and underwriting risk by pre-pricing actuarial tests and post-pricing follow-up and pricing corrections. We price and underwrite our products based on strict actuarial testing and assessment supported by our big data analysis of historical claims. We also focus on post-development tracking and monitoring, collecting performance data of launched products and conducting tests on the rationality of pricing periodically. If relevant data indicates that our actual experience differs significantly from our original expectations of a product, we will re-price, re-design or discontinue to sell the product, as appropriate.

We also face reinsurance and catastrophe risks which are the possibilities of significant financial losses arising from a lack of sufficient reinsurance of assumed risks or from a particular catastrophe. In order to manage such risks, we have a tiered cession scheme to integrate, among others, treaty reinsurance, facultative reinsurance and catastrophe reinsurance together. We limit the maximum retention amount of certain insurance products or certain types of products. We have entered into various reinsurance arrangements and agreements with domestic as well as international reinsurance companies to reduce excessive risks exposure.

We also face solvency risk, which refers to the risk of an insurance company losing its ability to pay back maturing debts and future obligations. We conduct solvency test on a regular basis and we monitor our overall solvency margin and provide a relevant report to the CIRC on a semi-annual basis. We not only periodically monitor our solvency margin ratio, but also conduct identification and assessment in line with regulatory requirements to determine the presence of significant solvency risk. We enhance our solvency margin through formulating proper reinsurance plans, and taking measures to strengthen our capital base, such as capital increases and issuance of subordinated debts in response to changes in solvency margin.

Management of Market Risk

Market risk is the risk of potential loss on future earnings, fair values or future cash flows that may result from changes in the value of a financial instrument due to changes in interest rates, market prices and other factors that affect market risk sensitive instruments. Market risk is attributed to all market risk sensitive financial instruments. We manage our market risk exposure in a variety of ways and use various quantitative models to assess market risks, including sensitivity analysis, setting trading limit, stress test and scenario analysis, which are common tools in the insurance as well as asset management industries. We routinely conduct sensitivity analyses on our debt securities and equity portfolios in an effort to estimate our exposure to fluctuations in interest rates or equity indices. We also conduct stress tests to monitor compliance with internal targets for solvency and capital and target for credit ratings.

A major market risk we face is interest rate risk, which predominantly arises from investments in long-term debt securities which are exposed to fluctuations in interest rates. We monitor and assess our interest rate risk regularly by conducting sensitivity analysis and stress tests based on the analysis of discrepancies between assets and liabilities, and we seek to manage our interest rate risk by adjusting our portfolio compositions and by managing, to the extent possible, the average duration and maturity of our portfolio.

Management of Credit Risk

Credit risk is the risk of economic loss resulting from the failure of one of our obligors to make any payment of principal or interest when due and the loss in value resulting from a corporate failure. We are exposed to credit risks primarily associated with our fixed income investments, our credit guarantee insurance and our reinsurance arrangements with reinsurers. We mitigate credit risk by utilizing detailed credit control policies, by undertaking credit analysis on potential investments, and by imposing aggregate counter party exposure limits on our investment portfolios. Our investment guidelines also require the risk levels of the various investment sectors to be continuously monitored with allocations adjusted accordingly.

We manage the credit risk associated with our credit guarantee insurance and solutions by adopting credit assessment of borrowers based on data available to us and our big data analytics. We obtain information on borrowers, such as their consumption behaviors, from our ecosystem partners, and have connected our system to a number of major big data service providers, such as the PBOC credit reference center, the identification database of the Public Security Bureau, Sesame Credit, Qian Hai Zheng Xin, Lawxp.com (匯法網), Tongdun (同盾) and Bairong Financial (百融金服).

In order to ensure accuracy of credit assessment of borrowers, we conduct credit assessment, which includes a credit score model, anti-fraud technology based on artificial intelligence technologies, blacklist screening, risk pricing techniques based on historical default rate and loss level and risk assessment of our partners and transaction counterparties. Our credit score modeling and borrower profiling are based on credit information, social information, transactional information and other variables and we classify and manage our borrowers based on their credit scores.

We also monitor credit risk during the terms of the credit facilities. To facilitate independent risk assessment of borrowers, we adopt measures which include a combination of cash flow calculations and stress tests with our ecosystem partners, and effective delinquency management. We also conduct weekly or monthly evaluation on our insurance products to track the trend of product performance and forecast potential defaults.

During the Track Record Period, we provided credit guarantee insurance to lenders of personal loans on the platform of Zhaocaibao when they acquired the right to receive repayment of the underlying loans from other lenders who wish to cash out on their investments before the maturity of these loans. Some of the underlying loans involved corporate bonds. In December 2016, certain of these corporate bonds defaulted and the direct insurer of the repayment of these bonds, which is a different insurance company from us, was required to repay the loan amounts. We did not pay insurance claims in this incidence, as the direct insurer paid all insurance claims. Nevertheless, a default of a large underlying asset may expose us to heightened risks of insurance claims. We have no longer provided such credit guarantee insurance since the middle of 2016.

To reduce the credit risk associated with our reinsurance agreements, specific counterparty exposure measures and limits are imposed. In addition, we monitor the financial conditions of our reinsurers on an ongoing basis and review our reinsurance agreements periodically. In addition, we regularly review overdue balances and make provision for doubtful debts covering both general and specific provisions based on the aging of the premiums receivables. We assess our investment and reinsurers with reference to internal and external credit ratings and periodically re-assess such ratings to ensure accurate control procedures.

Management of Operational Risk

Operational risk is the risk of loss resulting from breakdowns in information, communication, transaction processing, settlement systems and procedures. Operational risks include failure to obtain proper internal authorizations or to properly document transactions, equipment failure, inadequate training or errors by employees. Our cloud-based system and blockchain technology allow us to properly back up important documentation while maintaining the security. We also adopt strict data protection policy to ensure the security of our proprietary data.

We manage operational risk by establishing clear policies, requiring processes to be well documented and ensuring that transactions are reconciled and monitored. Our management of operational risk begins with the product managers, who take initial responsibility for supervising our operating personnel for compliance with the control standards established by our respective businesses as well as applicable laws and regulations. Their efforts to manage operational risk are overseen by our senior management and audit committee to ensure our operations are conducted in accordance with our internal policies.

We also manage operational risks with regards to our business cooperation with external parties. As we work closely with our ecosystem partners and other business partners in many aspects of our operations, we require our business department to evaluate and assess the partners' risk profiles based on historical experience and our internal policy.

Management of Strategic Risks

Strategic risk refers to the risk of ineffective business strategies and executions or inability to react to the changes in industry and business environments. We aim to manage our strategic risks by establishing a comprehensive, forward-looking and adaptive system led by the strategic development department and the chief risk officer.

We periodically review and assess our business strategies and take into consideration the regulatory development, macro- and micro-economy, technological development and industry trends. We also review our internal resource allocations, including technology, human resource, sales and marketing. We provide regular and specialized trainings tailored to the needs of our employees in different departments. Through these trainings, we ensure that our staff's skill sets remain up-to-date and enable them to discover and meet our customers' needs.

Management of Reputation Risk

Reputational risk is the risk of our loss from events which negatively impact our brand and reputation. During the ordinary course of business we may face unfavorable media coverage, which may cause significant reputational damage to us, disrupt our business operations, and even lead to large-scale surrenders of our insurance products.

In order to effectively manage reputational risk, we have proactively strengthened the development of our brand and corporate culture, and carried out professional brand promotions. We are proactively exploring approaches to guard and promote our brand and reputation so as to enhance business development and brand image. We take precautionary steps in prohibiting reputational risks. We have established special mechanisms for crisis prevention and management, and improved our system-wide capabilities in monitoring and responding to media coverage, which is used as guidance on our analyses of our management of crises. At the same time, we have strengthened our external communications, in an effort to prevent and manage crises, and maintained favorable relationships with social media.

Management of Liquidity Risk

Liquidity risk is the risk of not having access to sufficient funds to meet our obligations as they become due. We are exposed to liquidity risk on insurance products that permit surrender, withdrawal or other forms of early termination. We seek to manage our liquidity risk by matching to the extent possible the duration of our investment assets with the duration of our insurance products. We rely on a broad range of liquidity sources to meet our funding needs. We fund our operations principally from the receipt of written premiums and policy fees from policyholders and the related investment income. We may also obtain short-term borrowings in the form of repurchase agreements, as well as raise funds through the sale of investments from time to time.

We have implemented various detailed measures to manage our liquidity risks which, among others, include:

- improve the design and management of insurance products with a view towards reducing the possibility of unexpected liquidity demand;
- monitor our liquidity position in compliance with regulatory and our internal requirements;
- review the expenditure and deposits of the Company on a regular basis; and
- highlight the liquidity management targets in entrustment asset management and determine appropriate strategic asset allocation ratio to maintain the liquidity of our investment portfolio.

We also face asset and liability matching risk, which refers to the risk resulting from the mismatches of duration of assets and duration of liabilities and mismatches of cash flows and investment income. We have strengthened the managements of cost benefit, duration and risk prediction based on solvency margin constraint and the characteristics of liability for insurance products, to ensure the insurance investments are under the value of risk limit. We also use various measures including gap analyses, sensitivity analyses and scenario analyses to evaluate and manage the mismatch risks of assets.

Management of Internal Control, Audit and Financial Reporting Risks

We have established a series of policies and procedures related to our internal control and management of internal audit risks and financial reporting risks. These policies and procedures are carried out on an on-going basis from a risk-oriented perspective to deal with the various types of risks encountered by us during our internal control and financial management processes and to better help us achieve our business objectives.

Internal Control Risk

We have designed and adopted strict internal procedures to ensure the compliance of our business operations with the relevant rules and regulations.

In accordance with these procedures, our in-house legal and compliance department, which consists of 12 members with an average of nine years of experience in internal control, performs the fundamental function of reviewing and updating the form of contracts. Our legal and compliance department examines the contract terms and reviews all relevant documents for our business operations, including licenses and permits obtained by the counterparties to perform their obligations under our business contracts and all the necessary underlying due diligence materials, before we enter into any contracts or business arrangements.

We also have in place detailed internal procedures to ensure that our in-house legal and compliance department reviews our products and solutions, including upgrades to existing products, for regulatory compliance before they are made available to the general public. Our in-house legal and compliance department is responsible for obtaining any requisite governmental pre-approvals or consents, including preparing and submitting all necessary documents for filing with relevant government authorities within the prescribed regulatory timelines.

We review the implementation of our risk management policies and measures to ensure our policies and implementation are effective and sufficient.

Internal Audit Risks

The audit committee of the Board is the key to our internal audit functions. It has the following principal duties and responsibilities relating to our risk management:

- review fundamental internal audit schemes and make suggestions to our Board, and approve annual internal audit plans and budget;
- provide guidance for internal audits and supervise the quality of internal audits;
- coordinate internal and external audits and supervise the correction of major issues identified by internal and external audits; and
- periodically review the completeness and effectiveness of our internal control systems and accept and handle material complaints regarding internal control.

Financial Reporting Risks

We have in place a set of accounting policies in connection with our financial reporting risk management, such as financial report management policy, budget management policy, financial statements preparation policy, and financial department and staff management policy. We have various procedures in place to implement accounting policies, and our financial department reviews our management accounts based on such procedures. In addition, the senior members of our finance department are all experienced in finance and accounting. We also provide regular training to our financial department staff to ensure that they understand our accounting policies.

Risk Management of Information System

Sufficient maintenance, storage and protection of user data and other related information is critical to our success. We have implemented relevant internal procedures and controls and adopted security measures to ensure that user data is protected and that leakage and loss of such data are avoided. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material information leakage or loss of user data.

INTERNAL CONTROL MEASURES

In preparation for the Global Offering, we engaged an independent consulting firm (the "Internal Control Consultant") to perform a review over selected areas of our internal controls over financial reporting (the "Internal Control Review") in November 2016. The scope of the Internal Control Review in November 2016 performed by the Internal Control Consultant was agreed upon among us, the Joint Sponsors and the Internal Control Consultant. The selected areas of our internal controls over financial reporting that were reviewed by the Internal Control Consultant included controls over product development, marketing and customer management, underwriting, consumer finance, claims, actuarial management, investment, treasury, reinsurance and co-insurance, human resources, fixed assets management, purchase, financial management, taxation, information technology and company level controls. The Internal Control Consultant performed a Follow-up Review in June 2017 (the "Follow-up Review") to review the status of the management actions by us to address the findings of the Internal Control Review. The Internal Control Consultant did not have any further recommendation in the Follow-up Review. The Internal Control Review and the Follow-up Review were conducted based on the information we provided and no assurance or opinion on internal controls was expressed by the Internal Control Consultant.

After considering our remedial actions, our Directors are of the view that these enhanced internal control measures are adequate to ensure the effectiveness of our internal control over financial reporting in the future. Based on the relevant due diligence work conducted, the Joint Sponsors are of the view that the internal control measures, if implemented continuously, are adequate and effective to prevent similar findings of internal control over financing reporting from recurring in the future.

ASSET MANAGEMENT

With respect to the investment of our insurance funds, we strictly comply with the requirements of relevant PRC laws and regulations and implement prudent risk management by establishing a comprehensive asset management framework to ensure that our assets are properly managed. Our Board bears the ultimate responsibility for the allocation, investment policies, risk management and internal control regarding the investment assets. In particular, we have established an Investment Strategy Committee under our Board of Directors, comprising Mr. Xinyi Han, Mr. Jimmy Chi Ming Lai, Mr. Hugo Jin Yi Ou and is chaired by our CEO, Mr. Jin Chen, to be in charge of our investment assets, including the review of annual investment plans and guidelines, overall strategy of investments, the use of insurance funds, investment policies and the approval and authorization mechanism for major investment decisions. Each member of our Investment Strategy Committee has prior experience in financial investment.

Pursuant to the regulation by the CIRC, our insurance funds, after approval, can be invested in, among others, bank deposits, bonds, equity securities, security investment funds, preferred shares, venture capital investment funds, RMB-denominated stocks listed on PRC stock exchanges, equities of unlisted companies or equity investment funds, infrastructure debt investment plans, real properties, financial products, financial derivatives and overseas investment.

We set up our investment guidelines in accordance with the relevant CIRC requirements on an annual basis. The annual investment plan and guidelines have to be reviewed by the Investment Strategy Committee and approved by the Board. Our annual investment plan and investment guidelines provide for the following investable assets:

(i) liquid assets, mainly including cash, money market funds, bank current deposit, bank call deposit, money market insurance asset management products and government bonds, quasi-government bonds and reverse repurchase agreements;

(ii) fixed-income assets, mainly including bank deposit, bank agreement deposit, bond fund, fixed income insurance asset management products, financial company bonds and nonfinancial company bonds;

(iii) equity assets, mainly including listed equity assets which include stock (including preferred shares), equity funds, hybrid funds, equity insurance asset management products, as well as unlisted equity assets which include unlisted equity interest, equity investment funds and other related financial products; and

(iv) other investments, mainly including financial assets of commercial banks, credit asset backed securities of financial institutions, collected fund trust plan of trust companies, special asset management plans of securities companies, project asset support plans of insurance asset management companies, and other insurance asset management products as well as real estate, facilities investment plans, real estate investment plans, real estate insurance assets management products and other real estate related financial products.

Our investment strategy is as follows: (i) for fixed income debt investment, we primarily invest in bonds with high liquidity, high credit ratings and high pledge rate; (ii) for public equity investment, we focus on publicly traded stocks with high dividend yield; and (iii) for other investments, we carefully select reputable trust products with high credit ratings or security, and wealth management products with high liquidity.

As part of our investment policies and risk management measures, we set trading limit for each investment asset class as follows:

Asset class	Category asset ratio limit	Risk monitoring percentage of total assets
Liquid assets	N/A	Liquid assets and governmental bonds and quasi-government bonds with remaining period until maturity of more than one year should account for less than 7% of the Company's total assets at the end of last quarter.

Asset class	Category asset ratio limit	Risk monitoring percentage of total assets
Fixed-income assets	N/A	Domestic bonds whose long-term credit rating are below AA level (including AA level) rated by domestic credit rating agencies should account for no more than 10% of the Company's total assets at the end of last quarter. The fund balance of interbank borrowings and bond repurchase should account for no more than 20% of the Company's total assets at the end of last quarter.
Equity assets	No more than 30% of the total assets of the Company at the end of last quarter, and the carrying amount of a single equity investment is not higher than the net assets at the end of last quarter	Equity assets should account for no more than 20% of the Company's total assets at the end of last quarter.
Real estate assets	No more than 30% of the Company's total assets at the end of last quarter, of which the amount used to purchase self-property is no more than 50% of the net assets of last quarter	Real estate assets should account for no more than 20% of the Company's total assets at the end of last quarter.
Other financial assets	No more than 25% of the company's total assets at the end of last quarter	Other financial assets should account for no more than 15% of the Company's total assets at the end of last quarter.

In addition, in accordance with CIRC requirements, we set the contribution limit for our investments which requires that the carrying balance of any single asset should not exceed 5% of our total assets at the end of the last quarter and that the carrying balance of our total investments in a single legal entity should not exceed 20% of our total assets at the end of the last quarter. In the event that our investment ratio exceeds the risk monitoring percentage listed above, we are required to report such event to the CIRC within five working days and we will increase our attention to the relevant asset class. In the event that our investment ratio exceeds the category asset ratio limit or the concentration limit described above, we will adjust our investment to make the ratio fall within the corresponding limit within 20 working days. Approval from senior management in charge of asset management is required if the circumstance that our investment ratio exceeds the set limit is due to withdrawal of funds or temporary investment needs, or if we will not be able to adjust our investment due to market liquidity.

Our investing activities consist of cooperating with third-party asset management companies and purchasing asset management products. We cooperate with two third-party asset management companies, Ping An Asset Management Co., Ltd. and China Merchants Fund Management Co., Ltd., to provide investment and asset management services with an investment mandate. We had total assets under management of RMB7,379.0 million and RMB31.1 million managed by Ping An Asset Management Co., Ltd. and China Merchants Fund Management Co., Ltd. respectively as of March 31 2017. These investment management companies are required to follow strictly the requirements under the PRC Insurance Law, the investment restrictions and guidelines published by the CIRC, the investment guidelines approved by our Board of Directors every year, and the terms and conditions provided in our agreements. We conduct overall market monitoring on a regular basis, and require these investment management companies to do so in order to manage the risk of their investment portfolios. In addition, we purchased a wealth management product managed by Sinosafe Asset Management Co., Ltd. in our own capacity with carrying value of RMB300 million as of March 31, 2017, which is categorized as one of the wealth management products under other investments. We also made direct investments with total carrying value of RMB327.6 million as of March 31 2017, including wealth management products and money market funds issued by other asset management companies and certain unlisted equity shares.

We submit quarterly reports to the CIRC and are in compliance with relevant CIRC requirements with respect to asset management. We also require the asset management companies to provide us with daily asset valuation reports and asset holding reports for us to monitor our portfolio and monthly reports of asset balance for us to calculate investment yields. Our net investment income and total investment yield decreased significantly in 2016 due to the market condition of the PRC capital market. In 2016, the Shanghai Stock Exchange Composite Index and the Shenzhen Stock Exchange Component Index dropped by 12.3% and 19.6%, respectively. We are developing our in-house asset management team to obtain relevant qualifications, conduct investment research and build up investment capabilities.

We had total investment assets of RMB1,149.6 million, RMB7,706.0 million, RMB7,837.3 million and RMB7,737.7 million as of December 31, 2014, 2015 and 2016 and March 31, 2017, respectively. See "Financial Information — Discussion of Selected Consolidated Financial Position Information" for more details. During the Track Record Period and up to the Latest Practicable Date, we had not been subject to administrative penalties or fines as a result of our insurance funds utilization. Our PRC Legal Advisor is of the view that we have complied with the relevant rules and regulations in all material aspects in relation to our investment mix, including the Interim Measures for the Administration of Utilization of Insurance Funds and the Notice on Regulating Stock Investments Business of Insurance Institutions.

The following table sets forth the portfolio of our total investment assets as of the dates indicated:

Items	As of December 31,						As of March 31,			
	2014		2015		2016		2016		2017	
	Carrying value	% of total	Carrying value	% of total	Carrying value	% of total	Carrying value	% of total	Carrying value	% of total
	(RMB in thousands except for percentage (%))									
							(unaudited)			
Cash and cash equivalents	141,696	12.3%	1,374,797	17.8%	1,139,953	14.5%	819,264	11.2%	1,005,988	13.0%
Fixed income investments	451,390	39.3%	3,316,955	43.0%	3,175,349	40.5%	3,909,523	53.5%	2,955,878	38.2%
Bonds	341,390	29.7%	3,070,350	39.8%	2,627,837	33.5%	2,875,415	39.4%	2,709,253	35.0%
Government bonds	—	0.0%	270,205	3.5%	24,431	0.3%	574	0.0%	3,297	0.0%
Financial bonds	—	0.0%	245,554	3.2%	—	0.0%	31,137	0.4%	4,999	0.1%
Corporate bonds	341,390	29.7%	2,554,591	33.2%	2,603,406	33.2%	2,843,704	38.9%	1,593,221	20.6%
Interbank deposits	—	0.0%	—	0.0%	—	0.0%	—	0.0%	1,107,736	14.3%
Other fixed income investments	110,000	9.6%	246,605	3.2%	547,512	7.0%	1,034,108	14.2%	246,625	3.2%
Statutory deposits	200,000	17.4%	248,125	3.2%	248,125	3.2%	248,125	3.4%	248,125	3.2%
Securities purchased under agreements to resell	50,000	4.3%	—	0.0%	302,087	3.9%	799,500	10.9%	800	0.0%
Less: Securities sold under agreements to repurchase	(140,000)	(12.2%)	(1,520)	0.0%	(2,700)	(0.0%)	(13,517)	(0.2%)	(2,300)	0.0%
Equity and investment funds	148,227	12.9%	1,806,341	23.4%	1,936,965	24.7%	959,772	13.1%	1,785,222	23.1%
Stocks	54,008	4.7%	1,284,732	16.7%	1,491,395	19.0%	246,520	3.4%	1,656,977	21.4%
Investment funds	94,219	8.2%	496,609	6.4%	420,570	5.4%	688,252	9.4%	103,245	1.3%
Unlisted equity shares	—	0.0%	25,000	0.3%	25,000	0.3%	25,000	0.3%	25,000	0.3%
Other investments	408,299	35.5%	1,207,896	15.7%	1,585,038	20.2%	1,618,455	22.1%	1,990,611	25.7%
Wealth management products	208,171	18.1%	717,984	9.3%	864,359	11.0%	728,543	10.0%	1,109,397	14.3%
Trust	200,128	17.4%	489,912	6.4%	720,679	9.2%	889,912	12.2%	881,214	11.4%
Total investment assets	1,149,612	100.0%	7,705,989	100.0%	7,837,305	100.0%	7,307,014	100.0%	7,737,699	100.0%

The following table sets forth the relevant information on our investment income during the Track Record Period:

	For the year ended December 31,						For the three months ended March 31,			
	2014		2015		2016		2016 (unaudited)		2017	
Items	**Yield[(1)]**	**Investment income**	**Yield[(1)]**	**Investment income**	**Yield[(1)]**	**Investment income**	**Yield (not annualized)[(1)]**	**Investment income**	**Yield (not annualized)[(1)]**	**Investment income**
	(RMB in thousands except for percentage (%))									
Cash and fixed income investments	7.0%	41,445	4.5%	118,069	4.0%	180,964	1.2%	55,075	1.0%	40,881
Interest income[(2)]		41,229		110,846		172,069		40,466		38,293
Interest expenses[(3)]		(5,702)		(3,078)		(203)		(157)		(445)
Realized gain		5,918		9,276		10,060		15,576		3,479
Unrealized gain / (losses)		—		1,025		(962)		(810)		(446)
Equity and investment funds	19.5%	28,971	41.0%	400,981	(6.8%)	(127,799)	(21.2%)	(293,228)	(3.6%)	(66,199)
Dividend income		14,660		11,929		24,473		5,525		95,719
Realized gain / (losses)		4,397		349,466		(195,100)		(247,128)		(65,786)
Unrealized gain		9,914		39,586		42,828		(51,625)		(96,132)
Other investments	3.4%	13,857	4.8%	39,167	6.2%	87,099	1.3%	18,468	1.3%	23,870
Interest income[(4)]		5,194		35,440		86,493		18,468		23,338
Realized gain		8,663		3,727		629		—		509
Unrealized losses		—		—		(23)		—		23
Total investment yield[(5)]	7.3%		12.6%		1.8%		(2.9%)		(0.0%)	
Net investment yield[(6)]	4.8%		3.5%		3.6%		0.9%		2.0%	

Note:

(1) Yields are calculated by dividing the investment income generated by the relevant assets for the period by the average of the balance of such investment assets as at the beginning and end of the period, except for the year ended 31 December 2014, for which yields are calculated by dividing the investment income generated by the relevant assets for the period by the balance of such investment assets as at the end of the period.

(2) Sum of interest income from bank deposits, bond investments, securities purchased under agreements to resell.

(3) Interest expenses related to securities sold under agreements to repurchase.

(4) Interest income from trust investments.

(5) Total investment yield equals total investment income (defined as the sum of net investment income and net fair value gains through profit or loss, less interest expense relating to securities sold under agreements to repurchase) for the period as a percentage of the average of the opening and closing balances of total investment assets of the period (in the case of 2015 and 2016 and the three months ended March 31, 2016 and 2017) or the closing balance of total investment assets of the period (in the case of 2014).

(6) Net investment yield equals the sum of interest income and dividend income less interest expense relating to securities sold under agreements to repurchase for the period as a percentage of the average of the opening and closing balances of total investment assets of the period (in the case of 2015 and 2016 and the three months ended March 31, 2016 and 2017) or the closing balance of total investment assets of the period (in the case of 2014).

In 2014, our yield from cash and fixed income investments was relatively high at 7.0% mainly because we utilized securities sold under agreements to repurchase to increase our yield and because of the strong performance of the PRC bond market. Our yield from cash and fixed income investments decreased to 4.5% in 2015, 4.0% in 2016 and 1.0% (unannualized) in the three months ended March 31, 2017 due to the decrease in our holding of securities under agreements to repurchase.

Our yield from equity and investment funds is primarily determined by the general conditions of the PRC stock market. In 2014, 2015 and 2016 and the three months ended March 31, 2017, the Shanghai Stock Exchange Composite Index changed by 53.1%, 8.6%, -12.3% and 3.8%, respectively, and the Shenzhen Stock Exchange Component Index changed by 36.3%, 13.6%, -19.6% and 2.2%, respectively. As a result, our yield from equity and investment funds was 19.5%, 41.0%, -6.8% and -3.6% (unannualized), respectively, in the same periods.

Our yield from other investments increased from 3.4% in 2014 to 4.8% in 2015 and further to 6.2% in 2016, and was 1.3% (unannualized) in the three months ended March 31, 2017. The increase from 2014 to 2016 was primarily due to our improved investment strategies. We carefully select reputable trust products with high credit ratings or security, as well as wealth management products with high liquidity to increase our yields.

Cash and Cash Equivalent/Equivalents

Cash and cash equivalent/equivalents primarily include cash and time deposit. As of March 31, 2017, 13.0% of our total investment assets were in the form of cash and cash equivalent/equivalents.

Bonds

During the Track Record Period, our investment in bonds included government bonds, financial bonds, corporate bonds and interbank deposits. As of March 31, 2017, 99% of the bonds we held received external ratings of AA level or above with more than 40% of them received external ratings of AAA level. All the bonds we held are either exchange-traded or traded through the inter-bank markets.

The table below sets forth details of our top 10 bond holdings as of March 31, 2017:

Bond	Sector	Exchange	Remaining maturity category	Credit rating	Coupon rate	Tenor	Carrying value (in thousands of RMB)	Percentage of total investment assets
Bond 1. . . .	Financial	Interbank market	3 months - 1 year	AA+	4.05%	1 year	191,460	2.5%
Bond 2. . . .	Construction	Exchange-traded	1 - 5 years	AA+	7.09%	7 years	124,600	1.6%
Bond 3. . . .	Real estate	Exchange-traded	1 - 5 years	AAA	3.89%	3 years	101,600	1.3%
Bond 4. . . .	Real estate	Exchange-traded	1 - 5 years	AA	5.35%	3 years	100,720	1.3%
Bond 5. . . .	Mining	Exchange-traded	1 - 5 years	AA+	6.18%	5 years	99,890	1.3%
Bond 6. . . .	Financial	Interbank market	Within 3 months	AAA	4.50%	3 months	98,880	1.3%
Bond 7. . . .	Financial	Interbank market	Within 3 months	AA+	4.55%	3 months	98,870	1.3%
Bond 8. . . .	Financial	Interbank market	3 months - 1 year	AAA	4.40%	9 months	96,740	1.3%
Bond 9. . . .	Financial	Interbank market	3months - 1 year	AAA	4.22%	1 year	95,690	1.2%
Bond 10. . .	Manufacturing	Exchange-traded	Within 3 months	AA+	3.85%	9 months	79,856	1.0%
Total of top 10 . .							1,088,306	14.1%

Government Bonds

Government bonds have maturities of up to 30 years and pay tax-exempt interest. As of March 31, 2017, the government bonds, all of which were issued by the PRC government, represented 0.04% of our total investment assets. Some of our government bonds are measured by fair value. The fair value of our government bond investments that are actively traded in exchanges is determined on the basis of its recent quoted market price on each balance sheet date. For government bonds traded relatively inactively on markets where price quotations are not available, their fair value is estimated by referring to (including but not limited to) the latest traded price or the latest market price of similar bonds on active trading market, or determined through other valuation techniques. As of March 31, 2017, all of our government bonds had maturities over five years.

Financial Bonds

Financial bonds include policy financial bonds and bonds issued by financial institutions. Policy financial bonds are bonds issued by the three state-owned policy banks of the PRC, namely, China Development Bank, the Export-Import Bank of China and Agricultural Development Bank of China. Policy financial bonds are generally traded through the interbank markets. As of March 31, 2017, financial bonds represented 0.1% of our total investment assets. The fair value of our financial bonds is estimated using the same methods as for assessing the fair value of government bonds. As of March 31, 2017, all of our financial bonds had maturities over five years.

Corporate Bonds

Although corporate bonds may be less liquid than most other types of fixed-income securities, they generally earn higher yields and have longer maturities than most other fixed-income instruments. Insurance companies in the PRC are permitted to invest in unsecured bonds publicly issued by non-financial institutions in the PRC. As of March 31, 2017, corporate bonds represented 20.6% of our total investment assets. The fair value of our corporate bonds is estimated using the same methods as for assessing the fair value of government bonds. As of March 31, 2017, approximately 62%, 35% and 3% (in terms of the carrying value) of our corporate bonds had maturities within one year, from one year to five years and over five years, respectively.

Interbank Deposits

An interbank deposit is an investment product issued in the interbank market ,which is categorized as a bond pursuant to the relevant CIRC rules. An interbank deposit is a certificate of deposit held by one bank for another bank issued in the interbank market. The investment targets of interbank deposits are members of national interbank lending market, mutual fund management companies and mutual funds. As of March 31, 2017, interbank deposits represented 14.3% of our total investment assets. As of March 31, 2017, all of our interbank deposits had maturities within one year.

Stocks

Qualified PRC insurance companies are permitted to invest a portion of their insurance funds directly in shares of companies listed on the Shanghai Stock Exchange, Shenzhen Stock Exchange and the main board of the Hong Kong Stock Exchange. As of March 31, 2017, stocks held by us represented approximately 21.4% of our total investment assets.

The table below sets forth details of our top 10 stock holdings as of March 31, 2017:

Stock	Sector	Exchange	No of shares held (in thousands)	Percentage of shareholding	Carrying value (in thousands of RMB)	Share of total investment assets
Stock 1	Food and beverage	Shenzhen Stock Exchange	10,513	0.28%	452,048	5.8%
Stock 2	Food and beverage	Shenzhen Stock Exchange	5,311	0.38%	224,067	2.9%
Stock 3	Food and beverage	Shenzhen Stock Exchange	24,360	2.99%	218,507	2.8%
Stock 4	Chemical	Shanghai Stock Exchange	5,206	1.68%	190,488	2.5%
Stock 5	Packaging	Shenzhen Stock Exchange	7,265	3.72%	130,045	1.7%
Stock 6	Food and beverage	Shanghai Stock Exchange	310	0.02%	119,735	1.5%
Stock 7	Textile and garment	Shanghai Stock Exchange	6,433	0.18%	89,615	1.2%
Stock 8	Agriculture	Shenzhen Stock Exchange	3,529	0.62%	75,733	1.0%
Stock 9	Financial	Shenzhen Stock Exchange	1,330	0.09%	37,063	0.5%
Stock 10 . . .	Food and beverage	Shenzhen Stock Exchange	400	0.03%	34,952	0.5%
Total of top 10					1,572,253	20.3%

Investment Funds

PRC insurance companies are permitted to invest in close-ended and open-ended securities investment funds managed by mutual fund management companies as well as in private equity funds. As of March 31, 2017, 1.3% of our total investment assets were represented by investment funds. During the Track Record Period, we invested solely in open-ended funds, including equity funds and debt funds.

Other investments

Other investments include: (i) wealth management products, which include asset management plans issued by reputable financial institution such as Ping An Asset Management Co., Ltd.; and (ii) trust products, which typically have longer terms and higher return over investment as compared to traditional fixed income products and receive external ratings of AA level or above. As of March 31, 2017, other investments held by us represented approximately 25.7% of our total investment assets.

As of March 31, 2017, we had five wealth management products in our investment portfolio, as set forth in the table below:

Product	Product Type	Issuer	Maturity Date	Underlying Assets	Carrying value (in thousands of RMB)
Wealth Management Product 1	Investment	Ping An Asset Management Co., Ltd.	July 30, 2018	Fixed income	388,083
Wealth Management Product 2	Investment	Ping An Asset Management Co., Ltd.	August 4, 2017	Fixed income	358,515
Wealth Management Product 3	Investment	Sinosafe Asset Management Co., Ltd.	No fixed maturity date	Liquid assets; fixed income; financial products	300,000
Wealth Management Product 4	Investment	Ping An Asset Management Co., Ltd.	No fixed maturity date	Fixed income	31,403
Wealth Management Product 5	Investment	Ping An Asset Management Co., Ltd.	No fixed maturity date	Fixed income	31,396
Total					1,109,397

As of March 31, 2017, we had six trust products in our investment portfolio, as set forth in the table below:

Product	Product Type	Issuer	Maturity Date	Underlying Assets	Credit Rating	Security	Carrying value (in thousands of RMB)
Trust Product 1 . .	Financing	Shanghai International Trust Corporation Limited	12/4/2025	Urban infrastructure	AAA	Company guarantee	350,000
Trust Product 2 . .	Financing	CITIC Trust	3/30/2021	Commercial real estate	AA+	Company guarantee and asset pledge	200,000
Trust Product 3 . .	Financing	CCB Trust Co., Ltd.	3/30/2021	Commercial real estate	AA+	Company guarantee and asset pledge	180,000
Trust Product 4 . .	Financing	CITIC Trust	8/24/2018	Commercial real estate	AA+	Company guarantee	61,361
Trust Product 5 . .	Financing	Bank of Communications International Trust Co., Ltd.	7/6/2020	Infrastructure	AAA	Company guarantee	49,853
Trust Product 6 . .	Financing	Shanghai International Trust Corporation Limited	4/30/2018	Commercial real estate	AAA	Company guarantee and asset pledge	40,000
Total.							881,214

INTELLECTUAL PROPERTY

Intellectual property rights are fundamental to our business, and we devote significant time and resources to their development and protection. We protect our intellectual property rights through a combination of patent, copyright, trademark and other intellectual property laws as well as confidentiality and license agreements with our employees, suppliers, partners and others. In general, our employees must enter into a standard employment contract which includes a clause acknowledging that all inventions, trade secrets, developments and other processes generated by them on our behalf are our property, and assigning to us any ownership rights that they may claim in those works. Despite our precautions, third parties may obtain and use intellectual property that we own or license without our consent. Unauthorized use of our intellectual property by third parties and the expenses incurred in protecting our intellectual property rights from such unauthorized use may adversely affect our business and results of operations. See "Risk Factors — If we fail to protect our intellectual property rights or prevent the loss or misappropriation of our intellectual property rights, we may lose our competitive edge and our brand, reputation and operations may be materially and adversely affected."

As of March 31, 2017, our Group owned 27 registered domain names, including our official website and domain names. We generally renew our domain name registrations once every year and applications for their renewal are usually made approximately one to three months prior to expirations. Under normal circumstances, the domain name registrations take effect immediately after the payment of renewal fees. If any of our domain name registrations cannot be renewed for any reason, the domain name registrar may deregister the relevant domain name.

As of March 31, 2017, our Group owned four copyrights which were registered with the State Copyright Bureau of China. As of March 31, 2017, our Group owned 50 trademarks in various categories registered with the China Trademark Office. In addition, our Group had 74 trademark applications with the China Trademark Office in various categories that were pending as of March 31, 2017.

As of March 31, 2017, our Group had two patents registered with the State Intellectual Property Office of China. We also had eight patent applications in relation to our Wujieshan system.

A party has alleged that our use of the characters "眾安" in our company name represents passing off of their trade name in Hong Kong due to that party having the same Chinese characters in its company name. We have been duly registered in Hong Kong as a non-Hong Kong company pursuant to the Companies Ordinance and do not currently carry on any business in Hong Kong other than the establishment and maintenance of a share transfer and registration office for our H Shares to be issued pursuant to the Global Offering. We have registered our trade name for the purpose of carrying on our business in Hong Kong as "ZA Online Fintech P & C" to minimize the possible risks of confusion with names of companies registered prior to us in Hong Kong and whose name uses the characters

"眾安". After consulting with our Hong Kong legal counsel, we do not believe that this allegation will have any material impact on us and our use of the characters "眾安" in our company name will not expose us to material litigation risks due to the following reasons:

- as at the Latest Practicable Date, the adverse party alleging the above claim has not registered any trademark in Hong Kong, including any incorporating the "眾安" characters;
- there are a number of companies registered under the Hong Kong companies register with the Chinese characters "眾安" in their names and the claim of likelihood of confusion specifically with respect to the name of the Company is therefore not justified;
- our English name "ZhongAn Online P & C Insurance Co., Ltd." is readily distinguishable from the adverse party's English name and does not bear any similarity with its English name;
- we do not carry on any business in Hong Kong other than the establishment and maintenance of a share transfer and registration office for our H Shares to be issued pursuant to the Global Offering and will carry on business in Hong Kong under the trade name of "ZA Online Fintech P & C" for the purpose of establishing and maintaining the share transfer and registration office. The trade name "ZA Online Fintech P & C" is readily distinguishable from the adverse party's Chinese and English names and will always be used in conjunction with our company name. Any claim of likelihood of confusion is therefore not justified.

We have also resolved to adopt the following mitigating measures:

(i) we carry on business in Hong Kong under the name "ZA Online Fintech P & C" as approved by and registered with the Registrar of Companies in Hong Kong;

(ii) we only make reference to our name "眾安在綫財產保險股份有限公司" in Hong Kong as registered in the PRC in our corporate communication documents in conjunction with the trade name "ZA Online Fintech P & C";

(iii) we will adopt measures (such as putting prominent notices on the website of our Company) to ensure that our Company is properly referred to as a PRC incorporated company carrying on business in Hong Kong as "ZA Online Fintech P & C"; and

(iv) we intend to register the trademark for "ZA Online Fintech P & C" to better protect our right to use this trade name in Hong Kong.

Other than as disclosed in the section headed "Risk Factors", we did not have any material dispute or any other pending legal proceedings of intellectual property rights with third parties during the Track Record Period and up to the Latest Practicable Date.

EMPLOYEES

As of December 31, 2014, 2015, 2016 and March 31, 2017, we had 184, 665, 1,574 and 1,698 full-time employees, respectively. As of March 31, 2017, 1,313 of our employees are primarily based at our headquarters in Shanghai, China, 130 of our employees are based in Hangzhou, China, 113 of our employees are primarily based in Beijing, China, 5 of our employees are primarily based in Guangzhou, China, and 137 of our employees are primarily based in Shenzhen, China. The following table sets forth the number of our employees by function as of March 31, 2017:

Function	Number of Employees	% of Total
Technology	888	52.3
Product Managers	398	23.4
Operations	121	7.1
Support	152	9.0
Sales and Marketing	88	5.2
General administrative	51	3.0
Total	1,698	100.0

Our success depends on our ability to attract, retain and motivate qualified personnel. As part of our human resources strategy, we offer employees competitive salaries, performance-based cash bonuses and other incentives. As a result, we have successfully attracted and retained our core employees since our inception. More than 40% and 30% of our employees had prior experience in large internet companies and financial institutions, respectively.

We primarily recruit our employees in China through recruitment agencies, on-campus job fairs and online channels including our corporate website and social networking platforms. We have adopted a training policy, pursuant to which management, technology and other trainings are regularly provided to our employees by internally sourced speakers or externally hired consultants. Our employees may also attend external trainings upon their supervisors' approvals. We believe our lean structure and corporate culture have contributed to our ability to recruit and retain qualified employees.

As required under PRC regulations, we participate in various employee social security plans that are organized by applicable local municipal and provincial governments, including housing, pension, medical, work-related injury and unemployment benefit plans. We are required under PRC laws to make contributions to employee benefit plans at specified percentages of the salaries, bonuses a certain allowances of our employees, up to a maximum amount specified by the local government from time to time. Bonuses are generally discretionary and based in part on employee performance and in part on the overall performance of our business.

We believe that we maintain a good working relationship with our employees and we had not experienced any material labor disputes or any difficulty in recruiting staff for our operations during the Track Record Period and up to the Latest Practicable Date.

COMPETITION

Although we believe we are not in direct competition with any specific Insuretech companies in China, we face certain competition with internet companies and traditional insurance companies in each of our business segments, as described below. For additional details regarding competitive landscape of the industries in which we operate, see the section headed "Industry Overview". See "Risk Factors — Risk Relating to Our Business — We historically derived a majority of our total income through partnering with our shareholders and their related parties, and the synergy value and cross-selling effect we can get from them may decrease in the future. Some of our shareholders and related parties offer competing products to ours". — We face intense competition in the PRC online insurance industry from both traditional insurance companies and other internet companies, which could lead to adverse pricing pressure, reduced operating margins, loss of market share, departures of qualified employees and increased capital expenditures. — Our business model may be replicated quickly by other internet companies as well as traditional insurance companies and other financial institutions aiming to engage in Insuretech business" for further information.

The following three segments of Insuretech have distinct competitive landscapes, while we are mostly competitive in the innovative segments of technology enabled upgrade and, particularly, ecosystem-oriented innovation.

Online distribution segment

We sell all of our products online and our property and casualty insurance products compete primarily with major traditional insurers in China, who are the major players in the market that dominate the online distribution of property & casualty insurance. Certain of these companies may have substantial market presence, diversified product lines, well-established supply and distribution systems, strong worldwide brand recognition and significant financial, marketing, research and development and other resources. However, we believe our customer-centric products in scenario-based settings and our strong cloud-based core system, artificial intelligence and big-data analytics capabilities set us apart from our competitors.

We believe that we, as an innovative and fast-growing Insuretech company, are likely to have a competitive advantage over the traditional insurance competitors as a result of our entrepreneurial initiative and history and capabilities in developing ecosystem-oriented insurance products for customers in the fast-evolving market as well as the experience in serving customers in this regard.

Technology enabled upgrade segment

Our products require us to devote tremendous amount of efforts in technology development and upgrade in order to design and promote new products quickly to address our customers' fast-changing and multi-dimensional needs. Internet companies may have more technical resources than we do and may be able to devote greater resources to the development, promotion, sale and support of their platforms and products. They may also have more extensive loyal customer bases, greater brand recognition and broader customer relationships than we have. As such, they may be better in developing new products and solutions, responding more quickly to new technologies and undertaking more extensive marketing campaigns. Hence, our ecosystem partners may prefer products and solutions that our competitors develop or introduce compared to the ones we offer, and competition could result in reduced cooperation between our ecosystem partners and us.

Traditional insurance companies are also increasing its capital and resources in technology perspective so as to compete against us in launching innovative and customer-centric insurance products. For example, certain traditional insurance companies have adopted telematics to improve auto insurance pricing methodology. We have created certain disruptive insurance products by using innovative technologies that we developed, such as offering customized health insurance to our customers based on biometric data collected from wearable devices, DNA testing or other sources. We believe our continuous devotion in technology development and upgrade, accumulated knowledge and experience in operating in Insuretech market enables us to respond to the fast-evolving market and differentiate us from our competitors.

Ecosystem-oriented innovation segment

We face competition from other online insurance companies in China in the ecosystem-oriented innovation segment. All these competitors possess strong technology backgrounds, and tend to have stronger ability to develop insights from large amounts of customer data than traditional insurers. In the meantime, some traditional insurers are also making investments to capture ecosystem related opportunities, but they may face challenges in dealing with the conflict between their traditional business and innovative online insurance business.

According to the Oliver Wyman Report, so far there are four licensed online insurance companies in China. Among these existing companies, we obtained our online insurance license in October 2013, more than two years earlier than any of the other three companies. We are also a leader among these four companies in terms of GWP. Our GWP was more than three times the combined GWP of the other three companies in 2016, based on their filings with the CIRC. The ecosystem-oriented innovation segment is becoming more populated as increasingly more traditional insurers are able to utilize technology to provide similar products.

PROPERTIES

As of March 31, 2017, we operated our businesses through 18 leased properties in Shanghai, Hangzhou, Beijing, Shenzhen and Guangzhou in China. Our leased properties in China serve as our offices, research and development centers, and customer service centers. Our leased properties have a total gross floor area of approximately 22,614.68 square meters, and range from a gross floor area of approximately 28 square meters to 6,120.74 square meters. The relevant lease agreements have lease expiration dates ranging from January 2017 to July 2025 with renewal options. These properties are used for non-property activities as defined under Rule 5.01(2) of the Listing Rules and are principally used as office premises for our business operations. We believe that, given that there is sufficient supply of properties in the cities in which we have offices, we do not rely on the existing leases for our business operations.

Pursuant to the applicable PRC laws and regulations, property lease contracts must be registered with the local branch of the Ministry of Housing and Urban Development of the PRC. As of March 31, 2017, we failed to register 13 leases, primarily due to the difficulty of cooperating with the lessors to register such leases. We are in the process of registering the required leases with the local branch of the Ministry of Housing and Urban Development of the PRC. However, this will require the cooperation of both tenants and landlords. We will take all practicable and reasonable steps to ensure that such leases are registered. Our PRC Legal Advisor has advised us that the lack of registration of the lease contracts will not affect the validity of the lease agreements under PRC law, and has also advised us that a maximum penalty of RMB10,000 may be imposed for non-registration of each lease. The estimated total maximum penalty is RMB130,000. In addition, as of March 31, 2017, five owners of our leased property failed to provide relevant title certificate. If any of our lease is terminated or void as a result of challenges from third parties or the government, we would need to seek alternative premises.

We use these properties that may face potential challenges by the relevant governmental authorities due to the lack of registration of the lease contracts or have potential title defects as office premises for our business operations. However, even if we experience temporary interruption to our usage of any of these leased office space, we believe that our employees can continue to perform the materials aspects of their duties remotely given that our offices do not carry out any production, manufacturing or physical retail activities, and our offices in other locations can adequately support the functioning of our business operations in areas where we experience temporary office space interruption. In addition, all our leased properties are located in major cities in China and we operate our business mostly through technology infrastructure. In the event that a relocation is required, we believe that we will be able to relocate our office premises quickly without incurring material relocation costs because there is sufficient supply of alternative properties in those major cities offering similar rents and facilities as the office premises we are using now.

According to section 6(2) of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this prospectus is exempted from compliance with the requirements of section 342(1)(b) of the Companies Ordinance, which requires a valuation report with respect to all our interests in land or buildings, for the reason that as of December 31, 2016, each of our property interests has a carrying amount below 15% of our consolidated total assets.

RESERVES

The following discussion relates to the determination of our reserves for purposes of our consolidated financial statements included in the Accountant's Report set forth in Appendix I, which are prepared in accordance with HKFRS.

Claim Reserves

When claims are made by or against our policyholders, any amount that our insurance business pays or expects to pay the claimant are referred to as losses, and the costs of investigating, resolving and processing these claims are referred to as loss adjustment expenses ("LAE"). We divide our products based on risk nature and data reliability and establish claim reserves ("Claim Reserves") for payment of losses and LAE for claims that arise under our property and casualty insurance products by product lines. These reserves are determined based on actuarial assumptions, appropriate actuarial methods and models, historical loss experience and adjustments for future trends.

Our claim reserves are segmented into three major categories: reserves for incurred and reported claims, IBNR reserves and loss adjustment expenses reserves. Reserves for incurred and reported claims are based on estimates of future payments that will be made in respect of claims, including expenses relating to such claims, and will not be higher than the sum insured. These estimates are made using case estimate method or payment per claim incurred method, based on the facts and circumstances at the time the reserves are established. We also consider historic trends of disposition patterns and loss payments, levels of pending unpaid claims and types of coverage. In addition, judicial decisions, economic conditions and public attitudes affect the estimation of reserves, as well as the ultimate costs of claims.

IBNR reserves are established to recognize the estimated cost of losses for claims that have been incurred but not yet known or fully considered by our claim settlement teams, including the possible losses for claims that have been incurred but not yet reported to us, the possible losses for claims that have been incurred and reported to us but not yet filed, the losses for claims that have been filed with an overestimated or underestimated amount and the possible losses for claims that have been settled but may need to be re-filed in the future. We establish these reserves, like the reserves for incurred and reported claims, to recognize the estimated costs and related expenses necessary to settle such claims. We rely on past experience adjusted for current trends and other factors that would modify past experience to estimate our IBNR liability. These reserves are estimates that involve actuarial and statistical projections of the expected cost of the ultimate settlement and claim settlement expenses. We base our analyses on facts and circumstances known at the time, predictions of future events, estimates of future inflation and other societal and economic factors. In addition, we consider other factors in projecting our IBNR reserve, such as reported claim trends, claim severity, exposure growth and future inflation. We review and revise these reserves periodically as additional information becomes available and actual claims are reported.

The time required to learn of and settle claims is also an important consideration in establishing reserves. Short-tail claims, such as motor vehicle and property damage claims, are reported within a few days or weeks and are generally settled within several weeks, while long-tail claims can take years to complete. For long-tail claims, due to the nature of the loss, information concerning the event may not be readily obtainable. In addition, the analysis of long-tail losses is generally more difficult, requires more detailed work and is subject to greater uncertainty. As of March 31, 2017, we did not have any material long-tail claims and the average duration of our unsettled insurance liabilities was shorter than one year.

The ultimate cost of loss and LAE is subject to a number of highly variable circumstances. As time passes between the report of a claim and the final settlement of the claim, circumstances could change that may require established reserves to be adjusted. Factors such as changes in the legal environment, results of litigation and changes in medical costs, costs of motor vehicle and repair materials and labor rates could substantially impact claim costs. These factors may cause actual developments to vary from expectations. We review and update claim reserve estimates periodically, using the most current information available to management, and reflect any adjustments resulting from changes in reserve estimates in our results of operations. Based on our internal procedures and currently available information, management believes that our claim reserves are reasonable. However, the establishment of claim reserves is an inherently uncertain process, and ultimate losses may differ from our initial estimates. See the section entitled "Risk Factors — Risks Relating to Our Business — Differences in actual benefits and claims from the assumptions used in pricing and charging reserves for our insurance products may materially and adversely affect our results of operations and financial condition."

For details of our claim reserve development during the Track Record Period and up to March 31, 2017, see Note 3.2 to the Accountant's Report set forth in Appendix I to this prospectus.

Unearned Premium Reserves

Unearned premium reserves are provided for our unexpired insurance obligations under our insurance contracts. Unearned premium reserves are measured using the unearned premium approach. At inception of the insurance contracts, unearned premium reserves are measured based on written premiums, with deductions made for commissions, business tax and surcharges, insurance guarantee fund, regulatory charges and other incremental costs. Subsequent to the initial recognition, unearned premium reserves are released on a risk base according to the insurance coverage period and earned premiums are recognized.

LICENSES, PERMITS AND APPROVAL

Our Directors, as advised by our PRC Legal Advisor, confirm that as of the Latest Practicable Date, we had obtained all requisite licenses, approvals and permits from the relevant government authorities that are material for our business operations in China. The following table sets forth details of our material licenses and permits:

License/Permit	Holder	Grant Dates	Expiration Dates	Description of the License/Permit
Insurance Company Legal Entity Certificate	Our Company	June 24, 2015	—	Enterprise/individual property insurance directly related to internet transactions, cargo insurance, liability insurance, credit guarantee insurance, short-term health/accident insurance, auto insurance, including mandatory vehicle accident insurance and vehicle commercial insurance, reinsurance business related to the above business, business allowed by national laws and regulations to utilize insurance funds, insurance information service business and other business allowed by CIRC

Our insurance products are currently all targeted at customers located in the PRC. Each of our insurance products are based on product terms approved by the CIRC and the terms and conditions of our insurance policies are all governed by the laws of the PRC. We do not currently carry on an insurance business in or from Hong Kong and, as such, have not applied for an insurance license pursuant to the Insurance Ordinance (Chapter 41 of the Laws of Hong Kong) (the "**Insurance Ordinance**"). Our Directors have consulted with Hong Kong legal counsel with respect to insurance matters and understand that in determining whether activities constitute carrying on a business in Hong Kong, a range of factors set out in the Guideline on the Use of Internet for Insurance Activities (the "**Guideline**") issued by the Insurance Authority pursuant to the Insurance Ordinance will be taken into account. These factors include:

- whether advertisements are made in the local mass media;

- whether promotional or publicity activities are conducted in Hong Kong;
- whether the sales materials as displayed on the internet are directed at a particular group or groups of people residing in Hong Kong;
- whether the contents of the website appear to target people residing in Hong Kong;
- whether the website contains a prominent disclaimer clearly indicating that the insurance products and services are not available to people residing in Hong Kong; and
- whether reasonable measures have been implemented to guard against the acceptance of insurance applications from, or provision of insurance services to, people residing in Hong Kong.

We have been advised that the absence of any one or more of the factors is not necessarily determinative, and there is no precedent for how the Guideline will be interpreted and enforced. We operate the online portal through which we sell insurance products from PRC-based servers, and do not conduct any advertising, promotional or other marketing activities for our insurance products in Hong Kong. Nevertheless, following our consultation with Hong Kong legal counsel with respect to insurance matters, we have implemented the following additional control measures that we consider reasonable for the purposes of ensuring that we are not perceived as carrying on an insurance business in or from Hong Kong for the purposes of the Insurance Ordinance. Such measures include (i) ensuring that our apps are not available in the Hong Kong app store; (ii) including a disclaimer in relation to the products that we sell on the Tmall store that our insurance products are only sold to PRC residents (excluding Hong Kong, Macau and Taiwan) or to residents of other countries for risks they undertake while they are within the PRC (excluding Hong Kong, Macau and Taiwan), and (iii) including a term in the policy for our flight accident insurance sold on Ctrip that it is only sold to PRC residents (excluding Hong Kong. Macau and Taiwan) or to persons departing from an airport within the PRC (excluding Hong Kong, Macau and Taiwan). Our Directors believe that the manner in which we conduct our business and the various measures we have adopted are sufficient to ensure we are not, and are not perceived to be, carrying on an insurance business in Hong Kong. We embed our insurance products into our ecosystem partners' platforms. As advised by our PRC Legal Advisor, we may be liable for penalties if the actions of our ecosystem partners result in them being found to have carried on business in contravention of PRC insurance regulations, and we are not permitted under PRC insurance regulations to exclude any liability for any actions of our ecosystem partners in relation to the dealings for the issue of a contract of insurance and insurance business relating to the contract. In the event that our business evolves or is expected to evolve in such a manner as to necessitate an insurance license issued pursuant to the Insurance Ordinance, we will apply for such license accordingly.

Please also refer to the section headed "Risk Factors — If we are deemed by overseas jurisdictions to be conducting insurance business, we may need to obtain licenses for our business operation and insurance products in that jurisdiction." for further details.

LEGAL AND REGULATORY PROCEEDINGS AND COMPLIANCE

General

During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any actual or pending legal, arbitration or administrative proceedings (including any bankruptcy or receivership proceedings) that we believe would have a material adverse effect on our business, results of operations, financial condition or reputation. There are no legal, arbitral or administrative proceedings before any court current or pending against, or involving, the properties or the businesses of our Company or to which any of the properties or members of our Company is a subject, which would have a material adverse effect on our business, results of operations, financial condition or reputation. However, we may from time to time become a party to various legal, arbitration or administrative proceedings arising from the ordinary course of business.

Regulatory Inspections

The CIRC and other PRC government authorities, including SAT, NAO, SAIC, PBOC, the Ministry of Human Resources and Social Security of the PRC and their affiliated institutions, from time to time make inquiries and conduct on-site or off-site examinations or investigations concerning our compliance with PRC laws and regulations, including inquiries, examinations or investigations in respect of our financial position and business operations, solvency margin, tax payment and labor and social welfare. Under the Administrative Regulations for Insurance Companies (《保險公司管理規定》), the CIRC conducts both on-site and off-site inspections on insurance institutions. The on-site inspections conducted by the CIRC or its local bureaux of an insurance institution may focus on the company's management, reserves, solvency margin, deployment of funds, financial position, transactions with insurance intermediaries, appointment of senior management and other matters which the CIRC considers to be material. As of the Latest Practicable Date, we were not aware of any inspections or audits conducted by any PRC regulatory authorities which would have a material adverse effect on our business, financial position, results of operations or prospects.

Administrative Proceedings and Non-Compliance

During the Track Record Period and up to the Latest Practicable Date, we did not commit any material non-compliance of the laws or regulations, and we did not experience any systemic non-compliance incidents, which taken as a whole, in the opinion of our Directors, are likely to have a material and adverse effect on our business, financial condition or results of operations. During the same periods, we also did not experience any non-compliance of the laws or regulations, which taken as a whole, in the opinion of the Directors, reflects negatively on the ability or tendency of our Company, the Directors or our senior management, to operate our business in a compliant manner. Our PRC Legal Advisor is of the opinion that, we have complied with all relevant PRC laws and regulations in all material respects during the Track Record Period and up to the Latest Practicable Date.

Set forth below is a summary of our certain non-compliance matters during the Track Record Period and up to the Latest Practicable Date, as well as rectification actions and preventive measures that we have taken in respect of such matters:

	Matters of Non-compliance	Reasons for the Non-compliance	Legal Consequences and Potential Maximum Penalties	Remedies and Rectification Measures Taken to Prevent Future Breach and Ensure On-going Compliance
1.	In January 2017, the CIRC issued an administrative penalty with regards to our operations in auto insurance business relating to inappropriate rebate to customers.	Failure to appropriately monitor and manage the personnel in charge of sales and marketing of the insurance product in certain regions and insufficient understanding of regional CIRC regulations.	We have paid the penalty of RMB200,000.	We have conducted internal investigation and ceased all rebate to customers and replaced the head of auto insurance business department. We made some internal reorganization of our auto insurance department by allocating the responsibility and function of the staff previously in charge of marketing and promotion activities to the staff in charge of direct sales and improved the corporate government and performance of our auto insurance department to ensure compliance. We also requested Ping An to delegate one to two specialists in each region where we conduct business in order to ensure the local business is in compliance with the local CIRC regulations.

	Matters of Non-compliance	Reasons for the Non-compliance	Legal Consequences and Potential Maximum Penalties	Remedies and Rectification Measures Taken to Prevent Future Breach and Ensure On-going Compliance
2.	In August 2014, the CIRC issued a regulatory opinion letter with regards to the Company's improper pricing for internet transaction platform liability insurance and baggage loss insurance.	Defective product design.	Cease the offering of such insurance products and rectification required. No fine was imposed.	We have conducted internal investigations and filed a written report of the investigation to the CIRC. We ceased the offering of such products until the reasonable premiums have been adopted. Since then, we have designed insurance products based on lower profit rate and higher expected risk or loss to ensure proper pricing. We also collected product data to adjust floating price and reflect the associated risks. We have adopted internal control protocol to clarify the responsibilities of product managers, legal professionals and actuaries, and all products are subject to multiple levels of review and approval procedures.

	Matters of Non-compliance	Reasons for the Non-compliance	Legal Consequences and Potential Maximum Penalties	Remedies and Rectification Measures Taken to Prevent Future Breach and Ensure On-going Compliance
3.	In January 2015, the CIRC investigated our senior management with regards to the Company's product description of Flight Delay Insurance and risk disclosure of consumer finance guarantee products.	Insufficient or inaccurate product description or disclosure.	Cease the offering of such insurance products and rectification required. No fine was imposed.	We have conducted internal investigations and filed a written report of the investigation to the CIRC. We ceased the offering of such products until the sufficient and accurate product descriptions have been adopted. We refined our internal cross-review procedures and implemented our training system for all product development personnel.
4.	In July 2015, the CIRC investigated our senior management with regards to the Company's automobile tires damage insurance.	Failure to submit insurance products for regulatory approval.	Cease the offering of such insurance products and rectification required. No fine was imposed.	We have conducted internal investigations and filed a written report of the investigation to the CIRC. We were alerted that automobile tires damage insurance is categorized as automobile insurance and thus requires regulatory approval. We are preparing for the submission of such products for regulatory approval.

In the opinion of our PRC Legal Advisor, none of the above administrative penalties and regulatory measures will have a material adverse effect on our current business operations and financial condition or will become a legal obstacle to our Global Offering. Considering the nature, scale, reasons and potential impact of the non-compliance incidents disclosed in this section in this prospectus, our Directors take the view that none of the non-compliance incidents had a material adverse effect on our business, financial condition or results of operations during the Track Record Period.

We have adopted internal control measures to prevent future non-compliance. We have established a Product Development Committee, which consists of the head of our actuarial, risk management, legal compliance, financial, business and operation departments, to ensure legal compliance of our product design and development as well as risk control. We strive to strengthen and improve the operational management of our various product lines through the supervision of the business management committee of each of our business units. We have designed and adopted strict internal procedures to ensure the compliance of our business operations with the relevant rules and regulations. Our legal, financial and operational departments continually review the implementation of our internal policies and measures to ensure our policies and implementation are effective and sufficient for the prevention of any potential non-compliance, and will organize internal trainings if any potential non-compliance or implementation shortfall is identified. In addition, our audit department conducts internal annual audit of our business lines based on the requirements of relevant rules and regulations so as to ensure that all activities are being carried out in accordance with our compliance policy and procedures.

The Joint Sponsors concur with the Directors' view that none of the non-compliance incidents had a material adverse effect on our business, financial condition or results of operations during the Track Record Period, having considered the implementation of the enhanced internal policies and measures by us. However, we cannot predict the outcome of any pending or future examination, investigation or litigation, we cannot assure you that any pending legal and regulatory matters will not have a material adverse effect on our reputation, business, financial condition or results of operations and we cannot assure you that any future litigation or regulatory proceeding will not have a material adverse effect on our reputation, business, financial condition or operating results.

HEALTH, SAFETY AND ENVIRONMENTAL MATTERS

Due to the nature of our business, we do not currently have any material liabilities relating to health, work safety and environment and do not expect we will incur any material liabilities in these regards which could have any material adverse impact on our business and operating results. During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any fines or other penalties due to non-compliance with health, safety or environmental regulations.

DATA PRIVACY MATTERS

We collect certain personal data from our customers in the PRC in connection with our business and operations. The PRC has strict regulations in place governing the collection and usage of personal data. In particular, PRC data privacy laws require the data owner to consent to the data collection and agree to its usage. When a customer registers an account on our online portal, he is required to confirm that he has read and agreed to the terms and conditions of being an user of the portal, including the terms set out in our data privacy statement. Our data privacy statement states that the collection and usage of any personal data will be in accordance with PRC laws and regulations, and it also clearly states that the personal data being collected can be used for purposes of data analysis and supporting us to develop and to improve our insurance products. In addition, for customers who purchase our insurance products through our ecosystem partner's platforms, they need to consent to the ecosystem partners' data privacy statements or policies that allow these partners to share relevant data with us in accordance with PRC laws and regulations as well as the ecosystem partners' own data privacy statements or policies. Our PRC Legal Adviser has advised us that we are in compliance with the relevant PRC laws and regulations with respect to personal data collection and usage.

You should read the following discussion and analysis with our audited consolidated financial information,including the notes thereto, included in the Accountant's Report in Appendix I to this prospectus. Our consolidated financial information has been prepared in accordance with HKFRS. The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties. In evaluating our business, you should carefully consider the information provided in this prospectus, including the sections headed "Risk Factors" and "Business." For the purpose of this section, unless the context otherwise requires, references to 2014, 2015 and 2016 refer to our financial years ended December 31 of such years. Unless the context otherwise requires, financial information described in this section is described on a consolidated basis.

OVERVIEW

We are an online-only Insuretech company in China. Leveraging our technology, we develop ecosystem-oriented insurance products and solutions through scenario-based settings to better serve hundreds of millions of customers. From our inception in October 2013 to March 31, 2017, we sold over 8.2 billion insurance policies and served approximately 543 million policyholders and the insured, ranking us as the largest insurer in China by these measures during this period according to the Oliver Wyman Report. In addition, we are the largest online insurance company in China with a GWP of RMB3,408.0 million in 2016.

Our mission is to redefine insurance value chain through developing connective ecosystems and applying cutting-edge technologies. We primarily offer products in five ecosystems, including lifestyle consumption ecosystem, consumer finance ecosystem, health ecosystem, auto ecosystem and travel ecosystem.

We believe our proprietary infrastructure and technologies are critical to our success. We operate our core insurance system on our proprietary cloud-based platform called Wujieshan. We have also developed advanced artificial intelligence capabilities to optimize product features quickly to enhance customer experience and strengthen risk management. We have accumulated extensive user data originating from our large and expanding customer base and third-party data providers. The application of our big data analytics throughout the insurance value chain enhances our results of operations.

We have adopted a set of effective procedures that is consistent with industry best practice to evaluate and manage risks. We have an experienced team comprised of risk, legal and compliance professionals to oversee our risk management efforts. In addition, our data-driven risk management system enables dynamic pricing and real-time risk tracking, which enable us to optimize our products features.

We experienced significant growth during the Track Record Period. Our GWP increased significantly from RMB794.1 million in 2014 to RMB2,283.0 million in 2015, and further to RMB3,408.0 million in 2016, and from RMB604.4 million for the three months ended March 31, 2016 to RMB1,030.4 million for the three months ended March 31, 2017. Our net premiums earned increased significantly from RMB712.2 million in 2014 to RMB1,921.5 million 2015, and further to RMB3,225.4 million in 2016, and from RMB569.2 million for the three months ended March 31, 2016 to RMB886.8 million for the three months ended March 31, 2017.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations have been, and are expected to continue to be, materially affected by a number of factors, many of which are outside of our control, including the following:

Growth of the Insuretech Market in China

Our business benefits from the rapid growth of the Insuretech market in China. In recent years, China's economic growth has increasingly been driven by domestic consumption. Supported by the rapid growth of internet penetration and, in particular, mobile internet, China has a booming internet economy. According to the Oliver Wyman Report, the gross merchandise value of the online retail market in China more than doubled in two years from RMB1.9 trillion in 2013 to RMB3.9 trillion in 2015. Under this background, insurance going online is a rising trend in China. In 2016, out of the 9.5 billion newly written policies collected by the CIRC, approximately 65% were sold online. According to the Oliver Wyman Report, China's Insuretech market, as measured by gross written premiums, is expected to grow from RMB363 billion in 2016 to over RMB1,413 billion in 2021, representing a CAGR of 31.2%. The most innovative Insuretech segment, ecosystem-oriented innovation, is expected to grow particularly fast at a CAGR of 62.0% from 2016 to 2021, according to the Oliver Wyman Report. Furthermore, the PRC government has provided clear support for the Insuretech industry. For example, the CIRC has shown encouragement and support for innovative insurance products and online distribution. See the section headed "Industry Overview" in this prospectus for further detail. However, the PRC Insuretech market is still new and rapidly evolving. Its future growth is affected by various factors beyond our control, and may not be as high or as sustainable as we anticipate. See the section headed "Risk Factors — Risks Relating to Our Industry".

Our Diversified and Growing Product Portfolio

We currently market and sell insurance products in cooperation with partners in five major ecosystems, including lifestyle consumption, consumer finance, health, auto and travel. Within these ecosystems, we offer a wide variety of insurance products. Our key product types are:

- accident insurance, with 44 insurance product terms as of March 31, 2017, mainly serving the travel ecosystem;

- bond insurance, with 20 insurance product terms as of March 31, 2017, mainly serving the lifestyle consumption and consumer finance ecosystems;

- health insurance, with 73 insurance product terms as of March 31, 2017, mainly serving the health ecosystem;

- liability insurance, with 38 insurance product terms as of March 31, 2017, mainly serving the lifestyle consumption ecosystem;

- credit insurance, with 8 insurance product terms as of March 31, 2017, mainly serving the consumer finance ecosystem; and

- Others (mainly including shipping return insurance), with 79 product terms as of March 31, 2017, mainly serving the lifestyle consumption ecosystem.

We have continually increased our product diversity to accommodate our customers' needs in recent years. Our gross written premiums grew at a CAGR of 107.2% from 2014 to 2016 and by 70.5% from the three months ended March 31, 2016 to the three months ended March 31, 2017, but the percentage of our total gross written premiums accounted for by shipping return insurance, which was our first major product, decreased from 77.2% in 2014 to 56.9% in 2015 and 35.0% in 2016, and further to 25.0% for the three months ended March 31, 2017. Each of our top product types described above made a substantial contribution to our total gross written premiums in 2016 and the three months ended March 31, 2017. For example, we recently increased our focus on health insurance. In August 2016, we launched *Personal Clinic Policy*, which started to generate significant premiums in its first year of launch. As a result, gross written premiums from health insurance increased from RMB13.4 million in 2015 to RMB205.0 million in 2016, and from RMB10.9 million in the three months ended March 31, 2016 to RMB154.9 million in the three months ended March 31, 2017. However, the needs of our customers are continuously evolving and if we fail to continue to diversify and adjust our product portfolio to satisfy their needs, we may not be able to grow our business as expected and our business and result of operations may be materially and adversely affected.

Our Relationships with Ecosystem Partners

We cooperate with a large number of ecosystem partners to embed our insurance products into their platforms and sell our policies to users of such platforms. In 2014, 2015 and 2016 and the three months ended March 31, 2017, policies sold through the platforms of our ecosystem partners accounted for 100.0%, 97.7%, 86.2% and 74.6%, respectively, of our gross written premiums in the same periods. Since we launched our *Shipping Return Policy* in collaboration with Alibaba in November 2013, the number of our ecosystem partners have expanded significantly. As of December 31, 2014, 2015 and 2016 and March 31, 2017, we had 20, 71, 177 and 199 ecosystem partners, respectively. We have partnerships with many leading companies in China's new economy, including, among others, Alibaba, Ant Financial Group, Mogujie, Ctrip, Didi Chuxing, Xiaomi, Alipay and Bestpay. In 2016 and the three months ended March 31, 2017, we further increased the number of our partners and deepened cooperation with existing partners in the travel ecosystem. As a result, gross written premiums from accident insurance, which was primarily travel-related, increased from RMB282.8 million in 2015 to RMB982.2 million in 2016, and from RMB182.5 million in the three months ended March 31, 2016 to RMB311.7 million in the three months ended March 31, 2017. We plan to continue to develop relationships with new ecosystem partners and strengthen our relationships with existing ecosystem partners to further expand our ecosystem-oriented product offerings. On the other hand, our extensive cooperation with our ecosystem partners exposes us to related risks. If our ecosystem partners change their cooperation agreements with us, including reducing their purchase or allocation of our insurance products or charge us higher fees for insurance products sold through their platforms, or terminate their partnership with us, our business and result of operations may be materially and adversely affected. See the section headed "Risk Factors — Risks Relating to Our Business — We depend on our cooperation with our ecosystem partners and other participants in the ecosystems. Our business might be affected if such partners do not continue to maintain their relationship with us or by the operational failure of third-party ecosystem partners."

Our Customer Base and Customer Satisfaction

Our results of operations depend on our ability to maintain and grow our large customer base. The numbers of our customers and policies underwritten by us increased significantly during the Track Record Period. From our inception in October 2013 through March 31, 2017, we served approximately 543 million policyholders and the insured, and sold 8.2 billion policies. The number of our customers was calculated based on unique identity and contact information available to us.

The growth in our customer base and transaction volume per customer are largely affected by the quality of our consumer service and claims experience. We strive to provide our customers with simple and speedy services, such as flexible terms and online automated claims. Our customer complaint rate was 1.34 per million policies in 2016, ranking the second lowest among the 60 PRC P&C insurance companies ranked by the CIRC. We aim to foster customer loyalty and increase customer stickiness, which are crucial to our sustainable growth. In 2016, 78% of our customers were served by our products at least twice, and on average, each of our customers was served by 10.3 policies during the year, increasing from 5.4 in 2014 and 8.3 in 2015.

However, customer preferences are constantly evolving. If we fail to introduce popular new products and maintain high customer satisfaction, our business may be adversely affected. See the section headed "Risk Factors — Risks Relating to Our Business — Our business is inherently subject to the personal financial situation and preference of our customers, and thus may be materially and adversely affected due to the reduction of the demand for our products and solutions caused by the change of personal financial situation or preference of our customers."

Performance of Our Investment Portfolio

The results of our operations, financial condition and future prospects are affected by the performance of our investment portfolio. We had total investment assets of RMB1,149.6 million, RMB7,706.0 million, RMB7,837.3 million and RMB7,737.7 million as of December 31, 2014, 2015 and 2016 and March 31, 2017, respectively. Our total investment yield was 7.3%, 12.6%, 1.8%, -2.9% and -0.0% in 2014, 2015 and 2016 and the three months ended March 31, 2016 and 2017, respectively. Total investment assets represented 83.9%, 95.5%, 84.0% and 90.4% of our total assets as of December 31, 2014, 2015 and 2016 and March 31, 2017, respectively. See the section headed "Business — Asset Management" for further detail.

Under applicable PRC regulations, our insurance funds can be invested in, among others, bank deposits, bonds, certain equity securities, security investment funds, certain other financial products and real properties. In recent years, PRC regulatory authorities, including the CIRC, have significantly expanded the asset categories in which PRC insurance companies are permitted to invest. Nevertheless, our ability to diversify our investment portfolio is limited by restrictions on the amount and percentage of the insurance funds that we can invest in some of these asset categories. For example, our investment in equity assets may not have a total book value of more than 30% of our total assets at the end of the previous quarter, and our investment in overseas assets may not have a total value of more than 15% of our total assets at the end of the previous quarter. See "Regulatory Overview — Deployment of Insurance Funds".

Due to our limited ability to diversify our investments, we are particularly exposed to fluctuations in the PRC bond and equity markets, which could result in investment impairments adversely affecting our results of operations. The PRC securities markets remain at an early stage of development with evolving regulatory, accounting and disclosure requirements. The development of the PRC securities markets may be significantly affected by changes in laws, rules, regulations and government policies in the PRC. Furthermore, any potential market and economic downturns or other uncertainties in the PRC, its neighboring countries or regions or the rest of the world may exacerbate the risks relating to the PRC securities markets. These and other factors may from time to time result in unexpected losses, lack of liquidity, substantial fluctuations in the prices and trading volumes of listed securities compared to more mature securities markets in the world, such as those in the United States and Europe. See the section headed "Risk Factors — Risks Relating to Our Business — Our investment portfolio is subject to volatility of the PRC securities market and may expose us to unrated instruments and illiquid assets risk, and the investment assets may experience sharp declines in their returns or suffer significant losses, which would have a material adverse effect on our results of operations and financial condition."

Net Claims Incurred

Net claims incurred represents insurance claims paid less claims paid ceded to reinsurers, as adjusted by net change in claim reserves. Our loss ratio, defined as net claims incurred as a percentage of net premiums earned, decreased from 73.4% in 2014 to 68.5% in 2015, and further to 42.0% in 2016, and from 46.7% in the three months ended March 31, 2016 to 44.7% in the three months ended March 31, 2017. Net claims incurred are affected by the frequency and amount of claims. To control our claims incurred effectively, we combine actuarial science with big data technology to enhance product pricing and quantify risk correlations. Our integrated technology platform allows us to accurately identify fraudulent claims. However, net claims incurred may be affected by market conditions. Major catastrophic events, such as those causing large-scale transportation delays, could also lead to volatility in our claims incurred.

