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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2022

The board of directors of ZhongAn Online P & C Insurance Co., Ltd. (the "**Company**") announces the following audited annual results of the Company and its subsidiaries for the year ended December 31, 2022. This announcement, containing certain sections of the 2022 Annual Report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") in relation to information accompanying preliminary announcements of annual results.

Both the Chinese and English versions of this results announcement are available on the websites of the Company (www.zhongan.com) and the Hong Kong Stock Exchange (www.hkexnews.hk). Printed versions of the Company's 2022 Annual Report will be delivered to the holders of H shares of the Company and available for viewing on the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and of the Company (www.zhongan.com) in April 2023.

By Order of the Board
ZhongAn Online P & C Insurance Co., Ltd.
Yaping Ou
Chairman

Shanghai, the PRC, March 21, 2023

As at the date of this announcement, the board of directors of the Company comprises two executive directors, namely Mr. Xing Jiang and Mr. Gaofeng Li, five non-executive directors, namely Mr. Yaping Ou, Mr. Liangxun Shi, Mr. Gang Ji, Mr. Shuang Zhang and Mr. Hugo Jin Yi Ou, and four independent non-executive directors, namely Mr. Wei Ou, Ms. Vena Wei Yan Cheng, Ms. Gigi Wing Chee Chan and Mr. Hai Yin.

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

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Five-Year Financial Summary

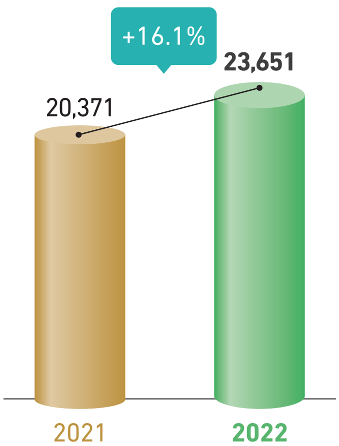
	As at December 31 or for the Year Ended December 31				
(RMB'000)	2022	2021	2020	2019	2018
Gross written premiums	24,005,331	20,480,119	16,708,504	14,629,589	11,255,718
Net profit/(loss)	(1,633,011)	757,099	254,380	(638,645)	(1,796,718)
Net profit/(loss) attributable to owners of the parent	(1,356,095)	1,164,590	553,786	(454,101)	(1,743,895)
Basic earnings/(loss) per share (in RMB)	(0.92)	0.79	0.38	(0.31)	(1.19)
Total assets	54,557,388	51,772,329	45,673,436	30,907,575	26,341,096
Total liabilities	37,530,708	32,642,132	28,280,101	14,402,044	9,866,423
Total equity	17,026,680	19,130,197	17,393,335	16,505,531	16,474,673
Equity attributable to owners of the parent	15,213,820	16,748,402	15,705,350	14,911,655	15,432,039
Combined ratio (%)	98.5%	99.6%	102.5%	113.3%	120.9%
Comprehensive solvency margin ratio[1] (%)	299%	472%	560%	502%	600%

1 The Company formally implemented the Regulatory Rules on the Solvency of Insurance Companies (II) ("**C-ROSS Phase II Rules**") since January 1, 2022. The impacts of changes in C-ROSS Phase II Rules have been reflected in the comprehensive solvency margin ratio as at December 31, 2022.

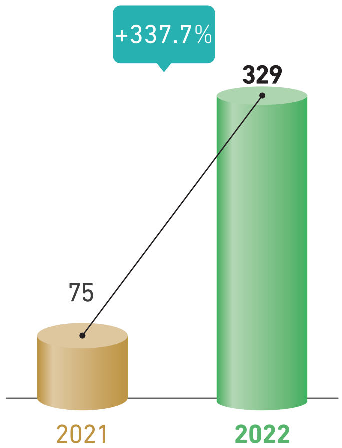
Results Summary

Overall Operating Results[1]

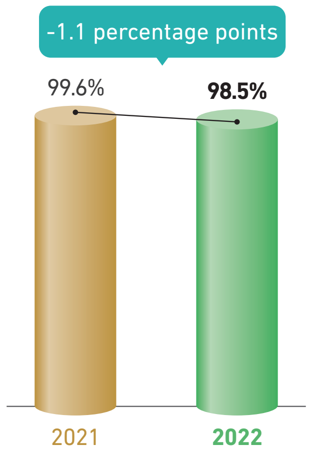
Gross written premiums
(RMB million)



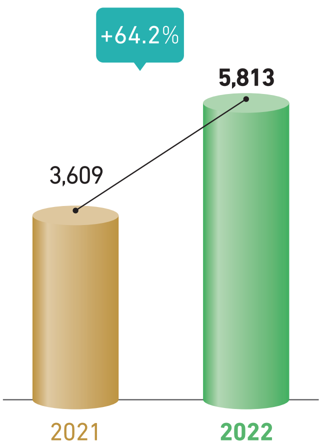
Underwriting profit
(RMB million)



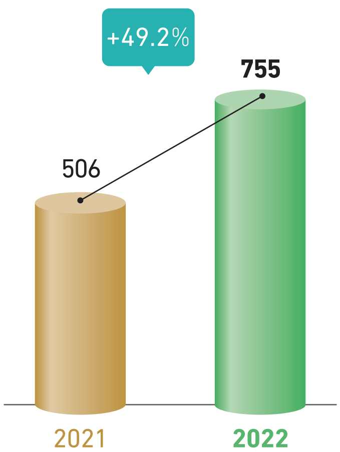
Combined ratio
(%)



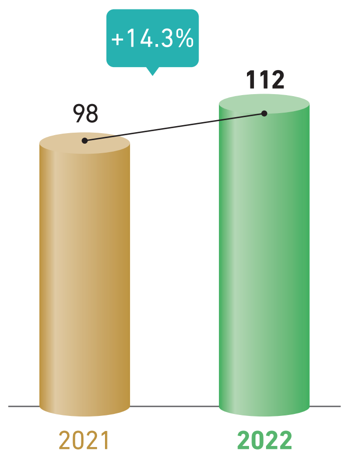
Premiums of proprietary channels
(RMB million)



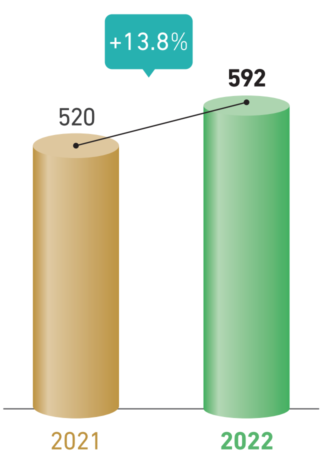
Premiums per user of proprietary channels
(RMB)



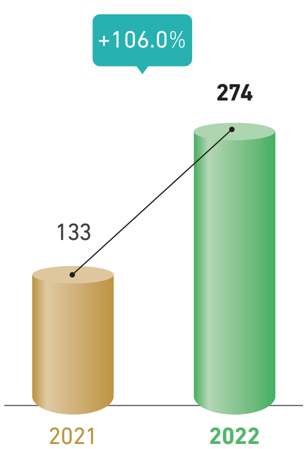
Number of newly signed clients from insurance industry[2]



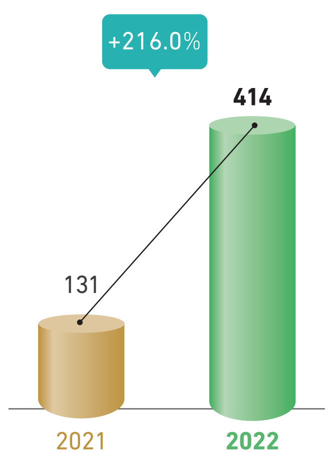
Revenue from technology export
(RMB million)



Net revenue of ZA Bank
(HKD million)



Gross written premiums of ZA Life
(HKD million)



1 Unless otherwise specified, all insurance businesses data mentioned in Overall Operating Results exclude the life insurance business in Hong Kong
2 Including domestic and overseas technology export business


2016
众安科技

Messages from the Chairman and the General Manager

Message from the Chairman

Standing at a new starting point, ZhongAn will pursue growth with quality, and continue to improve its technological strength, product quality and brand influence. We are confident that we will continue to lead the development of the new insurance era in this booming industry.

Yaping Ou
Chairman

Dear Shareholders,

Plum blossoms in winter signal the arrival of spring for all things.

2022 has been a milestone year in the history of China, and a year in which ZhongAn continued to make progress and realise its ambitions. In the face of a volatile international environment and a trend indicating the insurance industry entering transformative inflection point, ZhongAn demonstrated its determination to forge ahead in a pioneering manner and at a solid pace. Taking a customer-oriented approach, ZhongAn continued to expand its business boundaries, reach more customer bases in inclusive finance and explore the vertical and in-depth development of financial services. With all the efforts, the scale of GWP and market share recorded a steady growth.

We construct our four business ecosystems, namely health, digital lifestyle, consumer finance and auto insurance in line with our dual-engine growth strategy of "Insurance + Technology" to create a multi-dimensioned insurance service ecosystem. Regarding health ecosystem, we have cultivated a wide range of markets and developed a multi-product matrix for intelligent medical and health, ranging from disease prevention, tracking and intervention, health management to insurance coverage and medical services; regarding digital lifestyle, we supported the new lifestyle in the Internet era with insurance technology; regarding consumer finance, we built core capabilities based on technology and risk control; regarding auto ecosystem, we provided one-stop risk resolution and intelligent auto life service solutions.

Looking back at the long history of finance, every iconic financial innovation is inseparable from the major technological advances of the same period. We are fortunate to be at the forefront of the wave of digital transformation, witnessing and participating in the tremendous improvement of the financial industry through new technologies such as mobile Internet, big data, artificial intelligence and blockchain. As the first Internet insurance company in China, it is our mission and unchanging original intention to promote the deep integration of technology and insurance in the whole process, optimise underwriting operating efficiency and customers' experience, export advanced insurance technology to domestic and overseas markets and assist in reshaping the value chain of the insurance industry digitally with technologies, which are not easy to achieve.

The road ahead is arduous and fraught with difficulties and doubled efforts are required. In the new year, let's continue our advancement and create greater value for our customers, employees, partners, investors and the society.

Yaping Ou
Chairman

Message from the General Manager

> **As a leading InsurTech company in the world and with our well-established strengths in online operation for many years, ZhongAn will leverage on opportunities of the era to lead global fintech innovation.**
>
> **Xing Jiang**
> **General Manager**

2022 has been an extraordinary year. Amid the volatile international environment, the national economic and social development faced new strategic opportunities and challenges, and people's work and life have been affected and changed more or less. Nevertheless, we withstood multiple tests with firm confidence and the courage to continue to innovate. During the year, adhering to our dual-engine growth strategy of "Insurance + Technology", ZhongAn maintained robust operations amid the complex and changing situation, and created effective value by delivering caring services.

In 2022, our domestic insurance business recorded GWP of RMB23,651 million, representing a year-on-year increase of 16.1%, issued 9,132 million policies during the year and provided services to more than 500 million insureds. In 2022, ZhongAn continued to rank 9th in the P&C insurance industry of China as measured by GWP, with further increased market share. Adhering to our strategy of "growth with quality" as well as technology-driven cost-efficiency, the combined ratio for the year further decreased to 98.5%. In particular, the loss ratio was 55.2%, and the expense ratio was 43.3%. The underwriting profit was RMB329 million, representing a year-on-year increase of 337.7%.

In terms of health ecosystem, adhering to our commitment of "providing national medical insurance for over 100 million people", we adopted "healthcare + medicine + insurance" as our strategy to connect the upstream and downstream participants of the health industry, and build a one-stop system of protection services. As of December 31, 2022, our health ecosystem has served over 109 million insureds, of which approximately 38 million were insureds in 2022. Million-dollar medical insurance continued to maintain a good momentum, recording a year-on-year increase of approximately 29.3% in GWP. After comprehensive upgrade, the critical illness insurance products have gained better recognition from consumers this year, recording a year-on-year increase of approximately 145.9% in GWP. During the year, we have exerted our efforts on corporate health management. Through our in-depth research in the needs of employees at different levels for health benefits, we introduced an effective solution, "Premium Employee Benefits" (尊享員福), to expand the contents of corporate health benefits with the insurance as the basis, thus building an ecological, systematic and digital health benefit management system.

Message from the General Manager

In terms of digital lifestyle ecosystem, in the field of e-commerce we continued to expand our business and achieve excellent results, recording GWP of RMB5,261 million in e-commerce segment, representing a year-on-year increase of approximately 25.7%. Products and services offerings for various scenarios have covered major online channels in China. In the field of new consumption, we kept deploying resources in pet economy sector. After multiple upgrades, our products coverage has expanded from pet common illnesses protection to include vaccine, online consultation, nutrition consultation, third-party liability and other value-added services, with a service network covering nearly 10,000 offline pet hospitals and service agencies. As of the end of 2022, we had served 3.18 million pet owners in total, the annualized premium of pet insurance doubled year-on-year to approximately RMB200 million in 2022, and our market share was among the top in the domestic industry. In addition, for sport scenarios, we further developed insurance product matrix, including skiing, cycling, outdoor camping, fitness and others, to fully serve users' need for insurance protection arising from the evolution of their lifestyles, and explore new growth curves.

In terms of consumer finance ecosystem, we focused on a double ecosystem of "Finance + Insurance" and leveraged our industry-leading technology and risk control ability to provide credit insurance products and technology services for licensed financial institutions. We always adhered to the prudent business strategy to keep growth rate under control and continuously upgrading the risk control models. Facing the complicated social and economic environment, we made steady progress and unswervingly promoted high-quality development. We connect with different kinds of Internet platforms and licensed financial institutions by leveraging our scientific and technological strength, so as to enable consumers to obtain more convenient and inclusive credit products. Through AI and data analysis, we gain insights into users from their behaviors in life and business scenarios, so as to empower financial institutions at different stages of the loan life cycle.

In terms of auto insurance ecosystem, in 2022, the GWP recorded a year-on-year increase of approximately 33.9%, exceeding the industry average. As affected by fluctuations in travel demand, the operating profit of auto ecosystem further improved, with the loss ratio decreased by 12.2 percentage points to 55.8%. The channel fee rate also improved, and the renewal of our ZA & PA Joint Auto Insurance with Ping An was completed in January 2023. Regarding cooperation with Internet platforms, we built up a great quantity of user insights and Internet operating capabilities by continuing to enhance cooperation with all kinds of ecosystem partners. We also connected with more long-tail offline automotive aftermarkets and other channels through the SaaS platform and APIs, thereby allowing our products to efficiently reach more users without having to invest a large amount of human resources in connection and maintenance. The rapid growth of new energy vehicles (NEV) market also provided us with opportunities and policy supports. We have further improved our pricing risk control model and consolidated infrastructure.

In terms of brand and direct operation, in response to the changes in the mainstream online scenarios, we focused on the "ZhongAn" brand to provide potential customers with seamless omnichannel brand experience in 2022. We maintained our leading position in the industry in terms of brand building, as evidenced by the fact that our number of followers on mainstream short video sites such as Douyin and Kuaishou ranked first among peers in the industry, with more than 20 million followers across distribution networks. In the field of public domain traffic, we enabled differentiated public domain traffic marketing with a real-time advertising RTA mode supported by our leading data and algorithms. We have also built a private domain traffic customer pool to realize the conversion of public domain traffic, and delivered efficient cross-service and customized product referral through AI customer service and Enterprise WeChat customer service. In 2022, our ZhongAn Brand APP recorded an average of 4.23 million monthly active users, and the overall premiums per user of our proprietary channels also increase by 49.2% year-on-year.

In terms of technology and R&D, we have been focusing on the development of cutting-edge technologies sectors including artificial intelligence, blockchain, cloud computing, big data and biotechnology. In 2022, ZhongAn invested RMB1,345 million in research and development activities, representing a year-on-year increase of 19.4% and accounting for 5.6% of total GWP. Technological empowerment has brought improvement in cost and efficiency. In 2022, while underwriting 9,132 million insurance policies, we also achieved a 99% automation rate of underwriting, and the online claim settlement rate of health insurance rose to 96%. As our cloud-based distributed insurance core system, "Wujieshan 2.0", has completed the seamless switching of the underlying data. With enhanced scalability and high availability, it not only met the information technology innovation standards, but also reduced costs by 30%.

In terms of technology export, we exported our advanced experience and technology strengths in the InsurTech industry through building digital new infrastructure , with the coverage expanding from InsurTech industry to big finance sectors including banks and securities firms. We have also broken industry boundaries in terms of digital marketing and R&D efficiency tools. In 2022, we recorded revenue from technology export of RMB592 million, representing a year-on-year increase of 13.8%. Our existing InsurTech product lines mainly fall into three series, namely, the business growth series, the business production series, and the business infrastructure series, covering the entire business processes of the insurance industries. In 2022, we had 112 contracted customers along the insurance industrial chain in the domestic and overseas market, and contracted with 18 banking and securities industry customers, such as Zhejiang Tailong Commercial Bank and Xiangcai Securities. By the end of 2022, our technology export business has provided service to more than 700 customers.

In terms of international business, we further developed our overseas markets. In 2022, ZA Tech became the latest investor of PT Bank Aladin Syariah Tbk, the first Islamic digital bank in Indonesia, and it will strive to play the dual roles of investors and technology export business partners in the future. ZA Tech cooperated with Sumitomo Life Insurance ("**Sumitomo**"), Japan's leading life insurance group, to jointly launch innovative heatstroke coverage on PayPay, the largest mobile payment platform in Japan, which is widely favoured by the market. By the end of 2022, ZA Bank, our virtual bank in Hong Kong, had more than 650,000 retail customers, representing a penetration rate of nearly 10% of the overall population aged 18 or above in Hong Kong. In 2022, average monthly active users of the ZA Bank APP accounted for nearly 50%, with an average monthly card usage of nearly 15 times, twice of the average of VISA card in Hong Kong. In addition, ZA Bank actively developed its investment and wealth management, insurance products , foreign exchange and other functions, continuously improved its service offerings, and extended its services to SME customers. Currently, ZA Bank has become one of the most comprehensive virtual banks in the Hong Kong market.

Since China's economy has great resilience, potential and vitality, and various policies continued to show effects, we are confident in the overall recovery of the economy in 2023. 2023 marks the tenth year of ZhongAn's development. We had good times and bad times in the past decade, and we remain grateful. In the future, we will devote all efforts to drive common development with partners, from refined operation of scenarios to connection with services, as well as global technology export to support digital transformation, aiming to achieve more milestones for the new era of InsurTech.

Xing Jiang
General Manager

Corporate Milestone

2013

October 9, 2013

Establishment of the Company

ZhongAn Online P & C Insurance Co., Ltd. was incorporated.

2014

April 2014

Wujieshan

ZhongAn's self-developed core system called "Wujieshan" was launched.

2015

June 2015

Series A Financing

ZhongAn completed the series A financing with proceeds amounting to RMB5,775 million.

November 2015

Baobiao Auto Insurance

ZhongAn launched Baobiao Auto Insurance (now renamed as "ZA & PA Joint Auto Insurance") based on the co-insurance model jointly developed with Ping An Insurance.

保骉车险

2016

July 7, 2016

ZhongAn Technology

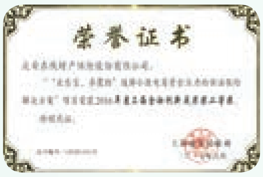
ZhongAn Information and Technology Services Co., Ltd., a wholly-owned subsidiary of the Company, was incorporated.

2017

June 2017

Innovation Achievement

The Insurance Solution for Mitigating Capital Pressure of Micro E-commerce launched by Zhong Le Bao and Can Ju Xian received the second prize at the 2016 Shanghai Financial Innovation Achievement Award.



September 28, 2017

Listing of H Shares

ZhongAn was listed on the Main Board of the Hong Kong Stock Exchange (stock code: 6060).

December 4, 2017

Hong Kong Stock Connect

ZhongAn was selected as a constituent stock of the Shanghai Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect.

December 8, 2017

ZATI

ZhongAn announced the establishment of a joint venture company – ZhongAn Technologies International Group Limited in Hong Kong, acting as an international development platform for ZhongAn Technology to explore international business development, cooperation and investment opportunities in relation to FinTech and InsurTech businesses in overseas markets.

众安國際 ZA International

2018

September 2018

International Technology Export

We assisted Sompo Japan Insurance Inc. ("SOMPO") in approaching digital transformation with its next generation cloud based end-to-end insurance core system.

2019

March 2019

Virtual Bank

ZA Bank became one of the first batch of companies who were granted a virtual bank license in Hong Kong and launched its trial pilot on December 18, 2019.

July 2019

Internet Hospital

The Internet hospital was officially launched in December 2019, which provides users with one stop services covering online medical advice and doorstep medicine delivery, establishing a closed-loop health ecosystem.

2020

May 2020

Virtual Insurance

ZA Insure obtained a virtual insurance license in Hong Kong to engage in the long term insurance business and officially opened for business on May 18, 2020.

December 2020

Issuance of the USD Notes

ZhongAn publicly issued an aggregate of USD1 billion senior unsecured notes, setting the highest financing record in the global InsurTech industry in 2020.

December 2020

H Share Full Circulation

ZhongAn completed the H Share full circulation programme.

2021

October 2021

ZATI completed the first round of financing to promote the expansion of international fintech business.

October 2021

ZhongAn released the digital insurance ecosystem cube plan and opened more than 20 rights and interests in 4 categories of products, services, technologies and resources to 12 major industry scenarios.

December 2021

ZhongAn launched the 2022 version of "Personal Clinic Policy", and started the era of tailor-made million-dollar medical insurance for healthy insureds to use services.

December 2021

ZhongAn achieved underwriting profit for the first time, and the combined ratio for the year was optimized to 99.6%.

2022

January 2022

ZA Bank started its investment and wealth management business and became the first virtual bank in Hong Kong to be granted a Type 1 regulated activity (dealing in securities) license by the Securities and Futures Commission, and launched fund sales services in August 2022.

May 2022

ZhongAn Insurance was selected as a Specialized and Sophisticated Enterprise in Shanghai.

December 2022

Served more than 3.18 million pet owners together with ecosystem partners through refined operation of the pet ecosystem.

Management Discussion and Analysis

Management Discussion and Analysis[1]

Our Mission

Empowering finance with technology and providing insurance service with a caring hand.

Overview

As the first Internet-based InsurTech company in China, ZhongAn aims to redefine insurance with cutting-edge technology and innovative business models. We embrace a dual-engine growth strategy of "Insurance + Technology" and adhere to integrating technologies into the entire insurance value chain. By empowering the insurance value chain with technologies and adopting an ecosystem-oriented approach, we focus on the Internet life scenarios of customers through proprietary channels and ecosystem partners' platforms, in order to meet the diversified protection needs of customers and create value for them.

We continuously improve and upgrade our technology strengths during the operation of our insurance business, and we export InsurTech systems and functional modules to global insurance companies and industry chain clients in a productized way, so as to facilitate the digital transformation of the industry.

In addition, we also applied years of experience in Internet insurance and Internet finance operations in Hong Kong market. In March 2020, our subsidiary ZA Bank became the first virtual bank to officially commence operation in Hong Kong, and has maintained its position as the No.1 virtual bank in Hong Kong[2] since then. ZA Insure, our virtual insurance subsidiary in Hong Kong, officially commenced operation in May 2020 and subsequently established a bancassurance partnership with ZA Bank. With the ZA Bank APP serving as the gateway, we jointly provided a rich, convenient and inclusive one-stop financial service experience for retail customers and SMEs in Hong Kong market under the "ZA" brand.

2022 Review

In 2022, ZhongAn recorded a total of GWP of RMB23,651 million, representing a year-on-year increase of 16.1%, and issued 9,132 million policies during the year and provided services to more than 500 million insureds. In 2022, ZhongAn continued to rank 9th in the P&C insurance industry of China as measured by GWP, further increased its market share and became the fastest growing company among the top 10 P&C insurance companies in China.

Adhering to our strategy of "growth with quality" as well as technology-driven cost-efficiency, the combined ratio for 2022 further improved to 98.5%, representing an improvement of 1.1 percentage points as compared to that of the corresponding period of last year. In particular, the loss ratio was 55.2%, representing a year-on-year decrease of 2.4 percentage points, while the expense ratio was 43.3%, representing a year-on-year increase of 1.3 percentage points. The underwriting profit for 2022 amounted to RMB329 million, representing a year-on-year increase of 337.7%.