Our net claims incurred is affected by our product mix, which affects our profitability as different product types tend to have different loss ratios. For example, our accident insurance and health insurance, on average, both have significantly lower loss ratios than our shipping return insurance. The fast growth of these two product types reduced our overall loss ratio during the Track Record Period.

Based on our unaudited interim consolidated financial statements for the six months ended June 30, 2016 and 2017, which were reviewed by our reporting accountant, our loss ratio increased from 41.0% in the six months ended June 30, 2016 to 52.8% in the six months ended June 30, 2017, primarily due to (i) significant increases in insurance claims paid and net increase in claim reserves in relation to credit insurance, a product type that we started to focus on in 2017; and (ii) a significant increase in our unearned premium reserves mainly due to the rapid growth of longer-term products such as health insurance and credit insurance. As we continue to accumulate a large amount of user and transaction data, we aim to further optimize our pricing and further improve our risk management capability, thereby stabilizing and improving our loss ratio.

Our Operating Expenses

We believe that our internet-centric, data-driven business model gives us a significant edge in operational efficiency throughout the insurance lifecycle, from product development, pricing and underwriting, sales and marketing to claims settlement. Our extensive cooperation with ecosystem partners also reduces our customer acquisition costs. Our expense ratio was 35.2%, 58.1%, 62.7%, 65.6% and 78.4% in 2014, 2015 and 2016 and the three months ended March 31, 2016 and 2017, respectively. The largest components of our operating expenses are consulting fees and service charges, and handling charges and commissions. Consulting fees and service charges are primarily fees paid to our ecosystem partners in connection with sales of our policies through their platforms. Factors affecting the consulting fees and service charges depend on the cooperation with various ecosystem partners, which include fixed or variable fee rates charged, and could be affected by claims incurred and loss ratios, among others. In 2014, 2015 and 2016 and the three months ended March 31, 2016 and 2017, consulting fees and service charges accounted for 13.3%, 30.7%, 33.9%, 35.4% and 38.1%, respectively, of our net premiums earned. Handling charges and commissions are fees paid to insurance agents for the distribution of our policies. In 2014, 2015 and 2016 and the three months ended March 31, 2016 and 2017, handling charges and commissions accounted for 2.3%, 5.2%, 8.9%, 7.8% and 13.0%, respectively, of our net premiums earned. Expanding into new product types are typically associated with a significant amount of operating expenses in the initial years. We aim to adjust our product mix in order to reduce insurance operating expenses, mainly handling charges and commissions and consulting fees and service charges. We plan to continue to increase our focus on health insurance and credit insurance, both of which had lower rates of insurance operating expenses than our other types of insurance products during the Track Record Period. We intend to increase sales through our proprietary platform by offering products such as the annual package of *Flight Delay Policy* targeting frequent travelers. We also plan to deepen our cooperation with smaller ecosystem partners, which are expected to charge lower rates of handling charges and commissions, and consulting fees and service charges than our larger ecosystem partners.

As an Insuretech company, we have made and intend to continue to make significant investments in research and development. In 2014, 2015 and 2016 and the three months ended March 31, 2016 and 2017, our research and development investments were RMB22.4 million, RMB63.9 million, RMB214.4 million, RMB34.5 million and RMB91.7 million, respectively, representing 2.8%, 2.8%, 6.3%, 5.7% and 8.9%, respectively, of our GWP in the same periods. In July 2016, we established a wholly-owned subsidiary that focuses on the research and development of cutting-edge internet technologies. See the section headed "Business — Our Technology Solutions Business" for further detail. We expect to incur substantial research and development expenses and capital expenditures in connection with our technology solutions business. In the long run, however, we expect this business to be our new growth driver. Furthermore, as our business continues to expand, the increase in our research and development expenses is likely to be partially offset by our increasing economies of scale and improving operational efficiency.

We aim to adjust our product mix in order to reduce handling charges and commissions and consulting fees and service charges. In addition, the growth in our headcount is expected to slow down as we continue to expand our businesses and benefit from increasing economies of scale. In the medium to long term, combined with our effort to further improve our loss ratio, we aim to lower our combined ratio to under 100% and realize an underwriting profit.

Regulatory Environment

We are subject to the regulatory oversight of a number of financial services, insurance and related regulators, as described in the section headed "Regulatory Overview" in this prospectus. These regulators have broad authority over our business, including our capital requirements, where we are authorized to operate and our ability to enter certain new lines of business, expand our operations, offer new products, enter into distribution arrangements and declare dividends. These regulators oversee our operations and, as a result of this broad and diverse oversight, we are occasionally subject to overlapping, conflicting and/or increased regulation. Our efforts to comply with changes in regulations may lead to increased operating and administrative expenses. In addition, pursuant to the insurance laws, rules and regulations of the various geographical markets in which we operate, we are restricted to a specified range of investment activities. These restrictions may limit our ability to diversify investment risks and improve returns on our investment portfolio, thereby affecting our results of operations as well as liquidity and solvency positions.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Some of our accounting policies require us to apply estimates and assumptions as well as complex judgments relating to accounting items. The estimates and assumptions we use and the judgments we make in applying our accounting policies have a significant impact on our financial position and operating results. Our management continually evaluates such estimates, assumptions and judgments based on past experience and other factors, including industry practices and expectations of future events that are believed to be reasonable under the circumstances. There has not been any material deviation between our management's estimates or assumptions and actual results, and we have not made any material changes to these estimates or assumptions during the Track Record Period. We do not expect any material changes in these estimates and assumptions in the foreseeable future.

We set forth below those accounting policies that we believe are of critical importance to us or involve the most significant estimates, assumptions and judgments used in the preparation of our financial statements. Our significant accounting policies, estimates, assumptions and judgments, which are important for understanding our financial condition and results of operations, are set forth in detail in Notes 2 and 3 to the Accountant's Report included in Appendix I to this prospectus. See Note 2.1 to the Accountant's Report included in Appendix I to this prospectus for a list of standards, amendments and interpretations that have been issued but not yet effective as of January 1, 2017, and their potential impact on our accounting policies and reported results.

Revenue Recognition

Revenue is recognized when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

Premium revenue

Premium revenue is recognized when the insurance contracts are issued and the related insurance risk is undertaken by the Group, the economic benefits associated with the insurance contracts will probably flow to the Group and when the revenue can be measured reliably.

Premiums from direct insurance contracts are recognized as revenue based on the amount of total premiums stated in the contracts.

Interest income

Interest income is recognized on an accrual basis using the effective interest rate method by applying the rate that discounts the estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

Dividend income

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

Share-based Payments

The Group operates an equity-settled, share-based compensation plan, under which the Group receives services from employees as consideration for equity instruments (restricted share) of the Group. The fair value of the employee services received in exchange for the grant of the share is recognized as an expense. The total amount to be expensed is determined by reference to the fair value of the share granted:

- Including any market performance conditions;
- 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 equity instruments that are expected to vest based on the non-marketing performance and service conditions. It recognizes the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

If the terms of an equity-settled award are modified, at a minimum an expense is recognized as if the terms had not been modified. An additional expense is recognized for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

Intangible Assets

The Group's intangible assets include computer software and Chinese domain name registration. Intangible assets can be recognized only when future economic benefits expected to be obtained from the use of the item will flow into the Group and its cost can be measured reliably. 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.

Costs associated with maintaining computer software programs are recognized as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognized as intangible assets when the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use;
- Management intends to complete the software product and use or sell it;
- 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 capitalized as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

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

The useful lives of intangible assets are assessed by the period of bringing economic benefits for the Company. If the period of bringing economic benefits cannot be determined, intangible assets will be classified as indefinite intangible assets.

Intangible assets with finite lives are subsequently amortized on the straight-line basis over the useful economic life. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed, and adjusted if appropriate, at least at each year end.

Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or

- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

For financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; a discounted cash flow analysis; and other valuation models. For discounted cash flow techniques, estimated future cash flows are based on directors' best estimates and the discount rate used is a market related rate for a similar instrument. Certain financial instruments, including derivative financial instruments, are valued using pricing models that consider, among other factors, contractual and market prices, correlation, time value of money, credit risk, yield curve volatility factors and/or prepayment rates of the underlying positions. The use of different pricing models and assumptions could produce materially different estimates of fair values.

The fair values of floating rate and overnight deposits with credit institutions are their carrying values. The carrying value is the cost of the deposit and accrued interest. The fair value of fixed interest-bearing deposits is estimated using discounted cash flow techniques. Expected cash flows are discounted at current market rates for similar instruments at the balance sheet date.

Impairment of Financial Assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

Assets carried at amortized cost

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred). The related collateral value shall also be taken into account. The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition or the current effective interest rate if a loan has a variable interest rate).

The carrying amount of the asset is reduced either directly or through the use of an allowance account and the amount of the loss is recognized in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to the income statement.

Assets classified as available for sale

For debt securities, if any such evidence exists the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss — is removed from equity and recognized in profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed through the consolidated income statement.

For equity investments, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss — is removed from equity and recognized in profit or loss. Impairment losses recognized in the consolidated income statement on equity instruments are not reversed through the consolidated income statement.

Insurance Contracts

Insurance contracts are those contracts under which the Group has accepted significant insurance risk from the policyholders by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. Insurance contracts are classified as direct insurance contracts and reinsurance contracts. The significance of insurance risk as determined by the Group is dependent on both the probability of an insurance event and the magnitude of its potential effect.

Contracts that only transfer insurance risk are treated as insurance contracts. If the Group signs contracts with policyholders which transfer insurance risk as well as other risks, the treatments would depend on:

- If the insurance risk portion and other risk portion are distinct and separately measurable, the insurance risk portion and other risk portion should be unbundled. The portion with insurance risk should be treated as an insurance contract, while the portion with other risks should not be treated as an insurance contract.

- If the insurance risk portion and other risk portion cannot be distinct, or if they are distinct but cannot be separately measurable, the whole contract should be treated as an insurance contract if the insurance risk is significant; the whole contract should not be treated as an insurance contract if the insurance risk is insignificant.

Testing of Significance of Insurance Risk

For contracts issued by the Group which require testing the significance of insurance risk, it should be performed at the initial recognition of such contracts, and based on a group of contracts with a similar nature.

When testing the significance of insurance risk, the Group makes judgements in this sequence: (i) whether the contract transfers insurance risk; (ii) whether the contract has commercial substance; (iii) whether the insurance risk transferred is significant.

When determining whether the contracts (or policies) transfer significant insurance risk, the Group considers: (i) annuity contracts that transfer longevity risk are treated as insurance contracts; (ii) for non-annuity contracts, if the insurance risk ratio is greater than or equal to 5% at certain points of time during the duration of the contracts, they are treated as insurance contracts; the insurance risk ratio is derived by comparing the benefits paid with the benefits payable if the insured event did not occur. For property and casualty and short-term life policies that obviously transfer significant risk, the Group recognizes them as insurance contracts directly.

When determining whether reinsurance policies transfer significant insurance risk, the Group considers thoroughly the commercial substance and other relevant contracts and agreements, and if the insurance risk ratio of reinsurance policies is greater than 1%, they are treated as reinsurance contracts. The insurance risk ratio of reinsurance policies is derived by comparing the present value of probability-weighted expected loss with the present value of expected reinsurance premiums. If the reinsurance policies obviously transfer significant insurance risk, the Group directly recognizes them as reinsurance contracts.

For the purpose of testing the significance of insurance risk, contracts of a similar nature are grouped together. Through considering the risk distribution and characteristics, the Group selects sufficient representative samples to test the significance of insurance risk. If most samples transfer significant insurance risk, all contracts in the group are treated as insurance contracts.

The assumptions used for testing the significance of insurance risk mainly include loss ratio, loss distribution, etc. The Group determines such assumptions based on historical experiences and the estimation on future development trends so as to reflect the Group's product characters and actual claim payments.

Insurance Contract Liabilities

The Company's insurance contract liabilities include unearned premium reserves and claim incurred reserves.

When measuring insurance contract liabilities, insurance contracts whose insurance risks are of a similar nature are classified as a measurement unit. The company's contracts mainly include credit insurance, bond insurance, enterprise property insurance, household property insurance, health insurance, accident insurance, liability insurance, cargo insurance, motor insurance and other insurance.

Insurance contract liabilities are measured based on a reasonable estimate of the amount of payments when the company fulfils relevant obligations under the insurance contracts, which represents the difference between expected future cash outflows and inflows under such contracts.

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

- Expected future cash inflows represent cash inflows from assuming insurance contractual obligations, including premiums and other charges.

- Reasonable estimate of expected net future cash flows is determined based on information currently available at the balance sheet date.

- Margins are considered and separately measured in determining insurance contract liabilities. Margins are released in the income statement over the insurance coverage period using systematic and reasonable methods. Margins include risk margin and residual margin.

- Risk margin represents provision for the uncertainty associated with the future net cash flows.

- At inception of an insurance contract, any "day-one" gain is not recognized in the income statement, but included in the insurance contract liabilities as a residual margin. At inception of an insurance contract, any "day-one" loss is recognized in the income statements.

The Group amortizes the residual margin on a time basis during the whole insurance coverage period and records it in profit or loss.

When measuring insurance contract liabilities, time value of money is considered. The related future cash flows are discounted when the impact of time value of money is significant. For short duration contracts which duration is within one year, the cash flows are not discounted. The discount rate used in the measurement of time value of money is determined with reference to information currently available as at the end of each reporting date and is not locked.

Unearned premium reserves

Unearned premium reserves are measured by using the unearned premium approach. At inception of the contract, unearned premium reserves are measured based on premiums received with deduction of relevant acquisition costs such as commission charge, business tax, insurance guarantee fund, supervision fees, etc. After initial recognition, unearned premium reserves are released over the term of the contract using a 365-day basis or other methods regarding to relevant nature and risk distribution.

The Company performs liability adequacy tests using discounted cash flow method at the balance sheet date. Additional insurance contract liabilities should be made and recognized in the income statement if any deficiency exists.

Claim reserves

Claim reserves represent insurance contract provisions for non-life insurance accidents, which include incurred and reported claim reserves, incurred but not reported claim reserves and claim expense reserves.

Incurred and reported claim reserves represent insurance contract provisions for the claims incurred and reported to the company. The company uses case-by-case estimate method to measure incurred and reported claim reserves based on a reasonable estimate of the ultimate claims amount and the margin factor.

IBNR claim reserves represent insurance contract provisions for the claims incurred but not reported to the Company. The Company uses loss ratio method and chain ladder method to measure IBNR claim reserves based on a reasonable estimate of the ultimate claims amount and the margin factor, and after considering industry benchmark and experience data, etc.

Claim expense reserves represent insurance contract provisions for related claims handling costs. The Company uses case-by-case estimate method for direct claim expense reserves and ratio allocation method to measure indirect claim expense reserves with consideration of margin factor.

Current and Deferred Income Tax

Income tax for the period comprises current and deferred income tax. Income tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, income tax is recognized in other comprehensive income or directly in equity, respectively.

Current income tax is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate.

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the Group controls the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

The tax effects of carry-forwards of unused losses or unused tax credits are recognized as an asset when it is probable that future taxable profits will be available against which these losses can be utilized.

Deferred income tax related to fair value re-measurement of available-for-sale investments and cash flow hedges, which are charged or credited directly in other comprehensive income, is also credited or charged directly to other comprehensive income and subsequently recognized in the consolidated income statement together with the deferred gain or loss.

CONSOLIDATED INCOME STATEMENTS

The following table sets forth our consolidated income statements with selected line items for the periods indicated:

	For the Year Ended December 31,			For the Three Months Ended March 31,	
	2014	2015	2016	2016	2017
	(in thousands of RMB)				
				(unaudited)	
Gross written premiums	794,097	2,283,042	3,408,048	604,401	1,030,363
Less: Premiums ceded to reinsurers	(7,265)	(10,443)	(39,632)	(3,516)	(35,954)
Net written premiums	786,832	2,272,599	3,368,416	600,885	994,409
Less: Net change in unearned premium reserves	(74,647)	(351,105)	(143,004)	(31,706)	(107,632)
Net premiums earned	**712,185**	**1,921,494**	**3,225,412**	**569,179**	**886,777**
Net investment income	80,062	520,684	98,624	(167,093)	95,552
Net fair value gains through profit or loss	9,914	40,611	41,843	(52,435)	(96,555)
Other operating income	15,376	26,556	46,841	204	10,120
Other income	**105,352**	**587,851**	**187,308**	**(219,324)**	**9,117**
Total income	**817,537**	**2,509,345**	**3,412,720**	**349,855**	**895,894**
Net claims incurred	(522,903)	(1,316,269)	(1,355,293)	(265,555)	(396,713)
Handling charges and commissions	(16,154)	(100,641)	(287,109)	(44,600)	(115,465)
Finance costs	(5,702)	(3,078)	(203)	(157)	(445)
Other operating and administrative expenses	(236,194)	(1,029,764)	(1,757,100)	(333,235)	(605,975)
Total benefits, claims and expenses	**(780,953)**	**(2,449,752)**	**(3,399,705)**	**(643,547)**	**(1,118,598)**
Operating profit/(loss) before income tax	**36,584**	**59,593**	**13,015**	**(293,692)**	**(222,704)**
Income tax expense	397	(15,336)	(3,643)	38,307	20,608
Net profit/(loss) for the year/period	**36,981**	**44,257**	**9,372**	**(255,385)**	**(202,096)**

DESCRIPTION OF MAJOR COMPONENTS OF OUR RESULTS OF OPERATIONS

We recorded an underwriting loss of RMB61.5 million, RMB511.6 million and RMB153.1 million, respectively, and our combined ratio was 108.6%, 126.6% and 104.7%, respectively. Our net profit from 2014 to 2016 was mainly driven by our net investment income, which increased from RMB80.1 million in 2014 to RMB520.7 million in 2015 and then decreased to RMB98.6 million in 2016. Our net investment income has fluctuated and will continue to fluctuate subject to the performance of the PRC securities market.

Gross Written Premiums

Gross written premiums primarily include premiums written by us on insurance contracts issued or renewed for a given period, without deduction for premiums ceded by us to reinsurers. We currently market and sell eight types of insurance recognized by the CIRC, including:

- Accident insurance, including products such as *Flight Accident and Delay Policy* (“航意航延險”) and *Train Accident Policy* (“火車意外險”), mainly serving the travel ecosystem;
- Bond insurance, including products such as *Zhong Le Bao* (“眾樂寶”) and *Can Ju Xian* (“參聚險”), mainly serving the lifestyle consumption and consumer finance ecosystems;
- Health insurance, including products such as *Personal Clinic Policy* (“尊享e生”) and *Group Health Insurance Plan* (“健康團險計劃”), mainly serving the health ecosystem;
- Liability insurance, including products such as *Phone Accident Policy* (“手機意外險”) and *Logistics Liability Insurance* (“物流責任險”), mainly serving the lifestyle consumption ecosystem;
- Credit insurance, including products such as *Mashanghua* (“馬上花”), mainly serving the consumer finance ecosystem;
- Cargo insurance, including products such as *Taobao Free Return Policy* (“放心淘”), mainly serving the lifestyle consumption ecosystem;
- Household property insurance, including products such as *General Screen Crack Policy* (“碎屏險”) and *Account Safety Policy* (“賬戶安全險”), mainly serving the lifestyle consumption and consumer finance ecosystems; and
- Others, including products such as *Shipping Return Policy* (“退貨運費險”) and *Generic Buyer Version of Shipping Return Policy* (“任性退”), mainly serving the lifestyle consumption ecosystem.

The table below sets forth a breakdown of our gross written premiums by type of insurance in absolute amounts and as percentages of our total gross written premiums for the periods indicated:

	For the Year Ended December 31,						For the Three Months Ended March 31,			
	2014		2015		2016		2016		2017	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(in thousands, except percentages)									
							(unaudited)			
Accident insurance	44,391	5.6	282,783	12.4	982,228	28.8	182,519	30.2	311,682	30.3
Bond insurance	108,929	13.7	453,290	19.8	517,613	15.2	108,808	18.0	84,208	8.2
Health insurance	13	0.0	13,384	0.6	205,014	6.0	10,912	1.8	154,881	15.0
Liability insurance	15,993	2.0	81,209	3.5	185,097	5.5	35,082	5.8	82,582	8.0
Credit insurance	4,003	0.5	51,728	2.3	102,826	3.0	24,904	4.1	46,762	4.5
Cargo insurance	—	—	15,682	0.7	59,304	1.7	5,322	0.9	18,343	1.8
Household property insurance	4,555	0.6	33,762	1.5	15,464	0.5	1,732	0.3	10,448	1.0
Others	616,213	77.6	1,351,204	59.2	1,340,502	39.3	235,122	38.9	321,457	31.2
Of which:										
Shipping return insurance	613,145	77.2	1,298,219	56.9	1,193,562	35.0	206,092	34.1	257,814	25.0
Total	794,097	100.0	2,283,042	100.0	3,408,048	100.0	604,401	100.0	1,030,363	100.0

Note:

(1) The CIRC recognizes the following types of the property and casualty insurance products: accident insurance, bond insurance, health insurance, liability insurance, credit insurance, cargo insurance, household property insurance and others. Although shipping return insurance accounted for a significant percentage of our GWP during the Track Record Period, it is categorized as "others" based on its policy terms in our periodic reports to the CIRC.

Premiums Ceded to Reinsurers

Premiums ceded to reinsurers represent the portion of gross written premiums ceded to reinsurers, who, pursuant to the relevant reinsurance contracts, share part of the insured risk that we have assumed under our insurance contracts. Our reinsurance arrangements are primarily in connection with our health insurance products.

Net Written Premiums

Net written premiums represent gross written premiums less premiums ceded to reinsurers.

Net Change in Unearned Premium Reserves

Net change in unearned premium reserves represents the change in unearned premium reserves, which are portions of written premiums relating to unexpired risk of insurance coverage. Compared with short-term insurance products, longer-term products generally lead to a larger amount of unearned premium reserves. During the Track Record Period, our unearned premium reserves increased significantly mainly due to the increase in our gross written premiums and the rapid growth of longer-term products such as health insurance and credit insurance.

Net Premiums Earned

Net premiums earned represent net written premiums less net change in unearned premium reserves.

Net Investment Income

Net investment income is comprised of interest income from trust products, term deposits, securities purchased under agreements to resell and debt securities, dividend income from investment funds and equity securities, and realized gains or losses on securities through profit or loss and available-for-sale securities.

Net Fair Value Gains through Profit or Loss

Net fair value gains through profit or loss represent net fair value change on financial assets measured at fair value through profit or loss.

Other Operating Income

Other operating income primarily includes government grants and advisory income.

Total Income

Total income represents the sum of net premiums earned, net investment income, net fair value gains through profit or loss and other operating income.

Net Claims Incurred

Net claims incurred represent insurance claims paid less claims paid ceded to reinsurers, as adjusted by net change in claim reserve.

Handling Charges and Commissions

Handling charges and commissions represent fees paid to insurance agents for the distribution of our policies. During the Track Record Period, we incurred a significant majority of our handling charges and commissions in connection with our travel-related accident insurance.

Finance Costs

Finance costs represent interest paid on certain financial liabilities.

Other Operating and Administrative Expenses

Other operating and administrative expenses primarily include consulting fees and service charges primarily paid to our ecosystem partners, employee salaries and benefits, promotion and marketing expenses, office rentals and other related expenses, and other miscellaneous operating and administrative expenses.

The table below sets forth a breakdown of our other operating and administrative expenses for the periods indicated:

	For the Year Ended December 31,			For the Three Months Ended March 31,	
	2014	2015	2016	2016	2017
	(in thousands of RMB)				
				(unaudited)	
Consulting fees and service charges	94,462	590,629	1,092,868	201,381	338,061
Taxes and surcharges	44,866	128,993	63,686	34,562	3,381
Employee benefit expense	42,021	185,676	302,547	49,058	134,385
Rental fee	11,461	24,687	53,542	10,451	22,032
Depreciation of property, plant and equipment	3,366	5,179	7,952	1,680	3,250
Amortization of intangible assets	871	3,302	17,425	2,305	10,733
Auditors' remuneration	454	570	1,948	200	717
Others[(1)]	38,693	90,728	217,132	33,598	93,416
	236,194	1,029,764	1,757,100	333,235	605,975

Note:

(1) Others included, among others, advertising and general publicity expenses, insurance guarantee fund and expenses for maintenance of electronic devices.

Income Tax Expense

Under the PRC EIT Law, the Company and its subsidiaries are subject to the statutory rate of 25%.

We do not have any disputes or unresolved tax issues with the relevant tax authorities.

PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

Three Months Ended March 31, 2017 Compared to Three Months Ended March 31, 2016

Gross written premiums

Gross written premiums increased by 70.5% from RMB604.4 million in the three months ended March 31, 2016 to RMB1,030.4 million in the three months ended March 31, 2017, primarily due to significant increases in gross written premiums from health insurance, accident insurance, liability insurance and shipping return insurance, partially offset by a decrease in gross written premiums from bond insurance.

Gross written premiums from health insurance increased from RMB10.9 million in the three months ended March 31, 2016 to RMB154.9 million in the three months ended March 31, 2017, primarily due to gross written premiums generated by *Personal Clinic Policy*, which was launched in August 2016 and quickly became popular with our customers.

Gross written premiums from accident insurance, which was primarily travel-related, increased by 70.8% from RMB182.5 million in the three months ended March 31, 2016 to RMB311.7 million in the three months ended March 31, 2017, primarily because we further increased the number of insurance agents and ecosystem partners and deepened cooperation with existing partners in the travel ecosystem.

Gross written premiums from liability insurance, primarily including shipping insurance purchased by logistics companies, insurance against damages of consumer electronics and employee liability insurance, increased by 135.3% from RMB35.1 million in the three months ended March 31, 2016 to RMB82.6 million in the three months ended March 31, 2017, primarily due to an increase in the number of logistics companies we cooperated with.

Gross written premiums from shipping return insurance increased by 25.1% from RMB206.1 million in the three months ended March 31, 2016 to RMB257.8 million in the three months ended March 31, 2017, but, as a percentage of our total gross written premiums, decreased from 34.1% in the three months ended March 31, 2016 to 25.0% in the three months ended March 31, 2017, as we increased our focus on other product types with greater growth potentials.

Gross written premiums from cargo insurance, which are generally purchased by merchants or shoppers on e-commerce platforms, and gross written premiums from credit insurance and household property insurance also experienced significant growth in the three months ended March 31, 2017 as compared with the three months ended March 31, 2016, although they still accounted for a relatively small percentage of our total gross written premiums.

Gross written premiums from bond insurance decreased by 22.6% from RMB108.8 million in the three months ended March 31, 2016 to RMB84.2 million in the three months ended March 31, 2017, as we increased our focus on other product types with greater growth potentials and better profitability in response to increasing competition for bond insurance.

Premiums ceded to reinsurers

Premiums ceded to reinsurers increased significantly from RMB3.5 million in the three months ended March 31, 2016 to RMB36.0 million in the three months ended March 31, 2017, primarily due to the significant increase in gross written premiums from health insurance, as our reinsurance arrangements are primarily in connection with our health insurance products.

Net change in unearned premium reserves

Net change in unearned premium reserves increased by 239.4% from RMB31.7 million in the three months ended March 31, 2016 to RMB107.6 million in the three months ended March 31, 2017, primarily due to the significant increase in gross written premiums in the three months ended March 31, 2017 compared with the same period in 2016. In addition, due to the growth of longer-term products such as health insurance and credit insurance, the average term of policies sold in the three months ended March 31, 2017 was longer than that in the three months ended March 31, 2016, which also contributed to the increase in unearned premium reserves in the three months ended March 31, 2017 compared with the same period in 2016.

Net premiums earned

As a result of the foregoing, net premiums earned increased by 55.8% from RMB569.2 million in the three months ended March 31, 2016 to RMB886.8 million in the three months ended March 31, 2017.

Net investment income

We had net investment loss of RMB167.1 million in the three months ended March 31, 2016 and net investment income of RMB95.6 million in the three months ended March 31, 2017, primarily due to a decrease in net realized loss from RMB231.6 million in the three months ended March 31, 2016 to RMB61.8 million in the three months ended March 31, 2017, and an increase in dividend income from equity and investment funds from RMB5.5 million in the three months ended March 31, 2016 to RMB95.7 million in the three months ended March 31, 2017. The decrease in net realized loss was primarily determined by the general conditions of the PRC capital markets in the three months ended March 31, 2016 and 2017. The Shanghai Stock Exchange Composite Index and the Shenzhen Stock Exchange Composite Index decreased by 15.1% and 17.0%, respectively, in the three months ended

March 31, 2016, but increased by 3.8% and 2.2%, respectively, in the three months ended March 31, 2017. The increase in dividend income from equity and investment funds was primarily due to an increase in high-dividend securities in our investment portfolio as we adjusted our investment strategy based on market conditions.

Net fair value loss through profit or loss

Net fair value loss through profit or loss increased from RMB52.4 million in the three months ended March 31, 2016 to RMB96.6 million in the three months ended March 31, 2017. The changes were primarily driven by the general conditions of the PRC capital markets in the three months ended March 31, 2016 and 2017.

Other operating income

Other operating income increased by from RMB0.2 million in the three months ended March 31, 2016 to RMB10.1 million in the three months ended March 31, 2017, as we started to generate advisory income in 2017. The advisory income of RMB9.0 million in the three months ended March 31, 2017 represented technology service charges we received from Ping An Insurance for selling its auto insurance products.

Total income

As a result of the foregoing, total income increased by 156.0% from RMB349.9 million in the three months ended March 31, 2016 to RMB895.9 million in the three months ended March 31, 2017.

Net claims incurred

Net claims incurred increased by 49.4% from RMB265.6 million in the three months ended March 31, 2016 to RMB396.7 million in the three months ended March 31, 2017, primarily due to the increase in our net premiums earned. As a percentage of net premiums earned, however, net claims incurred decreased from 46.7% in the three months ended March 31, 2016 to 44.7% in the three months ended March 31, 2017, primarily due to the continuous improvement in our risk management measures through data collection and accumulated experience, as well as the growth of insurance products with relatively low loss ratios, such as travel-related accident insurance products.

Handling charges and commissions

Handling charges and commissions increased by 159.0% from RMB44.6 million in the three months ended March 31, 2016 to RMB115.5 million in the three months ended March 31, 2017, primarily due to an increase in commissions paid to agents and sales channels in relation to our fast-growing health insurance and accident insurance products.

Finance costs

Finance costs increased from RMB157,000 in the three months ended March 31, 2016 to RMB445,000 in the three months ended March 31, 2017, primarily because we held more securities sold under agreements to repurchase in the three months ended March 31, 2017 than in the three months ended March 31, 2016, resulting in an increase in interests incurred by such liabilities in the three months ended March 31, 2017.

Other operating and administrative expenses

Other operating and administrative expenses increased by 81.9% from RMB333.2 million in the three months ended March 31, 2016 to RMB606.0 million in the three months ended March 31, 2017, primarily due to a 173.7% increase in employee benefit expense resulting from a significant increase in headcount and a raise in average salaries. Consulting fees and service charges increased by 67.9% from RMB201.4 million in the three months ended March 31, 2016 to RMB338.1 million in the three months ended March 31, 2017, which was largely in line with the increase in our gross written premiums. The increase in other operating and administrative expenses was also due to increases in rental fees and various miscellaneous expenses, which were primarily attributable to the expansion of our business and expenses in relation to the Global Offering.

Income tax expense

We had income tax credit of RMB38.3 million and RMB20.6 million in the three months ended March 31, 2016 and 2017, respectively, as we had a net operating loss before income tax in each of these periods.

Net loss for the period

As a result of the foregoing, net loss for the period decreased by 20.9% from RMB255.4 million in the three months ended March 31, 2016 to RMB202.1 million in the three months ended March 31, 2017.

Year Ended December 31, 2016 Compared to Year Ended December 31, 2015

Gross written premiums

Gross written premiums increased by 49.3% from RMB2,283.0 million in 2015 to RMB3,408.0 million in 2016, primarily due to significant increases in gross written premiums from accident insurance, health insurance and liability insurance, partially offset by a decrease in gross written premiums from shipping return insurance.

Gross written premiums from accident insurance, which was primarily travel-related, increased by 247.3% from RMB282.8 million in 2015 to RMB982.2 million in 2016, primarily because we further increased the number of our partners and deepened cooperation with existing partners in the travel ecosystem.

Gross written premiums from health insurance increased from RMB13.4 million in 2015 to RMB205.0 million in 2016, primarily due to gross written premiums generated by several new health insurance products we launched in 2016, including *Personal Clinic Policy*, *Diabetes Policy* and customized group insurance products.

Gross written premiums from liability insurance, primarily including shipping insurance purchased by logistics companies and insurance against damages of consumer electronics, increased from RMB81.2 million in 2015 to RMB185.1 million in 2016, primarily due to an increase in the number of logistics companies we cooperated with.

Gross written premiums from cargo insurance, which are generally purchased by merchants or shoppers on e-commerce platforms, and gross written premiums from credit insurance also experienced significant growth in 2016 as compared with 2015, although they still accounted for a relatively small percentage of our total gross written premiums.

Gross written premiums from shipping return insurance, our first major insurance product, decreased by 8.1% from RMB1,298.2 million in 2015 to RMB1,193.6 million in 2016, as we increased our focus on other product types with greater growth potentials. In addition, we faced increased competition in 2016 as there were new market entrants providing shipping return insurance on the platforms of our major e-commerce ecosystem partners, such as Taobao Marketplace.

Premiums ceded to reinsurers

Premiums ceded to reinsurers increased by 280.8% from RMB10.4 million in 2015 to RMB39.6 million in 2016, primarily due to the significant increase in gross written premiums from health insurance and newly signed reinsurance agreements, as our reinsurance arrangements are primarily in connection with our health insurance products.

Net change in unearned premium reserves

Net change in unearned premium reserves decreased by 59.3% from RMB351.1 million in 2015 to RMB143.0 million in 2016. We did not recognize a significant amount of unearned premium reserves in 2014 as our business was still at an early stage. In addition, our business experienced significant growth in 2015, which resulted in a substantial net increase in unearned premium reserves in 2015.

Net premiums earned

As a result of the foregoing, net premiums earned increased by 67.9% from RMB1,921.5 million in 2015 to RMB3,225.4 million in 2016.

Net investment income

Net investment income decreased by 81.1% from RMB520.7 million in 2015 to RMB98.6 million in 2016, primarily due to a net realized loss of RMB184.4 million in 2016, compared with a net realized gain of RMB362.5 million in 2015. The difference was primarily determined by the general conditions of the PRC capital markets in 2015 and 2016. The Shanghai Stock Exchange Composite Index and the Shenzhen Stock Exchange Composite Index increased by 8.6% and 13.6%, respectively, in 2015, but decreased by 12.3% and 19.6%, respectively, in 2016.

Net fair value gains through profit or loss

Net fair value gains through profit or loss were RMB41.8 million in 2016, compared with RMB40.6 million in 2015. The variations were primarily determined by the general conditions of the PRC capital markets in 2015 and 2016.

Other operating income

Other operating income increased by 75.9% from RMB26.6 million in 2015 to RMB46.8 million in 2016, primarily due to an increase in government grants.

Total income

As a result of the foregoing, total income increased by 36.0% from RMB2,509.3 million in 2015 to RMB3,412.7 million in 2016.

Net claims incurred

Net claims incurred increased by 3.0% from RMB1,316.3 million in 2015 to RMB1,355.3 million in 2016, primarily due to the increase in our net premiums earned. As a percentage of net premiums earned, however, net claims incurred decreased from 68.5% in 2015 to 42.0% in 2016, primarily due to the continuous improvement in our risk management measures and the growth of insurance products with relatively low loss ratios, such as travel-related accident insurance products.

Handling charges and commissions

Handling charges and commissions increased by 185.4% from RMB100.6 million in 2015 to RMB287.1 million in 2016, primarily due to commissions paid to new agents and sales channels in relation to our accident insurance and liability insurance products.

Finance costs

Finance costs decreased by 93.5% from RMB3.1 million in 2015 to RMB0.2 million in 2016, primarily because we disposed of a significant amount of securities sold under agreements to repurchase during 2015, resulting in a decrease in interests incurred by such liabilities in 2016.

Other operating and administrative expenses

Other operating and administrative expenses increased by 70.6% from RMB1,029.8 million in 2015 to RMB1,757.1 million in 2016, primarily due to a significant increase in consulting fees and service charges, which increased from RMB590.6 million in 2015 to RMB1,092.9 million in 2016. This increase was primarily due to a significant increase in technical service fees paid to our ecosystem partners from RMB570.3 million in 2015 to RMB1,026.8 million in 2016. Consulting fees and service charges grew at a higher rate than gross written premiums in 2016 primarily due to the rapid growth of certain products with relatively higher rates of technical service fees, such as accident insurance. The increase in other operating and administrative expenses was also due to increases in employee benefit expenses, rental fees and various miscellaneous expenses, all of which were primarily attributable to the expansion of our business in 2016.

Income tax expense

Income tax expense decreased by 76.5% from RMB15.3 million in 2015 to RMB3.6 million in 2016, primarily due to a decrease in operating profit before income tax from RMB59.6 million in 2015 to RMB13.0 million in 2016. Our effective income tax rate increased from 25.7% in 2015 to 27.7% in 2016 primarily due to year-to-year variations in non-taxable income and non-deductible expenses.

Net profit for the year

As a result of the foregoing, net profit for the year decreased by 78.8% from RMB44.3 million in 2015 to RMB9.4 million in 2016.

Year Ended December 31, 2015 Compared to Year Ended December 31, 2014

Gross written premiums

Gross written premiums increased by 187.5% from RMB794.1 million in 2014 to RMB2,283.0 million in 2015, primarily due to increases in gross written premiums from shipping return insurance, bond insurance and accident insurance. Such increases were primarily due to an increase in the number of our ecosystem partners, as well as the successful launch of new products in 2015, such as flight delay insurance, online payment security insurance, cargo insurance and health insurance.

Gross written premiums from shipping return insurance increased from RMB613.1 million in 2014 to RMB1,298.2 million in 2015, primarily due to significant growth in policies sold through existing ecosystem partners' platforms, such as Taobao Marketplace.

Gross written premiums from bond insurance increased from RMB108.9 million in 2014 to RMB453.3 million in 2015, primarily due to new products launched in a variety of channels.

Gross written premiums from accident insurance, which was primarily travel-related, increased from RMB44.4 million in 2014 to RMB282.8 million in 2015, primarily due to significant growth in policies sold through existing ecosystem partners, such as Ctrip.

Gross written premiums from our other major types of insurance all experienced significant growth in 2015 as compared with 2014, although they still accounted for a relatively small percentage of our total gross written premiums.

Premiums ceded to reinsurers

Premiums ceded to reinsurers increased by 42.5% from RMB7.3 million in 2014 to RMB10.4 million in 2015, primarily due to the significant increase in gross written premiums from health insurance, as our reinsurance arrangements are primarily in connection with our health insurance products.

Net change in unearned premium reserves

Net change in unearned premium reserves increased by 370.6% from RMB74.6 million in 2014 to RMB351.1 million in 2015, primarily due to the significant increase in gross written premiums in 2015. In addition, due to the growth of longer-term products such as health insurance, the average term of policies sold in 2015 was longer than that in 2014, which also contributed to the increase in unearned premium reserves in 2015.

Net premiums earned

As a result of the foregoing, net premiums earned increased by 169.8% from RMB712.2 million in 2014 to RMB1,921.5 million in 2015.

Net investment income

Net investment income increased by 550.1% from RMB80.1 million in 2014 to RMB520.7 million in 2015, primarily due to a significant increase in net realized gains from RMB19.0 million in 2014 to RMB362.5 million in 2015. The increase was primarily due to the increase in our investment assets purchased with the proceeds from the issuance of new shares in June 2015, as well as to variations in the general conditions of the PRC capital markets in 2014 and 2015, particularly the equity market boom in 2015. The increase in our investment assets in 2015 also resulted in a significant increase in interest income from bond and trust investments as well as bank deposits.

Net fair value gains through profit or loss

Net fair value gains through profit or loss increased by 310.1% from RMB9.9 million in 2014 to RMB40.6 million in 2015, primarily due to the increase in our investment assets resulting from the issuance of new shares in June 2015, as well as to variations in the general conditions of the PRC capital markets in 2014 and 2015.

Other operating income

Other operating income increased by 72.7% from RMB15.4 million in 2014 to RMB26.6 million in 2015, primarily due to an increase in government grants.

Total income

As a result of the foregoing, total income increased by 206.9% from RMB817.5 million in 2014 to RMB2,509.3 million in 2015.

Net claims incurred

Net claims incurred increased by 151.7% from RMB522.9 million in 2014 to RMB1,316.3 million in 2015, primarily due to the increase in our net premiums earned. As a percentage of net premiums earned, net claims incurred decreased from 73.4% in 2014 to 68.5% in 2015, primarily due to the growth of insurance products with relatively low loss ratios, such as accident insurance and bond insurance products.

Handling charges and commissions

Handling charges and commissions increased by 521.0% from RMB16.2 million in 2014 to RMB100.6 million in 2015, primarily due to the increase in the number of agents and sales channels as we diversified our product portfolio in 2015.

Finance costs

Finance costs decreased by 45.6% from RMB5.7 million in 2014 to RMB3.1 million in 2015, primarily due to a reduction in securities sold under agreements to repurchase, which incurred interest costs.

Other operating and administrative expenses

Other operating and administrative expenses increased by 336.0% from RMB236.2 million in 2014 to RMB1,029.8 million in 2015, primarily due to a significant increase in consulting fees and service charges, which increased from RMB94.5 million in 2014 to RMB590.6 million in 2015. This increase was primarily due to a significant increase in technical service fees paid to our ecosystem partners from RMB92.2 million in 2014 to RMB570.3 million in 2015, as well as increases in employee benefit expenses and various miscellaneous expenses. The increase in technical service fees was mainly due to the rapid growth of certain products with relatively higher rates of technical service fees, such as accident insurance. Other operating and administrative expenses grew at a higher rate than gross written premiums did in 2015 primarily because we were still at an early stage of business expansion and incurred significant expenses to develop new products and sales channels.

Income tax expense

Income tax expense was RMB15.3 million in 2015, compared with an income tax credit of RMB0.4 million in 2014. We had a tax credit in 2014 primarily due to the recognition of deductibles that were unrecognized in 2013, as well as to a substantial amount of non-taxable income, primarily dividends from investments in money market funds, in 2014.

Net profit for the year

As a result of the foregoing, net profit for the year increased by 19.7% from RMB37.0 million in 2014 to RMB44.3 million in 2015.

DISCUSSION OF SELECTED CONSOLIDATED FINANCIAL POSITION INFORMATION

Assets

As of December 31, 2014, 2015 and 2016 and March 31, 2017, our total assets were RMB1,369.5 million, RMB8,069.1 million, RMB9,332.2 million and RMB8,556.1 million, respectively. The following table sets forth the principal components of our assets as of the dates indicated:

	As of December 31,			As of March 31,
	2014	2015	2016	2017
	(in thousands of RMB)			
Financial assets				
Restricted statutory deposits	200,000	248,125	248,125	248,125
Investments classified as loans and receivables	408,299	1,207,896	1,707,648	1,716,451
Available-for-sale financial assets	368,130	3,556,804	3,670,260	3,163,042
Financial assets at fair value through profit or loss	121,486	1,321,398	1,599,230	1,694,232
Securities purchased under agreements to resell	50,000	—	302,300	800
Cash and cash equivalents	141,696	1,374,897	1,153,244	1,054,646
Total financial assets	1,289,611	7,709,120	8,680,807	7,877,296
Assets other than financial assets [(1)]	79,850	360,023	651,416	678,809
Total assets	1,369,461	8,069,143	9,332,223	8,556,105

Note:

(1) Assets other than financial assets included receivables, fixed and intangible assets, and other miscellaneous assets.

Financial assets

Financial assets primarily consist of debt investments, equity investments, cash and deposits, trust investment and wealth management products. All debt and equity investments are carried at fair value, and the values reported in our financial information reflect then current market values as of the end of each reporting period.

Total financial assets increased significantly from RMB1,289.6 million as of December 31, 2014 to RMB7,709.1 million as of December 31, 2015, primarily due to proceeds from the issuance of new shares of RMB5,775.0 million in June 2015. A substantial amount of such proceeds were used to purchase securities and other financial assets. As a result, most types of our financial assets, including our cash and deposits, increased significantly from December 31, 2014 to December 31, 2015.

Total financial assets increased by 12.6% from RMB7,709.1 million as of December 31, 2015 to RMB8,680.8 million as of December 31, 2016, primarily due to the growth of our business, particular sales of investment-linked insurance products, which we stopped selling in January 2017 in accordance with a new CIRC regulation. Available-for-sale financial assets and financial assets at fair value through profit or loss increased by 3.2% and 21.0%, respectively, from December 31, 2015 to December 31, 2016. Investments classified as loans and receivables increased by 41.4% from RMB1,207.9 million as of December 31, 2015 to RMB1,707.6 million as of December 31, 2016, primarily due to an increase in trust investment of RMB355.4 million, which was primarily due to our strategy of further diversifying our investment portfolio and increasing allocation to fix-income investments in our portfolio in light of market conditions. Cash and cash equivalents decreased by 16.1% from RMB1,374.9 million as of December 31, 2015 to RMB1,153.2 million as of December 31, 2016, primarily due to purchases of financial investments other than cash and cash equivalents in 2016.

Total financial assets decreased by 9.3% from RMB8,680.8 million as of December 31, 2016 to RMB7,877.3 million as of March 31, 2017 primarily due to disposals of certain debt investments and fund investments in our investment portfolio during the three months ended March 31, 2017.

Assets other than financial assets

Assets other than financial assets primarily consist of receivables, fixed and intangible assets, and other miscellaneous assets. Receivables include interest receivables, premiums receivables and receivables in relation to our reinsurance contracts. Assets other than financial assets increased by 350.6% from RMB79.9 million as of December 31, 2014 to RMB360.0 million as of December 31, 2015, and further by 80.9% to RMB651.4 million as of December 31, 2016, primarily due to the growth of our business and the resultant increases in various receivables and fixed assets, including the capitalization of certain research and development investments. Assets other than financial assets increased by 4.2% from RMB651.4 million as of December 31, 2016 to RMB678.8 million as of March 31, 2017 primarily due to an increase in intangible assets resulting from capitalization of development costs and an increase in reinsurers' share of insurance contract liabilities resulting from the increase in our premiums ceded to reinsurers.

Liabilities

As of December 31, 2014, 2015 and 2016 and March 31, 2017, our total liabilities were RMB348.9 million, RMB1,170.8 million, RMB2,473.3 million and RMB1,909.9 million, respectively. The following table sets forth the principal components of our liabilities as of the dates indicated:

	As of December 31,			As of March 31,
	2014	2015	2016	2017
	(in thousands of RMB)			
Insurance contract liabilities				
Unearned premium reserves	87,459	441,579	601,256	722,989
Claim reserves	35,546	174,652	196,049	245,673
Total insurance contract liabilities	123,005	616,231	797,305	968,662
Financial liabilities				
Policyholders' deposits	—	12	211	203
Investment contract liabilities	—	1,562	573,069	137,196
Securities sold under agreements to repurchase	140,000	1,600	282,674	2,300
Total financial liabilities	140,000	3,174	855,954	139,699
Liabilities other than insurance contract liabilities and financial liabilities	85,894	551,420	819,992	801,504
Total liabilities	348,899	1,170,825	2,473,251	1,909,865

Insurance contract liabilities include unearned premium reserves and claim reserves. Unearned premium reserves are portions of gross written premiums relating to unexpired risk of insurance coverage. Claim reserves are a reasonable estimate at the balance sheet date of insurance contract provisions for the claims to be incurred. Both unearned premium reserves and claim reserves are positively related to gross written premiums during the relevant period. Our insurance contract liabilities increased by 401.0% from RMB123.0 million as of December 31, 2014 to RMB616.2 million as of December 31, 2015, further by 29.4% to RMB797.3 million as of December 31, 2016, and further by 21.5% to RMB968.7 million as of March 31, 2017, primarily due to the growth of our business and the resultant increase in our gross written premiums.

Financial liabilities primarily include investment contract liabilities and securities sold under agreements to repurchase. Investment contract liabilities primarily include liabilities in respect of our investment-linked insurance products, the sales of which increased significantly in 2016. We stopped selling these products in January 2017 in accordance with a new CIRC regulation. Investment contract liabilities decreased from RMB573.1 million as of December 31, 2016 to RMB137.2 million as of March 31, 2017 as our policyholders gradually redeemed previously outstanding investment-linked insurance products while we stopped selling such insurance products in January 2017 in accordance with a new CIRC regulation. Securities sold under agreements to repurchase fluctuated during the Track Record Period primarily due to variations in investment strategies in light of market conditions.

Liabilities other than insurance contract liabilities and financial liabilities primarily consist of payables, premiums received in advance and deferred tax liabilities. Payables are primarily in relation to service charges, handling charges and commissions, taxes, and employee salaries and benefits. Liabilities other than insurance contract liabilities and financial liabilities increased by 541.9% from RMB85.9 million as of December 31, 2014 to RMB551.4 million as of December 31, 2015, and further by 48.7% to RMB820.0 million as of December 31, 2016, primarily due to the growth of our business and the resultant increases in various payables. Liabilities other than insurance contract liabilities and financial liabilities were largely stable at RMB801.5 million as of March 31, 2017 as compared with RMB820.0 million as of December 31, 2016.

LIQUIDITY AND CAPITAL RESOURCES

We have historically funded our cash requirements principally from cash generated from operating activities and capital contribution from shareholders.

Going forward, we believe that our liquidity requirements will be satisfied by using a combination of cash generated from operating activities, other funds raised from the capital markets from time to time and the net proceeds received from the Global Offering.

Cash Flows

The following table sets forth our cash flows for the periods indicated:

	For the Year Ended December 31,			For the Three Months Ended March 31,	
	2014	2015	2016	2016	2017
	(in thousands of RMB)				
				(unaudited)	
Net cash generated from/(used in) operating activities	119,619	300,547	853,387	43,292	(518,053)
Net cash (used in)/generated from investing activities	(143,084)	(4,662,365)	(1,355,921)	(657,885)	700,305
Net cash generated from/(used in) financing activities	134,298	5,595,019	280,872	63,543	(280,819)
Net effect of foreign exchange rate changes on cash	—	—	9	(1)	(31)
Net increase/(decrease) in cash and cash equivalents	110,833	1,233,201	(221,653)	(551,051)	(98,598)
Cash and cash equivalents at beginning of the year/period	30,863	141,696	1,374,897	1,374,897	1,153,244
Cash and cash equivalents at the end of the year/period	141,696	1,374,897	1,153,244	823,846	1,054,646

Our cash inflows from operating activities primarily consist of cash premiums received for insurance products we issued. Our cash outflows used in operating activities primarily consist of cash payments of insurance claims, consulting fees and service charges, employee salaries and benefits, and handling charges and commissions. Net cash from operating activities increased by 151.3% from RMB119.6 million in 2014 to RMB300.5 million in 2015, further by 184.0% to RMB853.4 million in 2016, primarily due to increases in our gross written premiums as we continued to expand our business. We had net cash outflows used in operating activities of RMB518.1 million in the three months ended March 31, 2017 compared with net cash inflows from operating activities of RMB43.3 million in the three months ended March 31, 2016, primarily due to cash used in the three months ended March 31, 2017 for the redemption of previously outstanding investment-linked insurance products, which we stopped selling in January 2017 in accordance with a new CIRC regulation.

Net cash used in investing activities increased from RMB143.1 million in 2014 to RMB4,662.4 million in 2015, and then decreased to RMB1,355.9 million in 2016, primarily due to variations in net purchases of investments. Net purchases of investments were higher in 2015 primarily due to the use of proceeds from issuance of new shares in purchases of investments. We had net cash inflows from investing activities of RMB700.3 million in the three months ended March 31, 2017 compared with net cash outflows used in investing activities in the three months ended March 31, 2016, primarily due to disposals of certain debt investments and fund investments in our investment portfolio in the three months ended March 31, 2017.

Net cash inflows from financing activities increased from RMB134.3 million in 2014 to RMB5,595.0 million in 2015, and then decreased in 2016 to RMB280.9 million, primarily due to proceeds from the issuance of new shares of RMB5,775.0 million in 2015. We had net cash outflows used in financing activities of RMB280.8 million in the three months ended March 31, 2017 compared with net cash inflows from financing activities of RMB63.5 million in the three months ended March 31, 2016, primarily due to repurchases of securities sold under agreements to repurchase in the three months ended March 31, 2017.

Solvency Margin Ratio

The solvency margin ratio is a measure of capital adequacy for PRC insurance companies and is calculated by dividing the actual capital, which is the difference between an insurance company's admitted assets and admitted liabilities as determined by the CIRC, by a statutory minimum capital. Insurance companies carrying out business in China are required to comply with requirements on the solvency margin ratio imposed by the CIRC.

Prior to 2016, the statutory minimum capital was calculated by reference to premiums written or claims paid, while the actual capital held was adjusted net assets. An insurance company was non-compliant with the solvency requirement if its solvency margin ratio was less than 100%. If it was between 100% and 150%, the CIRC could order the insurance companies in question to submit and implement appropriate plans to prevent any further deterioration of the ratio.

Under the China Risk Oriented Solvency System (C-ROSS), a new-generation solvency system developed by the CIRC that took effect in January 2016. Under C-ROSS, insurance companies in China must comply with (i) quantitative capital requirements on both core capital and actual capital, which is the sum of core capital and supplementary capital, (ii) qualitative risk management requirements, including operation risk, strategic risk, reputational risk and liquidity risk, and (iii) market disciplines. Core capital means assets that can be used to pay off losses during continuing operation or during liquidation, whereas supplemental capital means assets that can be used to pay off losses during liquidation. As of December 31, 2016 and March 31, 2017, all of our actual capital was core capital. The CIRC can take a number of regulatory measures against any insurance company non-compliant with the solvency requirements. These regulatory measures include restrictions on business scope, dividend distributions or investment strategy, order to transfer business or place reinsurance, or removal of senior executives of the insurance company. We have maintained our solvency ratio in compliance with the minimum requirement by the CIRC before and after the transition to C-ROSS.

The following table sets forth our solvency margin ratios as of December 31, 2014 and 2015 under the older solvency system and as of December 31, 2016 and March 31, 2017 under the C-ROSS:

	As of December 31,			As of March 31,
	2014	2015	2016	2017
	(in thousands of RMB, except percentages)			
Actual capital[1]	862,972	5,589,870	6,705,039	6,442,715
Core capital	N/A	N/A	6,705,039	6,442,715
Statutory minimum capital	120,714	344,977	928,092	1,009,369
Core solvency margin ratio	N/A	N/A	722.5%	638.3%
Comprehensive solvency margin ratio[2]	714.9%	1,620.4%	722.5%	638.3%

Notes:

(1) Actual capital for the purpose of calculating the solvency margin ratio is prepared under PRC GAAP.

(2) Comprehensive solvency margin ratio was simply known as solvency margin ratio under the older solvency system.

Our comprehensive solvency margin ratio increased significantly from 714.9% as of December 31, 2014 to 1,620.4% as of December 31, 2015, mainly due to increased assets resulting from the issuance of new shares in June 2015, which generated proceeds of RMB5,775.0 million. Our comprehensive solvency margin ratio decreased from 1,620.4% as of December 31, 2015 to 722.5% as of December 31, 2016, mainly due to an increase in our statutory minimum capital, which in turn was partly due to the transition to C-ROSS, and partly due to the significant growth in our gross written premiums from RMB2,283.0 million in 2015 to RMB3,408.0 million in 2016. Our comprehensive solvency margin ratio further decreased from 722.5% as of December 31, 2016 to 638.3% as of March 31, 2017 primarily due to further growth in our insurance business.

Working Capital

Taking into account expected cash from operating activities and the estimated net proceeds from the Global Offering, our Directors are of the opinion that we will have sufficient funds to meet our working capital requirements and financial requirements for capital expenditure for at least the next 12 months from the date of this prospectus.

Capital Expenditures

We regularly make capital expenditures to expand our operations, maintain our equipment and increase our operating efficiency. During the Track Record Period, our capital expenditures were made for the acquisitions of property, plant and equipment, mainly computer hardware, and intangible assets, mainly computer software. We have historically funded our capital expenditures through issuance of shares and retained earnings. The table below sets forth our capital expenditures for the periods indicated:

	For the Year Ended December 31,			For the Three Months Ended March 31,	
	2014	2015	2016	2016	2017
	(in thousands of RMB)				
				(unaudited)	
Purchase of property and equipment, intangible assets and other assets	22,094	39,673	183,641	25,506	37,567

Contractual Obligations

We lease certain of our offices under operating lease arrangements. Leases for properties have initial periods of three to five years, at the end of which all terms are renegotiated. The table below sets forth our future minimum lease payments under non-cancellable operating leases as of the dates indicated:

	As of December 31,			As of March 31,
	2014	2015	2016	2017
	(in thousands of RMB)			
Within 1 year (including 1 year)	13,698	33,521	75,695	81,701
Between 1 and 2 years (including 2 years)	4,983	27,574	63,516	61,700
Between 2 and 3 years (including 3 years)	—	22,839	47,589	46,678
Over 3 years	—	104,746	171,140	164,332
Total	18,681	188,680	357,940	354,411

INDEBTEDNESS

We did not have any material mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptances (other than normal trade bills), acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured, or guarantees or other contingent liabilities as of July 31, 2017. We did not have any banking facilities as of July 31, 2017.

SELECTED FINANCIAL RATIOS

The following table sets forth our key financial ratios for the periods indicated:

	For the Year Ended or as of December 31,			For the Three Months Ended or as of March 31,	
	2014	2015	2016	2016	2017
				(unaudited)	
Retention ratio(1)	99.1%	99.5%	98.8%	99.4%	96.5%
Loss ratio(2)	73.4%	68.5%	42.0%	46.7%	44.7%
Expense ratio(3)	35.2%	58.1%	62.7%	65.6%	78.4%
Combined ratio(4)	108.6%	126.6%	104.7%	112.3%	123.1%
Net investment yield(5)	4.8%	3.5%	3.6%	0.9%	2.0%
Total investment yield(6)	7.3%	12.6%	1.8%	(2.9%)	(0.0%)
Return on assets(7)	2.7%	0.9%	0.1%	(3.2%)	(2.3%)
Return on equity(8)	3.7%	1.1%	0.1%	(3.8%)	(3.0%)
Gearing ratio(9)	25.5%	14.5%	26.5%	16.5%	22.3%

Notes:

(1) Retention ratio equals net written premiums, which is gross written premiums less premiums ceded to reinsurer, as a percentage of gross written premiums.

(2) Loss ratio equals net claims incurred as a percentage of net premiums earned.

(3) Expense ratio equals insurance operating expenses expressed as a percentage of net premiums earned in the relevant period.

(4) Combined ratio equals the sum of loss ratio and expense ratio.

(5) Net investment yield equals the sum of net interest income and dividend income less interest expense relating to securities sold under agreements to repurchase for the period as a percentage of the average of the opening and closing balances of total investment assets of the period (in the case of 2015 and 2016 and the three months ended March 31, 2016 and 2017) or the closing balance of total investment assets of the period (in the case of 2014).

(6) Total investment yield equals total investment income (defined as the sum of net investment income and net fair value gains through profit or loss, less interest expense relating to securities sold under agreements to repurchase) for the period as a percentage of the average of the opening and closing balances of total investment assets of the period (in the case of 2015 and 2016 and the three months ended March 31, 2016 and 2017) or the closing balance of total investment assets of the period (in the case of 2014).

(7) Return on assets equals profit for the period divided by the average of the opening and closing balances of total assets of the period (in the case of 2015 and 2016 and the three months ended March 31, 2016 and 2017) or divided by the closing balance of total assets of the period (in the case of 2014).

(8) Return on equity equals profit for the period divided by the average of the opening and closing balances of total equity of the period.

(9) Gearing ratio is represented by total liabilities (excluding capital supplementary bonds and subordinated term debts) divided by total assets.

Retention Ratio

Our retention ratio was high during the Track Record Period as most of our products had relatively short policy terms, small coverage amounts and high purchase frequency, which we generally do not reinsure. During the Track Record Period, our reinsurance arrangements were primarily in connection with our health insurance products. Our retention ratio decreased from 99.1% in 2014 and 99.5% in 2015 to 98.8% in 2016 and further to 96.5% in the three months ended March 31, 2017 primarily due to the significant increase in gross written premiums from health insurance.

Loss Ratio, Expense Ratio and Combined Ratio

Our loss ratio decreased from 73.4% in 2014 to 68.5% in 2015, and further to 42.0% in 2016, and from 46.7% in the three months ended March 31, 2016 to 44.7% in the three months ended March 31, 2017, primarily due to improved pricing and risk management capabilities, as well as a change in our product mix. For example, our accident insurance and health insurance, on average, both have significantly lower loss ratios than our shipping return insurance. The fast growth of these two product types reduced our overall loss ratio during the Track Record Period.

Our expense ratio increased from 35.2% in 2014 to 58.1% in 2015 and further to 62.7% in 2016, and from 65.6% in the three months ended March 31, 2016 to 78.4% in the three months ended March 31, 2017, primarily as a result of our increased focus on accident insurance products, which tend to involve higher rates of handling charges and commissions and technical service fees than our other types of insurance products, and as a result of increased employee benefits expenses, depreciation and amortization and promotional expenses as we continued to expand our operations.

As a result of the foregoing, our combined ratio was 108.6%, 126.6%, 104.7%, 112.3% and 123.1% in 2014, 2015 and 2016 and the three months ended March 31, 2016 and 2017, respectively, indicating an underwriting loss in each of these periods.

Net Investment Yield and Total Investment Yield

Our net investment yield and total investment yield are primarily determined by the general conditions of the PRC securities market. For example, in 2016, the Shanghai Stock Exchange Composite Index and the Shenzhen Stock Exchange Component Index dropped by 12.3% and 19.6%, respectively. As a result, our total investment yield decreased from 12.6% in 2015 to 1.8% in 2016. Our net investment yield is also affected by market interest rate and the proportion of high-dividend securities in our investment portfolio.

Return on Assets and Return on Equity

The decreases in return on assets and return on equity from 2014 to 2015 were primarily due to a significant increase in our total assets and total equity resulting from the issuance of new shares in June 2015. The decreases in return on assets and return on equity from 2015 to 2016 were primarily due to a decrease in our net profit resulting from the significant decrease in net investment income. We had negative return on assets and return on equity in the three months ended March 31, 2017 as we were loss-making during these periods, primarily due to (i) the significant increase in unearned premium reserves due to the change in product mix which includes more products with longer terms, such as our health and consumer finance insurance products, (ii) the significant increase in operating and administrative expenses due to the increased headcount and investment in research and development in order to support the rapid growth of the Company and (iii) the significant increase in handling charge and commissions and consulting fees and service charges due to significant growth of our gross written premiums generated from the sales on the platforms of our ecosystem partners. In 2016 and the three months ended March 31, 2017, the total handling charges and commissions and technical service fees that we paid to our top five ecosystem partner groups (in terms of GWP contribution) amounted to RMB966.0 million and RMB251.1 million, respectively.

Gearing Ratio

The decrease in gearing ratio from December 31, 2014 to December 31, 2015 was primarily due to a significant increase in our total assets resulting from the issuance of new shares in June 2015. The increases in gearing ratio from December 31, 2015 to December 31, 2016 and from March 31, 2016 to March 31, 2017 were primarily due to the increases in our total liabilities, which in turn were due to the growth of our business and the resultant increases in insurance contract liabilities and various payables. The increase in our total liabilities from December 31, 2015 to December 31, 2016 was also due to a significant increase in investment contract liabilities primarily in respect of our investment-linked insurance products, which we stopped selling in January 2017 in accordance with a new CIRC regulation.

CONTINGENT LIABILITIES

As of December 31, 2014, 2015 and 2016, March 31, 2017 and as of July 31, 2017, we did not have any material contingent liabilities.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we have not entered into any off-balance sheet arrangements.

MATERIAL RELATED PARTY TRANSACTIONS

During the Track Record Period, we had substantial related party transactions with our shareholders and their affiliates, particularly Ant Financial Group. In 2014, 2015 and 2016 and the three months ended March 31, 2016 and 2017, sale of insurance contracts to Ant Financial Group amounted to RMB28.0 million, RMB80.3 million, RMB85.2 million, RMB44.4 million and RMB3.8 million respectively, technical service fees paid to Ant Financial Group amounted to RMB22.8 million, RMB304.7 million, RMB437.7 million, RMB78.7 million and RMB94.3 million, respectively, and claims of insurance contracts to Ant Financial Group amounted to RMB15.2 million, RMB44.6 million, RMB59.2 million, RMB20.3 million and RMB56 thousand, respectively. In addition, we paid substantial amounts of technical service fees and commission fees to Ctrip mainly in connection with our travel-related insurance business during the Track Record Period. In 2014, 2015 and 2016 and the three months ended March 31, 2016 and 2017, technical service fees paid to Ctrip amounted to RMB25.2 million, RMB170.0 million, RMB349.3 million, RMB93.8 million and RMB109.8 million, respectively, and commission fees paid to Ctrip amounted to RMB17.7 million, RMB90.7 million, RMB136.9 million, RMB37.9 million and RMB32.6 million, respectively.

For more details about our related party transactions, see Note 40 to the Accountant's Report included in Appendix I to this prospectus.

Our Directors confirm that, during the Track Record Period, our transactions with related parties were conducted on an arm's length basis, and they have no impact on our results of operations or make our historical results not reflective of our future performance.

FINANCIAL RISK DISCLOSURE

We are exposed to a variety of insurance and financial risks, including insurance risk, foreign exchange risk, interest rate risk, price risk, credit risk and liquidity risk.

Insurance Risk

Insurance risk refers to the risk of possible occurrences of insured events and the uncertainty of payment per claim incurred due to an insured event and the payment time. Insurance risk arises from, among others, (i) occurrence risk due to the mismatch of the numbers of insured events and our expected insured events; (ii) severity risk due to the difference between the costs incurred from insured events and our expected costs; and (iii) development risk due to the possible variance of amount borne by policyholders under insurance contracts upon the expiration of contracts.

The major risk facing our Company is the possibility that the actual payment per claim insured and the frequency or severity of claims arising from insurance contracts exceeds the amount or level anticipated at the time of underwriting. We have developed our insurance underwriting strategy to diversify the type of insurance risks through a large portfolio of insurance contracts, establish and adopt underwriting strategy and policy carefully and make reasonable and appropriate reinsurance arrangements to reduce the variability of the expected risks.

We also face insurance concentration risk arising from a lack of diversification, either geographical or by product type, of our portfolio. We have a broad geographical footprint across China, and insurance risks may vary across different locations. Our product type diversification increased significantly during the Track Record Period. For example, the percentage of our total gross written premiums accounted for by our top product type, shipping return insurance, decreased from 77.2% in 2014 to 35.0% in 2016 and further to 25.0% in the three months ended March 31, 2017. However, if there is any unanticipated or inappropriate concentration of insurance, it may impact the severity of claims arising from insured events based on the portfolio of insurance contracts.

For detailed major assumptions of our insurance risks and sensitivity analysis, please see Note 4(a) to the Accountant's Report set forth in Appendix I to this prospectus.

Foreign Exchange Risk

We currently operate solely in China with substantially all of the transactions settled in Renminbi and substantially all of our financial assets and liabilities denominated in Renminbi. Therefore, our Directors believe that our business is not exposed to material foreign exchange risk.

Interest Rate Risk

Floating rate instruments make us exposed to cash flows interest rate risk and fixed rate instruments make us exposed to fair value interest rate risk. We manage our interest rate risk primarily by maintaining an appropriate portfolio of fixed and floating rate instruments. During the Track Record Period, we predominantly sold short-term insurance policies. Therefore, we were not exposed to significant interest rate risk typically associate with long-term insurance liabilities. However, fluctuations in interest rates may affect the market value of debt securities held in our investment portfolio. For sensitivity analysis on changes in interest rate, please see Note 4(b)(ii) to the Accountant's Report set forth in Appendix I to this prospectus.

Price Risk

Equity price risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

For sensitivity analysis on changes in prices of financial instruments, please see Note 4(b)(iii) to the Accountant's Report set forth in Appendix I to this prospectus.

Credit Risk

Credit risk is the risk of economic loss resulting from the failure of one of our obligors to make any payment of principal or interest when due, the loss in value resulting from a corporate failure. We are exposed to credit risks primarily associated with our fixed income investments, our credit guarantee insurance and our reinsurance arrangements with reinsurers.

We mitigate credit risk by utilizing detailed credit control policies, by undertaking credit analysis on potential investments, and by imposing aggregate counter party exposure limits within our investment portfolio. Our investment guidelines also require that the risk levels of the various investment sectors be continuously monitored with allocations adjusted accordingly.

We manage the credit risk associated with our credit guarantee insurance products and solutions by adopting comprehensive credit assessment of borrowers under the assets covered by our credit guarantee insurance based on data available to us and our big data analytics, a combination of cash flow calculations and stress tests with our ecosystem partners, and effective delinquency management and bad-debt collection measures. In addition, we also monitor credit risk during the term of the credit facilities.

To reduce the credit risk associated with our reinsurance agreements, specific counterparty exposure measures and limits are imposed. In addition, we monitor the financial condition of our reinsurers on an ongoing basis and review our reinsurance agreements periodically. In addition, we regularly review overdue balances and makes provision for doubtful debts covering both general and specific provisions based on the aging of the premiums receivables. We assess our investment and reinsurers with reference to internal and external credit ratings and periodically re-assess such ratings to ensure accurate control procedures.

Other key areas where we are exposed to credit risk include our deposits in commercial banks, premiums receivables, financial assets measured at fair value with its variance recorded in current profits and losses and investment in available-for-sale financial assets.

As we keep our deposits mostly in commercial banks and financial institutions that are well recognized in terms of their stability, our Directors believe that we are not exposed to significant credit risk and will not be subject to significant financial losses resulting from any default by any such counterparty.

Due to the nature of our products, we did not have substantial premiums receivables during the Track Record Period. As of March 31, 2017, we had premiums receivables of RMB173.9 million, of which RMB126.7 million had been received as of August 31, 2017.

Our investment portfolio is subject to the regulation by the CIRC. We currently engage some qualified insurance asset management companies to manage our investment portfolio. These asset management companies are selected through a stringent assessment process. They must demonstrate their investment capabilities, asset exposure, historical performance and good creditworthiness. We also update our investment guidelines every year and monitor our credit risk internally on a daily basis. Our Directors believe that the credit risk to which we are exposed is well managed.

Liquidity Risk

Liquidity risk primarily refers to the possibility that we have insufficient cash available to meet our payment obligations to counterparties as they become due as well as the expenses incurred in relation to our daily operations.

We seek to manage liquidity risk by emphasizing flexible insurance product design and by matching, to the extent possible and appropriate, the duration of our investment assets with the duration of our insurance products. Most of our assets are in the form of marketable securities.

For a detailed liquidity risk analysis, please see Note 4(b) to the Accountant's Report set forth in Appendix I to this prospectus.

FUTURE DIVIDENDS

PRC laws require that dividends be paid only out of the profit for the year calculated according to PRC accounting principles, which differ in many aspects from the generally accepted accounting principles in other jurisdictions, including HKFRS. Distributions from us and our subsidiaries may also become subject to any restrictive covenants in bank credit facilities, convertible bond instruments or other agreements that we or our subsidiaries may enter into in the future.

The amount of dividend actually distributed to our shareholders will depend upon our earnings and financial condition, operating requirements, capital requirements and any other conditions that our Directors may deem relevant and will be subject to approval of our shareholders. Our Board has the absolute discretion to recommend any dividend.

We have not previously declared or paid cash dividends and we cannot declare or pay any dividends in the near future on our H Shares as long as we continue to be loss-making.

LISTING EXPENSE

Based on the mid-point Offer Price of HK$56.70, the total estimated listing related expenses payable by us in relation to the Global Offering is approximately RMB294.6 million (or approximately RMB58.2 million after excluding underwriting fees and commissions and incentive fees of approximately RMB236.4 million). We estimate that listing expenses of RMB11.9 million will be charged to our consolidated statements of comprehensive income for the year ending December 31, 2017, and RMB282.7 million is expected to be capitalized and accounted for as a deduction from equity. These listing expenses mainly comprise professional fees paid and payable to the Joint Sponsors, Joint Bookrunners, the Underwriters, legal advisors and the reporting accountant for their services rendered in relation to the Listing and the Global Offering. Our Directors do not expect such expenses to have a material adverse impact on our financial results for the year ending December 31, 2017.

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted net tangible assets of our Group prepared in accordance with Rule 4.29 of the Listing Rules is to illustrate the effect of the Global Offering on the net tangible assets of our Group as of March 31, 2017 as if the Global Offering had taken place on that date. The unaudited pro forma statement of adjusted net tangible assets of our Group has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not provide a true picture of our net tangible assets had the Global Offering been completed as of March 31, 2017 or at any future date. It is prepared based on our consolidated net assets as of March 31, 2017 as set forth in the Accountant's Report in Appendix I to this prospectus, and adjusted as described below. No adjustment has been made to reflect any trading result or other transactions of our Group entered into subsequent to March 31, 2017. Our unaudited pro forma adjusted net tangible assets does not form part of the Accountant's Report in Appendix I to this prospectus.

	Audited Consolidated Net Tangible Assets of the Group as at 31 March 2017	Estimated Net Proceeds from the Global Offering	Unaudited Pro Forma Adjusted Net Tangible Assets	Unaudited Pro Forma Adjusted Net Tangible Assets per Ordinary Share	
	Note 1	Note 2		Note 3	Note 3
	RMB'000	RMB'000	RMB'000	RMB	HK$
Based on an Offer Price of HK$53.70 per share	6,471,358	8,681,816	15,153,174	10.52	12.57
Based on an Offer Price of HK$59.70 per share	6,471,358	9,657,328	16,128,686	11.20	13.38

Notes:

1. The audited consolidated net tangible assets attributable to equity holders of the Group as at 31 March 2017 is based on the audited consolidated net assets of the Group attributable to the equity holders of the Group as at 31 March 2017 of approximately RMB6,646,240 thousand, as shown in the Accountant's Report, the text of which is set out in Appendix I to this prospectus, with an adjustment for the intangible assets and goodwill of the Group as at 31 March 2017 of approximately RMB174,882 thousand.
2. The estimated net proceeds from the Global Offering are based on the indicative Offer Prices of HK$53.70 and HK$59.70 per share, being the lower end to higher end of the stated offer price range, after deduction of the underwriting fees and listing related expenses payable by the Group (excluding listing expense of RMB7,603,592 which have been charged to our consolidated statement of comprehensive income up to 31 March 2017) and takes no account of any shares which may be allotted and issued upon the exercise of the Over-allotment Option or any shares which may be allotted, issued or repurchased by the Group pursuant to the general mandate.
3. The unaudited pro forma adjusted net tangible assets per share is arrived at after adjustments referred to in the preceding paragraphs and on the basis of 1,439,918,900 shares are in issue assuming that the Global Offering has been completed on 31 March 2017, but takes no account of any shares which may be allotted and issued upon the exercise of the Over-allotment Option or any shares which may be allotted, issued or repurchased by the Group pursuant to the general mandate.
4. For the purpose of this unaudited pro forma adjusted net tangible assets, the balance stated in Renminbi are converted into Hong Kong dollars at a rate of RMB0.83687 to HKD1.00000 set by the PBOC prevailing on 13 September 2017. No representation is made that Renminbi amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate.
5. No adjustment has been made to the unaudited pro forma adjusted net tangible assets to reflect any trading results or other transactions of the Group entered into subsequent to 31 March 2017.

RECENT DEVELOPMENTS

Our Directors confirm that, up to the date of this prospectus, other than as disclosed in "Summary — Overview — Net Loss in 2017" and "Summary — Recent Developments", there is no event since March 31, 2017 that would materially affect the information as set out in the Accountant's Report included in Appendix I to this prospectus.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirm that, except as otherwise disclosed in this prospectus, as at the Latest Practicable Date, there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

DIRECTORS

Upon Listing, our Board will consist of 13 Directors, including 2 executive Directors, 6 non-executive Directors and 5 independent non-executive Directors. The following table sets out the information regarding our Directors:

Name	Age	Position	Responsibilities	Date of joining the Company	Date of Appointment
Yaping Ou (歐亞平) *(Note 1)*	55	Chairman of the Board and executive Director	Provide overall strategic planning and business direction; member of the Remuneration and Nomination Committee	September 29, 2013	November 14, 2013
Jin Chen (陳勁)	48	Executive Director and chief executive officer	Provide overall management and overseeing day to day operations of the Company; chairman of the Investment Strategy Committee	June 1, 2014	November 14, 2014
Xinyi Han (韓歆毅) . . .	39	Non-executive Director	Provide professional opinion and judgment to our Board; member of the Investment Strategy Committee	November 23, 2016	November 23, 2016
Jimmy Chi Ming Lai (賴智明)	44	Non-executive Director	Provide professional opinion and judgment to our Board; member of the Investment Strategy Committee	November 29, 2013	November 29, 2013
Guoping Wang (王國平)	53	Non-executive Director	Provide professional opinion and judgment to our Board, member of the Audit Committee	December 9, 2016	December 9, 2016
Xiaoming Hu (胡曉明)	46	Non-Executive Director	Provide professional opinion and judgment to our Board; member of the Risk Management Committee	November 29, 2013	November 29, 2013

Name	Age	Position	Responsibilities	Date of joining the Company	Date of Appointment
Fang Zheng (鄭方) . . .	52	Non-executive Director	Provide professional opinion and judgment to our Board; chairman of the Risk Management Committee	November 29, 2013	March 9, 2017
Hugo Jin Yi Ou (歐晉羿)(Note 1)	25	Non-executive Director	Provide professional opinion and judgment to our Board; member of the Investment Strategy Committee	July 3, 2017	July 3, 2017
Shuang Zhang (張爽) . .	45	Independent non-executive Director	Supervise and provide independent judgment to our Board; chairman of the Remuneration and Nomination Committee	November 14, 2016	November 14, 2016
Hui Chen (陳慧).	50	Independent non-executive Director	Supervise and provide independent judgment to our Board; chairman of the Audit Committee	December 21, 2016	December 21, 2016
Li Du (杜力)	36	Independent non-executive Director	Supervise and provide independent judgment to our Board; member of the Remuneration and Nomination Committee	December 21, 2016	December 21, 2016
Yifan Li.	49	Independent non-executive Director	Supervise and provide independent judgment to our Board; member of the Audit Committee	December 21, 2016	December 21, 2016
Ying Wu (吳鷹)	58	Independent non-executive Director	Supervise and provide independent judgment to our Board; member of the Risk Management Committee	July 4, 2017	July 4, 2017

Note:

(1) Hugo Jin Yi Ou is the son of Yaping Ou.

EXECUTIVE DIRECTORS

Mr. Yaping Ou (歐亞平), aged 55, has been the Chairman of the Board since November 2013. Mr. Ou is responsible for overall strategic planning and business direction, and is also an executive Director and a member of the Remuneration and Nomination Committee. Mr. Ou obtained a bachelor's degree in engineering management from the Beijing Institute of Technology (北京理工大學) in July 1984. Mr. Ou has around 30 years of experience in investing and corporate management. He served as the chairman and executive director of Sinolink Worldwide Holdings Limited (百仕達控股有限公司),a company whose shares are listed on Main Board of the Stock Exchange (SEHK: 1168), between December 1997 and August 2013, and has served as its non-executive director since August 2013. Mr. Ou has been the chairman of Cnhooray Internet Technology Co. Ltd (深圳日訊網絡科技股份有限公司) since 2000. Mr. Ou has served as the chairman of the board of Rockbund Art Museum since September 2009. Mr. Ou has been a trustee for The Nature Conservancy China Board since September 2009 and a member of the board of The Paradise Foundation since April 2015, both charitable environmental organizations.

Mr. Jin Chen (陳勁), aged 48, is an executive Director and chief executive officer of our Company and the chairman of our Investment Strategy Committee. Mr. Chen is responsible for the overall management of the Company and oversees day-to-day operations at the Company. Mr. Chen obtained a bachelor's degree in engineering and a master's degree in engineering management from Huazhong University of Technology (華中理工大學) in July 1991 and June 1994, respectively. In addition, Mr. Chen also obtained an executive master of business administration degree from the Cheung Kong Graduate School of Business (長江商學院) in 2012. He is currently serving as a visiting professor of the Chinese University of Hong Kong. Mr. Chen has nearly 20 years' experience in finance and business management. He was president of the credit card centre of CITIC Bank Co., Ltd. (中信銀行股份有限公司) from August 2006 to May 2014 and a vice president from July 2005 to August 2006. Prior to that, he worked as a vice president in China Merchants Fund Management Co., Ltd. (招商基金管理有限公司) from 2003 to 2005 and as a vice president at China Merchants Securities Co., Ltd (招商証券股份有限公司) from 2002 to 2003. Mr. Chen was also the vice head of the director's office at China Merchants Bank Co., Ltd. from March 1999 to July 2001.

NON-EXECUTIVE DIRECTORS

Mr. Xinyi Han (韓歆毅), aged 39, is a non-executive Director and a member of our Investment Strategy Committee. Mr. Han obtained a bachelor's degree in economics and a master's degree in economics from Tsinghua University (清華大學) in July 1999 and June 2001, respectively. Mr. Han has over 15 years of experience in finance. Mr. Han has been vice president of Ant Financial (浙江螞蟻小微金融服務集團股份有限公司), a substantial shareholder of the Company, since July 2014. Prior to that, Mr. Han was a vice president at Alipay (Hong Kong) Holding Limited (支付寶(香港)控股有限公司) from September 2011, and had also worked at China International Capital Corporation Limited (中國國際金融有限公司) from July 2001 to September 2011. He has served as a director of Hundsun Technologies Inc., a company listed on the Shanghai Stock Exchange (SSE: 600570) since February 2016.

Mr. Jimmy Chi Ming Lai (賴智明), aged 44, is a non-executive Director and a member of our Investment Strategy Committee. Mr. Lai obtained a master's degree in business administration from Harvard University in June 2006. He has been the head of the financial technology group of Tencent since 2015. Mr. Lai was formerly the general manager of Tencent from 2011 to 2015, and general manager of the QQ membership division from 2009 to 2011. In addition, he has been a non-executive director of Shanghai Haomai Asset Management Co., Ltd (上海好買財富管理有限公司) (SSE: 834418) since February 2017 and was a director of Shanghai Yimeng Software Technology Co., Ltd (上海益盟軟件技術有限公司) (SSE: 832950) from December 2015 to February 2017.

Mr. Guoping Wang (王國平), aged 53, is a non-executive Director and a member of the Audit Committee. Mr. Wang obtained a bachelor's and master's degree in engineering from Tsinghua University (清華大學) in July 1988 and June 1994, respectively. Mr. Wang has been a vice general manager of Ping An P&C (中國平安財產保險股份有限公司) since June 2016.

Mr. Xiaoming Hu (胡曉明), aged 46, is a non-executive Director and a member of the Risk Management Committee. Mr. Hu graduated from Zhejiang University (浙江大學), majoring in finance by correspondence, in June 2002 and a master of business administration from China Europe International Business School (中歐國際工商學院) in September 2010. Mr. Hu has been the president of Alibaba Cloud Computing Ltd. since November 2014. Mr. Hu has been vice president of Zhejiang Alibaba Microfinance Co., Ltd. (浙江阿里巴巴小額貸款股份有限公司) from 2010 to 2011, and a senior supervisor and president's assistant of Alipay (China) Network Technology Co., Ltd. (支付寶(中國)網絡技術有限公司) from 2005 to 2008. He serves as a non-executive director of Sinosoft Technology Group Limited, a company listed on the Stock Exchange (HKSE: 1297). He served as an independent director of Zhejiang Daily Media Group Co., Ltd., a company listed on the Shanghai Stock Exchange (SSE: 600633) from April 2016 to March 2017 and served as a director of Hundsun Technologies Inc., a company listed on the Shanghai Stock Exchange (SSE: 600570) from October 2014 to February 2016.

Mr. Fang Zheng (鄭方), aged 52, is a non-executive Director and chairman of the Risk Management Committee. Mr. Zheng obtained a bachelor's degree in engineering from the Shaanxi Institute of Mechanical Engineering (陝西機械學院) in July 1984, a master's degree in economics from Foreign Economic and Trade University (對外經濟貿易大學) in June 1990 and a master of business administration degree from Harvard University in June 1996. Mr. Zheng has over 11 years of experience in finance. Mr. Zheng has been managing director and chief investment officer of Keywise Capital Management (HK) Limited since 2006.

Mr. Hugo Jin Yi Ou (歐晉羿), aged 25, is the son of Mr. Yaping Ou and has been appointed as a non-executive Director of our Company. He is also a member of our Investment Strategy Committee. Mr. Hugo Ou obtained a bachelor's degree in East Asian studies from Princeton University in July 2015. He has been a non-executive director of Sinolink Worldwide Holdings Limited (百仕達控股有限公司), a company whose shares are listed on the Stock Exchange (SEHK: 1168), since January 2016. Prior to that, Mr. Hugo Ou worked as an associate at Thrive Capital from August 2015 to August 2016 and also served as manager of the planning and development department of Sinolink Worldwide from 2010 to 2015.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Shuang Zhang (張爽), aged 45, is an independent non-executive director and chairman of the Remuneration and Nomination Committee. Mr. Zhang graduated from Nanjing University (南京大學), majoring in natural resources management, in July 1994 and a master's degree in science from James Madison University in the United States in May 2002. He has been chief executive officer of The Paradise International Foundation since 2015. Mr. Zhang has been a project director of the China region at The Nature Conservancy from 2005 to 2015.

Ms. Hui Chen (陳慧), aged 50, is an independent non-executive director and chairman of the Audit Committee. Ms. Chen obtained a bachelor's degree in business management and a master's degree in business management from Shanghai Jiao Tong University (上海交通大學) in June 1988 and January 1991, respectively. Prior to joining the Company, she served as chief financial officer at Huazhu Hotels Group between December 2014 and March 2016, and at Home Inns Group between March 2003 and May 2006. She was financial controller of Beijing Ctrip International Travel Agency Limited between December 1999 and February 2003.

Mr. Li Du (杜力), aged 36, is an independent non-executive director and a member of the Remuneration and Nomination Committee. Mr. Du obtained a bachelor's degree in economics from the Tianjin Institute of Finance and Economics (天津財經學院) in July 2002 which was later re-named the Tianjin University of Finance and Economics (天津財經大學) in 2004, a master's degree in finance from Peking University (北京大學) in July 2008 and an executive master of business administration degree from the Cheung Kong Graduate School of Business (長江商學院) in October 2012. Mr. Du has been a director of Guosheng Securities Co., Ltd. (國盛證券有限責任公司) since September 2016, Guangzhou Tech-Long Packaging Machinery Co., Ltd. (廣州達意隆包裝機械股份有限公司) since May 2016 and Guosheng Financial Holding Inc. (廣東國盛金控集團股份有限公司) since July 2015.

Mr. Yifan Li, aged 49, is an independent non-executive director and a member of the Audit Committee. Mr. Li obtained a bachelor's degree in economics from Fudan University (復旦大學) in July 1989, a master's degree in management and administration sciences from the University of Texas at Dallas in May 1994 and a master of business administration degree from the University of Chicago (Booth School of Business) in June 2000. Mr. Li has over 17 years of experience in finance. Mr. Li has been a vice president of Zhejiang Geely Holding Group Co., Ltd. (浙江吉利控股集團有限公司) since October 2014. Prior to that, Mr. Li served as a vice president and chief financial officer of Sanpower Group Limited (三胞集團有限公司) between April 2014 and September 2014. Prior to that, Mr. Li served as a vice president and chief financial officer of China Zenix Auto International Limited (正興車輪集團有限公司) between December 2010 and February 2014. Mr. Li is a certified public accountant in the United States and a member of the Chartered Institute of Management Accountants.

Mr. Ying Wu (吳鷹), aged 58, has been appointed as independent non-executive Director of the Company and a member of the Risk Management Committee. Mr. Wu obtained a bachelor's degree in electronic engineering from the Beijing Institute of Technology (北京工業大學) in July 1982 and a master's degree in science from the New Jersey Institute of Technology in the United States in May 1988. Mr. Wu has over 30 years of experience in the telecom industry. Mr. Wu has been a director of CN Capital Management Limited (中澤嘉盟投資有限公司) from October 2008. Mr. Wu is currently an independent non-executive director of Zall Group Ltd. (SEHK: 2098), independent director of TCL Corporation Ltd. (TCL集團股份有限公司) (SZSE: 000100), a company listed on the Shenzhen Stock Exchange, and chairman of the board of supervisors of Huayi Brothers Media Corporation Ltd. (華誼兄弟傳媒股份有限公司) (SZSE: 300027), a company listed on the Shenzhen Stock Exchange.

Save as disclosed herein (and their respective interests or short positions (if any) as set out in the section headed "Appendix VI Statutory and General Information — Further Information about our Directors and Supervisors"), there are no other matters in respect of each of our Directors that is required to be disclosed pursuant to Rule 13.51(2)(a) to (v) of the Listing Rules and there is no other material matter relating to our Directors that needs to be brought to the attention of our Shareholders.

SUPERVISORS

The board of Supervisors is responsible for monitoring our financial matters and supervising our Board and members of our senior management. The following table sets out the information about our Supervisors.

Name	Age	Position	Responsibilities	Date of joining the Company	Date of Appointment
Yuping Wen (溫玉萍) . .	36	Chairman of Board of Supervisors	Exercising supervisory duties in accordance with regulatory requirements and the Memorandum and Articles of the Company	November 29, 2013	November 29, 2013
Baoyan Gan (干寶雁) . .	42	Supervisor	Exercising supervisory duties in accordance with regulatory requirements and the Memorandum and Articles of the Company	November 14, 2014	November 14, 2014
Lei Xiang (向雷)	37	Employee Representative Supervisor	Exercising employee representative supervisory duties in accordance with regulatory requirements and the Memorandum and Articles of the Company	April 1, 2016	May 25, 2017

Ms. Yuping Wen (溫玉萍), aged 36, is the chairman of the board of Supervisors. Ms. Wen obtained a master's degree in management from the Xi'an University of Architecture and Technology (西安建築科技大學) in July 2005. Ms. Wen has been a director and a supervisor in the financial affairs department of Cnhooray Internet Technology Co., Ltd. (深圳日訊網絡科技股份有限公司) since 2010.

Ms. Baoyan Gan (干寶雁), aged 42, is a Supervisor. Ms. Gan obtained a bachelor's degree in engineering from Tongji University (同濟大學) in July 1997. Ms. Gan has worked in the president's office at Luminggu Consultancy Management Co., Ltd. (鹿鳴谷諮詢管理有限公司) since June 2015. Prior to that, she worked in the president's office at Unifront Holding Limited (優孚控股有限公司) from March 2013.

Mr. Lei Xiang (向雷), aged 37, is the employee representative Supervisor. Mr. Xiang obtained a bachelor's degree in science from South-Central Institute for Nationalities (中南民族學院) in July 2000, which was later renamed South-Central University for Nationalities (中南民族大學). Mr. Xiang worked in various positions at Kindee Software (China) Co., Ltd. (金蝶軟件(中國)有限公司) between 2000 and 2013, including positions as systems architect and product supervisor.

Save as disclosed herein (and their respective interests or short positions (if any) as set out in the section headed "Appendix VI Statutory and General Information — Further Information about our Directors and Supervisors"), there are no other matters in respect of each of our Supervisors that is required to be disclosed pursuant to Rule 13.51(2)(a) to (v) of the Listing Rules and there is no other material matter relating to our Supervisors that needs to be brought to the attention of our Shareholders.

SENIOR MANAGEMENT

Our senior management is responsible for the day-to-day management of our business. The following table sets out the information on the members of our senior management (besides our executive Director).

Name	Age	Position	Responsibilities	Date of joining the Company
Xing Jiang (姜興)	40	Vice general manager and chief technology officer	Overseeing information technology, operations & safety	April 1, 2014
Wei Xu (許煒)	37	Vice general manager and chief operating officer	Overseeing operations	February 17, 2014
Ti Wu (吳逖)	40	Vice general manager and chief marketing officer	Overseeing marketing operations	December 12, 2014
Yongbo Zhang (張勇博)	39	Chief legal officer and secretary of the Board	Overseeing compliance	May 13, 2013
Huichuan Zhou (周會船)	44	Finance director	Overseeing financial operations	June 10, 2013

Name	Age	Position	Responsibilities	Date of joining the Company
Hui Teng (滕輝)	38	Actuary director	Overseeing actuary operations	May 15, 2013
Min Wang (王敏).	32	Assistant general manager Strategic development director	Overseeing strategic development	August 20, 2015
Mingyu Ma (馬明宇)	44	Vice general manager and chief risk management officer	Overseeing risk management	June 29, 2015

Mr. Xing Jiang (姜興), aged 40, is the vice general manager and chief technology officer of our Company and an executive director and legal representative of ZhongAn Information and Technology Services Company Limited (眾安信息技術服務有限公司), a subsidiary of the Company. He is primarily responsible for overseeing information technology, operations & safety of the Company. He is also responsible for the health ecosystem, e-commerce ecosystem and insurance businesses of the Company. Mr. Jiang obtained a bachelor's degree in computer and applications from the Hunan Finance and Economics Institute (湖南財經學院) in July 1999. He was in charge of the insurance division at Zhejiang Rongxin Internet Technology Co., Ltd. (浙江融信網絡技術有限公司), which is wholly-owned by Ant Financial, a substantial shareholder of the Company, from December 2013 to March 2014. From January 2011 to March 2012, he was a senior director at Alibaba (China) Network Technology Co., Ltd. (阿里巴巴(中國)網絡技術有限公司).

Mr. Wei Xu (許煒), aged 37, is the vice general manager and chief operating officer of our Company. He is primarily responsible for overseeing products and operations at the Company in addition to overseeing car, direct sales and travel insurance businesses of the Company. Mr. Xu obtained a bachelor's degree in computer communications from the Nanjing Institute of Posts and Telecommunications (南京郵電學院) (now known as Nanjing University of Posts and Telecommunications (南京郵電大學)) in July 2000. He then obtained a master's degree in computer software and theory from the Beijing University of Posts and Telecommunications (北京郵電大學) in April 2003 and a master's degree in business management from Tsinghua University (清華大學) in June 2009. Mr. Xu has over 10 years of experience in internet product development and management. He was a product manager at Google from May 2006 to February 2014. Prior to that he was a project manager at China Mobile Communications Corporation (中國移動通信集團公司) from April 2003 to May 2006.

Mr. Ti Wu (吳逖), aged 40, is the vice general manager and chief marketing officer of our Company. He is primarily responsible for overseeing products, information management and financial management of the Company in addition to overseeing consumer finance of the Company. Mr. Wu obtained a bachelor's degree in insurance studies from the Jiangxi University of Finance and Economics (江西財經大學) in July 2000. He has over 10 years of insurance and management experience. He was the deputy general manager of the product research and development department of Shanghai Lujiazui International Financial Trading Market Co., Ltd. (上海陸家嘴國際金融交易市場股份有限公司) from 2010 to 2014 and of the membership management department from July 2012 to December 2014. He was the deputy general manager of the marketing department from April 2009 to July 2011 and was the head of the chairman's office from June 2007 to April 2009 at Ping An Insurance (Group) Co., Ltd (中國平安財產保險股份有限公司).

Mr. Yongbo Zhang (張勇博), aged 39, is the chief legal officer and secretary of the Board of our Company. He is primarily responsible for overseeing compliance and legal affairs, internal control and corporate governance of the Company. Mr. Zhang obtained a master's degree in international economic law from the East China University of Political Science and Law (華東政法大學) in December 2007. Mr. Zhang served as a legal officer of Yongcheng Property Insurance Co., Ltd (永誠財產保險股份有限公司) between 2011 and 2013. Prior to that, he was involved in compliance matters at Manulife-Sinochem Life Co., Ltd. (中宏人壽保險有限公司) from February 2007 to February 2011. Mr. Zhang has been an accredited lawyer in the PRC since March 2001.

Mr. Huichuan Zhou (周會船), aged 44, is the finance director of our Company. He is primarily responsible for overseeing the financial operations of the Company. Mr. Zhou obtained a master's degree in finance from Graduate School of Chinese Academy of Social Sciences (中國社會科學院研究生院) in April 2001. Mr. Zhou was the division head of the finance and accounting department of China Continent Property & Casualty Insurance Co., Ltd (中國大地財產保險股份有限公司) from June 2003 to May 2012. Prior to that, Mr. Zhou was the vice manager of the finance and accounting department of China Reinsurance (Group) Corporation (Shanghai branch) (中國再保險集團股份有限公司上海分公司) from January 2002 to October 2003. Mr. Zhou has been admitted as a member of the Chinese Institute of Certified Public Accountants (中國註冊會計師協會) in May 1998, a Certified Enterprise Risk Manager for the Asia Association of Risk and Crisis Management since February 2012, a chief financial officer by the China Association of Chief Financial Officers (中國總會計師協會) since March 2010, a fellow of the Institute of Public Accountants since April 2016 and a fellow of the Institute of Financial Accountants since April 2016.

Mr. Hui Teng (滕輝), aged 38, is the actuary director of our Company. He is primarily responsible for overseeing the actuary and re-insurance operations of the Company. Mr. Teng obtained a bachelor's degree in science in June 2001 and a master's degree in economics in June 2004 from Fudan University (復旦大學). Mr. Teng has worked as an actuary at Sompo Japan Insurance (China) Limited (日本財產保險(中國)股份有限公司) from November 2008 to May 2013 and worked as chief actuary at Tianan Company Ltd. (天安保險股份有限公司) from February 2006 to September 2008. Mr. Teng has been an actuary accredited by the China Insurance Regulatory Commission (中國保險監督管理委員) since April 2008.

Mr. Min Wang (王敏), aged 32, is currently the assistant general manager and the strategic development director of our Company, in charge of the strategic development center and new business incubation work. He obtained a bachelor's degree in economics and master's degree in economics from Nankai University (南開大學) in July 2008 and July 2010 respectively. He has worked in insurance supervision at the CIRC, and was involved in the development of a number of insurance regulatory measures.

Mr. Mingyu Ma (馬明宇), aged 44, is the vice general manager and chief management risk officer of our Company, and is responsible for overseeing risk management. He obtained a master of business administration from the Smith School of Business at the University of Maryland in June 2006, a master of laws from the Renmin University of China in July 1999 and a bachelor's degree in law from Inner Mongolia University School of Law (內蒙古大學法學院) in July 1993. From August 2014 to June 2015, he was the general manager of the risk management department of Huabao Trust Co., Ltd. (華寶信託公司). From September 2006 to March 2012, he was an operations officer to the East Asian and Pacific region of the International Finance Corporation (IFC) of the World Bank Group.

Save as disclosed herein, to the best of the knowledge, information and belief of our Directors, having made all reasonable enquiries, there are no other matters relating to the appointment of our senior management members that need to be brought to the attention of our Shareholders and none of our senior management members held any directorship in any public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years immediately preceding the date of this prospectus. As at the Latest Practicable Date, none of our senior management members had any interest in our Shares within the meaning of Part XV of the SFO.

JOINT COMPANY SECRETARY

Mr. Yongbo Zhang (張勇博) and Ms. Ella Wai Yee Wong (黃慧兒) have been both appointed as the joint company secretaries of our Company upon Listing. See disclosure in "— Senior Management" in this section for the biography of Mr. Zhang.

Ms. Ella Wai Yee Wong, is a Senior Manager of Corporate Services of Tricor Services Limited ("**Tricor**"), a global professional services provider specializing in integrated Business, Corporate and Investor Services.

Ms. Wong has over 15 years of experience in the corporate services field. She has been providing professional corporate services to Hong Kong listed companies as well as multinational, private and offshore companies. She is currently the company secretary/ joint company secretary of two listed companies on The Stock Exchange namely, China Minsheng Banking Corp., Ltd. (中國民生銀行股份有限公司) (SEHK: 1988) and Vedan International (Holdings) Limited (味丹國際(控股)有限公司) (SEHK: 2317). Ms. Wong is a Chartered Secretary and an Associate of both The Hong Kong Institute of Chartered Secretaries ("HKICS") and The Institute of Chartered Secretaries and Administrators ("ICSA") in the United Kingdom. Ms. Wong holds a Bachelor of Economics from The University of Hong Kong and a Postgraduate Diploma in Corporate Administration from the City University of Hong Kong.

BOARD COMMITTEES

Risk Management and Audit Committees

We have established the risk management and audit committees with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C.3 of the Corporate Governance Code set out in Appendix 14 to the Listing Rules. The primary responsibilities of our risk management and audit committees are to supervise our risk management, internal control system, financial information disclosure and financial reporting matters, which include, among other things:

- proposing appointment, re-appointment or removal of external auditors;
- reviewing and monitoring the external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;
- reviewing the financial information of the Company;
- overseeing the financial reporting system and internal control procedures of the Company;
- reviewing the risk management and internal control systems of the Company;
- enhancing the communication between internal auditors and external auditors; and
- reviewing arrangements which our Group's employees can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters.

The audit committee comprises Mr. Guoping Wang, Mr. Yifan Li and Ms. Hui Chen; it is chaired by Ms. Hui Chen. The risk management committee comprises Mr. Ying Wu, Mr. Fang Zheng and Mr. Xiaoming Hu; it is chaired by Mr. Fang Zheng.

Remuneration and Nomination Committee

We have established the remuneration and nomination committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and paragraphs A.5 and B.1 of the Corporate Governance Code set out in Appendix 14 to the Listing Rules. The primary responsibilities of our remuneration and nomination committee include, among others, the following:

- researching and recommending to the Board on the Company's remuneration structure and policy for all Directors, Supervisors and senior management;
- determining, with delegated responsibility from the Board, or recommending to the Board the remuneration packages of individual executive Directors and members of the senior management;
- recommending to the Board on the remuneration of the non-executive Directors;

- reviewing and approving compensation arrangements relating to dismissal or removal of Directors for misconduct;

- monitoring the implementation of remuneration policies of Directors, Supervisors and senior management;

- reviewing the structure, size and composition of the Board annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

- identifying individuals suitably qualified to become Directors, selecting or recommending to the Board on the selection of individuals nominated for directorships or providing advice to the Board in respect thereof; and

- making recommendations to the Board on the appointment or re-appointment of Directors and the succession planning for Directors.

The remuneration and nomination committee comprises Mr. Yaping Ou, Mr. Shuang Zhang and Mr. Li Du and is chaired by Mr. Shuang Zhang.

Investment Strategy Committee

We have established the investment strategy committee. The primary responsibilities of our investment strategy committee include, among others, the following:

- to consider the management system for the use of insurance funds and to make recommendations to the Board;

- to make recommendations to the board of directors on the management of the use of insurance funds;

- to consider investment decision-making procedures and authorize mechanisms and make recommendations to the Board;

- to consider asset strategic allocation planning, annual investment plan and investment guidance and related adjustment plan;

- to consider major investment matters and make recommendations to the Board;

- to consider the investment strategy and operation plan of the new investment variety and make recommendations to the Board;

- to consider the use of performance appraisal system and submit recommendations to the Board;

- to consider the relevant management system of insurance assets and liabilities, and to establish and improve the management mechanism of assets and liabilities of the Company; and

- to promote the establishment of periodic risk analysis mechanism to prevent the risk of asset and liability mismatch.

The investment strategy committee comprises Mr. Jin Chen, Mr. Xinyi Han, Mr. Jimmy Chi Ming Lai and Mr. Hugo Jin Yi Ou. It is chaired by Mr. Jin Chen.

REMUNERATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The remuneration of our Directors and Supervisors (including fees, salaries, discretionary bonus, contributions to defined contribution benefit plans (including pension), housing and other allowances, as well as other benefits in kind) during the Track Record Period were approximately RMB1.7 million, RMB6.8 million, RMB3.4 million and RMB0.8 million, respectively.

The aggregate amount of fees, salaries, discretionary bonus, contributions to defined contribution benefit plans (including pension), housing and other allowances, as well as other benefits in kind paid to our five highest paid individuals of the Company for each of the financial years during the Track Record Period were approximately RMB4.8 million, RMB17.2 million, RMB9.6 million and RMB2.2 million, respectively.

We have not paid any remuneration to our Directors or Supervisors or the five highest paid individuals as an inducement to join us or as a compensation for loss of office in respect of the Track Record Period. Furthermore, none of our Directors or Supervisors had waived any remuneration during the same period.

According to the arrangements in force on the Latest Practicable Date, we expect that the total remuneration to be paid and granted to our Directors and Supervisors for 2017 will be approximately RMB3.3 million.

Save as disclosed above, there was no other amount paid or payable to the Directors by the Company or any of our subsidiaries for the Track Record Period.

DIRECTORS' AND SUPERVISORS' INTERESTS

Save as disclosed in "Directors, Supervisors and Senior Management" section of this prospectus, each of our Directors and Supervisors (i) did not hold other positions in the Company or other members of our Group as at the Latest Practicable Date; (ii) had no other relationship with any Directors, senior management or substantial or controlling shareholders of the Company as of the Latest Practicable Date; and (iii) did not hold any directorship in any other listed companies in the three years prior to the Latest Practicable Date. As of the Latest Practicable Date, save as disclosed in the section "Statutory and General Information — 5. Disclosure of Interests — A. Disclosure of Interests" in Appendix VI to this prospectus, each of our Directors and Supervisors did not have any interest in the H Shares or the Domestic Shares within the meaning of Part XV of the SFO.

COMPLIANCE ADVISER

We have appointed Somerley Capital Limited as our compliance adviser pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, our compliance adviser will advise us in the following circumstances:

- before the publication of any regulatory announcement, circular or financial report;
- where a transaction, which might be a notifiable or connected transaction (as defined under the Listing Rules), is contemplated, including share issues and share repurchases;
- where we propose to use the proceeds of the Global Offering in a manner apart from that detailed in this prospectus or where our business activities, developments or results deviate from any forecast, estimate or other information in this prospectus; and
- where the Hong Kong Stock Exchange makes an inquiry of us regarding unusual movements in the price or trading volume of our Shares.

The term of the appointment shall commence on the Listing Date and end on the date on which we distribute our annual report in respect of our financial results for the first full financial year commencing after the Listing Date, and such appointment may be subject to extension by mutual agreement.

SHARE CAPITAL

As of the Latest Practicable Date, the registered capital of the Company is RMB1,240,625,000, comprising 1,000,000,000 Domestic Shares and 240,625,000 Foreign Shares, representing 80.6045% and 19.3955% of the total share capital of the Company, and particulars of the Company's shareholdings are as follows:

Shareholder	Nature of interest	Class	Number of Shares	Approximate percentage of total share capital
Ant Financial	Legal and beneficial interest	Domestic	199,000,000	16.0403%
Tencent Computer System . . .	Legal and beneficial interest	Domestic	150,000,000	12.0907%
Ping An Insurance	Legal and beneficial interest	Domestic	150,000,000	12.0907%
Shenzhen Jia De Xin Investment Limited	Legal and beneficial interest	Domestic	140,000,000	11.2846%
Unifront Holding Limited	Legal and beneficial interest	Domestic	90,000,000	7.2544%
Cnhooray Internet Technology Co. Ltd.	Legal and beneficial interest	Domestic	81,000,000	6.5290%
Qingdao Huilijun Trading Company Limited	Legal and beneficial interest	Domestic	50,000,000	4.0302%
Shanghai Yuanqiang Investment Company Limited	Legal and beneficial interest	Domestic	50,000,000	4.0302%
Shenzhen Rixun Internet Co., Ltd.	Legal and beneficial interest	Domestic	30,000,000	2.4182%
Morgan Stanley Asia Securities Products LLC . . .	Legal and beneficial interest	Foreign	30,730,833	2.4770%
CICC Securities (HK) Limited	Legal and beneficial interest	Foreign	31,250,000	2.5189%
CDH Avatar, L.P.	Legal and beneficial interest	Foreign	62,000,000	4.9975%
Keywise ZA Investment	Legal and beneficial interest	Foreign	61,189,167	4.9321%
Equine Forces Limited Partnership	Legal and beneficial interest	Foreign	55,455,000	4.4699%
Shanghai Haoguan Investment Management Partnership (Limited Partnership)	Legal and beneficial interest	Domestic	28,570,000	2.3029%
Shanghai Qianguo Investment Management Partnership (Limited Partnership)	Legal and beneficial interest	Domestic	31,430,000	2.5334%
Total			**1,240,625,000**	**100.0000%**

Immediately following completion of the Global Offering and conversion of the Foreign Shares, assuming the Over-Allotment Option is not exercised, the registered capital of the Company will be RMB1,439,918,900, comprising 439,918,900 H Shares, and 1,000,000,000 Domestic Shares, representing approximately 30.5516% and 69.4484%, respectively, of the total share capital of the Company, and particulars of the Company's shareholdings will be as follows:

Shareholder	Class	Number of Shares	Approximate percentage of total share capital
Ant Financial	Domestic	199,000,000	13.8202%
Tencent Computer System	Domestic	150,000,000	10.4173%
Ping An Insurance	Domestic	150,000,000	10.4173%
Shenzhen Jia De Xin Investment Limited	Domestic	140,000,000	9.7228%
Unifront Holding Limited	Domestic	90,000,000	6.2504%
Cnhooray Internet Technology Co. Ltd.	Domestic	81,000,000	5.6253%
Qingdao Huilijun Trading Company Limited	Domestic	50,000,000	3.4724%
Shanghai Yuanqiang Investment Company Limited	Domestic	50,000,000	3.4724%
Shenzhen Rixun Internet Co., Ltd.	Domestic	30,000,000	2.0835%
Shanghai Haoguan Investment Management Partnership (Limited Partnership)	Domestic	28,570,000	1.9841%
Shanghai Qianguo Investment Management Partnership (Limited Partnership)	Domestic	31,430,000	2.1828%
Morgan Stanley Asia Securities Products LLC	H Share	30,730,833	2.1342%
CICC Securities (HK) Limited	H Share	31,250,000	2.1703%
CDH Avatar, L.P.	H Share	62,000,000	4.3058%
Keywise ZA Investment	H Share	61,189,167	4.2495%
Equine Forces Limited Partnership	H Share	55,455,000	3.8513%
H Shares issued pursuant to the Global Offering	H Share	199,293,900	13.8406%
Total		**1,439,918,900**	**100.0000%**

Immediately following completion of the Global Offering and conversion of the Foreign Shares, assuming the Over-Allotment Option is exercised in full, the registered capital of the Company will be RMB1,469,812,900, comprising 469,812,900 H Shares and 1,000,000,000 Domestic Shares, representing approximately 31.9641% and 68.0359%, respectively, of the total share capital of the Company, and particulars of the Company's shareholdings will be as follows:

Shareholder	Class	Number of Shares	Approximate percentage of total share capital
Ant Financial	Domestic	199,000,000	13.5391%
Tencent Computer System	Domestic	150,000,000	10.2054%
Ping An Insurance	Domestic	150,000,000	10.2504%
Shenzhen Jia De Xin Investment Limited	Domestic	140,000,000	9.5250%
Unifront Holding Limited	Domestic	90,000,000	6.1232%
Cnhooray Internet Technology Co. Ltd.	Domestic	81,000,000	5.5109%
Qingdao Huilijun Trading Company Limited	Domestic	50,000,000	3.4018%
Shanghai Yuanqiang Investment Company Limited	Domestic	50,000,000	3.4018%
Shenzhen Rixun Internet Co., Ltd.	Domestic	30,000,000	2.0411%
Shanghai Haoguan Investment Management Partnership (Limited Partnership)	Domestic	28,570,000	1.9438%
Shanghai Qianguo Investment Management Partnership (Limited Partnership)	Domestic	31,430,000	2.1384%
Morgan Stanley Asia Securities Products LLC	H Share	30,730,833	2.0908%
CICC Securities (HK) Limited	H Share	31,250,000	2.1261%
CDH Avatar, L.P.	H Share	62,000,000	4.2182%
Keywise ZA Investment	H Share	61,189,167	4.1631%
Equine Forces Limited Partnership	H Share	55,455,000	3.7729%
H Shares issued pursuant to the Global Offering	H Share	229,187,900	15.5930%
Total		**1,469,812,900**	**100.0000%**

OUR SHARES

Upon completion of the Global Offering and conversion of the Foreign Shares into H Shares, we would have two classes of Shares: Domestic Shares and H Shares. The H Shares in issue following the completion of the Global Offering and Domestic Shares are ordinary Shares in the share capital of the Company. However, apart from certain qualified domestic institutional investors in the PRC, H Shares generally may not be subscribed for by, or traded between, legal or natural persons of the PRC. On the other hand, Domestic Shares may only be subscribed for by, and traded between, legal persons of the PRC, certain qualified foreign institution investors and qualified foreign strategic investors. H Shares may only be subscribed for and traded in Hong Kong dollars. Domestic Shares, on the other hand, may only be subscribed for and transferred in Renminbi.

Domestic Shares and H Shares are regarded as different classes of shares under our Articles of Association. The differences between Domestic Shares and H Shares, and the provisions on class rights, the dispatch of notices and financial reports to Shareholders, dispute resolution, registration of Shares on different registers of Shareholders, the method of Share transfer, appointment of dividend receiving agents and circumstances under which general meeting and class meeting are required are set out in our Articles of Association and summarised in "*Appendix V — Summary of Articles of Association*". Under our Articles of Association, the rights conferred on any class of Shareholders may not be varied or abrogated unless approved by a special resolution of the general meeting of Shareholders and by the affected Shareholders at a separate meeting. The circumstances deemed to be a variation or abrogation of the rights of class Shareholders are listed in "*Appendix V — Summary of Articles of Association*". However, the procedures for approval by separate classes of Shareholders do not apply (i) where we issue, upon approval by a special resolution of the Shareholders in a general meeting, either separately or concurrently once every 12 months, Shares representing no more than 20% of each of the existing issued Domestic Shares and H Shares; (ii) where our plan to issue Domestic Shares and H Shares at the time of our establishment is implemented within 15 months from the date of approval of the securities regulatory authorities of the State Council; or (iii) where the conversion of Domestic Shares for listing and trading on the Hong Kong Stock Exchange as H Shares has been approved by securities regulatory authorities of the State Council.

Save as disclosed in this prospectus, our Promoters hold all existing Domestic Shares as promoter shares (as defined in the PRC Company Law). Under the PRC Company Law, promoter shares may not be sold within a period of one year from the Listing Date.

RANKING

Except for the differences set out in "— *Our Shares*" above, Domestic Shares and H Shares will rank pari passu with each other in all other respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this prospectus. All dividends in respect of the H Shares are to be paid by us in Hong Kong dollars whereas all dividends in respect of Domestic Shares are to be paid by us in Renminbi. In addition to cash, dividends may be distributed in the form of Shares. For holders of H Shares, dividends in the form of Shares will be distributed in the form of additional H Shares. For holders of Domestic Shares, dividends in the form of Shares will be distributed in the form of additional Domestic Shares.

CONVERSION OF OUR DOMESTIC SHARES INTO H SHARES

According to the regulations by the securities regulatory authorities of the State Council and our Articles of Association, the Domestic Shares may be converted into H Shares, and such converted Shares may be listed and traded on an overseas stock exchange provided that the conversion, listing and trading of such converted Shares have been approved by the securities regulatory authorities of the State Council. In addition, such conversion, trading and listing shall complete any requisite internal approval process and comply with the regulations prescribed by the securities regulatory authorities of the State Council and the regulations, requirements and procedures prescribed by the relevant overseas stock exchange.

If any of the Domestic Shares are to be converted, listed and traded as H Shares on the Hong Kong Stock Exchange, such conversion, listing and trading will need the approval of the relevant PRC regulatory authorities, including the CSRC, and the approval of the Hong Kong Stock Exchange. Based on the procedures for the conversion of Domestic Shares into H Shares as described below, we may apply for the listing of all or any portion of the Domestic Shares on the Hong Kong Stock Exchange as H Shares in advance of any proposed conversion to ensure that the conversion process can be completed promptly upon notice to the Hong Kong Stock Exchange and delivery of Shares for entry on the H Share register. As any listing of additional Shares after our initial listing on the Hong Kong Stock Exchange is ordinarily considered by the Hong Kong Stock Exchange to be a purely administrative matter, it does not require such prior application for listing at the time of our initial listing in Hong Kong. Class shareholder voting is not required for the conversion of such Shares or the listing and trading of such converted Shares on an overseas stock exchange.

The relevant procedural requirements for the conversion of Domestic Shares into H Shares are as follows:

- The holder of Domestic Shares shall obtain the requisite approval of the CSRC or the authorised securities regulatory authorities of the State Council for the conversion of all or part of its Domestic Shares into H Shares.

- The holder of Domestic Shares shall issue to us a removal request in respect of a specified number of Shares attaching the relevant documents of title.

- Subject to the Company being satisfied with the authenticity of the documents and with the approval of our Board, we would then issue a notice to our H Share Registrar with instructions that, with effect from a specified date, our H Share Registrar is to issue the relevant holders with H Share certificates for such specified number of Shares.

- The relevant Domestic Shares will be withdrawn from the Domestic Shares register and re-registered on our H Share register maintained in Hong Kong on the condition that:

  — our H Share Registrar lodges with the Hong Kong Stock Exchange a letter confirming the proper entry of the relevant Shares on the H Share register and the due dispatch of Share certificates; and

  — the admission of the H Shares (converted from the Domestic Shares) to trade in Hong Kong will comply with the Listing Rules and the General Rules of CCASS and CCASS Operational Procedures in force from time to time.

- Upon completion of the conversion, the shareholding of the relevant holder of Domestic Shares in our Domestic Share register will be reduced by such number of Domestic Shares converted and the number of H Shares in the H Share register will correspondingly increase by the same number of Shares.

- We will comply with the Listing Rules to inform Shareholders and the public by way of an announcement of such fact not less than three days prior to the proposed effective date.

CONVERSION OF FOREIGN SHARES HELD BY THE PRE-IPO INVESTORS

Upon completion of the Global Offering, 240,625,000 Foreign Shares in aggregate held by the Pre-IPO Investors will be converted into H Shares on a one-for-one basis.

The Conversion of these Foreign Shares into H Shares was approved by CSRC on August 31, 2017 and an application has been made to the Listing Committee for such H Shares to be listed on the Hong Kong Stock Exchange.

TRANSFER OF SHARES PRIOR TO THE GLOBAL OFFERING

Pursuant to the PRC Company Law, our Shares issued prior to the Listing shall not be transferred within one year from the Listing Date.

To the best knowledge of our Directors, the following persons will, immediately after the completion of the Global Offering (assuming the Over-allotment Option is not exercised), have an interest or short position in the Shares or underlying shares which are required to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying the rights to vote in all circumstances at the general meetings of the Company:

(a) Interest in the Shares of our Company

Shareholder	Number of Shares held immediately following the Global Offering	Nature of interest	Approximate percentage of shareholding in the total share capital of our Company as at the date of this prospectus	Approximate percentage of shareholding in the relevant class of Shares immediately following the Global Offering (assuming Over-allotment Option is not exercised)	Approximate percentage of shareholding in the total share capital of our Company immediately following the Global Offering (assuming Over-allotment Option is not exercised)	Approximate percentage of shareholding in the total share capital of our Company immediately following the Global Offering (assuming Over-allotment Option is fully exercised)
Ant Financial (浙江小微金融服務集團股份有限公司)(Note 1)	199,000,000 Domestic Shares	Beneficial interest	16.0403%	19.9000%	13.8202%	13.5391%
Hangzhou Junao Investments (Limited Partnership) (杭州君澳股權投資合夥企業(有限合夥))(Note 1)	199,000,000 Domestic Shares	Interest in a controlled corporation	16.0403%	19.9000%	13.8202%	13.5391%
Hangzhou Junhan Investments (Limited Partnership) (杭州君瀚股權投資合夥企業(有限合夥))(Note 1)	199,000,000 Domestic Shares	Interest in a controlled corporation	16.0403%	19.9000%	13.8202%	13.5391%
Hangzhou Yunbo Investment Consulting Co., Ltd. (杭州雲鉑投資諮詢有限公司)(Note 1)	199,000,000 Domestic Shares	Interest in a controlled corporation	16.0403%	19.9000%	13.8202%	13.5391%
Jack Ma (馬雲)(Note 1)	199,000,000 Domestic Shares	Interest in a controlled corporation	16.0403%	19.9000%	13.8202%	13.5391%
Tencent Computer System (深圳市騰訊計算機系統有限公司)(Note 2)	150,000,000 Domestic Shares	Beneficial interest	12.0907%	15.0000%	10.4173%	10.2054%
Huateng Ma (馬化騰)(Note 2) .	150,000,000 Domestic Shares	Interest in a controlled corporation	12.0907%	15.0000%	10.4173%	10.2054%

Shareholder	Number of Shares held immediately following the Global Offering	Nature of interest	Approximate percentage of shareholding in the total share capital of our Company as at the date of this prospectus	Approximate percentage of shareholding in the relevant class of Shares immediately following the Global Offering (assuming Over-allotment Option is not exercised)	Approximate percentage of shareholding in the total share capital of our Company immediately following the Global Offering (assuming Over-allotment Option is not exercised)	Approximate percentage of shareholding in the total share capital of our Company immediately following the Global Offering (assuming Over-allotment Option is fully exercised)
Tencent Holdings Limited (Note 2)	150,000,000 Domestic Shares	Interest in a controlled corporation	12.0907%	15.0000%	10.4173%	10.2054%
Ping An Insurance (Note 3)	150,000,000 Domestic Shares	Beneficial interest	12.0907%	14.0000%	10.4173%	10.2054%
Shenzhen Jia De Xin Investment Limited (深圳市加德信投資有限公司) (Note 4)	140,000,000 Domestic Shares	Beneficial interest	11.2846%	14.0000%	9.7228%	9.5250%
Shenzhen Huaxinlian Investment Limited (深圳市華信聯投資有限公司) (Note 4)	140,000,000 Domestic Shares	Interest in a controlled corporation	11.2846%	14.0000%	9.7228%	9.5250%
Ou Yafei (歐亞非) (Note 4)	140,000,000 Domestic Shares	Interest in a controlled corporation	11.2846%	14.0000%	9.7228%	9.5250%
Unifront Holding Limited (優孚控股有限公司) (Note 5)	90,000,000 Domestic Shares	Beneficial interest	7.2544%	9.0000%	6.2504%	6.1232%
Shanghai Songlu Investment Management Co., Ltd. (上海松鹿投資管理有限公司) (Note 5)	90,000,000 Domestic Shares	Interest in a controlled corporation	7.2544%	9.0000%	6.2504%	6.1232%
Shanghai Jianglu Investment Management Co., Ltd. (上海江鹿投資管理有限公司) (Note 5)	90,000,000 Domestic Shares	Interest in a controlled corporation	7.2544%	9.0000%	6.2504%	6.1232%
Shanghai Xinlu Investment Management Co., Ltd. (上海鑫鹿投資管理有限公司) (Note 5)	90,000,000 Domestic Shares	Interest in a controlled corporation	7.2544%	9.0000%	6.2504%	6.1232%

Shareholder	Number of Shares held immediately following the Global Offering	Nature of interest	Approximate percentage of shareholding in the total share capital of our Company as at the date of this prospectus	Approximate percentage of shareholding in the relevant class of Shares immediately following the Global Offering (assuming Over-allotment Option is not exercised)	Approximate percentage of shareholding in the total share capital of our Company immediately following the Global Offering (assuming Over-allotment Option is not exercised)	Approximate percentage of shareholding in the total share capital of our Company immediately following the Global Offering (assuming Over-allotment Option is fully exercised)
Shanghai Youlu Investment Management Co., Ltd. (上海游鹿投資管理有限公司) (Note 5)	90,000,000 Domestic Shares	Interest in a controlled corporation	7.2544%	9.0000%	6.2504%	6.1232%
Zhang Zhen (張真) (Note 5) . . .	90,000,000 Domestic Shares	Interest in a controlled corporation	7.2544%	9.0000%	6.2504%	6.1232%
Cnhooray Internet Technology Co. Ltd. (深圳日訊網絡科技股份有限公司) (Note 6) .	81,000,000 Domestic Shares	Beneficial interest	6.5290%	8.1000%	5.6253%	5.5109%
Timeway Holdings Limited (中宇集團有限公司) (Note 6) .	81,000,000 Domestic Shares	Interest in a controlled corporation	6.5290%	8.1000%	5.6253%	5.5109%
Sinolink Worldwide Holdings Limited (香港百仕達控股有限公司) (Note 6)	81,000,000 Domestic Shares	Interest in a controlled corporation	6.5290%	8.1000%	5.6253%	5.5109%
Morgan Stanley Asia Securities Products LLC (Note 7)	30,730,833 H Share	Beneficial interest	2.4770%	6.9856%	2.1342%	2.0908%
CICC Securities (HK) Limited (Note 8)	31,250,000 H Share	Beneficial interest	2.5189%	7.1036%	2.1703%	2.1261%
CDH Avatar, L.P. (Note 9)	62,000,000 H Share	Beneficial interest	4.9975%	14.0935%	4.3058%	4.2182%
Keywise ZA Investment (Note 10)	61,189,167 H Share	Beneficial interest	4.9321%	13.9092%	4.2495%	4.1631%
Equine Forces Limited Partnership (Note 11)	55,455,000 H Share	Beneficial interest	4.4699%	12.6057%	3.8513%	3.7729%
Softbank Group Corp. (Note 12)	71,909,800 H Share	Beneficial interest	—	16.3461%	4.9940%	4.8924%

Notes

(1) Hangzhou Junao Investments (Limited Partnership) (杭州君澳股權投資合夥企業(有限合夥)) holds 34.15% shares in Ant Financial, and Hangzhou Junhan Investments (Limited Partnership) (杭州君瀚股權投資合夥企業(有限合夥)) holds 42.28% shares in Ant Financial. As such, Hangzhou Junao Investments (Limited Partnership) (杭州君澳股權投資合夥企

業(有限合夥)) and Hangzhou Junhan Investments (Limited Partnership) (杭州君瀚股權投資合夥企業(有限合夥)) will be deemed to be interested in the Shares held by Ant Financial upon Listing. The voting rights of Hangzhou Junao Investments (Limited Partnership) (杭州君澳股權投資合夥企業(有限合夥)) and Hangzhou Junhan Investments (Limited Partnership) (杭州君瀚股權投資合夥企業(有限合夥)) are controlled by Hangzhou Yunbo Investment Consulting Co., Ltd. (杭州雲鉑投資諮詢有限公司) which in turn is entirely owned by Jack Ma (馬雲). As such, Hangzhou Yunbo Investment Consulting Co., Ltd. (杭州雲鉑投資諮詢有限公司) and Jack Ma (馬雲) will be deemed to be interested in the Shares held by Ant Financial upon Listing.

(2) Tencent Computer System is a consolidated affiliated entity (through contractual arrangements) of Tencent Holdings Limited, a company listed on the Main Board on the Stock Exchange (SEHK: 0700), and is one of its principal PRC domestic operating entities. Tencent Computer System is a leading provider of internet value added services in China and is a clear holder of our Shares. As such, Tencent Holdings Limited will be deemed to be interested in the Shares held by Tencent Computer System upon Listing. Ma Huateng (馬化騰) holds 54.29% shares in Tencent Computer System.

(3) Ping An Insurance is a joint-stock company incorporated in the PRC and listed on Main Board of the Stock Exchange (SEHK: 02318) and the Shanghai Stock Exchange (SSE: 601318).

(4) Shenzhen Jia De Xin Investment Limited (深圳市加德信投資有限公司) is a subsidiary of Shenzhen Huaxinlian Investment Co., Ltd. (深圳市華信聯投資有限公司). As such, Shenzhen Huaxinlian Investment Co., Ltd. (深圳市華信聯投資有限公司) will be deemed to be interested in the Shares held by Shenzhen Jia De Xin Investment Limited (深圳市加德信投資有限公司) upon Listing. Shenzhen Huaxinlian Investment Co., Ltd. (深圳市華信聯投資有限公司) is controlled by Ou Yafei (歐亞非). As such, Ou Yafei (歐亞非) will be deemed to be interested in the Shares held by Shenzhen Jia De Xin Investment Limited (深圳市加德信投資有限公司) upon Listing.

(5) Unifront Holding Limited (優孚控股有限公司) is owned by Shanghai Songlu Investment Management Co., Ltd. (上海松鹿投資管理有限公司) as to 25%, Shanghai Jianglu Investment Management Co., Ltd. (上海江鹿投資管理有限公司) as to 16.88% and Shanghai Xinlu Investment Management Co., Ltd. (上海鑫鹿投資管理有限公司) as to 13.12%. The entire interest of Shanghai Songlu Investment Management Co., Ltd. (上海松鹿投資管理有限公司), Shanghai Jianglu Investment Management Co., Ltd. (上海江鹿投資管理有限公司) and Shanghai Xinlu Investment Management Co., Ltd. (上海鑫鹿投資管理有限公司) are held by Shanghai Youlu Investment Management Co., Ltd. (上海游鹿投資管理有限公司), which in turn is controlled by Zhang Zhen (張真). As such, Shanghai Youlu Investment Management Co., Ltd. (上海游鹿投資管理有限公司), Shanghai Songlu Investment Management Co., Ltd. (上海松鹿投資管理有限公司), Shanghai Jianglu Investment Management Co., Ltd. (上海江鹿投資管理有限公司) and Shanghai Xinlu Investment Management Co., Ltd. (上海鑫鹿投資管理有限公司) will be deemed to be interested in the Shares held by Unifront Holding Limited (優孚控股有限公司) upon Listing. As such, Zhang Zhen (張真) will be deemed to be interested in the Shares held by Unifront Holding Limited (優孚控股有限公司) upon Listing.

(6) Cnhooray Internet Technology Co. Ltd. (深圳日訊網絡科技股份有限公司) is a subsidiary of Timeway Holdings Limited (中宇集團有限公司) which in turn is entirely owned by Sinolink Worldwide Holdings Limited (香港百仕達控股有限公司) which is listed on the Hong Kong Stock Exchange (SEHK: 1168), of which Mr. Yaping Ou is interested in more than one third of the voting shares. As such, Timeway Holdings Limited (中宇集團有限公司), Sinolink Worldwide Holdings Limited (香港百仕達控股有限公司) and Mr. Yaping Ou will be deemed to be interested in the Shares held by Cnhooray Internet Technology Co. Ltd. (深圳日訊網絡科技股份有限公司) upon Listing.

(7) Morgan Stanley Asia Securities Products LLC is wholly owned by Morgan Stanley Hong Kong Limited and the ultimate parent company is Morgan Stanley, whose shares are listed on the New York Stock Exchange (NYSE: MS).

(8) CICC Securities (HK) Limited is wholly owned by CICC Jiazi Holdings Limited, which in turn is wholly owned by CICC AGI, which in turn is wholly owned by CICC HK. CICC HK is a wholly owned subsidiary of China International Capital Corporation Limited (SEHK: 3908).

(9) The general partner of CDH Avatar. L.P is CDH China HF Holdings Company Limited which is wholly owned by CDH Wealth Management Company Limited, which is owned by CDH China Management Company Limited as to 50%. China Diamond Holdings Company Limited holds 72.24% of CDH China Management Company Limited.

(10) Keywise ZA Investment is an investment of Keywise Greater China Opportunities Master Fund. The investment advisor is Keywise Capital Management (HK) Limited which in turn owns 23% interest in Keywise ZA Investment. Other investors own 77% interest in Keywise ZA Investment.

(11) Equine Forces Limited Partnership ("**EFLP**") is an exempted limited partnership registered under the laws of the Cayman Islands. The general partner of EFLP is Equine Forces Limited ("**EFL**"), an exempted limited liability company incorporated in the Cayman Islands. Mr. Andrew Y. Yan has actual control over EFL, who will be deemed to be interested in the Shares held by EFLP.

(12) SoftBank Group is a Japanese corporation listed on the Tokyo Stock Exchange (TYO: 9984).

THE CORNERSTONE PLACING

We have entered into a cornerstone investment agreement (the "Cornerstone Investment Agreement") with SoftBank Group Corp. ("**SoftBank Group**"), who has agreed to subscribe for 71,909,800 H Shares at the Offer Price. The total number of H Shares to be subscribed for by SoftBank Group represents (i) approximately 36.08% of the Offer Shares, and approximately 4.99% of our total issued share capital, upon completion of the Global Offering (assuming that the Over-allotment Option is not exercised); and (ii) approximately 31.38% of the Offer Shares, and approximately 4.89% of our total issued share capital, upon completion of the Global Offering (assuming that the Over-allotment Option is exercised in full). The total subscription price payable by Softbank Group is (i) HK$4,293.02 million based on an Offer Price of HK$59.70 (being the maximum price of the Offer Price range stated in this prospectus); and (ii) HK$3,861.56 million based on an Offer Price of HK$53.70 (being the minimum price of the Offer Price range stated in this prospectus). Under the Cornerstone Investment Agreement, SoftBank Group may elect to acquire the Shares through one of its wholly-owned subsidiaries or affiliates, including SoftBank Vision Fund.

SoftBank Group is a Japanese corporation listed on the Tokyo Stock Exchange, with operations in broadband, mobile and fixed-line telecommunications, e-commerce, Internet, technology services, media and marketing, and other businesses. SoftBank Vision Fund, established in Jersey as a limited partnership, is an investment fund that focuses on investments in the global technology industry. Its general partner is SVF GP (Jersey) Limited, a company incorporated in Jersey and a wholly-owned subsidiary of SoftBank Group.

SoftBank Group is independent from our Company, our connected persons and their respective associates. SoftBank Group will not subscribe for any H Shares under the Global Offering other than pursuant to the Cornerstone Investment Agreement. Immediately following the completion of the Global Offering, SoftBank Group will not have any board representation in our Company, nor will it become a Substantial Shareholder of our Company. The shareholdings of SoftBank Group will be counted towards the public float of our Shares.

The cornerstone placing forms part of the International Placing. The H Shares to be purchased by SoftBank Group will not be affected by any reallocation of the H Shares between the International Placing and the Hong Kong Public Offering in the event of over-subscription under the Hong Kong Public Offering as described in the section "Structure of the Global Offering — The Hong Kong Public Offering". Details of the allocations to SoftBank Group will be disclosed in the announcement of results of allocations in the Hong Kong Public Offering to be published on Wednesday, September 27, 2017.

RESTRICTIONS ON DISPOSALS BY SOFTBANK GROUP

SoftBank Group has agreed that, without the prior written consent of our Company and the Underwriters' Representatives (as defined in the Cornerstone Investment Agreement), it will not, whether directly or indirectly, at any time during the period of six months following the Listing Date, dispose of (as defined in the Cornerstone Investment Agreement) any of the H Shares subscribed for by it pursuant to the Cornerstone Investment Agreement, other than transfers to its wholly-owned subsidiary or affiliate provided that such wholly-owned subsidiary or affiliate undertakes in writing to, and SoftBank Group undertakes to procure that such wholly-owned subsidiary or affiliate will, abide by the restrictions on disposals imposed on SoftBank Group.

CONDITIONS PRECEDENT

The subscription obligation of SoftBank Group is subject to, among other things, the following conditions precedent:

(i) the Hong Kong Underwriting Agreement and the International Underwriting Agreement being entered into and having become effective and unconditional (in accordance with their respective original terms or as subsequently waived or varied by agreement of the parties thereto) by no later than the time and date as specified in the Hong Kong Underwriting Agreement and the International Underwriting Agreement;

(ii) neither the Hong Kong Underwriting Agreement nor the International Underwriting Agreement having been terminated;

(iii) the Listing Committee having granted the approval for the listing of, and permission to deal in, the H Shares (including the H Shares to be subscribed by SoftBank Group as well as other applicable waivers and approvals) and that such waiver, approval or permission not having been revoked;

(iv) no laws shall have been enacted or promulgated by any governmental authority which prohibit the consummation of the transactions contemplated in the Hong Kong Public Offering, the International Offering or the Cornerstone Investment Agreement, and there shall be no orders or injunctions from a court of competent jurisdiction in effect precluding or prohibiting consummation of such transaction; and

(v) the representations, warranties, undertakings and confirmations of SoftBank Group under the Cornerstone Investment Agreement are and will be (as of the closing of the Cornerstone Investment Agreement) accurate and true in all respects and not misleading and that there is no material breach of the Cornerstone Investment Agreement.

We have entered into certain agreements with entities that will constitute our connected persons, and such arrangements, upon the Listing, will constitute continuing connected transactions of our Company under Chapter 14A of the Listing Rules.

A. SUMMARY OF OUR CONNECTED PERSONS

We have entered into certain transactions that will constitute continuing connected transactions following the Listing with the following connected persons:

- Our Directors and Supervisors and certain associates of our Directors and Supervisors: Under Rule 14A.07(1) and 14A.12 our Directors and Supervisors and their associates will become our connected persons upon the Listing.

- Mr. Yaping Ou holds approximately 45.11% of Sinolink Worldwide. Sinolink Worldwide is an associate of Mr. Yaping Ou under Rule 14A.12 of the Listing Rules and will become a connected person of the Company under Rule 14A.07(4) of the Listing Rules.

- Ant Financial Group: Upon the Listing (assuming the Over-allotment Option is not exercised), Ant Financial will hold 13.82% of the total issued share capital of our Company and will be our substantial shareholder under the Listing Rules. Under Rule 14A.07(1), 14A.07(4) and 14A.12 of the Listing Rules, Ant Financial and its subsidiaries will become our connected persons upon the Listing.

- Tencent Computer System and Tencent and their respective associates: Upon the Listing (assuming the Over-allotment Option is not exercised), Tencent will control the exercise of 10.42% of the voting power of our Company through Tencent Computer System and will be our substantial shareholder under the Listing Rules. Under Rules 14A.07(1) and 14A.12 of the Listing Rules, Tencent Computer System and Tencent and their respective associates will become our connected persons upon the Listing.

- Ping An Group: Upon the Listing (assuming the Over-allotment Option is not exercised), Ping An Insurance will hold 10.42% of the total issued share capital of our Company and will be our substantial shareholder under the Listing Rules. Under Rules 14A.07(1) and 14A.12 of the Listing Rules, Ping An Insurance and its associates will become our connected persons upon the Listing.

B. SUMMARY OF OUR CONTINUING CONNECTED TRANSACTIONS

Transaction	Applicable Listing Rules	Waiver Sought	Proposed annual cap of the year ending December 31 2017	2018	2019
			(RMB in thousands)		
FULLY-EXEMPT CONTINUING CONNECTED TRANSACTIONS					
Transactions with our Directors and Supervisors and certain associates of our Directors and Supervisors					
Purchase of insurance products by our individual connected persons	Rule 14A.76(1)	N/A	N/A	N/A	N/A
Transactions with Tencent Computer System and its associates					
Provision of payment related service by associates of Tencent Computer System to us	Rule 14A.76(1)	N/A	N/A	N/A	N/A
NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS					
Transactions with Sinolink Worldwide and its subsidiary					
Provision of insurance products to Sinolink Worldwide and its subsidiaries by us	Rule 14A.35, Rule 14A.76(2)	Announcement requirement	40,000	80,000	120,000
Transactions with associates of Tencent					
Provision of insurance products to associate of Tencent by us	Rule 14A.35, Rule 14A.76(2)	Announcement requirement	10,164	5,040	N/A
Online platform cooperation agreement between associates of Tencent and us	Rule 14A.35, Rule 14A.76(2)	Announcement requirement	6,050	8,900	10,000
Transactions with Ping An Group					
Online information technology system support services agreement between Ping An P&C and us	Rule 14A.35, Rule 14A.76(2)	Announcement requirement	15,112	20,000	N/A
Provision of asset management services provided by Ping An Asset Management to us	Rule 14A.35, Rule 14A.52 and Rule 14A.76(2)	Announcement requirement and requirement on the duration for the agreement	19,420	20,569	21,804

Transaction	Applicable Listing Rules	Waiver Sought	Proposed annual cap of the year ending December 31		
			2017	2018	2019
			(RMB in thousands)		
Cooperation agreement for the provision of auto co-insurance, between Ping An P&C and us	Rule 14A.35, Rule 14A.52, Rule 14A.76(2) and Rule 14A.105	Announcement requirement, requirement on the duration for the agreement and shareholder approval requirement	120,000	336,000	720,000
Transactions with Ant Financial and its associates					
Reward points purchase agreement between associates of Ant Financial Group and us	Rule 14A.35 and Rule 14A.76(2)	Announcement requirement	20,500	29,500	40,000
Online platform cooperation agreement between Ant Financial and/or its associates and us	Rule 14A.35, Rule 14A.76(2) and Rule 14A.105	Announcement requirement and shareholder approval requirement	448,493	612,321	769,857
Provision of insurance products to Ant Financial and/or its associates by us	Rule 14A.35 and Rule 14A.76(2)	Announcement requirement	11,613	1,152	1,121

C. FULLY-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Transactions with our Directors and Supervisors and Certain Associates of Our Directors and Supervisors

Purchase of Insurance Products by Our Individual Connected Persons

Background

We provide a wide range of insurance products in the ordinary and usual course of our business to the public. Certain of our Directors and Supervisors and their respective associates have purchased insurance products from us. Each of these insurance products was individually entered into between us and the Director or the Supervisors or their respective associates. None of them received any preferential treatment in respect of their purchase of our insurance products. The premiums paid by them are comparable to the premiums paid by our other customers who are independent third parties of similar insurance products or to the prevailing market prices. It is expected that such transactions will continue after Listing.

Listing Rules Implications

In respect of the sale of insurance products by us to our Directors and Supervisors and their respective associates, each of the applicable percentage ratios under the Listing Rules is, on an annual basis, expected to be less than 0.1% and therefore falls within the de minimis threshold as stipulated under Rule 14A.76(1) of the Listing Rules. Furthermore, the sale of these insurance products by us to our Directors and Supervisors or their respective associates is on normal commercial terms in our ordinary and usual course of business and such sale constitutes an acquisition by each such individual connected person as consumer goods or services for their own private use, and therefore falls within the exemption as stipulated under Rule 14A.97 of the Listing Rules. Accordingly, such transactions are exempt from the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

We will comply with the reporting, annual review, announcement and/or independent shareholders' approval requirements in accordance with the Listing Rules if any of the percentage ratios with respect of the insurance premiums paid by our any Directors or Supervisors or their respective associates to our Company and our associates exceeds the de minimis threshold as stipulated under Rule 14A.76(1) or otherwise falls outside the exemption provided under Rule 14A.97 of the Listing Rules.

Transactions with Tencent Computer System and its associates

Provision of payment related services by Tencent Computer System and its associates to us

Background

We have received certain payment related services from Tencent Computer System and its associates. Purchasers of our insurance products conduct online transactions through payment channels provided by Tencent Computer System and its associates. In return we pay a handling fee to Tencent Computer System and its associates. These agreements were entered into between us and Tencent Computer System and its associates at arm's length and on normal commercial terms. The handling fees paid by us are comparable to those paid by independent third parties to Tencent Computer System and its associates for similar services or to the prevailing market prices. It is expected that such transactions will continue after Listing.

The total handling fee paid to Tencent Computer System and its associates by us for each of the three years ended December 31, 2014, 2015 and 2016 and the three months ended March 31, 2017 were nil, RMB507, RMB0.4 million and RMB0.3 million respectively.

Listing Rules Implications

In respect of the provision of payment related service by Tencent Computer System and its associates to us, each of the applicable percentage ratios under the Listing Rules is, on an annual basis, expected to be less than 0.1% and therefore falls within the de minimis threshold as stipulated under Rule 14A.76(1) of the Listing Rules. Accordingly, such transactions are exempt from the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

We will comply with the reporting, annual review, announcement and/or independent shareholders' approval requirements in accordance with the Listing Rules if any of the percentage ratios with respect of the insurance premiums paid by our individual connected persons to our Company and/or our associates exceeds the de minimis threshold as stipulated under Rule 14A.76(1).

NON-EXEMPT CONTINUING TRANSACTIONS

Transactions with Sinolink Worldwide and its subsidiaries

Provision of insurance products to Sinolink Worldwide and its subsidiaries by us

Background

We and Sinolink Worldwide, an entity owned by Mr. Ou Yaping as to 45.11%, entered into a framework agreement for the provision of corporate insurance products by us to Sinolink Worldwide ("**Insurance Products Framework Agreement**").

The principal terms of the Insurance Products Framework Agreement are as follows:

- The Insurance Products Framework Agreement is for a term of 3 years commencing on the Listing Date; and

- Relevant subsidiaries which are subsidiaries of Sinolink Worldwide will enter into separate agreements with us which will set out the specific terms and conditions (including pricing) according to normal commercial terms.

Reasons for the Transaction

We are one of only four companies with an online insurance license in China and it is in our ordinary course of business to provide innovative corporate insurance products to all types of organisations. The subsidiaries of Sinolink Worldwide conduct a variety of financial services that require our insurance service and it is beneficial to us to expand our business into the financial industry.

Pricing Policies

The premiums received by us are comparable to those paid by independent third parties for similar types of insurance products or to the prevailing market prices. For pricing of the premiums we take into account the risk portfolio of the product itself, the product expense ratio and market competitive prices. They are determined after careful examination and verification by our business management committee of the department. Members of the committee conduct market analysis and various other procedures to determine all aspects of the product including the pricing. These prices must conform with the terms and regulations set by our Company and be approved by other relevant departments such as the actuary department and the operations management centre. Premium rates of these products are either approved by or filed with the CIRC. For example, in accordance with the CIRC filing, for corporate accounts receivable credit insurance, the total premium we charge is based on the following formula:

Insurance Coverage x Fixed Ratio x Floating Ratio

The Fixed Ratio ranges between 0.33% to 0.88% for products with different underlying assets duration. The Floating Ratio is calculated based on a number of factors regarding the insured corporate, including its corporate nature, risk management level and loss history, generally this would be no less than 0.3.

Historical Amounts and Basis of Annual Caps

The total premium paid to us by subsidiaries of Sinolink Worldwide for each of the three years ended December 31, 2014, 2015 and 2016 and the three months ended March 31, 2017 were RMB1.0 million, RMB10,952, RMB2.8 million and RMB0.1 million respectively. For the years ending December 31, 2017, 2018 and 2019, the relevant annual caps are expected to be RMB40.0 million, RMB80.0 million and RMB120.0 million, respectively. When estimating the annual caps of the premium, our Directors have taken into consideration the aforesaid historical amounts. In addition, the big jump from the premium we received in 2016 to the premium we are expecting to received in 2017 is largely due to the increase in our business focus in the provision of credit guarantee insurance. We are expecting significant increases in business volumes in late 2017 throughout 2018 and 2019 because: (1) From 2014 to 2016, we had provided Sinolink Worldwide and its subsidiaries primarily with medical insurance and home contents insurance, the scale of which was relatively small. However, as GWP of consumer finance ecosystem grew rapidly in 2015, we began to rapidly expand our business focus in the provision of credit guarantee insurance in 2016; (2) Since 2016, we had commenced cooperation with many business partners, including newly established subsidiaries of Sinolink Worldwide that focus on financial leasing and commercial factoring services. From late 2016, our Company had commenced relevant business negotiations with Sinolink Worldwide and its newly established subsidiaries. By late 2016, we began providing credit guarantee insurance products to Sinolink Worldwide and its subsidiaries; (3) As we stabilize our relationship with Sinolink Worldwide and its subsidiaries in the provision of credit guarantee insurance, we are expecting significant increase in the volume of business with them in the second half of 2017. We expect a growth rate of 100% and 50% for the years 2018 and 2019 respectively; (4) The consumer finance ecosystem will be one of our major business focuses in the future. Sinolink Worldwide and its subsidiaries conduct a variety of financial services which would require our insurance services. We are of the view that the projected growth rate is reasonable and is in line with the growth rate in the consumer finance-related insurance market; (5) According to the Oliver Wyman Report, the consumer finance-related insurance market in China is entirely addressable by Insuretech. The size of the market amounted to RMB6 billion in 2016 and is expected to grow to RMB50 billion in 2021, representing a CAGR of 52.8%. This is in line with our projection for the future growth in our annual cap.

The table below sets out the summary of the historical amounts and annual caps for our provision of insurance products to subsidiaries of Sinolink Worldwide by us:

	Historical Amounts (RMB in thousands)				Annual Caps (RMB in thousands)		
	For the years ended December 31			For the three months ended March 31	For the years ended December 31		
	2014	2015	2016	2017	2017	2018	2019
Provision of insurance products to associates of Sinolink Worldwide by us . . .	1,040	11	2,754	102	40,000	80,000	120,000

Listing Rules Implications

These transactions are conducted in the ordinary and usual course of business on normal commercial terms, and our Directors currently expect that each of the applicable percentage ratios under Chapter 14A of the Listing Rules will exceed 0.1% but be lower than 5%. Pursuant to Rule 14A.76(2) of the Listing Rules, these transactions will be exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules, but will be subject to reporting, annual review and announcement requirements.

Transactions with Associates of Tencent

Provision of insurance products to associates of Tencent by us

Background

We provide a wide range of insurance products in the ordinary and usual course of our business to associates of Tencent. Specifically, associates of Tencent purchase accident injury insurance and disease, death and disability insurance products from us for their employees. These insurance product agreements were entered into between us and these entities at arm's length. Associates of Tencent do not receive any preferential treatment for purchasing these insurance products. The premiums paid to us are comparable to those paid by independent third parties for similar types of insurance products or to the prevailing market prices. It is expected that such transactions will continue after Listing.

The principal terms of the agreements are set out as follows:

- The two agreements were entered into with two different entities that are associates of Tencent on June 1, 2017 and August 21, 2017, respectively. Each agreement has a duration of one year.

- The agreements provide different insurance plans for different levels of employees of these entities. Each plan has its specific premium calculations, and injury and disability assessment standards. We receive a premium from associates of Tencent according to the premium schedule under each plan.

Reasons for the Transaction

We are one of only four companies with an online insurance license in China and it is in our ordinary course of our business to provide different types of insurance products to a wide range of clients. This includes corporate clients that purchase insurance plans for their employees. It is beneficial to us to provide these insurance products to large corporations that have a large number of employees, such as Tencent and its associates, which have a large number of employees.

Pricing Policies

The premiums received by us are comparable to those paid by independent third parties for similar types of insurance products or to the prevailing market prices. For pricing of the premiums we take into account the risk portfolio of the product itself, the product expense ratio and market competitive prices. The total premium under the policies is also based on the cover period and the number of employees covered during the period, and is adjusted in accordance with the employment period of the insured company's employees. They are determined after careful examination and verification by our business management committee of the department. Members of the committee conduct market analysis and various other procedures to determine all aspects of the product including the pricing. These prices must conform with the terms and regulations set by our Company and be approved by other relevant departments such as the actuary department and the operations management centre. Premium rates of these products are either approved by or filed with the CIRC.

Historical Amounts and Basis of Annual Caps

The total premiums for the relevant transactions paid to us by associates of Tencent for each of the three years ended December 31, 2014, 2015 and 2016 and the three months ended March 31, 2017 were nil, RMB 3.8 million and RMB 6.9 million and RMB 0.08 million respectively. For the years ending December 31, 2017 and 2018, the relevant annual caps are expected to be RMB10.2 million, RMB5.0 million, respectively. When estimating the annual caps of the total premiums that we expect to receive, our Directors have taken into consideration the aforesaid historical amounts, and also the expected demand from associates of Tencent on behalf of their employees. As the latter of the two agreements will expire by August 21, 2018, the annual cap estimated for 2018 will only cover the period from January 1 to August 21, 2018.

The table below sets out the summary of the historical amounts and annual caps of the premium to be paid to us:

	Historical Amounts (RMB in thousands)				Annual Caps (RMB in thousands)		
	For the years ended December 31			For the three months ended March 31	For the years ended December 31		
	2014	2015	2016	2017	2017	2018	2019
Provision of insurance products to associates of Tencent by us . .	nil	3,770(Note 1)	6,929(Note 1)	79	10,164	5,040(Note 2)	N/A

Notes:

(1) The historical numbers are based on past transactions.

(2) This cap is for the period up to August 21, 2018, being the date on which the latter of the two agreements will expire.

Listing Rules Implications

These transactions are conducted in the ordinary and usual course of business on normal commercial terms, and our Directors currently expect that each of the applicable percentage ratios under Chapter 14A of the Listing Rules will exceed 0.1% but be lower than 5%. Pursuant to Rule 14A.76(2) of the Listing Rules, these transactions will be exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules, but will be subject to reporting, annual review and announcement requirements.