Benefiting from the domestic economic recovery in the second half of 2022 and the ongoing digital transformation in the financial industry, the technology export business recorded revenue of RMB592 million for the year, representing a year-on-year increase of 13.8%, with a year-on-year growth of 40.9% in the second half of the year.

ZA Bank continued to maintain its position as the No.1 virtual bank in Hong Kong[2]. As of December 31, 2022, it had more than 650,000 retail users, and recorded net revenue of HKD274 million for the year, representing a year-on-year growth of 106.0%. In the same year, our virtual insurance business in Hong Kong, ZA Insure, recorded GWP of HKD414 million, representing a year-on-year growth of 216.0%.

1 Unless otherwise specified, all insurance businesses data mentioned in MD&A exclude the life insurance business in Hong Kong.
2 As measured by deposits, loans and number of users among the eight virtual banks in Hong Kong as of June 30, 2022.

Segment Financial Highlights

The following table sets forth the net profit/(loss) for each segment in 2022. Specifically, the insurance segment offers a wide range of online property and casualty insurance services in the PRC; the technology segment provides information technology export related services to its clients; the banking segment offers virtual banking services in Hong Kong; and the others segment includes entities other than the aforesaid segments, such as ZA Life, insurance brokerage and biotechnology.

Segment income statement for the year ended December 31, 2022

RMB'000	Insurance	Technology	Banking	Others	Elimination	Total
GWP	23,659,567	—	—	354,233	(8,469)	24,005,331
Underwriting profit	337,231	—	—	—	(8,469)	328,762
Net investment income	1,194,211	408,411	111,516	46,853	(630)	1,760,361
Net fair value changes through profit or loss	(1,561,729)	(172,114)	—	(69,214)	—	(1,803,057)
Other income	142,672	599,133	243,301	437,562	(293,449)	1,129,219
Foreign exchange gains/ (losses)	(555,935)	(11,499)	(15,517)	72,096	(38,287)	(549,142)
Finance costs	(418,494)	(8,388)	(18)	(2,092)	632	(428,360)
Net profit/(loss)	(771,308)	(219,511)	(426,492)	(195,731)	(19,969)	(1,633,011)
Attributable to:						
– Owners of the parent						(1,356,095)

Segment income statement for the year ended December 31, 2021

RMB'000	Insurance	Technology	Banking	Others	Elimination	Total
GWP	20,373,607	—	—	108,959	(2,447)	20,480,119
Underwriting profit	77,566	—	—	—	(2,447)	75,119
Net investment income	1,938,910	27,553	74,264	31,011	(3,818)	2,067,920
Net fair value changes through profit or loss	118,729	(18,750)	—	26,781	—	126,760
Other income	117,601	530,993	115,172	282,067	(185,247)	860,586
Foreign exchange gains/ (losses)	129,531	(1,271)	16,265	(14,526)	17,491	147,490
Finance costs	(384,392)	(7,170)	(14)	(658)	3,892	(388,342)
Net profit/(loss)	1,786,315	(384,620)	(463,539)	(217,068)	36,011	757,099
Attributable to:						
– Owners of the parent						1,164,590

Management Discussion and Analysis

Net loss attributable to owners of the parent in 2022 was approximately RMB1,356 million, mainly due to the weak capital market performance, the adoption of HKFRS 9 "Financial Instruments" since January 1, 2022 to replace HKAS 39 "Financial Instruments: Recognition and Measurement", which resulted in a significant decrease in investment income, and the exchange losses on USD-denominated bonds of the Company. The specific performance of each segment is as follows:

1) Insurance segment: benefiting from our strategy of "growth with quality" as well as technology-driven cost-efficiency, the combined ratio of the Company for 2022 further improved to 98.5%, representing an improvement of 1.1 percentage points as compared to 99.6% for the corresponding period of last year. In particular, the loss ratio decreased by 2.4 percentage points to 55.2%, mainly due to the improvement of the risk control level in each process of the insurance business under our refined operation. In 2022, the Company recorded underwriting profit of RMB329 million, representing an increase of 337.7% as compared to that of the corresponding period of last year. In terms of investment, weak capital market performance in 2022, coupled with the adoption of HKFRS 9 "Financial Instruments" by the Company since January 1, 2022 to replace HKAS 39 "Financial Instruments: Recognition and Measurement", led to a decrease in the total investment income of the insurance segment of RMB2,457 million (of which RMB1,316 million resulted from the adoption of HKFRS 9). In addition, the appreciation of the US dollar against RMB resulted in exchange loss of approximately RMB556 million on the USD-denominated bonds payable issued by the Company. The above factors caused the insurance segment to turn a profit into a loss.

2) Technology segment: in 2022, the technology segment recorded an income of RMB835 million, of which revenue from technology export amounted to RMB592 million, representing a year-on-year growth of 13.8%. In particular, revenue from technology export recovered significantly in the second half of the year with a year-on-year growth of 40.9%. In addition, we transferred all the shares in A3 Holdings, a joint venture established with Grab, and all the shares in PT Visionet, a joint venture established with OVO (PT Visionet Internasional Inovasi), to Grab in January 2022 and May 2022 respectively, in exchange for Class A ordinary shares of Grab. Investment income from such transfer helped further narrow the net loss of the technology segment to approximately RMB220 million in 2022, representing an improvement of approximately RMB165 million as compared to the corresponding period of last year.

3) Banking segment: ZA Bank, our virtual bank in Hong Kong, is currently in a stage of rapid business development. With the continuous enrichment of product functions, its user monetization ability has further improved. In 2022, ZA Bank recorded net revenue of HKD274 million, representing a year-on-year increase of 106.0%. At the same time, as ZA Bank focused on improving business quality and operating efficiency, it gradually showed scale effect, and the net loss margin[1] further narrowed by approximately 233 percentage points.

4) Others segment: mainly include ZA Insure, the virtual insurance business in Hong Kong, which recorded a year-on-year growth of more than 2 times in total GWP in 2022. The net loss of this segment was mainly due to the general and administrative expenses of ZA Insure and other subsidiaries which are in the early stages of development.

[1] Net loss margin equals net loss divided by net revenue.

Ecosystems Data

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) net premiums earned, defined as net written premiums less net change in unearned premium reserves, (iv) loss ratio, defined as net claims incurred as a percentage of premiums earned, and (v) channel fees, defined as handling charges directly related to written premiums as well as commissions, technical services fees and relevant customer acquisition costs in advertising expenses and others, as percentages of net written premiums, by ecosystem in 2022 and 2021:

Ecosystems	2022 RMB'000	2021 RMB'000
Health		
GWP	8,979,765	7,685,514
Net written premiums	8,359,518	7,260,492
Net premiums earned	7,808,349	7,331,819
Loss ratio %	48.5%	51.3%
Channel fees as a percentage of net written premiums[1] %	26.3%	28.8%
Digital lifestyle		
GWP	8,873,755	7,292,440
Net written premiums	8,839,306	7,282,238
Net premiums earned	8,747,585	7,183,021
Loss ratio %	64.6%	67.6%
Channel fees as a percentage of net written premiums %	30.2%	32.1%
Consumer finance		
GWP	4,530,347	4,447,027
Net written premiums	4,522,551	3,736,289
Net premiums earned	4,269,759	3,190,430
Loss ratio %	48.0%	46.0%
Channel fees as a percentage of net written premiums %	20.9%	23.3%
Auto		
GWP	1,267,231	946,178
Net written premiums	1,264,713	941,539
Net premiums earned	1,091,789	1,074,541
Loss ratio %	55.8%	68.0%
Channel fees as a percentage of net written premiums %	12.4%	13.0%

The following table sets forth GWP in absolute amounts and as percentages of total GWP by ecosystem for the year ended December 31, 2022 and the year ended December 31, 2021:

	2022		2021		
Ecosystems	RMB'000	Percentage %	RMB'000	Percentage %	Year-on-year increase %
Health	8,979,765	37.9%	7,685,514	37.8%	16.8%
Digital lifestyle	8,873,755	37.5%	7,292,440	35.8%	21.7%
Consumer finance	4,530,347	19.2%	4,447,027	21.8%	1.9%
Auto	1,267,231	5.4%	946,178	4.6%	33.9%
Total	23,651,098	100.0%	20,371,160	100.0%	16.1%

1 Channel fees in 2022 include handling charges directly related to written premiums as well as commissions, technical service fees and relevant customer acquisition costs in advertising expenses and others, which were restated for 2021 to adjust to the same caliber as in 2022.

Management Discussion and Analysis

Health Ecosystem

2022 is a key year for the national "14th Five-Year Plan" and the third year for the implementation of the "Healthy China Initiative" strategy. Promoting healthy lifestyles and providing a full range of health services covering the entire life cycle for the public are the important part of the"14th Five-Year Plan for National Health Plan" (「十四五」國民健康規劃).

With the further implementation of the "Healthy China Initiative" strategy, health management has increasingly become a standard feature of health insurance. Adhering to our commitment of "providing national medical insurance for over 100 million people", ZhongAn adopted "healthcare + medicine + insurance" as its strategy to connect the upstream and downstream participants of the health industry, and build a one-stop system of protections and services. As of December 31, 2022, ZhongAn's health ecosystem has served over 109 million insureds. The product matrix of health ecosystem has been constantly upgraded and evolved to meet the increasing needs of consumers for health management. With million-dollar medical insurance as the core and based on the needs of specific customer groups, we have successively launched various segmented products including critical illness insurance, outpatient and emergency insurance and chronic disease medical insurance, constantly enriching the product matrix of the health ecosystem. Meanwhile, through in-depth operation of ZhongAn Internet Hospital, we further improved a closed-loop health management of "healthcare + medicine + insurance" and enhanced the overall health level of our users.

To meet the upgraded needs of users above hospitalization reimbursement, we continued to launch various innovative products. In December 2022, we launched "Personal Clinic Policy" 2023 version (尊享e生2023版) which covers 148 specific drugs, including 103 targeted drugs, 30 special drugs for rare diseases and 15 selected imported drugs, and further extended the coverage to include outpatient and emergency medical treatment, inter-provincial referral services for critical illness and other services, providing consumers with more flexible, affordable and convenient health management protection. During the Reporting Period, million-dollar medical insurance products including "Personal Clinic Policy" and "Hao Yi Bao" (好醫保) recorded a year-on-year increase of approximately 29.3% in GWP, maintaining leading position in the industry. As of December 31, 2022, the average age of insureds of our million-dollar medical insurance was approximately 40 years old.

Meanwhile, considering that consumers have deepened their understanding of insurance allocation, we have also launched a multiple claim payout critical illness insurance product, and have comprehensively upgraded its insurance liability, coverage and value-added services. Currently, the product offers comprehensive protection covering 170 kinds of diseases, including 100 kinds of critical illness, 20 kinds of moderate diseases and 50 kinds of mild diseases, and coupled with 4 value-added services, accompanied by four value-added services, namely fast pass for critical illness, multi-disciplinary consultation for critical illness, inpatient nurses and long-term home care for critical diseases, fully meeting consumers' deeper insurance protection needs and favored by consumers. During the Reporting Period, GWP of critical illness products increased by approximately 145.9% year-on-year.

Our outpatient and emergency insurance has broken through the previous limitations of medical insurance that only covered high hospital expenses caused by major illnesses. We have innovatively incorporated ZhongAn Internet Hospital's comprehensive medical services such as online consultations and medication purchases, embedding commercial insurance direct compensation services into high-frequency outpatient scenarios, thereby satisfying users' daily health needs. During the Reporting Period, our outpatient and emergency insurance claims service exceeded 2 million times.

We continue to expand the coverage for patients with chronic diseases. Following our customization of insurance for people with liver disease and "the three hypers", we launched a new product "Epilepsy Insurance" (癲癇保) jointly with Alibaba Health, further expanding the product matrix of the "Hao Yao Bao" (好藥保) chronic disease insurance series, and covered more than 50 common epilepsy medications. Concurrently, it provides more than ten exclusive health services, including up to RMB3 million hospital medical protection, surgical accident protection, and full-course epilepsy expert consultations, meeting the diversified needs of patients during the long treatment process. We work with Alibaba Health and Huiyitianxia to create a sustainable and scalable new model of hospital outpatient management, jointly launching the "An Tang Bao"(安唐保), an "Internet +" chronic disease insurance product that focuses on serving diabetes patients. This product has three highlights of "full protection, super convenience, and more cost-efficient ," improving users' experience in various stages of chronic disease treatment, reducing the burden on patients through dual protection of insurance and drugs, and allowing more patients to receive standardized treatment through systematic health management.

In recent years, the development of ZhongAn Internet Hospital has received support from various policies and consumers, and it strives to bridge the "last mile" of online medical treatment. We integrated Internet hospital services with medical insurance, outpatient and emergency insurance and other products in an all-round way, and integrated multiple medical service resources, so as to build ZhongAn's closed-loop health ecosystem of "healthcare + medicine + insurance". In order to meet the insurance needs of different customer groups, we have also gradually built a chronic disease management ecosystem, which engages more than 2,000 doctors and covers specialist centers such as online consultation for mothers and babies, men, and for pets. In December 2022, ZhongAn Internet Hospital launched two convenient services of "70% off online drug purchase" and "online consultation", and offered the 70% off online drug purchase service of "Yao Hui Gou" (藥惠購) to all users of ZhongAn for free. As of December 31, 2022, ZhongAn Internet Hospital has accumulatively served 800,000 users.

In 2022, we have exerted our efforts on corporate health management to help enterprises meet diversified health needs of their employees. We conducted in-depth research on the pain points of health benefits for employees at different levels within enterprises and launched an effective solution "Premium Employee Benefits" (尊享員福) to expand the contents of corporate health benefits with the insurance as the basis, thus building an ecological, systematic and digital health benefit management system. Leveraging ZhongAn Insurance's advantage of "healthcare + medicine + insurance" in the health and wellness sector, "Premium Employee Benefits" reshaped the insurance scenarios and allowed enterprises to select the benefits portfolio and customize health protection plans according to their needs, covering general liabilities including accidents, critical illnesses, outpatient and hospitalization and as well as optional liabilities such as childbirth, dental, and ophthalmic coverage. Moreover, we fully integrated the online and offline medical resources and ZhongAn's technological strength to provide human resources management system supporting HR to easily obtain comprehensive claims analysis reports and reducing the daily workload of the HR department. In response to the health protection needs of the workforce, In response to the demand for health protection from employees in the workplace, we can not only help enterprises rebuild their health benefits system with our advanced technology and digital capabilities, but also will further adopt digital and intelligent tools to improve perception of group insurance services and enhance the service quality in key aspects such as products, claims, operation and service, thus assisting the domestic enterprises in building a customized moat for health productivity. During the Reporting Period, we provided group insurance services to over 1.31 million employees of approximately 31,000 enterprises, including various large-scale Internet companies. Our group insurance in the health ecosystem recorded GWP of approximately RMB475 million, representing a year-on-year increase of approximately 68.3%.

We have long focused on a user-centric product strategy, continuously enriching the product matrix guided by user needs and improving service capabilities. Thanks to our long-term business deployment and operation in the health ecosystem, our long-term value to users has been continuously highlighted. In 2022, the health ecosystem provided health insurance to approximately 38 million insureds and recorded RMB8,980 million in total GWP, representing a year-on-year increase of 16.8%. The number of paying users of the health ecosystem was approximately 16.15 million, of which individual multi-policy users (個險多保單用戶) accounted for 20.8%, and the overall premiums per user increased by 27.8% year-on-year to approximately RMB527.

In 2022, the loss ratio of the health ecosystem was 48.5%, representing a year-on-year decrease of 2.8 percentage points, which was mainly attributable to the further improvement of risk control level from underwriting to claim settlement after years of operation of the health ecosystem. The channel fee ratio of the health ecosystem was 26.3%, representing a year-on-year decrease of 2.5 percentage points, which was mainly attributable to the continuous increase in the proportion of premium contributions from the Company's proprietary channels and the improvement in the renewal rate. In 2022, the premiums of proprietary channels of health ecosystem increased by approximately 116.9% year-on-year compared to 2021; Meanwhile, we continued to improve the level of renewal rate through refined operation of private domain traffic, with the renewal rate of proprietary channels[1] maintained stable at approximately 85%.

We will adhere to the strategy of "sustainable growth with quality", focus on serving and managing the entire life cycle of users, continuously improve user retention, and build competitive barriers for the long term.

1 Renewal rate for the 12th to 13th months.

Management Discussion and Analysis

Digital Lifestyle Ecosystem

We utilize our technological and data analysis advantages to customize insurance services for digital life scenarios. For e-commerce platforms, we offer e-commerce insurance products covering scenarios such as shipping return, product quality, logistics, after-sales services, and merchant security. In the travel sector, our flight accident, flight delay, travel accident, and flight or hotel cancellation insurance products cover all major OTA channels in China. At the same time, we continuously leverage technology to explore new digital life scenarios and enrich our product matrix, filling diversified and unmet protection needs with innovative products such as pet insurance, phone screen cracking insurance, accident insurance for multiple scenarios, and household property insurance.

In recent years, with the diversification of user consumption scenarios, the e-commerce ecosystem showed its vitality, with continuous release of the commercial value of public and private domain traffic. According to the National Bureau of Statistics, the proportion of online retail sales of physical goods in the total retail sales of consumer goods in China has been continuously increasing in recent years, reaching 27.2% in 2022. The growth of online traffic and the cultivation of consumption habits have become the accelerators for the development of e-commerce. Leveraging our leading technological strength and years of accumulated experience in e-commerce channel operation, we continuously expand internet platform network covering major e-commerce scenarios in the market, providing users with protection solutions for e-commerce scenarios such as shipping return policy, to create a better online shopping experience. During the Reporting Period, GWP of our e-commerce business segment was approximately RMB5,261 million, representing a year-on-year increase of approximately 25.7%.

In 2022, as affected by the decline in travel demand, the air travel industry also faced tremendous challenges. However, benefiting from the active ecosystem deployment and product innovation in the air travel ecosystem, our air travel business maintained the GWP of approximately RMB1.716 billion, decreased by merely 1.6% year-on-year. Since early 2023, the domestic and international travel markets have been recovering and people's interests in travelling have been rising steadily, we expect that the air travel sector will also recover.

For innovative business, we keep up with the trends of new consumption and continue to leverage technology empowerment. To identify new growth curve for digital lifestyle ecosystem, we successfully met users' diversified protection needs by promptly launching various new innovative products based on data analysis and user lifestyle tracking.

For pet ecosystem, according to the Blue Book of Pet's Industry: China Pet Industry Annual Report (2022) published by the apa Institute, the number of pets and pet owners in China have been persistently growing, and pet owners are mainly younger people aged 19- 30. As more Gen Zers adopt pets, pet owners' attitude toward the health management and protection of their pets has gradually evolved, as reflected by the fact that more than 60% of pet owners have expressed their consumer demand for pet insurance. Since the initial launch in 2020, our pet insurance has undergone several iterations. Now, it not only covers six types of pet spontaneous disease protection insurance, but also provides health management services, including deworming, vaccines, online consultation and nutritionist consultation, as well as value-added optional protection such as pet third-party liability and pet death compensation.

In 2022, based on our technological prowess and abundant offline resources in pet ecosystem, we remained committed to pet insurance. As pets are increasingly viewed as family members by their owners, pet consumption demand has become more diversified. In addition to necessity such as cat food and dog food, services such as pet travel, grooming and medical examination have also developed rapidly. For the form of pet insurance, based on the analysis of pet owner and pet data collected, we have innovatively introduced differentiated pricing approach for different types of pets in China, which allow us to provide more personalized products.

We cooperate with leading domestic pet service providers to connect high-quality pet health management service resources for pet owners. As of December 31, 2022, our pet insurance service network comprised nearly 10,000 offline pet hospitals and service agencies, covering major cities across the country. Meanwhile, we also provided lightweight SaaS store tools based on ZhongAn's technology to help stores attract customers and improve store management efficiency, thus forming a win-win goal for pet insurance and store services.

We embed insurance services in various scenarios of the pet ecosystem to serve the entire life cycle of pets, and has launched pet food safety insurance, pet consignment protection insurance, pet anesthesia accidental death insurance, and employee accident insurance for the pet industry. We also cooperated with our ecosystem partners to connect pet owners with extensive diversified offline pet service providers and continuously unlock cross-ecosystem synergies.

In the future, we will further our participation in the pet industry chain for an in-depth involvement in the pet economy. As of December 31, 2022, we and our ecosystem partners have served nearly 3.18 million pet owners. During the Reporting Period, the annualized premium of pet insurance amounted to nearly RMB200 million, with a year-on-year growth of nearly 100%, and our market share was among the top in the domestic industry.

Additionally, by focusing on the offline lifestyle of users and following the consumption hot spots therein, ZhongAn launched a variety of fragmented and scenario-based insurance products in good time. With the vigorous development of digital economy in China, we further developed insurance product matrix for sport scenarios, including skiing, cycling, outdoor camping, fitness and other insurance, to fully serve users' need for insurance protection arising from the evolution of their lifestyles.

Along with the development of innovative technologies in the new economic cycle, we also utilize technology to actively explore and develop innovative products, serve the real economy with InsurTech, and give back to the society to create public welfare value. Our flexible employment insurance, corporate property insurance and telecom fraud insurance have served more than 1.2 million customers, including 23,000 SME customers. In addition, we have designed exclusive insurance products for the fields of household property protection and cybersecurity, actively embracing the development of the digital economy.

In 2022, the GWP of digital lifestyle ecosystem recorded a year-on- year increase of 21.7% to RMB8,874 million, of which RMB1,897 million was attributable to innovative business (including pet insurance, phone screen cracking insurance, accident insurance for multiple scenarios and household property insurance), representing a year-on-year increase of approximately 39.1% and accounting for approximately 21.4% of the overall digital lifestyle ecosystem GWP.

During the Reporting Period, the loss ratio of the digital lifestyle ecosystem was approximately 64.6%, representing a year-on-year decrease of approximately 3.0 percentage points, and the channel fee ratio was approximately 30.2%, representing a year-on-year decrease of approximately 1.9 percentage points, mainly benefited from the continuous increase in the proportion of new channel e-commerce return shipping insurance and innovative business with higher margin.

We will continue to monitor the breadth of our business, and utilize ZhongAn's market acuity and agile technology strengths to provide users with more valuable protection products that suit their lifestyles.

Consumer Finance Ecosystem

We connect with different kinds of Internet platforms by leveraging our technological strength, provide licensed financial institutions with credit technology services and enable consumers to obtain more convenient and inclusive credit products. In particular, we reach out to potential borrowers with good credit through multiple scenarios (such as Bestpay under telecommunication scenarios and IQIYI under video streaming scenarios) and multiple channels of our Internet platform partners, strengthen the credit evaluation of potential borrowers and assist internet finance companies (such as ZhongAn Loan and Mashang Consumer Finance) in credit risk management and comprehensive post-loan management. Through AI and data analysis, we refine user insights from interactions with them under daily commercial scenarios, so as to empower financial institutions throughout the life cycle of loans, support financial institutions to expand their service coverage, and allow users to obtain more accessible credit services. All of the funding providers that we cooperate with are licensed financial institutions.

In 2022, as China's macroeconomic recovery was under pressure, we had always operated the consumer finance ecosystem in a robust and prudent manner, and had firmly implemented strict risk control standards. In 2022, our consumer finance ecosystem recorded GWP of RMB4,530 million, representing a slight year-on-year increase of 1.9%. We closely monitor macroeconomic indicators and dynamically adjust business scale and underlying risk exposure levels based on macroeconomic performance. As of December 31, 2022, the outstanding balance of insured loans of the consumer finance ecosystem was RMB23,181 million.

Our targeted customers of the consumer finance ecosystem are primarily the young near-prime group in China, especially users aged 30 to 45 with good education and strong consumption demands. We also provide our diversified product offerings for this customer group, to meet their multi-level protection needs. In 2022, we continued our focus on small-ticket-size, dispersed and short-term Internet consumer finance assets. In cooperation with licensed financial institutions, we utilize industry-leading technology, risk control and other capabilities to set insurance premium rates based on individual risk profile of the underlying assets and provide coverage with our credit insurance and bond insurance. The average duration of our underlying assets is approximately 10 months. In 2022, despite the complex and changing international situation and increasing downward pressure on macro economy, our underlying asset quality remained within a controllable range thanks to our prudent business strategy and upgraded risk control models. The loss ratio of the consumer finance ecosystem was 48.0%, up slightly by 2.0 percentage points from 2021. Specifically, the loss ratio of the consumer finance ecosystem was 47.2%

Management Discussion and Analysis

in the second half of 2022, representing an improvement of 1.6 percentage points from the first half of 2022, reflecting better asset quality performance than that of peers. The channel fee ratio of the consumer finance ecosystem in 2022 was 20.9%, a decrease of 2.5 percentage points from that of 2021.