Online platform cooperation agreement between associates of Tencent Computer System and us

Background

As a provider of online insurance products, we use online platforms operated by associates of Tencent Computer System to sell various insurance products to end users of the online platforms in our ordinary course of business by paying a technical service fee. These agreements were entered into between us at arm's length and it is expected that such transactions will continue after Listing.

The principal terms of the agreements are set out as follows:

- The two agreements were entered into with one of Tencent Computer System's associate on April 12, 2016 and August 1, 2017, with a duration of one year and two years respectively. Both parties have agreed to extend the first agreement for a further one year. This can be further renewed unless one party provides written notice to terminate before the expiration of one year.

- The first agreement allows us to use online platform operated by Tencent Computer System's subsidiary to sell credit card safety insurance and the second agreement allows us to sell auto co-insurance.

Reasons for the Transaction

We are the leading online-only Insuretech company in China and one of the only four companies with an online insurance licence. It is necessary as part of our online business expansion to utilise various online platforms to reach a wider customer base. The continuous cooperation with Tencent Computer System and its subsidiaries will be beneficial to us in light of Tencent Computer System's dominant market position in its online platform in the PRC market.

Pricing Policies

The monthly technical service fees either depends on the volume of insurance products sold and the amount of promotional services (such as website notification service and website display service) these online platform provides. Under current arrangements: (i) for credit card safety insurance policy, a fixed fee is payable for each policy transacted through the online platform, for example under current arrangements, the fixed fee may be up to approximately 50% of the premium we receive from each policy; (ii) for auto co-insurance, the fee is based on the number of promotions through and web appearances on the online platform. The fees chargeable by Tencent Computer System and its associates are comparable to fees chargeable by them to other independent third parties.

Historical Amounts and Basis of Annual Caps

The total technical service fees paid by us to the subsidiary of Tencent Computer System for each of the three years ended December 31, 2014, 2015 and 2016 and the three months ended March 31, 2017 were nil, nil, RMB0.4 million and RMB0.4 million respectively. For the years ending December 31, 2017, 2018 and 2019, the relevant annual caps are expected to be RMB6.05 million, RMB8.90 million and RMB10 million, respectively. When estimating the annual caps of the fees, our Directors have taken into consideration expected sales volume of our insurance and the amount promotional services we will require from the subsidiary of Tencent Computer System. The historical figures obtained for the years ended December 31, 2016 and for the three months ended March 31, 2017 only contains the fees charged under the first agreement. This is because the second agreement was only signed on August 1, 2017. We only expect to utilize the promotional services for three months by the end of 2017. Therefore there is a jump in total technical service fees charged from the end of 2017 to the end of 2018 as we fully capitalize on the two agreements.

The table below sets out the summary of the historical amounts and annual caps for the fees paid by us to the subsidiary of Tencent Computer System:

	Historical Amounts (RMB in thousands)				Annual Caps (RMB in thousands)		
	For the years ended December 31			For the three months ended March 31	For the years ended December 31		
	2014	2015	2016	2017	2017	2018	2019
Online platform cooperation agreement between a subsidiary of Tencent Computer System and us	—	—	352	356	6,050	8,900	10,000

Listing Rules Implications

These transactions are conducted in the ordinary and usual course of business on normal commercial terms, and our Directors currently expect that each of the applicable percentage ratios under Chapter 14A of the Listing Rules will exceed 0.1% but be lower than 5%. Pursuant to Rule 14A.76(2) of the Listing Rules, these transactions will be exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules, but will be subject to reporting, annual review and announcement requirements.

Transactions with Ping An Group

Online information technology system support services agreement between Ping An P&C and us

Background

We have entered into a framework agreement for our provision of online information technology system support services to Ping An P&C. Ping An P&C utilises our distribution networks to sell its various insurance products. In return, Ping An P&C pays us a technical service fee in respect of these services. The technical service fee is based on normal commercial terms. We expect to continue to enter into agreements with Ping An P&C on similar terms after Listing.

The agreement was entered into on December 6, 2016 for a term of 1 year, automatically renewable for another year. We provide information system and technical support service to Ping An P&C. Ping An P&C pays us a monthly technical service fee for this service.

Reasons for the Transaction

We are one of only four companies with an online insurance license in China and it is in our interest to collaborate with fellow insurance providers whereby we share our comparative advantage in relation to technology. It is beneficial to us to enter into such transactions in order for us to fully utilize our technical advantage.

Pricing Policies

The technical service fee is charged as a percentage of the premium charged on the particular insurance product sold. For different types of insurance products, the percentage of technical service fees may vary. It is agreed by both parties after arm's length negotiations and the technical service fee rates charged by us to Ping An P&C are within the scope of technical service fees for comparable services determined between us and our other ecosystem partners. Typically, the technical service fee will not exceed 35% of the total premium received.

Historical Amounts and Basis of Annual Caps

As the agreement was only entered into at the end of 2016, there have not been any historical amounts paid to us by Ping An P&C to us for the three years ended December 31 2014, 2015 and 2016. However, for the three months ended March 31, 2017, we have achieved RMB8.8 million in technical service fees. For the years ending December 31, 2017 and 2018, the relevant annual caps are expected to be RMB15.1 million and RMB20.0 million, respectively. When estimating the annual caps of the technical service fee, our Directors have taken into consideration expected demand from Ping An P&C.

The table below sets out the summary of the historical amounts and annual caps for the provision of insurance products to Ping An P&C by us:

	Historical Amounts (RMB in thousands)				Annual Caps (RMB in thousands)		
	For the years ended December 31			For the three months ended March 31	For the years ended December 31		
	2014	**2015**	**2016**	**2017**	**2017**	**2018**	**2019**
Online information technology system support services agreement between Ping An P&C and us	nil	nil	nil	8,756	15,112	20,000(note)	N/A

Note: This cap is for the period up to December 5, 2018, being the date on which the online information technology system support services agreement between Ping An Group and us will expire after one year automatic renewal.

Listing Rules Implications

These transactions are conducted in the ordinary and usual course of business on normal commercial terms, and our Directors currently expect that each of the applicable percentage ratios under Chapter 14A of the Listing Rules will exceed 0.1% but be lower than 5%. Pursuant to Rule 14A.76(2) of the Listing Rules, these transactions will be exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules, but will be subject to reporting, annual review and announcement requirements.

Provision of asset management services by Ping An Asset Management to us

Background

We have entered into various asset management agreements with Ping An Asset Management, a subsidiary of Ping An Group, one of which was entered into in January 13, 2014 and two others that were entered into on April 8 and June 17, 2016, together with supplemental agreements entered into on September 6, 2017 for all agreements, pursuant to which Ping An Asset Management agreed to provide asset management services to us. We may enter into further asset management agreements with Ping An Asset Management from time to time and the abovementioned transactions are expected to continue following the Listing.

The principal terms of the agreements are set out as follows:

- Pursuant to these agreements the annual management fees chargeable by Ping An Asset Management (inclusive of investment management fees and custodian fees) are less than 0.5% of the total value of our assets that we engage them to manage.

- The agreements have a term of 8 years, renewable for an additional 8 years, and it can be renewed without a limit on the number of times unless terminated by either party within 30 business days written notice before the term expires.

Reasons for the Transaction

We have received asset management services from Ping An Asset Management since 2014. Ping An Asset Management provides a range of insurance, asset management, annuities and banking services. The asset management services provided by Ping An Asset Management are highly reputable in the market and the continuous use of this service will be beneficial to us in light of Ping An Asset Management's experience in particular in long-term investments.

Pricing Policies

The pricing of the asset management services is determined at a market rate or as agreed by both parties after arm's length negotiations having regard to the amount of asset management services required by us and the prices for comparable services charged by other asset management service providers. We will only enter into these transactions when the management fees charged by Ping An Group are in line with or lower than the rates offered by other competent and independent third party service providers and the agreement is in the best interests of our Shareholders as a whole. Under current arrangements, the annual management fees chargeable by Ping An Asset Management (inclusive of investment management fees and custodian fees) are less than 0.5% of the total value of our assets that we engage them to manage, which are comparable to or less than the fees charged by independent third parties for similar asset management services.

Historical Amounts and Basis of Annual Caps

The total management fees charged by Ping An Asset Management for each of the three years ended December 31, 2014, 2015 and 2016 and the three months ended March 31, 2017 were RMB1.5 million, RMB13.3 million and RMB17.8 million and RMB4.6 million, respectively. For the years ending December 31, 2017, 2018 and 2019, the relevant annual caps are expected to be RMB19.4 million, RMB20.6 million and RMB21.8 million, respectively. When estimating the annual caps of the managements fees, our Directors have taken into consideration the aforesaid historical amounts, and also among other things, an estimate of the amount of asset management services expected to be required by us for the relevant years.

Pursuant to Rule 14A.52 of the Listing Rules, the term of an agreement must not exceed three years except in special circumstances where the nature of the transaction requires a longer period. Given the nature of asset management services, we believe that such agreements are often required to have a longer term in order to make long-term investments and it is normal business practice for asset management agreements of this nature to be of longer durations. Our Directors (including our independent non-executive Directors) are of the view that these asset management agreements (including their duration, which is in accordance with normal business practice and will facilitate long term investment using the assets of our Company), the transactions contemplated therein, as well as the proposed annual caps set forth below, are on normal commercial terms, fair and reasonable and are in the interests of our Company and our Shareholders as a whole.

The table below sets out the summary of the historical amounts and annual caps of asset management services provided by Ping An Asset Management to us:

	Historical Amounts (RMB in thousands)				**Annual Caps (RMB in thousands)**		
	For the years ended December 31			**For the three months ended March 31**	**For the years ended December 31**		
	2014	**2015**	**2016**	**2017**	**2017**	**2018**	**2019**
Provision of asset management services provided by Ping An Asset Management to us.	1,534	13,251	17,762	4,606	19,420	20,569	21,804

Listing Rules Implications

These transactions are conducted in the ordinary and usual course of business on normal commercial terms, and our Directors currently expect that each of the applicable percentage ratios under Chapter 14A of the Listing Rules will exceed 0.1% but be lower than 5%. Pursuant to Rule 14A.76(2) of the Listing Rules, these transactions will be exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules, but will be subject to reporting, annual review and announcement requirements.

Cooperation agreement for the provision of auto co-insurance, between Ping An P&C and us

Background

On January 25, 2015, we entered into a co-insurance agreement with Ping An P&C, a subsidiary of Ping An Insurance, to provide auto co-insurance to the public. The agreement was entered into on an arm's length basis and is expected that such transactions will continue after Listing.

The principal terms are as follows:

- The agreement is for a term of five years commencing on January 25, 2015. Since the agreement was entered into in 2015, two years have elapsed and the agreement will expire on January 25, 2020;
- We and Ping An P&C share the premiums and claim payments in 30% and 70% proportions, respectively;
- Ping An P&C is primarily responsible for operating the duties under the agreement and payments will be made to Ping An P&C which will then be settled with us.

Reasons for the Transaction

Ping An Group is one of the largest insurance providers in the PRC. Property and casualty insurance has been the foundation of its business with steady growth since its inception. The co-insurance cooperation agreement allows us not only to share the risk of claims with Ping An Group but also reach a wider base of customers.

Pricing Policies

The auto insurance premiums are heavily regulated in the PRC and the premium charged under the cooperation agreement is determined at a market rate and approved by the CIRC. They are determined after careful examination and verification by the business management committee of the department. Members of the committee conduct market analysis and various other procedures to determine all aspects of the product including the pricing. These prices must conform with the terms and regulations set by our Company and be approved by other relevant departments such as the actuary department and the operations management centre. The premium and claim payment sharing ratio between us and Ping An Group is agreed by both parties after arm's length negotiations having regard to the fact that Ping An Group will be responsible for the daily operations of the agreement including receiving reports of claims, investigating the claims and maintaining customer records. Under the current agreement, the ratio in which premiums and claims are shared is 70% and 30% between Ping An P&C and us, respectively.

Historical Amounts and Basis of Annual Caps

The total premiums we received from Ping An P&C for each of the three years ended December 31, 2014, 2015 and 2016 and the three months ended March 31, 2017 were nil, RMB17,019, RMB3.5 million and RMB1.3 million respectively. For the years ending December 31, 2017, 2018 and 2019, the relevant annual caps are expected to be RMB120.0 million, RMB336.0 million and RMB720.0 million, respectively. When estimating the annual caps of the premium to be received from Ping An P&C, our Directors have taken into consideration the aforesaid historical amounts. Since the second half of 2017, there has been significant increases in business volumes and the Company believes that this will continue throughout the remaining months of 2017. The large increase in premium from 2016 to 2017 was due to our increased collaboration efforts with Ping An P&C as 2016 only marked the beginning of our collaboration with them in this area of business. At the time, we had only obtained approval from the CIRC to adopt the China Insurance Association Model Comprehensive Commercial Vehicle Insurance Policy in six commercial auto insurance experimental zones including Heilongjiang, Shandong, Guangxi, Chongqing Shanxi and Qingdao. We are expecting significant increases in business volumes in late 2017 throughout 2018 and 2019 because: (1) By 2017, we have stabilized our business relationship and by March 2017, we have obtained further approval from the CIRC to provide auto insurance products in an additional 12 regions. As a result, our auto insurance service coverage is spread over a total of 18 regions within the PRC, accounting for more than 66% of China's auto insurance market. These regions include first-tier cities like Beijing, Shanghai and Shenzhen, representing the majority of the auto insurance market in the PRC, allowing us to gain further exposure to the market; (2) In addition, we are gradually cooperating with more partners, such as Didi Chuxing, Xiaomi and WeChat, to reach out to more automobile consumers. With our targeted marketing practices and streamlined purchasing and settlement process, compared with traditional auto insurance, we have a considerable comparative advantage as one of the only four Online insurance companies in the PRC, in connecting online customer base with offline insurance settlement providers and offering more convenient customer services, which enable us to tap into the large auto insurance markets; (3) We also plan to extend the coverage to the full automotive industry. According to the Oliver Wyman Report, the size of the auto related Insuretech market amounted to RMB124 billion in 2016, and is expected to grow to RMB412 billion in 2021, representing a CAGR of 27.1%. The percentage of the overall auto insurance market that is addressable by Insuretech is expected to increase from 18% in 2016 to 35% in 2020; (4) Finally, we plan to take full advantage of regulatory reform in relation to auto insurance premiums in the PRC to increase our coverage of auto insurance business, leveraging on our technological capability and asset-light business model. As a result of the abovementioned factors, we estimate a significant increase in our annual cap for the three years ending December 31, 2019.

Pursuant to Rule 14A.52 of the Listing Rules, the term of an agreement must not exceed three years except in special circumstances where the nature of the transaction requires a longer period. In this case, the agreement was entered into in 2015, two years have elapsed and the remaining three years would mean that the agreement will expire on January 24, 2020, just one month after the three year requirement.

The table below sets out the summary of the historical amounts and annual caps of the premiums paid by Ping An P&C to us:

	Historical Amounts (RMB in thousands)				Annual Caps (RMB in thousands)		
	For the years ended December 31			For three months ended March 31	For the years ended December 31		
	2014	2015	2016	2017	2017	2018	2019
Cooperation agreement for the provision of auto co-insurance, between Ping An P&C and us . . .	—	17	3,476	1,293	120,000	336,000	720,000

Listing Rules Implications

These transactions are conducted in the ordinary and usual course of business on normal commercial terms, and our Directors currently expect that each of the applicable percentage ratios under Chapter 14A of the Listing Rules will exceed 5%. Therefore, upon the Listing, and in the absence of the grant of a waiver by the Hong Kong Stock Exchange, these transactions are subject to the announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Transaction with Ant Financial Group and its Associates

Reward points purchase agreement between associates of Ant Financial Group and us

Background

We have entered into an agreement with associates Ant Financial Group for the purchase of reward points, "Jifenbao" for the use of our marketing activities. The agreement is entered into in our ordinary course of business and is entered into on normal commercial terms. It is expected that such transaction will continue after Listing.

The agreement was entered into on October 31, 2016 for a term of three years pursuant to supplemental agreement entered into on September 6, 2017. We purchase "Jifenbao" from an associate of Ant Financial Group and either distribute it to target customers of our insurance products directly or instruct Alipay to distribute the reward points. These reward points can be used on Tmall and Taobao as discounts when those target customers purchase products using Alipay.

Reasons for the Transaction

As part of our promotion program to award purchasers of our insurance products, we have entered into this agreement with associates of Ant Financial to leverage off Alipay's customer reach and in order to differentiate our product from others that are also sold through the platforms. It is beneficial to us to enter into such transactions as "Jifenbao" is a popular reward points system in the PRC and will be able to help us attract more customers.

Pricing Policies

We are charged the face value of the "Jifenbao" and the relevant handling fee. Under current arrangements, the fee payable by us for every 100 units of "Jifenbao" (the units under the Jifenbao reward points system) is RMB1.10, which represents the market value that Ant Financial charges an independent third party for similar quantities of purchases. The fee includes platform services fees related to the use of the Jifenbao platform. The relevant handling fee chargeable by Ant Financial is comparable to that as charged from an independent third party.

Historical Amounts and Basis of Annual Caps

The total fees paid by us to Ant Financial Group and/or its associates for each of the three years ended December 31, 2014, 2015 and 2016 and the three months ended March 31, 2017 were nil, nil, RMB3.0 million and RMB2.5 million respectively. For the years ending December 31, 2017, 2018 and 2019, the relevant annual caps are expected to be RMB20.5 million, RMB29.5 million and RMB40 million, respectively. When estimating the annual caps of the fees, our Directors have taken into consideration expected sales volume of our insurance on the relevant platforms that utilize Alipay. Our health insurance business has been expanding since the second half of 2016 and is expected to continue to grow from 2017 to 2019. At the same token, our health insurance business in the Alipay platform has expanded since 2016 and is expected to continue to grow. Moreover we also expect our business through the Tmall platform will continue to expand. As a result of these factors, we expect to purchase more "Jifenbao" in order to facilitate the marketing activities we conduct in the Alipay platform or our self-operated platforms.

The table below sets out the summary of the historical amounts and annual caps for the fees paid by us to associates of Ant Financial Group:

	Historical Amounts (RMB)				Annual Caps (RMB)		
	For the years ended December 31			For the three months ended March 31	For the years ended December 31		
	2014	2015	2016	2017	2017	2018	2019
Reward points purchase agreement between Ant Financial Group and/or its associates and us . . .	—	—	2,967	2,468	20,500	29,500	40,000

Listing Rules Implications

These transactions are conducted in the ordinary and usual course of business on normal commercial terms, and our Directors currently expect that each of the applicable percentage ratios under Chapter 14A of the Listing Rules will exceed 0.1% but be lower than 5%. Pursuant to Rule 14A.76(2) of the Listing Rules, these transactions will be exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules, but will be subject to reporting, annual review and announcement requirements.

Online platform cooperation agreement between Ant Financial and/or its associates and us

Background

We and Ant Financial have entered into an online platform cooperation framework agreement for the provision of insurance products to various parties ("**Online Platform Cooperation Framework Agreement**"). As a provider of online insurance products we use online platforms operated by Ant Financial and/or its associates to sell various insurance products to end users of their online platforms in our ordinary course of business.

The principal terms of the Online Platform Cooperation Framework Agreement are as follows:

- the Online Platform Cooperation Framework Agreement is for a term of 3 years commencing on the Listing Date; and

- relevant subsidiaries of Ant Financial Group will enter into separate agreements with us which will set out the specific terms and conditions (including pricing) according to normal commercial terms provided in the Online Platform Cooperation Framework Agreement.

Reasons for the Transaction

We are one of only four companies with an online insurance licence in China. It is necessary as part of our online business expansion to utilise various online platforms to reach a wider customer base. The cooperation with Ant Financial Group will be beneficial to us in light of Ant Financial Group's dominant market position in online platforms in the PRC market.

Pricing Policies

The platform service fees paid to Ant Financial and/or its associates by us are determined based on arm's length negotiations between us and Ant Financial and/or its associates. They are determined according to the following principles:

- if there exist comparable market rates paid by independent third parties, the platform service fees shall be based on such prevailing market rates.

- if there exist no comparable rates, the platform service fees shall be based on arm's length negotiations.

- if there exist no comparable rates and there are difficulties with regards to arm's length negotiations, the platform service fees can be based on similar transactions' market rates.

Currently the platform service fees charged by Ant Financial and its associates are comparable to fees charged by Ant Financial to other independent third parties. The fees are calculated with reference to the total premium we receive from the insurance products sold through such platforms. The calculation is either based on (a) a fixed rate of the total premium; or (b) a formula based on the actual settlement claim in relation to the insurance products. For example, under current arrangements, the technical services fee in relation to shipping return insurance (which accounts for the largest proportion of technical fees paid to Ant Financial and its associates, representing approximately 46.28% of the technical services fees paid to Ant Financial and its associates for the year ended 31 December 2016) is based on the following formula: Total Premium x (Settlement Limit — Actual Settlement Rate) x Fixed Rate.

The Actual Settlement Rate is calculated based on, and is adjusted from time to time in accordance with, the actual claim settlements of the insurance product. The Settlement Limit is based on the claim settlement limit set for each policy.

The fixed rates used in both calculation methods are determined based on a number of factors specific to each insurance product, including the product's risk management level, the promotion offered by the online platform, prevailing market prices for similar insurance products and the scale of the product business. The technical services fees are typically between 5% to 35% of the total premium received.

We consider Ant Financial an important ecosystem partner and the customer reach offered by Ant Financial is incomparable to other online platform service providers. Nevertheless, before entering into any agreement under the Online Platform Cooperation Framework Agreement, we will assess our needs we will only enter into these transactions when the agreement is in the best interests of our Shareholders as a whole.

Historical Amounts and Basis of Annual Caps

The total platform service fees paid by us to Ant Financial and/or its associates for each of the three years ended December 31, 2014, 2015 and 2016 and the three months ended March 31, 2017 were RMB22.8 million, RMB304.7 million and RMB437.7 million and RMB94.3 million, respectively. For the years ending December 31, 2017, 2018 and 2019, the relevant annual caps are expected to be RMB448.5 million, RMB612.3 million and RMB769.9 million, respectively. When estimating the annual caps of the online platform fees to be paid to Ant Financial and/or its associates by us, our Directors have taken into consideration the aforesaid historical amounts, and also, among other things, an estimate of expected market demand.

The table below sets out the summary of the historical amounts and annual caps of the online platform fees to be paid to Ant Financial and/or its associates by us:

	Historical Amounts (RMB in thousands)				Annual Caps (RMB in thousands)		
	For the years ended December 31			For the months ended March 31	For the years ended December 31		
	2014	2015	2016	2017	2017	2018	2019
Online platform cooperation agreement between Ant Financial and/or its associates and us	22,775	304,716	437,735	94,332	448,493	612,321	769,857

Listing Rules Implications

These transactions are conducted in the ordinary and usual course of business on normal commercial terms, and our Directors currently expect that each of the applicable percentage ratios under Chapter 14A of the Listing Rules will exceed 5%. Therefore, upon the Listing, and in the absence of the grant of a waiver by the Hong Kong Stock Exchange, these transactions are subject to the announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Provision of insurance products to Ant Financial and/or its associated by us

Background

We and Ant Financial Group have entered into a provision of insurance products framework agreement ("**Provision of Insurance Products Framework Agreement**"). We, in the ordinary and usual course of our business, sell various insurance products to Ant Financial and/or its associates including trust plan guarantee insurance, group health insurance and various other forms of insurance products. We expect to continue to enter into agreements with Ant Financial and/or its associates on similar terms following the Listing.

The principal terms of the Provision of Insurance Products Framework Agreement are as follows:

- the Provision of Insurance Products Framework Agreement is for a term of 3 years commencing on the Listing Date; and

- relevant subsidiaries of Ant Financial Group will enter into separate agreements with us which will set out the specific terms and conditions (including pricing) according to normal commercial terms provided in the Provision of Insurance Products Framework Agreement.

Reasons for the Transaction

Ant Financial Group provides a wide range of financing services to the public. We cater for their various services through the provision of customised insurance products. In light of Ant Financial Group's market size in the financing industry, this cooperation will contribute to our revenue and be beneficial to us.

Pricing Policies

The premiums paid by Ant Financial and/or its associates to us are determined based on arm's length negotiations between us. They are determined according to the following principles:

- if there exist comparable market rates paid by independent third parties, the premiums shall be based on such prevailing market rates.

- if there exist no comparable rates, the premiums shall be based on arm's length negotiations.

- if there exist no comparable rates and there are difficulties with regard to arm's length negotiations, the premiums can be based on similar transactions' market rates.

Currently the premiums charged by us are comparable to market rates charged to independent third parties. Our pricing of the premiums is based on factors such as potential claim payments, product expense ratio, back-office service volume required, product scale and competitiveness against other insurance products offered on the online platforms of Ant Financial and its associates. The total premium under the policies is also based on other factors specific to the category of policy provided. For example, for health insurance products under current arrangements, the calculation of the total premium also takes into account the cover period and the number of employees covered during the period, and is adjusted in accordance with the employment period of the insured company's employees. Premium rates of these products are either approved by or filed with the CIRC. They are determined after careful examination and verification by our the business management committee of the department. Members of the committee conduct market analysis and various other procedures to determine all aspects of the product including the pricing. These prices must conform with the terms and regulations set by our Company and be approved by other relevant departments such as the actuary department and the operations management centre. Once we propose the premiums that we will charge, we will then undergo a tender process, whereby Ant Financial and its associates compare our premium charges against those other independent third parties.

Historical Amounts and Basis of Annual Caps

The total premiums paid to us by Ant Financial and/or its associates for each of the three years ended December 31, 2014, 2015 and 2016 and the three months ended March 31, 2017 were RMB28.0 million, RMB80.3 million, RMB85.2 million and RMB3.8 million respectively. For the years ending December 31, 2017, 2018 and 2019, the relevant annual caps are expected to be RMB11.6 million , RMB1.2 million and RMB1.1 million, respectively. When estimating the annual caps of the premiums to be paid by Ant Financial Group to us, our Directors have taken into consideration the aforesaid historical amounts. The expected decrease in the premiums we receive is largely due to the shift in business focus of Ant Financial and/or its associates away from some of the various insurance products we provide to them. Instead, we will focus on providing them with health insurance products going forward.

The table below sets out the summary of the historical amounts and annual caps of the premiums to be paid by Ant Financial Group to us:

	Historical Amounts (RMB in thousands)				Annual Caps (RMB in thousands)		
	For the years ended December 31			For the three months ended March 31	For the years ended December 31		
	2014	2015	2016	2017	2017	2018	2019
Provision of insurance products to Ant Financial Group and/or its associates by us. . . .	28,049	80,290	85,234	3,844	11,613	1,152	1,121

Listing Rules Implications

These transactions are conducted in the ordinary and usual course of business on normal commercial terms, and our Directors currently expect that each of the applicable percentage ratios under Chapter 14A of the Listing Rules will exceed 0.1% but be lower than 5%. Pursuant to Rule 14A.76(2) of the Listing Rules, these transactions will be exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules, but will be subject to reporting, annual review and announcement requirements.

D. WAIVER APPLICATIONS FOR NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Our non-exempt continuing connected transactions and the corresponding waivers applied for, are summarised in the table below:

Non-exempt transactions	Waivers applied for
1. Provision of insurance products to Sinolink Worldwide and its subsidiaries by us	Announcement requirement
2. Provision of insurance products to associates of Tencent by us	Announcement Requirement
3. Online platform cooperation agreement between a subsidiary of Tencent Computer System and us	Announcement Requirement
4. Online information technology system support services agreement between Ping An P&C and us	Announcement requirement
5. Provision of asset management services provided by Ping An Asset Management to us	Announcement requirement and requirement on the period for the agreement
6. Cooperation agreement for the provision of auto co-insurance, between Ping An P&C and us	Announcement requirement, requirement on the period for the agreement and shareholder approval requirement
7. Reward points purchase agreement between associates of Ant Financial Group and us	Announcement requirement
8. Online platform cooperation agreement between Ant Financial and/or its associates and us	Announcement requirement and shareholder approval requirement
9. Provision of insurance products to Ant Financial and/or its associates by us	Announcement requirement

Each of the above non-exempt continuing connected transactions described under the subsection "*Non-Exempt Continuing Connected Transactions*" are expected to continue on a recurring basis after the Listing and have been entered into prior to the Listing Date. They have been fully disclosed in the prospectus and potential investors will participate in the Global Offering on the basis of such disclosure, hence our Directors consider that strict compliance with the announcement and/or the independent shareholders' approval requirements would be impractical and unduly burdensome, and would impose unnecessary administrative costs upon us.

Accordingly, our Company has applied for, and the Hong Kong Stock Exchange has granted to our Company, a waiver from strict compliance with the announcement and the approval of independent shareholders requirements under Rule 14A.105 of the Listing Rules in respect of each of the above non-exempt continuing connected transactions. The waiver granted by the Hong Kong Stock Exchange for the above non-exempt continuing connected transactions will expire on 31 December 2019. Upon expiry of the waiver, such non-exempt continuing connected transactions will be subject to the then applicable Listing Rules.

In terms of the duration of the agreement for (i) each of the asset management agreements with Ping An Asset Management (each with a term of eight years ending on January 12, 2022, April 7, 2024 and June 16, 2024); and (ii) the cooperation agreement for the provision of auto co-insurance entered into between us and Ping An P&C entered into on January 25, 2015 for five years, both of which have terms longer than three years. For (i), it is normal business practice for agreements of this nature to be of more than three year duration and we are, in any event, entitled to terminate the agreements upon written notice before the terms expire. For (ii), the agreement expires within three years of the Listing, on January 24, 2020. It would be in the interest of the Company and the Shareholders as a whole to maintain its contractual obligations with Ping An P&C for the entire duration. Accordingly our Company has also applied for, and the Stock Exchange has granted to our Company, a waiver from strict compliance with the three year requirement for continuing connected transaction under Rule 14A.52 of the Listing Rules.

E. CONFIRMATION FROM OUR DIRECTORS

Our Directors (including our independent non-executive Directors) are of the view that (i) the non-exempt continuing connected transactions set out above have been and will be entered into during our ordinary and usual course of business on normal commercial terms, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole; (ii) the proposed annual caps of such non-exempt continuing connected transactions and duration are fair and reasonable and in the interests of our Company and our Shareholders as a whole; (iii) in respect of the duration of each of the asset management agreements with Ping An Asset Management (each with a term of eight years ending on January 12, 2022, April 7, 2024 and June 16, 2024), it is normal business practice for agreements of this nature to be of more than three year duration and we are, in any event, entitled to terminate the agreements upon written notice before the terms expire; and (iv) in respect of the duration of the cooperation agreement for the provision of auto co-insurance, the agreement expires within three years of the Listing, on January 24, 2020. It would be in the interest of the Company and the Shareholders as a whole to maintain its contractual obligations with Ping An P&C for the entire duration.

F. CONFIRMATION FROM THE JOINT SPONSORS

The Joint Sponsors are of the view that (i) the non-exempt continuing connected transactions set out above have been and will be entered into during our ordinary and usual course of business on normal commercial terms, and are fair and reasonable and in the interest of the Company and the Shareholders as a whole; (ii) the proposed annual caps of such non-exempt continuing connected transactions and duration are fair and reasonable and in the interests of our Company and our Shareholders as a whole; (iii) in respect of the duration of each of the asset management agreements with Ping An Asset Management (each with a term of eight years ending on January 12, 2022, April 7, 2024 and June 16, 2024), it is normal business practice for agreements of this nature to be of more than three year duration and we are, in any event, entitled to terminate the agreements upon written notice before the terms expire; and (iv) in respect of the duration of the cooperation agreement for the provision of auto co-insurance, the agreement expires within three years of the Listing, on January 24, 2020. It would be in the interest of the Company and the Shareholders as a whole to maintain its contractual obligations with Ping An P&C for the entire duration.

In preparation of the Global Offering, the Company has sought the following waivers from strict compliance with the relevant provisions of the Listing Rules:

1. Waiver in Relation to Non-Exempt Continuing Connected Transactions

Each of the non-exempt continuing connected transactions described under the subsection "*Non-Exempt Continuing Connected Transactions*" are expected to continue on a recurring basis after the Listing and have been entered into prior to the Listing Date. They have been fully disclosed in the prospectus and potential investors will participate in the Global Offering on the basis of such disclosure, hence our Directors consider that strict compliance with the announcement and/or the independent shareholders' approval requirements would be impractical and unduly burdensome, and would impose unnecessary administrative costs upon us.

Accordingly, our Company has applied for, and the Hong Kong Stock Exchange has granted to our Company, a waiver from strict compliance with the announcement and the approval of independent shareholders requirements (as applicable) under Rule 14A.105 of the Listing Rules in respect of each of the above non-exempt continuing connected transactions. The waiver granted by the Hong Kong Stock Exchange for the above non-exempt continuing connected transactions will expire on 31 December 2019. Upon expiry of the waiver, such non-exempt continuing connected transactions will be subject to the then applicable Listing Rules.

In terms of the duration of the agreement for (i) each of the asset management agreements with Ping An Asset Management (each with a term of eight years ending on January 12, 2022, April 7, 2024 and June 16, 2024); and (ii) the cooperation agreement for the provision of auto co-insurance entered into between us and Ping An P&C, both of which have terms longer than three years: For (i), it is normal business practice for agreements of this nature to be of more than three year duration and we are, in any event, entitled to terminate the agreements upon written notice before the terms expire. For (ii), the agreement expires within three years of the Listing, on January 24, 2020. It would be in the interest of the Company and the Shareholders as a whole to maintain its contractual obligations with Ping An P&C for the entire duration.

Accordingly our Company has also applied for, and the Stock Exchange has granted to our Company, a waiver from strict compliance with the three year requirement for continuing connected transactions under Rule 14A.52 of the Listing Rules.

For further details of such continuing connected transactions and the waivers, please see "Relationship with Connected Persons — Waiver Applications for Non-exempt Continuing Connected Transactions".

2. Waiver in Relation to Management Presence in Hong Kong

Pursuant to Rule 8.12 and Rule 19A.15 of the Listing Rules, we must have a sufficient management presence in Hong Kong. This normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong. Since most of the business operations of our Group are managed and conducted outside of Hong Kong, and while Mr. Ou Yaping, an executive Director of the Company, is a resident of Hong Kong, Mr. Jin Chen, an executive Director of the Company, is not a resident of Hong Kong. As such, We do not have, and for the foreseeable future will not have, sufficient management presence in Hong Kong for the purpose of satisfying the requirement under Rule 8.12 and Rule 19A.15 of the Listing Rules. Accordingly, we have applied for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with the requirements under Rule 8.12 and Rule 19A.15 of the Listing Rules subject to the following conditions:

(a) we have appointed Mr. Jin Chen and Ms. Ella Wai Yee Wong as our authorised representatives for the purposes of Rule 3.05 of the Listing Rules to serve as our principal channel of communication with the Hong Kong Stock Exchange. We have provided the Hong Kong Stock Exchange with their contact details, and they can be readily contactable in Hong Kong to deal promptly with enquiries from the Hong Kong Stock Exchange, and will also be available to meet with the Hong Kong Stock Exchange to discuss any matters on short notice. As and when the Hong Kong Stock Exchange wishes to contact our Directors on any matters, each of our authorised representatives will have means to contact all of our Directors promptly at all times. We will implement measures such that (i) each Director must provide his or her mobile phone number, office phone number, facsimile number and email address to our authorised representatives and the Hong Kong Stock Exchange; and (ii) in the event that a Director expects to travel or otherwise be out of office, he or she will provide the phone number of the place of his or her accommodation to our authorised representatives.

(b) we have provided the Hong Kong Stock Exchange with the contact details of each Director to facilitate communication with the Hong Kong Stock Exchange. Furthermore, each Director who is not an ordinarily resident in Hong Kong possesses or can apply for valid travel documents to visit Hong Kong and can meet with the Hong Kong Stock Exchange within a reasonable period.

(c) we have appointed a compliance adviser, Somerley Capital Limited, pursuant to Rules 3A.19 and 19A.05 of the Listing Rules, which will act as our additional and alternative channel of communication with the Hong Kong Stock Exchange, and its representative(s) will be fully available to answer enquiries from the Hong Kong Stock Exchange. The compliance adviser will have access at all times to our authorised representatives, our Directors and the other senior management of our Company to ensure that it is in a position to provide prompt responses to any queries or requests from the Hong Kong Stock Exchange in respect of our Company.

3. Waiver in Relation to Joint Company Secretaries

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, the company secretary must be an individual who, by virtue of his academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of the company secretary. Pursuant to Note (1) to Rule 3.28 of the Listing Rules, the Stock Exchange considers the following academic or professional qualifications to be acceptable:

(a) a Member of The Hong Kong Institute of Chartered Secretaries;

(b) a solicitor or barrister as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong); or

(c) a certified public accountant as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong).

Pursuant to Note (2) to Rule 3.28 of the Listing Rules, in assessing "relevant experience", the Stock Exchange will consider the individual's:

(a) length of employment with the issuer and other issuers and the roles he or she played;

(b) familiarity with the Listing Rules and other relevant law and regulations including the Securities and Futures Ordinance, Companies Ordinance and the Takeovers Code;

(c) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and

(d) professional qualifications in other jurisdictions.

Our Company appointed Mr. Yongbo Zhang ("**Mr. Zhang**") and Ms. Ella Wai Yee Wong ("**Ms. Wong**") as joint company secretaries of the Company upon Listing. Ms. Wong is a chartered secretary and an associate member of the Hong Kong Institute of Chartered Secretaries and therefore meets the qualification requirements under Note 1 to Rule 3.28 of the Listing Rules and is in compliance with Rule 8.17 of the Listing Rules.

Mr. Yongbo Zhang (張勇博), aged 39, is the chief legal officer and secretary of the Board of our Company. He is primarily responsible for overseeing compliance and legal affairs, internal control and corporate governance of the Company. Mr. Zhang obtained a master's degree in international economic law from the East China University of Political Science and Law (華東政法大學) in July 2007. Mr. Zhang served as a legal officer of Yongcheng Property Insurance Co., Ltd (永誠財產保險股份有限公司) between 2011 and 2013. Prior to that, he was involved in compliance matters at Manulife-Sinochem Life Co., Ltd. (中宏人壽保險有限公司) from 2007 to 2011. Mr. Zhang has been an accredited lawyer in the PRC since 2000.

Accordingly, whilst Mr. Zhang does not possess the formal qualifications required of a company secretary under Rule 3.28 of the Listing Rules, we have applied to the Stock Exchange for, and the Stock Exchange has agreed to grant, a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules such that Mr. Zhang may be appointed as a joint company secretary of our Company.

The waiver was granted for a three year period on the condition that Ms. Wong, as joint company secretary, will work closely with, and provide assistance to, Mr. Zhang in the discharge of his duties as a joint company secretary and in gaining the relevant experience as required under Rule 3.28 of the Listing Rules. In addition, Mr. Zhang will comply with the annual professional training requirement under Rule 3.29 of the Listing Rules and will enhance his knowledge of the Listing Rules during the three-year period from the Listing Date. Our Company will further ensure that Mr. Zhang has access to the relevant training and support that would enhance his understanding of the Listing Rules and the duties of a company secretary of an issuer listed on the Stock Exchange. At the end of the three-year period, the qualifications and experience of Mr. Zhang and the need for on-going assistance of Ms. Wong will be further evaluated by our Company. We will liaise with the Stock Exchange to enable it to assess whether Mr. Zhang, having benefited from the assistance of Ms. Wong for the preceding three years, will have acquired the skills necessary to carry out the duties of company secretary and the relevant experience within the meaning of Rule 3.28 Note 2 of the Listing Rules so that a further waiver will not be necessary.

Please refer to the section headed "Directors, Supervisors and Senior Management" in this prospectus for further information regarding the qualifications of Mr. Zhang and Ms. Wong.

4. Waiver in Relation to Clawback Mechanism

Under Paragraph 4.2 of Practice Note 18 to the Listing Rules, where an initial public offering includes both a placing tranche and a public subscription tranche, the minimum allocation of shares to the public subscription tranche shall be an initial allocation of 10% of the shares offered in the initial public offering and subject to a clawback mechanism that increases the number of shares available in the public subscription tranche depending on the demand for those shares as set out in the paragraph. We have applied to the Stock Exchange for, and the Stock Exchange has granted us, a waiver from strict compliance with Paragraph 4.2 of Practice Note 18 to the Listing Rules such that, in the event of over-subscription, the alternative clawback mechanism shall be applied to the provisions under Paragraph 4.2 of Practice Note 18 of the Listing Rules, following the closing of the application lists, subject to the condition that the initial allocation of Shares under the Hong Kong Public Offering shall not be less than 5% of the Global Offering. For further information of such clawback mechanism, please see the section headed "Structure of the Global Offering — The Hong Kong Public Offering — Reallocation".

FUTURE PLANS

See the section headed "Business — Our Strategies" in this prospectus for a detailed description of our future plans.

USE OF PROCEEDS

The table below sets forth our estimated net proceeds from the Global Offering, after deduction of estimated underwriting fees and commissions, incentive fees and expenses in relation to the Global Offering payable by the Company:

	Assuming the Over-allotment Option has not been exercised	**Assuming the Over-allotment Option has been exercised in full**
Assuming an Offer Price of HK$56.70 per H Share (being the mid-point of the indicative Offer Price range)	Approximately HK$10,948 million	Approximately HK$12,601 million
Assuming an Offer Price of HK$59.70 per H Share (being the high end of the indicative Offer Price range)	Approximately HK$11,531 million	Approximately HK$13,271 million
Assuming an Offer Price of HK$53.70 per H Share (being the low end of the indicative Offer Price range)	Approximately HK$10,365 million	Approximately HK$11,930 million

We intend to use the net proceeds from the Global Offering for strengthening our capital base to support our business growth.

Pending the deployment of the net proceeds from the Global Offering as described, the Company currently intends to deposit such net proceeds into short-term interest bearing deposits and/or money market instruments.

HONG KONG UNDERWRITERS

J.P. Morgan Securities (Asia Pacific) Limited
Credit Suisse (Hong Kong) Limited
UBS AG Hong Kong Branch
CMB International Capital Limited
China International Capital Corporation Hong Kong Securities Limited
Ping An of China Securities (Hong Kong) Company Limited
Morgan Stanley Asia Limited
ICBC International Securities Limited
BOCI Asia Limited
ABCI Securities Company Limited
Head & Shoulders Securities Limited
Futu Securities International (Hong Kong) Limited
Essence International Securities (Hong Kong) Limited

HONG KONG UNDERWRITING ARRANGEMENTS

Hong Kong Public Offering

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement entered into on September 14, 2017, our Company is offering initially 9,964,800 Hong Kong Offer Shares (subject to reallocation) for subscription by way of the Hong Kong Public Offering at the Offer Price on and subject to the terms and conditions of this prospectus and the Application Forms.

Subject to the Listing Committee of the Hong Kong Stock Exchange granting listing of, and permission to deal in, the H Shares to be issued and sold pursuant to the Global Offering (including any additional H Shares which may be issued and/or sold pursuant to the exercise of the Over-allotment Option) as mentioned herein and to certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have severally agreed to subscribe or procure subscriptions for their respective applicable proportions of the Hong Kong Offer Shares now being offered but which are not taken up under the Hong Kong Public Offering on the terms and conditions of this prospectus, the Application Forms and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional on and subject to, among other things, the International Underwriting Agreement having been signed and becoming unconditional.

Grounds for Termination

The obligations of the Hong Kong Underwriters to subscribe or procure subscribers for the Hong Kong Offer Shares under the Hong Kong Underwriting Agreement are subject to termination, if, at any time prior to 8:00 a.m. on the day that trading in the H Shares commences on the Hong Kong Stock Exchange:

(a) there develops, occurs, exists or comes into effect:

(i) any local, national, regional or international event or circumstance in the nature of force majeure (including, without limitation, any acts of government, declaration of a national or international emergency or war, calamity, crisis, epidemic, pandemic, outbreak of disease, economic sanctions, strikes, lock-outs, fire, explosion, flooding, earthquake, volcanic eruption, civil commotion, riots, public disorder, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God or acts of terrorism) in or affecting Hong Kong, the PRC, the United States, the United Kingdom, the European Union (or any member thereof) or Japan (each a "**Relevant Jurisdiction**"); or

(ii) any change, or any development involving a prospective change, or any event or circumstance resulting in any change or development involving a prospective change, in any local, national, regional or international financial, economic, political, military, industrial, fiscal, regulatory, currency, credit or market conditions (including, without limitation, conditions in the equity securities, stock and bond markets, money and foreign exchange markets, the inter bank markets and credit markets, a change in the system under which the value of the Hong Kong currency is linked to that of the currency of the United States or a devaluation of the Hong Kong dollar or an appreciation of the Renminbi against any foreign currencies) in or affecting any Relevant Jurisdiction; or

(iii) any moratorium, suspension or restriction in or on trading in securities generally on the SEHK, the Shanghai Stock Exchange, the Shenzhen Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market, the London Stock Exchange or the Tokyo Stock Exchange; or

(iv) any general moratorium on commercial banking activities in any Relevant Jurisdiction declared by the relevant Authorities, or any material disruption in commercial banking or foreign exchange trading or securities settlement or clearance services, procedures or matters in or affecting any Relevant Jurisdiction; or

(v) any new law or regulation or any change or any development involving a prospective change in (or in the interpretation or application by any court or other competent authority of) existing laws or regulations, in each case, in or affecting any Relevant Jurisdiction; or

(vi) a change or development involving a prospective change in or affecting taxation or exchange control, currency exchange rates or foreign investment regulations, in any Relevant Jurisdiction, adversely affecting an investment in the H Shares; or

(vii) any litigation or claim of any third party being threatened or instigated against any member of the Group; or

(viii) a Director being charged with an indictable offence or prohibited by operation of law or otherwise disqualified from taking part in the management or being a director of a company; or

(ix) an authority or a political body or organization in any Relevant Jurisdiction commencing any investigation or other action, or announcing an intention to investigate or take other action, against any Director; or

(x) a contravention by any member of the Group of the Listing Rules, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures Ordinance, the PRC Company Law or applicable Laws; or

(xi) a prohibition on the Company for whatever reason from offering, allotting, issuing or selling any of the H Shares (including any additional H Shares that may be issued pursuant to the exercise of the Over-Allotment Option) pursuant to the terms of the Global Offering; or

(xii) non-compliance of this prospectus (or any other documents used in connection with the contemplated offer and sale of the H Shares) or any aspect of the Global Offering with the Listing Rules or any other applicable Laws; or

(xiii) the issue or requirement to issue by the Company of any supplement or amendment to this prospectus (or to any other documents used in connection with the contemplated offer and sale of the H Shares) pursuant to the Companies (Winding-Up and Miscellaneous Provisions) Ordinance or the Listing Rules or any requirement or request of the SEHK and/or the SFC; or

(ix) an order or petition for the winding up of any member of the Group or any composition or arrangement made by any member of the Group with its creditors or a scheme of arrangement entered into by any member of the Group or any resolution for the winding-up of any member of the Group or the appointment of a provisional liquidator, receiver or manager over all or part of the material assets or undertaking of any member of the Group or anything analogous thereto occurring in respect of any member of the Group,

which, individually or in the aggregate, and in the sole opinion of the Joint Global Coordinators: (1) has or will have or likely to have a material adverse effect on the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of the Group as a whole; or (2) has or will have or likely to have a material adverse effect on the success of the Global Offering or the level of applications under the Hong Kong Public Offering or the level of interest under the International Offering; or (3) makes or will make or likely to make it inadvisable or impracticable for the Global Offering to proceed or to market the Global Offering; or (4) has or will have or likely to have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or preventing the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof; or (5) makes or will make it impracticable to proceed with the delivery of the H Shares on the terms and in the manner contemplated by this prospectus, the Application Forms, the formal notice; or

(b) there has come to the notice of the Joint Global Coordinators:

(i) that any statement contained in any of this prospectus, the Application Forms, the disclosure package, the final offering circular and any other document issued, given or used in connection with the offering and the sale of the Offer Shares or otherwise in connection with the Global Offering, including, without limitation, any roadshow materials relating to the Offer Shares (the "Offering Document") and/or in any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of the Company in connection with the Global Offering (including any supplement or amendment thereto) was, when it was issued, or has become, untrue, incorrect or misleading in any material respect, or that any forecast, estimate, expression of opinion, intention or expectation contained in any of the Offering Documents and/or any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of the Company in connection with the Global Offering (including any supplement or amendment thereto) is not fair and honest and based on reasonable assumptions; or

(ii) that any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, constitute a material omission from any of the Offering Documents and/or in any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of the Company in connection with the Global Offering (including any supplement or amendment thereto); or

(iii) any material breach of any of the obligations imposed upon any party to the Hong Kong Underwriting Agreement or the International Underwriting Agreement (other than upon any of the Hong Kong Underwriters or the International Underwriters); or

(iv) any event, act or omission which gives or is likely to give rise to any liability of any of the indemnifying parties under the Hong Kong Underwriting Agreement pursuant to the Hong Kong Underwriting Agreement; or

(v) any material adverse change, or any development involving a prospective material adverse change, in the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of the Group as a whole; or

(vi) any breach of, or any event or circumstance rendering untrue or incorrect in any respect, any of the warranties under the Hong Kong Underwriting Agreement; or

(vii) that approval by the Listing Committee of the SEHK of the listing of, and permission to deal in, the H Shares to be issued or sold (including any additional H Shares that may be issued or sold pursuant to the exercise of the Over-Allotment Option) under the Global Offering is refused or not granted, other than subject to customary conditions, on or before the Listing Date, or if granted, that the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or

(viii) a withdrawal by the Company of this prospectus (and/or any other documents issued or used in connection with the Global Offering) or the Global Offering; or

(ix) that the Cornerstone Investment Agreement has been terminated or there is a material breach of the Cornerstone Investment Agreement by the investor,

then the Joint Global Coordinators shall be entitled to (for themselves and on behalf of the Hong Kong Underwriters), by notice in writing to the Company, terminate the Hong Kong Underwriting Agreement with immediate effect.

UNDERTAKINGS TO THE HONG KONG STOCK EXCHANGE PURSUANT TO THE LISTING RULES

Undertakings by Our Company

Pursuant to Rule 10.08 of the Listing Rules, we have undertaken to the Hong Kong Stock Exchange that, no further Shares or securities convertible into our equity securities (whether or not of a class already listed) shall be issued by us or form the subject of any agreement to such an issue within six months from the Listing Date (whether or not such issue of Shares or our securities will be completed within six months from the Listing Date), except for Shares issued pursuant to (i) the Global Offering (including any exercise of the Over-allotment option); or (ii) any of the circumstances provided under Rule 10.08 of the Listing Rules.

UNDERTAKINGS PURSUANT TO THE HONG KONG UNDERWRITING AGREEMENT

Undertaking by Our Company

We have, pursuant to the Hong Kong Underwriting Agreement, undertaken to each of the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters not to (except for the issue of the Offer Shares pursuant to the Global Offering, including pursuant to any exercise of the Over-allotment Option), during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on, and including, the date that is six months after the Listing Date (the "**First Six-Month Period**"), without the prior written consent of the Joint Sponsors and the Joint Global Coordinators (on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements in the Listing Rules (and only after the consent of any relevant PRC authority (if so required) have been obtained):

(i) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any H Shares or other securities of the Company, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any H Shares, or deposit any H Shares or other securities of the Company, with a depositary in connection with the issue of depositary receipts; or

(ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any H Shares, debt capital or other securities of the Company, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any H Shares; or

(iii) enter into any transaction with the same economic effect as any transaction specified in paragraphs (i) or (ii) above; or

(iv) offer to or agree to or announce or publicly disclose any intention to effect any transaction specified in paragraphs (i), (ii) or (iii) above,

in each case, whether any of the transactions specified in paragraphs (i), (ii) or (iii) above is to be settled by delivery of H Shares or other securities of the Company, as applicable, or in cash or otherwise (whether or not the issue of such H Shares or other shares or securities will be completed within the First Six-Month Period), provided that the foregoing restrictions shall not apply to the issue of H Share by the Company pursuant to the Global Offering (including any additional H Shares that may be issued pursuant to the exercise of the Over-Allotment Option). In the event that, during the period of six months commencing on the date on which the First Six-Month Period expires (the "**Second Six-Month Period**"), the Company enters into any of the transactions specified in paragraphs (i), (ii) or (iii) above or offers to or agrees to or announces or publicly discloses any intention to effect any such transaction, the Company undertakes to take all reasonable steps to ensure that such transaction, agreement, announcement or disclosure (as the case may be) will not create a disorderly or false market in the securities of the Company.

INTERNATIONAL OFFERING

International Underwriting Agreement

In connection with the International Offering, it is expected that we will enter into the International Underwriting Agreement with, amongst others, the Joint Global Coordinators and the International Underwriters. Under the International Underwriting Agreement, the International Underwriters, subject to certain conditions, will agree severally to purchase, or procure purchasers for, the International Offer Shares being offered pursuant to the International Offering.

We expect to grant the Over-allotment Option to the International Underwriters, exercisable by the Joint Global Coordinators for themselves and on behalf of the International Underwriters, on or before Saturday, October 21, 2017, being the 30th day from the last day for the lodging of Application Forms under the Hong Kong Public Offering, to require us to issue and allot, up to an aggregate of 29,894,000 H Shares, representing in aggregate approximately 15% of the Offer Shares initially available under the Global Offering at the Offer Price to cover over-allocations, if any, in the International Offering.

COMMISSION AND EXPENSES

The Hong Kong Underwriters will receive an underwriting commission of 2.5% of the aggregate Offer Price payable for the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering. For unsubscribed Hong Kong Offer Shares reallocated to the International Offering, we will pay an underwriting commission at the rate applicable to the International Offering and such commission will be paid to the relevant International Underwriters and not the Hong Kong Underwriters.

The aggregate commissions and fees, together with the listing fees, SFC transaction levy, the Hong Kong Stock Exchange trading fee, legal and other professional fees, printing and other expenses payable by us relating to the Global Offering are estimated to amount to approximately HK$352.0 million in total (based on the Offer Price of HK$56.70 per Offer Share and assuming the Over-allotment Option is not exercised).

HONG KONG UNDERWRITERS' INTERESTS IN OUR COMPANY

Save as disclosed in this prospectus, save for its obligations under the Hong Kong Underwriting Agreement, none of the Hong Kong Underwriters has any shareholding in any member of our Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

Following the completion of the Global Offering, the Hong Kong Underwriters and their affiliated companies may hold a certain portion of the Shares as a result of fulfilling their obligations under the Hong Kong Underwriting Agreement and/or the International Underwriting Agreement.

JOINT SPONSORS' INDEPENDENCE

Each of the Joint Sponsors satisfies the independence criteria set out in Rule 3A.07 of the Hong Kong Listing Rules.

STABILIZATION

Stabilization is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilize, the Underwriters may bid for, or purchase, the new securities in the secondary market, during a specified period of time, to retard and, if possible, prevent any decline in the market price of the securities below the Offer Price. In Hong Kong and certain other jurisdictions, activity aimed at reducing the market price is prohibited and the price at which stabilization is effected is not permitted to exceed the Offer Price.

In connection with the Global Offering, the Stabilizing Manager, its affiliates or any person acting for it, on behalf of the Underwriters, may, to the extent permitted by applicable laws of Hong Kong or elsewhere, over-allocate or effect short sales or any other stabilizing transactions with a view to stabilizing or maintaining the market price of the H Shares at a level higher than that which might otherwise prevail in the open market for a limited period after the last day for the lodging of applications under the Hong Kong Public Offering. Any market purchases of H Shares will be effected in compliance with all applicable laws and regulatory requirements. However, there is no obligation on the Stabilizing Manager or any person acting for it to conduct any such stabilizing activity, which if commenced, will be done at the absolute discretion of the Stabilizing Manager and may be discontinued at any time. Any such stabilizing activity is required to be brought to an end within 30 days of the last day for the lodging of applications under the Hong Kong Public Offering. The number of H Shares that may be over-allocated will not exceed the number of H Shares that may be issued and/or sold under the Over-allotment Option, namely 29,894,000 H Shares, which is approximately 15% of the Offer Shares initially available under the Global Offering.

Stabilizing action will be entered into in accordance with the laws, rules and regulations in place in Hong Kong on stabilization and stabilization action permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilizing) Rules (Chapter 571W of the Laws of Hong Kong) includes: (i) over-allocation for the purpose of preventing or minimizing any reduction in the market price of the H Shares; (ii) selling or agreeing to sell the H Shares so as to establish a short position in them for the purpose of preventing or minimizing any reduction in the market price of the H Shares; (iii) purchasing or subscribing for, or agreeing to purchase or subscribe for, the H Shares pursuant to the Over-allotment Option in order to close out any position established under (i) or (ii) above; (iv) purchasing, or agreeing to purchase, any of the H Shares for the sole purpose of preventing or minimizing any reduction in the market price of the H Shares; (v) selling or agreeing to sell any H Shares in order to liquidate any position held as a result of those purchases; and (vi) offering or attempting to do anything described in (ii), (iii), (iv) or (v).

Specifically, prospective applicants for and investors in the Offer Shares should note that:

(i) the Stabilizing Manager, or any person acting for it, may, in connection with the stabilizing action, maintain a long position in the H Shares;

(ii) there is no certainty regarding the extent to which and the time period for which the Stabilizing Manager, or any person acting for it, will maintain such a position;

(iii) liquidation of any such long position by the Stabilizing Manager may have an adverse impact on the market price of the H Shares;

(iv) no stabilizing action can be taken to support the price of the H Shares for longer than the stabilizing period which will begin on the Listing Date following announcement of the Offer Price, and is expected to expire on Saturday, October 21, 2017, being the 30th day after the last date for lodging applications under the Hong Kong Public Offering. After this date, when no further stabilizing action may be taken, demand for the H Shares, and therefore the price of the H Shares, could fall;

(v) the price of the H Shares cannot be assured to stay at or above the Offer Price either during or after the stabilizing period by the taking of any stabilizing action; and

(vi) stabilizing bids may be made or transactions effected in the course of the stabilizing action at any price at or below the Offer Price, which means that stabilizing bids may be made or transactions effected at a price below the price paid by applicants for, or investors in, the H Shares.

Our Company will procure that a public announcement in compliance with the Securities and Futures (Price Stabilizing) Rules (Chapter 571W of the Laws of Hong Kong) will be made within seven days of the expiration of the stabilizing period.

In connection with the Global Offering, the Stabilizing Manager may over-allocate up to and not more than an aggregate of 29,894,000 H Shares and cover such over-allocations by (amongst other methods) exercising the Over-allotment Option, making purchases in the secondary market at prices that do not exceed the Offer Price or by any combination of these means.

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering.

The Global Offering consists of (subject to adjustment and the Over-allotment Option):

(i) the Hong Kong Public Offering of 9,964,800 H Shares (subject to adjustment as mentioned below) in Hong Kong as described in "The Hong Kong Public Offering" below; and

(ii) the International Offering of an aggregate of initially 189,329,100 H Shares (subject to adjustment and Over-allotment Option as mentioned below) in the United States with QIBs in reliance on Rule 144A or another available exemption from the registration requirements of the U.S. Securities Act, and outside the United States to non-U.S. persons in offshore transactions in reliance on Regulation S.

The Offer Shares will represent approximately 13.84% of the enlarged issued share capital of our Company immediately after completion of the Global Offering without taking into account the exercise of the Over-allotment Option. If the Over-allotment Option is exercised in full, the Offer Shares will represent approximately 15.59% of the enlarged issued share capital immediately following the completion of the Global Offering and the exercise of the Over-allotment Option as set out in "The International Offering — Over-allotment Option" below.

Investors may apply for the Hong Kong Offer Shares under the Hong Kong Public Offering or indicate an interest, if qualified to do so, for the International Offer Shares under the International Offering, but may not do both. The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors in Hong Kong. The International Offering will involve selective marketing of the International Offer Shares to QIBs in the United States in reliance on Rule 144A or another available exemption from the registration requirements of the U.S. Securities Act, as well as to institutional and professional investors and other investors expected to have a sizeable demand for the International Offer Shares in Hong Kong and other jurisdictions outside the United States to non-U.S. persons in offshore transactions in reliance on Regulation S. The International Underwriters and the Joint Bookrunners are soliciting from prospective investors' indications of interest in acquiring the International Offer Shares. Prospective investors will be required to specify the number of International Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price.

The number of Hong Kong Offer Shares and International Offer Shares to be offered under the Hong Kong Public Offering and the International Offering respectively may be subject to reallocation as described in "The Hong Kong Public Offering — Reallocation and Clawback" below.

THE HONG KONG PUBLIC OFFERING

Number of Shares Initially Offered

Our Company is initially offering 9,964,800 H Shares at the Offer Price under the Hong Kong Public Offering, representing 5.00% of the 199,293,900 H Shares initially available under the Global Offering, for subscription by the public in Hong Kong. Subject to reallocation as mentioned below, the number of H Shares initially offered under the Hong Kong Public Offering will represent 0.69% of our total issued share capital immediately after completion of the Global Offering, assuming that the Over-allotment Option is not exercised.

In Hong Kong, individual retail investors are expected to apply for the Hong Kong Offer Shares through the Hong Kong Public Offering and individual retail investors, including individual investors in Hong Kong applying through banks and other institutions, seeking International Offer Shares will not be allotted International Offer Shares in the International Offering.

The Joint Global Coordinators (on behalf of the Underwriters) and the Joint Sponsors may require any investor who has been offered H Shares under the International Offering, and who has made an application under the Hong Kong Public Offering to provide sufficient information to the Joint Global Coordinators and the Joint Sponsors so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that it is excluded from any application for the Hong Kong Offer Shares.

Allocation

For allocation purposes only, the 9,964,800 H Shares initially being offered for subscription under the Hong Kong Public Offering (after taking into account any adjustment in the number of Offer Shares allocated between the Hong Kong Public Offering and the International Offering) will be divided equally into two pools (subject to adjustment at odd lot size): Pool A comprising 4,982,400 Hong Kong Offer Shares and Pool B comprising 4,982,400 Hong Kong Offer Shares, both of which are available on an equitable basis to successful applicants. All valid applications that have been received for the Hong Kong Offer Shares with a total subscription amount (excluding brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee) of HK$5 million or below will fall into Pool A and all valid applications that have been received for the Hong Kong Offer Shares with a total subscription amount (excluding brokerage, SFC transaction levy and Hong Kong Stock Exchange trading fee) of over HK$5 million and up to the total value of Pool B, will fall into Pool B.

Applicants should be aware that applications in Pool A and Pool B are likely to receive different allocation ratios. If the Hong Kong Offer Shares in one pool (but not both pools) are under-subscribed, the surplus Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. Applicants can only receive an allocation of the Hong Kong Offer Shares from either Pool A or Pool B but not from both pools and only apply for Hong Kong Offer Shares in either Pool A or Pool B. When there is over-subscription, allocation of the Hong Kong Offer Shares to investors under the Hong Kong Public Offering, both in relation to Pool A and Pool B, will be based on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation in each pool may vary, depending on the number of Hong Kong Offer Shares validly applied for by each applicant. The allocation of Hong Kong Offer Shares could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

Reallocation and Clawback

The allocation of Shares between the Hong Kong Public Offering and the International Offering is subject to adjustment. If the number of H Shares validly applied for in the Hong Kong Public Offering represents (i) 15 times or more but less than 50 times, (ii) 50 times or more but less than 100 times, and (iii) 100 times or more, of the number of Hong Kong Offer Shares initially available under the Hong Kong Public Offering, the total number of Hong Kong Offer Shares available under the Hong Kong Public Offering will be increased to 14,947,200, 19,929,400 and 39,858,800 H Shares, respectively, representing approximately 7.50% (in the case of (i)), 10.00% (in the case of (ii)) and 20.00% (in the case of (iii)), respectively, of the total number of Offer Shares initially available under the Global Offering (before any exercise of the Over-allotment Option), and such reallocation being referred to in this prospectus as "Mandatory Reallocation". In such cases, the number of Offer Shares allocated in the International Offering will be correspondingly reduced, in such manner as the Joint Global Coordinators and the Joint Sponsors deem appropriate, and such additional Offer Shares will be reallocated to Pool A and Pool B. If the Hong Kong Offer Shares are not fully subscribed, the Joint Global Coordinators have the authority to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Offering, in such proportions as the Joint Global Coordinators and the Joint Sponsors deem appropriate. In addition to any Mandatory Reallocation which may be required, the Joint Global Coordinators and the Joint Sponsors may, at their discretion, reallocate Shares initially allocated for the International Offering to the Hong Kong Public Offering to satisfy valid applications in Pool A and Pool B under the Hong Kong Public Offering, regardless of whether the Mandatory Reallocation is triggered.

Applications

Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the Application Form submitted by him that he and any person(s) for whose benefit he is making the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or it has been or will be placed or allocated Offer Shares under the International Offering.

Multiple or suspected multiple applications and any application for more than 50% of the 9,964,800 H Shares initially comprised in the Hong Kong Public Offering (which is 4,982,400 Hong Kong Offer Shares) are liable to be rejected.

The listing of the Offer Shares on the Hong Kong Stock Exchange is sponsored by the Joint Sponsors. Applicants under the Hong Kong Public Offering are required to pay, on application, the Offer Price of HK$59.70 per H Share in addition to any brokerage, SFC transaction levy and Hong Kong Stock Exchange trading fee payable on each Offer Share. Further details are set out below in the section entitled "How to Apply for Hong Kong Offer Shares".

References in this prospectus to applications, Application Forms, application monies or the procedure for application relate solely to the Hong Kong Public Offering.

THE INTERNATIONAL OFFERING

Number of International Offer Shares Offered

The number of International Offer Shares to be initially offered and sold by us for subscription under the International Offering will consist of an initial offering of 189,329,100 Offer Shares, representing 95.00% of the Offer Shares under the Global Offering. Subject to any reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, the International Offer Shares will represent approximately 13.15% of our enlarged issued share capital immediately after completion of the Global Offering assuming that the Over-allotment Option is not exercised.

Allocation

Pursuant to the International Offering, the International Underwriters will conditionally place the International Offer Shares with QIBs in the United States in reliance on Rule 144A or another available exemption from the registration requirements under the U.S. Securities Act, as well as with institutional and professional investors and other investors who are not a U.S. person and expected to have a sizeable demand for the Shares in Hong Kong and other jurisdictions outside the United States in reliance on Regulation S. The International Offering is subject to the Hong Kong Public Offering being unconditional.

Allocation of the International Offer Shares pursuant to the International Offering will be determined by the Joint Global Coordinators and will be based on a number of factors including the level and timing of demand, total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further, and/or hold or sell Offer Shares after the Listing. Such allocation may be made to professional, institutional and corporate investors and is intended to result in a distribution of our Offer Shares on a basis which would lead to the establishment of a solid shareholder base to the benefit of our Company and our Shareholders as a whole.

Reallocation

The total number of International Offer Shares to be transferred pursuant to the International Offering may change as a result of the clawback arrangement described in "The Hong Kong Public Offering — Reallocation and Clawback," exercise of the Over-allotment Option in whole or in part and/or reallocation of all or any unsubscribed Hong Kong Offer Shares to the International Offering.

STABILIZATION

Stabilization is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilize, the underwriters may bid for, or purchase, the newly issued securities in the secondary market, during a specified period of time, to retard and, if possible, prevent a decline in the initial public market price of the securities below the offer price. Such transactions may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulatory requirements including those of Hong Kong. In Hong Kong, the price at which stabilization is effected is not permitted to exceed the offer price.

In connection with the Global Offering, the Stabilizing Manager, or its affiliates or any person acting for it, on behalf of the Underwriters, may over-allocate or effect transactions with a view to stabilizing or supporting the market price of the H Shares at a level higher than that which might otherwise prevail for a limited period after the Listing Date. However, there is no obligation on the Stabilizing Manager, its affiliates or any person acting for it, to conduct any such stabilizing action. Such stabilizing action, if commenced, will be conducted at the absolute discretion of the Stabilizing Manager, its affiliates or any person acting for it and may be discontinued at any time, and is required to be brought to an end after a limited period.

Stabilization action permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilizing) Rules, as amended, includes (i) over-allocating for the purpose of preventing or minimizing any reduction in the market price of the H Shares, (ii) selling or agreeing to sell the H Shares so as to establish a short position in them for the purpose of preventing or minimizing any reduction in the market price of the H Shares, (iii) purchasing or subscribing for, or agreeing to purchase or subscribe for, the Offer Shares pursuant to the Over-allotment Option in order to close out any position established under (i) or (ii) above, (iv) purchasing, or agreeing to purchase, any of the Offer Shares for the sole purpose of preventing or minimizing any reduction in the market price of the H Shares, (v) selling or agreeing to sell any Offer Shares in order to liquidate any position established as a result of those purchases and (vi) offering or attempting to do anything as described in paragraph (ii), (iii), (iv) or (v).

Specifically, prospective applicants for and investors in the Offer Shares should note that:

- the Stabilizing Manager, its affiliates or any person acting for it may, in connection with the stabilizing action, maintain a long position in the H Shares;

- there is no certainty regarding the extent to which or the time or period for which the Stabilizing Manager, its affiliates or any person acting for it will maintain such a long position;

- liquidation of any such long position by the Stabilizing Manager, its affiliates or any person acting for it and selling in the open market may have an adverse impact on the market price of the H Shares;

- no stabilizing action can be taken to support the price of the Shares for longer than the stabilization period which will begin on the Listing Date, and is expected to expire on Saturday, October 21, 2017, being the 30th day after the last day for lodging applications under the Hong Kong Public Offering. After this date, when no further stabilizing action may be taken, demand for the H Shares and therefore the price of the H Shares, could fall;

- the price of the H Shares cannot be assured to stay at or above the Offer Price by the taking of any stabilizing action; and

- stabilizing bids or transactions effected in the course of the stabilizing action may be made at any price at or below the Offer Price and can, therefore, be done at a price below the price paid by the applicants for, or investors in, acquiring the Offer Shares.

Over-allocation

Following any over-allocation of Offer Shares in connection with the Global Offering, the Joint Bookrunners, their affiliates or any person acting on their behalf may cover such over-allocation by, among other methods, using H Shares purchased by the Stabilizing Manager, its affiliates or any person acting for it in the secondary market, exercising the Over-allotment Option in full or in part, or by a combination of these means. Any such purchases will be made in accordance with the laws, rules and regulations in place in Hong Kong, including in relation to stabilization, the Securities and Futures (Price Stabilizing) Rules, as amended, made under the SFO. The number of Offer Shares which can be over-allocated will not exceed the number of H Shares which may be sold pursuant to the exercise in full of the Over-allotment Option, being 29,894,000 H Shares, representing no more than 15% of the Offer Shares initially available under the Global Offering.

PRICING OF THE GLOBAL OFFERING

The Offer Price will be not more than HK$59.70 per H Share and is currently expected not to be less than HK$53.70 per H Share unless otherwise announced, as further explained below. Applicants for Hong Kong Offer Shares are required to pay, on application, the maximum Offer Price of HK$59.70 for each Hong Kong Offer Share together with brokerage of 1%, a Hong Kong Stock Exchange trading fee of 0.005% and a SFC transaction levy of 0.0027%.

If, based on the level of interest expressed by prospective institutional, professional and other investors during the book-building process, the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and the Joint Sponsors consider it appropriate, with our consent the number of Offer Shares being offered under the Global Offering and/or the Offer Price may be reduced below that stated in this prospectus at any time prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, we will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of Thursday, September 21, 2017, being the last day for lodging applications under the Hong Kong Public Offering, cause to be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese), on the Hong Kong Stock Exchange's website at www.hkexnews.hk, and on our Company's website at https://www.zhongan.com notice of the reduction in the number of Offer

Shares being offered under the Global Offering and/or the Offer Price. Such notice will also include confirmation or revision, as appropriate, of the working capital statement and the offering statistics and any other financial information in this prospectus which may change as a result of such reduction.

Before submitting applications for the Hong Kong Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares being offered under the Global Offering and/or the Offer Price may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offering.

If applications for Hong Kong Offer Shares have been submitted prior to the day which is the last day for lodging applications under the Hong Kong Public Offering, in the event that the number of Offer Shares and/or the Offer Price is so reduced, such applications can subsequently be withdrawn.

The Hong Kong Offer Shares and the International Offer Shares may, in certain circumstances, be reallocated as between the Hong Kong Public Offering and International Offering at the discretion of the Joint Global Coordinators and the Joint Sponsors.

The level of applications in the Hong Kong Public Offering, the level of indications of interest in the International Offering, the results of applications and basis of allotment of the Hong Kong Offer Shares are expected to be announced on Wednesday, September 27, 2017 through a variety of channels as described in "How to Apply for Hong Kong Offer Shares — 11. Publication of Results."

UNDERWRITING ARRANGEMENTS

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement.

We expect that our Company will, on or about Thursday, September 21, 2017, enter into the International Underwriting Agreement relating to the International Offering. Underwriting arrangements, the Hong Kong Underwriting Agreement and the International Underwriting Agreement are summarized in "Underwriting".

DEALING ARRANGEMENTS

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Thursday, September 28, 2017, it is expected that dealings in H Shares on the Hong Kong Stock Exchange will commence on Thursday, September 28, 2017. H Shares will be traded in board lots of 100 H Shares each.

CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for the Offer Shares will be conditional on, inter alia:

- the Listing Committee granting approval for the listing of, and permission to deal in, the H Shares to be issued pursuant to the Global Offering (including pursuant to the exercise of the Over-allotment Option) on the Main Board of the Stock Exchange and such listing and permission not subsequently having been revoked prior to the commencement of dealings in the H Shares on the Stock Exchange;

- our Company having submitted to the HKSCC all requisite documents to enable the Offer Shares to be admitted to trade on the Hong Kong Stock Exchange; and

- the obligations of the Underwriters under the respective Underwriting Agreements becoming and remaining unconditional (unless and to the extent such conditions are validly waived on or before such dates and times) and not having been terminated in accordance with the terms of the respective agreements,

in each case on or before the dates and times specified in the respective Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event not later than the date which is 30 days after the date of this prospectus.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse and the Hong Kong Stock Exchange will be notified immediately. We will cause a notice of the lapse of the Hong Kong Public Offering to be published by us in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) on the next day following such lapse. In such event, all application monies will be returned, without interest, on the terms set out in "How to Apply for Hong Kong Offer Shares". In the meantime, the application monies will be held in separate bank account(s) with the receiving banker(s) or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended).

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, amongst other things, the other becoming unconditional and not having been terminated in accordance with its terms.

Share certificates for the Offer Shares are expected to be issued on Wednesday, September 27, 2017 but will only become valid certificates of title at 8:00 a.m. on the date of commencement of the dealings in our H Shares, which is expected to be on Thursday, September 28, 2017, provided that (i) the Global Offering has become unconditional in all respects and (ii) neither of the Underwriting Agreements has been terminated in accordance with its terms. Investors who trade H Shares prior to the receipt of share certificates or prior to the share certificates bearing valid certificates of title do so entirely at their own risk.

1. HOW TO APPLY

If you apply for Hong Kong Offer Shares, then you may not apply for or indicate an interest for International Offer Shares.

To apply for Hong Kong Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form;
- apply online via the **HK eIPO White Form** service at **www.hkeipo.hk**; or
- electronically cause HKSCC Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

Our Company, the Joint Global Coordinators, the Joint Sponsors, the **HK eIPO White Form** Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

2. WHO CAN APPLY

You can apply for Hong Kong Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States, and are not a United States Person (as defined in Regulation S); and
- are not a legal or natural person of the PRC.

If you apply online through the **HK eIPO White Form** service, in addition to the above, you must also: (i) have a valid Hong Kong identity card number and (ii) provide a valid e-mail address and a contact telephone number.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the application form must be signed by a duly authorized officer, who must state his representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, the Joint Global Coordinators and the Joint Sponsors may accept it at their discretion and on any conditions they think fit, including evidence of the attorney's authority.

The number of joint applicants may not exceed four and they may not apply by means of **HK eIPO White Form** service for the Hong Kong Offer Shares.

Unless permitted by the Listing Rules, you cannot apply for any Hong Kong Offer Shares if you are:

- an existing beneficial owner of any Shares in our Company and/or any its subsidiaries;
- a Director or chief executive officer of our Company and/or any of its subsidiaries;
- a connected person (as defined in the Listing Rules) of our Company or will become a connected person of our Company immediately upon completion of the Global Offering;
- an associate if any if the above; or
- have been allocated or have applied for any International Offer Shares or otherwise participate in the International Offering.