Auto Ecosystem

We offer professional auto insurance and solutions as well as value-added services to protect our customers against vehicle damage, personal injury and death, as well as vehicle theft and robbery via the "ZA & PA Joint Auto Insurance" product. This product is based on the coinsurance model jointly developed with Ping An P&C. We connect with Internet platforms and automotive aftermarket service channels by leveraging our technology strengths to acquire customers, while Ping An P&C relies on its offline claim network to provide quality claim settlement services to users. Since January 2023, we began to implement the renewed coinsurance agreement with Ping An P&C, valid from January 1, 2023 to December 31, 2024. The cooperation framework largely remains unchanged. The premiums, claim payments and other costs for auto insurance shared between ZhongAn and Ping An P&C will still be split at a 50%:50% ratio.

Our major ecosystem partners include Internet platforms and automotive aftermarket service channels. Regarding cooperation with Internet platforms, we built up a great quantity of user insights and Internet operating capabilities by continuing to enhance cooperation with various ecosystem partners. We also connect with more long-tail offline automotive aftermarkets and other channels, such as auto detailing shops and body shops, through the SaaS platform and APIs, thereby allowing our products to efficiently reach more users without having to invest a large amount of human resource to connect and maintain the channels.

According to the data of CAAM, in 2022, the passenger vehicles market in China saw a recovery, with a year-on-year increase of 9.5% in the sales volume for the full year. Relying on our refined operation, ZhongAn captured the opportunity arising from the prosperity of the industry, and the GWP from auto ecosystem reached RMB1,267 million, representing a year-on-year increase of 33.9% and outpacing the year-on-year growth of 5.6% in GWP of the auto insurance sector, while the renewal rate improved by 16 percentage points from that of 2021. In 2022, China saw a robust growth in the NEV market, with sales of electric vehicles reaching 5.365 million units, up by 81.6% year-on-year, and sales of plug-in hybrid electric vehicle reaching 1.518 million units, up by 1.5 times year-on-year. By seizing the opportunities for the NEV insurance and embracing policy support while enriching our database and improving pricing and risk control models, ZhongAn served vehicle owners of nearly 20 NEV brands, bringing new momentum to the overall growth of auto insurance. Affected by the travel restrictions in 2022, the operating profit of auto ecosystem further improved, with the loss ratio decreased by 12.2 percentage points year-on-year to 55.8%, and the channel fee ratio improved by 0.6 percentage points year-on-year to 12.4%.

Brand Building and Proprietary Channels

In 2022, we focused on multi-scenario and multi-dimensional touchpoints with potential customers around the "ZhongAn" brand, continuously exploring and grasping online traffic dividend from mainstream content platforms via short video and livestreaming. We maintain our leading position in the industry in terms of brand building, as evidenced by the fact that our number of followers on mainstream short video platforms such as Douyin and Kuaishou ranked first among peers in the industry, with more than 20 million followers across distribution networks.

We insist on reaching customers rapidly and precisely in creative ways. We are well positioned to navigate through the next stages of customer conversion and retention. We keep abreast of the consumption trend of the Internet users, and work together with national artists to produce contents covering users of all age groups, so as to deepen users' brand awareness of ZhongAn. We actively interacted with major events such as the Summer Olympics and Winter Olympics, and worked with brand spokespersons to gain the popularity among the consumers, in order to demonstrate the value of our brand building efforts. Leveraging self-developed marketing tools, we connect all resources in public and private domains and conduct real-time monitoring and optimization of the entire marketing process. We have shifted our marketing efforts from streaming allocation to a higher level of gaining the popularity among the consumers, demonstrating distinctive strengths and differentiation of ZhongAn.

In the field of public domain traffic, we adopt various forms of content marketing, supported by leading data platforms and algorithm capabilities, and use real-time advertising RTA (RealTime API) mode for differentiated public domain marketing. We continuously optimize the contents of live streaming, and use algorithms to improve the accuracy of matching target customers with live content. We connect feed-based marketing and official accounts operation efficiently with our live-streaming marketing and have built smooth paths, which we constantly iterate, for online traffic conversion and have improved marketing efficiency. By leveraging the matrix of up to 30 channels that enables direct access to users, such as APPs under the ZhongAn brand, mini programs, WeChat official accounts, WeChat enterprise accounts, mobile official websites, short video accounts, etc., we have established a private domain traffic customer pool to help realize the goals of public domain traffic conversion. We achieve efficient cross-guidance through AI customer service and other means. At the same time, with the support of various marketing methods including enterprise WeChat customer service and relying on algorithms and data analysis, we classify users and recommend customized products and services, so as to awaken users to create greater value. Through refined operations and user-centered service upgrades, our ZhongAn Brand APP recorded an average of 4.23 million monthly active users in 2022.

In 2022, we focused on cross-penetration between ecosystems, striving to provide customers with convenient and economical comprehensive protection for their lives, while enriching the product matrix in our proprietary channels. We extended our insurance protection products around the four major ecosystems, and provided more value proposition to users through upgraded medical health, family, and pets related service. In 2022, multi-policy users accounted for 46% in our proprietary channels, representing a year-on-year increase of 22 percentage points from 24% in 2021. The average number of policies per paying user reached 1.6. Based on our self-developed data and customer middle platforms, ZhongAn has realized real-time data sharing across all ecosystems and conducted refined operation with each user as a unit to better serve users' during the entire life cycle. The premiums per user of our proprietary channels reached RMB755 in 2022, an increase of 49.2% from RMB506 in 2021. The total GWP of our proprietary channels increased by 61.1% year-on-year from RMB3,609 million in 2021 to RMB5,813 million in 2022.

R&D Investments and Technology Empowerment

We continue to focus on the development of cutting-edge technologies sectors including artificial intelligence, blockchain, cloud computing, big data and biotechnology, aiming to reshape every stage throughout the insurance value chain with technology. In 2022, ZhongAn invested RMB1,345 million in R&D activities, representing a year-on-year increase of 19.4% and accounting for 5.6% of total GWP. As of December 31, 2022, ZhongAn had a total of 1,958 engineers and technicians, which accounted for 49.3% of our total employees. As of December 31, 2022, we had accumulatively filed applications for 599 patents, including 174 applications for overseas patents. In addition, we had 36 PCT (Patent Cooperation Treaty) patent applications in total, covering 11 countries and regions. As of the same date, we obtained 196 patents in total, representing a year-on-year increase of 69.0%, and there were 27 overseas patents granted, representing a year-on-year increase of 80.0%.

In 2022, ZhongAn received recognition from the government for its intellectual property work, became the only licensed financial institution to be selected as a patent pilot unit in Shanghai and received a special fund award for patents.

Relying on our cloud-based insurance core system "Wujieshan", which can support massive fragmented insurance business, we issued a total of 9,132 million policies and served over 500 million users in 2022. The number of customers receiving claim payment for the year reached 166 million, representing a year-on-year increase of 28.7%. The user experience was greatly improved through technology empowerment with the automation rate for underwriting reaching 99% and the online claim settlement rate of health insurance rising to 96%. A claim settlement was completed every 9 seconds, and 95% of the cases were settled straight through, with no need to submit additional documents subsequently. Our data science team has effectively improved image risk control capacities through AI innovation. Currently, the accuracy rate of our online similar scenario identification for consumer finance business is nearly 100%, which is 10 times higher than the efficiency of discovering risky cases via manual sampling detection.

Technology Export

We have been deeply rooted in the InsurTech segment, developing and exporting our advanced experience and technology strengths in the InsurTech industry to facilitate digital transformation throughout the insurance industry through building digital new infrastructure. We have developed insurance core systems and scenario-based solutions for our customers in the insurance industry, and joined hands with Internet platforms to develop Internet ecosystem-oriented insurance solutions.

In 2022, our technology export business continued to expand both domestically and internationally, helping many clients across the globe with their digital transformation processes. During the year, we newly contracted with a total of 112 customers along the insurance industrial chain, representing a year-on-year increase of 14.3%. As of December 31, 2022, our technology export business had provided service to more than 700 clients from various industries including insurance, internet technology, banking, and securities brokerage.

Management Discussion and Analysis

Domestic Technology Export

In 2022, the insurance industry benefited from policies supporting its digital transformation, including the "Guidance on Digital Transformation of the Banking and Insurance Industry" (《關於銀行業保險業數字化轉型的指導意見》) and "InsurTech 14th Five-year Development Plan" promulgated by the CBIRC and the Insurance Association of China respectively, which encourage and advocate for digital transformation. As an important strategic task for digital China, accelerating digital transformation will undoubtedly be the booster and cornerstone for the high-quality development of the insurance industry.

At the beginning of 2023, the Central Committee of the Communist Party of China and the State Council issued the Overall Layout Plan for the Construction of Digital China (《數字中國建設整體佈局規劃》) (the "Plan"), which proposed that "building a digital China is an important engine for promoting China's modernization in the digital era, and a powerful support for building new competitive advantages for the country." and "by 2025, a coordinated and powerful integrated promotion pattern with horizontal and vertical connections will be formed, and significant progress will be made in the construction of digital China." InsurTech will usher in unprecedented development prospects and opportunities, and ZhongAn's years of efforts and experience in the field of InsurTech will also help us seize the opportunities of digital China.

Our InsurTech product lines mainly fall into three series, namely, the business growth series, the business production series, and the business infrastructure series, covering the entire business processes of the insurance industry. Our revenue comprises of project fees, software licensing fees, technology service fees and subscription fees.

1) Business Growth Series

Our business growth series products mainly include the intelligent marketing platform X-Man and the advertising operation platform X-Magnet, which are designed to help customers to build a sustainable marketing closed-loop to drive rapid user and revenue growth with one-stop services. In 2022, our business growth series contracted with 16 customers along the insurance industry value chain and provided integrated user management of "platform + operation services", to help build a one-stop digital insurance marketing platform and realize a scenario-based intelligent marketing closed loop based on digital, online, and intelligent processes, helping clients build a customer-centric digital platform.

2) Business Production Series

Our business production series products mainly include cloud-native distributed insurance core systems and brokerage systems, which support the entire life cycle operation of insurance business, help insurance companies, insurance brokerage companies and other players in the industry value chain to successfully complete digital transformation, serve users more effectively and complete online policy issuance, claim settlement and other business process smoothly.

As the lifestyle of individual users is changing and the Internet platforms' online operation and monetization of online traffic has become increasingly mature, property and casualty insurers focused more on the market demand for online non-auto property and casualty insurance. The core system we developed based on the technologies and market experience accumulated in the four major ecosystems of the insurance segment can help insurance companies quickly develop business across product lines, from rapid channel access to high-frequency and massive business requests, comprehensively improving customer management and service capabilities, and capture new business opportunities.

In 2022, we established strategic cooperations with various insurance companies, including Generali China Insurance and Zheshang P&C Insurance. With our mature non-auto core system, we supported these companies in quickly building a digital platform for their business systems and easily realizing a closed-loop online customer operation. In 2022, Zhong An Technology released the "Insurance IAgent Core 2.0 (保險中介核心2.0)" product for insurance intermediaries, which has now cooperated with leading domestic insurance intermediaries, including China Resources Insurance Broker, Ruiheng Insurance Broker, ChengHe Insurance Broker and GM Financial Service.

3) Business Infrastructure Series

Our business infrastructure series includes two modules, smart operation and maintenance and information security, with underlying infrastructure solution that runs safely and stably and supports high concurrency and elastic computing, including blockchain, information security and DevOps research and development efficiency system, which helps to cope with high-frequency under the context of Internet and provides stable and safe support for clients in their pursuit for rapid business development.

Released in 2022, our DevCube R&D, operation and maintenance integration platform (the "Devcube"), has conducted product upgrades in three aspects: platform integration, process automation and data visualization, and deeply optimized product interaction details. The Devcube was created to improve collaboration efficiency and reduce collaboration costs for product and project managers, as well as development, testing, and operation and maintenance engineers in the organization's internal technology R&D department. The DevCube has covered across all production lines of ZhongAn, with the online iteration cycle of two weeks. The delivery volume increased by 40% than before, while the demand delivery rate remained above 99%. The software delivery possesses achieved 100% automatic execution after the platform code is written, and the coverage rate of automated tests increased by 35% than before. It will save more than RMB20 million in IT hardware costs within the next three years.

Our domestic customer base includes industry-leading companies such as Taiping Group, CPIC Group, AIA Life, Manulife-Sinochem and HSBC Life. We also established or extended strategic cooperations with Zheshang P&C Insurance and Chasing Jixiang Life Insurance in 2022. ZhongAn Technology continued to transform its accumulated general experience into a technical driving force, and export its technology strengths across industries. We have connect ZhongAn's insurance, health and wellness, supply chain finance, and other ecosystems, and exported technical capabilities in areas of marketing, risk control and cyber security, through modules such as digital infrastructure, RegTech, with a focus on the digitalization process of the pan-financial industries. In 2022, we contracted with a total of 18 clients in banking and securities brokerage industry, such as Zhejiang Tailong Commercial Bank and Xiangcai Securities, for our three major series of products. ZhongAn Technology will continue to facilitate the digital transformation of clients from financial industry in general, while accumulating extensive cross-vertical general experience to further grow our customer base.

In 2022, our domestic technology export business recorded a year-on-year growth of 55.2% in the second half of 2022 after the business adjustment, and revenue for the year amounted to RMB291 million.

ZATI

Overseas Technology Export

ZA Tech, a technology subsidiary of ZATI, focuses on exporting new InsurTech solutions and digital insurance technical experience to international clients, aiming to become a new standard for overseas InsurTech digitalization. As of now, our footprints have covered major markets such as Japan, Hong Kong, Southeast Asia, and Europe. The clients we serve can be divided into two categories: insurance companies and Internet platforms. For insurance company, Graphene, the next-generation distributed insurance core system we built, can help customers connect with various ecosystem partners locally and launch a variety of fragmented and scenario-based insurance protection products. For insurance companies in the early stage of digital transformation, we also provide lightweight SaaS insurance core system, Nano, which helps clients quickly launch a digital insurance core system at a low cost, and help them achieve continuous improvement through trial-and-error in the process of digital transformation. For Internet platform clients, we provide a comprehensive low-code insurance and financial solution, Fusion.

In 2021, we became a regional technology partner of AIA, the largest independent listed life insurance group in the Pan-Asian region, to help accelerate its digital transformation and further reach new customer groups, and meet users' protection needs by providing innovative insurance products and connection with partners. The cooperation plan has been implemented in Malaysia in the initial stage. We will use our professional technical knowledge and patented system Graphene to help AIA develop and distribute digital insurance products more quickly. In 2022, our cooperation with AIA further penetrated into more Southeast Asian markets including Hong Kong, Indonesia and Vietnam, and we continued to provide AIA with innovative InsurTech solutions to accelerate its digital transformation.

In April 2022, ZA Tech became the latest investor of PT Bank Aladin Syariah Tbk, the first Islamic digital bank in Indonesia by further penetrating into our overseas markets. In the future, we will be committed to playing dual roles - as an investor and as a technology export business partner, and will actively expand the business ecosystem for PT Bank Aladin Syariah Tbk. PT Bank Aladin Syariah Tbk, as a Future Sharia Bank, is committed to expanding the Islamic finance territory in Indonesia. This investment partnership demonstrates ZhongAn's commitment to promoting financial inclusion in Indonesia and is a product of the combination of Islamic digital banking services and InsurTech. By conducting insurance transactions through modern digital means, a wider group of the population can have access to digital insurance products at a more affordable price.

Management Discussion and Analysis

In the same month, ZA Tech cooperated with local partners in Japan to serve Sumitomo Life Insurance ("Sumitomo"), Japan's leading life insurance group, and launched an innovative heatstroke coverage on PayPay, the largest mobile payment platform in Japan, which is widely favoured by the market. In the future, ZA Tech will continue to assist Sumitomo to launch more similar products by virtue of excellent technology to further promote the digitalization of its business.

In May 2022, PT. Web Proteksi Solusindo (WPS), the strategic insurance brokerage partner of ZA Tech, and PT China Life Insurance Indonesia ("CLII") have entered into a sales cooperation agreement. ZA Tech, as one of the strategic partners of this cooperation, with leading digital InsurTech solutions, can help CLII to further tap into a wider Indonesian market and provide a simpler and more efficient insurance application process.

In December 2022, ZA Tech reached a strategic partnership with Carro, the largest used car trading platform in Southeast Asia, and entered into an agreement to establish a joint venture. Through Fusion, ZA Tech's insurance finance solutions, Carro will further optimize the online insurance distribution and claim settlement process for its insurance partners, including Income, Mitsui Sumitomo Insurance, Allianz, Zurich, DirectAsia and Takaful Malaysia, and jointly develop applications such as ChatGPT and other generative AI tools to assist customers in comparing and selecting insurance products. The first phase of the cooperation between ZA Tech and Carro will focus on auto insurance, and the next step is to expand the product portfolio to include property, medical and life insurance.

During the Reporting Period, ZA Tech recorded revenue from technology export of approximately RMB301 million, of which sustainable revenue accounted for 44%, representing an increase of 10 percentage points as compared with the corresponding period last year.

Virtual Bank and Virtual Insurance in Hong Kong

ZA Bank, our subsidiary and a virtual bank in Hong Kong, became one of the first banks in Hong Kong to be granted a virtual banking license on March 27, 2019, and officially commenced operation on March 24, 2020. ZA Bank aims to develop into a one-stop financial service platform in Hong Kong to provide diversified, convenient and inclusive financial services to retail users and SMEs. ZA Bank uses technology to reshape users' financial experiences, leverages its advantages in user feedback, product innovation capabilities, and business qualifications to upgrade its services, and collaborates with its peers to promote Hong Kong's move towards the new era of "Banking 2.0". In 2022, ZA Bank stood out in the highly competitive Asian banking industry with outstanding user experience and fast iterative product matrix, and ranked first in Sia Partners' ranking of Mobile Banking in Hong Kong and Singapore 2022.

On the retail banking side, in addition to traditional banking products and services, ZA Bank has continuously created iterative and innovative gamification experiences to improve users' preference and activeness. As at December 31, 2022, ZA Bank had more than 650,000 retail customers, representing a penetration rate of approximately 10% of the overall population aged 18 or above in Hong Kong. In 2022, the average monthly active users of the ZA Bank APP accounted for nearly 50% of the total, with an average monthly card usage of nearly 15 times, twice of the average of VISA card in Hong Kong.

In addition, ZA Bank has actively developed its wealth management, insurance products and foreign exchange functions, and continuously improved its offerings. In January 2022, it became the first virtual bank in Hong Kong to be granted a Type 1 regulated activity (dealing in securities) license by the Securities and Futures Commission. Subsequently, ZA Bank officially launched its fund investment business in August 2022, and partnered with world-renowned fund companies to offer nearly 100 public offering fund products as of December 31, 2022. In April 2022, ZA Bank established a bancassurance partnership with Generali Life (Hong Kong) Limited to provide a variety of life protection products for retail users of ZA Bank. In November, through partnership with a global FinTech company Wise PLC (LON: WISE), ZA Bank became the first bank in Hong Kong to provide international remittance services with zero exchange rate premium or hidden cost, and it is also the first Neobank in East Asia to cooperate with the Wise Platform. In December 2022, ZA Bank launched a zero-fee currency exchange service to serve users around the clock with a 24/7 foreign exchange trading platform.

On the commercial banking side, in order to further promote the concept of inclusive finance in Hong Kong, ZA Bank announced the launch of the sandbox pilot for express online corporate account opening in December, which shorten the time spent on account opening of the corporate customer to one working day at the earliest.

So far, ZA Bank has become one of the virtual banks with the most comprehensive functions in the Hong Kong market, building a one-stop integrated financial service platform through its mobile APP, which operates fully in a digitalized mode, and providing users with 24-hour digital banking services such as deposits, loans, transfers, consumption, insurance, investment and corporate banking.

As at December 31, 2022, ZA Bank had a deposit balance of approximately HKD9,172 million and a loan balance of approximately HKD4,881 million, with the loan-to-deposit ratio increasing by approximately 17 percentage points to 53.2% from 36.1% as at December 31, 2021. Meanwhile, as we enriched our loan products and improved our loan-to-deposit ratio, ZA Bank's net interest margin increased to 1.84% in 2022 from 0.91% for the corresponding period last year. During the Reporting Period, with the launch of new products, ZA Bank has significantly improved its monetization, recording a net revenue of approximately HKD274 million, of which non-interest income accounted for approximately 30.0%. Meanwhile, ZA Bank focused on business quality and operating efficiency improvement, and the net loss margin[1] narrowed by approximately 233 percentage points to 181.8% from 414.4% in 2021.

In terms of virtual insurance business, ZA Insure implemented the ideology of offering affordable insurance services, and provided users with insurance products and services that "everyone can afford" through a 24/7 online platform, including life insurance, voluntary health insurance, cancer insurance, accident insurance and heart attack and stroke insurance. In 2022, ZA Insure deepened the bancassurance partnership with ZA Bank and continued to launch "ZA Savings Insurance" series on the ZA Bank APP to provide fundamental protections for users' health and wealth. During the Reporting Period, ZA Insure achieved GWP of HKD414 million, representing a year-on-year increase of approximately 2.16 times.

Asset Management of Onshore Insurance Funds

As of December 31, 2022, the total investment assets of our domestic insurance funds amounted to approximately RMB 36,515 million, among which cash, amounts due from banks and other financial institutions accounted for 5.6%, fixed income investments accounted for 67.7% (out of which bonds and bonds funds represented 55.0%), stock and equity funds accounted for 10.7% and unlisted equities represented 16.0%.

The Group has adopted HKFRS 9 'Financial instruments' since January 1, 2022 to replace HKAS 39 'Financial instruments: recognition and measurement', which resulted in intensified fluctuations in total investment income[2] at the time of market volatility.

In 2022, global macroeconomic conditions were challenged and capital markets performed poorly the CSI 300 Index dropped by 21.6% and segment performance continued its diverging trend. The Company recorded a year-on-year decrease in investment yield of asset management of insurance funds because of the combined effect of capital markets headwinds switch from old accounting standards to new ones, fluctuations in market interest rates and increase in impairment provisions. The total investment income decreased from RMB2,080 million in 2021 to the total investment loss of RMB377 million, of which the net investment income was RMB1,194 million (2021: RMB1,939 million) and net loss on fair value changes was RMB1,562 million (2021: net gain on fair value changes of RMB119 million).

In 2022, the total investment yield and net investment yield was approximately -1.0% and approximately 3.2%, respectively (2021: total investment yield of 6.7%; net investment yield of 2.5%). The Company will continue to focus on macro strategies and fundamental research of underlying assets, optimize insurance fund asset allocation, balance the allocation of long-term assets with stable performance and short-term capital market trading opportunities, and prioritize low-risk fixed income assets while moderately participating in risky asset investment opportunities. The Company will continue to explore excess return from asset allocation and security selection on top of matching asset and liability durations. Currently, the creditworthiness of the fixed income assets we invest in maintain at a sound level. As of December 31, 2022, among the domestic bonds we invested in, 99.5% received external credit ratings of AA (domestic) level or above and approximately 87.9% received external credit ratings of AAA (domestic) level.

In 2023, we will continue to adhere to a sound and prudent investment philosophy and, based on view of the macro economy and risk/return profile of various asset classes, strictly control the scale of equity investment by dynamically adjusting the proportion of equity investment in the secondary market, and will tilt towards high dividend stocks. At the same time, with an aim of securing stable investment yield, we will maintain a stable proportion of fixed-income assets and maintain credit risk appetite. We will also seize investment opportunities in capital markets and continue to serve the needs of insurance fund asset management.

1 Net loss margin equals net loss divided by net revenue.

2 Total investment income equals the sum of net investment income, net fair value changes through profit or loss and share of net profit/(loss) of associates and joint ventures less impairment relating to investment assets.

Management Discussion and Analysis

Outlook

In future, we will continue to stick to the dual-engine growth strategy of "Insurance + Technology", adhere to "growth with quality", enhance brand building, and integrate technology development and innovation into the whole process of insurance and continuously optimize underwriting operating efficiency and customers' experience. At the same time, we will continue to export our InsurTech capability to domestic and overseas markets to empower all participants from upstream to downstream of the insurance industrial chain, and become the best partner during the digital transformation of the global insurance industry. In addition, we will maintain our focus in the Hong Kong financial market and promote innovation in the FinTech sector of Hong Kong with technologies, and provide new experience for users.

Financial Review

For the year ended December 31, 2022, we continued to take advantage of development opportunities in the InsurTech market and achieved steady growth and stronger underwriting profitability. We focused on business quality and invested more in refined management and digitalization business. For the year ended December 31, 2022, the Group's total income reached approximately RMB23,352 million, representing a year-on-year increase of 6.4%.

The following table sets forth key financial data for the year ended December 31, 2022 and the year ended December 31, 2021:

	For the Year Ended December 31	
	2022 RMB'000	2021 RMB'000
Total income	23,352,149	21,940,360
Net (loss)/profit	(1,633,011)	757,099
Total comprehensive income	(1,836,881)	599,703
(Loss)/profit per share		
– Basic (RMB yuan)	(0.92)	0.79
– Diluted (RMB yuan)	(0.92)	0.79

The following table sets forth key financial indicators as at December 31, 2022 or for the year ended December 31, 2022 and as at December 31, 2021 or for the year ended December 31, 2021:

	As at December 31 or for the Year Ended December 31	
	2022	2021
Group		
Return on assets(1)	(2.6)%	2.4%
Return on equity(2)	(8.5)%	7.2%
Gearing ratio(3)	68.8%	63.0%
Net investment yield(4)	3.3%	2.4%
Total investment yield(5)	(0.2)%	6.0%
Insurance business		
Net investment yield(4)	3.2%	2.5%
Total investment yield(5)	(1.0)%	6.7%

Notes:

(1) Return on assets equals net profit/(loss) attributable to owners of the parent divided by the average of the opening and closing balances of total assets of the period.

(2) Return on equity equals net profit/(loss) attributable to owners of the parent divided by the average of the opening and closing balances of the equity attributable to owners of the parent of the period.

(3) Gearing ratio equals total liabilities (excluding capital supplementary bonds and subordinated term debts) divided by total assets.

(4) Net investment yield equals the sum of interest income, dividend income and share of net profit/(loss) of associates and joint ventures for the period as a percentage of the average of the opening and closing balances of total investment assets of the period. The interest income and the opening and closing balances of total investment assets of the period exclude the impact of USD notes issuance.

(5) Total investment yield equals total investment income (defined as the sum of net investment income, net fair value changes through profit or loss and share of net profit/(loss) of associates and joint ventures less impairment relating to investment assets) for the period as a percentage of the average of the opening and closing balances of total investment assets of the period. The net interest income and the opening and closing balances of total investment assets of the period exclude the impact of USD notes issuance.

Domestic P&C Insurance Underwriting Business

The following table sets forth the selected financial data of the underwriting business of the Company (life insurance business in Hong Kong) and data as a percentage of net earned premiums for the corresponding periods:

	For the Year ended December 31			
	2022		2021	
	RMB'000	%	RMB'000	%
Net premiums earned	21,917,480	100.0	18,779,811	100.0
Net claims incurred	12,094,999	55.2	10,812,803	57.6
Insurance operating expenses	9,493,719	43.3	7,891,889	42.0
Underwriting profit	328,762	1.5	75,119	0.4

	For the Year ended December 31	
	2022	2021
Retention ratio[(1)]	97.2%	94.4%
Loss ratio[(2)]	55.2%	57.6%
Expense ratio[(3)]	43.3%	42.0%
Combined ratio[(4)]	98.5%	99.6%

Notes:

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

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

Management Discussion and Analysis

1. **Gross written premiums**

GWP 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.

Gross written premiums increased by approximately 16.1% from approximately RMB20,371 million for the year ended December 31, 2021 to approximately RMB23,651 million for the year ended December 31, 2022. We continued to optimize our product structure in order to achieve growth with quality. Benefiting from deep cooperation with our business partners and refined operation of proprietary channels, our products such as shipping return policy and health insurance, have seen rapid growth.

The following table sets forth the breakdown of the GWP by insurance product category for the periods:

	For the Year Ended December 31		
	2022 RMB'000	2021 RMB'000	% of change
Health insurance	9,229,555	7,341,552	25.7%
Accidental insurance	1,722,843	2,018,508	(14.6%)
Bond insurance	4,052,369	4,084,174	(0.8%)
Motor insurance	1,219,856	941,851	29.5%
Credit insurance	655,589	702,439	(6.7%)
Household property insurance	450,744	452,129	(0.3%)
Cargo insurance	52,327	178,449	(70.7%)
Liability insurance	275,825	193,369	42.6%
Others[(1)]	5,991,990	4,458,689	34.4%
Of which:			
Shipping return insurance	5,039,358	3,685,489	36.7%
Total	23,651,098	20,371,160	16.1%

Note:

(1) The CBIRC recognizes the following types of property and casualty insurance products: accidental insurance, bond insurance, health insurance, liability insurance, credit insurance, cargo insurance, household property insurance, motor insurance and others. "Others" primarily consists of shipping return insurance, which is categorized as such based on its policy terms in our periodic reports submitted to the CBIRC.

2. **Premiums ceded to reinsurers**

The premiums ceded to reinsurers decreased from approximately RMB1,151 million for the year ended December 31, 2021 to approximately RMB665 million for the year ended December 31, 2022, of which the ceded premiums of health insurance increased by approximately RMB184 million with the increase in gross written premiums of health insurance, and the ceded premiums of bond insurance and credit insurance decreased by approximately RMB703 million.

We continued to carry out a robust reinsurance policy for the year ended December 31, 2022 to diversify risk, stabilize the Company's operation and support the Company's long term growth. Currently, the Company has gradually cooperated with more reinsurers, including but not limited to Peak Reinsurance Company Limited, AXA China Region Insurance Company (Bermuda) Limited and Assicurazioni Generali Societa per Azioni.

3. **Net change in unearned premium reserves**

Unearned premium reserves are portions of written premiums relating to unexpired risk of insurance coverage. Net change in unearned premium reserves increased by approximately RMB628 million to approximately RMB1,069 million for the year ended December 31, 2022 from approximately RMB441 million for the year ended December 31, 2021 due to the increase in total GWP.

4. **Net premiums earned**

Net premiums earned represent net written premiums less net change in unearned premium reserves. As a result of the increase in total GWP, net premiums earned increased by approximately 16.7% from approximately RMB18,780 million for the year ended December 31, 2021 to approximately RMB21,917 million for the year ended December 31, 2022.

5. **Net claims incurred**

Net claims incurred represent gross claims paid less claims paid ceded to reinsurers, as adjusted by net change in claim reserves. Net claims incurred increased by approximately 11.9% from approximately RMB10,813 million for the year ended December 31, 2021 to approximately RMB12,095 million for the year ended December 31, 2022, among which net claims for bond insurance and other insurance rose by approximately RMB713 million and approximately RMB1,396 million, respectively, from the year ended December 31, 2021 to for the year ended December 31, 2022, and net claims for health insurance decreased by approximately RMB458 million from for the year ended December 31, 2021 to for the year ended December 31, 2022.

6. **Handling charges and commissions**

Handling charges and commissions represent fees paid to insurance agents for the distribution of our policies less reinsurance commission income. Handling charges and commissions increased by approximately 12.9% from approximately RMB1,770 million for the year ended December 31, 2021 to approximately RMB1,999 million for the year ended December 31, 2022.

7. **General and administrative expenses**

General and administrative expenses primarily include advertising and marketing expenses, consulting and technical fee, employee benefit expenses, impairment loss, amortization of intangible assets, depreciation of right-of-use assets, and other miscellaneous general and administrative expenses. General and administrative expenses amounted to approximately RMB7,473 million for the year ended December 31, 2022, representing a year-on-year increase of 23.3%.

Management Discussion and Analysis

Investment Business

In 2022, the Group's investing activities consisted of (i) equity investment; (ii) proprietary trading of bonds and other asset management products; and (iii) entrustment of third-party asset management companies for purchase of stock, bonds and other asset management products.

8. Composition of investment assets

We adhere to a sound and prudent investment philosophy, strengthen asset allocation management and risk management, and continue to serve the investment management needs of insurance funds and banking funds. The following table shows the composition of our investment assets as at the following dates:

	December 31, 2022		December 31, 2021	
	Balance RMB'000	As percentage of the total investment assets %	Balance RMB'000	As percentage of the total investment assets %
By category:				
Cash and amounts due from banks and other financial institutions	3,526,174	8.8%	**4,300,693**	**10.5%**
Fixed income investments	31,006,359	77.5%	**32,463,925**	**79.4%**
Term deposits	340,699	0.9%	330,000	0.8%
Money market fund	207,838	0.5%	471,786	1.2%
Bonds	18,729,702	46.8%	17,700,400	43.3%
Bond funds	7,294,004	18.2%	5,574,016	13.6%
Others[(1)]	4,434,116	11.1%	8,387,723	20.5%
Equity and equity funds	5,493,674	13.7%	**4,122,198**	**10.1%**
Stocks	1,428,327	3.6%	745,496	1.8%
Equity funds	3,113,159	7.8%	2,411,844	5.9%
Equity of unlisted companies	952,188	2.4%	964,858	2.4%
Total investment assets	40,026,207	100.0%	**40,886,816**	**100.0%**

Note:

(1) Other fixed income investments include: statutory reserves, securities purchased under agreements to resell, wealth management products and trust investment schemes

As at December 31, 2021 and December 31, 2022, we had total investment assets of approximately RMB40,887 million and approximately RMB40,026 million respectively, and total investment assets accounted for approximately 79.0% and 73.4% of our total assets, respectively. As at December 31, 2022, cash and amounts due from banks and other financial institutions and fixed income investments together represented approximately 86.3% of our total investment assets.

9. **Cash and amounts due from banks and other financial institutions**

Cash and amounts due from banks and other financial institutions primarily include cash, deposits with original maturity of no more than three months and placements with banks. Cash and amounts due from banks and other financial institutions decreased from approximately RMB4,301 million as at December 31, 2021 to approximately RMB3,526 million as at December 31, 2022, primarily due to the net cash outflows from operation activities, details of which are set out in the section headed "Cash Flow".

10. **Bonds**

Bonds included government bonds, financial bonds, corporate bonds and negotiable certificate of deposit. As at December 31, 2022, 95.0% of the bonds the Group held received external ratings of AA (domestic) level or above, or BBB- (international) level or above. The Group's investment in bonds increased from approximately RMB17,700 million as at December 31, 2021 to approximately RMB18,730 million as at December 31, 2022.

11. **Stocks and equity funds**

The Group's investment in stocks increased from approximately RMB745 million as at December 31, 2021 to approximately RMB1,428 million as at December 31, 2022, and the investment in equity funds increased from approximately RMB2,412 million as at December 31, 2021 to approximately RMB3,113 million as at December 31, 2022. We focus on the balance between the allocation of assets with long-term stable performance and short-term trading opportunities in the capital markets, and strictly control the scale of equity assets by adjusting the allocation of equity assets in the secondary market in a timely manner.

Management Discussion and Analysis

12. Net Investment Income

	For the Year Ended December 31		
	2022 RMB'000	2021 RMB'000	Change %
Interest income			
– Bank deposits	43,463	91,699	(52.6%)
– Bond investments	582,032	579,035	0.5%
– Securities purchased under agreements to resell	2,017	10,365	(80.5%)
– Trust investment scheme	44,288	56,243	(21.3%)
Dividend income			
– Fund investment	354,895	71,057	399.5%
– Equity investment	10,079	15,785	(36.2%)
– Wealth management products	297,610	128,851	131.0%
Realized gain, net	425,977	1,114,886	(61.8%)
	1,760,361	2,067,920	(14.9%)

Net investment income is comprised of interest income from bonds, trust investment schemes, bank deposits and securities purchased under agreements to resell, dividend income from fund investment, wealth management products and equity investment, and realized gains or losses on securities transactions and available-for-sale securities. The Group recorded net investment income of approximately RMB2,068 million and approximately RMB1,760 million for the years ended December 31, 2021 and 2022, respectively. We closely monitor the market and make diversified asset allocation based on our judgement.

13. Net fair value changes through profit or loss

Net fair value changes through profit or loss represent net fair value change on financial assets measured at fair value through profit or loss. We recorded net loss on fair value changes of approximately RMB1,803 million for the year ended December 31, 2022, compared to the net gain on fair value changes of approximately RMB127 million for the year ended December 31, 2021. The changes were primarily due to the intensified headwinds of the capital market.

Technology Export

Revenue generated from the technology export business of ZhongAn Technology and ZATI rose from approximately RMB520 million for the year ended December 31, 2021 to approximately RMB592 million for the year ended December 31, 2022. Since the technology export business is still in the early stage with investment in product R&D and regional business development, the technology segment incurred net loss of approximately RMB220 million for the year ended December 31, 2022, representing a year-on-year decrease of approximately 42.9%.

Virtual Bank

ZA Bank, our virtual banking subsidiary in Hong Kong, officially commenced operation on March 24, 2020. It generated net revenue of approximately HKD274 million for the year ended December 31, 2022 and approximately HKD133 million for the year ended December 31, 2021.

Overall Results

14. Total income

Total income represents the sum of net premiums earned, net investment income, net fair value changes through profit or loss and other income. Total income increased by approximately 6.4% from approximately RMB21,940 million for the year ended December 31, 2021 to approximately RMB23,352 million for the year ended December 31, 2022.

15. (Loss)/Profit before income tax

Total loss before income tax of the Group was approximately RMB2,016 million for the year ended December 31, 2022, compared with total profit before tax of approximately RMB829 million for the year ended December 31, 2021.

16. Income tax

Under the Enterprise Income Tax Law of the People's Republic of China (中華人民共和國企業所得稅), the Company and some of its subsidiaries are subject to the statutory rate of 25%. We had income tax expense of approximately RMB72 million and income tax credit of approximately RMB383 million for the year ended December 31, 2021 and 2022, respectively, which were primarily due to the combined impact of taxable income and deferred income tax.

17. Net (loss)/profit

The Group recorded a net loss of approximately RMB1,633 million for the year ended December 31, 2022 compared to a net profit of approximately RMB757 million for the year ended December 31, 2021. The Group recorded net loss during the Reporting Period, mainly due to the significant decrease in investment income (on the one hand, due to the overall sluggish performance of capital markets in 2022; on the other hand, due to the adoption of HKFRS 9 "Financial Instruments" by the Group since January 1, 2022 to replace HKAS 39 "Financial Instruments: Recognition and Measurement", which led to a decrease in the contribution of investment income to net profit of the Reporting Period.) and the unrealized exchange losses on the Company's USD-denominated bonds payable as a result of the appreciation of the US dollar against RMB.

Cash Flow

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

	For the Year Ended December 31	
	2022 RMB'000	2021 RMB'000
Net cash flows used in operating activities	**(701,908)**	(602,953)
Net cash flows generated from/(used in) investing activities	**158,036**	(5,941,883)
Net cash flows generated from financing activities	**236,030**	2,194,949
Effects of exchange rate changes on cash and cash equivalents	**160,477**	(103,121)
Net decrease in cash and cash equivalents	**(147,365)**	(4,453,008)
Cash and cash equivalents at the beginning of year	**3,765,029**	8,218,037
Cash and cash equivalents at the end of year	**3,617,664**	3,765,029

Management Discussion and Analysis

We had net cash flows used in operating activities of approximately RMB702 million for the year ended December 31, 2022, which comprised cash inflow from underwriting business and other operating activities of approximately RMB27,583 million, offset by the cash outflows from claims and other operating expenses of approximately RMB12,066 million and approximately RMB16,219 million, respectively.

We had net cash flows from investing activities of approximately RMB158 million for the year ended December 31, 2022, whereas our net cash outflow for the year ended December 31, 2021 was approximately RMB5,942 million. This was primarily due to the decrease in the purchase of investment assets.

We had net cash flows from financing activities of approximately RMB236 million for the year ended December 31, 2022, which primarily consisted of (i) net increase in securities sold under agreements to repurchase of approximately RMB1,302 million, (ii) proceeds from capital injection by non-controlling interests of approximately RMB712 million, and (iii) considerations paid for redemption of preference shares, payment of bonds and interest paid of approximately RMB996 million, RMB347 million and RMB279 million , respectively.

Indebtedness

On July 16, 2020, September 8, 2020 and October 12, 2020, the Company issued the 2025 Notes, 2026 Notes and Additional Notes (each as defined in the section headed "Use of Proceeds"). During the year ended December 31, 2022, the Company repurchased notes with a total principal amount of USD49,900 thousand on the Hong Kong Stock Exchange.

In 2021, ZhongAn Technology applied for a twelve-month working capital loan and domestic letter of credit from China Merchants Bank with a credit line of RMB150 million. As of December 31, 2022, the balance of our borrowings was RMB148 million.

Save as disclosed in this annual report, as of December 31, 2022, the Group 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.

18. Significant investments

We did not hold any significant investments during the year ended December 31, 2022 (including any investment in an investee company with a value of 5% or more of the Company's total assets as of December 31, 2022).

19. Material acquisitions and disposals

Save as disclosed in this annual report, we did not have any material acquisitions or disposals of subsidiaries, associated companies or joint ventures during the year ended December 31, 2022.

20. Future plans for material investments and capital assets

As of December 31, 2022, we did not have other plans for material investments and capital assets.

21. Pledge of assets

Save as disclosed in this annual report, as at December 31, 2022, none of the Group's assets were pledged.

22. Gearing ratio

As of December 31, 2022, our gearing ratio, calculated as total liabilities (excluding capital supplementary bonds and subordinated term debts) divided by total assets, was approximately 68.8%, representing an increase of 5.8 percentage points as compared with approximately 63.0% as of December 31, 2021.

23. Foreign exchange risk

The Group operates principally in the PRC, and RMB is the Group's functional currency and financial reporting currency. Some of the Company's subsidiaries businesses (including virtual banking business and virtual insurance business in Hong Kong and overseas technology export business) are denominated in foreign currencies (including Hong Kong dollar, United States dollar, Japanese yen, Singapore dollar, Euro and Indonesia Rupiah). Assets denominated in foreign currencies held by the Group are exposed to foreign exchange risks. Such assets include debt instruments at fair value through other comprehensive income, loans and advances to customers, cash and amounts due from banks and other financial institutions that are denominated in foreign currencies. The Group's liabilities denominated in foreign currencies, including customer deposits and bonds payable denominated in foreign currencies, are also exposed to exchange rate risk.

24. Contingent liabilities

As of December 31, 2022, we did not have any material contingent liabilities.

25. Off-balance sheet commitments and arrangements

As of December 31, 2022, we did not enter into any off-balance sheet arrangements.

26. Events after the Reporting Period

On January 12, 2023, the Company entered into the Personal Credit Guarantee Insurance Cooperation Agreement with Ping An Bank Credit Card Centre (平安銀行股份有限公司信用卡中心) ("**PABC**"), pursuant to which the Company agreed to provide insurance services for PABC's personal credit card cash instalment products (the "**PABC CCT**"). The transactions contemplated under the Personal Credit Guarantee Insurance Cooperation Agreement constitute continuing connected transactions of the Company under the Listing Rules. The Company will report details of the PABC CCT in the next annual report for the year ended December 31, 2023 in accordance with the requirements of the Listing Rules.

Save as disclosed in this annual report and in this section, there are no other significant events that may have an impact on the Group from December 31, 2022 to the Latest Practicable Date.

27. Employees and remuneration policies

As at December 31, 2022, the Group had 3,969 full-time employees. The number of employees employed by the Group varies from time to time depending on business needs. Employee remuneration is determined in accordance with prevailing industry practice and employees' educational backgrounds, experiences and performance. The remuneration policy and package of the Group's employees are periodically reviewed. Apart from pension funds, in-house training programs, discretionary bonuses, medical insurance and mandatory provident fund, share awards may be granted to employees according to the assessment of individual performance.

Compensation of key executives of the Group is reviewed and determined by the Company's nomination and remuneration management committee based on the Group's performance and the executives' respective contributions to the Group.

The total employee benefit cost (including directors' and supervisors' remuneration) incurred by the Group for the year ended December 31, 2022 was RMB2,633 million.

Directors, Supervisors and Senior Management

Basic Information of Directors, Supervisors and Senior Management

Name	Position/Title	Age	Date of Appointment
Xing Jiang(1)	Executive Director	46	November 28, 2022
	Chief executive officer		July 18, 2019
	General manager		October 27, 2022
Gaofeng Li(2)	Executive Director	45	November 28, 2022
	Chief financial officer		March 23, 2020
	Vice general manager and chief investment officer		January 23, 2019
Yaping Ou(3)(4)	Chairman of the Board	60	November 14, 2013
	Non-executive Director		November 28, 2022
Hugo Jin Yi Ou(3)(5)	Non-executive Director	30	November 28, 2022
Liangxun Shi	Non-executive Director	57	November 18, 2019
Gang Ji(6)	Non-executive Director	48	January 28, 2022
Shuang Zhang(7)	Non-executive Director	51	November 28, 2022
Hui Chen(8)	Independent non-executive Director	56	December 21, 2016
Wei Ou	Independent non-executive Director	64	December 19, 2019
Vena Wei Yan Cheng(9)	Independent non-executive Director	44	January 28, 2022
Gigi Wing Chee Chan(10)	Independent non-executive Director	47	November 28, 2022
Hai Yin(11)	Independent non-executive Director	50	November 28, 2022
Yuping Wen	Chairman of the Supervisory Committee	42	November 29, 2013
Limin Guo(12)	External Supervisor	59	January 28, 2022
Haijiao Liu	Employee representative Supervisor	38	May 14, 2018
Min Wang	Executive vice general manager	38	July 24, 2019
	Secretary of the Board		May 14, 2018
Francis Yui Man Tang	Vice general manager	59	July 10, 2018
Yongbo Zhang	Vice general manager and chief legal officer	44	April 20, 2018
	Compliance director		November 8, 2013
Nan Yang	Vice general manager	35	April 2, 2021
Zhenhua Song	Vice general manager	46	July 13, 2021
Liqun Han(13)	Assistant general manager	47	January 18, 2023
	Chief development officer		August 16, 2021
Yang Yu	Assistant general manager	41	July 12, 2022
	Chief risk management officer		July 22, 2022
Rui Sun	Financial director	39	June 21, 2019
Hai Lin	Chief actuary	50	January 2, 2020
Xiaoming Wang	Audit director	41	April 14, 2020

Notes:

(1) Xing Jiang was appointed as the General Manager of the Company on October 27, 2022, and appointed as an executive Director of the Company on November 28, 2022.

(2) Gaofeng Li was appointed as an executive Director of the Company on November 28, 2022.

(3) Hugo Jin Yi Ou is the son of Yaping Ou.

(4) Yaping Ou changed from being an executive Director to being a non-executive Director of the Company after the re-election of the Board on November 28, 2022.

(5) Hugo Jin Yi Ou changed from being an executive Director to being a non-executive Director of the Company after the re-election of the Board on November 28, 2022.

(6) Gang Ji was appointed as a non-executive Director of the Company on January 28, 2022.

(7) Shuang Zhang changed from being an independent non-executive Director to being a non-executive Director of the Company after the re-election of the Board on November 28, 2022.

(8) Hui Chen ceased to be a member of the Board after the re-election of the Board on November 28, 2022.

(9) Vena Wei Yan Cheng was appointed as an independent non-executive Director of the Company on January 28, 2022.

(10) Gigi Wing Chee Chan was appointed as an independent non-executive Director of the Company on November 28, 2022.

(11) Hai Yin was appointed as an independent non-executive Director of the Company on November 28, 2022.

(12) Limin Guo was appointed as an external Supervisor of the Company on January 28, 2022.

(13) Liqun Han was appointed as an assistant general manager of the Company on January 18, 2023.

Major working experiences and concurrent positions of Directors, Supervisors and Senior Management

Executive Directors

Xing Jiang (姜興), aged 46, commenced his term of office as executive Director of the Company on November 28, 2022. He is also the general manager and chief executive officer of the Company, a member of the Strategy and Investment Decision Committee of the Board of the Company, and an executive director of ZhongAn Technology, a subsidiary of the Company. Mr. Jiang joined the Group in April 2014. Mr. Jiang obtained a bachelor's degree of engineering in computer and applications from the Hunan Finance and Economics Institute (湖南財經學院) (which, has merged with Hunan University into the current Hunan University) 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 Group, 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).