3. APPLYING FOR HONG KONG OFFER SHARES

Which Application Channel to Use

For Hong Kong Offer Shares to be issued in your own name, use a **WHITE** Application Form or apply online through **www.hkeipo.hk**.

For Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

Where to Collect the Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours between 9:00 a.m. on Monday, September 18, 2017 until 12:00 noon on Thursday, September 21, 2017:

(i) any of the following offices of the Joint Global Coordinators and the Hong Kong Underwriters:

J.P. Morgan Securities (Asia Pacific) Limited
28/F, Chater House
8 Connaught Road
Central
Hong Kong

Credit Suisse (Hong Kong) Limited
L88, International Commerce Centre
1 Austin Road West
Kowloon
Hong Kong

UBS AG Hong Kong Branch
52/F, Two International Finance Centre
8 Finance Street
Central
Hong Kong

CMB International Capital Limited
Units 1803-4, 18/F
Bank of America Tower
12 Harcourt Road
Central
Hong Kong

China International Capital Corporation Hong Kong Securities Limited
29/F, One International Finance Centre
1 Harbour View Street
Central
Hong Kong

Ping An of China Securities (Hong Kong) Company Limited
28/F, 169 Electric Road, North Point, Hong Kong

Morgan Stanley Asia Limited
46/F, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong

ICBC International Securities Limited
37/F, ICBC Tower
3 Garden Road
Hong Kong

BOCI Asia Limited
26th Floor, Bank of China Tower
1 Garden Road
Hong Kong

ABCI Securities Company Limited
10/F, Agricultural Bank of China Tower
50 Connaught Road
Central
Hong Kong

Head & Shoulders Securities Limited
Room 2511, 25/F, Cosco Tower
183 Queen's Road Central
Hong Kong

Futu Securities International (Hong Kong) Limited
11/F Bangkok Bank Building
14-20 Bonham Strand West
Sheung Wan, Hong Kong

Essence International Securities (Hong Kong) Limited
39/F., One Exchange Square, Central, Hong Kong

(ii) any of the following branches of the receiving bank:

Bank of China (Hong Kong) Limited

District	Branch Name	Address
Hong Kong Island	Bank of China Tower Branch	3/F, 1 Garden Road
	Gilman Street Branch	136 Des Voeux Road Central
	Sheung Wan Branch	Shop 1-4, G/F, Tung Hip Commercial Building, 244-248 Des Voeux Road Central
	Wan Chai (Wu Chung House) Branch	213 Queen's Road East, Wan Chai
	Causeway Bay Branch	505 Hennessy Road, Causeway Bay, Hong Kong
	Johnston Road Branch	152-158 Johnston Road, Wan Chai
	Chai Wan Branch	Block B, Walton Estate, 341-343 Chai Wan Road, Chai Wan
Kowloon	Shanghai Street (Mong Kok) Branch	611-617 Shanghai Street, Mong Kok
	Tsim Sha Tsui Branch	24-28 Carnarvon Road, Tsim Sha Tsui, Kowloon
	Whampoa Garden Branch	Shop G8B, Site 1, Whampoa Garden, Hung Hom
	Mei Foo Mount Sterling Mall Branch	Shop N47-49 Mount Sterling Mall, Mei Foo Sun Chuen
	194 Cheung Sha Wan Road Branch	194-196 Cheung Sha Wan Road, Sham Shui Po, Kowloon
	East Point City Branch	Shop 101, East Point City, Tseung Kwan O

District	Branch Name	Address
New Territories	Tuen Mun San Hui Branch	G13-G14 Eldo Court, Heung Sze Wui Road, Tuen Mun
	Ma On Shan Plaza Branch	Shop 2103, Level 2, Ma On Shan Plaza, Sai Sha Road, Ma On Shan
	Fo Tan Branch	No 2, 1/F Shatin Galleria, 18-24 Shan Mei Street, Fo Tan

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Monday, September 18, 2017 until 12:00 noon on Thursday, September 21, 2017 from the Depository Counter of HKSCC at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong or from your stockbroker.

Time for Lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with a cheque or a banker's cashier order attached and marked payable to "BANK OF CHINA (HONG KONG) NOMINEES LIMITED — ZHONGAN ONLINE P & C INSURANCE PUBLIC OFFER" for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving bank listed above, at the following times:

- Monday, September 18, 2017 — 9:00 a.m. to 5:00 p.m.
- Tuesday, September 19, 2017 — 9:00 a.m. to 5:00 p.m.
- Wednesday, September 20, 2017 — 9:00 a.m. to 5:00 p.m.
- Thursday, September 21, 2017 — 9:00 a.m. to 12:00 noon

The application lists will be open from 11:45 a.m. to 12:00 noon on Thursday, September 21, 2017, the last application day or such later time as described in "Effect of Bad Weather on the Opening of the Application Lists" in this section.

4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Form carefully; otherwise, your application may be rejected.

By submitting an Application Form or applying through the **HK eIPO White Form** service, among other things, you:

(i) undertake to execute all relevant documents and instruct and authorize our Company and/or the Joint Global Coordinators (or their agents or nominees), as agents of our Company, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;

(ii) agree to comply with the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association;

(iii) confirm that you have read the terms and conditions and application procedures set out in this prospectus and in the Application Form and agree to be bound by them;

(iv) confirm that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;

(v) confirm that you are aware of the restrictions on the Global Offering in this prospectus;

(vi) agree that none of our Company, the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisors and any other parties involved in the Global Offering is or will be liable for any information and representations not in this prospectus (and any supplement to it);

(vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any International Offer Shares under the International Offering nor participated in the International Offering;

(viii) agree to disclose to our Company, our H Share Registrar, the receiving bank, the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and/or their respective advisors and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;

(ix) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of our Company, the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers and the Underwriters nor any of their respective officers or advisors will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Form;

(x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;

(xi) agree that your application will be governed by the laws of Hong Kong;

(xii) represent, warrant and undertake that (i) you understand that the Hong Kong Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Hong Kong Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;

(xiii) warrant that the information you have provided is true and accurate;

(xiv) agree to accept the Hong Kong Offer Shares applied for, or any lesser number allocated to you under the application;

(xv) authorize our Company to place your name(s) or the name of the HKSCC Nominees, on our Company's register of members as the holder(s) of any Hong Kong Offer Shares allocated to you, and our Company and/or its agents to send any share certificate(s) and/or any e-Auto Refund payment instructions and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you have chosen to collect the share certificate(s) and/or refund cheque(s) in person;

(xvi) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;

(xvii) understand that our Company, the Joint Global Coordinators and the Joint Sponsors will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;

(xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving electronic application instructions to HKSCC or to the **HK eIPO White Form** Service Provider by you or by any one as your agent or by any other person; and

(xix) (if you are making the application as an agent for the benefit of another person) warrant that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving electronic application instructions to HKSCC; and (ii) you have due authority to sign the Application Form or give electronic application instructions on behalf of that other person as their agent.

Additional Instructions for YELLOW Application Form

(xx) You may refer to the **YELLOW** Application Form for details.

5. APPLYING THROUGH HK EIPO WHITE FORM SERVICE

General

Individuals who meet the criteria in "Who can apply" section, may apply through the **HK eIPO White Form** service for the Offer Shares to be allotted and registered in their own names through the designated website at **www.hkeipo.hk**.

Detailed instructions for application through the **HK eIPO White Form** service are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to our Company. If you apply through the designated website, you authorize the **HK eIPO White Form** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **HK eIPO White Form** service.

Time for Submitting Applications under the HK eIPO White Form

You may submit your application to the **HK eIPO White Form** Service Provider at **www.hkeipo.hk** (24 hours daily, except on the last application day) from 9:00 a.m. on Monday, September 18, 2017 until 11:30 a.m. on Thursday, September 21, 2017 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Thursday, September 21, 2017 or such later time under the "Effects of Bad Weather on the Opening of the Application Lists" in this section.

No Multiple Applications

If you apply by means of **HK eIPO White Form**, once you complete payment in respect of any electronic application instruction given by you or for your benefit through the **HK eIPO White Form** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an electronic application instruction under **HK eIPO White Form** more than once and obtaining different payment reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **HK eIPO White Form** service or by any other means, all of your applications are liable to be rejected.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give electronic application instructions is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give electronic application instructions to apply for the Hong Kong Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give these electronic application instructions through the CCASS Phone System by calling +852 2979 7888 or through the CCASS Internet System (https://ip.ccass.com) (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input electronic application instructions for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Center
1/F, One & Two Exchange Square,
8 Connaught Place, Central
Hong Kong

and complete an input request form.

You can also collect a prospectus from this address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give electronic application instructions via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf.

You will be deemed to have authorized HKSCC and/or HKSCC Nominees to transfer the details of your application to our Company, the Joint Global Coordinators, the Joint Sponsors and our H Share Registrar.

GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

Where you have given electronic application instructions to apply for the Hong Kong Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

(i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;

(ii) HKSCC Nominees will do the following things on your behalf:

- agree that the Hong Kong Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;

- agree to accept the Hong Kong Offer Shares applied for or any lesser number allocated;

- undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering;

- (if the electronic application instructions are given for your benefit) declare that only one set of electronic application instructions has been given for your benefit;

- (if you are an agent for another person) declare that you have only given one set of electronic application instructions for the other person's benefit and are duly authorized to give those instructions as their agent;

- confirm that you understand that our Company, the Directors, the Joint Global Coordinators and the Joint Sponsors will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted if you make a false declaration;

- authorize our Company to place HKSCC Nominees' name on our Company's register of members as the holder of the Hong Kong Offer Shares allocated to you and to send share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;

- confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;

- confirm that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;

- agree that none of our Company, the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisors and any other parties involved in the Global Offering, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);

- agree to disclose your personal data to our Company, our H Share Registrar, the receiving bank, the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and/or its respective advisors and agents;

- agree without prejudice to any other rights which you may have that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;

- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of our Company agreeing that it will not offer any Hong Kong Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;

- agree that once HKSCC Nominees' application is accepted, neither that application nor your electronic application instructions can be revoked, and that acceptance of that application will be evidenced by our Company's announcement of the Hong Kong Public Offering results;

- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving electronic application instructions to apply for Hong Kong Offer Shares;

- agree with our Company, for itself and for the benefit of each Shareholder (and so that our Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving electronic application instructions) to observe and comply with the Company Law, the Special Regulations on Listing Overseas and the Articles of Association of the Company;

- agree with the Company, for itself and for the benefit of each shareholder of the Company and each director, supervisor, manager and other senior officer of the Company (and so that the Company will be deemed by its acceptance in whole or in part of this application to have agreed, for itself and on behalf of each shareholder of the Company and each director, supervisor, manager and other senior officer of the Company, with each CCASS Participant giving electronic application instructions):

  (a) to refer all differences and claims arising from the Articles of Association of the Company or any rights or obligations conferred or imposed by the Company Law or other relevant laws and administrative regulations concerning the affairs of the Company to arbitration in accordance with the Articles of Association of the Company;

  (b) that any award made in such arbitration shall be final and conclusive; and

  (c) that the arbitration tribunal may conduct hearings in open sessions and publish its award;

- agree with the Company (for the Company itself and for the benefit of each shareholder of the Company) that H shares in the Company are freely transferable by their holders;

- authorize the Company to enter into a contract on its behalf with each director and officer of the Company whereby each such director and officer undertakes to observe and comply with his obligations to shareholders stipulated in the Articles of Association of the Company; and

- agree that your application, any acceptance of it and the resulting contract will be governed by the Laws of Hong Kong.

EFFECT OF GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

By giving electronic application instructions to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to our Company or any other person in respect of the things mentioned below:

- instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Shares on your behalf;

- instructed and authorized HKSCC to arrange payment of the Offer Price, brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application, refund of the application monies (including brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee) by crediting your designated bank account; and

- instructed and authorized HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

Minimum Purchase Amount and Permitted Numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give electronic application instructions for a minimum of 100 Hong Kong Offer Shares. Instructions for more than 100 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

Time for Inputting Electronic Application Instructions

CCASS Clearing/Custodian Participants can input electronic application instructions at the following times on the following dates:

- Monday, September 18, 2017 — 9:00 a.m. to 8:30 p.m.(1)
- Tuesday, September 19, 2017 — 8:00 a.m. to 8:30 p.m.(1)
- Wednesday, September 20, 2017 — 8:00 a.m. to 8:30 p.m.(1)
- Thursday, September 21, 2017 — 8:00 a.m.(1) to 12:00 noon

Note:

(1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/ Custodian Participants.

CCASS Investor Participants can input electronic application instructions from 9:00 a.m. on Monday, September 18, 2017 until 12:00 noon on Thursday, September 21, 2017 (24 hours daily, except on the last application day).

The latest time for inputting your electronic application instructions will be 12:00 noon on Thursday, September 21, 2017, the last application day or such later time as described in "Effect of Bad Weather on the Opening of the Application Lists" in this section.

No Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any electronic application instructions to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give electronic application instructions is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

Personal Data

The section of the Application Form headed "Personal Data" applies to any personal data held by our Company, the H Share Registrar, the receiving bank, the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and any of their respective advisors and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

7. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Hong Kong Offer Shares by giving electronic application instructions to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Hong Kong Offer Shares through the **HK eIPO White Form** service is also only a facility provided by the **HK eIPO White Form** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. Our Company, the Directors, the Joint Bookrunners, the Joint Sponsors, the Joint Global Coordinators and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **HK eIPO White Form** service will be allotted any Hong Kong Offer Shares.

To ensure that CCASS Investor Participants can give their electronic application instructions, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CCASS Internet System for submission of electronic application instructions, they should either (i) submit a **WHITE** or **YELLOW** Application Form, or (ii) go to HKSCC's Customer Service Centre to complete an input request form for electronic application instructions before 12:00 noon on Thursday, September 21, 2017.

8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Hong Kong Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked "For nominees" you must include:

- an account number; or

- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving electronic application instructions to HKSCC or through **HK eIPO White Form** service, is made for your benefit (including the part of the application made by HKSCC Nominees acting on electronic application instructions). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

"Unlisted company" means a company with no equity securities listed on the Hong Kong Stock Exchange.

"Statutory control" means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

9. HOW MUCH ARE THE HONG KONG OFFER SHARES

The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee in full upon application for H Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form or through the **HK eIPO White Form** service in respect of a minimum of 100 Hong Kong Offer Shares. Each application or electronic application instruction in respect of more than 100 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Form, or as otherwise specified on the designated website at **www.hkeipo.hk**.

If your application is successful, brokerage will be paid to the Exchange Participants, and the SFC transaction levy and the Hong Kong Stock Exchange trading fee are paid to the Hong Kong Stock Exchange (in the case of the SFC transaction levy, collected by the Hong Kong Stock Exchange on behalf of the SFC).

For further details on the Offer Price, see "Structure of the Global Offering — Pricing of the Global Offering."

10. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above; or
- a "black" rainstorm warning,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, September 21, 2017. Instead they will open between 11:45 a.m. and 12:00 noon on the next Business Day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Thursday, September 21, 2017 or if there is a tropical cyclone warning signal number 8 or above or a "black" rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in "Expected Timetable," an announcement will be made in such event.

11. PUBLICATION OF RESULTS

Our Company expects to announce the level of indication of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Offer Shares on Wednesday, September 27, 2017 in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) on our Company's website at (**https://www.zhongan.com/**) and the website of the Hong Kong Stock Exchange at **www.hkexnews.hk**.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering will be available at the times and date and in the manner specified below:

- in the announcement to be posted on our Company's website at (**https://www.zhongan.com/**) and the Hong Kong Stock Exchange's website at **www.hkexnews.hk** by no later than 8:00 a.m. on Wednesday, September 27, 2017;
- from the designated results of allocations website at **www.tricor.com.hk/ipo/result** with a "search by ID" function on a 24-hour basis from 8:00 a.m. on Wednesday, September 27, 2017 to 12:00 midnight on Wednesday, October 4, 2017;

- by telephone enquiry line by calling +852 3691 8488 between 9:00 a.m. and 6:00 p.m. from Wednesday, September 27, 2017 to Tuesday, October 3, 2017 (excluding Saturday, Sunday and public holiday);

- in the special allocation results booklets which will be available for inspection during opening hours from Wednesday, September 27, 2017 to Friday, September 29, 2017 at the designated receiving bank branches.

If our Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Hong Kong Offer Shares if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. Further details are contained in "Structure of the Global Offering."

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED OFFER SHARES

You should note the following situations in which the Hong Kong Offer Shares will not be allotted to you:

(i) **If your application is revoked:**

By completing and submitting an Application Form or giving electronic application instructions to HKSCC or to **HK eIPO White Form** Service Provider, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with our Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section which excludes or limits that person's responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(ii) **If our Company or its agents exercise their discretion to reject your application:**

Our Company, the Joint Global Coordinators, the Joint Sponsors, the **HK eIPO White Form** Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(iii) **If the allotment of Hong Kong Offer Shares is void:**

The allotment of Hong Kong Offer Shares will be void if the Listing Committee of the Hong Kong Stock Exchange does not grant permission to list the H Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Listing Committee notifies our Company of that longer period within three weeks of the closing date of the application lists.

(iv) **If:**

- you make multiple applications or suspected multiple applications;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Hong Kong Offer Shares and International Offer Shares;
- your Application Form is not completed in accordance with the stated instructions;
- your electronic application instructions through the **HK eIPO White Form** service are not completed in accordance with the instructions, terms and conditions on the designated website;
- your payment is not made correctly or the cheque or banker’s cashier order paid by you is dishonored upon its first presentation;
- the Underwriting Agreements do not become unconditional or are terminated;

- our Company or the Joint Global Coordinators and the Joint Sponsors believe that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or

- your application is for more than 50% of the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering.

13. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the conditions of the Hong Kong Public Offering are not fulfilled in accordance with "Structure of the Global Offering — Conditions of the Global Offering" in this prospectus or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee, will be refunded, without interest or the cheque or banker's cashier order will not be cleared.

Any refund of your application monies will be made on Wednesday, September 27, 2017.

14. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one share certificate for all Hong Kong Offer Shares allotted to you under the Hong Kong Public Offering (except pursuant to applications made on **YELLOW** Application Forms or by electronic application instructions to HKSCC via CCASS where the share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the H Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE** or **YELLOW** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- share certificate(s) for all the Hong Kong Offer Shares allotted to you (for **YELLOW** Application Forms, share certificates will be deposited into CCASS as described below); and

- refund cheque(s) crossed "Account Payee Only" in favor of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Hong Kong Offer Shares, wholly or partially unsuccessfully applied for; and for (ii) the difference between the Offer Price and the maximum Offer Price for the Offer Share paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and the Stock Exchange trading fee without interest). Part of the Hong Kong identity card number/passport number, provided by you or the first-named applicant (if you are joint applicants), may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).

Subject to arrangement on dispatch/collection of share certificates and refund monies as mentioned below, any refund cheques and share certificates are expected to be posted on or around Wednesday, September 27, 2017. The right is reserved to retain any share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker's cashier's order(s).

Share certificates will only become valid at 8:00 a.m. on Thursday, September 28, 2017 provided that the Global Offering has become unconditional and the right of termination described in the "Underwriting" section in this prospectus has not been exercised. Investors who trade shares prior to the receipt of share certificates or the share certificates becoming valid do so at their own risk.

Personal Collection

(i) If you apply using a WHITE Application Form

If you apply for 1,000,000 or more Hong Kong Offer Shares and have provided all information required by your Application Form, you may collect your refund cheque(s) and/or share certificate(s) from our H Share Registrar at Tricor Investor Services Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Wednesday, September 27, 2017 or such other date as notified by us in the newspapers.

If you are an individual who is eligible for personal collection, you must not authorize any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorized representative must bear a letter of authorization from your corporation stamped with your corporation's chop. Both individuals and authorized representatives must produce, at the time of collection, evidence of identity acceptable to the H Share Registrar.

If you do not collect your refund cheque(s) and/or share certificate(s) personally within the time specified for collection, they will be despatched promptly to the address specified in your Application Form by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) and/or share certificate(s) will be sent to the address on the relevant Application Form on or before Wednesday, September 27, 2017, by ordinary post and at your own risk.

(ii) If you apply using a YELLOW Application Form

If you apply for 1,000,000 Hong Kong Offer Shares or more, please follow the same instructions as described above. If you have applied for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on Wednesday, September 27, 2017, by ordinary post and at your own risk.

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participant's stock account as stated in your Application Form on Wednesday, September 27, 2017, or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

- **If you apply through a designated CCASS participant (other than a CCASS investor participant)**

For Hong Kong Offer Shares credited to your designated CCASS participant's stock account (other than CCASS Investor Participant), you can check the number of Hong Kong Offer Shares allotted to you with that CCASS participant.

- **If you are applying as a CCASS investor participant**

Our Company will publish the results of CCASS Investor Participants' applications together with the results of the Hong Kong Public Offering in the manner described in "Publication of Results" above. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Wednesday, September 27, 2017 or any other date as determined by HKSCC or HKSCC Nominees.

Immediately after the credit of the Hong Kong Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.

(iii) If you apply through the HK eIPO White Form service

If you apply for 1,000,000 Hong Kong Offer Shares or more and your application is wholly or partially successful, you may collect your share certificate(s) from H Share Registrar at Tricor Investor Services Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Wednesday, September 27, 2017, or such other date as notified by our Company in the newspapers as the date of despatch/collection of share certificates/e-Auto Refund payment instructions/refund cheques.

If you do not collect your share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your share certificate(s) (where applicable) will be sent to the address specified in your application instructions on Wednesday, September 27, 2017 by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be despatched to that bank account in the form of e-Auto Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be despatched to the address as specified in your application instructions in the form of refund cheque(s) by ordinary post at your own risk.

(iv) If you apply via Electronic Application Instructions to HKSCC

Allocation of Hong Kong Offer Shares

For the purposes of allocating Hong Kong Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives electronic application instructions or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of Share Certificates into CCASS and Refund of Application Monies

- If your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Wednesday, September 27, 2017, or, on any other date determined by HKSCC or HKSCC Nominees.

- Our Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, our Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Hong Kong Public Offering in the manner specified in "Publication of Results" above on Wednesday, September 27, 2017. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Wednesday, September 27, 2017 or such other date as determined by HKSCC or HKSCC Nominees.

- If you have instructed your broker or custodian to give electronic application instructions on your behalf, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.

- If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Wednesday, September 27, 2017. Immediately following the credit of the Hong Kong Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price initially paid on application (including brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Wednesday, September 27, 2017.

15. ADMISSION OF THE H SHARES INTO CCASS

If the Hong Kong Stock Exchange grants the listing of, and permission to deal in, the H Shares and we comply with the stock admission requirements of HKSCC, the H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the H Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Hong Kong Listing Rules) is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional advisor for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the H Shares to be admitted into CCASS.

The following is the text of a report set out on pages I-1 to I-3, received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus. It is prepared and addressed to the directors and to the Joint Sponsors pursuant to the requirements of HKSIR 200 Accountants' Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants.

pwc 羅兵咸永道

ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF ZHONGAN ONLINE P & C INSURANCE CO., LTD., J.P. MORGAN SECURITIES (FAR EAST) LIMITED, CREDIT SUISSE (HONG KONG) LIMITED, UBS SECURITIES HONG KONG LIMITED AND CMB INTERNATIONAL CAPITAL LIMITED

Introduction

We report on the historical financial information of ZhongAn Online P & C Insurance Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-97, which comprises the consolidated statements of financial position as at 31 December 2014, 2015, 2016, and 31 March 2017, the Company's statements of financial position as at 31 December 2014, 2015, 2016 and 31 March 2017, and the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the periods then ended (the "Relevant Periods") and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-4 to I-97 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 18 September 2017 (the "Prospectus") in connection with the initial listing of H shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

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T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

Reporting accountant's responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200, Accountants' Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountant's judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountant considers internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2.1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

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

Opinion

In our opinion the Historical Financial Information gives, for the purposes of the accountant's report, a true and fair view of the financial position of the Company as at 31 December 2014, 2015, 2016 and 31 March 2017, the consolidated financial position of the Group as at 31 December 2014, 2015, 2016 and 31 March 2017, and of its consolidated financial performance and its consolidated cash flows for the Relevant Periods in accordance with the basis of preparation set out in Note 2.1 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Group which comprises the consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended 31 March 2016 and other explanatory information (the "Stub Period Comparative Financial Information"). The directors of the Company are responsible for the preparation of the Stub Period Comparative Financial Information in accordance with the basis of preparation set out in Notes 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountant's report, is not prepared, in all material respects, in accordance with the basis of preparation set out in Notes 2.1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

No dividends have been paid by ZhongAn Online P & C Insurance Co., Ltd. in respect of the Relevant Periods.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong
18 September 2017

I HISTORICAL FINANCIAL INFORMATION

Set out below is the Historical Financial Information which forms an integral part of this accountant's report. The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by PricewaterhouseCoopers Zhong Tian LLP (普華永道中天會計師事務所(特殊普通合夥)) in accordance with Hong Kong Standards on Auditing issued by the HKICPA ("Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		Year ended 31 December			Three months ended 31 March	
	Section II	2014	2015	2016	2016	2017
	Notes	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Gross written premiums	6(a)	794,097	2,283,042	3,408,048	604,401	1,030,363
Less: Premiums ceded to reinsurers	6(b)	(7,265)	(10,443)	(39,632)	(3,516)	(35,954)
Net written premiums	6	786,832	2,272,599	3,368,416	600,885	994,409
Less: Net change in unearned premium reserves	6	(74,647)	(351,105)	(143,004)	(31,706)	(107,632)
Net premiums earned	**6**	**712,185**	**1,921,494**	**3,225,412**	**569,179**	**886,777**
Net investment income	7	80,062	520,684	98,624	(167,093)	95,552
Net fair value gains through profit or loss	8	9,914	40,611	41,843	(52,435)	(96,555)
Other operating income	9	15,376	26,556	46,841	204	10,120
Other income		**105,352**	**587,851**	**187,308**	**(219,324)**	**9,117**
Total income		**817,537**	**2,509,345**	**3,412,720**	**349,855**	**895,894**
Net claims incurred	10	(522,903)	(1,316,269)	(1,355,293)	(265,555)	(396,713)
Handling charges and commissions	11	(16,154)	(100,641)	(287,109)	(44,600)	(115,465)
Finance costs		(5,702)	(3,078)	(203)	(157)	(445)
Other operating and administrative expenses	12	(236,194)	(1,029,764)	(1,757,100)	(333,235)	(605,975)
Total benefits, claims and expenses		**(780,953)**	**(2,449,752)**	**(3,399,705)**	**(643,547)**	**(1,118,598)**
Operating profit/(loss) before income tax		**36,584**	**59,593**	**13,015**	**(293,692)**	**(222,704)**
Income tax expense	16	397	(15,336)	(3,643)	38,307	20,608
Net profit/(loss) for the year/period		**36,981**	**44,257**	**9,372**	**(255,385)**	**(202,096)**

	Section II	Year ended 31 December			Three months ended 31 March	
		2014	2015	2016	2016	2017
	Notes	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:						
- Available-for-sale financial assets	18	4,099	69,055	(55,350)	(3,048)	(11,727)
Other comprehensive income/(loss) for the year/period	18	4,099	69,055	(55,350)	(3,048)	(11,727)
Total comprehensive income/(loss) for the year/period		**41,080**	**113,312**	**(45,978)**	**(258,433)**	**(213,823)**
Earnings/(loss) per share .						
- Basic (RMB yuan)	17	0.04	0.04	0.01	(0.21)	(0.16)
- Diluted (RMB yuan) . . .	17	0.04	0.04	0.01	(0.21)	(0.16)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Section II	At 31 December			At 31 March
	Notes	2014	2015	2016	2017
		RMB'000	RMB'000	RMB'000	RMB'000
ASSETS					
Cash and cash equivalents	19	141,696	1,374,897	1,153,244	1,054,646
Financial assets at fair value through profit or loss	20	121,486	1,321,398	1,599,230	1,694,232
Securities purchased under agreements to resell	21	50,000	—	302,300	800
Interest receivables	22	23,455	98,294	136,841	87,243
Premiums receivables	23	21,621	112,382	174,281	173,913
Reinsurance debtors	24	534	14,757	10,838	14,468
Reinsurers' share of insurance contract liabilities	36	5,008	7,855	24,104	40,509
Available-for-sale financial assets	25	368,130	3,556,804	3,670,260	3,163,042
Investments classified as loans and receivables	26	408,299	1,207,896	1,707,648	1,716,451
Restricted statutory deposits	27	200,000	248,125	248,125	248,125
Property and equipment	28	10,668	14,608	53,651	55,622
Intangible assets	29	11,735	40,330	147,953	173,835
Goodwill		—	—	1,047	1,047
Other assets	31	6,829	71,797	102,701	132,172
Total assets		**1,369,461**	**8,069,143**	**9,332,223**	**8,556,105**
EQUITY AND LIABILITIES					
Equity					
Share capital	32	1,000,000	1,240,625	1,240,625	1,240,625
Reserves	33	13,493	5,606,367	5,557,649	5,547,013
Retained earnings/(Accumulated losses)		7,069	51,326	60,698	(141,398)
Total equity		**1,020,562**	**6,898,318**	**6,858,972**	**6,646,240**
Liabilities					
Securities sold under agreements to repurchase	35	140,000	1,600	282,674	2,300
Premiums received in advance		1,061	16,519	61,608	30,681
Reinsurance payables		1,708	5,545	33,999	68,116
Policyholders' deposits		—	12	211	203
Insurance contract liabilities	36	123,005	616,231	797,305	968,662
Investment contract liabilities	37	—	1,562	573,069	137,196
Deferred tax liabilities	30	970	39,324	24,517	—
Other liabilities	38	82,155	490,032	699,868	702,707
Total liabilities		**348,899**	**1,170,825**	**2,473,251**	**1,909,865**
Total equity and liabilities		**1,369,461**	**8,069,143**	**9,332,223**	**8,556,105**

STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Section II	At 31 December			At 31 March
	Notes	2014	2015	2016	2017
		RMB'000	RMB'000	RMB'000	RMB'000
ASSETS					
Cash and cash equivalents	19	129,852	703,624	759,427	469,712
Financial assets at fair value through profit or loss	20	67,479	2,592	63,888	2,677
Securities purchased under agreements to resell		—	—	213	—
Interest receivables	22	12,168	23,558	49,416	39,317
Premiums receivables		21,621	112,382	174,281	173,913
Reinsurance debtors		534	14,757	10,838	14,468
Reinsurers' share of insurance contract liabilities		5,008	7,855	24,104	40,509
Available-for-sale financial assets	25	—	26,512	666,479	325,000
Investments classified as loans and receivables	26	208,171	—	124,587	88,639
Restricted statutory deposits		200,000	248,125	248,125	248,125
Investments in subsidiaries		500,000	6,135,010	6,215,208	6,181,981
Property and equipment		10,668	14,608	53,651	55,622
Intangible assets		11,735	40,330	147,953	173,835
Other assets	31	6,829	71,797	102,014	129,115
Total assets		**1,174,065**	**7,401,150**	**8,640,184**	**7,942,913**
EQUITY AND LIABILITIES					
Equity					
Share capital		1,000,000	1,240,625	1,240,625	1,240,625
Reserves		9,394	5,533,213	5,539,845	5,540,936
Accumulated loss		(42,522)	(495,951)	(580,407)	(735,879)
Total equity		**966,872**	**6,277,887**	**6,200,063**	**6,045,682**
Liabilities					
Securities sold under agreements to repurchase		—	80	279,974	—
Premiums received in advance		1,061	16,519	61,608	30,681
Reinsurance payables		1,708	5,545	33,999	68,116
Policyholders' deposits		—	12	211	203
Insurance contract liabilities		123,005	616,231	797,305	968,662
Investment contract liabilities		—	1,562	573,069	137,196
Other liabilities	38	81,419	483,314	693,955	692,373
Total liabilities		**207,193**	**1,123,263**	**2,440,121**	**1,897,231**
Total equity and liabilities		**1,174,065**	**7,401,150**	**8,640,184**	**7,942,913**

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to equity holders of the parent							
		Reserves						
	Share capital	Capital reserves	Surplus reserves	General reserves	Available-for-sale investment revaluation reserves	Other reserves	(Accumulated losses)/ Retained earnings	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2014	**1,000,000**	**9,394**	**—**	**—**	**—**	**—**	**(29,912)**	**979,482**
Total comprehensive income	—	—	—	—	4,099	—	36,981	41,080
At 31 December 2014	**1,000,000**	**9,394**	**—**	**—**	**4,099**	**—**	**7,069**	**1,020,562**
Total comprehensive income	—	—	—	—	69,055	—	44,257	113,312
Capital injection	240,625	5,495,872	—	—	—	—	—	5,736,497
Share based payment	—	—	—	—	—	27,947	—	27,947
At 31 December 2015	**1,240,625**	**5,505,266**	**—**	**—**	**73,154**	**27,947**	**51,326**	**6,898,318**
Total comprehensive income	—	—	—	—	(55,350)	—	9,372	(45,978)
Share based payment	—	—	—	—	—	6,632	—	6,632
At 31 December 2016	**1,240,625**	**5,505,266**	**—**	**—**	**17,804**	**34,579**	**60,698**	**6,858,972**
Total comprehensive income	—	—	—	—	(11,727)	—	(202,096)	(213,823)
Share based payment	—	—	—	—	—	1,091	—	1,091
At 31 March 2017	1,240,625	5,505,266	—	—	6,077	35,670	(141,398)	6,646,240
(Unaudited)								
At 1 January 2016	1,240,625	5,505,266	—	—	73,154	27,947	51,326	6,898,318
Total comprehensive income	—	—	—	—	(3,048)	—	(255,385)	(258,433)
Share based payment	—	—	—	—	—	2,158	—	2,158
At 31 March 2016	1,240,625	5,505,266	—	—	70,106	30,105	(204,059)	6,642,043

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Year ended 31 December			Three months ended 31 March	
		2014	2015	2016	2016	2017
		RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
OPERATING ACTIVITIES						
Cash generated from/(used in) operating activities	39	119,619	300,547	853,387	43,292	(518,053)
Net cash inflow/(outflow) from operating activities		**119,619**	**300,547**	**853,387**	**43,292**	**(518,053)**
INVESTING ACTIVITIES						
Purchases of property and equipment, intangible assets and other assets		(22,094)	(39,673)	(183,641)	(25,506)	(37,567)
Purchases of investments, net		(178,610)	(5,053,623)	(1,225,144)	(458,016)	592,722
Acquisition of a subsidiary and other business entities, net		—	—	(1,200)	—	—
Dividends and others received from investments		57,620	430,931	54,064	(174,363)	145,150
Net cash (outflow)/inflow from investing activities		**(143,084)**	**(4,662,365)**	**(1,355,921)**	**(657,885)**	**700,305**
FINANCING ACTIVITIES						
Proceeds from investors		—	5,775,000	—	—	—
Securities sold under agreements to repurchase, net		134,298	(141,478)	280,872	63,543	(280,819)
Transaction cost payment related to financing activities		—	(38,503)	—	—	—
Net cash inflow/(outflow) from financing activities		**134,298**	**5,595,019**	**280,872**	**63,543**	**(280,819)**
Effects of exchange rate changes on cash and cash equivalents		—	—	9	(1)	(31)
Net increase/(decrease) in cash and cash equivalents		110,833	1,233,201	(221,653)	(551,051)	(98,598)
Cash and cash equivalents at the beginning of year/period		30,863	141,696	1,374,897	1,374,897	1,153,244
Cash and cash equivalents at the end of year/period		**141,696**	**1,374,897**	**1,153,244**	**823,846**	**1,054,646**

II NOTES TO THE FINANCIAL INFORMATION

1. GENERAL INFORMATION

Approved by the China Insurance Regulatory Commission (the "CIRC") of the People's Republic of China (the "PRC"), ZhongAn Online P & C Insurance Co., Ltd. (the "Company") is a joint stock company established on 9 October 2013.

The Company and its subsidiary (collectively, the "Group") are principally engaged in Insuretech business, which provides internet insurance services and insurance information services to customers.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the Financial Information are set out below. These policies have been consistently applied to the Relevant Periods presented unless otherwise stated.

2.1 Basis of preparation

The Financial Information of the Group has been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") and the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

The Financial Information has been prepared under the historical cost convention other than financial instruments that have been measured at fair values and insurance contract liabilities that have been measured primarily based on actuarial methods. The preparation of Financial Information in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in 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 Financial Information are disclosed in Note 3.

New and revised standards not yet adopted

Standards, amendments and interpretations that have been issued but not yet effective on 1 January 2017 and not been early adopted by the Group as of the Relevant Periods are as follows:

		Effective for annual periods beginning on or after
HKFRS 4 Amendments	Applying HKFRS 9 with HKFRS 4 Insurance Contracts	1 January 2018
HKFRS 9	Financial Instruments	1 January 2018
HKFRS 15	Revenue from contracts with customers	1 January 2018
HKFRS 16	Leases	1 January 2019
IFRS 17	Insurance Contracts	1 January 2021
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014-2016 Cycle	1 January 2018
Amendments to HKAS 40	Transfers of investment property	1 January 2018
Amendments to HKFRS 2	Share based payments, on clarifying how to account for certain types of share-based payment transactions	1 January 2018
HK(IFRIC 22)	Foreign currency transactions and advance consideration	1 January 2018
HK(IFRIC 23)	Uncertainty over income tax treatments	1 January 2019

None of these HKFRS is expected to have a significant effect on the consolidated financial statements of the Group, except for the following as set out below:

HKFRS 9 and HKFRS 4 Amendments

HKFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of HKFRS 9 was issued in July 2014. It replaces the guidance in HKAS 39 that relates to the classification and measurement of financial instruments. HKFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income ("OCI") and fair value through income statement. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI which are not recycled to profit or loss. There is now a new expected credit losses model that replaces the incurred loss impairment model used in HKAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. HKFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under HKAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Amendments to HKFRS 4 address issues arising from the different effective dates of HKFRS 9, and will apply the upcoming new insurance contracts standard. The amendments provide two optional approaches to deal with the mismatched effective dates of HKFRS 9 and the new insurance contracts standard to replace HKFRS 4. The overlay approach allows all companies that issue insurance contracts to recognise in other comprehensive income, rather than profit or loss, the volatility that could arise when HKFRS 9 is applied before the new insurance contracts standard is issued. The deferral approach enables companies whose activities are predominantly connected with insurance temporary exemption from applying HKFRS 9 until 2021. Entities that defer the application of HKFRS 9 will continue to apply HKAS 39 Financial Instruments: Recognition and Measurement.

The new rule changes the measurement categories of financial assets. Measurement categories under HKAS 39 are fair value through profit or loss, available-for-sale, hold for maturity, and loans and receivables. HKFRS 9 redefines this category model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through income statement. The initial recognition of financial assets under the new rule will be based on the entity's business model for managing financial assets and their contractual cash flow characteristics. Financial assets recognized as fair value through OCI are initially recognized and subsequently measured at fair value and movements in the carrying amount should be taken through OCI except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in profit and loss. Financial assets included within fair value through income statement should be measured at fair value and all changes taken through profit or loss. Financial assets include in amortized costs are initially recognized at fair value and subsequently measured at amortized cost. The abovementioned changes impact the Group both on consolidated balance sheet and consolidated comprehensive income statement which is different from current classification and measurement. Also a new impairment model is introduced which will replace the current incurred loss model under HKAS 39. The impairment loss will be recognized in income statement and it requires the Group to estimate the impairment loss in credit quality of the financial assets which varies from current impairment loss model. Hence the impact on the Group is expected to be significant. However, the Group concludes that the Group's operation activities are predominantly connected with insurance and decides to apply the deferral approach. Therefore, the Group will not adopt the HKFRS 9 until 1 January 2021 and it won't have impact on the Group until 2021.

HKFRS 15

HKFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces HKAS 18 'Revenue' and HKAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. The Group is currently assessing the impact of HKFRS 15.

The Group assesses that adopting HKFRS 15 would not have a material impact to the Group's financial information.

HKFRS 16

HKFRS 16, 'Leases' addresses the definition of a lease, recognition and measurement of leases and establishes principles for reporting useful information to users of financial statements about the leasing activities of both lessees and lessors. A key change arising from HKFRS 16 is that almost all operating leases will be accounted for on balance sheet for lessees, and the only optional exemptions are for certain short-term leases and leases of low-value assets. The standard replaces HKAS 17 'Leases', and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2019 and earlier application is permitted but only in conjunction with adopting HKFRS 15 'Revenue from contracts with customers' at the same time.

The Group is a lessee of various offices, which are currently classified as operating leases. The Group's current accounting policy for such leases is set out in Note 2.26 under which operating lease payment is accounted for in the consolidated statements of comprehensive income when incurred and the Group's future operating lease commitments are not reflected in the consolidated balance sheets but are disclosed in Note 42. IFRS 16 provides new provisions for the accounting treatment of leases and all long-term leases, including future operating lease commitments, must be recognised in the form of an asset (for the right of use) and a financial liability (for the payment obligation). Thus each lease will be mapped in the Group's consolidated balance sheets. In the income statement, leases will be recognised in the future as capital expenditure on the purchasing side and will no longer be recorded as an operating expense. As a result, the operating expenses under otherwise identical circumstances will decrease, with depreciation and amortisation and the interest expense will increase. The new standard will impact the balance sheet in terms of total assets and liabilities. The Group holds material long-term leases, hence the impact of IFRS 16 would be material on its total assets and liabilities while the impact on equity and the consolidated statement of comprehensive income is not expected to be significant.

IFRS 17

IFRS 17 was issued in May 2017 as replacement for 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 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 recognised as revenue over the coverage period.

The standard allows a choice between recognising changes in discount rates either in the income statement or directly in other comprehensive income. The choice is likely to reflect how insurers account for their financial assets under IFRS 9.

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

There is a modification of the general measurement model called the 'variable fee approach' for certain contracts written by life insurers where policyholders share in the returns from underlying items. When applying the variable fee approach the entity's share of the fair value changes of the underlying items is included in the contractual service margin. The results of insurers using this model are therefore likely to be less volatile than under the general model.

Also when measuring the insurance contracts, risk adjustment will need to reflect the compensation that the Group requires for uncertainty and quantify the value between a certain and an uncertain liability based on its own assessment. Acquisition costs can be deferred in a different approach.

These changes under new rule will impact the Group's financial performance in revenue recognition, insurance contract liabilities provision and expense amortization and deferral, thus impacting the statement of comprehensive income and financial position. Insurers are also required to disclose information about amounts, judgements and risks arising from insurance contracts. Insurance contracts revenue on the statement of comprehensive income which is a key performance indicator will include expected claims and benefits and release of risks and amortization of CSM which is of different components compared with current composition. Since the HKICPA is expected to adopt IFRS 17 as HKFRS 17, the impact is expected to be significant. However, it won't have impact on the Group until 2021.

Amendments to HKFRSs: Annual Improvements to HKFRSs 2014-2016 Cycle

These amendments impact 2 standards: HKFRS 1, 'First-time adoption of HKFRS', regarding the deletion of short term exemptions for first-time adopters regarding HKFRS 7, HKAS 19, and HKFRS 10 effective on January 1, 2018. HKAS 28, 'Investments in associates and joint ventures' regarding measuring an associate or joint venture at fair value.

Amendments to HKAS 40

These amendments clarify that to transfer to, or from, investment properties there must be a change in use. To conclude if a property has changed use there should be an assessment of whether the property meets the definition. This change must be supported by evidence.

Amendments to HKFRS 2

This amendment clarifies the measurement basis for cash-settled share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in HKFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority.

HK(IFRIC) 22

This HK(IFRIC) addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payments/receipts are made. The guidance aims to reduce diversity in practice.

HK(IFRIC) 23

It may be unclear how tax law applies to a particular transaction or circumstance, or whether a taxation authority will accept a company's tax treatment. HKAS 12 Income Taxes specifies how to account for current and deferred tax, but not how to reflect the effects of uncertainty. HK(IFRIC) 22 provides requirements that add to the requirements in HKAS 12 by specifying how to reflect the effects of uncertainty in accounting for income taxes.

Except the above mentioned impact of HKFRS 9 and IFRS 17, the Group expects adoption of the above new HKFRS, amendments to HKFRS and HK(IFRIC) interpretations issued but not yet effective will not have a material impact on the Group's operating results, financial position or other comprehensive income.

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.

(a) *Business combinations*

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 HKFRSs.

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 HKAS 39 in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest 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 (Note2.7).

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. 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.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the steering committee that makes strategic decisions. The Group has determined the management team represented by the Chief Executive Officer as its chief operating decision maker.

The measurement of segment assets and liabilities, as well as segment revenue, expense and results is based on the Group's accounting policies. There is no difference between the accounting policies used in the preparation of the Group's financial statements and those used in preparing the operating segment information.

Segment revenue, results, assets and liabilities include items directly attributable to a segment as well those that can be allocated on a reasonable basis.

Currently, the Group operates its business as one single segmentation. No separate segment information is necessary to be disclosed. More than 99% of the Group's revenue is derived from its operations in the PRC. More than 99% of the Group's assets are located in the PRC.

2.4 Foreign currency translation

Functional and presentation currency

Items included in the 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 consolidated financial statements are presented in RMB, which is the Company's functional and the Group's presentation currency.

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 the statements of comprehensive income, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses are presented in the statement of comprehensive income within "Other operating and administrative expenses".

2.5 Property and equipment and depreciation

Property and equipment can be recognized only when future economic benefits expected to be obtained from the use of the item will flow into the Group and its cost can be measured reliably. Expenditure incurred after items of property and equipment have been put into operation is normally charged to the income statement in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has met the recognition criteria, the expenditure is capitalized as an additional cost of that asset and the confirmation of the book value of the replaced part should be stopped.

Property and equipment are initially measured at cost after considering the impact of the expected disposal expenses. The cost of an item of property and equipment comprises its purchase price, related taxes and fees and any directly attributable costs of bringing the asset to its intended use.

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

Category	Expected useful life	Estimated residual value rate	Annual depreciation rate
Electrical equipment	5years	5%	19%
Office furniture and equipment	5years	5%	19%
Motor vehicles	5years	5%	19%
Leasehold improvements	3years	0%	33%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.8).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "Other operating and administrative expenses" in the statement of comprehensive income.

2.6 Intangible assets

The Group's intangible assets include computer software and Chinese domain name registration.

Intangible assets can be recognized only when future economic benefits expected to be obtained from the use of the item will flow into the Group and its cost can be measured reliably. 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.

Costs associated with maintaining computer 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.

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.

The useful lives of intangible assets are assessed by the period of bringing economic benefits for the Company. If the period of bringing economic benefits cannot be determined, intangible assets will be classified as indefinite intangible assets.

The expected service lives of intangible assets are as follows：

	Useful life
Software	3-10 years
Chinese domain name registration	10 years

Intangible assets with finite lives are subsequently amortized on the straight-line basis over the useful economic life. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed, and adjusted if appropriate, at least at each year end.

2.7 Goodwill

Goodwill arises on the acquisition of subsidiaries represents 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 identified net assets acquired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed. The recoverable amount of such CGU is mainly contributed by discounted cash flows from operations after considering the parameters including but not limited to income streams, estimated cost of sales and etc.

2.8 Impairment of non-financial assets

Intangible assets that have an indefinite useful life or intangible assets not ready to use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.9 Financial assets

(a) ***Classification***

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity financial assets and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated as at fair value through profit of loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments or financial guarantee contracts. Derivatives are also classified as held for trading unless they are designated as hedges.

Financial assets designated as at fair value through profit of loss at inception are those that are:

- Held in internal funds to match insurance and investment contracts liabilities that are linked to the changes in fair value of these assets. The designation of these assets to be at fair value through profit or loss eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as 'an accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases; and

- Managed and whose performance is evaluated on a fair value basis. Information about these financial assets is provided internally on a fair value basis to the Group's key management personnel. The Group's investment strategy is to invest in equity and debt securities and to evaluate them with reference to their fair values. Assets that are part of these portfolios are designated upon initial recognition at fair value through profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently carried at amortized cost using the effective interest rate method less any allowance for impairment. Amortized cost is calculated by taking into account any discount or premiums on acquisition and includes fees or costs that are an integral part of the effective interest rate.

Held-to-maturity financial assets

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held to maturity when the Group has the positive intention and ability to hold to maturity. Held-to-maturity financial assets are subsequently measured at amortized cost less any allowance for impairment. Amortized cost is calculated taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

(b) ***Recognition and measurement***

Regular way purchases and sales of financial assets are recognised on the trade-date — the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the statement of comprehensive income within 'Net fair value gains from profit or loss' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income as part of investment income when the Group's right to receive payments is established.

Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in other comprehensive income are included in the income statement as net realised gains on financial assets.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the statement of comprehensive income. Dividends on available-for-sale equity instruments are recognised in the statement of comprehensive when the Group's right to receive payments is established.

2.10 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or

- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

For financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; a discounted cash flow analysis; and other valuation models. For discounted cash flow techniques, estimated future cash flows are based on directors' best estimates and the discount rate used is a market related rate for a similar instrument. Certain financial instruments, including derivative financial instruments, are valued using pricing models that consider, among other factors, contractual and market prices, correlation, time value of money, credit risk, yield curve volatility factors and/or prepayment rates of the underlying positions. The use of different pricing models and assumptions could produce materially different estimates of fair values.

The fair values of floating rate and overnight deposits with credit institutions are their carrying values. The carrying value is the cost of the deposit and accrued interest. The fair value of fixed interest-bearing deposits is estimated using discounted cash flow techniques. Expected cash flows are discounted at current market rates for similar instruments at the balance sheet date.

2.11 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet 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.

2.12 Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

Assets carried at amortized cost

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred). The related collateral value shall also be taken into account. The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition or the current effective interest rate if a loan has a variable interest rate).

The carrying amount of the asset is reduced either directly or through the use of an allowance account and the amount of the loss is recognized in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to the income statement.

Assets classified as available for sale

For debt securities, if any such evidence exists the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss — is removed from equity and recognised in profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the consolidated statement of comprehensive income.

For equity investments, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss — is removed from equity and recognised in profit or loss. Impairment losses recognised in the consolidated income statement on equity instruments are not reversed through the consolidated income statement. The Group inspects the equity instrument investments individually at the balance sheet date. Recognition of an impairment loss is required if the fair value is below the initial investment cost by more than 50% (included) or for a continuous period of more than one year(included). The Group uses the weighted average method to calculate the initial costs of available-for-sale equity investments.

2.13 Securities purchased under agreements to resell

The Group enters into purchases of securities under agreements to resell substantially identical securities. These agreements are classified as loans and receivables. The amount advanced under these agreements are reflected as assets in the balance sheet. The Group does not take physical possession of securities purchased under agreements to resell. In the event of default by the counterparty to repay the loan, the Group has the right to the underlying securities.

2.14 Reinsurance

The Group cedes insurance risk in the normal course of business. Reinsurance agreements that transfer significant insurance risk are treated as reinsurance contracts; reinsurance agreements that do not transfer significant insurance risk are not treated as reinsurance contracts.

Ceded reinsurance arrangements do not relieve the Group from its obligations to policyholders. At the recognition of direct insurance revenue, the Group recognizes premiums ceded and reinsurance claims recoverable as income and expenses. In the period of recognizing unearned premium reserves and outstanding claim reserves, the Group recognizes reinsurance assets based on estimated cash flow and margin factors.

Reinsurance assets and direct insurance contract liabilities are shown separately in balance sheet. Also, reinsurance income and expenses cannot be offset by direct insurance contract income and expenses in income statement.

2.15 Cash and cash equivalents

In the consolidated statements of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, bank overdrafts and money market fund.

2.16 Share capital

Ordinary shares are classified as equity.

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

2.17 Insurance contracts

Insurance contracts are those contracts under which the Group has accepted significant insurance risk from the policyholders by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. Insurance contracts are classified as direct insurance contracts and reinsurance contracts. The significance of insurance risk as determined by the Group is dependent on both the probability of an insurance event and the magnitude of its potential effect.

Contracts that only transfer insurance risk are treated as insurance contracts. If the Group signs contracts with policyholders which transfer insurance risk as well as other risks, the treatments would depend on:

- If the insurance risk portion and other risk portion are distinct and separately measurable, the insurance risk portion and other risk portion should be unbundled. The portion with insurance risk should be treated as an insurance contract, while the portion with other risks should not be treated as an insurance contract.

- If the insurance risk portion and other risk portion cannot be distinct, or if they are distinct but cannot be separately measurable, the whole contract should be treated as an insurance contract if the insurance risk is significant; the whole contract should not be treated as an insurance contract if the insurance risk is insignificant.

2.18 Testing the significance of insurance risk

For contracts issued by the Group which require testing the significance of insurance risk, it should be performed at the initial recognition of such contracts, and based on a group of contracts with a similar nature.

When testing the significance of insurance risk, the Group makes judgements in this sequence: (i) whether the contract transfers insurance risk; (ii) whether the contract has commercial substance; (iii) whether the insurance risk transferred is significant.

When determining whether the contracts (or policies) transfer significant insurance risk, the Group considers: (i) annuity contracts that transfer longevity risk are treated as insurance contracts; (ii) for non-annuity contracts, if the insurance risk ratio is greater than or equal to 5% at certain points of time during the duration of the contracts, they are treated as insurance contracts; the insurance risk ratio is derived by comparing the benefits paid with the benefits payable if the insured event did not occur. For property and casualty and short-term life policies that obviously transfer significant risk, the Group recognizes them as insurance contracts directly.

When determining whether reinsurance policies transfer significant insurance risk, the Group considers thoroughly the commercial substance and other relevant contracts and agreements, and if the insurance risk ratio of reinsurance policies is greater than 1%, they are treated as reinsurance contracts. The insurance risk ratio of reinsurance policies is derived by comparing the present value of probability-weighted expected loss with the present value of expected reinsurance premiums. If the reinsurance policies obviously transfer significant insurance risk, the Group directly recognizes them as reinsurance contracts.

For the purpose of testing the significance of insurance risk, contracts of a similar nature are grouped together. Through considering the risk distribution and characteristics, the Group selects sufficient representative samples to test the significance of insurance risk. If most samples transfer significant insurance risk, all contracts in the group are treated as insurance contracts.

The assumptions used for testing the significance of insurance risk mainly include loss ratio, mortality and morbidity, loss distribution, etc. The Group determines such assumptions based on historical experiences and the estimation on future development trends so as to reflect the Group's product characters and actual claim payments.

2.19 Insurance contract liabilities

The Company's insurance contract liabilities include unearned premium reserves and claim incurred reserves.

When measuring insurance contract liabilities, insurance contracts whose insurance risks are of a similar nature are classified as a measurement unit. The company's contracts mainly include credit insurance, bond insurance, enterprise property insurance, household property insurance, health insurance, accident insurance, liability insurance, cargo insurance, motor insurance and other insurance.

Insurance contract liabilities are measured based on a reasonable estimate of the amount of payments when the company fulfils relevant obligations under the insurance contracts, which represents the difference between expected future cash outflows and inflows under such contracts.

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

- Expected future cash inflows represent cash inflows from assuming insurance contractual obligations, including premiums and other charges.

Reasonable estimate of expected net future cash flows is determined based on information currently available at the balance sheet date.

Margins are considered and separately measured in determining insurance contract liabilities. Margins are released in the income statement over the insurance coverage period using systematic and reasonable methods. Margins include risk margin and residual margin.

- Risk margin represents provision for the uncertainty associated with the future net cash flows.

- At inception of an insurance contract, any "day-one" gain is not recognised in the income statement, but included in the insurance contract liabilities as a residual margin. At inception of an insurance contract, any "day-one" loss is recognised in the income statements.

The Group amortises the residual margin on a time basis during the whole insurance coverage period and records it in profit or loss.

When measuring insurance contract liabilities, time value of money is considered. The related future cash flows are discounted when the impact of time value of money is significant. For short duration contracts which duration is within one year, the cash flows are not discounted. The discount rate used in the measurement of time value of money is determined with reference to information currently available as at the end of each reporting date and is not locked.

Unearned premium reserves

Unearned premium reserves are measured by using the unearned premium approach. At inception of the contract, unearned premium reserves are measured based on premiums received with deduction of relevant acquisition costs such as commission charge, business tax, insurance guarantee fund, supervision fees, etc. After initial recognition, unearned premium reserves are released over the term of the contract using a 365-day basis or other methods regarding to relevant nature and risk distribution.

The Company performs liability adequacy tests using discounted cash flow method at the balance sheet date. Additional insurance contract liabilities should be made and recognized in the income statement if any deficiency exists.

Claim reserves

Claim reserves represent insurance contract provisions for non-life insurance accidents, which include incurred and reported claim reserves, incurred but not reported ("IBNR") claim reserves and claim expense reserves.

Incurred and reported claim reserves represent insurance contract provisions for the claims incurred and reported to the company. The company uses case-by-case estimate method to measure incurred and reported claims reserves based on a reasonable estimate of the ultimate claims amount and the margin factor.

IBNR claim reserves represent insurance contract provisions for the claims incurred but not reported to the company. The company uses loss ratio method and chain ladder method to measure IBNR claim reserves based on a reasonable estimate of the ultimate claims amount and the margin factor, and after considering industry benchmark and experience data, etc.

Claim expense reserves represent insurance contract provisions for related claims handling costs. The company uses case-by-case estimate method for direct claim expense reserves and ratio allocation method to measure indirect claim expense reserves with consideration to margin factor.

2.20 Investment contract liabilities

Investment contract liabilities mainly represent liabilities with regard to the non-insurance portion of related contracts, and those contracts which do not pass the testing of significant insurance risk. For those non-life investment type policies without guaranteed benefits, the related contract liabilities are measured at fair value and the related transaction costs are recognized in the statement of income. Commissions and other expenses incurred, net of receipts from initial charges that are meant to compensate such costs, are recognized as transaction costs in the initial amount of the liabilities.

2.21 Securities sold under agreements to repurchase

Securities sold under agreements to repurchase are financial liabilities and are recorded at amortized cost. The Group may be required to provide additional collateral based on the fair value of the underlying securities and such collateral assets continued to be carried on the balance sheet.

2.22 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the Group controls the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

The tax effects of carry-forwards of unused losses or unused tax credits are recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilised.

Deferred tax related to fair value re-measurement of available-for-sale investments and cash flow hedges, which are charged or credited directly in other comprehensive income, is also credited or charged directly to other comprehensive income and subsequently recognised in the consolidated income statement together with the deferred gain or loss.

The carrying amount of deferred tax assets is reviewed at each balance sheet date 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. Unrecognized deferred tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

2.23 Employee benefits

(a) ***Pension schemes***

The employees of the Group participate in various defined contribution pension plans principally organised by municipal and provincial governments. The Group makes and accrues contributions to the pension plans based on certain percentages of the salaries of the employees on a monthly basis. The Group has no other significant legal or constructive obligations for retirement benefits beyond the said contributions, which are expensed as incurred.

The Group pays early retirement benefits to those employees who accept early retirement arrangements approved by management. Early retirement benefits are paid to those employees who voluntarily retire before the normal retirement date. The related benefit payments are made from the date of early retirement through the normal retirement date. The Group records a liability for the present value of its early retirement obligation when employees retire early.

(b) ***Housing benefits***

The employees of the Group are entitled to participate in various government sponsored housing funds. The Company and these subsidiaries contribute 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.

(c) ***Medical benefits***

The Group makes contributions for medical benefits to the local authorities in accordance with the relevant local regulations.

2.24 Share-based payments

The Group operates an equity-settled, share-based compensation plan, under which the Group receives services from employees as consideration for equity instruments of the Group. The fair value of the employee services received in exchange for the grant of the equity instruments is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the equity instruments granted:

- Including any market performance conditions;
- 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 equity instruments that are expected to vest based on the non-marketing performance and service conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, 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.

2.25 Revenue recognition

Revenue is recognized when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) ***Premium revenue***

Premium revenue is recognized when the insurance contract are issued and the related insurance 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.

Premiums from direct insurance contracts are recognized as revenue based on the amount of total premiums stated in the contracts.

(b) ***Investment income***

Investment income includes interest from term deposits, fixed maturity securities, securities purchased under agreements to resell, policy loans and other loans, dividends from investment funds and securities, etc.

Interest income is recognized on an accrual basis using the effective interest rate method by applying the rate that discounts the estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

Dividends are recognized when the shareholders' right to receive payment is established.

2.26 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

2.27 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.

Government grants relating to assets included in the liabilities as deferred government grants and are credited to the income statement on a straight-line basis over the expected lives of the related assets.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements requires directors of the Company to make judgements and estimates that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets and liabilities affected in the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable.

3.1 Fair value of share-based compensation expenses

The Group has awarded equity instruments to eligible directors and employees. The Group has used Black-Scholes Option Pricing Model and Binomial Option Pricing Model to determine the total fair value of the equity instruments awarded. Significant estimates on key assumptions, such as the underlying equity value, risk-free interest rate, expected volatility and dividend yield, are required to be made by the Company in applying the Black-Scholes Option Pricing Model and Binomial Option Pricing Model.

The fair values of equity instruments granted are measured on the respective grant dates based on the fair value of the underlying shares. In addition, the Group is required to estimate the expected percentage of grantees that will remain in employment with the Group. The Group only recognizes an expense for those equity instruments expected to vest over the vesting period during which the grantees become unconditionally entitled to these share-based awards. Changes in these estimates and assumptions could have a material effect on the determination of the fair value of the equity instruments and the amount of such share-based awards expected to become vested, which may in turn significantly impact the determination of the share-based compensation expenses.

The fair value of equity instruments at the time of grant is to be expensed over the vesting period of these share-based awards on an accelerated graded attribution approach. Under the accelerated graded attribution approach, each vesting installment of a graded vesting award is treated as a separate share-based award, which means that each vesting installment will be separately measured and attributed to expense, resulting in accelerated recognition of share-based compensation expenses.

Based on the fair value of the share-based awards, the expected turnover rate of grantees and the probability that the performance conditions for vesting are met, the corresponding share-based compensation expenses recognized by the Group in respect of their services rendered for the years ended 31 December 2015, 2016 and the three months ended 31 March 2016 and 2017 were RMB27,947 thousand, RMB6,632 thousand, RMB2,158 (unaudited) and RMB1,091 respectively.

3.2 Valuation of insurance contract liabilities

When measuring the insurance contract liabilities, the Group needs to make a reasonable estimate of the amounts that the Group is required to pay in fulfilling the obligations under the insurance contracts. Such estimates are determined by calculating various possible outcomes and relevant probabilities based on information currently available as at the balance sheet date.

At the balance sheet date, the Group makes estimates of the assumptions used in the measurement of insurance contract liabilities. The Group determines such assumptions based on information currently available as at the balance sheet date and a risk adjustment is considered.

Unearned premium reserves

The main assumptions used in measuring unearned premium reserves include discount rate, expense assumptions, loss ratios and risk margin, etc.

(a) *Discount rate*

Unearned premium reserves will not be discounted when being measured because the durations of all insurance category are less than 1 year.

(b) *Expense assumptions*

The Group develops its expense assumption on its expense analysis and future expectation for policy acquisition costs and maintenance expenses.

The Group's expense assumption is determined based on industry analysis, industry standards and economic environment. The Group's expense assumption is affected by certain factors, such as inflation, market competition and other factors. Depending on these factors, the Group's expense assumption is uncertain.

(c) *Loss ratios*

The Group develops its loss ratio assumption on analysis of its historical claims payments experience, future development trends and industry experiences.

(d) *Risk margin*

The risk margin represents provision for the uncertainty associated with the future cash flows. The risk adjustment is determined by reference to the industry benchmark and the risk adjustment for unearned premium reserves is 5.5 percent of unbiased estimate of future net cash flow present value.

Claim reserves

Claim reserve depends mainly on claim development factors and expected loss ratio to predict the future cost of claims. Claim developments factors and the expected loss ratio for various measurement units are based on past claims development experience and loss ratios, taking into consideration changes in company policies such as the underwriting policy, expenses and claims handling, and changing trends in external environments such as economic conditions, regulations and legislation. The Group determined the risk margin assumptions for claim reserves based on the available information at the end of each of the reporting date. In assessing claim reserves, the risk margin was determined at 5 percent.

3.3 Capitalization of development costs

The Group needs to go through two stages before a certain intangible asset is recognized by capitalization of development costs. The Group identifies the stage as research during which the Group studies and evaluates the feasibility of the intangible assets. The Group identifies the stage as development during which the Group begins to work on the development of intangible assets when put the result of research into application. The Group capitalizes the cost of development only when the cost meet the criteria as set out in Note 2.6.

3.4 Recognition of deferred income tax assets

Recognition of deferred income tax assets, which principally relate to temporary differences, depend on the management's expectation of the timing of reversal and the taxable profit that will be available against which tax losses can be utilizsed. The outcome of their actual utilization or reversal may be different.

4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK

(a) Insurance risk

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

Insurance risk could occur due to any of the following factors:

Occurrence risk — the possibility that the number of insured events will differ from that expected.

Severity risk — the possibility that the cost of the events will differ from that expected.

Development risk — the possibility that changes may occur in the amount of an insurer's obligation at the end of the contract period.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Group faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insurance events are random, and the actual number and amount of claims and benefits will vary from year to year from the level established using statistical techniques.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected by a change in any subset of the portfolio. The Group has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

The Group's concentration of insurance risk is reflected by its major lines of business as analyzed by premium income in Note 6.

Key assumptions

Outstanding claims reserves are mainly based on assumptions of ultimate loss ratio which is determined after considering industry benchmark, experience data, discount and margin factors. Significant cases need to be considered separately and reflected by estimated amount. These assumptions in respect of average claim costs, claims handling costs, claims inflation factors and claim numbers for each accident year. Additional qualitative judgements are used to assess the extent to which past trends may not apply in the future, for example one-off occurrence, changes in market factors such as public attitude to claiming, economic conditions, as well as changes in internal factors such as portfolio mix, policy conditions and claims handling procedures. Judgement is further used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates.

Other key assumptions include explicit margin, delays in settlement, etc.

Sensitivities

Outstanding claim reserves are sensitive to the above key assumptions. The sensitivity of certain variables like legislative changes, uncertainty in the estimation process, is not possible to quantify. Furthermore, because of delays that arise between occurrence of a claim and its subsequent notification and eventual settlement, the outstanding claim reserves are not known with certainty at the balance sheet date.

Ultimate loss ratio change results in changes in outstanding claim reserves. The following table reflects sensitive analysis of key assumptions relevant to outstanding claim reserves. Under the condition when other variables remain constant, changes in net profit after income tax and equity due to average claim change are as follows:

Changes in average claim costs	**31 December 2014**	
	Impact on profit before income tax	**Impact on total equity**
	RMB'000	**RMB'000**
+ 5%	(1,658)	(1,658)
- 5%	1,658	1,658

Changes in average claim costs	**31 December 2015**	
	Impact on profit before income tax	**Impact on total equity**
	RMB'000	**RMB'000**
+ 5%	(8,621)	(8,621)
- 5%	8,621	8,621

Changes in average claim costs	**31 December 2016**	
	Impact on profit before income tax	**Impact on total equity**
	RMB'000	**RMB'000**
+ 5%	(9,712)	(9,712)
- 5%	9,712	9,712

Changes in average claim costs	**31 March 2017**	
	Impact on profit before income tax	**Impact on total equity**
	RMB'000	**RMB'000**
+ 5%	(12,078)	(12,078)
- 5%	12,078	12,078

Claim development tables

The following tables reflect the cumulative incurred claims, including both claims notified and IBNR for each successive accident year at each balance sheet date, together with cumulative payments to date.

Gross insurance claim reserves:

	Accident year				Three months ended 2017	Total
	2013	2014	2015	2016		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Estimate of ultimate claim cost as of:						
End of current year	4,514	517,522	1,322,518	1,486,098	403,349	
One year later	4,261	493,173	1,191,464	1,470,861		
Two years later	4,259	492,987	1,185,628			
Three years later	4,257	492,675				
Four years later	4,245					
Current estimate of cumulative claims	4,245	492,675	1,185,628	1,470,861	403,349	3,556,758
Cumulative payments to date	(4,245)	(492,674)	(1,180,411)	(1,374,955)	(281,281)	(3,333,566)
Liability in respect of prior years, unallocated loss adjustment expenses, assumed business, discount and risk adjustment margin						22,481
Total gross claim reserves included in the consolidated statements of financial position						245,673

Net insurance claim reserves:

	Accident year				Three months	
	2013	2014	2015	2016	ended 2017	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Estimate of ultimate claim cost as of:						
End of current year	4,514	514,695	1,304,608	1,478,789	399,597	
One year later	4,261	492,173	1,173,973	1,462,630		
Two years later	4,259	491,978	1,168,127			
Three years later	4,257	491,666				
Four years later	4,245					
Current estimate of cumulative claims	4,245	491,666	1,168,127	1,462,630	399,597	3,526,265
Cumulative payments to date	(4,245)	(491,666)	(1,162,911)	(1,367,160)	(281,004)	(3,306,986)
Liability in respect of prior years, unallocated loss adjustment expenses, assumed business, discount and risk adjustment margin						22,285
Total net claim reserves included in the consolidated statements of financial position						241,564

(b) Financial risk

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 interest rates (interest rate risk) and market prices (price risk).

(i) *Currency risk*

Currency risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group mainly operates in mainland China and there is no significant currency risk except from foreign currency deposits.

(ii) *Interest rate risk*

Floating rate instruments expose the Group to cash flow interest risk, whereas fixed interest rate instruments expose the Group to fair value interest risk.

The Group's interest risk policy requires it to manage interest rate risk by maintaining an appropriate match of fixed and variable rate instruments. The policy also requires it to manage the maturity of interest-bearing financial assets and interest-bearing financial liabilities.

Sensitivities

The analysis below is performed for reasonably possible movements in interest rate with all other variables held constant, for the following financial instruments, showing the pre-tax impact on profit and equity. Since almost all financial instruments of the Group that bear interest rate risks are financial instruments denominated in RMB, the sensitivity analysis below only shows the pre-tax impact of RMB financial instruments on the Group's profit before income tax and equity when RMB interest rate changes.

Changes in RMB interest rate	31 December 2014	
	Impact on profit before income tax	Impact on total equity
	RMB'000	RMB'000
+ 50 basis points	—	(5,095)
- 50 basis points	—	5,407

Changes in RMB interest rate	31 December 2015	
	Impact on profit before income tax	Impact on total equity
	RMB'000	RMB'000
+ 50 basis points	(465)	(67,794)
- 50 basis points	502	71,465

Changes in RMB interest rate	31 December 2016	
	Impact on profit before income tax	Impact on total equity
	RMB'000	RMB'000
+ 50 basis points	(460)	(34,534)
- 50 basis points	494	36,439

Changes in RMB interest rate	31 March 2017	
	Impact on profit before income tax	Impact on total equity
	RMB'000	RMB'000
+ 50 basis points	(632)	(14,760)
- 50 basis points	663	15,901

(iii) *Price risk*

Equity price risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Sensitivities

The analysis below is performed to show the reasonably possible movements in price with all other assumptions held constant, showing the pre-tax impact on profit before income tax and total equity of the Group when the price of all kinds of financial instruments vary.

Changes in price	31 December 2014	
	Impact on profit before income tax	Impact on total equity
	RMB'000	RMB'000
+ 5%	6,074	24,481
- 5%	(6,074)	(24,481)

Changes in price	31 December 2015	
	Impact on profit before income tax	Impact on total equity
	RMB'000	RMB'000
+ 5%	66,070	243,910
- 5%	(66,070)	(243,910)

Changes in price	31 December 2016	
	Impact on profit before income tax	Impact on total equity
	RMB'000	RMB'000
+ 5%	79,962	263,475
- 5%	(79,962)	(263,475)

Changes in price	31 March 2017	
	Impact on profit before income tax	Impact on total equity
	RMB'000	RMB'000
+ 5%	84,712	242,864
- 5%	(84,712)	(242,864)

Credit risk

Credit risk refers to the risk that one side of the financial instrument cannot fulfill its obligations and cause financial loss to the other party.

The Group's credit risk is mainly associated with bank deposits, bond investments, premiums receivable, reinsurance arrangements with reinsurance companies, securities purchased under agreements to resell, investments classified as loans and receivables, and etc.

The Group's bank deposits are mainly deposited in state-owned commercial banks and financial institutions which are generally considered to be relatively stable. The Group considers that there is no significant credit risk and does not generate any material losses due to the default of the other parties.

As the Group's investment types are limited by the China Insurance Regulatory Commission, the Group's debt-based investments mainly include government bonds and corporate bonds, etc. As at 31 March 2017, all corporate bonds and short-term corporate financing bonds held by the Group had domestic credit rating AA and A-1 or above. The credit rating of the bond is provided by a qualified assessment agency.

The Group's premiums receivables mainly come from customers. The Group mitigates credit risk by setting a shorter credit period or arranging the installment payment method. The Group regularly evaluates the credit status of reinsurance companies and selects reinsurance companies with higher credit qualifications to carry out reinsurance business.

The Group reduces credit risk by utilizing credit control policies, undertaking credit analysis on potential investments, and imposing aggregate counterparty exposure limits. The Group determines the amount and type of collateral required according to the credit risk assessment of the counterparty.

The following table shows the maximum credit risk exposure to assets in the balance sheet that face credit risk. The maximum credit risk exposure is the amount prior to the consideration of the guarantee or other credit enhancement methods.

	As at 31 December 2014					
		Past due but not impaired				
	Neither past due nor impaired	Less than 1 year	More than 1 year	Total past due but not impaired	Impaired	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cash and short-term time deposits	141,696	—	—	—	—	141,696
Financial assets at fair value through profit or loss	121,486	—	—	—	—	121,486
Securities purchased under agreements to resell	50,000	—	—	—	—	50,000
Premium receivables	21,621	—	—	—	—	21,621
Reinsurance debtors	534	—	—	—	—	534
Interest receivables	23,455	—	—	—	—	23,455
Available-for-sale financial assets	368,130	—	—	—	—	368,130
Investments classified as loans and receivables	408,299	—	—	—	—	408,299
Restricted statutory deposits	200,000	—	—	—	—	200,000
Others	3,507	—	—	—	—	3,507
Total	**1,338,728**	**—**	**—**	**—**	**—**	**1,338,728**

	As at 31 December 2015					
		Past due but not impaired				
	Neither past due nor impaired	Less than 1 year	More than 1 year	Total past due but not impaired	Impaired	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cash and short-term time deposits	1,374,897	—	—	—	—	1,374,897
Financial assets at fair value through profit or loss	1,321,398	—	—	—	—	1,321,398
Premium receivables	112,382	—	—	—	—	112,382
Reinsurance debtors	14,757	—	—	—	—	14,757
Interest receivables	98,294	—	—	—	—	98,294
Available-for-sale financial assets	3,556,804	—	—	—	—	3,556,804
Investments classified as loans and receivables	1,207,896	—	—	—	—	1,207,896
Restricted statutory deposits	248,125	—	—	—	—	248,125
Others	15,495	—	—	—	—	15,495
Total	**7,950,048**	**—**	**—**	**—**	**—**	**7,950,048**

	As at 31 December 2016					
		Past due but not impaired				
	Neither past due nor impaired	Less than 1 year	More than 1 year	Total past due but not impaired	Impaired	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cash and short-term time deposits	1,153,244	—	—	—	—	1,153,244
Financial assets at fair value through profit or loss	1,599,230	—	—	—	—	1,599,230
Securities purchased under agreements to resell	302,300	—	—	—	—	302,300
Premium receivables	174,281	—	—	—	166	174,447
Reinsurance debtors	10,838	—	—	—	—	10,838
Interest receivables	136,841	—	—	—	—	136,841
Available-for-sale financial assets	3,670,260	—	—	—	—	3,670,260
Investments classified as loans and receivables	1,707,648	—	—	—	—	1,707,648
Restricted statutory deposits	248,125	—	—	—	—	248,125
Others	29,459	—	—	—	—	29,459
Total	**9,032,226**	**—**	**—**	**—**	**166**	**9,032,392**

	As at 31 March 2017					
		Past due but not impaired				
	Neither past due nor impaired	Less than 1 year	More than 1 year	Total past due but not impaired	Impaired	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cash and short-term time deposits	1,054,646	—	—	—	—	1,054,646
Financial assets at fair value through profit or loss	1,694,232	—	—	—	—	1,694,232
Securities purchased under agreements to resell	800	—	—	—	—	800
Premium receivables	173,913	—	—	—	—	173,913
Reinsurance debtors	14,468	—	—	—	—	14,468
Interest receivables	87,243	—	—	—	—	87,243
Available-for-sale financial assets	3,163,042	—	—	—	—	3,163,042
Investments classified as loans and receivables	1,716,451	—	—	—	—	1,716,451
Restricted statutory deposits.	248,125	—	—	—	—	248,125
Others	35,407	—	—	—	—	35,407
Total	**8,188,327**	**—**	**—**	**—**	**—**	**8,188,327**

Liquidity risk

The Group is exposed to liquidity risk on insurance products that permit surrenders, withdrawals or other forms of early termination, benefits or claims of the insurance and other daily expenses. The Group seeks to manage its liquidity risk by matching, to the extent possible, the duration of its investment assets with the duration of its insurance products and ensuring that the Group is able to meet its payment obligations and fund its lending and investment operations on a timely basis.