Gaofeng Li (李高峰), aged 45, commenced his term of office as executive Director of the Company on November 28, 2022. He is also a member of the Strategy and Investment Decision Committee of the Board of the Company, our vice general manager, the chief financial officer and the chief investment officer. Mr. Li studied computer science and technology at Tianjin University and obtained his bachelor's degree in engineering in June 2000. Mr. Li has extensive experience in the financial industry and nearly 20 years of management experience, and has an in-depth understanding of China's capital markets. Prior to joining our Group, Mr. Li has served as the head of Everbright Securities Co., Ltd's (光大證券股份有限公司) Chengdu business department from December 2003 to July 2007, the vice general manager of Cinda Securities Co., Ltd's (信達證券股份有限公司) marketing service center from July 2007 to January 2013, as well as the vice general manager, assistant general manager and secretary of the board of directors of Everbright Yongming Asset Management Co., Ltd (光大永明資產管理股份有限公司) from January 2013 to April 2018.

Non-Executive Directors

Yaping Ou (歐亞平), aged 60, has been the chairman of the Board since November 2013. Mr. Ou joined our Group in November 2013, and is also a non-executive Director and the chairman of the Strategy and Investment Decision Committee of the Board of the Company. 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, a company listed on the Hong Kong Stock Exchange (stock code: 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), a substantial shareholder of the Company since 2000, as well as the chairman of ZA Bank Limited, ZhongAn Financial Services Limited and ZA Life Limited. Mr. Ou is the father of Mr. Hugo Jin Yi Ou who is also a non-executive Director of the Company.

Hugo Jin Yi Ou (歐晉羿), aged 30, is a non-executive Director and a member of the Nomination and Remuneration Management Committee of the Board of the Company. Mr. Ou joined our Group in July 2017. Mr. 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 (stock code: 1168), a company whose shares are listed on the Hong Kong Stock Exchange, since January 2016. Mr. Ou is also a director of ZhongAn Technologies International Group Limited, a subsidiary of the Company, as well as a director of ZAKC Limited, ZA International Financial Services Limited, ZhongAn Financial Services Limited, ZhongAn Digital Asset Group Limited, ZA Tech Global Limited, ZA Bank Limited, ZA Tech Global (Cayman) Limited and Granada Protect Pte. Ltd.. He 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. Mr. Ou is a son of Mr. Yaping Ou who is the chairman of the Board.

Directors, Supervisors and Senior Management

Liangxun Shi (史良洵), aged 57, is a non-executive Director and a member of the Strategy and Investment Decision Committee of the Board of the Company. Mr. Shi joined our Group in November 2019. Mr. Shi obtained a master's degree in Science from Shanghai Institute of Mechanical Engineering. He is currently the general manager of Ping An Property and Casualty Insurance Company of China, Ltd. ("Ping An P&C"). Mr. Shi joined Ping An Insurance (Group) Company of China, Ltd. ("Ping An Insurance") in October 1990 and held various positions including assistant general manager of the financial investment department of Ping An Insurance, deputy general manager of the underwriting department of Ping An P&C, deputy general manager of the non-marine insurance department of Ping An P&C, deputy general manager of the P&C insurance department of Ping An P&C, general manager of the P&C insurance department of Ping An P&C and deputy general manager of Ping An P&C.

Gang Ji (紀綱), aged 48, is a non-executive Director and a member of the Audit and Consumer Rights Protection Committee of the Board of the Company. Mr. Ji joined our Group in January 2022. Mr. Ji graduated from the University of International Business and Economics in Beijing with a bachelor's degree in business administration. Mr. Ji joined Ant Group Co., Ltd. ("Ant Group") (formerly known as Ant Financial) in January 2016 and is currently the vice president and head of the strategic investment and corporate development department of Ant Group, mainly responsible for Ant Group's global strategic investment business. Prior to joining Ant Group, he served as the vice president of Alibaba Group and was responsible for its strategic investments. Mr. Ji is currently a non-executive director of AGTech Holdings Limited, a company listed on GEM of the Hong Kong Stock Exchange (stock code: 8279) and a director of Orbbec Inc. (Stock Code: 688322) and Hundsun Technologies Inc. (Stock Code: 600570).

Shuang Zhang (張爽), aged 51, is a non-executive Director and member of the Strategy and Investment Decision Committee of the Board of the Company. Mr. Zhang joined our Group in November 2013 and was previously an independent non-executive Director of the Company. 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 (桃花源生態保護基金會) since 2015. Mr. Zhang is currently an independent non-executive director of Planetree International Development Limited, a company listed on the Hong Kong Stock Exchange (stock code: 0613). Mr. Zhang has been a project director of the China region at The Nature Conservancy (大自然保護協會) from 2005 to 2015.

Independent Non-Executive Directors

Wei Ou (歐偉), aged 64, is an independent non-executive Director, the chairman of the Nomination and Remuneration Management Committee and a member of the Risk Management and Related Transaction Control Committee of the Board of the Company. Mr. Ou joined our Group in December 2019. Mr. Ou is a senior economist with a post-graduate diploma. Prior to joining our Group, Mr. Ou served as vice president of The People's Bank Of China, Dalian Branch, director of Liaoning Office and Henan Office of former China Insurance Regulatory Commission, general manager of China Property & Casualty Reinsurance Company Ltd., party secretary and president of China Continent Property & Casualty Insurance Company Ltd., and chairman of the supervisory committee of China Life Reinsurance Company Ltd..

Vena Wei Yan Cheng (鄭慧恩), aged 44, is an independent non-executive Director and a member of the Nomination and Remuneration Management Committee and the Audit and Consumer Rights Protection Committee of the Board of the Company. Ms. Cheng joined our Group in January 2022. Ms. Cheng obtained a bachelor of laws from King's College, University of London, and a Postgraduate Certificate in Laws (PCLL) from the University of Hong Kong respectively. Ms. Cheng is admitted to practice law in Hong Kong, New York, and the United Kingdom, and has more than 20 years of experience practicing as a lawyer. Ms. Cheng is currently a consultant at P. C. Woo & Co. also serves as a member of the Beijing Municipal Committee of the Chinese People's Political Consultative Conference, a member of the Hong Kong Housing Authority, and a member of the Hong Kong Innovation and Technology Fund Advisory Committee.

Gigi Wing Chee Chan (陳詠芝), aged 47, is an independent non-executive Director of the Company, and is the Chairperson of the Audit and Consumer Rights Protection Committee and a member of the Risk Management and Related Transaction Control Committee of the Board of the Company. Ms. Chan joined our Group in November 2022. Ms. Chan obtained an EMBA degree from Oxford University in United Kingdom, a master's degree in economics from The University of Hong Kong and a bachelor's degree in business administration in accounting from the Hong Kong University of Science and Technology. She is a licensee of SFC-licensed corporations with a Hong Kong CPA Certificate and has over 25 years of working experience in the financial industry. Ms. Chan also serves as chief executive officer and chairman of the board of Wonder Capital Group Limited, the chairman of the board of Fair Rich Development Limited and the chairman of International Financial and Economic Association (國際金融經貿協會). Ms. Chan was the head and chief operating officer of Janus Capital Group Inc., Asia Pacific, the head of Janus Henderson Investors, Greater China, the chief financial officer of AllianceBernstein, Asia, the assistant manager of Hong Kong Exchanges and Clearing Limited, and the senior accountant of Arthur Andersen (now known as PricewaterhouseCoopers).

Hai Yin (尹海), aged 50, is an independent non-executive Director of the Company, and is the chairman of the Risk Management and Related Transaction Control Committee and a member of the Audit and Consumer Rights Protection Committee. Mr. Yin joined our Group in November 2022. Mr. Yin holds a bachelor's degree in English from Beijing Foreign Studies University and a master's degree in civil and commercial law from Peking University. Mr. Yin is currently the chief product officer of Smart Tech (Hainan) Co., Ltd. Mr. Yin was a trader in the trading department of Bank of China Head Office, a strategic analyst in the trading department of Bank of China Head Office, a head of foreign exchange trading in the Capital Market Department of Bank of China London Branch, a director of Huatai Asset Management Co., Ltd., a marketing director of Huatai Property & Casualty Insurance Co., Ltd., a general manager of Huatai Weiye Shanghai Insurance Brokerage Co., Ltd. (華泰偉業上海保險經紀有限責任公司), a general manager and director of ZhongAn Online P & C Insurance Co., Ltd., and the chairman of CreditEase Insurance Sales&Service (Beijing) Co., Ltd..

Supervisors

Yuping Wen (溫玉萍), aged 42, is the chairman of the Supervisor Committee. Ms. Wen joined our Group in November 2013. 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 chief financial officer 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) with a rich experience in financial management. Ms. Wen served as an accountant in the finance department of Hisense Kelon Electrical Holdings Co., Ltd (海信科龍電器股份有限公司) and a financial manager of Cnhooray Internet Technology Co. Ltd. (深圳日訊網絡科技股份有限公司).

Limin Guo (郭立民), aged 59, is an external Supervisor. Mr. Guo joined our Group in January 2022. Mr. Guo is a senior engineer and holds a master's degree in International Business from Hunan University, an EMBA degree from Hong Kong University of Science & Technology and a bachelor's degree in Chemical Engineering from Beijing Institute of Chemical Industry. Mr. Guo served as the deputy director of Development Planning Commission of Shenzhen Municipality (深圳市發展計劃局), the chairman of Shenzhen Airport Group Co., Ltd., the chief of State-owned Assets Supervision and Administration Commission of Shenzhen Municipality, the chairman of the Board of Shum Yip Group Limited, and the chief of Economy, Trade and Informatization Commission of Shenzhen Municipality (深圳市經濟貿易信息化委員會). In addition, Mr. Guo has served as a non-executive director of Ping An Insurance, Road King Infrastructure Limited and Coastal Greenland Limited. Mr. Guo is an existing non-executive director of E-star Commercial Management Company Limited (a company listed on Stock Exchange, stock code:6668).

Haijiao Liu (劉海姣), aged 38, is the employee representative Supervisor. Ms. Liu joined the Group in April 2013 as the person-in-charge of health insurance business department of the Company. Ms. Liu obtained a bachelor's degree in marketing from Shanghai University of Finance and Economics (上海財經大學), and a master of business administration from China Europe International Business School.

Senior Management

Min Wang (王敏), aged 38, is the executive vice general manager of the Company and the secretary of the Board. Mr. Wang has obtained a doctorate degree in Economics. He has worked in insurance supervision, where he was involved in the development of a number of insurance regulatory measures and became familiar with insurance regulations and industry operations.

Francis Yui Man Tang (鄧銳民), aged 59, is the vice general manager of the Company. Mr. Tang obtained a bachelor's degree in computer science from the University of Victoria (維多利亞大學) in Canada in 1986 and a master's degree in business administration from The City University of New York (紐約市立大學) in USA in 1990. Mr. Tang has worked in finance and corporate management for many years and has extensive financial and management experience.

Yongbo Zhang (張勇博), aged 44, is the vice general manager, the compliance director and the chief legal officer of the Company. Mr. Zhang obtained a master's degree in international economic law from the East China University of Political Science and Law (華東法政大學). He has been an accredited lawyer and was involved in corporate governance and compliance matters at Manulife-Sinochem Life Co., Ltd. (中宏人壽保險有限公司) and Yongcheng Property Insurance Co., Ltd (永誠財產保險股份有限公司).

Nan Yang (楊楠), aged 35, is the vice general manager of the Company. Ms. Yang was graduated from the School of Economics and Management of Tsinghua University and obtained bachelor's degree in Economics. Ms. Nan Yang has extensive experiences in strategy, capital market and investment. Before joining in ZhongAn, Ms. Yang had served in leading investment banking and private equity firms.

Zhenhua Song (宋振華), aged 46, is the vice general manager of the Company. Mr. Song was graduated from the East China University of Science and Technology and obtained bachelor's degree. Mr. Song served in large enterprises such as Ping An, and has multiple experiences in starting up business. Mr. Song has senior technology development background, experiences in Internet products and platform operation, profound theory foundation in insurance field and practical experience of multiple years.

Directors, Supervisors and Senior Management

Liqun Han (韓立群), aged 47, is the assistant general manager and chief development officer of the Company. Mr. Han graduated from Zhejiang University with a master's degree in business administration. Having worked for a number of insurance companies and large corporate groups, Mr. Han has a solid background in the insurance industry as well as many years of management experience in insurance companies and corporate groups.

Yang Yu (于洋), aged 41, is the assistant general manager and chief risk management officer of the Company. Mr. Yu obtained dual bachelor's degrees in Science and Economics from Peking University in 2004 and a master's degree in Artificial Intelligence from the Catholic University of Louvain in 2005. Mr. Yu has rich professional experience in data analysis and risk management. He has served successively as the manager of the Data Analysis Department at Beijing Rainier Technology Co., Ltd., the senior statistical analyst at Experian China and the senior statistical consultant at Accenture China. Before joining in ZhongAn, Mr. Yu worked at China Minsheng Bank as the senior risk manager. He also partook in the founding of Henan Zhongyuan Consumer Finance Co., Ltd. as the head of Risk & Compliance Management.

Rui Sun (孫睿), aged 39, is the financial director of the Company. Mr. Sun graduated with a bachelor's degree in law from the Department of Social Work at Fudan University in July 2005. He has over 10 years of work experience in finance, having worked on technological research relating to U.S. and Hong Kong listings at Deloitte Touche Tomatsu and in other fields including mergers and acquisitions and anti-fraud.

Hai Lin (林海), aged 50, is the chief actuary of the Company. Mr. Lin graduated with a bachelor's degree in science from Fudan University in 1996 and a master's degree in business administration from Shanghai Jiaotong University in 2004. He has more than 10 years of experience in actuarial management at the headquarters of property insurance companies. He served as actuarial director at Guangbo Business Consulting (Shanghai) (光博商務諮詢 (上海)), and as chief actuary or as head of the actuarial department in multiple insurance companies including Yanzhao Property Insurance, Tianan Property Insurance, Yongan Property Insurance, and Bank of China Insurance.

Xiaoming Wang (王曉明), aged 41, is the audit director of the Company, responsible for our Company's internal audit matters. Mr. Wang graduated from Central University of Finance and Economics with a bachelor's degree in accounting and a master's degree in certified public accountant. He possesses the qualifications of certified internal auditor (CIA) and certified anti-money laundering specialist. Mr. Wang has over 15 years of experience in internal audit and management in finance and insurance industries. He successively worked as head of the audit and internal control departments in Ping An Group, Houxiang Group (厚相集團) and Mandao Group (漫道集團), responsible for the overall management of internal audit matters.

Changes to Directors' information

Pursuant to Rule 13.51(B)(1) of the Listing Rules, the changes in information of Directors of the Company are set out below:

1. Ms. Vena Wei Yan Cheng has been appointed as an independent non-executive Director of the Company on January 28, 2022, a member of the Third Nomination and Remuneration Management Committee and the Risk Management and Related Transaction Control Committee of the Company from March 23, 2022 to November 27, 2022 and a member of the Fourth Nomination and Remuneration Management Committee and the Audit and Consumer Rights Protection Committee of the Company on November 28, 2022. In addition, Ms. Cheng was also appointed as a consultant lawyer of P. C. Woo & Co. and ceased to be a senior consultant at Akin Gump Strauss Hauer & Feld.

2. Mr. Gang Ji has been appointed as a non-executive Director of the Company and a member of the Audit and Consumer Rights Protection Committee of the Company on January 28, 2022. In addition, Mr. Ji was also appointed as a director of Orbbec Inc. (Stock Code: 688322) and Hundsun Technologies Inc. (Stock Code: 600570).

3. Mr. Limin Guo has been appointed as an external Supervisor of the Company on January 28, 2022.

4. Mr. Yaping Ou changed from being an executive Director to being a non-executive Director of the Company on November 28, 2022, and ceased to be a member of the Nomination and Remuneration Management Committee of the Company.

5. Mr. Hugo Jin Yi Ou changed from being an executive Director to being a non-executive Director of the Company on November 28, 2022, has been appointed as a member of the Fourth Nomination and Remuneration Management Committee, and ceased to be a member of the Strategy and Investment Decision Committee of the Company. In addition, Mr. Ou was also appointed as a director of Granada Protect Pte. Ltd. And ceased to be a director of Bloom Rewards Limited and A3 Holdings Inc..

6. Mr. Shuang Zhang changed from being an independent non-executive Director to being a non-executive Director of the Company on November 28, 2022, has been appointed as a member of the Fourth Strategy and Investment Decision Committee of the Company, and ceased to be the Chairperson of the Nomination and Remuneration Management Committee of the Company.

7. Ms. Hui Chen ceased to be an independent non-executive Director of the Company, the Chairperson of the Audit and Consumer Rights Protection Committee and a member of the Risk Management and Related Transaction Control Committee on November 28, 2022.

8. Mr. Xing Jiang has been appointed as an executive Director of the Company and a member of the Fourth Strategy and Investment Decision Committee on November 28, 2022.

9. Mr. Gaofeng Li has been appointed as an executive Director of the Company and a member of the Fourth Strategy and Investment Decision Committee on November 28, 2022.

10. Mr. Hai Yin has been appointed as an independent non-executive Director of the Company on November 28, 2022, has been appointed as the Chairperson of the Fourth Risk Management and Related Transaction Control Committee and a member of the Audit and Consumer Rights Protection Committee of the Company.

11. Mr. Wei Ou has been appointed as the Chairperson of the Fourth Nomination and Remuneration Management Committee and a member of the Risk Management and Related Transaction Control Committee of the Company on November 28, 2022, and ceased to be the Chairperson of the Risk Management and Related Transaction Control Committee and a member of the Audit and Consumer Rights Protection Committee of the Company.

Save as mentioned above, there is no other change in the Directors' information required to be disclosed under Rule 13.51B(1) of the Listing Rules since the date of publication of the 2022 interim report.

Corporate Governance Report

The Board of Directors is pleased to report to the Shareholders on the corporate governance of the Company for the year ended December 31, 2022.

Corporate Governance Practices

The Company is committed to maintaining and promoting stringent corporate governance. The principle of the Company's corporate governance is to promote effective internal control measures and to enhance the transparency and accountability of the Board to all Shareholders.

The Company has adopted the principles and code provisions of the CG Code as the basis of the Company's corporate governance practices. In the opinion of the Directors, throughout the year ended December 31, 2022, the Company has complied with all applicable code provisions set out in the CG Code.

Model Code for Securities Transactions

The Company has adopted the Model Code as the code of conduct regarding the Directors' dealings in the securities of the Company. Specific enquiry has been made of all the Directors and they have confirmed that they have complied with the Model Code throughout the year ended December 31, 2022.

Board of Directors

On November 28, 2022, the Company changed the office term of the Board and the fourth session of the Board officially assumed its duties. As at December 31, 2022, the Board of the Company comprised two executive Directors, five non-executive Directors and four independent non-executive Directors.

The details of the Board composition are as follows:

Name of Director	Membership of Board Committee(s)
Executive Directors	
Xing Jiang	Member of the Strategy and Investment Decision Committee
Gaofeng Li	Member of the Strategy and Investment Decision Committee
Non-executive Directors	
Yaping Ou (Chairman of the Board)	Chairperson of the Strategy and Investment Decision Committee
Hugo Jin Yi Ou	Member of the Nomination and Remuneration Management Committee
Liangxun Shi	Member of the Strategy and Investment Decision Committee
Gang Ji	Member of the Audit and Consumer Rights Protection Committee
Shuang Zhang	Member of the Strategy and Investment Decision Committee
Independent Non-executive Directors	
Wei Ou	Chairperson of the Nomination and Remuneration Management Committee and member of the Risk Management and Related Transaction Control Committee
Vena Wei Yan Cheng	Member of the Nomination and Remuneration Management Committee and the Audit and Consumer Rights Protection Committee
Gigi Wing Chee Chan	Chairperson of the Audit and Consumer Rights Protection Committee and member of the Risk Management and Related Transaction Control Committee
Hai Yin	Chairperson of the Risk Management and Related Transaction Control Committee and member of the Audit and Consumer Rights Protection Committee

Hugo Jin Yi Ou is the son of Yaping Ou. Save as disclosed, none of the members of the Board are related to one another.

The biography for each of the Directors and the relationships (including financial, business, family or other material/relevant relationship(s)), if any, between Board members and in particular, between the chairman and the chief executive set out in the section headed "Directors, Supervisors and Senior Management" on pages 38 to 43 of this annual report.

Board Meetings

Code provision C.5.1 of the CG Code stipulates that Board meetings should be held at least four times a year at approximately quarterly intervals with active participation of the majority of the Directors entitled to be present, either in person or through electronic means of communications.

Seven Board meetings and three general meetings of the Company were held during the year ended December 31, 2022.

Apart from regular Board meetings, the chairman of the Board also held meetings with the independent non-executive Directors without the presence of other Directors during the year.

A summary of the attendance record of the Directors at the Board meetings and general meetings held during the year is set out in the table below:

Name of Directors	Number of Board meetings attended/held for the year ended December 31, 2022	Attendance rate	Number of general meetings attended/ held for the year ended December 31, 2022	Attendance rate
Executive Directors				
Xing Jiang[(1)]	1/1	100%	1/1	100%
Gaofeng Li[(2)]	1/1	100%	1/1	100%
Non-executive Directors				
Yaping Ou[(3)]	7/7	100%	1/3	33%
Liangxun Shi	6/7	86%	3/3	100%
Gang Ji[(4)]	6/6	100%	2/3	67%
Shuang Zhang[(5)]	7/7	100%	3/3	100%
Hugo Jin Yi Ou[(6)]	7/7	100%	2/3	67%
Independent Non-executive Directors				
Wei Ou	7/7	100%	3/3	100%
Vena Wei Yan Cheng[(7)]	6/6	100%	3/3	100%
Gigi Wing Chee Chan[(8)]	1/1	100%	1/1	100%
Hai Yin[(9)]	1/1	100%	1/1	100%
Hui Chen[(10)]	6/6	100%	2/2	100%

(1) Appointed on November 28, 2022.

(2) Appointed on November 28, 2022.

(3) Re-designated from executive Director to non-executive Director of the Company after the re-election of the Board on November 28, 2022.

(4) Appointed on January 28, 2022.

(5) Re-designated from independent non-executive Director to non-executive Director of the Company after the re-election of the Board on November 28, 2022.

(6) Re-designated from executive Director to non-executive Director of the Company after the re-election of the Board on November 28, 2022.

(7) Appointed on January 28, 2022.

(8) Appointed on November 28, 2022.

(9) Appointed on November 28, 2022.

(10) Ceased to be a member of the Board after the re-election of the Board on November 28, 2022.

Corporate Governance Report

Chairman and Chief Executive Officer

The positions of Chairman and Chief Executive Officer are held by Yaping Ou and Xing Jiang, respectively. The Chairman provides leadership and is responsible for the effective functioning and leadership of the Board. The Chief Executive Officer focuses on the Company's business development and the daily management and operations generally. The respective responsibilities are clearly defined and set out in writing.

Independent Non-executive Directors

During the year ended December 31, 2022, the Board at all times met the requirements of Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules. The Company has appointed four independent non-executive Directors, representing at least one-third of the Board with one of whom, Gigi Wing Chee Chan, possessing appropriate professional qualifications or accounting or related financial management expertise.

The Board has received from each of the independent non-executive Directors a written annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules and considers each of them to be independent.

Appointment and Re-election of Directors

Each of the executive Directors, non-executive Directors and independent non-executive Directors has entered into a service contract with the Company for an initial term of three years with effect, subject to the approval of the CBIRC, from the date of their respective appointment.

In accordance with the Articles of Association, all the Directors are subject to retirement by rotation at least once every three years. Directors shall be elected at the shareholders' general meeting with a term of office of three (3) years, however, pursuant to Article 180 of the Articles of Association, an independent non-executive Director shall serve no more than six (6) years. Upon expiry of the term, a Director shall be eligible to offer himself/herself for re-election and reappointment. In addition, any new Director appointed to fill a casual vacancy or as an addition to the Board shall hold office only until the next following annual general meeting and be eligible for re-election and reappointment.

Responsibilities, Accountabilities and Contributions of the Board and Management

The Board is responsible for leadership and control of the Company, and is collectively responsible for directing and supervising the Company's affairs.

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

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

The Company has established a Board Independence Evaluation Mechanism, to ensure independent view and input are available to the Board and the Board will review the implementation and effectiveness of such mechanism in accordance with the system. After evaluation, we believe that there exists a strong independent element in the Board of the Company, which allows the Board effectively exercises independent judgment to better safeguard shareholders' interests.

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

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

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

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and coordinating the daily operation and management of the Company are delegated to the management.

The Company has arranged appropriate insurance coverage on Directors' and senior managements' liabilities in respect of any legal actions taken against Directors and senior management arising out of corporate activities. The insurance coverage would be reviewed on an annual basis.

Board Committees

The Board has established four committees, namely, the Audit and Consumer Rights Protection Committee, the Nomination and Remuneration Management Committee, the Strategy and Investment Decision Committee, and the Risk Management and Related Transaction Control Committee, for overseeing particular aspects of the Company's affairs. Each of these committees are established with defined responsibilities and duties. The terms of reference of the aforesaid committees are available on the websites of the Company and the Hong Kong Stock Exchange.

Audit and Consumer Rights Protection Committee

The Company has established an Audit and Consumer Rights Protection Committee in compliance with Rule 3.21 of the Listing Rules and the CG Code. The primary duties of the Audit and Consumer Rights Protection Committee are to supervise the risk management, internal control system, financial information disclosure and financial reporting, consumer rights protection and other relevant matters.

As at December 31, 2022, the Audit and Consumer Rights Protection Committee comprised Ms. Gigi Wing Chee Chan, Mr. Gang Ji, Ms. Vena Wei Yan Cheng and Mr. Hai Yin. Ms. Gigi Wing Chee Chan is the Chairperson of the Audit and Consumer Rights Protection Committee.

During the year ended December 31, 2022, the Audit and Consumer Rights Protection Committee convened 7 meetings. The attendance record of these meetings is set out in the table below:

Name of Committee Members	Number of meetings attended/held during the year ended December 31, 2022	Attendance rate
Gigi Wing Chee Chan (Chairperson) (1)	1/1	100%
Gang Ji(2)	6/6	100%
Vena Wei Yan Cheng(3)	1/1	100%
Hai Yin(4)	1/1	100%
Wei Ou(5)	6/6	100%
Hui Chen(6)	5/6	83%

(1) Appointed on November 28, 2022.

(2) Appointed on January 28, 2022.

(3) Appointed on November 28, 2022.

(4) Appointed on November 28, 2022.

(5) Ceased to be a member of the Audit and Consumer Rights Protection Committee after the re-election of the Board on November 28, 2022.

(6) Ceased to be a member of the Board and the Chairperson of the Audit and Consumer Rights Protection Committee after the re-election of the Board on November 28, 2022.

During these meetings, the Audit and Consumer Rights Protection Committee reviewed the annual results announcement and report of the Company for the year ended December 31, 2021 and the interim results announcement and interim report for the six months ended June 30, 2022, the relevant financial disclosure, issues on operations and compliance control, the risk management and internal control systems of the Company, the effectiveness of the Company's internal audit function, the scope of work and appointment of external auditor, the effectiveness of the Company's consumer rights protection measures, as well as the arrangements for our employees to raise concerns about possible improprieties.

The Audit and Consumer Rights Protection Committee has also reviewed the annual results of the Group for the year ended December 31, 2022 and has discussed with the management of the Company about the accounting principles and practices adopted by the Group, and its internal controls and financial reporting matters.

Corporate Governance Report

The Audit and Consumer Rights Protection Committee also held 2 meetings with the external auditors without the presence of executive Directors during the year.

Nomination and Remuneration Management Committee

The Company established a Nomination and Remuneration Management Committee in compliance with Rule 3.25 of the Listing Rules and the relevant CG Codes. The terms of reference of the Nomination and Remuneration Management Committee are of no less exacting terms than those set out in the CG Codes. The primary functions of the Nomination and Remuneration Management Committee include overseeing and developing the process and policies relating to nomination and appointment and the remuneration of Directors, reviewing and making recommendations to the Board on appropriate candidates for directorships, Board composition and succession planning, assessing the independence of independent non-executive Directors and reviewing and making recommendations to the Board on remuneration packages of individual executive Directors and senior management.

In assessing the Board composition, the Nomination and Remuneration Management Committee would take into account various aspects as well as factors concerning Board diversity as set out in the Company's board diversity policy (the "**Diversity Policy**"), including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and regional and industry experience. The Nomination and Remuneration Management Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption.

In identifying and selecting suitable candidates for directorships, the Nomination and Remuneration Management Committee would consider the candidate's character, qualifications, experience, independence and other relevant criteria as set out in the Company's Director Nomination Policy necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendation to the Board. Compensation of Directors is reviewed and determined by the Nomination and Remuneration Management Committee based on the Group's performance and the Director's contributions to the Group.

As at December 31, 2022, the Nomination and Remuneration Management Committee comprised Mr. Wei Ou, Mr. Hugo Jin Yi Ou and Ms. Vena Wei Yan Cheng. Mr. Wei Ou is the Chairperson of the Nomination and Remuneration Management Committee.

During the year ended December 31, 2022, the Nomination and Remuneration Management Committee convened 6 meetings. The attendance record of these meetings is set out in the table below:

Name of Committee Members	Number of meetings attended/held during the year ended December 31, 2022	Attendance rate
Wei Ou (Chairperson)[(1)]	1/1	100%
Hugo Jin Yi Ou[(2)]	1/1	100%
Vena Wei Yan Cheng[(3)]	4/4	100%
Yaping Ou[(4)]	5/5	100%
Shuang Zhang[(5)]	5/5	100%

(1) Appointed on November 28, 2022.

(2) Appointed on November 28, 2022.

(3) Appointed on March 23, 2022.

(4) Ceased to be a member of the Nomination and Remuneration Management Committee after the re-election of the Board on November 28, 2022.

(5) Ceased to be the Chairperson of the Nomination and Remuneration Management Committee after the re-election of the Board on November 28, 2022.

During the meetings, the Nomination and Remuneration Management Committee reviewed the remuneration policy and packages of the Directors and senior management of the Company, assessed the performance of the executive Directors, approved the terms of the executive Directors' service contracts, matters relating to the structure, size and composition of the Board and different aspects of the Directors by making reference to the factors and criteria set out in the Diversity Policy and the Director Nomination Policy, and the independence of the independent non-executive Directors. In 2022, there has not been matters relating to share schemes under Chapter 17 of the Listing Rules that required the Nomination and Remuneration Management Committee's review and/or approval.

Details of the remuneration payable to each Director of the Company for the year ended December 31, 2022 are set out in Note 16 to the financial statements.

The remuneration of the members of senior management by band for the year ended December 31, 2022 is set out below:

Remuneration bands (RMB)	Number of persons
0-1,000,000	0
1,000,000-2,000,000	6
2,000,000-3,000,000	3
3,000,000-4,000,000	2
Total	11

As ZATI, ZA Life and ZA Tech are not principal subsidiaries of the Company, there are no relevant Share Options Schemes which are required to be outlined in the Corporate Governance Report pursuant to Rule 17.07A of the Listing Rules.

Strategy and Investment Decision Committee

The Company has established the Strategy and Investment Decision Committee. The committee is mainly responsible for considering the corporate development planning, purpose management of the insurance assets, investment decision procedure and authorization mechanism, significant investment, management system related to insurance asset and liability, and formulating and improving the management mechanism of assets and liabilities of the Company.

As at December 31, 2022, the Strategy and Investment Decision Committee comprised Mr. Yaping Ou, Mr. Xing Jiang, Mr. Gaofeng Li, Mr. Liangxun Shi and Mr. Shuang Zhang. Mr. Yaping Ou is the chairman of the Strategy and Investment Decision Committee.

During the year ended December 31, 2022, the Strategy and Investment Decision Committee convened 3 meetings. The attendance record of these meetings is set out in the table below:

Name of Committee Members	Number of meetings attended/held during the year ended December 31, 2022	Attendance rate
Yaping Ou (Chairperson)	3/3	100%
Xing Jiang(1)	0/0	100%
Gaofeng Li(2)	0/0	100%
Liangxun Shi	3/3	100%
Shuang Zhang(3)	0/0	100%
Hugo Jin Yi Ou(4)	3/3	100%

(1) Appointed on November 28, 2022.

(2) Appointed on November 28, 2022.

(3) Appointed on November 28, 2022.

(4) Ceased to be a member of the Strategy and Investment Decision Committee after the re-election of the Board on November 28, 2022.

During the meetings, the Strategy and Investment Decision Committee considered the regulations and management of the use of insurance funds, major investments and other matters and made relevant recommendations to the Board on the meetings.

Corporate Governance Report

Risk Management and Related Transaction Control Committee

The Company has established the Risk Management and Related Transaction Control Committee. The purpose of the committee is to advise the Board on the overall risk appetite/tolerance and risk management strategies of the Company, and oversee senior management's implementation of those strategies as established and approved by the Board, provide an independent review of the effectiveness of the strategies adopted to ensure that it aligned with the Company's overall business objectives, and manage related party transactions.

As at December 31, 2022, the Risk Management and Related Transaction Control Committee comprised Mr. Hai Yin, Mr. Wei Ou and Ms. Gigi Wing Chee Chan. Mr. Hai Yin is the chairman of the Risk Management and Related Transaction Control Committee.

During the year ended December 31, 2022, the Risk Management and Related Transaction Control Committee convened 6 meetings. The attendance record of these meetings is set out in the table below:

Name of Committee Members	Number of meetings attended/held during the year ended December 31, 2022	Attendance rate
Hai Yin (Chairperson)[(1)]	0/0	100%
Wei Ou[(2)]	6/6	100%
Gigi Wing Chee Chan[(3)]	0/0	100%
Hui Chen [(4)]	6/6	100%
Vena Wei Yan Cheng[(5)]	4/4	100%

(1) Appointed on November 28, 2022.

(2) Re-designated from Chairperson to member of the Risk Management and Related Transaction Control Committee after the re-election of the Board on November 28, 2022.

(3) Appointed on November 28, 2022.

(4) Ceased to be a member of the Board and the Risk Management and Related Transaction Control Committee after the re-election of the Board on November 28, 2022.

(5) Ceased to be a member of the Risk Management and Related Transaction Control Committee after the re-election of the Board on November 28, 2022.

During the meetings, the Risk Management and Related Transaction Control Committee considered matters such as related party file maintenance, the identification and management of significant related transactions and the implementation of the related party transaction management system for the year as well as risk management policy and solvency margin, and made relevant recommendations to the Board.

Corporate Governance Function

The Board is responsible for determining the corporate governance policy of the Company and performing the functions set out in code provision C.1.1 of the CG Code.

The Board had reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

Dividend Policy

On November 27, 2018, the Company adopted a Dividend Policy in accordance with the CG Code. The Company does not have any pre-determined dividend payout ratio and intends to retain most, if not all, of available funds and any future earnings to operate and expand the business of the Company. The Dividend Policy outlines the following factors that the Board should take into account in determining any dividend for distribution to the Shareholders:

- earnings and financial condition;
- operating requirements;
- capital requirements and expenditure plans;
- financial results;
- cash flow situation;
- business conditions and strategies;
- interests of the Shareholders;
- any restrictions on payment of dividends; and
- any other factors that the Board may consider relevant.

Depending on the financial conditions of the Group and the conditions and factors as set out above, dividends may be proposed and/or declared by the Board during the financial year and any final dividend for a financial year will be subject to the Shareholders' approval.

Board Diversity Policy

The Company has adopted the Diversity Policy which sets out its approach to achieving Board diversity and is available on the website of the Company. The Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level as an essential element in maintaining the Company's competitive advantage.

Pursuant to the Diversity Policy, the Nomination and Remuneration Management Committee will review annually the structure, size and composition of the Board and where appropriate, make recommendations on changes to the Board to complement the Company's strategy and to ensure that the Board maintains a balanced diverse profile. In relation to reviewing and assessing the Board composition, the Nomination and Remuneration Management Committee is committed to diversity at all levels and will consider a number of aspects, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and regional and industry experience.

In terms of gender diversity of the Board, the Company targets to maintain at least the current level of female representation in its Board and will continue to seek opportunities to increase the proportion of female members of the Board over time as and when suitable candidates are identified.

The Board will consider setting measurable objectives to implement the Diversity Policy and review such objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives. In addition, the Company will continue to ensure that there is gender diversity when recruiting staff at mid to senior management level so that there will be a pipeline of female senior management and potential successors to the Board in due course. The Group will also continue to emphasize training of female talent and provide long-term development opportunities for female staff.

The Nomination and Remuneration Management Committee has reviewed the implementation and effectiveness of the Diversity Policy.

Corporate Governance Report

Since the establishment of the Company, the Board has attached great importance to gender diversity across all employees (including senior management). As at December 31, 2022, the gender ratio of the Company's employees is set out in the table below:

Gender	Number	Percentage
Female	1,560	39.3%
Male	2,409	60.7%
Total	3,969	100%

The Company considers the current gender ratio in the workforce to be appropriate and will continue to ensure that recruitment and selection practices at all levels are appropriately structured so that a diverse range of candidates are considered and gender diversity across the workforce is maintained.

Director Nomination Policy

On November 27, 2018, the Company adopted a Director Nomination Policy in accordance with the CG Code. The Director Nomination Policy sets out the selection criteria and process and the Board succession planning considerations in relation to nomination and appointment of Directors of the Company and aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company and the continuity of the Board and appropriate leadership at Board level.

The Board has delegated its responsibilities and authority for selection and appointment of Directors to the Nomination and Remuneration Management Committee of the Company.

The Director Nomination Policy sets out the factors for assessing the suitability and the potential contribution to the Board of a proposed candidate, including but not limited to the following:

- Character and integrity;
- Qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy;
- Diversity in all aspects, including but not limited to gender, age (18 years or above), cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service;
- Requirements of independent non-executive Directors on the Board and independence of the proposed independent non-executive Directors in accordance with the Listing Rules; and
- Commitment in respect of available time and relevant interest to discharge duties as a member of the Board and/or Board committee(s) of the Company.

The Director Nomination Policy also sets out the procedures for the selection and appointment of new Directors and re-election of Directors at general meetings. During the year ended December 31, 2022 changes to the composition of the Board are set out in the section headed "Report of Directors" on page 57 of this annual report.

Directors' Responsibility in Respect of the Financial Statements

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended December 31, 2022.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

Continuous Professional Development of Directors

Directors keep abreast of the responsibilities as a director of the Company and of the conduct, business activities and development of the Company.

Every newly appointed Director will receive formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills. Internally-facilitated briefings for the Directors would be arranged and reading material on relevant topics would be provided to the Directors where appropriate. All Directors are encouraged to attend relevant training courses at the Company's expenses.

During the year ended December 31, 2022, the Company organized various training courses provided by Insurance Association of China for the Directors in relation to improvement of performance of duties by directors, supervisors and senior management in banking and insurance institutions, planning and practice of digital strategies in insurance companies, case analysis of innovation-driven insurance development and compliance, innovation and practice of insurance technology. In addition, relevant reading materials including Directors' manual, legal and regulatory update and seminar handouts have been provided to the Directors for their reference and studying, to ensure that the Directors understand the business and operations of the Group and their duties and obligations.

During the year ended December 31, 2022, the following continuous professional training was provided to the Directors:

(A) Training courses, including but not limited to briefings, conferences, meetings and workshops

(B) Reading news, journals, magazines and/or other reading materials regarding legal and regulatory changes and matters of relevance to the Directors in discharging their duties

Name of Directors	Training received
Executive Directors	
Xing Jiang	A
Gaofeng Li	A
Non-executive Directors	
Yaping Ou	A
Hugo Jin Yi Ou	A
Liangxun Shi	A
Gang Ji	A
Shuang Zhang	A
Independent Non-executive Directors	
Hui Chen[(1)]	A
Wei Ou	A
Vena Wei Yan Cheng	A
Gigi Wing Chee Chan	A
Hai Yin	A

(1) Ceased to be a member of the Board after the re-election of the Board on November 28, 2022.

Corporate Governance Report

Auditors' Responsibility and Remuneration

The Company appointed PricewaterhouseCoopers, Certified Public Accountants and Registered PIE Auditor, Hong Kong ("**PricewaterhouseCoopers**") as the external auditor for the year ended December 31, 2022. A statement by PricewaterhouseCoopers about their reporting responsibilities for the financial statements is included in the Independent Auditors' Report on pages 84 to 87. There has been no change of the Company's external auditor in any of the preceding three years.

Details of the fees paid/payable in respect of the audit and non-audit services provided by PricewaterhouseCoopers for the year ended December 31, 2022 are set out in the table below:

Services rendered to the Company	Fees paid and payable
	RMB'000
Audit services	17,486
Non-audit services	
– Interim review	2,600
– Other services	860
Total	20,946

Risk Management and Internal Controls

The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and establishing and maintaining appropriate and effective risk management (including ESG risks) and internal control systems.

The Audit and Consumer Rights Protection Committee and Risk Management and Related Transaction Control Committee are responsible for assisting the Board in leading the management and monitoring and overseeing the risk management and internal control systems through the internal audit department, and reporting and making recommendations to the Board where appropriate. During the year ended December 31, 2022, our risk management and internal control systems have been annually reviewed.

The internal audit department oversees the risk management and internal control systems under the supervision of the Audit and Consumer Rights Protection Committee by performing independent audit on the effectiveness and completeness of the risk management and internal control systems. It identifies any material risks and makes recommendations on the improvement and rectification plans and measures and conducts follow-up audits with regard to the identified issues to ensure the planned remedial measures that have been duly implemented. The internal audit department operates independently from the Company's business centers and departments and directly reports the audit findings and follow-up status to the Audit and Consumer Rights Protection Committee on a quarterly basis.

The management has confirmed to the Board and the Audit and Consumer Rights Protection Committee, and the Company is of the view that, our risk management and internal control systems have been effective and adequate during the year ended December 31, 2022. The Company confirms that, for the year ended December 31, 2022, no significant internal control failings or weaknesses have been identified and the Company's processes for financial reporting and Listing Rules compliance have been effective.

The Company regulates the handling and dissemination of inside information as set out in various inside information disclosure procedures to ensure inside information remains confidential until the disclosure of such information is appropriately approved, and the dissemination of such information is efficiently and consistently made.

The Board, as supported by the Audit and Consumer Rights Protection Committee and Risk Management and Related Transaction Control Committee as well as the management report and the internal audit findings by the internal audit department, conducted an annual review on the effectiveness of the risk management and internal control systems of the Group, including the financial, operational and compliance controls, for the year ended December 31, 2022, and considered that such systems are effective and adequate. The annual review also covered our adequacy of resources, staff qualifications and experience, training programmes and budget of our accounting, internal audit and financial reporting functions, as well as those relating to our ESG performance and reporting.

Arrangements are in place to facilitate employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

Company Secretary

Mr. Yongbo Zhang (張勇博) is the company secretary of the Company. Please refer to the section headed "Directors, Supervisors and Senior Management — Senior Management" in this annual report for the biography of Mr. Zhang.

For the year ended December 31, 2022, Mr. Zhang had undertaken not less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

Shareholders' Rights

Convening of extraordinary general meetings ("EGM") by Shareholders

Pursuant to Articles 70 and 73 of the Articles of Association, EGMs may be convened by any two or more Shareholders jointly holding 10% or more of the Company's issued shares carrying voting rights by signing a written requisition or several copies with the same format and content, and to illustrate the subject of the meetings. The Board shall convene an EGM 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. If the Board fails to issue a notice of convening such an EGM within thirty (30) days from the date of receipt of the aforesaid written requisition, the Shareholders who raise the requisition may themselves convene the EGM within four (4) months from the date of receipt of the requisition by the Board. The procedures of convening the EGM shall be similar as those of convening a shareholders' general meeting by the Board as far as possible. Shareholders should follow the requirements and procedures as set out in the Articles of Association for convening an EGM.

Putting forward proposals at Shareholders' general meetings

When a general meeting is held by the Company, the Board, the Supervisory Committee or Shareholder(s) who individually or jointly holding more than 3% of the Shares may propose resolutions in writing to the Company.

Shareholder(s) who individually or jointly holding more than 3% of the Shares may submit extra proposals in writing to the Board at least 10 days prior to the Shareholders' general meeting.

The contents of a proposal shall (i) be within the scope of duties and responsibilities of the Shareholders' general meeting, (ii) have definite topics and specific matters to be resolved on, and (iii) be in compliance with relevant requirements of the laws, administrative regulations and the Articles of Association.

Corporate Governance Report

Putting forward enquiries to the Board and contact details

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

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

Address: 4–5/F, Associate Mission Building
169 Yuanmingyuan Road
Shanghai, PRC
(For the attention of the director's office)

Telephone: 021-60278677

Fax: 021-60272335

Email: dongshihui@zhongan.com

For the avoidance of doubt, Shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. The information of the Shareholder(s) may be disclosed as required by law.

Communication with Shareholders and Investors Relations

The Company considers that effective communication with shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company has included a shareholders' communication policy (the "**Shareholders' Communication Policy**") in its Articles of Association, which aims to set out the approach of the Board to provide Shareholders of the Company and other stakeholders (including potential investors) with balanced and understandable information about the Company. In accordance with the Shareholders' Communication Policy, the Company endeavours to maintain an on-going dialogue with shareholders and in particular, through annual general meetings and other general meetings. At the Annual General Meeting, Directors (or their delegates as appropriate) will be available to meet Shareholders and answer their enquiries. The Company has conducted a review on the implementation effectiveness of shareholders communication policies. Also, the Company discloses information and publishes periodic reports and announcements to the public on the Stock Exchange's website in a timely manner in accordance with the Listing Rules, the relevant laws and regulations. The primary focus of the Company is to ensure information disclosure is timely, fair, accurate, truthful and does not contain any material omission, thereby enabling Shareholders, investors as well as the public to make rational and informed decisions. The Company has reviewed and considered the implementation of the Shareholders' Communication Policy during the Reporting Period. The Company is of the view that information of the Company was disseminated in a timely and effective manner during the Reporting Period, and therefore considered the Shareholders' Communication Policy to be appropriately implemented and effective during the Reporting Period.

Changes in Constitutional Documents

The Company's existing Articles of Association, which is available for viewing on the websites of the Company and the Hong Kong Stock Exchange, was approved at the general meeting of the Company on June 22, 2022, and took effect from August 3, 2022 and there have been no changes to the Articles of Association since then.

Report of Directors

The Board of the Company is pleased to present this Report of Directors together with the consolidated financial statements of the Group for the year ended December 31, 2022.

Directors

The Directors who held office during the year ended December 31, 2022 and up to the Latest Practicable Date are:

Executive Directors:

Xing Jiang
Gaofeng Li

Non-executive Directors:

Yaping Ou *(Chairman)*
Hugo Jin Yi Ou
Liangxun Shi
Gang Ji
Shuang Zhang

Independent Non-executive Directors:

Hui Chen[(1)]
Wei Ou
Vena Wei Yan Cheng
Gigi Wing Chee Chan
Hai Yin

(1) Ceased to be a member of the Board after the re-election of the Board on November 28, 2022.

Biographical details of the Directors and senior management of the Group are set out in the section headed "Directors, Supervisors and Senior Management" on pages 38 to 43 of this annual report.

Global Offering

The Company was incorporated in the PRC on October 9, 2013 and carries on business in Hong Kong as "ZA Online FinTech P & C". The Company's Shares were listed on the Main Board of the Hong Kong Stock Exchange on September 28, 2017.

Principal activities

The Company is an online InsurTech company incorporated in the PRC with limited liability. The Company offers extensive property and casualty insurance products, covering accident insurance, bond insurance, health insurance, liability insurance, credit insurance, cargo insurance, household property insurance, etc. We design and offer ecosystem-oriented insurance products and solutions, and incorporate our products into the scenarios-based customer experience process. We focus on the integration of our products into the various scenarios, so as to optimize customer experience. Customers may purchase our insurance products and solutions during various consumption scenarios in their daily lives through the internet.

An analysis of the principal activities of the Group during the year ended December 31, 2022 is set out in "Message from the Chairman and General Manager" on pages 5 to 9 and in "Management Discussion and Analysis" on pages 12 to 37 of this annual report.

Business review

A fair review of the business of the Group as required by Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), including an analysis of the Group's financial performance, an indication of likely future developments in the Group's business and the Group's key relationships with its stakeholders who have a significant impact on the Group and on which the Group's success depend, is set out in the section headed "Management Discussion and Analysis" of this annual report. These discussions form part of this annual report. Events affecting the Company that have occurred since the end of the financial year is set out in the section headed "Events after the Reporting Period" in this annual report.