The following policies and procedures are in place to mitigate the Group's exposure to liquidity risk:

- Implementing liquidity risk policy by setting out the assessment and determination of what constitutes liquidity risk for the Group. Compliance with the policy is monitored and exposures and breaches are reported to the Group's risk management committee. The policy is regularly reviewed for pertinence and for changes in the risk environment.

- Setting out guidelines on asset allocations, portfolio limit structures and maturity profiles of assets, in order to ensure that sufficient funding is available to meet insurance and investment contract obligations.

- Setting up contingency funding plans which specify the minimum proportions of funds to meet emergency calls as well as specifying events that would trigger such plans.

The tables below summarize the maturity profiles of the financial assets and financial liabilities of the Group based on remaining undiscounted cash flows, and insurance contract liabilities of the Group based on the estimated timing of the net cash outflows.

	As at 31 December 2014					
	On demand	**Within 1 year**	**1 to 5 years**	**Over 5 years**	**Undated**	**Total**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
Assets:						
Cash and short-term time deposits	131,696	10,071	—	—	—	141,767
Financial assets at fair value through profit or loss	—	—	—	—	121,486	121,486
Securities purchased under agreements to resell	—	50,000	—	—	—	50,000
Premium receivables	—	16,792	4,829	—	—	21,621
Reinsurance debtors	—	534	—	—	—	534
Available-for-sale financial assets	—	25,134	335,730	60,478	26,740	448,082
Investments classified as loans and receivables	—	327,340	67,528	51,904	—	446,772
Restricted statutory deposits	—	—	252,250	—	—	252,250
Other assets	—	7	3,500	—	—	3,507
Total	**131,696**	**429,878**	**663,837**	**112,382**	**148,226**	**1,486,019**
Liabilities:						
Securities sold under agreements to repurchase	—	140,000	—	—	—	140,000
Reinsurance payables	—	1,708	—	—	—	1,708
Other liabilities	—	59,659	—	—	—	59,659
Total	**—**	**201,367**	**—**	**—**	**—**	**201,367**

	As at 31 December 2015					
	On demand	Within 1 year	1 to 5 years	Over 5 years	Undated	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Assets:						
Cash and short-term time deposits	683,525	20,077	—	—	—	703,602
Financial assets at fair value through profit or loss	—	10,443	17,663	6,021	1,290,002	1,324,129
Premium receivables	—	93,630	18,752	—	—	112,382
Reinsurance debtors	—	14,757	—	—	—	14,757
Available-for-sale financial assets	—	204,308	1,956,427	1,654,644	516,339	4,331,718
Investments classified as loans and receivables	—	448,676	557,523	501,596	—	1,507,795
Restricted statutory deposits	—	—	306,475	—	—	306,475
Other assets	—	160	15,336	—	—	15,496
Total	**683,525**	**792,051**	**2,872,176**	**2,162,261**	**1,806,341**	**8,316,354**
Liabilities:						
Securities sold under agreements to repurchase	—	1,600	—	—	—	1,600
Investment contract liabilities	—	—	1,562	—	—	1,562
Reinsurance payables	—	5,545	—	—	—	5,545
Policyholders' deposits	—	12	—	—	—	12
Other liabilities	—	367,331	—	—	42,593	409,924
Total	**—**	**374,488**	**1,562**	**—**	**42,593**	**418,643**

	As at 31 December 2016					
	On demand	**Within 1 year**	**1 to 5 years**	**Over 5 years**	**Undated**	**Total**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
Assets:						
Cash and short-term time deposits	1,123,244	30,116	—	—	—	1,153,360
Financial assets at fair value through profit or loss	—	3,077	26,495	4,913	1,572,395	1,606,880
Securities purchased under agreements to resell	—	302,300	—	—	—	302,300
Premium receivables	—	112,961	61,486	—	—	174,447
Reinsurance debtors	—	10,838	—	—	—	10,838
Available-for-sale financial assets	—	1,256,632	2,092,704	384,033	427,779	4,161,148
Investments classified as loans and receivables	—	419,699	1,201,376	429,800	—	2,050,875
Restricted statutory deposits	—	—	306,475	—	—	306,475
Other assets	—	4,528	24,931	—	—	29,459
Total	**1,123,244**	**2,140,151**	**3,713,467**	**818,746**	**2,000,174**	**9,795,782**
Liabilities:						
Securities sold under agreements to repurchase	—	282,674	—	—	—	282,674
Investment contract liabilities	—	—	573,069	—	—	573,069
Reinsurance payables	—	33,999	—	—	—	33,999
Policyholders' deposits	—	211	—	—	—	211
Other liabilities	—	515,843	—	—	80,766	596,609
Total	**—**	**832,727**	**573,069**	**—**	**80,766**	**1,486,562**

	As at 31 March 2017					
	On demand	Within 1 year	1 to 5 years	Over 5 years	Undated	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Assets:						
Cash and short-term time deposits	1,054,646	—	—	—	—	1,054,646
Financial assets at fair value through profit or loss	—	1,322	29,457	8,695	1,660,635	1,700,109
Securities purchased under agreements to resell	—	800	—	—	—	800
Premium receivables	—	156,663	17,250	—	—	173,913
Reinsurance debtors	—	14,468	—	—	—	14,468
Available-for-sale financial assets	—	1,713,826	1,062,537	138,175	487,386	3,401,924
Investments classified as loans and receivables	—	569,699	1,042,976	424,813	—	2,037,488
Restricted statutory deposits	—	—	306,475	—	—	306,475
Other assets	—	9,282	26,125	—	—	35,407
Total	**1,054,646**	**2,466,060**	**2,484,820**	**571,683**	**2,148,021**	**8,725,230**
Liabilities:						
Securities sold under agreements to repurchase	—	2,300	—	—	—	2,300
Investment contract liabilities	—	—	137,196	—	—	137,196
Reinsurance payables	—	68,116	—	—	—	68,116
Policyholders' deposits	—	203	—	—	—	203
Other liabilities	—	528,291	—	—	105,046	633,337
Total	**—**	**598,910**	**137,196**	**—**	**105,046**	**841,152**

Maximum exposure of structured entities

The Group uses structured entities in the normal course of business for a number of purposes, for example, structured transactions for institutions, to provide finance to public and private section infrastructure projects, and to generate fees from managing assets on behalf of third-party investors. These structured entities are financed through the contracts.

The following table shows the total assets of the various types of unconsolidated structured entities and the amount of funding provided by the Group to these unconsolidated structured entities. The table also shows the Group's maximum exposure to the unconsolidated structured entities representing the Group's maximum possible risk exposure that could occur as a result of the Group's arrangements with structured entities. The maximum exposure is contingent in nature and approximates the sum of funding provided by the Group.

As at 31 March 2017, Group's maximum exposure are shown below:

	At 31 March
	2017
	RMB'000
Trust investment schemes	969,853
Wealth management products	1,109,397
Investment funds	105,922
Unlisted equity investments	25,000
Total	**2,210,172**

(c) Operational risk

Operational risk is the risk of loss arising from inadequacy or failure on business processes, human error, information system failure, and etc. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications or can lead to financial losses.

The Group is exposed to many types of operational risks in the conduct of its business, from inadequate or failure to obtain proper authorizations or supporting documentation to comply with operational and informational security procedures that prevent frauds or errors by employees, payment security, system attack and Trojan virus such information risks based on the Internet.

The Group cannot expect to eliminate all operational risks, but by initiating a rigorous control framework and by monitoring and responding to potential risks, the Group is able to manage the risks. Controls include effective segregation of duties, access controls, authorization and reconciliation procedures, staff education and assessment processes, including the use of compliance check and internal audit.

(d) Capital management risks

The capital demands of the Group is mainly based on the company size, types of debt business, industry and geographic location. Further objectives are set by the Group to maintain a strong credit rating and healthy solvency margin capital ratios in order to support its business objectives and maximize shareholders' value.

The Group manages its capital requirements by assessing shortfalls between reported and required capital levels on a regular basis. The Group will adjust the capital level when the economic condition and risk characteristics of the operating activities changes.

As at 31 December of 2014, 2015, 2016 and 31 March 2017, the Group was fully in compliance with externally required capital requirement. The Group has formally implemented China Risk Oriented Solvency System since 1 January 2016 by reference to the "Notice on the Formal Implementation of China Risk Oriented Solvency System by CIRC".

The table below summarizes the core capital, actual capital and minimum required capital of the Company according to CIRC's solvency rules.

Company	At 31 December			At 31 March
	2014	2015	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Core capital	Not applicable	Not applicable	6,705,039	6,442,715
Actual capital	862,972	5,589,870	6,705,039	6,442,715
Minimum required capital	120,714	344,977	928,092	1,009,369
Core solvency margin ratio	Not applicable	Not applicable	722%	638%
Comprehensive solvency margin ratio	715%	1,620%	722%	638%

According to the relevant regulations, if the actual solvency margin of an insurance company falls below the minimum solvency margin, the CIRC may take additional necessary measures depending on the circumstances, until the minimum solvency margin requirement is satisfied.

(e) Fair value measurement

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 where there is no active market, fair value is determined using valuation techniques (Note 4(e)).

The Group's financial assets mainly include cash and short-term time deposits, financial assets at fair value through profit or loss, available-for-sale financial assets, statutory deposits, and etc.

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 prioritizes 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 with material significant in the overall calculation. As such, the significance of the input should be considered from an overall perspective in the calculation of fair value.

For Level 2 financial instruments, valuations are generally obtained from third party pricing services for identical or comparable assets, or through the use of valuation methodologies using observable market inputs, or recent quoted market prices. Valuation service providers typically gather, analyze and interpret information related to market transactions and other key valuation model inputs from multiple sources, and through the use of widely accepted internal valuation models, provide a theoretical quote on various securities. Debt securities traded among Chinese interbank market are classified as Level 2 when they are valued at recent quoted price from Chinese interbank market or from valuation service providers. Substantially most financial instruments classified within Level 2 of the fair value hierarchy are debt investments denominated in RMB. Fair value of debt investments denominated in RMB is determined based upon the valuation results by the China Central Depository & Clearing Co., Ltd. All significant inputs are observable in the market.

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 measures 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. The Group's valuation team may choose to apply internally developed valuation method to the assets or liabilities being measured, determine the main inputs for valuation, and analyse the change of the valuation and report it to management. Key inputs involved in internal valuation services are not based on observable market data. They reflect assumptions made by management based on judgements and experiences.

For assets and liabilities that are recognized at fair value on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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

	As at 31 December 2014			
	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Assets measured at fair value				
Financial assets at fair value through profit or loss				
− Equity investments	54,007	—	—	54,007
− Fund investments	67,479	—	—	67,479
Available-for-sale financial assets				
− Fund investments	26,740	—	—	26,740
− Debt investments	341,390	—	—	341,390
	489,616	—	—	489,616
Assets for which fair values are disclosed				
Investments classified as loans and receivables	—	—	408,299	408,299

	As at 31 December 2015			
	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Assets measured at fair value				
Financial assets at fair value through profit or loss				
− Equity investments	1,284,733	—	—	1,284,733
− Fund investments	5,269	—	—	5,269
− Debt investments	31,396	—	—	31,396
Available-for-sale financial assets				
− Fund investments	491,339	—	—	491,339
− Debt investments	919,511	2,120,954	—	3,040,465
	2,732,248	2,120,954	—	4,853,202
Assets for which fair values are disclosed				
Investments classified as loans and receivables	—	—	1,207,896	1,207,896

	As at 31 December 2016			
	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Assets measured at fair value				
Financial assets at fair value through profit or loss				
− Equity investments	1,491,395	—	—	1,491,395
− Fund investments	17,792	—	—	17,792
− Debt investments	26,835	—	—	26,835
− Wealth management products	—	63,208	—	63,208
Available-for-sale financial assets				
− Fund investments	402,779	—	—	402,779
− Debt investments	903,251	2,339,230	—	3,242,481
	2,842,052	2,402,438	—	5,244,490
Assets for which fair values are disclosed				
Investments classified as loans and receivables	—	—	1,707,648	1,707,648

	As at 31 March 2017			
	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Assets measured at fair value				
Financial assets at fair value through profit or loss				
- Equity investments	1,654,300	—	—	1,654,300
- Fund investments	6,335	—	—	6,335
- Debt investments	33,597	—	—	33,597
Available-for-sale financial assets				
- Fund investments	99,587	—	—	99,587
- Debt investments	630,714	2,044,942	—	2,675,656
- Wealth management products	—	362,799	—	362,799
	2,424,533	2,407,741	—	4,832,274
Assets for which fair values are disclosed				
Investments classified as loans and receivables	—	—	1,716,451	1,716,451

Valuation techniques

The fair value of the unquoted debt investments is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities, with appropriate adjustment where applicable.

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 have been 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 significantly sensitive to a reasonable change in these unobservable inputs.

5. SUBSIDIARIES

(a) The Company's subsidiaries as at 31 March 2017 are as follows:

Name	Place of operations	Place of incorporation/registration	Nature of business	Registered capital (RMB'000)	Percentage of equity/voting rights attributable to the Company	Acquisition Mode
ZhongAn information Technology Services Limited Company("Zhong An Information").	Shanghai	No. 201, Tower A, No. 1 Qianwan Yi Road, Qianhai shenzheng Hongkong Cooperation District, Shenzhen	Technology Development/ Technology Consulting	500,000	100%	Set-up
Hangzhou Qi Hui Internet Technology Limited Company ("Hangzhou Qihui")	Hangzhou	No. 487, Floor 4, Block 3, Tower A, No. 301 Bingxing Road, Changhe Avenue, Bingjiang District,Hangzhou	Technology Development/ Technology Consulting	3,000	100%	Equity Purchase
Shanghai Yuan Bao Internet Technology Limited Company ("Shanghai Yuan Bao")	Shanghai	No. 1360, Floor 1, Block 8, No. 33 Guangshun Road, Changning District, Shanghai	Technology Development/ Technology Consulting	10,000	60%	Set-up
Beijing Youwozai Technology Co., Ltd ("Beijing Youwozai")	Beijing	No. 259, Floor 4, Block D, Tower 24, No. 68, Beijing Road, Haidian District, Beijing	Technology Development/ Technology Consulting	1,000	60%	Set-up

(a) On 7 July 2016, the Company set up ZhongAn Information, whose registered capital is RMB500,000 thousand. The Company holds 100% of the voting rights in ZhongAn Information.

(b) On 28 October 2016, ZhongAn Information acquired Hangzhou Qihui at a price of RMB1,200 thousand. The difference between fair value of net identifiable assets of Hangzhou Qihui and the acquisition price has been recognised as goodwill in the consolidated statements of financial position, amounting to RMB1,047 thousand. When estimating the goodwill impairment, management budgeting and future profit forecast has been taken into consideration. After the Group's assessment, no impairment provision allowance has been provided.

(c) On 18 November 2016, ZhongAn Information set up Shanghai Yuan Bao, whose registered capital is RMB10,000 thousand. After this transaction, ZhongAn Information holds 60% of the voting rights of Shanghai Yuan Bao.

(d) On 8 February 2017, ZhongAn Information set up Beijing Youwozai, whose registered capital is RMB1,000 thousand. After this transaction, ZhongAn Information holds 60% of the voting rights of Beijing Youwozai.

(b) As at 31 March 2017, consolidated structured entities material to the Group are as followings:

Name	Holding by the Company (%)	Total Subscription (RMB'000)	Principal activities
ZhongAn Le Xiang No.1 Asset Management Plan (Zhong An Le Xiang No.1)	100%	5,570,379	Asset Management Product
ZhongAn Zhong Yin No.1 Asset Management Plan (Zhong An Zhong Yin No.1)	100%	30,000	Asset Management Product
Zhong An Zhong Yin No.2 Asset Management Plan (Zhong An Zhong Yin No.2)	100%	50,000	Asset Management Product
ZhongAn Zhong Yin No.3 Asset Management Plan (Zhong An Zhong Yin No.3)	100%	1,404	Asset Management Product
ZhongAn Insurance Investment Product of Aviation Comprehensive Insurance (one year) Asset Management Plan(Zhao Shang Funds Asset Management Plan)	100%	30,198	Asset Management Product

6. NET PREMIUMS EARNED

	Year ended 31 December			Three months ended 31 March	
	2014	2015	2016	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Gross written premiums (a)	794,097	2,283,042	3,408,048	604,401	1,030,363
– Short-term life insurance written premiums	44,404	296,167	1,187,242	193,431	466,563
– Property and casualty insurance written premiums	749,693	1,986,875	2,220,806	410,970	563,800
Less: Premiums ceded to reinsurers (b)	(7,265)	(10,443)	(39,632)	(3,516)	(35,954)
Net written premiums	786,832	2,272,599	3,368,416	600,885	994,409
Less: Net change in unearned premium reserves	(74,647)	(351,105)	(143,004)	(31,706)	(107,632)
Net premiums earned	712,185	1,921,494	3,225,412	569,179	886,777

(a) Gross written premiums

This represents gross premium income from direct insurance business, breakdown by line of product is as follows:

	Year ended 31 December			Three months ended 31 March	
	2014	2015	2016	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000 *(Unaudited)*	RMB'000
Accident insurance	44,391	282,783	982,228	182,519	311,682
Bond insurance	108,929	453,290	517,613	108,808	84,208
Health insurance	13	13,384	205,014	10,912	154,881
Liability insurance	15,993	81,209	185,097	35,082	82,582
Credit insurance	4,003	51,728	102,826	24,904	46,762
Cargo insurance	—	15,682	59,304	5,322	18,343
Household property insurance	4,555	33,762	15,464	1,732	10,448
Others	616,213	1,351,204	1,340,502	235,122	321,457
	794,097	2,283,042	3,408,048	604,401	1,030,363

Others primarily is consisted of shipping return insurance, which generated gross written premiums of RMB613,145 thousand, RMB1,298,219 thousand, RMB1,193,562 thousand, RMB206,092 thousand and RMB257,814 thousand, in the years ended 31 December 2014, 2015, 2016 and the three months ended 31 March 2016 and 2017.

(b) Premiums ceded to reinsurers

	Year ended 31 December			Three months ended 31 March	
	2014	2015	2016	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000 *(Unaudited)*	RMB'000
Accident insurance	323	3,801	7,192	1,621	8,523
Health insurance	—	1,355	30,373	1,771	26,967
Liability insurance	4,460	4,446	680	31	292
Cargo insurance	—	—	1,362	69	172
Household property insurance	28	—	1	—	—
Others	2,454	841	24	24	—
	7,265	10,443	39,632	3,516	35,954

7. NET INVESTMENT INCOME

	Year ended 31 December			Three months ended 31 March	
	2014	2015	2016	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Interest income					
− Bank deposits	11,299	28,058	20,268	2,379	4,320
− Bond investments	29,587	78,647	139,610	35,222	32,059
− Securities purchased under agreements to resell	343	4,141	12,191	2,865	1,914
− Trust investment	5,194	35,440	86,493	18,468	23,338
Dividend income					
− Fund investment	14,221	11,149	17,599	5,525	95,719
− Equity investment	439	780	6,874	—	—
Realized gain/(loss), net	18,979	362,469	(184,411)	(231,552)	(61,798)
	80,062	520,684	98,624	(167,093)	95,552

8. NET FAIR VALUE GAINS THROUGH PROFIT OR LOSS

	Year ended 31 December			Three months ended 31 March	
	2014	2015	2016	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Financial assets designated at fair value through profit or loss					
− Equity investments	9,752	39,735	42,829	(51,597)	(95,800)
− Fund investments	162	(149)	(1)	(28)	(332)
− Debt investments	—	1,025	(962)	(810)	(446)
− Wealth management products	—	—	(23)	—	23
	9,914	40,611	41,843	(52,435)	(96,555)

9. OTHER OPERATING INCOME

	Year ended 31 December			Three months ended 31 March	
	2014	2015	2016	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Advisory income (b)	—	—	—	—	8,955
Government grants (a)	15,376	26,525	46,476	111	158
Others	—	31	365	93	1,007
	15,376	26,556	46,841	204	10,120

(a) Government grants include rental subsidies, development support funds and government subsidies related to intangible assets, and etc.

(b) The Group enters into technical service income arrangements with Ping An Property & Casualty Insurance Co. Ltd. The Group periodically settles technical service fee based on the provisions of the contact.

10. NET CLAIMS INCURRED

	Year ended 31 December			Three months ended 31 March	
	2014	2015	2016	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Insurance claims paid (a)	491,082	1,193,241	1,340,774	247,357	351,883
– Short-term life insurance claims paid	2,012	20,241	113,330	15,913	49,721
– Property and casualty insurance claims paid	489,070	1,173,000	1,227,444	231,444	302,162
Less: Claims paid ceded to reinsurers (b)	(542)	(16,244)	(7,303)	(3,031)	(2,491)
Net claims paid	490,540	1,176,997	1,333,471	244,326	349,392
Add: Net change in insurance contract liabilities	32,363	139,272	21,822	21,229	47,321
	522,903	1,316,269	1,355,293	265,555	396,713

(a) Insurance claims paid

	Year ended 31 December			Three months ended 31 March	
	2014	2015	2016	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000 *(Unaudited)*	RMB'000
Liability insurance	1,883	61,101	124,375	25,087	23,235
Bond insurance	17,330	96,469	85,238	21,280	33,138
Accident insurance	—	17,740	79,026	14,050	22,590
Health insurance	2	2,501	34,304	1,863	27,131
Credit insurance	147	1,126	27,736	19,702	31,633
Cargo insurance	—	992	16,734	1,141	10,690
Household property insurance	833	14,775	4,707	2,098	579
Others	470,887	998,537	968,654	162,136	202,887
	491,082	1,193,241	1,340,774	247,357	351,883

Others primarily is consisted of shipping return insurance, which generated insurance claims incurred of RMB470,879 thousand, RMB981,109 thousand, RMB886,955 thousand, RMB144,554 thousand and RMB178,060 thousand in year 2014, 2015, 2016 and the three months ended 31 March 2016 and 2017.

(b) Claims paid ceded to reinsurers

	Year ended 31 December			Three months ended 31 March	
	2014	2015	2016	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000 *(Unaudited)*	RMB'000
Liability insurance	512	15,490	6,432	3,031	—
Health insurance	—	151	774	—	1,602
Accident insurance	—	10	97	—	889
Household property insurance	25	—	—	—	—
Others	5	593	—	—	—
	542	16,244	7,303	3,031	2,491

11. HANDLING CHARGES AND COMMISSIONS

	Year ended 31 December			Three months ended 31 March	
	2014	2015	2016	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Handling charges and commissions before reinsurance arrangement	17,766	102,333	288,423	44,887	118,132
Less: Reinsurance expense recovered	(1,612)	(1,692)	(1,314)	(287)	(2,667)
Handling charges and commissions	16,154	100,641	287,109	44,600	115,465

12. EXPENSES BY NATURE

	Year ended 31 December			Three months ended 31 March	
	2014	2015	2016	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Consulting fee and service charge (a)	94,462	590,629	1,092,868	201,381	338,061
Taxes and surcharges	44,866	128,993	63,686	34,562	3,381
Employee benefit expense	42,021	185,676	302,547	49,058	134,385
Rental fee	11,461	24,687	53,542	10,451	22,032
Depreciation of property, plant and equipment	3,366	5,179	7,952	1,680	3,250
Amortisation of intangible assets	871	3,302	17,425	2,305	10,733
Auditors' remuneration	454	570	1,948	200	717
Other	38,693	90,728	217,132	33,598	93,416
	236,194	1,029,764	1,757,100	333,235	605,975

The research and development expenses mainly are the employee benefit expenses of research and development staff and consulting fee and service charge paid to IT vendors by the Group. In the years ended December 31, 2014, 2015 and 2016, and the three months ended 31 March 2016 and 2017, the research and development expenses were RMB15,155 thousand, RMB36,149 thousand, RMB94,038 thousand, RMB22,471 thousand and RMB55,016 thousand, respectively.

(a) The Group enters into technical service fee arrangements with different counterparties, with the related technical service fee being determined based on the customer volume introduced by the counterparties. As the main operating costs, the Group periodically settles technical service fee based on the provisions of the contracts.

13. EMPLOYEE BENEFIT EXPENSE (INCLUDING DIRECTORS' AND SUPERVISORS' EMOLUMENTS)

	Year ended 31 December			Three months ended 31 March	
	2014	2015	2016	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000 *(Unaudited)*	RMB'000
Salaries, allowances and other short-term benefits	37,505	141,259	240,784	34,483	105,064
Contributions to defined contribution plans (a)	4,516	16,470	55,131	12,417	28,230
Share-based payments	—	27,947	6,632	2,158	1,091
	42,021	185,676	302,547	49,058	134,385

(a) Contributions to defined contribution plans mainly include contributions made to the state pension schemes.

14. DIRECTORS' AND SUPERVISORS' REMUNERATION

	Year ended 31 December			Three months ended 31 March	
	2014	2015	2016	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000 *(Unaudited)*	RMB'000
Salaries, allowances and other short-term benefits	1,568	2,001	1,913	451	569
Contributions to defined contribution plans	111	155	160	40	21
Share-based payments	—	4,688	1,334	456	242
	1,679	6,844	3,407	947	832

(a) Independent non-executive directors

	Year ended 31 December 2014				
	Wages, salaries and bonuses	Pension costs — defined contribution plans	Other social security costs, housing benefits and other employee benefits	Share-based payments	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
ZHENG Fang (鄭方)	63	—	—	—	63
YU Feng[1] (虞鋒)	63	—	—	—	63
ZHANG Shuang[2] (張爽)	—	—	—	—	—
	126	—	—	—	126

1. Resign from Independent non-executive director since August 2014

2. Independent non-executive director since November 2014

	Year ended 31 December 2015				
	Wages, salaries and bonuses	Pension costs — defined contribution plans	Other social security costs, housing benefits and other employee benefits	Share-based payments	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
ZHANG Shuang (張爽)	—	—	—	—	—
ZHENG Fang (鄭方)	—	—	—	—	—
	—	—	—	—	—

	Year ended 31 December 2016				
	Wages, salaries and bonuses	Pension costs — defined contribution plans	Other social security costs, housing benefits and other employee benefits	Share-based payments	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
ZHANG Shuang (張爽)	63	—	—	—	63
ZHENG Fang (鄭方)	62	—	—	—	62
CHEN Hui[1] (陳慧)	—	—	—	—	—
DU Li[1] (杜力)	—	—	—	—	—
LI YIFAN[1]	—	—	—	—	—
	125	—	—	—	125

1. Independent non-executive director since December 2016

	Three months ended 31 March 2016 (Unaudited)				
	Wages, salaries and bonuses	Pension costs — defined contribution plans	Other social security costs, housing benefits and other employee benefits	Share-based payments	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
ZHANG Shuang (張爽)	16	—	—	—	16
ZHENG Fang (鄭方)	15	—	—	—	15
	31	—	—	—	31

	Three months ended 31 March 2017				
	Wages, salaries and bonuses	Pension costs — defined contribution plans	Other social security costs, housing benefits and other employee benefits	Share-based payments	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
ZHANG Shuang (張爽)	31	—	—	—	31
CHEN Hui[1] (陳慧)	31	—	—	—	31
DU Li[1] (杜力)	31	—	—	—	31
LI YIFAN[1]	31	—	—	—	31
ZHENG Fang (鄭方)	11	—	—	—	11
	135	—	—	—	135

1. Resign from Independent non-executive director since March 2017.

(b) Executive directors and non-executive directors

	Year ended 31 December 2014				
	Wages, salaries and bonuses	Pension costs — defined contribution plans	Other social security costs, housing benefits and other employee benefits	Share-based payments	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors:					
CHEN Jin[1](陳勁)	1,159	22	22	—	1,203
YIN Hai[2](尹海)	—	—	—	—	—
Non-executive directors:					
OU Yaping (歐亞平)	—	—	—	—	—
PENG Lei (彭蕾)	—	—	—	—	—
LAI Chi Ming, Jimmy (賴智明)	—	—	—	—	—
LU Yue (盧躍)	—	—	—	—	—
HU Xiaoming (胡曉明)	—	—	—	—	—
CAI Zhaohui (蔡朝暉)	—	—	—	—	—
FENG Yan (馮雁)	—	—	—	—	—
LI Fujun (李福軍)	—	—	—	—	—
	1,159	22	22	—	1,203

1. Executive director since November 2014

2. Resign from Executive director since August 2014

	Year ended 31 December 2015				
	Wages, salaries and bonuses	Pension costs — defined contribution plans	Other social security costs, housing benefits and other employee benefits	Share-based payments	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors:					
CHEN Jin (陳勁)	1,778	41	40	4,562	6,421
Non-executive directors:					
OU Yaping (歐亞平)	—	—	—	—	—
PENG Lei (彭蕾)	—	—	—	—	—
LAI Chi Ming, Jimmy (賴智明)	—	—	—	—	—
LU Yue (盧躍)	—	—	—	—	—
HU Xiaoming (胡曉明)	—	—	—	—	—
CAI Zhaohui (蔡朝暉)	—	—	—	—	—
FENG Yan (馮雁)	—	—	—	—	—
LI Fujun (李福軍)	—	—	—	—	—
	1,778	41	40	4,562	6,421

	Year ended 31 December 2016				
	Wages, salaries and bonuses	Pension costs — defined contribution plans	Other social security costs, housing benefits and other employee benefits	Share-based payments	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors:					
CHEN Jin (陳勁)	1,500	42	40	1,332	2,914
Non-executive directors:					
OU Yaping (歐亞平)	—	—	—	—	—
PENG Lei (彭蕾)	—	—	—	—	—
LAI Chi Ming, Jimmy (賴智明)	—	—	—	—	—
LU Yue (盧躍)	—	—	—	—	—
HU Xiaoming (胡曉明)	—	—	—	—	—
CAI Zhaohui (蔡朝暉)	—	—	—	—	—
FENG Yan (馮雁)	—	—	—	—	—
LI Fujun (李福軍)	—	—	—	—	—
HAN Xinyi[2] (韓歆毅)	—	—	—	—	—
WANG Guoping[3] (王國平)	—	—	—	—	—
	1,500	42	40	1,332	2,914

1. Resign from non-executive director since November 2016
2. Non-executive director since November 2016
3. Non-executive director since December 2016

	Three months ended 31 March 2016 (Unaudited)				
	Wages, salaries and bonuses	Pension costs — defined contribution plans	Other social security costs, housing benefits and other employee benefits	Share-based payments	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors:					
CHEN Jin (陳勁)	375	10	10	454	849
Non-executive directors:					
OU Yaping (歐亞平)	—	—	—	—	—
PENG Lei (彭蕾)	—	—	—	—	—
LAI Chi Ming, Jimmy (賴智明)	—	—	—	—	—
LU Yue (盧躍)	—	—	—	—	—
HU Xiaoming (胡曉明)	—	—	—	—	—
CAI Zhaohui (蔡朝暉)	—	—	—	—	—
FENG Yan (馮雁)	—	—	—	—	—
LI Fujun (李福軍)	—	—	—	—	—
	375	10	10	454	849

	Three months ended 31 March 2017				
	Wages, salaries and bonuses	Pension costs — defined contribution plans	Other social security costs, housing benefits and other employee benefits	Share-based payments	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors:					
CHEN Jin (陳勁)	400	11	10	242	663
Non-executive directors:					
OU Yaping (歐亞平)	—	—	—	—	—
LAI Chi Ming, Jimmy (賴智明)	—	—	—	—	—
HU Xiaoming (胡曉明)	—	—	—	—	—
HAN Xinyi (韓歆毅)	—	—	—	—	—
WANG Guoping (王國平)	16	—	—	—	16
ZHENG Fang[1] (鄭方)	5	—	—	—	5
	421	11	10	242	684

1. Non-executive director since March 2017

(c) Supervisors

	Year ended 31 December 2014				
	Wages, salaries and bonuses	Pension costs — defined contribution plans	Other social security costs, housing benefits and other employee benefits	Share-based payments	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
DING Jin[1] (丁晉)	283	30	37	—	350
WEN Yuping (溫玉萍)	—	—	—	—	—
GAN Baoyan[2] (干寶雁)	—	—	—	—	—
ZHANG Shuang[3] (張爽)	—	—	—	—	—
	283	30	37	—	350

1. Supervisor since February 2014

2. Supervisor since November 2014

3. Resign from supervisor since August 2014

	Year ended 31 December 2015				
	Wages, salaries and bonuses	Pension costs — defined contribution plans	Other social security costs, housing benefits and other employee benefits	Share-based payments	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
DING Jin (丁晉)	223	34	40	126	423
WEN Yuping (溫玉萍)	—	—	—	—	—
GAN Baoyan (干寶雁)	—	—	—	—	—
	223	34	40	126	423

	Year ended 31 December 2016				
	Wages, salaries and bonuses	Pension costs — defined contribution plans	Other social security costs, housing benefits and other employee benefits	Share-based payments	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
DING Jin (丁晉)	288	35	43	2	368
WEN Yuping (溫玉萍)	—	—	—	—	—
GAN Baoyan (干寶雁)	—	—	—	—	—
	288	35	43	2	368

	Three months ended 31 March 2016 (Unaudited)				
	Wages, salaries and bonuses	Pension costs — defined contribution plans	Other social security costs, housing benefits and other employee benefits	Share-based payments	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
DING Jin (丁晉)	45	9	11	2	67
WEN Yuping (溫玉萍)	—	—	—	—	—
GAN Baoyan (干寶雁)	—	—	—	—	—
	45	9	11	2	67

	Three months ended 31 March 2017				
	Wages, salaries and bonuses	Pension costs — defined contribution plans	Other social security costs, housing benefits and other employee benefits	Share-based payments	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
WEN Yuping (溫玉萍)	7	—	—	—	7
GAN Baoyan (干寶雁)	6	—	—	—	6
	13	—	—	—	13

There was no payment of their other services in connection with the management of the affairs of the company or its subsidiary undertaking during the years ended 31 December 2014, 2015, 2016 and the three months ended 31 March 2016 and 2017.

15. FIVE HIGHEST PAID INDIVIDUALS

The number of highest paid non-director individuals whose remuneration fell within the following bands is set out below:

	Year ended 31 December			Three months ended 31 March	
	2014	2015	2016	2016	2017
				(Unaudited)	
Nil to RMB1,000,000	4	—	—	5	5
RMB1,000,001 to RMB2,000,000	1	2	2	—	—
RMB2,000,001 to RMB3,000,000	—	—	3	—	—
RMB3,000,001 to RMB4,000,000	—	1	—	—	—
RMB5,000,001 to RMB6,000,000	—	2	—	—	—
Total	5	5	5	5	5

Details of the remuneration of the highest paid non-director individuals are as follows:

	Year ended 31 December			Three months ended 31 March	
	2014	2015	2016	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Salaries, allowances and other short-term benefits	4,453	5,043	6,104	1,525	1,554
Contributions to defined contribution plans	373	403	409	103	84
Share-based payments	—	11,751	3,068	1,032	517
	4,826	17,197	9,581	2,660	2,155
The number of non-director individuals for the above remuneration	5	5	5	5	5

16. INCOME TAX EXPENSE

(a) Income tax expense

	Year ended 31 December			Three months ended 31 March	
	2014	2015	2016	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Current income tax	—	—	—	—	—
Deferred income tax (Note 30)	(397)	15,336	3,643	(38,307)	(20,608)
	(397)	15,336	3,643	(38,307)	(20,608)

(b) Reconciliation of tax expense

A reconciliation of the tax expense applicable to profit before income tax using the PRC statutory income tax rate of 25% to the tax expense at the Group's effective tax rate is as follows:

	Year ended 31 December			Three months ended 31 March	
	2014	2015	2016	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Profit/(loss) before income tax	36,584	59,593	13,015	(293,692)	(222,704)
Tax computed at the statutory tax rate	9,146	14,898	3,254	(73,423)	(55,676)
Adjustments to income tax in respect of previous periods	—	—	—	—	(9,074)
Income not subject to tax[(i)]	(3,349)	(239)	(48)	(10)	(23,929)
Expenses not deductible for tax	333	677	437	125	273
Recognition of unrecognized prior years deductible temporary differences	(6,527)	—	—	—	—
Tax losses for which no deferred tax asset was recognised	—	—	—	35,001	67,798
Income tax expense at the Group's effective rate	(397)	15,336	3,643	(38,307)	(20,608)

(i) The income not subject to tax are dividends received from investment funds held by the Group.

17. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing net profit for the year/period by the weighted average number of shares in issue during the year/period. Diluted earnings per share is calculated by adjusting the weighted average number of shares outstanding to assume conversion of all dilutive potential shares.

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

	Year ended 31 December			Three months ended 31 March	
	2014	2015	2016	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Net profit/(loss) for the year/period	36,981	44,257	9,372	(255,385)	(202,096)
Weighted average number of shares in issue (in thousand)	1,000,000	1,160,417	1,240,625	1,240,625	1,240,625
Basic earnings/(loss) per share (RMB yuan)	0.04	0.04	0.01	(0.21)	(0.16)
Diluted earnings/(loss) per share (RMB yuan)	0.04	0.04	0.01	(0.21)	(0.16)

The Company had no dilutive potential shares as at 31 December 2014 , 2015, 2016 and 31 March 2017.

18. OTHER COMPREHENSIVE INCOME/(LOSS)

	Year ended 31 December			Three months ended 31 March	
	2014	2015	2016	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Available-for-sale financial assets					
Fair value change on available-for-sale financial assets	5,466	93,794	(25,200)	15,365	3,093
Reclassification adjustments for amounts transferred to profit or loss	—	(1,721)	(48,600)	(19,429)	(18,729)
Income tax expense relating to available-for-sale financial assets	(1,367)	(23,018)	18,450	1,016	3,909
Other comprehensive income/(loss)	4,099	69,055	(55,350)	(3,048)	(11,727)

19. CASH AND CASH EQUIVALENTS

The Group

	At 31 December			At 31 March
	2014	2015	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Cash at banks and on hand . . .	—	—	—	—
Time deposits with original maturity of no more than three months.	113,534	1,285,772	1,034,881	930,095
Other monetary assets (a).	28,162	89,125	118,363	124,551
	141,696	1,374,897	1,153,244	1,054,646

The Company

	At 31 December			At 31 March
	2014	2015	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Cash at banks and on hand . . .	—	—	—	—
Time deposits with original maturity of no more than three months.	105,987	682,706	666,493	364,040
Other monetary assets (a).	23,865	20,918	92,934	105,672
	129,852	703,624	759,427	469,712

(a) Other monetary assets refer to funds deposited by the Group for daily business operations and investment activities.

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

All the Group's financial assets at fair value through profit or loss are as follows:

	At 31 December			At 31 March
	2014	2015	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Listed				
– Equity investments	54,007	1,284,733	1,491,395	1,654,300
– Debt investments	—	31,396	26,835	33,597
– Fund investments	—	2,677	9,833	3,658
Unlisted				
– Fund investments	67,479	2,592	7,959	2,677
– Wealth management products	—	—	63,208	—
	121,486	1,321,398	1,599,230	1,694,232

All the Company's financial assets at fair value through profit or loss are as follows:

	At 31 December			At 31 March
	2014	2015	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Unlisted				
– Fund investments	67,479	2,592	2,656	2,677
– Wealth management products	—	—	61,232	—
	67,479	2,592	63,888	2,677

Changes in fair values of financial assets at fair value through profit or loss are recorded in 'Net fair value gains through profit or loss' in the income statement.

21. SECURITIES PURCHASED UNDER AGREEMENTS TO RESELL

The Group

	At 31 December			At 31 March
	2014	2015	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Securities - bonds				
– Traded in stock exchange	50,000	—	302,300	800
	50,000	—	302,300	800

22. INTEREST RECEIVABLES

The Group

	At 31 December			At 31 March
	2014	2015	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Interest receivables from bank deposits	12,170	23,608	36,167	39,444
Interest receivables from debt investments	9,978	72,670	80,280	42,920
Interest receivables from trust investment scheme	1,307	2,016	20,388	4,879
Interest receivables from securities purchased under agreements to resell	—	—	6	—
	23,455	98,294	136,841	87,243

The Company

	At 31 December			At 31 March
	2014	2015	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Interest receivables from bank deposits	12,168	23,527	36,084	39,317
Interest receivables from debt investments	—	31	13,118	—
Interest receivables from trust investment scheme	—	—	214	—
	12,168	23,558	49,416	39,317

23. PREMIUMS RECEIVABLES

The Group and the Company

	At 31 December			At 31 March
	2014	2015	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Premium receivables	21,621	112,382	174,447	173,913
Provision for impairment of insurance receivables	—	—	(166)	—
	21,621	112,382	174,281	173,913

An aged analysis of the premiums receivables is as follows:

	At 31 December			At 31 March
	2014	2015	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Within 3 months (including 3 months)	21,002	98,546	126,060	139,290
Over 3 months and within 1 year (including 1 year)	619	11,979	44,863	28,746
Over 1 year	—	1,857	3,358	5,877
	21,621	112,382	174,281	173,913

24. REINSURANCE DEBTORS

The Group and the Company

	At 31 December			At 31 March
	2014	2015	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Reinsurance debtors	534	14,757	10,838	14,468
Provision for impairment of insurance receivables	—	—	—	—
	534	14,757	10,838	14,468

An aged analysis of reinsurance debtors is as follows:

	At 31 December			At 31 March
	2014	2015	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Within one year	534	14,429	7,459	9,417
Over one year	—	328	3,379	5,051
	534	14,757	10,838	14,468

25. AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-for-sale financial assets are stated at fair value and comprise the following:

The Group

	At 31 December			At 31 March
	2014	2015	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Listed				
– Debt investments	341,390	919,511	903,251	630,714
– Fund investments	26,740	15,339	80	88
Unlisted				
– Debt investments	—	2,120,954	2,339,230	2,044,942
– Fund investments	—	476,000	402,699	99,499
– Wealth management products	—	—	—	362,799
– Unlisted equity investments	—	25,000	25,000	25,000
	368,130	3,556,804	3,670,260	3,163,042

The Company

	At 31 December			At 31 March
	2014	2015	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Listed				
— Debt investments	—	1,512	143,852	—
Unlisted				
— Debt investments	—	—	497,627	—
— Wealth management products	—	—	—	300,000
— Equity investments	—	25,000	25,000	25,000
	—	26,512	666,479	325,000

26. INVESTMENTS CLASSIFIED AS LOANS AND RECEIVABLES

The Group

	At 31 December			At 31 March
	2014	2015	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Trust investment scheme	200,128	489,912	845,266	969,853
Wealth management products	208,171	717,984	862,382	746,598
	408,299	1,207,896	1,707,648	1,716,451

The Company

	At 31 December			At 31 March
	2014	2015	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Trust investment scheme	—	—	124,587	88,639
Wealth management products	208,171	—	—	—
	208,171	—	124,587	88,639

As at 31 December of 2014, 2015, 2016 and 31 March of 2017, the underlying loan assets of the trust investment schemes were neither pass due nor impaired. After considering the creditability of each of the counterparties and the collateral or guarantee obtained, no impairment was provided for such loan assets. The Group's maximum exposure to loss in the trust investment schemes is limited to its carrying amounts, see Note 4(b).

27. RESTRICTED STATUTORY DEPOSITS

The Group and the Company

	At 31 December			At 31 March
	2014	2015	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning of the year/period	200,000	200,000	248,125	248,125
Addition	—	48,125	—	—
At the end of the year/period	200,000	248,125	248,125	248,125

In accordance with relevant provision of Insurance Law of the PRC, the Company should place 20% of its share capital as restricted statutory deposits, respectively.

	As at 31 December 2014		
	Amount	**Storage**	**Period**
	RMB'000		
China Everbright Bank	100,000	Term deposit	5 years
China Citic Bank	100,000	Term deposit	5 years
Total	**200,000**		

	As at 31 December 2015		
	Amount	**Storage**	**Period**
	RMB'000		
China Everbright Bank	100,000	Term deposit	5 years
China Citic Bank	100,000	Term deposit	5 years
China Merchants Bank	48,125	Term deposit	3 years
Total	**248,125**		

	As at 31 December 2016		
	Amount	**Storage**	**Period**
	RMB'000		
China Everbright Bank	100,000	Term deposit	5 years
China Citic Bank	100,000	Term deposit	5 years
China Merchants Bank	48,125	Term deposit	3 years
Total	**248,125**		

	As at 31 March 2017		
	Amount	**Storage**	**Period**
	RMB'000		
China Everbright Bank	100,000	Term deposit	5 years
China Citic Bank	100,000	Term deposit	5 years
China Merchants Bank	48,125	Term deposit	3 years
Total	**248,125**		

28. PROPERTY AND EQUIPMENT

The Group and the Company

	Motor vehicles	Electrical equipment	Office furniture and equipment	Leasehold improvements	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost					
At 1 January 2014	—	1,973	390	5,926	8,289
Additions	3,330	1,008	403	1,726	6,467
Disposals	—	(18)	(22)	—	(40)
At 31 December 2014	3,330	2,963	771	7,652	14,716
Additions	—	6,529	27	2,568	9,124
Disposals	—	(8)	—	—	(8)
At 31 December 2015	3,330	9,484	798	10,220	23,832
Additions	—	13,085	3,175	30,778	47,038
Disposals	—	(63)	—	—	(63)
At 31 December 2016	3,330	22,506	3,973	40,998	70,807
Additions	—	2,137	2,213	871	5,221
At 31 March 2017	3,330	24,643	6,186	41,869	76,028
Accumulated depreciation and impairment					
At 1 January 2014	—	(116)	(22)	(552)	(690)
Depreciation charge	(284)	(429)	(107)	(2,546)	(3,366)
Disposals	—	4	4	—	8
At 31 December 2014	(284)	(541)	(125)	(3,098)	(4,048)
Depreciation charge	(633)	(979)	(147)	(3,420)	(5,179)
Disposals	—	3	—	—	3
At 31 December 2015	(917)	(1,517)	(272)	(6,518)	(9,224)
Depreciation charge	(633)	(2,986)	(349)	(3,984)	(7,952)
Disposals	—	20	—	—	20
At 31 December 2016	(1,550)	(4,483)	(621)	(10,502)	(17,156)
Depreciation charge	(158)	(1,133)	(280)	(1,679)	(3,250)
At 31 March 2017	(1,708)	(5,616)	(901)	(12,181)	(20,406)
Net book value					
At 31 December 2014	**3,046**	**2,422**	**646**	**4,554**	**10,668**
At 31 December 2015	**2,413**	**7,967**	**526**	**3,702**	**14,608**
At 31 December 2016	**1,780**	**18,023**	**3,352**	**30,496**	**53,651**
At 31 March 2017	**1,622**	**19,027**	**5,285**	**29,688**	**55,622**

29. INTANGIBLE ASSETS

The Group and the Company

	Software	Chinese domain name registration	Total
	RMB'000	RMB'000	RMB'000
Cost			
At 1 January 2014	3,037	—	3,037
Additions	9,611	19	9,630
At 31 December 2014	12,648	19	12,667
Additions	31,897	—	31,897
At 31 December 2015	44,545	19	44,564
Additions	125,048	—	125,048
At 31 December 2016	169,593	19	169,612
Additions	36,615	—	36,615
At 31 March 2017	206,208	19	206,227
Accumulated amortization			
At 1 January 2014	(61)	—	(61)
Amortization	(870)	(1)	(871)
At 31 December 2014	(931)	(1)	(932)
Amortization	(3,300)	(2)	(3,302)
At 31 December 2015	(4,231)	(3)	(4,234)
Amortization	(17,423)	(2)	(17,425)
At 31 December 2016	(21,654)	(5)	(21,659)
Amortization	(10,733)	-	(10,733)
At 31 March 2017	(32,387)	(5)	(32,392)
Carrying amount			
At 31 December 2014	**11,717**	**18**	**11,735**
At 31 December 2015	**40,314**	**16**	**40,330**
At 31 December 2016	**147,939**	**14**	**147,953**
At 31 March 2017	**173,821**	**14**	**173,835**

30. DEFERRED INCOME TAX ASSETS AND LIABILITIES

The Group

	At 31 December			At 31 March
	2014	2015	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Net deferred income tax liabilities, at the beginning of year/period	—	(970)	(39,324)	(24,517)
Recognized in profit or loss	397	(15,336)	(3,643)	20,608
Recognized in other comprehensive income	(1,367)	(23,018)	18,450	3,909
Net deferred income tax liabilities, at the end of year/period	(970)	(39,324)	(24,517)	—

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	At 31 December			At 31 March
	2014	2015	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Deferred tax assets/(liabilities)				
Accumulated taxable losses	8,983	105,247	137,200	137,564
Salary payable	3,177	—	—	—
Insurance contract liabilities	476	13,036	3,944	19,788
Amortisation of intangible assets	100	347	1,720	3,156
Employee Stock Ownership Plan	—	6,987	8,645	8,917
Bad debt provision	—	—	41	—
Unrealized gains of structured entities	(9,860)	(127,925)	(147,040)	(168,446)
Net fair value adjustment on available-for-sale financial assets	(1,367)	(24,385)	(5,935)	(2,026)
Net fair value adjustment on financial assets carried at fair value through profit or loss	(2,479)	(12,631)	(23,092)	1,047
Net deferred income tax assets or liabilities	(970)	(39,324)	(24,517)	—
Represented by				
Deferred tax assets	12,736	125,617	151,550	170,472
Deferred tax liabilities	(13,706)	(164,941)	(176,067)	(170,472)

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. At 31 March 2017, the Group did not recognise deferred income tax assets of RMB67,798 thousand in respect of losses amounting to RMB271,192 thousand that can be carried forward against future taxable income. Losses amounting to RMB271,192 thousand in the three months ended March 2017 expires in 2022.

31. OTHER ASSETS

The Group

	At 31 December			At 31 March
	2014	2015	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Deposits	3,500	15,336	24,931	26,125
Advanced payment	2,910	56,297	41,630	56,754
Estimate of VAT input tax	—	—	25,156	25,680
Others	419	164	10,984	23,613
Total	**6,829**	**71,797**	**102,701**	**132,172**

The Company

	At 31 December			At 31 March
	2014	2015	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Deposits	3,500	15,336	24,931	25,920
Advanced payment	2,910	56,297	41,607	54,951
Estimate of VAT input tax	—	—	25,130	25,661
Others	419	164	10,346	22,583
Total	**6,829**	**71,797**	**102,014**	**129,115**

32. SHARE CAPITAL

The Group and the Company

	At 31 December			At 31 March
	2014	2015	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Number of shares issued and fully paid at RMB1 yuan each	1,000,000	1,240,625	1,240,625	1,240,625

33. RESERVES

The amounts of the Group's reserves and the movements therein during the year/period are presented in the consolidated statement of changes in equity.

(a) Capital reserves

Capital reserves mainly represents share premium from issuance of shares.

(b) Surplus reserves

Surplus reserves consist of the statutory surplus reserve and the discretionary surplus reserve.

(i) ***Statutory surplus reserves (the "SSR")***

According to the PRC Company Law and the articles of association of the Company, the Company is required to set aside 10% of their net profit (after offsetting the accumulated losses incurred in previous years) determined under PRC GAAP, to the SSR until the balance reaches 50% of the respective registered capital.

Subject to the approval of shareholders, the SSR may be used to offset the accumulated losses, if any, and may also be converted into capital, provided that the balance of the SSR after such capitalisation is not less than 25% of the registered capital of the Company's retained profits. Since the Company does not have net profit at its company level instead of Group level, no reserve has been retained.

(ii) ***Discretionary surplus reserves (the "DSR")***

After making necessary appropriations to the SSR, the Company may also appropriate a portion of their net profit to the DSR upon the approval of the shareholders in general meetings.

Subject to the approval of the shareholders, the DSR may be used to offset accumulated losses, if any, and may be converted into capital.

(c) General reserves

In accordance with the relevant regulations, general reserves should be set aside to cover catastrophic losses as incurred by companies operating in the insurance business. The Company would need to make appropriations for such reserve based on their respective year end net profit determined in accordance with PRC GAAP, and based on the applicable PRC financial regulations, in the annual financial statements. Such reserve is not available for profit distribution or transfer as capital injection.

Since the Company does not have net profit at its company level instead of Group level, no reserve has been retained.

(d) Other reserves

The investment revaluation reserve records the fair value changes of available-for-sale financial assets. The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of the subsidiaries incorporated outside the PRC.

34. SHARE-BASED PAYMENTS

(a) 2014 Share Option Plan

On 4 December 2014, the general meeting of shareholders of the Company approved the establishment of an equity-settled share-based compensation plan (the "2014 Share Option Plan") that provides the granting options to eligible directors and employees (collectively, the "Grantees") to acquire shares of the Company at an exercise price of RMB1.5 yuan per share. Upon the 2014 Share Option Plan, 100,000,000 shares have been reserved by one of the shareholders of the Company, namely Unifront Holding Limited. (Unifront Holding), for Grantees.

On 9 January 2015, the Company granted 60,000,000 share options to its directors and employees. Subject to the Grantee continuing to be a service provider, 100% of these options were vested upon fulfilling the condition in the share option agreement. Since then, these options were vested over 4 years.

(b) Revised 2014 Share Option Plan

Pursuant to "*Bao Jian Fa [2015] No.56 — Notice on Relevant Matters Concerning the Insurance Companies to Carry Out Employee Stock Plan*" issued by CIRC on 2 July 2015, the Company modified the terms and conditions of 2014 Share Option Plan. Such revised 2014 Share Option Plan ("Share Ownership Plan") has been approved by the general meeting of shareholders of the Company on 18 December 2015.

Under the Share Ownership Plan, Unifront Holding transferred 60,000,000 shares to two holding vehicles ("Holding Vehicles"), namely Shanghai Haoguan Investment Management Partnership (Limited Partnership) ("Shanghai Haoguan") and Shanghai Qianguo Investment Management Partnership (Limited Partnership) ("Shanghai Qianguo"). Aggregate considerations amounting to RMB90,000 thousand for such shares transfer have been paid by the two Holding Vehicles to Unifront Holding, after the Holding Vehicles received the cash paid in by the Grantees at the exercise price of RMB1.5 yuan per share.

Holding Vehicles	Number of shares of the Company held by the Holding Vehicles	Exercise price per share	Aggregate cash paid in by the Grantees	Cash settled to Unifront Holding
			(in RMB'000)	(in RMB'000)
Shanghai Haoguan	28,570,000	RMB1.5 yuan	42,855	42,855
Shanghai Qianguo	31,430,000	RMB1.5 yuan	47,145	47,145

The Grantees can dispose their interests in the Holding Vehicles after the Company successfully complete an initial public offering and the Company's shares get listed in the stock exchange ("IPO and listing") and a three-year locking period ("Locking Period") after the IPO and listing. The Grantees will be entitled to a disposal of 25% of such interests in the Holding Vehicles each year after the Locking Period.

The Group has no legal or constructive obligations to repurchase the shares of the Company from the Holding Vehicles.

In five years, if the Company fails to complete an IPO and listing, Unifront Holding will have the constructive obligation to repurchase the shares held by the Holding Vehicles. The repurchase price will be determined at arm's length.

The directors have used the income approach-discounted cash flow method to determine the fair value of the shares of the Company, and adopted Black-Scholes Option Pricing Model and Binominal Option Pricing Model to determined the fair value of the underlying share options. Key assumptions, such as discount rate and projections of future performance, are required to be determined by the directors with best estimate.

Based on fair value of the underlying shares, the directors have used Binominal pricing model to determine the fair value of the share options as of the grant date, which amounted to RMB0.64 yuan per share option. Key assumptions are set out as below:

Dividend rate (%)	0.00
Volatility (%)	44
Risk-free interest rate (%)	3.427
Dividend yield (in years)	9.4
Estimate share price at grant date according to income approach (in RMB yuan)	1.4
Exercise price (in RMB yuan)	1.5

The total expenses recognized in the consolidated statements of comprehensive income for employee ownership plan is disclosed in Note 13.

The remaining contractual life of share options outstanding as at 31 December 2015, 2016 and 31 March 2017 is 8.9 years, 7.9 years and 7.6 years, respectively.

35. SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE

The Group

	At 31 December			At 31 March
	2014	2015	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Securities - bonds				
– Traded in stock exchange.	140,000	1,600	282,674	2,300
	140,000	1,600	282,674	2,300

36. INSURANCE CONTRACT LIABILITIES

The Group and the Company

	31 December 2014		
	Insurance contract liabilities	Reinsurers' share of insurance contract liabilities	Net
	RMB'000	RMB'000	RMB'000
Insurance contracts liabilities			
– Unearned premium reserves	87,459	(2,612)	84,847
– Claim reserves	35,546	(2,396)	33,150
	123,005	(5,008)	117,997
Incurred but not reported claim reserves	20,768	(1,961)	18,807

	31 December 2015		
	Insurance contract liabilities	Reinsurers' share of insurance contract liabilities	Net
	RMB'000	RMB'000	RMB'000
Insurance contracts liabilities			
– Unearned premium reserves	441,579	(5,627)	435,952
– Claim reserves	174,652	(2,228)	172,424
	616,231	(7,855)	608,376
Incurred but not reported claim reserves	134,620	(1,049)	133,571

	31 December 2016		
	Insurance contract liabilities	Reinsurers' share of insurance contract liabilities	Net
	RMB'000	RMB'000	RMB'000
Insurance contracts liabilities			
– Unearned premium reserves	601,256	(22,299)	578,957
– Claim reserves	196,049	(1,805)	194,244
	797,305	(24,104)	773,201
Incurred but not reported claim reserves	58,893	(1,699)	57,194

The Group and the Company

	31 March 2017		
	Insurance contract liabilities	Reinsurers' share of insurance contract liabilities	Net
	RMB'000	RMB'000	RMB'000
Insurance contracts liabilities			
– Unearned premium reserves	722,989	(36,400)	686,589
– Claim reserves	245,673	(4,109)	241,564
	968,662	(40,509)	928,153
Incurred but not reported claim reserves	89,155	(4,080)	85,075

Movements of unearned premium reserves

	Insurance contract liabilities	Reinsurers' share of insurance contract liabilities	Net
	RMB'000	RMB'000	RMB'000
At 1 January 2014	10,201	—	10,201
Premiums written	794,097	(7,265)	786,832
Premiums earned	(716,839)	4,653	(712,186)
At 31 December 2014	87,459	(2,612)	84,847
Premiums written	2,283,042	(10,443)	2,272,599
Premiums earned	(1,928,922)	7,428	(1,921,494)
At 31 December 2015	441,579	(5,627)	435,952
Premiums written	3,408,048	(39,632)	3,368,416
Premiums earned	(3,248,371)	22,960	(3,225,411)
At 31 December 2016	601,256	(22,299)	578,957
Premiums written	1,030,363	(35,954)	994,409
Premiums earned	(908,630)	21,853	(886,777)
At 31 March 2017	722,989	(36,400)	686,589

Movements of claim reserves

	Insurance contract liabilities	Reinsurers' share of insurance contract liabilities	Net
	RMB'000	RMB'000	RMB'000
At 1 January 2014	787	2,396	3,183
Claims incurred	525,841	(5,334)	520,507
Claims paid	(491,082)	542	(490,540)
At 31 December 2014	35,546	(2,396)	33,150
Claims incurred	1,332,347	(16,076)	1,316,271
Claims paid	(1,193,241)	16,244	(1,176,997)
At 31 December 2015	174,652	(2,228)	172,424
Claims incurred	1,362,171	(6,880)	1,355,291
Claims paid	(1,340,774)	7,303	(1,333,471)
At 31 December 2016	196,049	(1,805)	194,244
Claims incurred	401,507	(4,795)	396,712
Claims paid	(351,883)	2,491	(349,392)
At 31 March 2017	245,673	(4,109)	241,564

37. INVESTMENT CONTRACT LIABILITIES

The Group and the Company

	RMB'000
At 1 January 2015	—
Deposits received	1,884
Deposits withdrawn	(323)
Investment income	1
At 31 December 2015	1,562
Deposits received	5,466,073
Deposits withdrawn	(4,912,127)
Investment income	20,381
Fees deducted	(2,820)
At 31 December 2016	573,069
Deposits received	77,794
Deposits withdrawn	(511,904)
Investment income	(1,502)
Fees deducted	(261)
At 31 March 2017	137,196

38. OTHER LIABILITIES

The Group

	At 31 December			At 31 March
	2014	2015	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Service charge payable	37,430	278,966	390,488	350,994
Salary and staff welfare payable	13,671	55,342	40,412	46,766
Tax payable other than income tax	8,826	21,027	58,180	18,097
Insurance guarantee fund	6,278	13,501	13,841	17,518
Commission and brokerage payable	6,019	26,292	39,196	56,052
Claims payable	632	12,603	14,824	6,578
Rent payable	—	9,490	7,338	8,390
Insurance business supervision fees	1,026	1,039	—	831
Deferred income	—	3,741	4,665	4,507
Deposit payable	—	42,593	80,766	105,046
Others	8,273	25,438	50,158	87,928
	82,155	490,032	699,868	702,707

The Company

	At 31 December			At 31 March
	2014	2015	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Service charge payable	37,430	278,966	390,488	350,994
Salary and staff welfare payable	13,671	55,342	40,412	46,688
Tax payable other than income tax	8,826	21,027	58,309	18,402
Insurance guarantee fund	6,278	13,501	13,841	17,518
Commission and brokerage payable	6,019	26,292	39,196	56,052
Claims payable	632	12,603	14,824	6,578
Rent payable	—	9,490	7,338	8,390
Insurance business supervision fees	1,026	1,039	—	831
Deferred income	—	3,741	4,665	4,507
Deposit payable	—	42,593	80,766	105,046
Others	7,537	18,720	44,116	77,367
	81,419	483,314	693,955	692,373

39. NOTE TO CONSOLIDATED CASH FLOW STATEMENT

Reconciliation from profit before income tax to cash generated from operating activities:

	Year ended 31 December			Three months ended 31 March	
	2014	2015	2016	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Profit/(loss) before tax	36,584	59,593	13,015	(293,692)	(222,704)
Provisions for asset impairment	—	—	166	—	—
Investment income	(80,062)	(520,684)	(98,624)	167,093	(95,552)
Net fair value gains through profit or loss	(9,914)	(40,611)	(41,843)	52,435	96,555
Depreciation of property and equipment	3,366	5,179	7,952	1,680	3,250
Amortization of intangible assets	871	3,302	17,425	2,305	10,733
Loss on disposal of items of property and equipment, intangible assets and other long-term assets	33	4	44	—	—
Exchange gain or loss	—	—	(9)	1	31
Finance costs	5,702	3,078	203	157	445
Expense recognized for share-based payments	—	27,947	6,632	2,158	1,091
(Increase)/decrease in premiums receivables	(21,511)	(90,761)	(62,065)	27,759	368
(Increase)/decrease in reinsurance assets	(534)	(14,223)	3,919	(2,445)	(3,630)
Amortisation of deferred income	—	(259)	(476)	(111)	(158)
Change in insurance contract liabilities	107,010	490,378	164,825	52,935	154,952
Decrease in operating receivables	(1,221)	(57,017)	(21,867)	(38,106)	(33,396)
Increase/(decrease) in other operating liabilities	79,295	434,621	864,090	71,123	(430,038)
Cash generated from/(used in) operating activities	119,619	300,547	853,387	43,292	(518,053)

40. RELATED PARTY TRANSACTIONS

The Company's directors were of the view that Ant Small and Micro Financial Services Group Co. Ltd. ("Ant Financial"), Ping An Insurance (Group) Co. of China Ltd. ("Ping An Insurance"), Tencent Holdings Limited ("Tencent"), Ctrip.com International Ltd. ("Ctrip") and their subsidiaries and key management personnel were considered as related parties of the Group. Alibaba Group Holdings Limited ("Alibaba") and its subsidiaries were also considered as related parties of the Group given the relationship between Alibaba and Ant Financial Services.

Transactions with key management personnel have been disclosed in Note 40 below. The Group's transaction with related parties are conducted under the ordinary course of business.

(a) Sale of insurance contracts to related parties

	Year ended 31 December			Three months ended 31 March	
	2014	2015	2016	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Ant Financial and its subsidiaries	28,049	80,290	85,234	44,418	3,844
Alibaba and its subsidiaries	38,908	105,943	6,326	1,244	1,288
Ctrip and its subsidiaries	—	—	40,000	—	—
Tencent and its subsidiaries	—	15,798	7,568	126	88
Key management personnel	1,041	28	2,871	116	208
	67,998	202,059	141,999	45,904	5,428

(b) Technical service fees paid to related parties

	Year ended 31 December			Three months ended 31 March	
	2014	2015	2016	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Ant Financial and its subsidiaries	22,775	304,716	437,735	78,718	94,332
Alibaba and its subsidiaries	44,189	28,716	—	—	—
Ctrip and its subsidiaries	25,200	170,032	349,318	93,797	109,834
Ping An Insurance and its subsidiaries	—	—	13	—	—
Tencent and its subsidiaries	—	—	352	—	356
	92,164	503,464	787,418	172,515	204,522

(c) Commission fees paid to related parties

	Year ended 31 December			Three months ended 31 March	
	2014	2015	2016	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Ctrip and its subsidiaries	17,725	90,719	136,921	37,914	32,582

(d) Guarantee fee paid to related parties

	Year ended 31 December			Three months ended 31 March	
	2014	2015	2016	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Ant Financial and its subsidiaries .	—	215	11,405	2,661	2,135

(e) Purchase of goods and services fee paid to related parties

	Year ended 31 December			Three months ended 31 March	
	2014	2015	2016	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Ant Financial and its subsidiaries .	—	—	2,967	—	2,468
Tencent and its subsidiaries......	—	—	975	—	—
Key Management personnel......	—	—	8	—	—
	—	—	3,950	—	2,468

(f) Claim of insurance contracts to related parties

	Year ended 31 December			Three months ended 31 March	
	2014	2015	2016	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Ant Financial and its subsidiaries .	15,180	44,584	59,211	20,289	56
Alibaba and its subsidiaries......	33,404	107,800	10,257	3,523	1,856
Tencent and its subsidiaries......	—	558	2,549	398	794
Key Management personnel......	5	226	5	—	2
	48,589	153,168	72,022	24,210	2,708

(g) Cloud rental fee paid to related parties

	Year ended 31 December			Three months ended 31 March	
	2014	2015	2016	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Alibaba and its subsidiaries	3,195	7,500	22,550	4,803	8,903

(h) Advisory income charge from related parties

	Year ended 31 December			Three months ended 31 March	
	2014	2015	2016	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Ping An Insurance and its subsidiaries (a).	—	—	—	—	8,756

(i) Asset management fees paid or payable to related parties

	Year ended 31 December			Three months ended 31 March	
	2014	2015	2016	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Ping An Insurance and its subsidiaries	1,534	13,251	17,762	4,382	4,606

(j) Year end balances of other payables arising from related parties transactions

	At 31 December			At 31 March
	2014	2015	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Ant Financial and its subsidiaries.	6,387	147,986	289,772	229,988
Alibaba and its subsidiaries . .	27,621	—	7,150	3,417
Ctrip and its subsidiaries	—	70,367	40,857	51,124
Key Management personnel . . .	—	400	30	—
	34,008	218,753	337,809	284,529

(k) Year end balances of premiums receivables arising from related parties transactions

	At 31 December			At 31 March
	2014	2015	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Ant Financial and its subsidiaries	222	3,121	—	3
Ctrip and its subsidiaries	14,945	82,707	44,716	47,885
	15,167	85,828	44,716	47,888

(l) Year end balances of commissions payable arising from related parties transactions

	At 31 December			At 31 March
	2014	2015	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Ctrip and its subsidiaries	5,978	18,527	8,937	11,458

(m) Year end balances of advanced payable arising from related parties transactions

	At 31 December			At 31 March
	2014	2015	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Ant Financial and its subsidiaries	—	—	—	6,952

(n) Year end balances of other receivables arising from related parties transactions

	At 31 December			At 31 March
	2014	2015	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Ping An Insurance and its subsidiaries	—	—	—	9,281

(o) Compensation of key management personnel

The compensations paid or payable to key management personnel are shown below:

	Year ended 31 December			Three months ended 31 March	
	2014	2015	2016	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Wages, salaries and bonuses	6,048	8,023	11,623	2,757	2,861
Pension costs — defined contribution plans	109	137	168	124	107
Other social security costs, housing benefits and other employee benefits	129	170	195	128	103
Share-based payments (Note 34)	—	17,940	4,534	1,544	780
	6,286	26,270	16,520	4,553	3,851

41. CONTINGENT LIABILITIES

Owing to the nature of the insurance business, the Group is involved in the making of estimates for contingencies and legal proceedings in the ordinary course of business, both in the capacity as plaintiff or defendant in litigation and arbitration. Legal proceedings mostly involve claims on the Group's insurance products. Provision has been made for the probable losses to the Group, including those claims where directors can reasonably estimate the outcome of the litigations taking into account the related legal advice, if any. No provision is made for contingencies and legal proceedings when the result cannot be reasonably estimated or the probability of loss is so low.

In addition to the above legal proceedings, as at 31 December 2014, 2015, 2016 and 31 March 2017, the Group has no major pending litigation as the defendant.

42. COMMITMENTS

Operating lease commitments

We lease our office spaces from third parties under non-cancellable operating leases. The following table below sets forth our future minimum lease payments under irrevocable rental contracts as of the dates indicated:

	At 31 December			At 31 March
	2014	2015	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year (including 1 year)	13,698	33,521	75,695	81,701
1 to 2 years (including 2 years)	4,983	27,574	63,516	61,700
2 to 3 years (including 3 years)	—	22,839	47,589	46,678
Over 3 years	—	104,746	171,140	164,332
	18,681	188,680	357,940	354,411

III SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or the Group in respect of any period subsequent to 31 March 2017 and up to the date of this report. Save as disclosed in this report, no dividend or distribution has been declared or made by the Group in respect of any period subsequent to 31 March 2017.

The information set forth in this appendix does not form part of the Accountant's Report prepared by PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, the reporting accountant of our Company, as set forth in Appendix I to this prospectus. The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and the Accountant's Report set forth in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following is an illustrative and pro forma statement of adjusted consolidated net tangible assets of the Group which has been prepared based on the notes set out below for the purpose of illustrating the effect of the Global Offering as if the Global Offering had occurred on 31 March 2017.

The unaudited pro forma statement of adjusted consolidated net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of our Group had the Global Offering been completed as of 31 March 2017 or any future date.

	Audited Consolidated Net Tangible Assets of the Group as at 31 March 2017	**Estimated Net Proceeds from the Global Offering**	**Unaudited Pro Forma Adjusted Net Tangible Assets of the Group**	**Unaudited Pro Forma Adjusted Net Tangible Assets per Share**	
	Note 1	**Note 2**		**Note 3**	**Note 3**
	RMB'000	**RMB'000**	**RMB'000**	**RMB**	**HK$**
Based on an Offer Price of HK$53.70 per share	6,471,358	8,681,816	15,153,174	10.52	12.57
Based on an Offer Price of HK$59.70 per share	6,471,358	9,657,328	16,128,686	11.20	13.38

Notes:

1. The audited consolidated net tangible assets of the Group as at 31 March 2017 is based on the audited consolidated net assets of the Group as at 31 March 2017 of approximately RMB6,646,240 thousand, as shown in the Accountant's Report, the text of which is set out in Appendix I to this prospectus, with an adjustment for the intangible assets and goodwill of the Group as at 31 March 2017 of approximately RMB 174,882 thousand.

2. The estimated net proceeds from the Global Offering are based on the indicative Offer Prices of HK$53.70 and HK$59.70 per share, being the lower end and higher end of the stated offer price range, after deduction of the underwriting fees and listing related expenses payable by the Group (excluding listing expense of RMB7,603,592 which have been charged to our consolidated statement of comprehensive income up to 31 March 2017) and takes no account of any shares which may be allotted and issued upon the exercise of the Over-allotment Option or any shares which may be allotted, issued or repurchased by the Group pursuant to the general mandate.

3. The unaudited pro forma adjusted net tangible assets per share is arrived at after adjustments referred to in the preceding paragraphs and on the basis of 1,439,918,900 shares are in issue assuming that the Global Offering has been completed on 31 March 2017, but takes no account of any shares which may be allotted and issued upon the exercise of the Over-allotment Option or any shares which may be allotted, issued or repurchased by the Group pursuant to the general mandate.

4. For the purpose of this unaudited pro forma adjusted net tangible assets, the balance stated in Renminbi are converted into Hong Kong dollars at a rate of RMB0.83687 to HKD1.00000 set by the PBOC prevailing on 13 September 2017. No representation is made that Renminbi amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate.

5. No adjustment has been made to the unaudited pro forma adjusted net tangible assets to reflect any trading results or other transactions of the Group entered into subsequent to 31 March 2017.

The following is the text of a report received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.

pwc 羅兵咸永道

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of ZhongAn Online P & C Insurance Co., Ltd.

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of ZhongAn Online P & C Insurance Co., Ltd. (the "Company") and its subsidiaries (collectively the "Group") by the directors for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted net tangible assets of the Group as at 31 March 2017, and related notes (the "Unaudited Pro Forma Financial Information") as set out on pages II-1 to II-2 of the Company's prospectus dated 18 September 2017, in connection with the proposed initial public offering of the shares of the Company. The applicable criteria on the basis of which the directors have compiled the Unaudited Pro Forma Financial Information are described on pages II-1 to II-2.

The Unaudited Pro Forma Financial Information has been compiled by the directors to illustrate the impact of the proposed initial public offering on the Group's financial position as at 31 March 2017 as if the proposed initial public offering had taken place at 31 March 2017. As part of this process, information about the Group's financial position has been extracted by the directors from the Group's financial statements for the three months ended 31 March 2017, on which an accountant's report has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

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Our firm applies Hong Kong Standard on Quality Control 1 issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the HKICPA. This standard requires that the reporting accountant plans and performs procedures to obtain reasonable assurance about whether the directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of unaudited pro forma financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the proposed initial public offering at 31 March 2017 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the company, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

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

Our work has not been carried out in accordance with auditing standards or other standards and practices generally accepted in the United States of America or auditing standards of the Public Company Accounting Oversight Board (United States) and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 18 September 2017

The following is a summary of certain PRC and Hong Kong tax consequences of the ownership of H Shares by an investor of H Shares that purchases such H Shares under the Global Offering and holds the H Shares as capital assets. This summary does not purport to probe into all material tax consequences of the ownership of H Shares, and does not take into account the specific circumstances of any particular investor, some of which may be subject to special rules. This summary is based on the tax laws of the PRC and Hong Kong as in effect as of the Latest Practicable Date, and such laws and the interpretation thereof are subject to change, possibly with retroactive effect.

This section hereof does not deal with any aspects of Hong Kong or PRC taxation other than income tax, capital tax, stamp duty and estate duty. Prospective investors are urged to consult their tax advisers regarding the PRC, Hong Kong and other tax consequences of investing in, and disposing of, H Shares.

PRC TAXATION

The following is a discussion on certain PRC taxation provisions in respect of the ownership and disposal of H Shares being purchased and held as capital assets by an investor under the Global Offering. This summary does not purport to probe into all material tax consequences of the ownership of H Shares, and does not take into account the specific circumstances of any particular investor. This summary is based on the tax laws of the PRC as in effect as of the Latest Practicable Date, the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation, the Prevention of Fiscal Evasion with respect to Taxes on Income, signed on 21 August 2006, the Second Protocol to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income, signed on 11 June 2008, 27 May 2010 and 1 April 2015, the Third Protocol to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income and The Fourth Protocol to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (collectively referred to as "Arrangements"), and such laws and the interpretation thereof are subject to change, possibly with retroactive effect.

The discussion does not deal with any aspects of PRC taxation other than taxation on dividends, capital tax, stamp duty, estate duty, income tax, value-added tax and business tax. Prospective investors are urged to consult their tax advisers regarding the PRC and other tax consequences of owning and disposing of H Shares.