Report of Directors

Principal risks and uncertainties

Since establishment, we have gradually developed and improved a comprehensive risk management system in strict compliance with regulatory requirements and based on the strategic development needs of the Group. In 2016, we took initiative in building a risk-oriented solvency system ("**C-Ross**") and made continuous efforts in optimizing the risk control system and improving the business procedures, with an aim to prevent and resolve foreseeable risks in an effective manner. The major types of risks facing by the Group include:

- Insurance risk: refers to the risk of adverse deviation of the actual loss ratio, expense ratio or surrender rate from expectations, which may cause potential losses to the Group.
- Market risk: refers to the risk of unexpected losses arising from unfavorable movements in interest rates, equity prices and foreign exchange rates. Fixed income investments held by the Group with a fixed maturity date and booked at fair value are exposed to the interest rate risk. Listed and unlisted equity investments held by the Group are exposed to market price risks. Foreign currency-denominated assets held by the Group are exposed to foreign exchange risks.
- Credit risk: refers to the risk of unexpected losses resulting from any failure or delay of debtors or counterparties to perform its contractual obligations or adverse changes in their credit profiles. The Group is exposed to credit risk primarily associated with the fixed income investment assets, reinsurance assets (including reinsurers' share of insurance contract provisions and reinsurance debtors) and premium receivables.
- Operational risk: refers to the risk of losses resulting from inadequate or flawed internal procedures, employees, information technology systems and external events.
- Strategic risk: refers to the risk of the Company's strategy not matching the market environments and the Company's capabilities due to ineffective development and implementation of the strategy or changes in the business environments. The Board of the Company pays close attention to the tightened ESG policy, extreme weathers, information security and other ESG risks and includes the ESG risks into the comprehensive risk management process, so as to monitor and manage related ESG risks.
- Reputation risk: refers to the risk of the Company's brand or reputation being damaged and other relevant losses caused by negative comments from stakeholders on the Company due to a defect in the Group's operation or an external event.
- Liquidity risk: refers to the risk of the Group being unable to obtain sufficient cash in time, or being unable to obtain sufficient cash in time at a reasonable cost, to repay debts that have become due or fulfill other payment obligations.

As an internet group, unlike traditional insurance companies, the Group has built up and served financial businesses and their ecosystems leveraging on new technologies. The Group made continuous efforts in improving risk management and technological strengths and optimizing the comprehensive risk management system by focusing on capital, adhering to the risk appetite-oriented principle and managing risks through risk quantification tools (e.g. comprehensive budget, asset and liability management, capital planning and allocation and stress testing, etc.) and risk performance appraisal, with an aim to achieve a balance between risk management and business development as well as sound and solid implementation of the Group's strategies.

However, the above is not an exhaustive list. Investors are advised to make their own judgment or consult their own investment advisors before making any investment in the Shares.

Employees

As at December 31, 2022, the Group had 3,969 employees (2021: 3,791). As of December 31, 2022, 2,415 of the Group's employees are primarily based at our headquarters in Shanghai, China, 143 of our employees are based in Hangzhou, China, 252 of our employees are primarily based in Beijing, China, 514 of our employees are primarily based in Shenzhen, China, 248 of our employees are primarily based in Hong Kong, China, and the remaining are primarily based in Dalian (229), Chengdu (5) and Chongqing (7), China. The following table sets forth the number of employees by function as of December 31, 2022:

Function	Number of Employees	% of Total
Management	680	17.1%
Technology	1,958	49.3%
Product Managers	858	21.6%
Operations	473	11.9%
Total	3,969	100.0%

The Group primarily recruits employees in China through recruitment agencies, internal referral, 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 laws, 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 and 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 year ended December 31, 2022 and up to the Latest Practicable Date.

Major customers and suppliers

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 the year ended December 31, 2022, our top five policyholders combined accounted for approximately 2.7% of our GWP, while our top policyholder accounted for 0.8% of our GWP.

During the year ended December 31, 2022, our top five policyholders were independent third parties.

None of the Directors, their respective close associates, or any shareholder of the Company who, to the knowledge of the Directors, owns more than 5% of the Company's issued capital, has any interest in any of the Group's top five suppliers and top clients in respect of our business segments.

During the year ended December 31, 2022, the Group did not experience any significant disputes with its customers or suppliers.

Financial summary

A summary of the audited consolidated results and the assets and liabilities of the Group for the last five financial years, as extracted from the audited consolidated financial statements, is set out on page 2 of this annual report. This summary does not form part of the audited consolidated financial statements.

Report of Directors

Subsidiaries

Particulars of the Company's subsidiaries are set out in Note 6 to the consolidated financial statements.

Share capital and Shares issued

Details of the share capital of the Company for the year ended December 31, 2022 is set out in Note 42 to the consolidated financial statements.

Dividends

In order to retain resources for the Group's business development, the Board does not recommend the payment of a final dividend for the year ended December 31, 2022 (2021: nil).

No Shareholder has waived or agreed to waive any dividends for the year ended December 31, 2022.

Directors', Supervisors' and Chief Executive's interests and short positions in the Shares, underlying Shares and debentures of the Company and any associated corporation

As at December 31, 2022, the interests and short positions of the Directors, Supervisors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred therein, or which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code are as follows:

Interest in the Company

Name of Director	Class of Shares	Nature of interest	Number of Shares	Approximate percentage in Shares of the same class[(1)]	Approximate percentage of the Company's total issued share capital[(1)]
Yaping Ou[(2)]	H Shares	Interest of controlled corporation	81,000,000 (Long position)	5.70%	5.51%

Notes:

(1) The shareholding percentages are calculated on the basis of 50,000,000 Domestic Shares and 1,419,812,900 H Shares as at December 31, 2022.

(2) 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 which is listed on the Hong Kong Stock Exchange (Stock Code: 1168) and is owned by Asia Pacific Promotion Limited, a company wholly owned by Mr. Yaping Ou, as to approximately 45.10%. As such, Timeway Holdings Limited (中宇集團有限公司), Sinolink Worldwide, Asia Pacific Promotion Limited and Mr. Yaping Ou are 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).

Save as disclosed above, as at December 31, 2022, so far as is known to any Director, Supervisor or the chief executive of the Company, none of the Directors, the Supervisors and the chief executive of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Part XV of the SFO (including the interests and short positions which the Director is taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code to be notified to the Company and the Hong Kong Stock Exchange.

Substantial shareholders' and other persons' interests and short positions in the Shares and underlying Shares of the Company

As at December 31, 2022, within the knowledge of the Directors, the following persons (other than the Directors, the Supervisors and chief executive of the Company) had an interest or a short position in the Shares or underlying Shares of the Company which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of Shareholder	Class of Shares	Nature of interest	Number of Shares[1]	Approximate percentage in Shares of the same class[2]	Approximate percentage of the Company's total issued share capital[2]
Ant Group[3]	H Shares	Beneficial interest	152,462,937	10.74%	10.37%
Hangzhou Yunbo Investment Consulting Co, Ltd. [3]	H Shares	Interest of controlled corporation	152,462,937	10.74%	10.37%
Yun Ma[3]	H Shares	Interest of controlled corporation/ Concert party to an agreement to buy shares	152,462,937	10.74%	10.37%
Simon Xiaoming Hu[3]	H Shares	Concert party to an agreement to buy shares	152,462,937	10.74%	10.37%
Fang Jiang[3]	H Shares	Concert party to an agreement to buy shares	152,462,937	10.74%	10.37%
Eric Xiandong Jing[3]	H Shares	Concert party to an agreement to buy shares	152,462,937	10.74%	10.37%
Ping An Insurance[4]	H Shares	Beneficial interest	150,000,000	10.56%	10.21%
Shenzhen Jia De Xin Investment Limited[5]	H Shares	Beneficial interest	133,615,251	9.41%	9.09%
Shenzhen Huaxinlian Investment Limited[5]	H Shares	Interest of controlled corporation	133,615,251	9.41%	9.09%
Yafei Ou[5]	H Shares	Interest of controlled corporation	133,615,251	9.41%	9.09%
Tencent Computer System[6]	H Shares	Beneficial interest	114,921,812	8.09%	7.82%
Huateng Ma[6]	H Shares	Interest of controlled corporation	114,921,812	8.09%	7.82%
Tencent[6]	H Shares	Interest of controlled corporation	114,921,812	8.09%	7.82%

Report of Directors

Name of Shareholder	Class of Shares	Nature of interest	Number of Shares[1]	Approximate percentage in Shares of the same class[2]	Approximate percentage of the Company's total issued share capital[2]
Unifront Holding Limited[7]	H Shares	Beneficial interest	90,000,000	6.33%	6.12%
Shanghai Songlu Investment Management Co., Ltd. [7]	H Shares	Interest of controlled corporation	90,000,000	6.33%	6.12%
Shanghai Jianglu Investment Management Co., Ltd. [7]	H Shares	Interest of controlled corporation	90,000,000	6.33%	6.12%
Shanghai Xinlu Investment Management Co., Ltd. [7]	H Shares	Interest of controlled corporation	90,000,000	6.33%	6.12%
Shanghai Youlu Investment Management Co., Ltd. [7]	H Shares	Interest of controlled corporation	90,000,000	6.33%	6.12%
Zhen Zhang[7]	H Shares	Interest of controlled corporation	90,000,000	6.33%	6.12%
Cnhooray Internet Technology Co. Ltd. [8]	H Shares	Beneficial interest	81,000,000	5.70%	5.51%
Timeway Holdings Limited[8]	H Shares	Interest of controlled corporation	81,000,000	5.70%	5.51%
Sinolink Worldwide[8]	H Shares	Interest of controlled corporation	81,000,000	5.70%	5.51%
Asia Pacific Promotion Limited[8]	H Shares	Interest of controlled corporation	81,000,000	5.70%	5.51%
Shanghai Yuanqiang Investment Company Limited[9]	Domestic Shares	Beneficial interest	50,000,000	100%	3.40%
Song Zou[9]	Domestic Shares	Interest of controlled corporation	50,000,000	100%	3.40%

Notes:

(1) All the Shares are held in long position (as defined under Part XV of the SFO) unless otherwise specified.

(2) The shareholding percentages are calculated on the basis of 50,000,000 Domestic Shares and 1,419,812,900 H Shares as at December 31, 2022.

(3) Hangzhou Junhan Equity Investments Partnership (Limited Partnership) (杭州君瀚股權投資合夥企業(有限合夥)) ("Hangzhou Junhan") and Hangzhou Junao Equity Investments Partnership (Limited Partnership) (杭州君澳股權投資合夥企業(有限合夥)) ("Hangzhou Junao") held in aggregate more than 50% of Ant Group's total issued Shares. Hangzhou Yunbo Investment Consulting Co., Ltd. (杭州雲鉑投資諮詢有限公司) ("Hangzhou Yunbo") is the executive partner and general partner of, and controls, Hangzhou Junhan and Hangzhou Junao. Mr. Jack Ma held a 34% equity interest in Hangzhou Yunbo and each of Mr. Eric Jing, Mr. Simon Hu and Ms. Fang Jiang held a 22% equity interest in Hangzhou Yunbo. Pursuant to the Concert Party Agreement entered into between them and the articles of association of Hangzhou Yunbo, Mr. Jack Ma has ultimate control over Ant Group.

(4) Ping An Insurance is a joint-stock company incorporated in the PRC and listed on Main Board of the Hong Kong Stock Exchange (Stock Code: 2318) and the Shanghai Stock Exchange (Stock Code: 601318).

(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 Limited (深圳市華信聯投資有限公司). As such, Shenzhen Huaxinlian Investment Limited is deemed to be interested in the Shares held by Shenzhen Jia De Xin Investment Limited. Shenzhen Huaxinlian Investment Limited is controlled by Mr. Yafei Ou (歐亞非). As such, Mr. Yafei Ou (歐亞非) is deemed to be interested in the Shares held by Shenzhen Jia De Xin Investment Limited.

(6) Tencent Computer System is a consolidated affiliated entity (through contractual arrangements) of Tencent, a company listed on the Hong Kong Stock Exchange (Stock Code: 0700), and is one of its principal PRC domestic operating entities. Tencent Computer System is a leading provider of Internet value-added services in the PRC and a clear holder of the Company's Shares. As such, Tencent is deemed to be interested in the Shares held by Tencent Computer System. Mr. Huateng Ma (馬化騰) holds 54.29% shares in Tencent Computer System.

(7) 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 25.00%, 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., Shanghai Jianglu Investment Management Co., Ltd. and Shanghai Xinlu Investment Management Co., Ltd. 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 Zhen Zhang (張真). As such, Shanghai Youlu Investment Management Co., Ltd., Shanghai Songlu Investment Management Co., Ltd., Shanghai Jianglu Investment Management Co., Ltd. and Shanghai Xinlu Investment Management Co., Ltd. are deemed to be interested in the Shares held by Unifront Holding Limited. As such, Zhen Zhang (張真) is deemed to be interested in the Shares held by Unifront Holding Limited.

(8) 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. Sinolink Worldwide is held by Asia Pacific Promotion Limited (a company wholly owned by Mr. Yaping Ou) as to approximately 45.10%. As such, Timeway Holdings Limited (中宇集團有限公司), Sinolink Worldwide, Asia Pacific Promotion Limited and Mr. Yaping Ou are 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).

(9) Shanghai Yuanqiang Investment Company Limited (上海遠強投資有限公司) is owned by Mr. Song Zou (鄒松) as to 80.00%. As such, Mr. Song Zou (鄒松) is deemed to be interested in the Shares held by Shanghai Yuanqiang Investment Company Limited (上海遠強投資有限公司).

Save as disclosed above, according to the register kept by the Company under Section 336 of the SFO, there was no other person who had a substantial interest or short positions in the Shares or underlying Shares as at December 31, 2022.

Directors' rights to acquire shares or debentures

At no time during the Reporting Period was the Company or any of its subsidiaries, a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of Shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

Emolument policy and Director's remuneration

In compliance with the CG Code as set out in Appendix 14 to the Listing Rules, the Company has established the Nomination and Remuneration Management Committee of the Company to formulate remuneration policies. The remuneration is determined and recommended based on each Director's and senior management personnel's qualification, position and seniority. As for the independent non-executive Directors, their remuneration is determined by the Board upon recommendation from the Nomination and Remuneration Management Committee. Details of the remuneration of the Directors and the five highest paid individuals are set out in Note 16 and Note 17 to the consolidated financial statements.

Save for Mr. Gang Ji, no other Directors have waived their emoluments. There were no emoluments paid by the Group to any of the Directors as an inducement to join, or upon joining the Group, or as compensation for loss of office.

Report of Directors

The overall status of related transactions for the year according to industry regulations

In 2022, the Company continuously enhanced and improved the management of related party transactions, optimized the update of information on related parties and strengthened the management procedure, such as review, approval, reporting and disclosure of related party transactions, so as to ensure that the related party transactions of the Company meet the requirements of the CBIRC and the related party transaction management system of the Company, and the level of the related party transaction management is constantly enhanced. The Company's Risk Management and Related Transactions Control Committee and the Related Party Transaction Management Office operated effectively, the pricing of related party transactions was fair and reasonable, and the identification, review, disclosure and reporting of related party transactions were in compliance with applicable laws and regulations. During the Reporting Period, the related party transactions of the Company were mainly transactions between the Company and related parties for use of funds, services, insurance business and others.

Connected transactions and continuing connected transactions

During the Reporting Period, the Group engaged in certain transactions with the following persons that constituted connected transactions and continuing connected transactions under the Listing Rules (the "**Continuing Connected Transactions**").

- Our Directors and Supervisors and certain associates of our Directors and Supervisors: Pursuant to Rules 14A.07(1) and 14A.12 of the Listing Rules, Directors and Supervisors and their associates are connected persons of the Company.
- Mr. Yaping Ou is a non-executive Director and chairman of the Board. As at December 31, 2022, Mr. Ou is interested in approximately 51.54% of Sinolink Worldwide. Pursuant to Rule 14A.12 of the Listing Rules, Sinolink Worldwide is an associate of Mr. Yaping Ou. Pursuant to Rule 14A.07(4) of the Listing Rules, an "associate" of a director is a "connected person" of the Company. Any transaction between the Company and Sinolink Worldwide and its associates is accordingly a connected transaction.
- Ant Group is considered a "connected person" under the Listing Rules by virtue of it being a substantial Shareholder holding 10.37% of the Shares. Pursuant to Rules 14A.07(1), 14A.07(4) and 14A.13 of the Listing Rules, any transactions between the Company and Ant Group and its subsidiaries are considered as connected transactions.
- By virtue of its controlling the exercise of 10.21% of the voting power of the Company through Tencent Computer System prior to the Tencent Disposal (defined below), Tencent was considered a "connected person" and a substantial Shareholder under Rule 14A.07(1) of the Listing Rules. Pursuant to Rules 14A.07(4) and 14A.13 of the Listing Rules, Tencent and its associates were considered as "connected persons" of the Company. On June 15, 2022, Tencent Computer System completed a sale of part of H Shares, pursuant to which its voting power fell to below 10% (the "**Tencent Disposal**"). Accordingly, since June 15, 2022, Tencent was no longer a substantial Shareholder under Rule 14A.07(1) of the Listing Rules and Tencent and its associates were no longer considered as "connected persons" of the Company.
- Ping An Insurance is considered a "connected person" under the Listing Rules by virtue of it being a substantial Shareholder holding 10.21% of the Shares. Pursuant to Rules 14A.07(1) and 14A.13 of the Listing Rules, any transactions between the Company and Ping An Insurance and its subsidiaries are considered as connected transactions.

Connected Transaction

Set out below is a summary of the non-exempt connected transaction of the Group for the year ended December 31, 2022, which is subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules.

On September 2, 2022, ZATI entered into a share purchase agreement (the "**Share Purchase Agreement**") with ZhongAn Technology, Sinolink Worldwide, Warrior Treasure Limited ("**Warrior**") and AIA VCC for a/c of AIA Opportunities Fund — Venture Capital 2021 (the "**Opportunities Fund**"), pursuant to which Sinolink Worldwide conditionally agreed to subscribe for 156,060,606 voting ordinary shares in the share capital of ZATI at a purchase price of US$0.66 per ZATI Ordinary Share/a subscription price of approximately US$103 million in aggregate (the "**Additional Sinolink Subscription**"). Upon completion of the Additional Sinolink Subscription, the voting interest in ZATI shall be held as to approximately 44.70% by ZhongAn Technology, approximately 44.75% by Sinolink Worldwide, approximately 7.86% by Warrior, and approximately 2.69% by the Opportunities Fund, respectively. ZATI will remain as a non-wholly-owned subsidiary of the Company and the results of ZATI will continue to be consolidated into the accounts of the Group. For further details of the Share Purchase Agreement, please refer to the announcement of the Company dated September 2, 2022.

Continuing Connected Transactions

Set out below is a summary of the non-exempt Continuing Connected Transactions of the Group for the year ended December 31, 2022, which are subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

1. Continuing connected transactions with Sinolink Worldwide and its subsidiaries

Provision of insurance products to Sinolink Worldwide and its subsidiaries by us

We and Sinolink Worldwide entered into a framework agreement for the provision of corporate insurance products by us to Sinolink Worldwide (the "**Previous Insurance Products Framework Agreement**"). The Previous Insurance Products Framework Agreement commenced on the Listing Date and was terminated with effect from April 20, 2020 when the Company and Sinolink Worldwide entered into a new framework agreement on April 21, 2020 (the "**New Insurance Products Framework Agreement**"). The term of the New Insurance Products Framework Agreement commenced on April 21, 2020 and expired on December 31, 2022. Relevant subsidiaries of Sinolink Worldwide have entered into separate agreements with us setting out the specific terms and conditions (including pricing) according to normal commercial terms.

Further details of the New Insurance Products Framework Agreement are set out in the announcement of the Company dated April 21, 2020.

Reasons for and benefits of the transaction

The Company is one of only four companies with an online insurance license in China and it is in the ordinary course of the Company's business to provide innovative corporate insurance products to all types of organizations. Sinolink Worldwide and its subsidiaries conduct a variety of financial services that require the Company's insurance service. By entering into the New Insurance Products Framework Agreement, the Company can continue to utilize the resources and capabilities to expand its 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. We carefully examine and verify the pricing of the premiums, and conduct market analysis and various other procedures to determine all aspects of the product. 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 center. Premium rates of these products are either approved by or filed with the CBIRC.

The below table sets out the comparison between the annual cap and actual transaction amount of the continuing connected transactions with Sinolink Worldwide and it's subsidiaries for the year ended December 31, 2022:

Name	Type of transaction	Annual cap for the year ended December 31, 2022 (RMB thousand)	Transaction amount for the year ended December 31, 2022 (RMB thousand)
Sinolink Worldwide and its subsidiaries	Provision of insurance products to Sinolink Worldwide and its subsidiaries by us	78,000	102

Report of Directors

2. Continuing connected transactions with Associates of Tencent

Tencent was a substantial shareholder of the Company and considered a connected person at the time of entering into the below continuing connected transactions between the Company and associates of Tencent. Pursuant to Rule 14A.25 of the Listing Rules, any transactions between the Company and Tencent and its associates during the period from January 1, 2022 to June 15, 2022 (i.e. prior to the Tencent Disposal) were considered as connected transactions.

(a) Provision of insurance products to associates of Tencent by us

The following agreements (collectively the "**New Tencent Associates Insurance Agreements**") we have entered into with associates of Tencent were in force during the Reporting Period:

(i) an agreement with Tencent Technology entered into on June 1, 2022, pursuant to which the Company agreed to provide comprehensive insurance services to employees of Tencent Technology and their family members;

(ii) an agreement entered into on June 1, 2022 with Tencent Ruideming, pursuant to which the Company agreed to provide comprehensive insurance services to employees of Tencent Ruideming and their family members; and

(iii) an agreement entered into on June 1, 2022 with Tencent Music, pursuant to which the Company agreed to provide air travel accident insurance services to employees of Tencent Music and their family members.

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. Further details of the agreements are set out in the announcement of the Company dated June 1, 2022 (the "**June 2022 Announcement**").

Reasons for and benefits of the transactions

The Company provides different types of insurance products to a wide range of clients in its ordinary course of business. This includes corporate clients that purchase insurance plans for their employees. It is beneficial to the Company to provide these insurance products to large corporations that have a large number of employees, such as Tencent and its associates.

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 medical insurance products from us for their employees. These insurance product agreements were entered into between us and these entities at arm's length. The entering into of the New Tencent Associates Insurance Agreements represents an affirmation by Tencent Technology, Tencent Ruideming and Tencent Music of the Company's range of insurance products, indicating the determination and confidence of these parties to engage the Company for the provision of employee insurance products. The Company anticipates that the amount of insurance products provided to Tencent and its associates will continue to increase, hence bringing more revenue for the Company.

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. We carefully examine and verify the pricing of the premiums, and conduct market analysis and various other procedures to determine all aspects of the product. 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 center. The insurance terms and rates schedules are either approved by or filed with the CBIRC.

(b) *Insurance agent business with WeBank*

On May 19, 2020, the Company entered into an insurance agent business agreement with WeBank (the "**Insurance Agent Business Agreement**"), which was a connected person of the Company until June 15, 2022 (i.e. prior to the Tencent Disposal), to develop insurance agent business. On May 21, 2021, the Company entered into a supplemental agreement with WeBank (the "**WeBank Supplemental Agreement**", and collectively with the Insurance Agent Business Agreement, the "**WeBank Agreements**") to amend the terms of the insurance agent business agreement (including a revision of annual cap on December 17, 2021). Pursuant to the agreements, WeBank agreed to act as the Company's insurance agent for the (i) sale of the Company's various insurance products to the public; (ii) collection of premiums under the relevant insurance products; and (iii) provision of renewal service under the relevant insurance products, and the Company agreed to pay to WeBank commissions as determined according to specific insurance products entered into under the agreements. The agreements have a term of three years from May 23, 2020 to October 18, 2022.

Further details of the agreements are set out in the announcements of the Company dated May 21, 2021 and December 17, 2021.

Reasons for and benefits of the transaction

It is in the ordinary course of the Company's business to provide different types of insurance products to a wide range of clients. It is also in the normal course of business of the Company to enter into agency agreements with independent third parties for the promotion and sale of the Company's insurance products. The Company considers that the cooperation with WeBank is beneficial for the Company to reach a wider base of customers and provide insurance service for Internet customers through cooperation with WeBank. The entering into of the WeBank Supplemental Agreement is to increase the number of insurance products under the Insurance Agent Business Agreement, and to amend the amount of commissions payable to WeBank by us to give them more business opportunities and a reasonable consideration to promote our services which in turn would allow us to have a better customers outreach.