TAXATION APPLICABLE TO A JOINT STOCK LIMITED COMPANY

Enterprise Income Tax

According to the Enterprise Income Tax Law of the People's Republic of China ("EIT Law") as promulgated on 16 March 2007 and, subsequently, amended lately and came into effect on 24 February 2017, and the Regulation on the Implementation of the Enterprise Income Tax Law of the People's Republic of China as promulgated by the State Council on 6 December 2007 and implemented on 1 January 2008, the applicable tax rate for both domestic enterprises and foreign-capital enterprises is 25%.

Value-added Tax

According to the Provisional Regulations of the PRC on Value Added Tax as promulgated by the State Council on 13 December 1993 and, subsequently, amended and came into effect lately on 6 February 2016, and the Rules for Implementation of the Provisional Regulations of the People's Republic of China on Value Added Tax as promulgated by the Ministry of Finance ("MOF") on 25 December 1993, subsequently, amended 28 October 2011, and came into effect on 1 November 2011, entities or individuals engaging in sales of goods or providing processing, and repair and replacement services and importing goods are taxpayer of value-added tax, and shall be subject to value-added tax.

According to the requirements of the Notice of the Ministry of Finance and the State Administration of Taxation on Implementing the Pilot Program of Replacing Business Tax with Value-Added Tax in an All-round Manner (Cai Sui [2016] Document No. 36) and the annexes thereto, namely The Measures for Implementing the Pilot Program of Replacing Business Tax with Value-Added Tax, the Provisions on Relevant Matters concerning the Pilot Program of Replacing Business Tax with Value-Added Tax, the Provisions on the Transitional Policies for the Pilot Program of Replacing Business Tax with Value-Added Tax, and the Provisions on the Application of VAT Zero Rate and VAT Exemption Policy to Cross-border Taxable Activities, effective from 1 May 2016, the pilot program of replacing business tax with value-added tax was implemented across the country, and the payment of business tax for taxpayers in the construction industry, the real estate industry, the financial industry, and the living service industry shall be replaced with the payment of value-added tax at 6%.

LAWS AND REGULATIONS OF THE PRC IN RESPECT OF SHAREHOLDERS OF THE COMPANY

(i) Tax on Dividends

- ***Individual Investors***

According to the Provisional Regulations of China Concerning Questions of Taxation on Enterprises Experimenting with the Share System and the Individual Income Tax Law of the People's Republic of China ("Individual Tax Law"), as amended on 30 June 2011 and effective on 1 September 2011, dividends paid by PRC companies are ordinarily subject to a PRC withholding tax levied at a rate of 20%. For a foreign individual who is not resident of the PRC, he/she is normally subject to a withholding tax of 20% unless reduced by an applicable tax treaty or being granted with a special exemption from the competent authority of the State Council.

On 28 June 2011, the State Administration of Taxation ("SAT") released the Notice of the State Administration of Taxation on Matters Concerning the Levy and Administration of Individual Income Tax After the Repeal of Guo Shui Fa [1993] No. 45 (the "Tax Notice"), pursuant to which, dividends paid by non-foreign investment companies listed in Hong Kong are subject to a withholding tax in accordance with Individual and Enterprises Income Tax and the implementation regulations thereof, and deduction and exemption may be granted to such withholding tax pursuant to applicable double taxation treaty. Generally, we, as a Hong Kong listed company, are subject to a 10% withholding income tax on dividends received by individuals with no necessary application. Where the applicable tax rate required by applicable taxation agreement is below 10%, individual shareholders who are non-PRC resident are entitled to tax rebate against the PRC tax authorities. Where the applicable tax rate required by the applicable taxation agreement is between 10% to 20%, the income tax may be withheld at an applicable tax rate. Where there is no applicable double taxation treaty, tax could be imposed on the difference between the amount withheld by us and 20% of the dividend amount before tax for holders of H Shares who are non-PRC resident.

- ***Enterprise Investors***

According to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income, signed on 21 August 2006, the PRC Government may impose tax, which shall not be more than 10% of the total dividends payable, on Hong Kong residents, including both natural person and legal person for the dividends paid by PRC companies. Where a Hong Kong resident is interested in 25% or more in a PRC company, such tax shall not be more than 5% of the total dividends payable by such PRC company.

According to the EIT Law and the Regulation on the Implementation of the Enterprise Income Tax Law of the People's Republic of China, non-resident enterprises that do not have an establishment or premise in China, or who have an establishment or premise but whose income has no practical relationship with such establishment and premise, shall be subject to an enterprise income tax of 10% on the income derived in the PRC and may be granted deduction and exemption on such tax pursuant to the applicable double taxation treaty.

In accordance with the Notice of the State Administration of Taxation on the Issues concerning Withholding the Enterprise Income Tax on the Dividends Paid by Chinese Resident Enterprises to H-share Holders Which Are Overseas Non-resident Enterprises (Guo Shui Han [2008] No. 897) released on and effective from 6 November 2008, a flat rate of 10% withholding enterprise income tax shall be imposed on Chinese resident enterprises that paid dividends in 2008 and thereafter. Non-PRC resident enterprises which may be subject to tax at a deducted rate in accordance with the applicable income tax treaty or arrangement shall apply to the PRC tax authorities for a rebate on any withheld amount beyond the applicable tax rate and the payment for such rebate shall be subject to the approval from the PRC tax authorities.

Tax Treaties

Investors who are non-PRC residents but who reside in countries that have entered into double taxation treaties with the PRC or reside in the Hong Kong Special Administrative Region or the Macao Special Administrative Region are entitled to a withholding tax deduction treatment on dividends paid to them by PRC companies. The People's Republic of China has currently entered into avoidance of double taxation arrangements with the Hong Kong Special Administrative Region and the Macao Special Administrative Region respectively, and has entered into double taxation treaties with numerous other countries, including but not limited to Australia, Canada, France, Germany, Japan, Malaysia, the Netherlands, Singapore, the UK and the USA.

(ii) Tax on Disposal of Shares

- ***Individual Investors***

According to the Provision for Implementation of the Individual Income Tax Law, as amended on 18 February 2008 and 19 July 2011, revenue realized on disposal of equity interest shall be subject to an individual income tax at a tax rate of 20%.

According to the Notice on Individual Income Tax Continues to be Exempted over Individual Income from Transfer of Shares jointly issued by the MOF and the SAT on 30 March 1998, an individual who is a non-PRC resident may be exempted from individual income tax on disposal of shares for the purpose of individual income tax exemption on disposal of shares. To our best knowledge, as of the Latest Practicable Date, the PRC tax authorities have not, in practice, levied individual income tax on such proceeds. Should such tax become applicable in future, such individual may be granted deduction and exemption under the applicable double taxation treaties.

• ***Enterprise Investors***

According to the EIT Law and the Regulation on the Implementation of the Enterprise Income Tax Law of the People's Republic of China, non-PRC resident enterprises that do not have an establishment or premise in China, or have an establishment or premise but whose income has no practical relationship with such establishment and premise shall be subject to an enterprise income tax of 10% on the income (including dividend and proceeds from disposal of shares of PRC companies) derived in the PRC. There are uncertainties from the PRC tax authorities on the interpretation on and implementation of enterprise income tax and the implementation regulations thereof as to, among other things, whether and how to levy enterprise income tax for the proceeds from disposal or otherwise dealing with H Shares on holders of H Shares which are non-PRC resident enterprises. Should such tax become applicable in future, there may be deduction and exemption on the payment under the applicable double taxation treaties.

(iii) Estate Duty and Inheritance Tax

No estate duty or inheritance tax is imposed in the PRC currently.

(iv) Stamp Duty

Pursuant to the provisions under the Provisional Regulations of the PRC Concerning Stamp Duty, PRC stamp duty on transfer of shares of listed PRC companies does not apply to the acquisition and disposal of H Shares outside the PRC. Under the provisional regulations, PRC stamp duty shall be imposed only on all types of documents that are executed or received in the PRC, legally binding and under the protection of PRC law.

FOREIGN EXCHANGE

The major regulations governing foreign exchange in the PRC include the Regulations of the PRC for Foreign Exchange Control, as promulgated on 29 January 1996 and amended most recently on 5 August 2008, and the Regulations for Administration of Settlement, Sale and Payment of Foreign Exchange (Yin Fa [1996] No. 210), as promulgated by the PBOC on 20 June 1996 and implemented on July 1, 1996. Pursuant to those regulations and other relevant rules and regulations on currency exchange of the PRC, RMB may be freely exchanged for the payment of recurring items, such as trade and services related foreign exchange transactions and payment of dividends, but may not be freely exchanged for capital items, such as direct investment, loans or overseas issuance or purchase and sales of securities or derivatives, unless with prior approval from the SAFE or other local branches.

Pursuant to the Notice on Further Improving and Adjusting the Direct Investment Foreign Exchange Administration Policies (No. 59 Circular), as issued and implemented by the SAFE on 19 November 2012 and 17 December 2012 respectively, approval procedure for the opening of and capital transfer into foreign exchange accounts under direct investment is cancelled while canceling the approval procedure for domestic foreign exchange transfer under direct investment.

The Notice on Issues Concerning Foreign Exchange Administration of Overseas Listings was issued by SAFE on 26 December 2014, which was implemented on the date of its issuance. According to such notice:

- Domestic companies shall register in relation to its overseas listing with local SAFE branch at which its registration was made within 15 working days upon the completion of the listing and issuance of shares overseas. After overseas listing of the domestic company, domestic shareholders, who intend to increase or decrease their shareholding overseas according to the relevant requirements, shall complete registration for overseas shareholding at their respective local SAFE.

- Domestic companies shall open domestic special account in respect of its first issuance (or additional issue) and buy back of business with banks at the place of its listing with such proof of overseas listing registration; domestic shareholders of the domestic companies shall open domestic special account in respect of their increase or decrease of shareholding overseas with banks at the place of its listing with such proof of overseas shareholding registration.

Capital raised by overseas listing may be remitted to the corresponding domestic special account or be placed in an overseas special account. The use of capital shall be consistent with the related contents set out in the prospectus and other publicly disclosed documents. Domestic companies, with proof of overseas listing registration, may apply with banks for domestic transfer or payment of the fund in the overseas listing account or transfer to account for foreign exchange funds settled and to be paid.

This appendix contains a summary of laws and regulations on companies and securities in China, certain major differences between the PRC Company Law and the Companies Ordinance as well as the additional regulatory provisions of the Hong Kong Stock Exchange on Chinese joint stock limited companies. The principal objective is to provide an overview of the principal laws and regulations applicable to us. This summary is made with no intention to include all the information which may be important to potential investors. For discussion of laws and regulations specifically governing the business of the Company, please see the section entitled "Regulation Overview".

PRC LEGAL SYSTEM

The PRC legal system is based on the PRC Constitution (中華人民共和國憲法) (the "Constitution") and is made up of written laws, administrative regulations, local regulations, separate regulations, autonomous regulations, rules and regulations of State Council departments, rules and regulations of local governments, international treaties of which the PRC Government is a signatory, and other regulatory documents. Court case verdicts do not constitute binding precedents. However, they may be used for the purposes of judicial reference and guidance.

According to the Constitution and the Legislation Law of the PRC (中華人民共和國立法法), the National People's Congress (the "NPC") and the Standing Committee of the NPC are empowered to exercise the legislative power of the State. The NPC has the power to formulate and amend basic laws governing civil and criminal matters, state organs and other matters. The Standing Committee of the NPC is empowered to formulate and amend laws other than those required to be enacted by the NPC and to supplement and amend any parts of laws enacted by the NPC during the adjournment of the NPC, provided such supplements and amendments are not in conflict with the basic principles of such laws.

The State Council is the highest organ of the PRC administration and has the power to formulate administrative regulations based on the Constitution and laws.

The people's congresses of provinces, autonomous regions and municipalities and their respective standing committees may formulate local regulations based on the specific circumstances and actual requirements of their own respective administrative areas, provided that such local regulations do not contravene any provision of the Constitution, laws or administrative regulations.

The ministries, commissions, People's Bank of China, National Audit Office of the State Council and institutions with administrative functions directly under the State Council may formulate department rules within the authority of their respective departments based on the laws and the administrative regulations, decisions and rulings of the State Council.

The people's congresses of larger cities and their respective standing committees may formulate local regulations based on the specific circumstances and actual requirements of such cities, such regulations will become enforceable after being reported to and approved by the standing committees of the relevant provinces or autonomous regions, but such local regulations shall conform with the

Constitution, laws, administrative regulations, and the relevant local regulations of the relevant provinces or autonomous regions. People's congresses of national autonomous areas have the power to enact autonomous regulations and separate regulations in the light of the political, economic and cultural characteristics of the nationality (nationalities) in the areas concerned.

The Constitution has supreme legal authority and no laws, administrative regulations, local regulations, autonomous regulations or separate regulations may contravene the Constitution. The significance of laws is greater than that of administrative regulations, local regulations, and rules. The significance of administrative regulations is greater than that of local regulations and rules. The significance of local regulations is greater than that of the rules of the local governments at or below the corresponding level. The significance of the rules enacted by the people's governments of the provinces or autonomous regions is greater than that of the rules enacted by the people's governments of the comparatively larger cities within the administrative areas of the provinces and the autonomous regions.

The NPC has the power to alter or annul any inappropriate laws enacted by its Standing Committee, and to annul any autonomous regulations or separate regulations which have been approved by its Standing Committee but which contravene the Constitution or the Legislation Law. The Standing Committee of the NPC has the power to annul any administrative regulation that contravenes the Constitution and laws, to annul any local regulation that contravenes the Constitution, laws or administrative regulations, and to annul any autonomous regulation or local regulation which has been approved by the standing committees of the people's congresses of the relevant provinces, autonomous regions or municipalities directly under the Central Government, but which contravene the Constitution and the Legislation Law. The State Council has the power to alter or annul any inappropriate ministerial rules and rules of local governments. The people's congresses of provinces, autonomous regions or municipalities directly under the Central Government have the power to alter or annul any inappropriate local regulations enacted or approved by their respective standing committees. The people's governments of provinces and autonomous regions have the power to alter or annul any inappropriate rules enacted by the people's governments at the lower level.

According to the Constitution, the power to interpret laws is vested in the Standing Committee of the NPC. According to the Decision of the Standing Committee of the NPC Regarding the Strengthening of Interpretation of Laws (全國人大常務委員會關於加強法律解釋工作的決議) passed on June 10, 1981, the Supreme People's Court has the power to give general interpretation on questions involving the specific application of laws and decrees in court trials. The State Council and its ministries and commissions are also vested with the power to give interpretations of the administrative regulations and department rules which they have promulgated. At the regional level, the power to give interpretations of the local laws and regulations as well as administrative rules is vested in the regional legislative and administrative organs which promulgate such laws, regulations and rules.

PRC JUDICIAL SYSTEM

Under the Constitution and the PRC Law of Organization of the People's Courts (中華人民共和國人民法院組織法), the PRC judicial system is made up of the Supreme People's Court, the local people's courts, military courts and other special people's courts.

The local people's courts are comprised of the primary people's courts, the intermediate people's courts and the higher people's courts. The primary people's courts are organized into civil, criminal, administrative, supervision and enforcement divisions. The intermediate people's courts are organized into divisions similar to those of the primary people's courts, and are entitled to organize other divisions as needed, such as the intellectual property division.

The higher level people's courts supervise the primary and intermediate people's courts. The people's procuratorates also have the rights to exercise legal supervision over the civil proceedings of people's courts of the same level and lower levels. The Supreme People's Court is the highest judicial body in the PRC. It has the rights to supervise the administration of justice by the people's courts at all levels.

The people's courts employ a two-tier appellate system. A party may appeal against a judgment or ruling of a local people's court to the people's court at the next higher level. Second judgments or orders given at the next higher level are final. First judgments or orders of the Supreme People's Court are also final. If, however, the Supreme People's Court or a people's court at a higher level finds an error in a judgment which has been given in any people's court at a lower level, or the presiding judge of a people's court finds an error in a judgment which has been given in the court over which he presides, the case may then be retried according to the judicial supervision procedures.

The PRC Civil Procedure Law (中華人民共和國民事訴訟法), which was adopted in 1991 and amended in 2007 and 2012, sets forth the criteria for instituting a civil action, the jurisdiction of the people's courts, the procedures to be followed for conducting a civil action and the procedures for enforcement of a civil judgment or ruling. All parties to a civil action conducted within the PRC must comply with the PRC Civil Procedure Law. Generally, a civil case is initially heard by a local court of the municipality or province in which the defendant resides. The parties to a contract may, by express agreement, select a jurisdiction where civil actions may be brought, provided that the jurisdiction is either the plaintiff's or the defendant's place of residence, the place of execution or implementation of the contract or the place of the object of the action, provided that the provisions of this law regarding the level of jurisdiction and exclusive jurisdiction shall not be violated.

A foreign national or enterprise generally has the same litigation rights and obligations as a citizen or legal person of the PRC. If a foreign country's judicial system limits the litigation rights of PRC citizens and enterprises, the PRC courts may apply the same limitations to the citizens and enterprises of that foreign country within the PRC. If any party to a civil action refuses to comply with a judgment or ruling made by a people's court or an award made by an arbitration panel in the PRC, the other party may apply to the people's court for the enforcement of the same. There is a time limit of two years imposed on the right to apply for such enforcement. If a person fails to satisfy a judgment made by the court within the stipulated time, the court will, upon application by either party, mandatorily enforce the judgment in accordance with the law.

A party seeking to enforce a judgment or ruling of a people's court against a party who is not personally or whose property is not within the PRC, may apply to a foreign court with jurisdiction over the case for recognition and enforcement of the judgment or ruling. A foreign judgment or ruling may also be recognized and enforced by the people's court according to PRC enforcement procedures if the PRC has entered into, or acceded to, an international treaty with the relevant foreign country, which provides for such recognition and enforcement, or if the judgment or ruling satisfies the court's examination according to the principle of reciprocity, unless the people's court finds that the recognition or enforcement of such judgment or ruling will result in a violation of the basic legal principles of the PRC, its sovereignty or security, or non-compliance with social and public interest.

THE PRC COMPANY LAW, SPECIAL REGULATIONS AND MANDATORY PROVISIONS

A joint stock limited company which is incorporated in the PRC and seeking a listing on the Hong Kong Stock Exchange is mainly subject to the following three laws and regulations in China:

- The Company Law of the People's Republic of China (the "PRC Company Law"), which was promulgated by the Standing Committee of the NPC on December 29, 1993, came into effect on July 1, 1994, revised as of December 25, 1999, August 28, 2004, October 27, 2005 and December 28, 2013, respectively, and the latest revision of which was implemented on March 1, 2014;

- The Special Regulations of the State Council Concerning the Floatation and Listing Abroad of Shares by Joint Stock Limited Companies (國務院關於股份有限公司境外募集股份及上市的特別規定) (the "Special Regulations"), which were promulgated by the State Council on August 4, 1994 pursuant to Articles 85 and 155 of the PRC Company Law, and were applicable to the overseas share subscription and listing of joint stock limited companies; and

- The Mandatory Provisions in the Articles of Association of Joint Stock Limited Companies to be Listed Overseas (到境外上市公司章程必備條款), which were promulgated by the former Securities Committee of the State Council and the State Economic Restructuring Commission on August 27, 1994, and stated the mandatory provisions which must be incorporated into the articles of association of a joint stock limited company seeking an overseas listing. As such, the Mandatory Provisions are set out in the Articles of Association of the Company, the summary of which is set out in Appendix V of this prospectus. Set out below is a summary of the major provisions of the PRC Company Law, the Special Regulations and the Mandatory Provisions applicable to our Company.

General

A joint stock limited company refers to an enterprise legal person incorporated under the PRC Company Law with its registered capital divided into shares of equal nominal value. The liability of its shareholders is limited to the amount of shares held by them, and the liability of the company is limited to the total value of all the assets it owns.

Incorporation

A joint stock limited company may be incorporated by promotion or public subscription.

A joint stock limited company shall be incorporated by a minimum of two promoters while the maximum number thereof shall be 200, and at least half of the promoters must have residences within the PRC.

The promoters of a joint stock limited company must convene an inaugural meeting within 30 days after the issued shares have been fully paid up, and must give notice to all subscribers or make an announcement of the date of the inaugural meeting 15 days before the meeting. The inaugural meeting may be convened only with the presence of promoters or subscribers representing at least half of the shares in the company. At the inaugural meeting, matters including the adoption of articles of association and the election of members of the board of directors and members of the board of supervisors of the company will be dealt with. All resolutions of the meeting require the approval of subscribers with more than half of the voting rights present at the meeting. Within 30 days after the conclusion of the inaugural meeting, the board of directors must apply to the registration authority for registration of the establishment of the joint stock limited company. A company is formally established, and has the status of a legal person, after the business license has been issued by the relevant registration authority. Joint stock limited companies established by the subscription method shall file the approval on the offering of shares issued by the securities administration department of the State Council with the company registration authority for record.

A joint stock limited company's promoters shall be liable for: (i) the payment of all expenses and debts incurred in the incorporation process jointly and severally if the company cannot be incorporated; (ii) the refund of subscription monies to the subscribers, together with interest, at bank rates for a deposit of the same term jointly and severally if the company cannot be incorporated; and (iii) damages suffered by the company as a result of the default of the promoters in the course of incorporation of the company. According to the Provisional Regulations Concerning the Issuance and Trading of Shares (股票發行與交易管理暫行條例) promulgated by the State Council on April 22, 1993 (which is only applicable to the issuance and trading of shares in the PRC and their related activities), if a company is established by means of public subscription, the promoters of such company are required to sign on the prospectus to ensure that the prospectus does not contain any misrepresentation, serious misleading statements or material omissions, and assume joint and several responsibility for it.

Registered Shares

Under the PRC Company Law, the shareholders may make capital contributions in cash, in kind or by way of injection of assets, intellectual property rights, land use rights or other transferable non-cash property based on their appraised value. Pursuant to the Special Regulations, overseas listed and foreign invested shares issued shall be in registered form, denominated in Renminbi and subscribed for in a foreign currency. Domestic shares issued shall be in registered form.

Under the PRC Company Law, when a company issues shares in registered form, it shall maintain a register of shareholders, stating the following matters:

- the name and domicile of each shareholder;
- the number of shares held by each shareholder;
- the serial numbers of shares held by each shareholder; and
- the date on which each shareholder acquired the shares.

Increase in Share Capital

According to the PRC Company Law, when the joint stock limited company issues new shares, resolutions shall be passed by a shareholders' general meeting, approving the class and number of the new shares, the issue price of the new shares, the commencement and end of the new share issuance and the class and amount of new shares to be issued to existing shareholders. When the company launches a public issuance of new shares with the approval of the securities regulatory authorities under the State Council, it shall publish a prospectus and financial accounts, and prepare the share subscription form. After the new share issuance has been paid up, the change shall be registered with the company registration authorities and an announcement shall be made.

Reduction of Share Capital

A company may reduce its registered capital in accordance with the following procedures prescribed by the PRC Company Law:

- It shall prepare a balance sheet and a property list;
- The reduction of registered capital shall be passed by shareholders' general meeting;
- It shall inform its creditors of the reduction in capital within ten days and publish an announcement of the reduction in the newspaper within 30 days after the resolution approving the reduction has been passed;
- Creditors may within 30 days after receiving the notice, or within 45 days of the public announcement if no notice has been received, require the company to pay its debts or provide guarantees covering the debts; and
- It shall apply to the relevant Industry and Commerce Administration for change in registration of the reduction in registered capital.

Repurchase of Shares

According to the PRC Company Law, a joint stock limited company shall not purchase its shares other than for one of the following purposes: (i) to reduce registered capital; (ii) to merge with another company that holds its shares; (iii) to grant its shares to its employees as incentives; and (iv) to purchase its shares from shareholders who are against the resolution regarding the merger or division with other companies in a shareholders' general meeting.

The purchase of shares on the grounds set out in (i) to (iii) above shall require approval by way of a resolution passed by the shareholders' general meeting. Following the purchase of shares in accordance with the foregoing, such shares shall be canceled within ten days from the date of purchase in the case of (i) above and transferred or canceled within six months in the case of (ii) or (iv) above. Shares acquired in accordance with (iii) above shall not exceed 5% of the total number of the company's issued shares. Such acquisition shall be financed by funds appropriated from the company's profit after tax, and the shares so acquired shall be transferred to the company's employees within one year.

Transfer of Shares

Shares held by shareholders may be transferred in accordance with the relevant laws and regulations. Pursuant to the PRC Company Law, transfer of shares by shareholders shall be carried out at a lawfully established securities exchange or in other manners stipulated by the State Council. No modifications of registration in the share register caused by transfer of registered shares shall be carried out within 20 days prior to the convening of shareholder's general meeting or five days prior to the base date for determination of dividend distributions. Where there are separate provisions by law on alternation of registration in the share register of listed companies, those provisions shall prevail. Pursuant to the Mandatory Provisions, no modifications of registration in the share register caused by transfer of shares shall be carried out within 30 days prior to a company's convening of shareholder's general meeting or five days prior to any base date for determination of dividend distributions.

Under the PRC Company law, shares issued prior to the public issuance of shares shall not be transferred within one year from the date of the joint stock limited company's listing on a stock exchange. Directors, supervisors and the senior management shall declare to the company their shareholdings in the company and any alternation of such shareholdings. They shall not transfer more than 25% of all the shares they hold in the company annually during their tenure. They shall not transfer the shares they hold within one year from the date of the company's listing on a stock exchange, nor within six months after their resignation from their positions within the company.

Finance and Accounting

Under the PRC Company Law, a company shall establish financial and accounting systems according to laws, administrative regulations and the regulations of the financial department of the

State Council and shall at the end of each financial year prepare a financial report which shall be audited by an accounting firm as required by law. The company's financial and accounting report shall be prepared in accordance with provisions of the laws, administrative regulations and the regulations of the financial department of the State Council.

Pursuant to the PRC Company Law, a company shall deliver its financial and accounting reports to all the shareholders within the time limit stipulated in the articles of association and make its financial statements available at the company for inspection by the shareholders at least 20 days before the convening of an annual general meeting of shareholders. It shall also publish its financial statements.

When distributing each year's after-tax profits, it shall set aside 10% of its after-tax profits into a statutory reserve fund (except where the fund has reached 50% of its registered capital).

If the statutory reserve fund of a company is not sufficient to make up losses of the previous year, profits of the current year shall be applied to make up losses before allocation is made to the statutory reserve fund pursuant to the above provisions.

After allocation of the statutory reserve fund from after-tax profits, it may, upon a resolution passed by the shareholders' general meeting, allocate discretionary reserve fund from after-tax profits.

The remaining after-tax profits after making up losses and allocation of reserve fund shall be distributed in proportion to the number of shares held by the shareholders, unless otherwise stipulated in the articles of association.

Shares held by the company shall not be entitled to any distribution of profit.

The premiums received through issuance of shares at prices above par value and other incomes required by the finance authority of the State Council to be allocated to the capital reserve fund shall be allocated to the company's capital reserve fund.

The reserve fund of the company shall be applied to make up losses of the company, expand its business operations or be converted to increase the registered capital of the company. However, the capital reserve fund may not be applied to make good the company's losses. Upon the conversion of statutory reserve fund into capital, the balance of the statutory reserve fund shall not be less than 25% of the registered capital of the company before such conversion.

The company shall have no other accounting books except the statutory accounting books. Its assets shall not be deposited in any accounts opened in the name of an individual.

Appointment and Retirement of Accounting Firms

Pursuant to the PRC Company Law, the appointment or dismissal of accounting firms responsible for the auditing of the company shall be determined by shareholders' general meeting or board of directors in accordance with provisions of articles of association. The accounting firm should be allowed to make representations when the shareholders' general meeting or board of directors conducts a vote on the dismissal of the accounting firm. The company should provide true and complete accounting evidences, books, financial and accounting reports and other accounting data to the accounting firm that it employs without any refusal, withholding and misrepresentation. The Special Regulations provide that a company shall employ an independent accounting firm complying with the relevant regulations to audit its annual report and review and check other financial reports of the company. The accounting firm's term of office shall commence from their appointment at a shareholders' annual general meeting to the end of the next shareholders' annual general meeting.

Distribution of Profits

According to the PRC Company Law, a company shall not distribute profits before losses are covered and the statutory common reserve is drawn. Under the Mandatory Provisions, a company shall appoint receiving agents on behalf of holders of the overseas listed and foreign invested shares to receive on behalf of such shareholders dividends and other distributions payable in respect of their overseas listed and foreign invested shares.

Dissolution and Liquidation

According to the PRC Company Law, a company shall be dissolved by reason of the following: (i) the term of its operations set down in the articles of association has expired or other events of dissolution specified in the articles of association have occurred; (ii) the shareholders' general meeting have resolved to dissolve the company; (iii) the company is dissolved by reason of merger or division; (iv) the business license is revoked; the company is ordered to close down or be dissolved; or (v) the company is dissolved by the people's court in response to the request of shareholders holding shares that represent more than 10% of the voting rights of all its shareholders, on the grounds that the company suffers significant hardships in its operation and management that cannot be resolved through other means, and that the ongoing existence of the company would bring significant losses for shareholders.

In the event of (i) above, a company may carry on its existence by amending its articles of association. The amendment of a company's articles of association in accordance with provisions set out above shall require approval of more than two-thirds of voting rights of shareholders attending a shareholders' general meeting.

Where the company is dissolved in the circumstances described in subparagraphs (i), (ii), (iv), or (v) above, a liquidation group shall be established and the liquidation process shall commence within 15 days after the occurrence of an event of dissolution.

The members of the company's liquidation group shall be composed of its directors or the personnel appointed by the shareholders' general meeting. If a liquidation group is not established within the stipulated period, creditors may apply to the people's court, requesting the court to appoint relevant personnel to form the liquidation group. The people's court should accept such application and form a liquidation group to conduct a liquidation in a timely manner.

The liquidation group shall exercise the following powers during the liquidation period:

- to handle the company's assets and to prepare a balance sheet and an inventory of the assets;
- to notify creditors through notice or public announcement;
- to deal with the company's outstanding businesses related to liquidation;
- to pay any tax overdue as well as tax amounts arising from the process of liquidation;
- to claim credits and pay off debts;
- to handle the company's remaining assets after its debts have been paid off; and
- to represent the company in civil lawsuits.

The liquidation group shall notify the company's creditors within ten days after its establishment, and issue public notices in newspapers within 60 days. A creditor shall lodge his claim with the liquidation group within 30 days after receiving notification, or within 45 days of the public notice if he did not receive any notification. A creditor shall state all matters relevant to his creditor rights in making his claim and furnish evidence. The liquidation group shall register such creditor rights. The liquidation group shall not make any debt settlement to creditors during the period of claim.

Upon liquidation of properties and the preparation of the balance sheet and inventory of assets of a company, the liquidation group shall draw up a liquidation plan to be submitted to the shareholders' general meeting or people's court for confirmation.

The company's remaining assets after payment of liquidation expenses, wages, social insurance expenses and statutory compensation, outstanding taxes and debts shall be distributed to shareholders according to their shareholding proportion. It shall continue to exist during the liquidation period, although it can only engage in any operating activities that are related to the liquidation. The company's properties shall not be distributed to the shareholders before repayment are made in accordance to the foregoing provisions.

Upon liquidation of the company's properties and the preparation of the balance sheet and inventory of assets, if the liquidation group becomes aware that we do not have sufficient assets to meet its liabilities, it shall apply to the people's court for a declaration for bankruptcy.

Following such declaration, the liquidation group shall hand over all affairs of the liquidation to the people's court.

Upon completion of the liquidation, the liquidation group shall submit a liquidation report to the shareholders' general meeting or the people's court for verification. Thereafter, the report shall be submitted to the registration authority of the Company in order to cancel the company's registration, and a public notice of its termination shall be issued. Members of the liquidation group are required to discharge their duties honestly and in compliance with the relevant laws. Members of the liquidation group shall be prohibited from abuse of their powers to accept bribes or other unlawful income and from misappropriating the company's properties.

A member of the liquidation group is liable to indemnify the company and its creditors in respect of any loss arising from his willful or material default.

Overseas Listing

According to the Special Regulations, a company shall obtain the approval of the CSRC to list its shares overseas. A company's plan to issue overseas listed and foreign invested shares and domestic shares which has been approved by the CSRC may be implemented by the board of directors of the company by way of separate issues within 15 months after approval is obtained from the CSRC.

Loss of Share Certificates

If a share certificate in registered form is lost, stolen or destroyed, the shareholder in question may apply, in accordance with the relevant provisions set out in the PRC Civil Procedure Law, to the people's court for a declaration that such certificate will no longer be valid. After the people's court declares the invalidity of such certificate, the shareholder may apply to the company for a replacement share certificate. A separate procedure regarding the loss of overseas listed and foreign invested share certificates is provided for in the Mandatory Provisions.

SECURITIES LAW AND REGULATIONS

The Securities Law took effect on July 1, 1999 and was revised for the first time on August 28, 2004, for the second time on October 27, 2005, for the third time on June 29, 2013 and for the fourth time on August 31, 2014. The Securities Law comprehensively regulates activities in the PRC securities market, regulating, among other things, the issue and trading of securities, takeovers by listed companies, securities exchanges, securities companies and the duties and responsibilities of the State Council's securities regulatory authorities. The Securities Law provides that domestic enterprises shall obtain prior approval from the State Council's regulatory authorities to list its shares outside the PRC.

The CSRC is the regulatory arm of the Securities Committee and is responsible for the drafting of regulatory provisions of securities markets, supervising securities companies, regulating public offers of securities by PRC companies in the PRC or overseas, regulating the trading of securities, compiling securities-related statistics and undertaking relevant research and analysis.

Currently, the issue and trading of foreign issued shares (including H Shares) are mainly governed by the rules and regulations promulgated by the State Council and the CSRC.

ARBITRATION AND ENFORCEMENT OF ARBITRAL AWARDS

The Arbitration Law of the People's Republic of China (中華人民共和國仲裁法) (the "Arbitration Law") was passed by the Standing Committee of the NPC on August 31, 1994, became effective on September 1, 1995 and was revised on August 27, 2009. Under the Arbitration Law, an arbitration committee may, before the promulgation by the PRC Arbitration Association of arbitration regulations, formulate interim arbitration rules in accordance with the Arbitration Law and the PRC Civil Procedure Law. Where the parties have by agreement provided arbitration as the method for dispute resolution, the people's court will refuse to handle the case except when the arbitration agreement is declared invalid.

The Listing Rules and the Mandatory Provisions require an arbitration clause to be included in the articles of association of an issuer and, in the case of the Listing Rules, also in contracts between the issuer and each of its directors and supervisors, to the effect that the parties will submit to arbitration whenever any disputes or claims arise (i) between holders of shares and the issuer; (ii) between holders of shares and the issuer's directors, supervisors, manager or other senior management officers; and (iii) between holders of shares and holders of domestic shares. Matters in arbitration include any disputes or claims in relation to the issuer's affairs or as a result of any rights or obligations arising under its articles of association, the PRC Company Law or other relevant laws and administrative regulations.

Where a dispute or claim of rights referred to in the preceding paragraph is referred to arbitration, the entire claim or dispute shall be referred to arbitration, and all persons who have a cause of action based on the same facts giving rise to the dispute or claim or whose participation is necessary for the resolution of such dispute or claim, shall comply with the arbitration. Disputes in respect of the definition of shareholder and disputes in relation to the issuer's register of shareholders need not be resolved by arbitration.

A claimant may elect for arbitration to be carried out at either the China International Economic and Trade Arbitration Commission (the "CIETAC") in accordance with its rules or the Hong Kong International Arbitration Center (the "HKIAC") in accordance with its Securities Arbitration Rules. Once a claimant refers a dispute or claim to arbitration, the other party shall submit to the arbitral body elected by the claimant. If the claimant elects for arbitration to be carried out at the Hong Kong International Arbitration Center, any party to the dispute or claim may apply for a hearing to take place in Shenzhen in accordance with the Securities Arbitration Rules of the Hong Kong International Arbitration Center. Pursuant to the Arbitration Rules of China International Economic and Trade Arbitration Commission (中國國際經濟貿易仲裁委員會仲裁規則) revised on February 3, 2012 and took effect on May 1, 2012, the CIETAC accepts cases involving economic, trade and other disputes of a contractual or non-contractual nature, based on an agreement of the parties, including disputes related to Hong Kong. The CIETAC is based in Beijing, and has sub-commissions or centers in Shenzhen, Shanghai, Tianjin and Chongqing.

Under the Arbitration Law and the PRC Civil Procedure Law, an arbitral award is final and binding on the parties. If a party fails to comply with an award, the other party to the award may apply to the people's court for enforcement. A people's court may refuse to enforce an arbitral award made by an arbitration commission if there is any procedural or membership irregularity specified by law or the award exceeds the scope of the arbitration agreement or is outside the jurisdiction of the arbitration commission.

A party seeking to enforce an arbitral award of a PRC arbitration panel against a party who, or whose property, is not within the PRC, may apply to a foreign court with jurisdiction over the case for enforcement. Similarly, an arbitral award made by a foreign arbitration body may be recognized and enforced by the PRC courts in accordance with the principles of reciprocity or any international treaty concluded or acceded to by the PRC. The PRC acceded to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (the "New York Convention") adopted on June 10, 1958 pursuant to a resolution of the Standing Committee of the NPC passed on December 2, 1986. The New York Convention provides that all arbitral awards made in a state which is a party to the New York Convention must be recognized and enforced by other parties to the New York Convention, subject to their rights to refuse enforcement under certain circumstances, including where the enforcement of the arbitral award is against the public policy of the state to which the application for enforcement is made. It was declared by the Standing Committee of the NPC simultaneously with the accession of the PRC that (i) the PRC will only recognize and enforce foreign arbitral awards on the principle of reciprocity and (ii) the PRC will only apply the New York Convention in disputes considered under PRC laws to arise from contractual and non-contractual mercantile legal relations.

On June 18, 1999, an agreement was reached between Hong Kong and the Supreme People's Court of the PRC for the mutual enforcement of arbitral awards. Under the agreement, the Arrangements of the Supreme People's Court on the Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region (關於內地與香港特別行政區相互執行仲裁裁決的安排) was passed by the Supreme People's Court of the PRC and took effect on February 1, 2000. Pursuant to the aforesaid arrangement, awards made by PRC arbitral authorities according to the Arbitration Law can be enforced in Hong Kong, and Hong Kong arbitration awards are also enforceable in China.

MATERIAL DIFFERENCES BETWEEN CERTAIN MATTERS RELATING TO COMPANY LAW FOR THE PRC AND HONG KONG

The company law of Hong Kong is primarily set out in the Companies Ordinance and supplemented by common law. There are material differences between the company law of Hong Kong and the Company Law applicable to a joint stock limited company incorporated under PRC laws, which our Company is and will be subject to, particularly in respect of investor protection. Certain of the material differences between the Company Law and the company law of Hong Kong which is currently in force are summarized below. This summary, however, is not intended to be an exhaustive comparison. It should also be noted that the summary relates only to joint stock limited companies incorporated under the Company Law and that the summary and the information in it is current only as at the date of this prospectus.

Quorum

Under the Companies Ordinance, unless otherwise specified by a company's articles of association, the quorum for a general meeting is two members. For one member companies, one member will be a quorum. The Company Law does not specify any quorum requirement for a general meeting, but the Special Regulations and the Mandatory Provisions provide that our general meeting may be convened when replies to the notice of that meeting have been received from Shareholders whose Shares represent 50% of the voting rights at least 20 days before the proposed date of the meeting. If that 50% level is not achieved, we must within five days notify our Shareholders by way of a public announcement and we may hold the general meeting thereafter.

Notice of Meeting

Under the Company Law, notice convening a general meeting of a joint stock limited liability company must be given not less than 20 days before the date of the meeting or, in the case of bearer shares, the notice must be given not less than 30 days before the date of the meeting. Under the Special Regulations and the Mandatory Provisions (to the extent they are applicable to our Company), 45 days' written notice must be given to all our Shareholders and Shareholders who wish to attend the meeting must reply in writing 20 days before the date of the meeting. For a Hong Kong limited company, the minimum period of notice for a general meeting, where convened for the purpose of considering ordinary resolutions, is 14 days and, where convened for the purpose of considering special resolutions, is 21 days. The minimum notice period for an annual general meeting is also 21 days.

Voting

Under Hong Kong law, an ordinary resolution is passed by a simple majority of affirmative votes cast by members present in person or by proxy at a general meeting and a special resolution is passed by a majority of not less than three-fourths of votes cast by members present in person or by proxy at a general meeting. Under the Company Law, the passing of any resolution requires more than one-half of the votes held by shareholders present in person or by proxy at a general meeting, except in cases of proposed amendments to the articles of association, an increase or a reduction of registered capital, merger, division, dissolution or alteration of form of the company, which require two-thirds of the votes held by shareholders present in person or by proxy at a general meeting.

Share capital

The registered share capital of a joint stock limited liability company incorporated under the Company Law shall be the same as its issued share capital. For a Hong Kong company, the authorized share capital may be larger than the issued share capital. Hence, the directors of a Hong Kong company may, with the prior approval of the shareholders, if required, cause the company to issue new shares. The Company Law does not have the concept of authorized share capital. Any increase in the registered capital must be approved by the shareholders at a general meeting and by the relevant PRC governmental and regulatory authorities (if applicable). Upon completion of the issuance of new shares duly approved, the company shall register the increased share capital with the relevant State Administration for Industry and Commerce.

Under the Company Law, capital contributions may be in the form of monetary or non-monetary assets (other than assets not permitted to be used as capital contributions under the relevant laws and regulations). For non-monetary assets to be used as capital contributions, valuations must be carried out to ensure no overvaluation or undervaluation of the assets. There is no such restriction on a Hong Kong company under Hong Kong law.

Restrictions on shareholdings and transfer of shares

Under the Special Regulations, except otherwise permitted under the Provisional Measures on Management of Investing in Overseas Securities by Qualified Domestic Institutional Investors《合格境內機構投資者境外證券投資管理試行辦法》, H shares shall only be held and traded by overseas investors. Hong Kong laws do not impose restrictions on individuals dealing in shares of Hong Kong companies on the basis of his residence or nationality.

Under the Company Law, shares in a joint stock limited liability company held by its promoters, directors and senior management cannot be transferred within certain periods. Shares in issue prior to the company's public offering cannot be transferred within one year from the listing date of its shares on the stock exchange. There are no such restrictions under Hong Kong law although there are the six-month lock-up on our Company's issue of Shares and the 12-month lock-up on our Controlling Shareholder's disposal of Shares, as illustrated by the undertakings given by our Company to the Hong Kong Stock Exchange as described in "Underwriting" in this prospectus.

Variation of class rights

The Company Law makes no specific provision relating to variation of class rights. However, the Company Law states that the State Council can promulgate regulations relating to other kinds of shares. The Mandatory Provisions contain detailed provisions relating to the circumstances which are deemed to be variations of class rights and the approval procedures required to be followed in respect thereof. These provisions have been incorporated in our Articles of Association, which are summarized in Appendix V— "Summary of Articles of Association" in this prospectus.

Under the Companies Ordinance, no rights attached to any class of shares can be varied except (i) with the approval of a special resolution of the holders of the relevant class at a separate meeting, (ii) with the consent in writing of the holders of three-quarters in nominal value of the issued shares of the class in question, (iii) by agreement of all the members of the company or (iv) if there are provisions in company's articles of association relating to the variation of those rights, then in accordance with those provisions.

The Company, as required by the Hong Kong Listing Rules and the Mandatory Provisions, has adopted in our Articles of Association provisions protecting class rights in a similar manner to those found in Hong Kong law. Domestic Shares and Foreign Shares which are not listed on the Hong Kong Stock Exchange and overseas listed Shares are of different classes from those defined in the Articles of Association of the Company. The special procedures for voting by a class of Shareholders shall not apply in the following circumstances:

(i) Where our Company issues, upon approval by a special resolution at a Shareholders' general meeting, Domestic Shares and Foreign Shares which are not listed on stock exchange once every 12 months, either separately or concurrently, and the respective numbers of Domestic Shares and Foreign Shares which are not listed on the Hong Kong Stock Exchange and overseas listed Shares proposed to be issued do not exceed 20% of the respective numbers of the issued Domestic Shares and Foreign Shares which are not listed on the Hong Kong Stock Exchange and Foreign Shares;

(ii) Where our Company's plan to issue Domestic Shares and Foreign Shares which are not listed on the Hong Kong Stock Exchange and overseas listed Shares at the time of incorporation is carried out within 15 months from the date of approval by relevant the securities regulatory authorities of the State Council; and

(iii) Where upon the approval from the securities authorities of the State Council, the Domestic Shares and Foreign Shares which are not listed on the Hong Kong Stock Exchange may be listed and traded in an overseas stock exchange.

Derivative actions by minority shareholders

Hong Kong law permits minority shareholders to commence a derivative action on behalf of the company against directors who have committed a breach of their fiduciary duties to the company if the directors control a majority of votes at a general meeting, thereby effectively preventing the company from suing the directors in breach of their duties in its own name.

The Company Law gives our Shareholders the rights to initiate proceedings in the people's courts in the PRC to restrain the implementation of any resolution passed by our Shareholders in a general meeting, or by the meeting convening procedures or ways of voting of the meetings of our Board of Directors, that violates any law, administrative rules or Articles of Association or company's articles of association, or if our Directors or senior management violate laws, administrative rules or Articles of Association when performing their duties and cause losses to our Company. The Mandatory Provisions also provide us with certain remedies against our Directors and senior management who breach their duties to us. In addition, as a condition to the listing of our Shares on the Hong Kong Stock Exchange and in accordance with our Articles of Association, each of our Directors is required to give an undertaking in favor of us acting as agent for each of our Shareholders. This allows minority Shareholders to act against our Directors in events of default.

Minority shareholder protection

Under Hong Kong law, a shareholder who complains that the affairs of a company incorporated in Hong Kong are conducted in a manner unfairly prejudicial to his interests may petition to the court to either wind up the company or make an appropriate order regulating the affairs of the company. In addition, on the application of a specified number of members, the Financial Secretary of Hong Kong may appoint inspectors who are given extensive statutory powers to investigate the affairs of a company incorporated in Hong Kong.

As required by the Mandatory Provisions, the Company shall adopt in our Articles of Association provisions for minority shareholder protection similar to (though not as comprehensive as) those available under the Hong Kong law. These provisions state that a Controlling Shareholder may not exercise its voting rights in a manner prejudicial to the interests of other Shareholders, may not relieve a Director or Supervisor of his duty to act honestly in our best interests or may not approve the expropriation by a Director or Supervisor of our assets or the individual rights of other Shareholders.

Dividends

The Company shall withhold, and pay to the relevant tax authorities, the PRC tax on any dividends or other distributions payable to a Shareholder. Under Hong Kong law, the limitation period for debt recovery action (including the recovery of dividends) is six years while that under PRC laws is two years.

Financial disclosure

A joint stock limited liability company is required under the Company Law to make available at its office for inspection by shareholders its financial reports 20 days before an annual general meeting. In addition, a company issuing share certificates to the public under the Company Law must publish its financial statements. The annual balance sheet shall be verified by registered accountants. The Companies Ordinance requires a company to send to every shareholder a copy of its balance sheet, auditors' report and directors' report, which are to be tabled before the company at its annual general meeting, not less than 21 days before such meeting.

Under the Articles of Association (as required by the Hong Kong Listing Rules and the Mandatory Provisions), in addition to preparing accounts according to the PRC accounting standards, the Company may also have its accounts prepared and audited in accordance with the international accounting standards or Hong Kong accounting standards. Our Company is further required to publish our interim and annual accounts within 90 days from the end of the first six months of a financial year and within 120 days from the end of a financial year, respectively. The Special Regulations require that there should not be any inconsistency between the information disclosed within and outside the PRC and that, to the extent that there are differences in the information disclosed in accordance with the relevant PRC and overseas laws, regulations and requirements of the relevant stock exchanges, such differences should also be disclosed simultaneously.

Information on Directors and Shareholders

The Company Law gives Shareholders the rights to inspect our Articles of Association, minutes of the Shareholders' general meetings and financial and accounting reports. Under our Articles of Association, Shareholders have the rights to inspect and copy (at reasonable charges) certain information on Shareholders and on Directors like those available to shareholders of Hong Kong companies under Hong Kong law.

Corporate reorganization

Corporate reorganization involving a company incorporated in Hong Kong may be effected in a number of ways, such as a transfer of the whole or part of the business or property of the company in the course of being wound up voluntarily to another company pursuant to section 237 of the Hong Kong Companies (Winding Up and Miscellaneous Provisions) Ordinance or a compromise or arrangement between the company and its creditors or between the company and its members pursuant to section 673, Division 2 of Part 13 of the Companies Ordinance which requires the sanction of the court. Under PRC laws, the merger or demerger of a joint stock limited liability company shall be approved by voting by two-thirds of shareholders attending the general meeting in person or by proxy, and also shall be approved by the relevant government authorities (where applicable).

Remedies of our Company

Under the Company Law, if a Director, Supervisor or senior management contravenes any law or administrative regulation or our Articles of Association in the performance of his duties resulting in loss to our Company, such Director, Supervisor or senior management shall be liable to our Company for such loss. In addition, in compliance with the Mandatory Provisions, our Articles of Association set out our remedies similar to those required by the Hong Kong law (including cancellation of the relevant contract and recovery of profits made by a director, supervisor or officer).

Arbitration of disputes

In Hong Kong, disputes between shareholders and a company or its directors, supervisors and other senior officers may be resolved through the courts. The Mandatory Provisions and our Articles of Association provide that disputes between a holder of overseas listed Shares and the Company and our Directors, Supervisors, managers and other senior management and a holder of Domestic Shares and Foreign Shares which are not listed on the Hong Kong Stock Exchange, arising from our Articles of Association, the Company Law or other relevant laws and administrative regulations which concern the affairs of the Company should, with certain exceptions, be referred to arbitration at either the China International Economic and Trade Arbitration Commission or the Hong Kong International Arbitration Center. Such arbitration is final and conclusive.

Financial assistance for acquisition of shares

The Company Law does not contain any provision prohibiting or restricting a joint stock limited liability company or its subsidiaries from providing financial assistance for the purpose of an acquisition of its own or its holding company's shares. The Mandatory Provisions contain certain restrictions on a company and its subsidiaries providing such financial assistance similar to those under the Companies Ordinance.

Mandatory deductions

Under the Company Law, a joint stock limited liability company is required to make transfers equivalent to certain prescribed percentages of its after-tax profit to the statutory capital reserve fund. There are no such requirements under Hong Kong law.

Summary of the Articles of Association

This appendix contains a summary of the Articles of Association. The principal objective is to provide potential investors with an overview of the Articles of Association. As the information contained below is in a summary form, it does not contain all the information that may be important to potential investors. As stated in "Appendix VII — Documents Delivered to the Registrar of Companies and Available for Inspection", a copy of the Articles of Association is available for inspection.

The Articles of Association and relevant amendments thereto were adopted by our shareholders at shareholders' general meetings in accordance with applicable laws and regulations, including the PRC Company Law, the Securities Law of the PRC, the Circular on Opinions concerning Supplementary Amendments to Articles of Association of Companies Listed in Hong Kong (《關於到香港上市公司對公司章程作補充修改的意見的通函》), the Special Regulations, the Mandatory Provisions and the Listing Rules and have been approved by the China Insurance Regulatory Commission. The Articles of Association will become effective on the date that the H Shares are listed on the Hong Kong Stock Exchange.

Directors and Other Officers

Power to Allot and Issue Shares

There is no provision in the Articles of Association empowering directors to allot and issue Shares.

To increase the capital of the Company, the board of directors is responsible for formulating proposals for approval at a shareholders' general meeting by way of special resolution. Any such increase must be conducted in accordance with the procedures stipulated by relevant laws and administrative regulations.

Power to Dispose of Fixed Assets

The board of directors is accountable to the shareholders' general meeting.

The board of directors shall not, without prior approval or consent by shareholders' general meeting, dispose or agree to dispose of any fixed assets of the Company where the anticipated value of the assets to be disposed of, together with the value of any fixed assets of the Company that has been disposed of in the period of four (4) months immediately preceding the proposed disposition, exceeds 33% of the value of the Company's fixed assets as shown in the last balance sheet placed before the shareholders' general meeting.

The validity of a disposal by the Company of fixed assets shall not be affected by a breach of the above paragraph.

For the purposes of the Articles of Association, a disposal of fixed assets includes an act involving the transfer of an interest in assets other than the provision of fixed assets as security.

Compensation or Payments for Loss of Office

The contracts concerning emoluments between the Company and its directors or supervisors should provide that, in the event of an acquisition of the Company, the directors and supervisors shall, subject to prior approval by the shareholders' general meeting, have the right to receive compensation or other payments for loss of office or retirement. The acquisition of the Company referred to in this paragraph means either:

(I) a takeover offer made by any person to all shareholders; or

(II) a takeover offer made by any person to enable the offeror to become a controlling shareholder.

A controlling shareholder means a person who satisfies any one of the following conditions: (i) he alone, or acting in concert with others, has the power to elect more than half of the board of directors; (ii) he alone, or acting in concert with others, has the power to exercise or to control the exercise of 30% or more of the voting rights in the Company; (iii) he alone, or acting in concert with others, holds 30% or more of the issued and outstanding shares of the Company; or (iv) he alone, or acting in concert with others, in any other manner has de facto control of the Company.

If the relevant director or supervisor does not comply with above provisions, any sum so received by the director or supervisor shall belong to those persons who have sold their shares as a result of the offer, and the expenses incurred in distributing that sum pro rata among those persons shall be borne by the relevant director or supervisor and not deducted from the sum distributed.

Loans to Directors, Supervisors and Other Officers

The Company shall not directly or indirectly make a loan to, or provide any security in connection with, the making of a loan to a director, supervisor or member of senior management of the Company or its parent company or any of their respective related persons. However, the following transactions are not subject to such prohibition:

- The provision by the Company of a loan or a security of a loan to a company which is a subsidiary of the Company;

- The provision by the Company of a loan or a security in connection with the making of a loan or any other funds to any of its directors, supervisors or members of senior management for them to pay for expenditure incurred by him/her for the purposes of the Company or for the purpose of enabling him/her to perform his/her duties, in accordance with a service contract approved by the shareholders' general meeting; and

- The provision by the Company of a loan or a security in connection with the making of a loan to any of the relevant directors, supervisors, members of senior management and their respective related persons on normal commercial terms, provided that the ordinary course of business of the Company includes the lending of money or the provision of a security of a loan.

A loan made by the Company in breach of the above provisions shall be forthwith repayable by the recipient of the loan, regardless of the terms of the loan. A security provided by the Company in breach of the above provisions shall be unenforceable against the Company, unless:

1. the security was provided in connection with a loan to a related person of any of the directors, supervisors or members of senior management of the Company or its parent company and at the time the loan was advanced the lender did not know the relevant circumstances; or

2. the collateral provided by the Company has been lawfully sold by the lender to a bona fide purchaser.

The security referred to in the preceding paragraphs shall include the undertaking of obligations or provision of property by the guarantor to secure the performance of obligations by the obligor. These Articles of Association do not have any special provisions regarding the manner in which the Directors may exercise the right to borrow money.

Financial Assistance for the Acquisition of Shares in the Company or any of its Subsidiaries

Subject to the exceptions in the Articles of Association, the Company and its subsidiaries shall not, by any means at any time, provide any kind of financial assistance to a person who is acquiring or is proposing to acquire shares of the Company. The said acquirer of shares of the Company includes a person who directly or indirectly incurs any obligations due to the acquisition of the shares. The Company and its subsidiaries shall not, by any means at any time, provide financial assistance to the said acquirer for the purpose of reducing or discharging the obligations assumed by that person.

Without prejudice to the laws, regulations and normative documents, the following acts shall not be deemed to be prohibited:

- the provision of financial assistance by the Company where the financial assistance is given in good faith in the interest of the Company, and the main purpose of the financial assistance is not the acquisition of shares of the Company, or the financial assistance is an incidental part of an overall plan of the Company;

- the lawful distribution of the Company's assets by way of dividend in accordance with law;

- the allotment of bonus shares as dividends;

- a reduction of registered capital, a repurchase of shares of the Company or an adjustment of the shareholding structure of the Company effected in accordance with the Articles of Association;

- the provision of a loan by the Company for its normal business activities within its business scope (provided that the net assets of the Company are not thereby reduced or, to the extent that the net assets are thereby reduced, the financial assistance is provided out of distributable profits); and

- the provision of money by the Company for contributions to the employee share scheme (provided that the net assets of the Company are not thereby reduced or, to the extent that the net assets are thereby reduced, the financial assistance is provided out of distributable profits).

For these purposes, financial assistance includes, but is not limited to, the following:

(1) gifts;

(2) security (including the assumption of liability by the guarantor or the provision of property by the guarantor to secure the performance of obligations by the obligor), compensation (other than compensation incurred by the Company's own default) or release or waiver of any rights;

(3) provision of a loan or entry into of a contract under which the obligations of the Company are to be fulfilled before the obligations of other parties, or a change in the parties to, or the assignment of rights under, such loan or agreement; or

(4) any other form of financial assistance given by the Company when the Company is unable to pay its debts or has no net assets or when its net assets would thereby be reduced by a material extent.

Incurring an obligation includes the incurring of obligations by the changing of the obligor's financial position by way of contract or the making of an arrangement (whether enforceable or not, and whether made on the obligor's own account or together with any other persons) or by any other means.

Disclosure of Interests in Contracts with the Company or any of its Subsidiaries

Where a director, supervisor or member of senior management of the Company is, directly or indirectly, materially interested in a contract, transaction or arrangement or proposed contract, transaction or arrangement with the Company (other than his/her contract of service with the Company), he shall declare the nature and extent of his/her interests to the board of directors at the earliest opportunity, regardless whether or not such contract, transaction or arrangement is subject to approval by the board of directors under normal circumstances.

Unless the interested director, supervisor or member of senior management of the Company discloses his/her interests to the board of directors in accordance with the requirements of the preceding paragraph and the contract, transaction or arrangement is approved by the board of directors at a meeting in which the interested director, supervisor or member of senior management is not counted in the quorum and refrained from voting, the contract, transaction or arrangement is voidable at the option of the Company except as against a bona fide party thereto acting without notice of the breach of duty by the interested director, supervisor or member of senior management.

A director, supervisor or member of senior management of the Company shall be deemed to be interested in a contract, transaction or arrangement in which a related person of his/hers is interested.

Where before the question of entering into the relevant contract, transaction or arrangement is first taken into consideration by the Company, a director, supervisor or member of senior management of the Company gives the board of directors a notice in writing stating that, by reason of the facts specified in the notice, he/she is interested in the contracts, transactions or arrangements that may be made subsequently by the Company, such director, supervisor or member of senior management shall be deemed to have made the disclosure specified in the preceding paragraphs to the extent stated in such notice.

Remuneration

The Company shall, with prior approval by shareholders in general meeting, enter into a contract in writing with each of its directors, supervisors and members of senior management in respect of remunerations. The contract in writing shall at least include:

(i) remunerations for them as directors, supervisors or members of senior management of the Company;

(ii) remunerations for them as directors, supervisors or members of senior management of any subsidiary of the Company;

(iii) remunerations otherwise in connection with services for the management of the Company or its subsidiaries; and

(iv) payments by way of compensation for loss of office, or in connection with their retirement from office.

Save as specified in the contract mentioned above, no proceedings shall be brought by a director or supervisor against the Company for anything due to him in respect of the matters specified above. These Articles of Association do not have any special provisions regarding any power enabling the directors, in the absence of an independent quorum, to vote remuneration (including pension or other benefits) to themselves or any members of their body and any other provision as to the remuneration of the directors.

Appointment, Removal and Retirement

The term of office of the chairman of the board of directors and other board members shall be three years. If the term of appointment of a director expires and he is re-elected, the director may be reappointed for a consecutive term.

Directors shall be elected and removed by shareholders' general meeting. The Company in shareholders' general meeting shall have power by ordinary resolution to remove any director (including a managing director or other executive director) before the expiration of his/her period of office, but without prejudice to any claim of such director for damages under any contract.

A notice of the intention to propose a candidate for election as a director and a notice by that candidate stating his willingness to be elected shall be served on the Company at least seven (7) days before the date of the general meeting. The timeframe for the delivery of the notices shall commence from the date when a notice of meeting in respect of such election is dispatched and end no later than seven (7) days prior to the date of such meeting.

Candidates for directors shall be resolved at a shareholders' general meeting by way of a proposal. The board of directors, the supervisory committee or any shareholder who individually or jointly holds 3% or more of the shares of the Company may make proposals to nominate candidates for directors. In respect of the nomination of candidates for directors, the nominator shall provide specific explanations to the shareholders' general meeting on the qualifications and professional experience of the candidates.

If a director departs due to expiration of term of office, the director shall submit a resignation report to the board of directors, explaining the performance of his/her duties during the term of office, and hand over all works on hand.

If a director departs due to reasons other than expiration of term of office, the director shall, in addition to complying with the requirements of the preceding paragraph, give specific reasons for the resignation in the resignation report and shall submit the resignation report to the Company's supervisory committee for filing.

Upon listing of the Company, necessary amendments shall be made in a shareholders' general meeting to the rules governing the election and nomination of directors and the composition of board of directors in accordance with relevant laws, regulations and the listing rules of the stock exchange where the Company is listed.

The appointment of directors shall be subject to the approval on the directors' qualifications from the China Insurance Regulatory Commission. If the director proposed to be appointed fails to obtain the approval on qualifications, the general meeting shall conduct a re-election to fill the vacancy of the position according to the re-nomination from the shareholders who have the right to nominate the director.

A director's term of office starts from the date of his/her inauguration and expires at the end of the term of the prevailing session of the board of directors. Prior to the expiration of a director's term of office, the general meeting shall not dismiss him/her without reason.

In circumstances provided by laws, regulations or the Articles of Association, the shareholders' general meeting may by an ordinary resolution remove any director whose term of office has not expired, but such removal does not affect the rights of such director to make any claim for compensation under any contract.

If the term of office of a director expires but re-election is not made immediately, the said director shall continue fulfilling the duties as director pursuant to relevant laws, administrative regulations, departmental rules and the Articles of Association until a new director is elected.

A person may not serve as a director, supervisor or member of senior management of the Company if any of the following circumstances apply:

(I) a person without or with restricted capacity of civil conduct;

(II) a person who has committed an offence of corruption, bribery, infringement of property, misappropriation of property or sabotaging the social economic order and has been punished for committing such offence; or who has been deprived of his/her political rights, in each case where no more than five (5) years have elapsed since the date of the completion of implementation of such punishment or deprivation;

(III) a person who is a former director, factory manager or manager of a company or enterprise which has entered into insolvent liquidation because of mismanagement and who is personally liable for the insolvency of such company or enterprise, where no more than three (3) years have elapsed since the date of the completion of the insolvency and liquidation of such company or enterprise;

(IV) a person who is a former legal representative of a company or enterprise which had its business license revoked due to a violation of laws and who incurred personal liability therefor, where no more than three (3) years have elapsed since the date of the revocation of the business license;

(V) a person who has a relatively large amount of debts due and outstanding;

(VI) a person who is under criminal investigation or prosecution by judicial organs for violation of criminal law and the case is not yet concluded;

(VII) a person who has been prohibited from serving as a leader of an enterprise by laws or administrative regulations;

(VIII) a non-natural person;

(IX) a person who has been convicted by the relevant competent authority for violation of relevant securities regulations, and such conviction involves a finding that such person has acted fraudulently or dishonestly, where less than five (5) years have elapsed from the date of such conviction; or

(X) circumstances prescribed by laws, administrative regulations, regulatory requirements, the Articles of Association and the securities regulatory authorities of the place where the shares of the Company are listed and circumstances where a person is deemed inappropriate by the China Insurance Regulatory Commission and other regulatory authorities to serve as a director, supervisor or member of senior management.

There is no provision in the Articles of Association which imposes any age limit for directors beyond which retirement from the directorship is mandatory. There is no provision in the Articles of Association which requires a Director to hold any shares in the Company by way of qualification.

Each of the Company's directors, supervisors and members of senior management owes a duty, in the exercise of his/her rights or the discharge of his/her duties, to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Each of the Company's directors, supervisors and members of senior management shall carry on his/her duties in accordance with the fiduciary principle and shall not put himself/herself in a position where his/her duty and his/her interest may conflict. This principle includes (but is not limited to) discharging the following obligations:

- to act honestly in the best interests of the Company;
- to exercise powers within the scope of his/her powers and not to exceed those powers;
- to exercise the discretion vested in him/her personally and not to allow himself/herself to act under the control of another and, except to the extent permitted by laws, administrative regulations or with informed consent of shareholders' general meeting, not to delegate the exercise of his/her discretion to others;
- to treat shareholders of the same class equally and to treat shareholders of different classes fairly;
- except in accordance with the Articles of Association or with informed consent of shareholders' general meeting, not to enter into any contract, transaction or arrangement with the Company;
- without informed consent of shareholders' general meeting, not to use the Company's property by any means for his/her own benefit;
- not to exploit his/her position to accept bribes or other illegal income or expropriate the Company's property by any means, including (but not limited to) opportunities advantageous to the Company;
- without informed consent of shareholders' general meeting, not to accept commissions in connection with the Company's transactions;
- to abide by the Articles of Association, faithfully perform his/her duties and protect the Company's interests, and not to exploit his/her position and power in the Company to advance his/her own private interests;
- not to compete with the Company in any form without informed consent of shareholders' general meeting;

- not to misappropriate the Company's funds or lend such funds to others, not to open accounts in his/her own name or other names for the deposit of the Company's assets and not to provide a security for debts of a shareholder of the Company or other individual(s) with the Company's assets;

- without informed consent of shareholders' general meeting, not to disclose any confidential information in respect of the Company acquired by him/her in the course of and during his/her tenure of office and not to use the information other than for the purpose of the interests of the Company, save that disclosure of such information to the court or other governmental authorities is permitted if: (i) disclosure is required by law; (ii) the interests of the public require disclosure; or (iii) the interests of the relevant director, supervisor or member of senior management require disclosure.

Each director, supervisor or member of senior management of the Company shall not cause the following persons or institutions ("Related Persons") to do what he is prohibited from doing:

(1) the spouse or minor children of that director, supervisor or member of senior management;

(2) a trustee of that director, supervisor or member of senior management or any person referred to in paragraph (1);

(3) a partner of that director, supervisor or member of senior management or any person referred to in paragraphs (1) and (2) above;

(4) a company in which that director, supervisor or member of senior management, alone or jointly with one or more persons referred to in paragraphs (1), (2) and (3) above and other directors, supervisors and members of senior management have a de facto controlling interest; and

(5) the directors, supervisors, general manager and other members of senior management of the controlled company referred to in the preceding paragraph.

The fiduciary duties of the director, supervisor or member of senior management of the Company do not necessarily cease upon the termination of their tenure. The duty of confidence in relation to trade secrets of the Company survives the termination of their tenure. Other duties may continue for such period on a fair basis depending on the time lapse between the termination and the act concerned and the circumstances and conditions under which the relationships between them and the Company are terminated.

In addition to any rights and remedies provided by laws and administrative regulations, where a director, supervisor or member of senior management of the Company is in breach of his/her duties to the Company, the Company has a right to:

- claim damages from the director, supervisor or member of senior management in compensation for losses sustained by the Company as a result of his/her neglect of duties;

- rescind any contract or transaction entered into by the Company with the director, supervisor or member of senior management or with a third party (where such third party knows or should know that there is such a breach of duties by such director, supervisor or member of senior management);

- require the relevant director, supervisor or member of senior management to return the benefits received by him/her as a result of the breach of the obligations;

- recover any funds received by the director, supervisor or member of senior management that should have been received by the Company, including (but not limited to) commissions; and

- require the relevant director, supervisor or member of the senior management to return the interest that is earned or may have been earned from the fund which should have been payable to the Company.

Alterations to Constitutional Documents

The Company may amend its terms of reference and the Articles of Association in accordance with the requirements of laws, administrative regulations and the Articles of Association. Upon occurrence of any of the following events, the Company shall amend the Articles of Association within three (3) months:

(1) the Articles of Association is contradictory to amended version of the Company Law, the Insurance Law or other applicable laws, regulations, normative documents or regulatory provisions;

(2) there is any change to the fundamental matters recorded in the Articles of Association or relevant rights, obligations, duties, procedural rules under the Articles of Association; or

(3) it is resolved at a shareholders' general meeting to amend the Articles of Association.

Amendments to the Articles of Association involving the contents of the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas (《到境外上市公司章程必備條款》) shall become effective upon approvals by the companies approving department authorized by the State Council and the securities regulatory authorities of the State Council. If there is any change relating to the registered particulars of the Company, application shall be made for registration of the changes in accordance with law.

Variation of Rights of Existing Shares or Classes of Shares

Apart from the holders of other classes of shares, holders of domestic shares and holders of overseas listed shares of the Company are deemed to be in different classes of shareholders. Holders of unlisted foreign shares and domestic shares are in the same class of shareholders. All classes of shareholders of the Company shall rank *pari passu* with each other in any distribution made in the form of dividends or in other forms.

Rights conferred on any class of shareholders in the capacity of shareholders (“class rights”) may not be varied or abrogated unless approved by a special resolution of shareholders’ general meeting and by holders of shares of that class at a separate meeting conducted in accordance with the Articles of Association.

The following circumstances shall be deemed to be a variation or abrogation of the class rights of a class of shareholders:

(1) to increase or reduce the number of shares of that class or to increase or reduce the number of shares of another class which carries the same or more voting rights, distribution right or other privileges;

(2) to effect an exchange of all or part of the shares of such class into shares of another class or to effect an exchange or create a right of exchange of all or part of the shares of another class into the shares of such class;

(3) to remove or reduce rights to accrued dividends or rights to cumulative dividends attached to shares of such class;

(4) to reduce or remove a preference to dividend or a preference to asset distribution in liquidation attached to shares of such class; to reduce or remove a dividend preference or a liquidation preference attached to shares of such class;

(5) to add, remove or reduce conversion privileges, options, voting rights, transfer or pre-emptive rights, or rights to acquire securities of the Company attached to shares of such class;

(6) to remove or reduce rights to receive payment payable by the Company in particular currencies attached to Shares of such class;

(7) to create a new class of shares having voting or distributing rights or other privileges equal or superior to those of the shares of such class;

(8) to restrict the transfer or ownership of the shares of such class or create such restriction;

(9) to issue rights to subscribe for, or convert into, shares of such class or another class;

(10) to increase the rights or privileges of shares of other classes;

(11) to conduct the proposed restructuring of the Company in such a way that may result in the holders of different classes of shares to assuming liability disproportionately; and

(12) to vary or abrogate provisions of the Articles of Association.

Shareholders of the affected class, whether or not otherwise entitled to vote at shareholders' general meetings, shall nevertheless be entitled to vote at class meetings in respect of matters concerning sub paragraphs (2) to (8), (11) to (12) above, but interested shareholder(s) shall not be entitled to vote at class meetings.

The meaning of interested shareholder(s) as mentioned in the preceding paragraph is:

(I) in the case of a repurchase by the Company of its own shares by pro rata offers to all shareholders or public dealing on a stock exchange, an "interested shareholder" refers to a controlling shareholder;

(II) in the case of a repurchase by the Company of its own shares by an agreement outside the stock exchange, an "interested shareholder" refers to the shareholder who is related to the agreement;

(III) in the case of a restructuring of the Company, an "interested shareholder" refers to a shareholder within a class who bears less than a proportionate burden imposed on that class under the proposed restructuring or who has an interest in the proposed restructuring different from the interest of other shareholders of that class.

The quorum for a separate class meeting to consider a variation of the rights of any class of shares shall be the holders of at least one third (1/3) of the issued shares of that class.

Resolutions of a class of shareholders shall be passed by votes representing more than two thirds (2/3) of the voting rights represented at the relevant meeting who are entitled to vote at class meetings.

Written notice of a class meeting shall be given forty-five (45) days before the date of the class meeting to notify all of the shareholders in the share register of the class of the matters to be considered and the date and the place of the class meeting. A shareholder who intends to attend the class meeting shall deliver his/her written reply concerning attendance at the class meeting to the Company twenty (20) days before the date of the class meeting.

If the number of shares carrying voting rights at the meeting represented by the shareholders who intend to attend the class meeting reaches more than half of the voting shares at the class meeting, the Company may hold the class meeting; if not, the Company shall within five (5) days notify the shareholders of the class, by public announcement, of the matters to be considered, the date and the place for the class meeting. The Company may then hold the class meeting after publication of such notice.

Notice of class meetings need only be served on shareholders entitled to vote thereat.

Unless otherwise provided in the Articles of Association, meetings of any class of shareholders shall be conducted in a manner as similar as possible to that of shareholders' general meetings. The provisions of the Articles of Association relating to the manner of conducting any shareholders' general meeting shall apply to any meeting of a class of shareholders.

The special procedures for voting by class shareholders shall not apply in the following circumstances:

(1) where the Company issues, upon the approval by special resolution of its shareholders in a shareholders' general meeting, either separately or concurrently once every twelve (12) months, not more than 20% of each of its existing issued domestic shares and overseas listed shares;

(2) where the Company's plan to issue domestic shares and overseas listed shares at the time of its establishment is carried out within fifteen (15) months from the date of approval of the securities regulatory authority of the State Council; and

(3) where upon the approval from the securities regulatory authority of the State Council, the shareholders of unlisted shares of the Company cause the unlisted shares held by them to be listed and traded on an overseas stock exchange.

Resolutions Majority Required

Resolutions of shareholders' general meetings shall be divided into ordinary resolutions and special resolutions.

To adopt an ordinary resolution, votes representing more than half of the voting rights represented by the shareholders (including proxies) present at the meeting must be exercised in favor of the resolution.

To adopt a special resolution, votes representing more than two thirds of the voting rights represented by the shareholders (including proxies) present at the meeting must be exercised in favor of the resolution.

Voting Rights (Generally, on a Poll and Right to Demand a Poll)

Shareholders who are entitled to attend and vote at shareholders' general meetings may attend in person or appoint one or more proxies (who need not be shareholders) to attend and vote at shareholders' general meetings. A shareholder (including proxy) when voting at a shareholders' general meeting may exercise voting rights in accordance with the number of shares carrying the right to vote and each share shall have one vote.

Any vote of shareholders at a shareholders' general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands.

A poll demanded on such matters as the election of Chairman or the adjournment of the meeting, shall be taken forthwith. A poll demanded on any other matters shall be taken at such time as the Chairman may decide, and the meeting may proceed to discuss other matters, while the results of the poll shall still be deemed to be a resolution of that meeting.

On a poll taken at a meeting, a shareholder (including proxy) entitled to two or more votes need not cast all his votes for or against in the same way.

The voting at a shareholders' general meeting shall be taken by way of registered poll.

Requirements for Annual General Meetings

Shareholders' general meetings are divided into annual general meetings and extraordinary general meetings. Shareholders' general meetings shall be convened by the board of directors. Annual general meetings shall be held once every year within six (6) months after the end of each financial year.

Notice of Meetings and Business to be Conducted Thereat

The shareholders' general meeting is the organ of authority of the Company and shall exercise the following functions and powers in accordance with law:

(I) to decide on the Company's business policies and investment plans;

(II) to elect and replace directors and to decide on matters relating to the remuneration of directors;

(III) to elect and replace those supervisors who are not employee representatives, and to decide on matters relating to the remuneration of supervisors;

(IV) to consider and approve reports of the board of directors;

(V) to consider and approve reports of the supervisory committee;

(VI) to consider and approve the Company's annual financial budget and final accounts;

(VII) to consider and approve the Company's profit distribution proposal and proposal for making up losses;

(VIII) to pass resolutions on the increase or reduction of the Company's registered capital;

(IX) to pass resolutions on the issuance of bonds by the Company;

(X) to pass resolutions on the appointment, removal or non-renewal of the services of accounting firms for the Company;

(XI) to pass resolutions on matters such as merger, division, dissolution, liquidation or change of the form of the Company;

(XII) to pass resolutions on amendments to the Articles of Association;

(XIII) to consider any motion proposed by shareholders representing 3% or more of the shares of the Company carrying the right to vote;

(XIV) to consider the share incentive plan;

(XV) to consider the Company's acquisition or disposal of material assets with a value exceeding 30% of the latest audited total assets of the Company within one year;

(XVI) to consider the provision of a single external guarantee with a value exceeding 10% of the latest audited net assets of the Company; and

(XVII) to consider other matters required to be determined by the shareholders' general meeting under the laws, administrative regulations, departmental rules or the Articles of Association.

The aforesaid matters within the competence of the shareholders' general meeting shall be considered and determined by the shareholders' general meeting, but in necessary, reasonable and legal cases, the shareholders' general meeting may authorize the board of directors to make such determination. Such authorization shall be clear and specific. The shareholders' general meeting shall not delegate any of its statutory functions and powers to the board of directors or any other institutions or individuals.

For the authorization to the board of directors by the shareholders' general meeting, if the authorization relates to matters required by the Articles of Association to be passed by ordinary resolutions at general meeting, it shall be passed by the shareholders (including proxy of shareholders) representing more than half of the voting rights present in the shareholders' general meeting; if the authorization relates to matters required by the Articles of Association to be passed by special resolutions of general meeting, it shall be passed by shareholders (including proxy of shareholders) representing two thirds or more of the voting rights present in the shareholders' general meeting.

An extraordinary shareholders' general meeting shall be convened within two (2) months from the occurrence of any of the following events:

- the number of directors is lower than that specified in the Company Law or less than two thirds of the total number of directors specified in the Articles of Association;
- the Company's uncovered losses amount to one third of the Company's total share capital;
- shareholder(s) holding 10% or more of the Company's issued shares carrying voting rights request(s) in writing the convening of an extraordinary general meeting;
- the board of directors considers it necessary;

- the supervisory committee proposes that such a meeting shall be convened;

- when resolutions of the board of directors may impair the interests of the Company or the insured, the board of directors does not accept the advice of independent directors and such a meeting is requested by no less than half of and at least two independent directors to the board of directors; or

- other circumstances as provided by laws, administrative regulations, departmental rules or the Articles of Association.

An extraordinary general meeting or class shareholders' meeting required by shareholders shall be convened in accordance with the following procedures:

(I) two or more shareholders who jointly hold 10% or more of the shares carrying voting rights at the proposed meeting may request the board of directors to convene an extraordinary general meeting or class shareholders' meeting by signing a written requisition or several copies with the same format and content, and to illustrate the subject of the meetings. The board of directors shall convene an extraordinary general meeting or class shareholders' meeting as soon as possible upon receipt of the foresaid written requisition. The aforesaid number of shareholdings is calculated as at the date of the submission of the written requisition by the shareholders.

(II) if the board of directors fails to issue a notice of convening such a meeting within thirty (30) days from the date of receipt of the aforesaid written requisition, the shareholders who raise the requisition may themselves convene the meeting within four (4) months from the date of receipt of the requisition by the board of directors. The procedures of convening the meeting shall be the similar as those of convening a shareholders' general meeting by the board of directors as far as possible.

If the shareholders call and convene a meeting by themselves since the board of directors cannot convene the meeting in accordance with the foresaid requisition, the expenses reasonably resulted therefrom shall be borne by the Company and deducted from the amounts owed to the directors who have neglected their duties.

When the Company convenes a shareholders' general meeting, a written notice of the meeting shall be given forty-five (45) days before the date of the meeting (excluding the date of the meeting) to notify all the shareholders in the register of members of the matters to be considered at, and the date and place for, the meeting. A shareholder who intends to attend the meeting shall deliver a written reply concerning the attendance of the meeting to the Company twenty (20) days before the date of the meeting.

The Company shall, based on the written replies received twenty (20) days before the date of the shareholders' general meeting, calculate the number of voting shares represented by the shareholders who intend to attend the meeting. If the number of voting shares represented by the shareholders who intend to attend the meeting reaches more than half (1/2) of the Company's total voting shares, the Company may convene the shareholders' general meeting; if not, the Company shall, within five (5) days, notify the shareholders again by announcement of the matters to be considered at, and the date and place for, the meeting. The Company may then convene the meeting after such announcement is made.

An extraordinary general meeting shall not decide on those matters not stated in the notice of a meeting.

The notice of a shareholders' general meeting shall comply with the following requirements:

- to be served in writing;
- to specify the date, place and duration of the meeting;
- to provide shareholders with the detailed information and explanations necessary for the shareholders to make sound decisions about the matters to be discussed. This principle includes (but is not limited to) the provision of the specific terms and contract(s), if any, of the proposed transaction(s) and serious explanations about the causes and effects when the Company proposes mergers, repurchase of shares, restructuring of share capital or other restructuring;
- where any matters relating to previous resolutions of shareholders' general meeting need to be changed, the proposal shall be complete in contents and shall not merely list the proposed changes;
- in the event that any of the directors, supervisors and senior management has material interests at stake in matters to be discussed, the nature and extent of the interests at stake shall be disclosed. If the matters to be discussed affect any director, supervisor and senior management as a shareholder in a manner different from how they affect the same type of other shareholders, the difference shall be explained;
- to include the full text of any special resolution to be proposed for approval at the meeting;
- to contain a conspicuous statement that "a shareholder who is entitled to attend and vote at the meeting may appoint one or more proxies to attend and vote at the meeting on his/her behalf and such proxy needs not to be a shareholder of the Company";
- to specify the date and place for the delivery of proxy forms for voting;
- to state the names and telephone numbers of the standing contact persons for the meeting.

The notice of a shareholders' general meeting shall be served to shareholders (regardless of whether they are entitled to vote at the shareholders' general meeting) either by hand or by post in a prepaid mail, addressed to such shareholders at their registered addresses as shown in the register of shareholders. For holders of unlisted shares, the notice of a shareholders' general meeting may also be given by publishing an announcement.

The announcement referred to in the preceding paragraph shall be published in one or more newspapers designated by the securities regulatory authority under the State Council within a period of forty-five (45) to fifty (50) days before convening the meeting. Once the announcement is published, all holders of unlisted shares shall be deemed to have received the notice in relation to the shareholders' general meeting.

For holders of overseas listed shares, subject to the laws, regulations, normative documents and the relevant requirements of the securities regulatory authorities of the place where the shares of the Company are listed, the notice of a shareholders' general meeting may be published on the websites of the Company and Hong Kong Stock Exchange instead of delivery by hand or prepaid mail. Once the announcement is published, all holders of overseas listed shares shall be deemed to have received the notice in relation to the shareholders' general meeting.

The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive such notice, shall not invalidate the meeting and the resolutions passed at the meeting.

The following matters shall be passed by way of an ordinary resolution at a shareholders' general meeting:

(I) the business objectives, development strategies and investment plans of the Company;

(II) appointment and removal of members of the board of directors and members of the supervisory committee, their remuneration and method of payment thereof;

(III) work reports of the board of directors and the supervisory committee;

(IV) proposed annual preliminary financial budgets, final account proposals, balance sheets, statement of income and other financial statements of the Company;

(V) the profit distribution plan and loss recovery plan formulated by the board of directors;

(VI) matters related to material external investment, acquisition of assets, disposal of assets, merger and acquisition, mortgage on assets and external donation, etc.;

(VII) engagement or change of an accounting firm as the auditor of the Company;

(VIII) provision of guarantee to any shareholder or actual controller;

(IX) matters other than those requiring approval by way of special resolution in accordance with the laws, administrative regulations or the Articles of Association.

The following matters shall be passed by way of a special resolution at a shareholders' general meeting:

(I) an increase or reduction of the Company's share capital and the issuance of any class of shares, warrants and other similar securities;

(II) the issuance of corporate bonds;

(III) the merger, division, dissolution, liquidation or change of corporate form of the Company;

(IV) amendments to the Articles of Association;

(V) the Company's purchase or disposal of material assets or the provision of guarantees within one year, which are more than 30% of the total assets of the Company;

(VI) removal of independent directors;

(VII) employee stock ownership scheme;

(VIII) other matters considered by a shareholders' general meeting, by way of an ordinary resolution, to be of a nature which may have a material impact on the Company and require adoption by way of a special resolution.

Shares held by the Company do not carry voting rights, and shall not be counted in the total number of voting shares represented by shareholders present at a shareholders' general meeting.

Pursuant to applicable laws, regulations and listing rules of the location where the Company's shares are listed, if any shareholder must abstain from voting on any resolution or is restricted to declaring only affirmative vote or only dissenting vote on any resolution, any vote declared by the said shareholder or proxy thereof against the relevant provision or restriction shall not be counted in the voting result.

The chairman of the meeting shall determine whether the resolution proposed at the general meeting is passed or not according to the voting results, and his decision shall be final and conclusive and shall announce the voting results at the meeting. The voting result of resolutions shall be recorded in the meeting minutes. If the chairman of the meeting has any doubts about the voting result of a resolution, he may arrange the recounting of the votes. If the chairman of the meeting does not arrange the re-counting of the votes, a shareholder or proxy attending the meeting who dissents from the result announced by the chairman of the meeting shall be entitled to request the re-counting of votes immediately after the announcement of the voting result, in which case the chairman of the meeting shall immediately arrange the re-counting of the votes.

Accounting and Auditing

The Company shall formulate its financial and accounting system in accordance with the laws, administrative regulations and the PRC accounting standards formulated by the State finance authorities.

The Company shall prepare its annual financial report within one hundred and twenty (120) days after the end of each fiscal year, which shall be audited by an accounting firm according to the law.

The board of directors of the Company shall at each annual general meeting submit to shareholders the financial reports prepared by the Company as required by relevant laws, administrative regulations and normative documents issued by local governments and authorities.

The financial reports of the Company shall be made available at the Company for review by shareholders twenty (20) days before the date of annual general meeting. Each shareholder of the Company shall be entitled to obtain a copy of the financial reports referred to in this chapter.

The Company shall, at least twenty-one (21) days before the date of every annual general meeting, deliver by hand or by prepaid post the aforesaid financial reports and the reports of the board of directors to each holder of the overseas listed foreign shares of the Company at the addresses specified in the register of members.

In addition to financial statements prepared in accordance with PRC accounting standards and regulations, the Company may also prepare its financial statements according to the international accounting standards or overseas accounting standards in the place where the shares of the Company are listed. Material differences between the financial statements prepared according to different accounting standards shall be explicitly explained in the notes to the financial statements. When distributing the after-tax profits for the fiscal year, the Company shall base its distribution on the lower of the after-tax profits in the aforesaid two financial statements.

Any interim results or financial information published or disclosed by the Company shall be prepared in accordance with PRC accounting standards and regulations and may also be prepared in accordance with either international accounting standards or accounting standards of the foreign stock exchange where the shares of the Company are listed.

The Company shall publish its financial reports twice in each fiscal year, i.e. the interim financial report within sixty (60) days after the end of the first six (6) months of a fiscal year and the annual financial report within one hundred and twenty (120) days after the end of a fiscal year.

The Company shall not keep any accounting book other than the statutory accounting books. The assets of the Company shall not be kept under any account set up in the name of any individual.

Upon its establishment, the Company is required to make a security deposit which amount to 20% of its registered capital into a bank designated by the CIRC. Such security deposit shall not be used for any purposes other than settling the debts of the Company during liquidation proceedings.

The after-tax profits of the Company shall be distributed in the following order of priority:

(I) cover the losses in prior years;

(II) set aside 10% of them to its statutory reserve fund;

(III) set aside to its discretionary reserve fund;

(IV) pay dividends to shareholders.

The reserves funds of the Company shall be used to cover its losses, expand the operation, or shall be converted into the capital of the Company. However, the capital reserves fund shall not be used to cover the losses of the Company.

When converting any statutory reserves fund into share capital, the remaining statutory reserves fund shall be no less than 25% of its registered capital prior to such conversion.

Transfer of Shares

The shares of the Company that are already in issue prior to its public offering are not transferable within one year commencing from the date on which the shares of the Company are listed and traded on a stock exchange.

Each of the directors, supervisors and members of senior management of the Company shall regularly report to the Company the number of shares held by him in the Company and the subsequent changes in their shareholdings during his period of office. The number of shares which he may transfer every year during his period of office shall not exceed 25% of the total number of the Company's shares held by him; and the shares of the Company held by him are not transferable within one year commencing from the date on which the shares of the Company are listed and traded. Such personnel shall not transfer the Company's shares in their possession within six months after they have terminated their employment with the Company.

If there are other provisions with respect to restraints on transfer of shares listed overseas as prescribed in the relevant regulations of the securities regulatory authorities of the place where the shares of the Company are listed, those provisions shall be followed.

When shareholders transfer the shares of the Company, this fact must be reported to the Company in writing on the day of its occurrence.

Power of the Company to Purchase Its Own Shares

The Company may, in accordance with the procedures set out in the Articles of Association and subject to the approval from the relevant governing authority of the state, repurchase its shares under the following circumstances:

(I) cancellation of shares for the purpose of reducing its capital;

(II) merger with other companies that hold shares in the Company;

(III) awarding shares to the Company's employees;

(IV) acquisition of shares made upon the request of its shareholders who disagree with resolutions passed at a shareholders' general meeting in connection with a merger or division of the Company;

(V) other circumstances permitted by laws and administrative regulations.

Except for the circumstances specified above, the Company shall not acquire its own shares.

The Company's acquisition of its own shares pursuant to items (I) to (III) above shall be subject to resolution of the shareholders' general meeting.

The shares of the Company acquired in accordance with item (I) above shall be cancelled within ten (10) days from the date of acquisition; those acquired in accordance with items (I) and (IV) shall be transferred or cancelled within six (6) months.

Shares acquired in accordance with item (III) above shall not exceed 5% of the total number of the Company's issued shares. Such acquisition shall be financed by funds appropriated from the Company's profit after taxation, and the shares so acquired shall be transferred to employees within one year.

The Company may, with the approval of the relevant competent authority of the state, repurchase its shares in one of the following ways:

(I) making a pro rata offer of repurchase to all of its shareholders;

(II) repurchasing through public dealing on a stock exchange;

(III) repurchasing by an agreement outside a stock exchange;

(IV) other circumstances permitted by the state laws, administrative regulations and regulatory provisions or by the securities regulatory authorities and the stock exchange of the place where the shares of the Company are listed.

Where the Company repurchases its shares by an off-market agreement, the prior sanction of shareholders' general meeting shall be obtained in accordance with the Articles of Association. The Company may release, vary or waive its rights under a contract so entered into by the Company with the prior approval of shareholders' general meeting obtained in the same manner.

A contract to repurchase shares as referred to above includes (without limitation) an agreement to become obliged to repurchase or an acquisition of the right to repurchase shares.

The Company shall not assign the contracts to repurchase shares or its rights under such contracts.

For redeemable shares which the Company is entitled to repurchase, the consideration for repurchase shall be limited to a maximum price if not being repurchased through a stock exchange or repurchased through a tender. In case of the latter, it shall be opened to all shareholders under the same conditions.

Unless the Company is in the course of liquidation, it must comply with the following provisions in relation to repurchase of its outstanding shares:

(I) where the Company repurchases its shares at par value, payment shall be made out of book surplus distributable profits of the Company or out of proceeds of issue of new shares made for that purpose;

(II) where the Company repurchases its shares at a premium to its par value, payment up to the par value shall be made out of the book surplus distributable profits of the Company or out of the proceeds of issue of new shares made for that purpose. Payment of the portion in excess of the par value shall be effected as follows:

1. if the shares being repurchased were issued at par value, payment shall be made out of the book surplus distributable profits of the Company;

2. if the shares being repurchased were issued at a premium to its par value, payment shall be made out of the book surplus distributable profits of the Company or out of the proceeds of issue of new shares made for that purpose, provided that the amount paid out of the proceeds of the new issue shall not exceed the aggregate of premiums received by the Company on the issue of the shares repurchased nor the amount of the Company's share premium account (or the Company's capital reserve fund account) (including the premiums on the fresh issue);

(III) payment by the Company in consideration of the following shall be made out of the Company's distributable profits:

1. acquisition of rights to repurchase its shares;

2. variation of any contract to repurchase its shares;

3. release of any of its obligations under any contract to repurchase shares.

(IV) after the Company's registered share capital has been reduced by the total par value of the cancelled shares in accordance with the relevant provisions, the amount deducted from the distributable profits for payment of the par value portion of the shares repurchased shall be transferred to the Company's share premium account (or the capital reserve fund account).

Power of Any Subsidiary of the Company to Own Shares in the Company

There are no provisions in the Articles of Association preventing ownership of shares in the Company by a subsidiary.

Dividends and Distribution Methods

Following a resolution approving the profit distribution plan at a shareholders' general meeting, the board of directors shall complete the distribution of the dividends within two (2) months from the convening of such meeting.

The Company may distribute dividends in cash or by shares. Any amount paid up in advance of calls on any share may carry interest but shall not entitle the holder of the shares to participate in respect thereof in a dividend subsequently declared. Where the Company is granted the power to seize any dividends not claimed by anybody, this power may not be exercised until at least six (6) years following the date that the dividends are announced.

The Company shall appoint receiving agents on behalf of the holders of overseas listed shares to receive on behalf of such shareholders dividends declared and all other monies owed by the Company in respect of their overseas listed shares. Such proceeds shall be managed by the receiving agents on such shareholders' behalf to be paid to them.

The receiving agent appointed by the Company shall comply with the laws and relevant requirements of the stock exchange of the place where the shares of the Company are listed.

The receiving agents appointed on behalf of holders of overseas listed shares which are listed in Hong Kong shall be a company registered as a trust company under the Trustee Ordinance of Hong Kong.

Provided that the relevant laws and regulations in the PRC are observed, the Company may exercise the right to forfeit unclaimed dividends, but the said right shall be exercised only after the expiry of the applicable validity period of the announced dividends.

The Company shall be entitled to deliver the dividend warrant directly or by mail via the receiving agent. If such dividend warrants have not been cashed for two consecutive times, the Company shall be entitled to terminate the delivery of dividend warrants by mail to relevant shareholders. However, if such dividend warrant failed to reach the recipient and thus was returned for the first time, the Company may also exercise the said right.

The Company shall have the right to sell the shares of holders of overseas listed shares not contactable by means regarded as appropriate by the board of directors, but the following conditions must be met:

(I) that dividends on such shares have been delivered at least three (3) times within twelve (12) years and no claim has been made during such period;

(II) that the Company publishes an announcement on one or more newspapers of the place where shares of the Company are listed after the expiry of the 12-year period, stating its intention to sell such shares, and informs the stock exchange of the place where such shares are listed.

Proxies

Any shareholder entitled to attend and vote at a shareholders' general meeting shall be entitled to attend the meeting in person or appoint one or more persons (no matter whether a shareholder or not) as his/her proxy to attend and vote on his/her behalf, and the proxy may exercise the following rights in accordance with the shareholder's appointment:

(I) the shareholder's right to speak at the meeting;

(II) the right to individually or jointly with others request for voting by poll;

(III) the right to vote, but when more than one proxy has been appointed, the proxies can only vote on a poll.

If the shareholder is the recognized clearing house (or its nominees), such shareholder may appoint one or more person as it thinks fit to act as his/her/its proxy in any general meeting or any meeting of the shareholders of a class. If more than one person is appointed, the proxy form shall specify the number and class of shares involved for each person. Each person so appointed may exercise the rights on behalf of recognized clearing house (or its nominees), as if such person is an individual shareholder of the Company.

The proxy form shall be deposited at the domicile of the Company or at other place as specified in the meeting notice, at least 24 hours before the relevant meeting or 24 hours before the designated voting time. If the proxy form is signed by a person authorized by the appointer, a notary certified copy of the power of attorney or other authorization documents is needed, which shall be deposited together with the proxy form at the domicile of the Company or at other place as specified in the meeting notice.

If the appointer is a legal person, a person that is authorized by the legal representative, or by the resolution of the board of directors or other governing body, shall act as the shareholder's representative to attend any general meeting of the Company.

The shareholder shall appoint a proxy in writing. The proxy form shall be signed by the appointer or his/her attorney duly authorized in writing; if the appointer is a legal person, the appointment document shall be affixed with the legal person's seal or be signed by a director or attorney duly authorized. For legal representatives who attend the meeting, his/her own identity card, valid evidence of his/her legal representative qualification and shareholding evidence shall be provided. For proxies who attend the meeting, the proxy shall provide his/her own identity card and the power of attorney from the shareholders issued in accordance with the law.

The proxy form issued by a shareholder to appoint a proxy to attend the meeting shall set out the following:

(I) the name of the proxy;

(II) whether or not the proxy has the right to vote;

(III) the respective instructions on voting for, voting against or abstention from voting in respect of each agenda item of the shareholders' general meeting;

(IV) the date of issue and validity term of the proxy form; and

(V) the number of shares of the appointer represented by the proxy.

A vote given in accordance with the form of proxy shall be valid notwithstanding the previous death or loss of capacity of the appointer or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given, provided that no notice in writing of such death, insanity, revocation or transfer as aforesaid has been received by the Company before the commencement of the meeting at which the proxy is used.

Calls on Shares and Forfeiture of Shares

Any amount paid up in advance of calls on any share may carry interest but shall not entitle the holder of the share to participate in respect thereof in a dividend subsequently declared.

Subject to the relevant laws and regulations, the Company can seize any dividends not claimed by anybody, but this power may not be exercised until at least six (6) years following the date upon which the dividends are announced.

Rights of Shareholders

The ordinary shareholders of the Company shall enjoy the following rights:

(I) to receive dividends and other distributions in proportion to the number of shares held;

(II) to request, convene, chair, attend and vote in person or appoint a proxy to attend and vote on his behalf at a shareholders' general meeting in proportion to the number of shares held in accordance with the laws;

(III) to oversee the Company's business operations and to present proposals or to raise enquiries;

(IV) to transfer, give or pledge the shares he holds in accordance with laws, administrative regulations and provisions of the Articles of Association;

(V) to obtain the related information in accordance with laws, regulations and regulatory provisions and provisions of the Articles of Association, including:

1. to obtain a copy of the Articles of Association, subject to payment of cost;

2. to inspect and copy, subject to payment of a reasonable charge:

    (1) all parts of the share register;

    (2) personal particulars of each of the Company's directors, supervisors, general manager and other members of senior management as follows:

        (a) present name and alias and any former name and alias;

        (b) principal address (residence);

        (c) nationality;

        (d) primary and all other part-time occupations and duties;

        (e) identification document and its number.

    (3) reports on the status of the Company's share capital;

    (4) reports showing the aggregate par value, quantity, maximum and minimum prices paid in respect of each class of shares repurchased by the Company since the end of the last financial year and the aggregate amount incurred by the Company for this purpose;

(5) minutes of shareholders' general meetings, minutes of board meetings and minutes and resolutions of supervisory committee meetings;

(6) financial reports;

(7) the reports of directors, supervisors and auditors;

(8) a copy of the latest annual inspection form that has been filed with the administration for industry and commerce or other competent authorities;

(9) documents mentioned in items (1) to (8) excluding item (2) above and other applicable documents shall be made available by the Company at the Company's place of business in Hong Kong in accordance with the Hong Kong Listing Rules, for inspection by the public and holders of overseas listed shares with no charge;

(10) the Company may refuse any request of inspection or duplication if trade secrets and inside information of the Company or the personal privacy of persons concerned are involved.

(VI) in the event of the termination or liquidation of the Company, to participate in the distribution of remaining assets of the Company in accordance with the number of shares held;

(VII) to know and participate in the Company's significant events as specified in laws, regulations, regulatory provisions and the Articles of Association;

(VIII) to request the recording and change of the register of members;

(IX) other rights as specified by laws, administrative regulations, departmental rules or the Articles of Association.

If any person holding direct or indirect interest in shares exercises his rights on the shares of the Company without revealing such interest to the Company, the Company shall not compromise such person's rights on the shares of the Company by freezing such rights or otherwise.

Rights of the Minorities in Relation to Fraud or Oppression

In addition to obligations imposed by laws, administrative regulations or required by the stock exchange of the place where the shares of the Company are listed, a controlling shareholder shall not exercise his/her voting rights in respect of the following matters in a manner prejudicial to the interests of the shareholders generally or of some part of the shareholders of the Company:

(I) to relieve a director or supervisor of his/her duty to act honestly in the best interests of the Company;

(II) to approve the expropriation by a director or supervisor (for his/her own benefit or for the benefit of another person), in any guise, of the Company's property, including (but not limited to) opportunities beneficial to the Company;

(III) to approve the expropriation by a director or supervisor (for his/her own benefit or for the benefit of another person) of the individual rights or interests of other shareholders, including (but not limited to) rights to distributions and voting rights save pursuant to a restructuring submitted to the shareholders' general meeting for approval in accordance with the Articles of Association.

Procedures on Liquidation

The Company is an insurance corporation engaged in property and casualty insurance business. The Company shall not be dissolved except in the following circumstances:

(I) expiry of the term of its operation;

(II) dissolution as resolved by a shareholders' general meeting;

(III) dissolution as a result of merger or division with the approval of the China Insurance Regulatory Commission;

(IV) declaration of bankruptcy in accordance with law due to its failure to repay debts due; declaration of bankruptcy by the people's court with the approval of the China Insurance Regulatory Commission;

(V) its insurance business license is revoked by the China Insurance Regulatory Commission or it is ordered to close down its business in accordance with law for violating the relevant laws and regulations.

Where the Company is dissolved in accordance with item (I) or (II) above, a liquidation committee shall be formed within 15 days. The members of the liquidation committee shall be determined by way of ordinary resolution at shareholders' general meeting.

Where the Company is dissolved in accordance with item (4) above, the people's court can set up a liquidation committee consisting of relevant institutions (such as the China Insurance Regulatory Commission) and relevant persons to carry out the liquidation.

Where the Company is dissolved in accordance with item (5) above, it shall be closed according to the law and the China Insurance Regulatory Commission can set up a liquidation committee to carry out the liquidation according to the law.

Where the board of directors decides to liquidate the Company (due to causes other than where the Company has declared bankruptcy), the board of directors shall, in its notice convening a shareholders' general meeting, declare that, after making full inquiry into the affairs of the Company, the board of directors is of the opinion that the Company will be able to repay its debts within twelve (12) months after the commencement of the liquidation.

Upon passing of the resolution at the shareholders' general meeting for the liquidation of the Company, all functions and powers of the board of directors shall cease forthwith.

The liquidation committee shall act in accordance with the instructions of the shareholders' general meeting and report at least once a year to the shareholders' general meeting on the committee's receipts and payments, the business of the Company and the progress of the liquidation and shall present a final report before the shareholders' general meeting on completion of the liquidation.

The liquidation committee shall give notices to the creditors within ten (10) days after its establishment and issue announcements for at least three (3) times in the newspaper as designated by the China Insurance Regulatory Commission within sixty (60) days after its establishment. What is announced shall be approved by the China Insurance Regulatory Commission. The creditors shall report claims to the liquidation committee within thirty (30) days after the date of the receipt of such notices or within forty-five (45) days after the date of the announcement if no notice is received.

When reporting claims, a creditor shall explain the relevant particulars of the claims and provide supporting materials. The liquidation committee shall register the claims.

In the period of reporting claims, the liquidation committee shall not make any debt repayment to the creditors.

After the liquidation committee has sorted out the property of the Company and prepared a balance sheet and an inventory of assets, it shall formulate a liquidation scheme and report it to the shareholders' general meeting or the people's court for confirmation.

The remaining property of the Company shall be distributed to the shareholders according to the class and proportion of shares held by each of the shareholder after payments have been made towards the liquidation fees, salaries and social security expenses of employees, compensation or insurance benefits, taxes and debts of the Company.

During the liquidation, the Company remains in existence but shall not carry out any operating activity which does not relate to the liquidation. The property of the Company shall not be distributed to the shareholders before the debts are settled pursuant to the preceding paragraph.

After the liquidation committee has sorted out the property of the Company and prepared a balance sheet and an inventory of assets, in the event that the property of the Company is insufficient to repay the debts, the liquidation committee shall apply to the people's court for declaration of bankruptcy.

After the people's court declares bankruptcy of the Company, the liquidation committee shall hand over the liquidation matters to the people's court.

After the completion of liquidation, the liquidation committee shall prepare a liquidation report and a statement of receipts and payments and the financial accounts for the liquidation period, which shall be examined and verified by the PRC certified public accountants and submitted to the shareholders' general meeting or relevant competent authority for confirmation.

The liquidation committee shall, within 30 days after the confirmation of the shareholders' general meeting or competent authority, submit the aforesaid documents to the Company's registration authority, apply to deregister the Company and publish an announcement on the dissolution of the Company.

Other Provisions Material to the Company and Its Shareholders

General Provisions

The Company is a joint stock limited company in perpetual existence.

The Articles of Association shall take effect after being considered and passed at the shareholders' general meeting, upon approval of the China Insurance Regulatory Commission and the listing of H shares publicly issued by the Company on the Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange"). After the Articles of Association come into effect, the original articles of association shall be superseded by the Articles of Association. After the Articles of Association becomes effective, it shall act as a legally binding document for standardizing the Company's structure and behaviors, and the rights and obligations between the Company and its shareholders and also among the shareholders. The Articles of Association will be binding upon the Company, its shareholders, directors, supervisors, general manager and other members of senior management. The aforesaid personnel shall all have the right to propose claims concerning the affairs of the Company in accordance with the Articles of Association.

Pursuant to the Articles of Association, shareholders may prosecute the Company; the Company may prosecute its shareholders; a shareholder may prosecute other shareholders. Shareholders may prosecute the directors, supervisors, general manager and other members of senior management of the Company pursuant to the Company Law, other relevant provisions and the Articles of Association.

The Company may, based on its operating and development needs and in accordance with laws, regulations, normative documents as well as the Articles of Association, increase its registered capital in the following ways, subject to resolution by the shareholders' general meeting and approval from the China Insurance Regulatory Commission and other relevant regulatory authorities:

(I) public offer of shares;

(II) non-public offer of shares;

(III) placing shares to existing shareholders;

(IV) bonus issue to existing shareholders;

(V) converting capital reserve into share capital;

(VI) other means permitted by laws, administrative regulations and the relevant regulatory authorities.

The Company's increase of capital by issuing new shares shall, after being approved pursuant to the Articles of Association, be conducted in accordance with the procedures stipulated by relevant laws and administrative regulations of the state.

Unless otherwise provided by laws, administrative regulations or the securities regulatory authorities and the stock exchange of the place where the shares of the Company are listed, the shares of the Company can be freely transferred and pledged according to laws and are not subject to any lien.

Pursuant to the laws, regulations, normative documents as well as the Articles of Association, upon the resolution of the shareholders' general meeting and the approval from the China Insurance Regulatory Commission and other relevant regulatory authorities, the Company may reduce its registered capital, which shall be conducted in accordance with the procedures stipulated by the Company Law, the Insurance Law and other relevant regulations as well as the Articles of Association.

The Company shall prepare a balance sheet and a list of assets before the shareholders' general meeting votes thereon.

The Company shall notify its creditors within ten (10) days after the date of resolution on reducing the registered capital and announce it on a newspaper at least three times within thirty (30) days. Creditors have the right to request the Company to repay its debts or to provide a relevant debt settling guarantee within thirty (30) days after receiving the notice or within forty-five (45) days after the date of the first announcement if no such notice has been received.

The Company's registered capital after reduction shall not be less than the statutory minimum amount.

Board of Directors

The board of directors is accountable to the shareholders' general meetings and exercises the following powers:

(I) to convene the shareholders' general meetings and to report on its work to the shareholders' general meetings;

(II) to implement the resolutions of the shareholders' general meetings;

(III) to decide on the Company's business plans and investment plans, to control and monitor the financial conditions and use of funds of the Company;

(IV) to formulate the Company's development strategies;

(V) to formulate the Company's annual financial budget and final accounts plan;

(VI) to formulate the Company's profit distribution plan and loss recovery plan;

(VII) to formulate proposals for the increase or decrease of the Company's registered capital and the issuance of corporate debentures or other securities of the Company and listing plans;

(VIII) to evaluate and improve the corporate governance of the Company;

(IX) to formulate the plans for major acquisitions, acquisition of shares of the Company, or merger, division, dissolution and change of form of the Company;

(X) to decide on the establishment of the internal management structure of the Company;

(XI) to formulate the basic management system of the Company;

(XII) to periodically evaluate and improve corporate governance and to review the corporate governance report of the Company;

(XIII) to decide to appoint or dismiss the general manager of the Company and his/her compensation, and in accordance with the nominations of the general manager, to decide to appoint or dismiss the deputy general manager, financial controller, compliance officer and other senior management of the Company and their compensation;

(XIV) to assess and monitor the training and continuing professional development of directors and senior management;

(XV) to hear the work report of the general manager of the Company and examine his/her work;

(XVI) to establish board committees, including but not limited to the investment strategy committee, nomination and remuneration committee, audit committee and risk management committee based on the need of the Company or regulatory requirements;

(XVII) to formulate proposals for amendments to the Articles of Association;

(XVIII) to propose to shareholders' general meeting of the engagement or change of an accounting firm as the auditor of the Company, and to review reports of the external auditors, periodically or occasionally;

(XIX) to formulate the equity incentive plan;

(XX) to assess and review the Company's compliance with the Corporate Governance Code under the Hong Kong Listing Rules and disclosure in the Corporate Governance Report;

(XXI) to consider the acquisition or disposal of any major assets, the amount of which exceeds 10% of the latest audited total assets of the Company;

(XXII) to consider the guarantees for which the single amount of external guarantees exceeds 10% of the latest audited total assets;

(XXIII) to consider the major investment and financial matters that the single project transaction amount exceeds 25% of the latest audited net assets of the Company, and to formulate the management system for the use of the Company's funds and investment authority within the terms of reference;

(XXIV) to consider the major related transactions required by the CIRC, and to formulate the management system for related transactions within the terms of reference;

(XXV) other functions and powers as conferred by laws, regulations, normative documents or the Articles of Association and by shareholders' general meetings.

Other than the board of directors' resolutions in respect of the formulation of proposals for amendment to the Articles of Association of the Company specified in Article (VII), (IX) and (XVII) which must be passed by the affirmative vote of more than two thirds (2/3) of all directors, the board of directors' resolutions in respect of all other matters may be passed by the affirmative vote of a simple majority of all directors.

The board meetings are classified as regular meetings and extraordinary meetings. Regular meetings are convened at least four times a year, about once per quarter. It is convened by the chairman and shall be notified to all directors and supervisors in writing fourteen (14) days prior to the meeting (excluding the date on which the meeting is convened).

In case of any of the following, the chairman shall convene and preside over the extraordinary board meetings within ten (10) days from receipt of the proposal:

(I) when proposed by shareholders representing more than one tenth of voting rights;

(II) when proposed by more than one third of directors;

(III) when proposed by more than two independent directors;

(IV) when proposed by the supervisory committee;

(V) when the chairman considers necessary;

(VI) other circumstances as stipulated by laws, regulations, normative documents and the Articles of Association. The notice of the meeting shall be reported to the CIRC both in writing and by email.

When the board of directors convenes an extraordinary board meeting, it shall deliver the notice of the meeting to directors in writing (including but not limited to e-mail) five (5) days prior to the meeting and also notify the supervisors who attend the meeting. When the Company convenes an extraordinary board meeting, it shall report to the CIRC in the manner prescribed in the preceding items while issuing meeting notice to directors. If time is urgent, they can report by telephone.

The board meetings shall only be held when more than half of the directors attend the meeting. Except as provided in the Articles of Association, resolutions made by the board of directors must be approved by more than half of the directors.

The voting on the resolutions of the board of directors shall comply with the principle of one person one vote. When the dissenting votes and affirmative votes are equal, the chairman shall have right to cast one more vote.

Directors or their close associates (as defined under the Hong Kong Listing Rules) who have material interests or related party relationship in the matter proposed to be discussed, shall not exercise their voting rights on such proposal when the board of directors consider such matters, or exercise any voting rights on behalf of other directors, nor can they be counted in the quorum for attending the meeting. The board meeting shall only be held if more than half of the directors who do not have any related party relationship are present. Resolutions of the board meeting shall be passed by more than half of the directors without related party relationship. Where less than three directors without related party relationship are present at the board meeting, such proposals shall be submitted to the shareholders' general meeting for approval.

No meeting shall be convened by way of communication voting in respect of any proposals in relation to the profit distribution plan, remuneration plan, major investment and assets disposal, appointment and discharge of senior management, and other proposals regarding the risk management of the Company.

Supervisory Committee

The Company has established the supervisory committee. The supervisory committee of the Company consists of three (3) supervisors. The tenure of the supervisors is three years and may be renewed.

The supervisory committee shall have one (1) chairman, who shall be elected or removed by the vote of over two thirds of all supervisors. The chairman of the supervisory committee shall convene and preside over the meetings. If the chairman of the supervisory committee is unable or unwilling to perform the duty, a supervisor jointly elected by more than one half of the supervisors shall convene and preside over the meeting.

The supervisory committee shall comprise shareholder representatives and an appropriate proportion of employee representatives of the Company, which proportion shall not be lower than one third. The supervisors who act as shareholder representatives shall be elected and removed by the shareholders' general meeting. The employee representatives in the supervisory committee shall be elected democratically and removed by the employees of the Company.

The supervisory committee shall exercise the following functions and powers:

(I) to review the financial affairs of the Company;

(II) to supervise the work of the directors and senior management, and propose dismissal of directors and senior management who have violated laws, administrative rules, the Articles of Association or the resolutions of the shareholders' general meetings;

(III) if any act of the directors and senior management damages the interests of the Company, to require the directors and senior management to rectify such act accordingly;

(IV) examine the finance reports, operating reports, profit distribution proposals and other financial information to be presented by the board of directors to the shareholders' general meeting; if in doubt, appoint certified accountants and chartered auditors in the name of the Company to carry out audit;

(V) to propose the convening of extraordinary general meetings and, in case the board of the directors does not perform its obligations to convene and preside over the shareholders' general meetings in accordance with Company Law, to convene and preside over the shareholders' general meetings;

(VI) to make proposals to the shareholders' general meeting;

(VII) to take legal actions against directors and senior management in accordance with the provisions of Article 152 of the Company Law;

The supervisory committee shall convene meetings at least once every six (6) months. The chairman of the supervisory committee shall convene the meetings. The supervisors may propose to convene an extraordinary meeting of the supervisory committee.

The resolutions of the supervisory committee shall be passed by vote of more than two thirds (2/3) of the members of the supervisory committee.

General Manager of the Company

The Company shall have one general manager, who shall be appointed and dismissed by the board of directors. The tenure of the general manager shall be three (3) years, which may be renewed.

The general manager, deputy general manager, general manager assistant, secretary to the board of directors, financial controller, compliance officer, audit person and other persons who have been identified by the board of directors and are qualified to meet the requirements of the CIRC are senior management of the Company. The senior management of the Company shall obtain the qualification approved by the CIRC before taking office.

The general manager of the Company shall be accountable to the board of directors and exercise the following powers:

(I) to preside over the production and operation management work of the Company, organize the implementation of resolutions of the board of directors and report to the board of directors;

(II) to organize the implementation of the annual business plan and investment plan of the Company;

(III) to draft plans for the establishment of the internal management department of the Company;

(IV) to draft the Company's basic management system;

(V) to formulate the specific regulations for the Company;

(VI) to propose the appointment or dismissal of the deputy general manager, financial controller and other senior management of the Company;

(VII) to decide to appoint or dismiss responsible management personnel other than those required to be appointed or dismissed by the board of directors;

(VIII) other powers conferred by the Articles of Association and the board of directors.

The general manager shall formulate relevant working rules, which shall be implemented upon approval by the board of directors.

The general manager may tender his or her resignation before his or her term expires. The specific procedures and methods for the resignation of the general manager shall be provided in the employment contract between the general manager and the Company.

The general manager may attend the board meetings but shall not have voting rights if he/she is not a director.

Chairman

The chairman shall exercise the following powers:

(I) to preside over shareholders' general meetings and to convene and preside over the board meetings;

(II) to supervise and examine the implementation of resolutions passed by the board of directors;

(III) to execute the shares, bonds and other marketable securities issued by the Company;

(IV) to sign important documents of the board of directors and other documents that shall be signed by the legal representative of the Company;

(V) to exercise the duties and powers of a legal representative;

(VI) other duties and powers required by laws, regulations, normative documents and the securities regulatory authorities of the place where the shares of the Company are listed and conferred by the board of directors.

The vice chairman shall assist the chairman in work. In the event that the chairman is incapable of performing or does not perform his/her duties, the duties shall be performed by the vice chairman. Where the vice chairman is incapable of performing or does not perform his/her duties, a director nominated by more than half of the directors shall perform the duties of the chairman.

Secretary to the Board of Directors

The board of directors of the Company shall appoint a secretary to the board of directors. The secretary to the board of directors is a senior manager of the Company and shall be accountable to the Company and the board of directors.

The secretary to the board of directors shall be a natural person with the necessary professional knowledge and experience, and shall be nominated by the chairman of board and appointed or removed by the board of directors. The secretary to the board of directors shall possess the following qualifications:

(I) A bachelor's degree or higher degrees and no less than five (5) years of work experience appropriate to performing the duties;

(II) Certain knowledge in accounting, tax, law, finance, business management, computer application and other aspects, with personal integrity and professional ethics, strict compliance with relevant laws and regulations, and faithful performance of duties;

(III) Provisions with respect to disqualified directors of the Company are applicable to the secretary to the board of directors; and

(IV) Other conditions as provided by laws, regulations and regulatory documents. Prior to the holding of office of the secretary to the board of directors, approval of the CIRC on his/her qualifications shall be obtained.

The principal duties of the secretary to the board of directors are as follows:

(I) To guarantee that the Company has complete organizational documents and records;

(II) To ensure that the Company prepares and submits documents and reports as required by authorities in accordance with law;

(III) To ensure that the register of shareholders of the Company is properly established and to ensure that persons entitled to receive such records and documents shall be provided with the relevant records and documents in time;

(IV) To prepare the shareholders' general meetings and meetings of the board of directors in accordance with due procedures and requirement of the chairman of the board of directors;

(V) To prepare and keep the archives of the shareholders' general meetings and meetings of the board of directors and materials and documents of other meetings, and to keep the registers and materials relating to the Company's shareholders, directors, supervisors and senior managers;

(VI) To report the notices and resolutions of the shareholders' general meetings and meetings of the board of directors to CIRC according to the requirements of regulatory authorities;

(VII) To assist shareholders, directors and supervisors in exercising rights and performing duties;

(VIII) To administer the Company's affairs including information disclosure and investor relations;

(IX) To assist the Company's chairman of the board of directors in drafting the Company's corporate governance report;

(X) To report flaws and problems in the Company's governance structure pursuant to requirements of the regulatory authorities;

To organize training programs for directors and other relevant personnel pursuant to requirements of the regulatory authorities.

Except the chairman of the board of directors and managing directors, directors or senior managers may serve as the secretary to the board of directors concurrently. The certified public accountants or lawyers employed by the Company shall not act as the secretary to the board of directors of the Company concurrently. Where the secretary to the board of directors is also a director and an act is required to be done by a director and a secretary separately, such person who is acting both as director and the secretary to the board of directors of the Company shall not perform the act in both capacities.

Untraceable Shareholders

The Company is entitled to sell the Shares of any untraceable shareholder of overseas listed Foreign Shares in the manner considered to be appropriate by the board of directors in the circumstances indicated below:

(i) Dividends have been paid at least three times in respect of these Shares within 12 years, but no one has claimed the dividends during that period; and

(ii) Upon expiration of the 12-year period, the Company publishes an announcement in one or more newspapers of the region where the Company is listed, indicating its intention to sell the Shares, and notifies the stock exchange on which these shares are listed of such intention.

Accounts and Audit

Appointment of Accounting Firm

The Company shall appoint an independent accounting firm (or its joint accounting firm in China) which is internationally recognized and is qualified under the relevant regulations of China to audit the annual financial reports and other financial reports of the Company.

The accounting firm appointed by the Company shall hold office for a period commencing from the conclusion of this annual shareholders' general meeting until the conclusion of the next annual shareholders' general meeting. The appointment may be renewed. The engagement of the Company's accounting firm shall be determined at the annual shareholders' general meeting of each year.

The accounting firm engaged by the Company shall enjoy the following rights:

(I) To have the access to the financial statements, the account book, records or vouchers of the Company at any time, and have the right to require the directors and senior management of the Company to provide relevant materials and statements;

(II) To require the Company to take every reasonable measure to obtain the materials and statements of the subsidiaries necessary for the accounting firm to perform its duties;

(III) To attend the shareholders' general meeting, obtain the notices of shareholders' general meeting that any shareholder is entitled to or other information related to the meeting, and to address the shareholders' general meeting in relation to matters concerning its roles as the Company's appointed accounting firm.

If there is a vacancy of the office of the accounting firm, the board may fill up the vacancy by appointing an accounting firm before convening the annual shareholders' general meeting. But during the period when the vacancy subsists, if the Company has other accounting firm in office, such firm can continue to carry out the relevant duty.

The shareholders' general meeting may dismiss any accounting firm through an ordinary resolution before the term of such accounting firm expires, regardless of the contract made by the Company with such accounting firm. If the relevant accounting firm enjoys the right to claim compensation from the Company because of the disengagement, the relevant rights shall not be influenced by this provision.

The remuneration of the accounting firm or the method of determining the remuneration shall be decided by the shareholders' general meeting. The remuneration of the accounting firm engaged by the board of directors to fills up the vacancy shall be decided by the board of directors.

The appointment, removal and non-reappointment of an accounting firm shall be resolved by the shareholders' general meeting, and shall be filed with the securities regulatory authority of the State Council. When necessary, the reason for the change shall be stated.

Where it is intended to pass a resolution at a shareholders' general meeting to appoint an accounting firm which is not holding a current position to fill any vacancy of the position of the accounting firm, or to renew the engagement of an accounting firm engaged by the board of directors to fill up the vacancy, or to dismiss an accounting firm before the expiry of its term of appointment, such matters shall be handled pursuant to the following provisions:

(I) Before dispatch of the shareholders' general meeting notice, the proposal on the appointment or dismissal shall be delivered to the accounting firm to be appointed or to leave its office or that has already left its office in the relevant fiscal year.

Leaving office shall include the dismissal, resignation and retirement of an accounting firm.

(II) If the accounting firm to leave its office makes any statement in writing and requires shareholders to be informed of the statement by the Company, unless being too late for the receipt of such statement, the Company shall take the following measures:

1. Indicating on the notice to the resolution that the leaving accounting firm has made such a statement;

2. Sending copies of the statement as an annex to the notice to shareholders in such manner set forth in the Articles of Association.

(III) if the Company fails to deliver such statement made by the relevant accounting firm in accordance with the provisions in item (II) above, the accounting firm concerned may require the statement to be read out at the shareholders' general meeting and make further complaints.

(IV) the accounting firm to leave office is entitled to attend the following meetings:

1. the shareholders' general meeting at which its term of office shall expire;

2. the shareholders' general meeting at which the corresponding vacancy caused by its dismissal shall be filled;

3. the shareholders' general meeting convened as a result of its voluntary resignation.

The accounting firm to leave office is entitled to receive all notices or other information related to the foregoing meetings, and to be heard at the foregoing meetings regarding such matters which concern it as the former accounting firm of the Company.

30 days' prior notice shall be given to the accounting firm if the Company decides to remove such accounting firm or not to renew the appointment thereof. Such accounting firm shall be entitled to make representations at the general meeting. Where the accounting firm resigns, it shall make clear to the shareholders' general meeting whether there has been any impropriety existing in the Company.

An accounting firm may resign by depositing a written resignation notice at the legal address of the Company. The resignation notice shall become effective on the date of such deposit or on such later date stipulated in such notice. Such notice shall contain the following statements:

(I) a statement to the effect that there are no circumstances in connection with its resignation which should be brought to the attention of the shareholders or creditors of the Company; or

(II) a statement of any such circumstances which should be brought to attention.

The Company shall send a copy of the written notice mentioned above to relevant competent authorities within 14 days after receipt of the said notice. If the notice contains the statement mentioned in item (II) above, The Company shall keep a copy of the said statement in the Company for inspection by the shareholders. Save as otherwise provided in the Articles of Association, the Company shall also send the aforesaid copy by pre-paid mail to every holder of overseas listed shares at the address as shown in the shareholders' register; or the Company shall, during the above-mentioned period, publish such copy through the website of the stock exchange of the place where the shares of the Company are listed, or publish such copy in one or more newspapers specified by the stock exchange website and by the Articles of Association.

Where the accounting firm's notice of resignation contains a statement of any such circumstances which should be brought to attention, such accounting firm may require the board of directors to convene an extraordinary general meeting for the explanation of the circumstances regarding to its resignation.

Settlement of Disputes

The Company shall comply with the following rules in settling disputes:

(I) Whenever any disputes or claims concerning the affairs of the Company arise from any rights or obligations as provided in the Articles of Association, the Company Law and other relevant laws and administrative regulations between a holder of overseas listed shares and the Company, between a holder of overseas listed shares and a director or supervisor or senior management of the Company, and between a holder of overseas listed shares and a holder of unlisted shares, the parties concerned shall resolve such disputes and claims through arbitration.

Where a dispute or claim described above is submitted for arbitration, the entire dispute or claim shall be resolved through arbitration; all persons (being the Company or shareholders, directors, supervisors or other senior management of the Company), who have a cause of action based on the same facts giving rise to the dispute or claim or whose participation is necessary for the resolution of such dispute or claim, shall submit to arbitration.

Disputes over who is a shareholder and over the share register do not have to be resolved through arbitration.

(II) The party seeking arbitration may elect to have the dispute or claim arbitrated either by the China International Economic and Trade Arbitration Commission in accordance with its arbitration rules or by the Hong Kong International Arbitration Centre in accordance with its securities arbitration rules. Once the party seeking arbitration submits a dispute or claim to arbitration, the other party must submit to the arbitral institution selected by the party seeking the arbitration.

If the party seeking arbitration elects to arbitrate the dispute or claim at the Hong Kong International Arbitration Centre, then either party may apply to have such arbitration conducted in Shenzhen according to the securities arbitration rules of the Hong Kong International Arbitration Centre.

(III) If any disputes or claims as mentioned in item (I) are settled by way of arbitration, the laws of the People's Republic of China shall apply, except as otherwise provided in the laws and administrative regulations.

(IV) The award of the arbitral institution is final and shall be binding on the parties thereto.

I. FURTHER INFORMATION

A. Incorporation

We were incorporated in the PRC as a joint stock limited liability company on October 9, 2013. We established a principal place of business in Hong Kong at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, and were registered as a non-Hong Kong company in Hong Kong under the Companies (Non-Hong Kong Companies) Regulation (Chapter 622J of the Laws of Hong Kong) on July 5, 2017. We carry on business in Hong Kong as "ZA Online Fintech P &C" as approved by and registered with the Registrar of Companies on September 6, 2017 and September 13, 2017, respectively. Ella Wai Yee Wong and Jin Chen of Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong have been appointed as the Hong Kong authorised representative of the Company for the acceptance of service of process and any notices required to be served on the Company in Hong Kong.

As we are established in the PRC, we are subject to the relevant laws and regulations of the PRC. A summary of the relevant aspects of PRC laws and principal regulatory provisions is set out in Appendix IV to this prospectus. A summary of our Articles of Association is set out in Appendix V.

B. Changes in the registered capital of the Company

The Company was established on October 9, 2013 with a registered capital of RMB1,000,000,000 divided into 1,000,000,000 Domestic Shares, each with a nominal value of RMB 1, all of which had been fully paid.

On June 7, 2015, our Company increased its registered capital to RMB1,240,625,000.

Immediately following completion of the Global Offering, the registered capital of the Company will be RMB1,439,918,900, comprising 439,918,900 H Shares and 1,000,000,000 Domestic Shares, representing approximately 30.5516% and 69.4484%, respectively, assuming the Over-Allotment Option is not exercised, and RMB1,469,812,900, comprising 469,812,900 H Shares and 1,000,000,000 Domestic Shares, representing approximately 31.9641% and 68.0359%, respectively, assuming the Over-Allotment Option is exercised.

For further details, see section headed "History and Corporate Structure".

Save as disclosed in this Appendix, there has been no alteration in our share capital since our establishment.

C. Resolutions passed by the Shareholders

At the general meeting held on November 14, 2016, among other things, the following resolutions were passed by the Shareholders:

(a) the issuance of the H Shares by the Company and the Listing, whereby the number of H Shares to be issued shall not exceed 25% of the total number of Shares after Listing; the offer price of the H Shares will be decided upon completion of the book building process for the Listing;

(b) subject to the completion of the Global Offering, the Articles of Association be approved and adopted, which shall become effective on the Listing Date; and

(c) the Board be authorised to handle all matters relating to, among other things, the issue of the H Shares and the Listing.

2. FURTHER INFORMATION OF OUR SUBSIDIARIES

Our principal subsidiaries are set out under the financial statements in the Accountant's Report as included in Appendix I to this prospectus. In addition to those disclosed in the section headed "History and Corporate Structure" and the Accountant's Report set forth in Appendix I, the following alterations in the share capital of our Company's subsidiaries have taken place in the two years immediately preceding the date of this prospectus:

ZhongAn (Shenzhen) Life Sciences Co., Ltd (眾安 (深圳) 生命科技有限公司) was incorporated in the PRC on April 11, 2017 with a registered share capital of RMB50,000,000 and is wholly owned by our Company through ZhongAn Information and Technology Services Company Limited (眾安信息技術服務有限公司). Its registered capital increased to RMB500,000,000 on February 27, 2017.

3. FURTHER INFORMATION ABOUT OUR BUSINESS

A. Summary of our material contracts

We have entered into the following contracts (not being contracts entered into in the ordinary course of our business) within two years immediately preceding the date of this prospectus which are or may be material:

(a) the Hong Kong Underwriting Agreement; and

(b) a cornerstone investment agreement dated September 12, 2017, entered into between our Company, Softbank Group Corp., UBS Securities Hong Kong Limited and UBS AG Hong Kong Branch, as further described in the section headed "Our Cornerstone Investor".

B. Our intellectual property

Trademarks

As at the Latest Practicable Date, we have registered the following trademarks in the PRC and which we consider to be or may be material to our business:

No.	Trademark	Place of registration	Registered owner	Class	Registration number	Expiry date (mm/dd/yyyy)
1.		PRC	Company	35	17274267	08/27/2026
2.		PRC	Company	36	17274471	08/27/2026
3.		PRC	Company	38	17274552	08/13/2026
4.	知因保 GenBox	PRC	Company	36	17458674	09/13/2026
5.		PRC	Company	35	18081608	11/20/2026
6.		PRC	Company	35	18079650	11/20/2026
7.		PRC	Company	35	18079810	11/20/2026

No.	Trademark	Place of registration	Registered owner	Class	Registration number	Expiry date (mm/dd/yyyy)
8.		PRC	Company	35	18079421	11/20/2026
9.		PRC	Company	36	18080391	11/20/2026
10.		PRC	Company	36	18080252	11/20/2026
11.		PRC	Company	36	18080304	11/20/2026
12.		PRC	Company	36	18080194	11/20/2026
13.		PRC	Company	38	18081413	11/20/2026
14.		PRC	Company	38	18081185	11/20/2026
15.		PRC	Company	38	18080484	11/20/2026
16.		PRC	Company	38	18081359	11/20/2026
17.	保 [illegible]	PRC	Company	35	18015619	11/13/2026

No.	Trademark	Place of registration	Registered owner	Class	Registration number	Expiry date (mm/dd/yyyy)
18.	保 骉	PRC	Company	36	18015715	11/13/2026
19.	保 骉	PRC	Company	38	18015748	11/13/2026

As at the Latest Practicable Date, we had applied for the following trademarks which we believe are material to our business:

No.	Trademark	Place of registration	Registered owner	Class	Application number	Application date (mm/dd/yyyy)
1.	步步保	PRC	Company	35	17534255	07/28/2015
2.	步步保	PRC	Company	36	17534330	07/28/2015
3.	步步保	PRC	Company	38	17534212	07/28/2015
4.	步步保	PRC	Company	38	20058778	05/24/2016
5.	众安	Hong Kong	Company	35 & 36	304147551	05/22/2017
6.	众安	Hong Kong	Company	35 & 36	304147579	05/22/2017
7.	ZhongAn	Hong Kong	Company	35 & 36	304147588	05/22/2017
8.	众安保险 ZhongAn Insurance	Hong Kong	Company	35 & 36	304147597	05/22/2017
9.	众安在线财产保险	Hong Kong	Company	35 & 36	304147605	05/22/2017
10.	众安在线财产保险	Hong Kong	Company	35 & 36	304147614	05/22/2017
11.	ZhongAn Online P&C Insurance	Hong Kong	Company	35 & 36	304147623	05/22/2017

No.	Trademark	Place of registration	Registered owner	Class	Application number	Application date (mm/dd/yyyy)
12.		Hong Kong	Company	35 & 36	304147632	05/22/2017

Patents

As of the Latest Practicable Date, we have made the following patent applications in the PRC and which we consider to be or may be material to our business:

Patent	Patentee	Place of registration	Application number	Application date (mm/dd/yyyy)
Gene sample box (Genbox) 基因採樣拭子容納盒（知因保GenBox）	Company; Shenzhen Huada Genetics Co., Ltd (深圳華大基因股份有限公司)	PRC	201530310341.4	08/18/2015
One-time sampling swab (Genbox) 一次性採樣拭子（知因保GenBox）	Company; Shenzhen Huada Genetics Co., Ltd (深圳華大基因股份有限公司)	PRC	201530310305.8	08/18/2015
A method and system for remote automatic recognition by smart gadgets (一種智能設備屏幕狀態的遠程自動識別方法和系統)	Company	PRC	201610349430.3	05/24/2016
A method and system for identifying browser uniqueness and risk characteristics (一種識別瀏覽器唯一性和風險特徵的方法和系統)	Company	PRC	201610630185.3	08/30/2016

Patent	Patentee	Place of registration	Application number	Application date (mm/dd/yyyy)
A method and system for determining data integrity under a distribution system (一種判斷分布式系統下互聯網數據完整性的方法和系統)	Company	PRC	201610398963.0	06/07/2016
A multi-dimensional data query and storage system and method (一種多維度數據查詢和存儲系統和方法)	Company	PRC	201610390832.8	06/03/2016
Automatic processing method and system for graphic calculation of online insurance business (基於圖論算法的互聯網保險領域的業務報文自動處理方法和系統)	Company	PRC	201610435514.9	06/17/2016
A method and system for testing webshell (一種webshell的檢測方法和檢測系統)	Company	PRC	201610531622.6	07/07/2016
A system and method for internet stress testing (一種互聯網系統的壓力測試系統和方法)	Company	PRC	201610545682.3	07/12/2016
A proxy application for a host server (一種用於具有服務容器的主機系統的代理應用以及系統	Company	PRC	201610670046.3	08/15/2016

Copyright

As at the Latest Practicable Date, we have registered the following copyright and which we consider to be or may be material to our business:

No.	Registration no.	Registration date	Software name	Version no.	Type of registration
1	2016SR142009	June 14, 2016	ZhongAn Insurance Client IOS Software (眾安保險移動客戶端IOS版軟件)	V1.0	Computer Software Copyright Registration
2	2016SR117633	May 25, 2016	ZhongAn Insurance Client Android Software	V1.0	Computer Software Copyright Registration

Domain Name

As at the Latest Practicable Date, we have registered the following domain names and which we consider to be or may be material to our business:

No.	Domain name	Registered owner	Expiry date (mm/dd/yy)
1	zhongan.com.cn	Company	12/28/2022
2	zhongan.com	Company	08/05/2022
3	zhonganzaixian.cc	Company	06/28/2022
4	zhonganzaixian.net	Company	06/28/2022
5	zhonganzaixian.com	Company	06/28/2022
6	zhonganzaixian.com.cn	Company	06/28/2022
7	zhonganzaixian.cn	Company	06/28/2022
8	zhonganonline.cc	Company	06/28/2022
9	zhonganonline.net	Company	06/28/2022
10	zhonganonline.com	Company	06/28/2022
11	zhonganonline.cn	Company	06/28/2022
12	zhonganonline.com.cn	Company	06/28/2022
13	眾安.中國	Company	08/22/2024
14	眾安.公司	Company	09/01/2024
15	眾安.網絡	Company	09/01/2024
16	眾安保險.網絡	Company	09/01/2024
17	眾安保險.公司	Company	09/01/2024
18	眾安在綫.公司	Company	09/01/2024
19	huzhu.io	ZhongAn Information and Technology Services Company Limited	08/16/2019

No.	Domain name	Registered owner	Expiry date (mm/dd/yy)
20	zhongan.life	ZhongAn Information and Technology Services Company Limited	07/19/2019
21	anlink.io	ZhongAn Information and Technology Services Company Limited	07/19/2019
22	zhongan.io	ZhongAn Information and Technology Services Company Limited	07/19/2019
23	zhongan.in	ZhongAn Information and Technology Services Company Limited	07/19/2019
24	zhongan.asia	ZhongAn Information and Technology Services Company Limited	07/19/2018
25	zhongan360.com	ZhongAn Information and Technology Services Company Limited	07/19/2018
26	anlink.com	ZhongAn Information and Technology Services Company Limited	01/05/2019
27	zhonganinfo.com	ZhongAn Information and Technology Services Company Limited	11/09/2018
28	za-tech.net	ZhongAn Information and Technology Services Company Limited	11/28/2021
29	anlink.tech	ZhongAn Information and Technology Services Company Limited	04/13/2020
30	anlink.xin	ZhongAn Information and Technology Services Company Limited	04/01/2020
31	xdecision.cn	ZhongAn Information and Technology Services Company Limited	06/07/2018
32	zuifuli.io	ZhongAn Information and Technology Services Company Limited	09/14/2019

Save as aforesaid, as of the Latest Practicable Date, there were no other trade or service marks, patents, intellectual property rights which were material in relation to our Company's business.

4. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUPERVISORS

A. Particulars of Directors' and Supervisors' Contracts

Each of our Directors has entered into a service contract with our Company pursuant to which they agreed to act as Directors for an initial term of three years. Either party has the right to give written notice to terminate the agreement. Details of the Company's remuneration policy is described in section headed "Directors, Supervisors and Senior Management — Remuneration of Directors, Supervisors and Senior Management".

Each of the Supervisors entered into a service contract in respect of, among others, compliance with relevant laws and regulations, observation of the Articles of Association and provision on arbitration with the Company.

Save as disclosed above, none of the Directors or Supervisors has or is proposed to have a service contract with any member of our Group (other than contracts expiring or determinable by the relevant employer within one year without the payment of compensation (other than statutory compensation)).

B. Remuneration of Directors and Supervisors

The aggregate amounts of compensation (including fees, salaries, contributions to pension schemes, housing allowances and other allowances, benefits in kind and discretionary bonuses) which were paid to the Directors and Supervisors for each of the three years ended 31 December 2016 were approximately RMB1,679,000, RMB6,844,000 and RMB3,407,000, respectively.

Save as disclosed above, no other payments have been paid or are payable by us to the Directors and Supervisors in respect of the Track Record Period.

According to the arrangements in force on the Latest Practicable Date, we expect that the total remuneration to be paid and granted to our Directors and Supervisors for the year 2017 will be approximately RMB3,305,839.31. The annual salaries of executive Directors, non-executive Directors and independent non-executive Directors are as follows:

Name	Position	RMB
Yaping Ou (歐亞平)	Chairman of the Board and Executive Director	nil
Jin Chen (陳勁)	Executive Director and chief executive officer	2,418,339.31
Xinyi Han (韓歆毅)	Non-executive Director	nil
Jimmy Chi Ming Lai (賴智明)	Non-executive Director	nil
Guoping Wang (王國平)	Non-executive Director	62,500
Xiaoming Hu (胡曉明)	Non-executive Director	nil
Fang Zheng (鄭方)	Non-executive Director	62,500
Hugo Jin Yi Ou (歐晉羿)	Non-executive Director	62,500
Shuang Zhang (張爽)	Independent non-executive Director	125,000
Hui Chen (陳慧)	Independent non-executive Director	125,000
Li Du (杜力)	Independent non-executive Director	125,000
Yifan Li	Independent non-executive Director	125,000
Ying Wu (吳鷹)	Independent non-executive Director	125,000
Yuping Wen (溫玉萍)	Chairman of Board of Supervisors	25,000
Baoyan Gan (干寶雁)	Supervisor	25,000
Lei Xiang (向雷)	Employee Representative Supervisor	25,000

Each of the Directors is entitled to reimbursement for all reasonable expenses properly incurred in the performance of his or her duties.

5. DISCLOSURE OF INTERESTS

A. Disclosure of Interests

Directors

To the best knowledge of our Directors, the following person(s) will, immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised), have an interest or short position in the Shares or underlying shares which are required to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying the rights to vote in all circumstances at the general meetings of the Company:

Shareholder	Number of shares held immediately following the Global Offering	Nature of interest	Approximate percentage of interest in the relevant class of Shares immediately following the Global Offering assuming the Over-allotment Option is not exercised(1)	Approximate percentage of interest in the total share capital of the Company immediately following the Global Offering assuming the Over-allotment Option is not exercised(2)
Yaping Ou(3) . . .	81,000,000	Interest in a controlled corporation	8.10%	5.63%

Notes:

(1) The calculation is based on the percentage of interest in Domestic Shares of the Company immediately following the Global Offering.

(2) The calculation is based on the total number of 1,439,918,900 Shares in issue immediately following the Global Offering.

(3) Cnhooray Internet Technology Co. Ltd. (深圳日訊網絡科技股份有限公司) is a subsidiary of Timeway Holdings Limited (中宇集團有限公司). The entire interest of Timeway Holdings Limited (中宇集團有限公司) is held by Sinolink Worldwide Holdings Limited (香港百仕達控股有限公司) which is listed on the Hong Kong Stock Exchange (SEHK: 1168), of which Mr.Yaping Ou is interested in more than one third of the voting shares. As such, Timeway Holdings Limited (中宇集團有限公司), Sinolink Worldwide Holdings Limited (香港百仕達控股有限公司) and Mr. Yaping Ou will be deemed to be interested in the Shares held by Cnhooray Internet Technology Co. Ltd. (深圳日訊網絡科技股份有限公司) upon listing.

Substantial Shareholders

Save as disclosed in the section headed "Substantial Shareholders" in this prospectus, our Directors are not aware of any other person who will, immediately following the completion of the Global Offering have an interest or short position in the Shares or the underlying Shares which are required to be disclosed to our Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO, or directly or indirectly, be interested in 10% of more of the nominal value of any class of share capital carrying the rights to vote in all circumstances at the general meetings of our Company.

B. Disclaimers

Save as disclosed in this prospectus:

(a) none of the Directors, Supervisors or any of the parties listed in "K. Consents" below is interested in the promotion of the Company, or has any direct or indirect interest in any assets which have been, within the two years immediately preceding the date of this prospectus, acquired or disposed of by or leased to, the Company, or are proposed to be acquired or disposed of by or leased to the Company;

(b) none of the Directors or Supervisors is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to our business taken as a whole;

(c) save in connection with the Hong Kong Underwriting Agreement and the International Underwriting Agreement, none of the parties in the aforesaid paragraph:

    (i) is interested legally or beneficially in any of our Shares or any shares in any of our subsidiary; or

    (ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for our securities;

(d) none of the Directors or Supervisors is a director or employee of a company which is expected to have an interest in the Shares falling to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO once the H Shares are listed on the Hong Kong Stock Exchange;

(e) as at the Latest Practicable Date, none of the Directors, Supervisors, their respective associates, or any of the Shareholders (who to the knowledge of the Directors owns more than 5% of our issued share capital), had any interest in any of our top five suppliers and top five clients in respect of each of our business segments;

(f) none of the Directors, Supervisors and chief executives of the Company has for the purpose of Divisions 7 and 8 of Part XV of the SFO or the Listing Rules, nor is any of them taken to or deemed to have under Divisions 7 and 8 of Part XV of the SFO, any interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of the SFO) or any interests which will have to be entered in the register to be kept by the Company pursuant to section 352 of the SFO or which will be required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies once the H Shares are listed on the Hong Kong Stock Exchange;

(g) no amount, securities or benefit has been paid, allotted or given within the two years preceding the date of this prospectus to the promoter nor is any such amount, securities or benefit intended to be paid, allotted or give. None of the Directors is interested in any business which competes or is likely to compete, either directly or indirectly, with our business; and

(h) none of the Directors or Supervisors has been paid in cash or shares or otherwise by any person in respect of the Track Record Period as an inducement to join or upon joining the Company, or otherwise for services rendered by him in connection with the promotion or formation of the Company.

7. OTHER INFORMATION

A. Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to fall upon any member of our Group.

B. Litigation

Save as disclosed in the section headed "Business — Legal and Regulatory Proceedings and Compliance" in this prospectus, as at the Latest Practicable Date, we are not involved in any material litigation, arbitration or administrative proceedings. So far as the Directors are aware, no such material litigation, arbitration or administrative proceedings are pending or threatened against any member of our Group.

C. Joint Sponsors

Each of the Joint Sponsors, namely, J.P. Morgan Securities (Far East) Limited, Credit Suisse (Hong Kong) Limited, UBS Securities Hong Kong Limited, CMB International Capital Limited has respectively declared its independence pursuant to Rule 3A.07 of the Listing Rules.

The Joint Sponsors have made an application on our behalf to the Listing Committee of the Hong Kong Stock Exchange for listing of, and permission to deal in, our H Shares. All necessary arrangements have been made enabling the H Shares to be admitted into CCASS.

The Joint Sponsors' fees in connection with the Listing payable by our Company are estimated to amount to US$1 million subject to the terms of the engagement.

D. Compliance adviser

We have appointed Somerley Capital Limited as our compliance adviser, or the Compliance Adviser, upon Listing in compliance with Rule 3A.19 of the Listing Rules.

E. Preliminary expenses

We have not incurred any material preliminary expenses.

F. Qualification of experts

The qualifications of the experts, as defined under the Hong Kong Listing Rules, who have given opinions in this prospectus are as follows:

Name	Qualification
J.P. Morgan Securities (Far East) Limited	Licensed corporation under the SFO for type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) of the regulated activities as defined under the SFO
Credit Suisse (Hong Kong) Limited	Licensed corporation under the SFO for type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities), type 5 (advising on futures contracts), type 6 (advising on corporate finance) and type 9 (asset management) of the regulated activities as defined under the SFO
UBS Securities Hong Kong Limited	Licensed corporation under the SFO for type 1 (dealing in securities), type 2 (dealing in futures contracts), type 6 (advising on corporate finance) and type 7 (providing automated trading services) of the regulated activities as defined under the SFO
CMB International Capital Limited	Licensed corporation under the SFO for type 1 (dealing in securities) and type 6 (advising on corporate finance) of the regulated activities as defined under the SFO
PricewaterhouseCoopers	Certified Public Accountants, Hong Kong
Oliver Wyman	Industry Consultant
Grandall Law Firm (Shanghai)	Qualified PRC Lawyers

G. Taxation of holders of H Shares

The sale, purchase and transfer of H Shares are subject to Hong Kong stamp duty if such sale, purchase and transfer are effected on the H Share register of members of the Company, including in circumstances where such transaction is effected on the Hong Kong Stock Exchange. The current rate of Hong Kong stamp duty for such sale, purchase and transfer is HK$2.00 for every HK$1,000 (or part thereof) of the consideration or, if higher, the fair value of the H Shares being sold or transferred. For further information in relation to taxation, see "Appendix III — Taxation and Foreign Exchange".

H. No material adverse change

Save as disclosed in this prospectus, our Directors confirm that there has been no material adverse change in our financial or trading position since March 31, 2017 (being the date on which the latest audited consolidated financial statements of the Group were made up) up to the date of this prospectus.

I. Binding effect

This prospectus shall have the effect, if an application is made in pursuant hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of Sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

J. Miscellaneous

Save as disclosed in this prospectus:

(a) within the two years immediately preceding the date of this prospectus, we have not issued or agreed to issue any share or loan capital fully or partly paid either for cash or for a consideration other than cash;

(b) no share or loan capital of our Group, if any, is under option or is agreed conditionally or unconditionally to be put under option;

(c) no member of our Group has issued or agreed to issue any founder or management or deferred shares;

(d) no member of our Group has issued or agreed to issue any debentures;

(e) the Company has no outstanding convertible debt securities or debentures;

(f) within the two years immediately preceding the date of this prospectus, no commission, discount, brokerage or other special term has been granted in connection with the issue or sale of any of the shares or loan capital of the Company or any of our subsidiaries;

(g) there is no arrangement under which future dividends are waived or agreed to be waived;

(h) there has been no interruption in our business which may have or have had a significant effect on the financial position in the last 12 months;

(i) no part of the equity or debt securities of the Company, if any, is currently listed on or dealt in on any stock exchange or trading system, and no such listing or permission to list on any stock exchange other than the Hong Kong Stock Exchange is currently being or agreed to be sought; and

(j) we currently do not intend to apply for the status of a Sino-foreign investment joint stock limited company and do not expect to be subject to the PRC Sino-Foreign Joint Venture Law.

(k) no founders or management or deferred shares of the Company or any of its subsidiaries have been issued or agreed to be issued.

K. Consents

Each of the experts as referred to in the paragraph headed "Qualification of experts" of this Appendix has given and has not withdrawn its respective written consent to the issue of this prospectus with the inclusion of any of its certificates, letters, opinions or reports and the references to its name included herein in the form and context in which it is included.

Save as disclosed in this prospectus, none of the experts named above has any shareholding interests in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities of any member of our Group.

L. Promoters

The Promoters of the Company are Ant Financial (浙江螞蟻小微金融服務集團股份有限公司), Tencent Computer System (深圳市騰訊計算機系統有限公司), Ping An Insurance (中國平安保險 (集團) 股份有限公司), Shenzhen Jia De Xin Investment Company Limited (深圳市加德信投資有限公司), Unifront Holding Limited (優孚控股有限公司), Cnhooray Internet Technology Co. Ltd. (深圳日訊網絡科技股份有限公司), Shanghai Yuanqiang Investment Company Limited (上海遠強投資有限公司), Beijing Ctrip International Travel Agency Limited (北京攜程國際旅行社有限公司) and Shenzhen Rixun Internet Company Limited (深圳市日訊互聯網有限公司). Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus, no cash, security or benefit has been paid, allotted or given or is proposed to be paid, allotted or given to the Promoters named above in connection with the Global Offering or the related transactions described in this prospectus.

M. Personal guarantees

The Directors and Supervisors have not provided personal guarantees in favour of lenders in connection with banking facilities granted to us.

N. Bilingual document

The English language and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided by Section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

This prospectus is written in the English language and contains a Chinese translation for information purposes only. Should there be any discrepancy between the English language of this prospectus and the Chinese translation, the English language version of this prospectus shall prevail.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were:

(a) a copy of each of the **WHITE**, **YELLOW** and **GREEN** Application Forms;

(b) a copy of each of the material contracts referred to in *"Appendix VI — Statutory and General Information — Further Information About Our Business — Summary of Our Material Contracts"*; and

(c) the written consents referred to in *"Appendix VI — Statutory and General Information — Other Information — Qualifications of Experts"*.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of Skadden, Arps, Slate, Meagher & Flom at 42/F Edinburgh Tower, The Landmark, 15 Queen's Road Central, Hong Kong, during normal business hours up to and including the date which is 14 days from the date of this prospectus:

(a) the Articles of Association of the Company;

(b) the Accountant's Report and the report on the unaudited pro forma financial information prepared by PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, the texts of which are set out in *"Appendix I — Accountant's Report"* and *"Appendix II — Unaudited Pro Forma Financial Information"*, respectively;

(c) the audited financial statements of the companies comprising the Group for the three years ended December 31, 2016 and the three months ended March 31, 2017;

(d) the industry report issued by Oliver Wyman, the summary of which is set forth in the section headed "Industry Overview" in this document;

(e) the PRC legal opinions issued by Grandall Law Firm (Shanghai), the Company's PRC legal advisers, dated the date of this prospectus in respect of the general matters and property interests of our Group;

(f) the PRC Company Law, the Special Regulations and the Mandatory Provisions, together with the unofficial English translations thereof;

(g) the letters of appointment referred to in *"Appendix VI — Statutory and General Information — Further Information About Our Directors and Supervisors — Particulars of Directors' and Supervisors Contracts"*;

(h) the material contracts referred to in *"Appendix VI — Statutory and General Information — Further Information About Our Business — Summary of Our Material Contracts"*; and

(i) the written consents referred to in *"Appendix VI — Statutory and General Information — Other Information — Qualifications and Consents of Experts"*.

众安保险
ZhongAn Insurance

眾安在綫財產保險股份有限公司
ZhongAn Online P & C Insurance Co., Ltd.*

*(A joint stock limited company incorporated in the People's Republic of China with limited liability and carrying on business in Hong Kong as "**ZA Online Fintech P & C**")*