Pricing Policies

Given the premiums to be collected by WeBank from its end customers on behalf of the Company differ according to particular insurance products under the agreements, the commissions payable to WeBank are therefore calculated with reference to the amount of insurance products sold by WeBank. The commission rate payable to WeBank is fair and reasonable and in normal commercial terms reflecting the industry norm as the rates are comparable to the market rates paid to other independent third parties that provide agency services for the Company, subject to particular insurance products and business scale.

The below table sets out the comparison between the annual cap and annual transaction amount of the continuing connected transactions with Tencent's associates for the period from January 1, 2022 to June 15, 2022 (being the date on which Tencent and its associates ceased to be connected persons of the Company):

Name	Type of transaction	Annual cap for the year ended December 31, 2022 (RMB thousand)	Transaction amount for the period from January 1, 2022 to June 15, 2022 (RMB thousand)
Associates of Tencent	Provision of insurance products to associates of Tencent by us	65,000	41,319
	Insurance agent business with WeBank	75,000	7,013

Report of Directors

3. Continuing connected transactions with Ping An Group

(a) Provision of asset management services by Ping An Asset Management to us

On December 31, 2021 (after trading hours), the Company entered into the new asset management agreement with Ping An Asset Management, pursuant to which Ping An Asset Management agreed to provide asset management services to the Company (the "**New Asset Management Agreement**").

The term of the New Asset Management Agreement is three years with effect from January 1, 2022. The New Asset Management Agreement shall be automatically renewed for an additional three years if neither party raises a written objection to the renewal of the agreement one month before the term expires, and it can be renewed without a limit on the number of times. Further details of the agreements are set out in the announcements of the Company dated December 31, 2021 and January 13, 2022.

Reasons for and benefits of the transaction

The Company has received asset management services from Ping An Asset Management since 2014 and recorded sustainable and stable performance. The scale of assets under entrusted management provided by Ping An Asset Management ranks among the top in the industry, and the asset management services provided by Ping An Asset Management enjoy a high reputation and competitiveness in the market, and the continuous use of this service will be beneficial to the Group 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 market rate as agreed by both parties after arm's length negotiations having regard to the amount of asset management services required by the Company and the prices for comparable services charged by other asset management service providers. The Company will only enter into these transactions when the management fees charged by Ping An Asset Management 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 the Shareholders as a whole. Under the arrangement, Ping An Asset Management mainly charges investment management fees, which are agreed upon based on the income from the assets under entrusted management during the year and confirmed in writing by both parties. The relevant pricing is within the fee range of similar products in the market and is comparable to the rates of similar asset management contracts entered into by the Company with other third parties.

(b) Cooperation agreements for the provision of auto co-insurance, between Ping An P&C and us

On January 25, 2015, we entered into a five years term of co-insurance agreement with Ping An P&C, a subsidiary of Ping An Insurance, to provide auto co-insurance to the public (the "**Auto Co-insurance Cooperation Agreement**"). The Company entered into an agreement dated January 1, 2018 with Ping An P&C to amend the Auto Co-insurance Cooperation Agreement (the "**Amendment Agreement**", and together with the Auto Co-insurance Cooperation Agreement, the "**Previous Auto Co-insurance Cooperation Agreement**"), pursuant to which the premiums and claim payments shared between us and Ping An P&C will be amended from a proportion of 30%: 70%, respectively, to a proportion of 50%: 50%, effective on January 1, 2018. The Previous Auto Co-insurance Cooperation Agreement was terminated with effect from January 1, 2020 when the Company and Ping An P&C entered into new agreements on November 8, 2019 (the "**New Auto Co-insurance Cooperation Agreements**"). The term of the New Auto Co-insurance Cooperation Agreements commenced on January 1, 2020 and has expired on December 31, 2022.

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.

Further details of the New Auto Co-insurance Cooperation Agreements are set out in the announcement of the Company dated November 8, 2019.

Reasons for and benefits of the transaction

Ping An Insurance 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 Insurance but also benefit from Ping An P&C's brand name in the PRC market and its expertise in the operation of the provision of auto insurance products, while Ping An P&C benefits from the Company's technological expertise such as using big data analytics in price determination, personalised product design based on the Company's proprietary technologies and its network of platforms from its ecosystem partners as well as its own proprietary platforms to provide the front-line sales channels to Ping An P&C. In addition, it represents an affirmation by both parties of the results of the existing cooperation, indicating the determination and confidence of both parties to further deepen the cooperation and marking a higher level of cooperation and business exploration between the parties in the area of auto insurance. In addition, the Company believes that its collaboration with Ping An P&C is mutually beneficial. Moreover, the Directors believe that Ping An Group's online auto co-insurance network will provide the Company with a number of opportunities to conduct a variety of business explorations.

Pricing Policies

Auto insurance premiums are heavily regulated in the PRC and the premium charged under the New Auto Co-insurance Cooperation Agreements are determined at a market rate and approved by the CBIRC. We carefully examine and verify the pricing of the premiums, and conduct market analysis and various other procedures to determine all aspects of the product. 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 center. 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. The premiums, claims and all fees and expenses incurred in the provision of auto co-insurance pursuant to the new Auto Co-insurance Cooperation Agreement are to be shared by the Company and Ping An P&C at 50:50 ratio, respectively.

The below table sets out the comparison between the annual cap and actual transaction amount of the continuing connected transactions with the Ping An Group for the year ended December 31, 2022:

Name	**Type of transaction**	**Annual cap for the year ended December 31, 2022 (RMB thousand)**	**Transaction amount for the year ended December 31, 2022 (RMB thousand)**
Ping An Group	Cooperation agreement for the provision of auto co-insurance	2,779,205	1,219,856
	Provision of asset management services provided by Ping An Asset Management to us	160,000	8,055

Report of Directors

4. Continuing connected transaction with Ant Group and its associates

Online platform cooperation agreement between Ant Group and its associates and us

On September 11, 2017, we and Ant Group entered into an online platform cooperation framework agreement for the provision of insurance products to various parties (the "**Previous Online Platform Cooperation Framework Agreement**"). As a provider of online insurance products we use online platforms operated by Ant Group and its associates to sell various insurance products to end users of their online platforms in our ordinary course of business. The Previous Online Platform Cooperation Framework Agreement was terminated with effect from January 1, 2022 when the Company and Ant Group entered into a new agreement on November 11, 2021 (the "**New Online Platform Cooperation Framework Agreement**"). The New Online Platform Cooperation Framework Agreement was for a term of one year from January 1, 2022 to December 31, 2022.

Relevant subsidiaries of Ant Group will enter into separate agreements with the Company which will set out the specific terms and conditions (including pricing) according to normal commercial terms provided in the New Online Platform Cooperation Framework Agreement.

Further details of the New Online Platform Cooperation Framework Agreement are set out in the announcement of the Company dated November 11, 2021.

Reasons for and the benefits of the transaction

It is necessary as part of the Group's online business development to utilise various online platforms to reach a wider customer base. The cooperation with Ant Group (and its subsidiaries) under the New Online Platform Cooperation Framework Agreement will continue to be beneficial to the Group in light of Ant Group's market position among online platform service providers in the PRC market as well as its close cooperation with Alibaba and other well-known online platforms and allows the Group to secure important sales channels which offer steadily increasing revenue and in turn enhances the Group's influence in the online insurance market and brand awareness, which is conducive to the development of the Group's business in the future and in the interest of the Group and the Shareholders as a whole.

Pricing Policies

The service fees paid to Ant Group and its associates by us are determined based on arm's length negotiations between us and Ant Group 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 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.

The service fees will then be calculated with reference to the total premiums the Company received from the insurance products sold through such platforms, and based on either:

(i) a fixed rate of the total premiums, which is 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; or

(ii) a formula based on the actual settlement claim in relation to the insurance products.

Under the current arrangements, the service fees in relation to e-commerce related insurance products is calculated by multiplying the total premium of the insurance by the surplus of the settlement limit after deducting the actual maturity loss ratio times the fixed rate. The actual maturity loss ratio 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 rate of the total premiums received by the Group through Ant Group and/or its associates were adopted in calculating the service fees for the health insurance products and travel insurance products.

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 platforms, prevailing market prices for similar insurance products and the scale of the product business. The service fees are typically between 5.0% to 40.0% of the total premiums received.

We consider Ant Group an important ecosystem partner and the customer reach offered by Ant Group is incomparable to other online platform service providers. Nevertheless, before entering into any agreement under the Further Online Platform Cooperation Framework Agreement, we will assess our needs, and we will only enter into these transactions when the agreement is in the best interests of the Group and our Shareholders as a whole.

The below table sets out the comparison between the annual cap and actual transaction amount of the continuing connected transactions with Ant Group and its associates for the year ended December 31, 2022:

Name	**Type of transaction**	**Annual cap for the year ended December 31, 2022 (RMB thousand)**	**Transaction amount for the year ended December 31, 2022 (RMB thousand)**
Ant Group and its associates	Online platform cooperation agreement between Ant Group and its associates and us	1,517,270	877,583

Report of Directors

Confirmation from Independent Non-executive Directors

The Company's independent non-executive Directors have reviewed the Continuing Connected Transactions and confirmed that they have been entered into:

(i) in the ordinary and usual course of business of the Group;

(ii) on normal commercial terms or better; and

(iii) according to the agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

Confirmations from the Company's Independent Auditor

PricewaterhouseCoopers, the auditor of the Company, has provided a letter to the Board confirming that, with respect to the aforesaid Continuing Connected Transactions conducted during the Reporting Period:

(a) nothing has come to their attention that causes PricewaterhouseCoopers to believe that the disclosed Continuing Connected Transactions have not been approved by the Board;

(b) for transactions involving the provision of goods or services by the Group, nothing has come to their attention that causes PricewaterhouseCoopers to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Group;

(c) nothing has come to their attention that causes PricewaterhouseCoopers to believe that the Continuing Connected Transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and

(d) with respect to the aggregate amount of each of the Continuing Connected Transactions, nothing has come to their attention that causes PricewaterhouseCoopers to believe that they have exceeded the annual cap as set by the Company.

During the year ended December 31, 2022, save as disclosed in the sections headed "Connected Transactions" and "Continuing Connected Transactions" of this annual report (of which the transactions disclosed therein have complied with the requirements prescribed in Chapter 14A of the Listing Rules), no related party transactions disclosed in Note 52 to the financial statements constituted a connected transaction or continuing connected transaction which should be disclosed pursuant to the Listing Rules.

Material litigation

The Group was not involved in any material litigation or arbitration during the year ended December 31, 2022. The Directors are also not aware of any material litigation or claims that are pending or threatened against the Group during the year ended December 31, 2022.

Distributable reserves

Details of the movements in the reserves of the Company during the year ended December 31, 2022 are set out in Note 43 to the financial statements. There are no reserves available for distribution to Shareholders as at December 31, 2022.

Debentures

The Company did not issue any debenture during the Reporting Period and up to the Latest Practicable Date.

Use of proceeds

1. Use of proceeds from Listing

On September 28, 2017, the Shares of the Company were listed on the Main Board of the Hong Kong Stock Exchange. The gross proceeds from the above Global Offering were approximately HK$13,682.5 million, which will be used for the purposes as set out in the Prospectus.

2. Use of proceeds from 2025 Notes, 2026 Notes and Additional Notes

On July 9, 2020, the Company entered into a subscription agreement with various financial institutions in connection with the issue of the USD600,000,000 3.125% Notes due 2025 (the "**2025 Notes**"). On August 31, 2020, the Company entered into a subscription agreement with various financial institutions in connection with the issue of the USD300,000,000 3.50% Notes due 2026 (the "**2026 Notes**"). On October 12, 2020, the Company issued USD100,000,000 3.50% Notes due 2026 (the "**Additional Notes**") consolidated and forming a single series with the 2026 Notes.

As at December 31, 2022, the Group had used approximately RMB6,712.66 million (equivalent to approximately USD978 million) of the proceeds from the 2025 Notes, 2026 Notes and the Additional Notes for working capital and general corporate purposes. There was no change in the intended use of net proceeds as previously disclosed in the announcements of the Company dated July 10, 2020, July 16, 2020 September 1, 2020, September 8, 2020 and October 9, 2020 (the "**Notes Announcements**"). The Company will gradually apply the remaining net proceeds in the manner set out in the Announcements. The Company may adjust its plans in response to changing market conditions and, thus, reallocate the use of the proceeds. For further details of the 2025 Notes, the 2026 Notes and the Additional Notes, please refer to the Notes Announcements.

Charitable and other donations

We undertake our due social responsibilities to continuously create value for the surrounding communities and make contribution to society and livelihood. Our public welfare footprints cover ecological protection, popular science education, social assistance voluntary actions, disaster relief and damage reduction, contributing to the sustainable development of the local communities with our actions. In 2022, the Company's total charitable donations amounted to RMB3.52 million. Details of other donations are set out in the "2022 Environmental, Social and Governance (ESG) Report" of the Company to be published by the end of April 2023.

Share options

During the Reporting Period, the Shareholders did not have share options under relevant PRC laws and the Articles of Association.

Report of Directors

Subsidiary share option schemes

The subsidiaries of the Company, being ZATI, ZA Life and ZA Tech, each adopted a subsidiary share option scheme (each and collectively, the "**Subsidiary Share Option Scheme(s)**") on December 29, 2020. Each of the Subsidiary Share Option Scheme is valid and effective for a period of ten (10) years commencing from the respective adoption date and will expire on December 28, 2030. A summary of the principal terms of the Subsidiary Share Option Schemes is set out below. None of ZATI, ZA Life or ZA Tech is a principal subsidiary (as defined in Rule 17.14 of the Listing Rules) of the Company. Accordingly, the Subsidiary Share Option Schemes are not subject to Chapter 17 of the Listing Rules (effective as of January 1, 2023).

The purpose for each of the ZATI Share Option Scheme, ZA Life Share Option Scheme and ZA Tech Share Option Scheme is to enable ZATI, ZA Life and ZA Tech to grant share options of ZATI, ZA Life and ZA Tech, respectively, to their respective eligible participants as incentives or rewards for their contribution to the growth of the Group and to provide the Group with a more flexible means to reward, remunerate, compensate and/or provide benefits to the respective eligible participants of the Subsidiary Share Option Scheme.

Eligible participants for ZATI Share Option Scheme includes classes of persons, at the sole determination of the board of directors of ZATI, who have contributed or will contribute to ZATI group or invested entities, such eligible participants being (a) any full-time or part-time employees and senior management members of ZATI; (b) any full-time or part-time employees of the holding companies and/or subsidiaries of ZATI; (c) any consultants or service providers (whether professional or otherwise and whether on contractual, honorary basis or otherwise and whether paid or unpaid) who provide support to ZATI (where such consultants and service providers possess special skills or technical knowledge to fill the void currently experienced by ZATI group and is beneficial to ZATI's rapid business growth in the fintech sector); and (d) any full-time or part-time employees who are on transfer or secondment between ZATI, its holding companies, any of its subsidiaries or joint venture entities (as the case may be).

Eligible participants for ZA Life Share Option Scheme includes classes of persons, at the sole determination of the board of directors of ZA Life, who have contributed or will contribute to ZA Life group or invested entities, such eligible participants being (a) any full-time or part-time employees and senior management members of ZA Life; (b) any full-time or part-time employees of the holding companies and/or subsidiaries of ZA Life; (c) any consultants or service providers (whether professional or otherwise and whether on contractual or honorary basis or otherwise and whether paid or unpaid) who provide support to ZA Life (where such consultants and service providers possess special skills or technical knowledge to fill the void currently experienced by ZA Life group and is beneficial to ZA Life's continuing development in the insurance sector); and (d) any full-time or part-time employees who are on transfer or secondment between ZA Life, its holding companies, any of its subsidiaries or joint venture entities (as the case may be).

Eligible participants for ZA Tech Share Option Scheme includes classes of persons, at the sole determination of the board of directors of ZA Tech, who have contributed or will contribute to ZA Tech group or invested entities, such eligible participants being (a) any full-time employees and senior management members of ZA Tech; (b) any full-time employees of the holding companies and/or subsidiaries of ZA Tech; and (c) any full-time employees who are on transfer or secondment between ZA Tech, its holding companies, any of its subsidiaries or joint venture entities (as the case may be).

The board of directors of each of ZATI, ZA Life and ZA Tech, respectively, determines the criteria for each type of eligible participants under each Subsidiary Share Option Scheme based on various commercial considerations including without limitation, seniority of an employee with internal grading of manager or above and whether the employee will have medium-to-long-term contribution to the business development of ZATI, ZA Life and ZA Tech, respectively, and/or the Group. The board of directors of each of ZATI and ZA Life respectively determines the criteria for the consultants and service providers under each of the Subsidiary Share Option Scheme based on the following factors: (i) the special skills or technical knowledge possess by such consultants and service providers, (ii) whether the consultants and service providers have contributed to the growth of the business development of ZATI and ZA Life respectively and (iii) whether the consultants and service providers will contribute to the medium-to-long-term growth of the business development of ZATI and ZA Life respectively.

The maximum aggregate number of shares which may be issued upon exercise of all outstanding share options granted and yet to be exercised under a Subsidiary Share Option Scheme must not exceed ten (10) per cent of the issued share capital of ZATI, ZA Life and ZA Tech, respectively, as at the adoption date of the respective Subsidiary Share Option Scheme, subject to adjustment in the event of specified capitalisation events from time to time as described in the Subsidiary Share Option Schemes.

As at the Latest Practicable Date, the total number of shares available for issue under each of the ZATI Share Option Scheme, ZA Life Share Option Scheme and ZA Tech Share Option Scheme was 210,000,000 shares, 100,000,000 shares and 3,000,000 shares, respectively. No share options may be granted under the respective Subsidiary Share Option Scheme if this will result in such limit being exceeded.

Unless approved by the Shareholders of the Company, the total number of shares of ZATI, ZA Life and ZA Tech issued or to be issued upon exercise of the share options granted to each grantee of the respective Subsidiary Share Option Scheme (including both exercised and outstanding share options under such Subsidiary Share Option Scheme) in any 12-month period must not exceed one (1) percent of the issued share capital of each of ZATI, ZA Life and ZA Tech, respectively.

Neither the ZATI Share Option Scheme, ZA Life Share Option Scheme nor the ZA Tech Share Option Scheme stipulates a minimum period for which a share option of each of ZATI, ZA Life and ZA Tech must be held before it can be exercised.

The board of directors of ZATI, ZA Life and ZA Tech (or through its administration committee) shall respectively determine the exercise price for the share option of ZATI, ZA Life and ZA Tech with reference to the respective net asset value per underlying share of ZATI, ZA Life and ZA Tech at the time of grant.

The offer in respect of the grant of a share option of each of ZATI, ZA Life and ZA Tech to a grantee shall be accepted within 14 days from the date of the relevant offer letter and no payment is required to accept an offer.

The ZATI Share Option Scheme, ZA Life Share Option Scheme and ZA Tech Share Option Scheme will continue to be in force until December 28, 2030 pursuant to the respective provisions therein. The remaining life of the respective Subsidiary Share Option Scheme is approximately 7 years and 9 months.

Details of the movements of the options granted under the Subsidiary Share Options Schemes during the Reporting Period are as follows:

(i) ZATI Share Option Scheme

				Number of ZATI shares comprised in options						
Grantee	Date of grant	Exercise period	Exercise price	Outstanding as at January 1, 2022	Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled/ Lapsed during the Reporting Period	Outstanding as at December 31, 2022	Closing price per share before the date of grant	
Employees	December 31, 2020	December 31, 2020 to December 30, 2030	HK$1.3418	101,794,450	–	527,600	5,361,350	95,905,500	N/A	Note
Employees	June 25, 2021	June 25, 2021 to June 24, 2031	HK$1.3418	41,215,370	–	243,000	6,704,600	34,267,770	N/A	Note
Other consultants who provided services to the ZATI group	June 25, 2021	June 25, 2021 to June 24, 2031	HK$1.3418	2,303,000	–	–	803,000	1,500,000	N/A	Note
Employees	January 20, 2022	January 20, 2022 to January 19, 2032	HK$1.5	–	12,280,000	–	480,000	11,800,000	N/A	Note
Total				145,312,820	12,280,000	770,600	13,348,950	143,473,270		

Note:

The vesting of the share options shall be subject to the fulfillment of all terms and conditions for the grant of such share options made to the grantee as set out in the relevant offer letter (i) provided the grantee shall be continuously employed by ZATI, its holding company or its subsidiaries (as the case may be) through the vesting date, the awarded share options shall vest in accordance with the vesting schedule as stipulated in the relevant offer letter; and (ii) other conditions (if any) as determined by the board of directors of ZATI in its absolute discretion.

None of the consultants who provided services to the ZATI group were granted options to subscribe for shares in excess of 0.1% of the total issued shares of ZATI.

Report of Directors

(ii) ZA Life Share Option Scheme

				Number of ZA Life shares comprised in options						
Grantee	Date of grant	Exercise period	Exercise price	Outstanding as at January 1, 2022	Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled/ Lapsed during the Reporting Period	Outstanding as at December 31, 2022	Closing price per share before the date of grant	
Employees	December 31, 2020	December 31, 2020 to December 30, 2030	HK$1.171	25,009,500	–	–	2,350,500	22,659,000	N/A	Note
Employees	June 25, 2021	June 25, 2021 to June 24, 2031	HK$1.171	840,000	–	–	400,000	440,000	N/A	Note
Employees	April 8, 2022	April 8, 2022 to April 7, 2032	HK$1.3091	–	12,062,900	–	–	12,062,900	N/A	Note
Total				25,849,500	12,062,900	–	2,750,500	35,161,900		

Note:

The vesting of the share options shall be subject to the fulfillment of all terms and conditions for the grant of such share options made to the grantee as set out in the relevant offer letter (i) provided the grantee shall be continuously employed by ZA Life, its holding company or its subsidiaries (as the case may be) through the vesting date, the awarded share options shall vest in accordance with the vesting schedule as stipulated in the relevant offer letter; and (ii) other conditions (if any) as determined by the board of directors of ZA Life in its absolute discretion.

(iii) ZA Tech Share Option Scheme

				Number of ZA Tech shares comprised in options						
Grantee	Date of grant	Exercise period	Exercise price	Outstanding as at January 1, 2022	Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled/ Lapsed during the Reporting Period	Outstanding as at December 31, 2022	Closing price per share before the date of grant	
Employees	December 31, 2020	December 31, 2020 to December 30, 2030	HK$9.3989	2,118,000	–	–	159,000	1,959,000	N/A	Note
Employees	June 25, 2021	June 25, 2021 to June 24, 2031	HK$9.3989	762,000	–	5,000	200,000	557,000	N/A	Note
Total				2,880,000	–	5,000	359,000	2,516,000		

Note:

The vesting of the share options shall be subject to the fulfillment of all terms and conditions for the grant of such share options made to the grantee as set out in the relevant offer letter (i) provided the grantee shall be continuously employed by ZA Tech, its holding company or its subsidiaries (as the case may be) through the vesting date, the awarded share options shall vest in accordance with the vesting schedule as stipulated in the relevant offer letter; and (ii) other conditions (if any) as determined by the board of directors of ZA Tech in its absolute discretion.

None of the grantees relating to the grants under the Subsidiary Share Option Schemes for the year ended December 31, 2022 is a Director, chief executive or substantial shareholder of the Company, nor an associate (as defined under the Listing Rules) of any of them.

Subsidiary Restricted Share Unit Schemes

The subsidiaries of the Company, being ZATI and ZA Tech, each adopted a subsidiary restricted share unit scheme (each and collectively, the "**Subsidiary RSU Scheme(s)**") on September 15, 2020 and June 24, 2021, respectively. Each of the Subsidiary RSU Scheme is valid and effective for a period of ten (10) years commencing from the respective adoption date and will expire on September 14, 2030 and June 23, 2031, respectively. A summary of the principal terms of the Subsidiary RSU Schemes is set out below. None of ZATI or ZA Tech is a principal subsidiary (as defined in Rule 17.14 of the Listing Rules) of the Company. Accordingly, the Subsidiary RSU Schemes are not subject to Chapter 17 of the Listing Rules (effective as of January 1, 2023).

The purpose for each of the ZATI RSU Scheme and ZA Tech RSU Scheme is to enable ZATI and ZA Tech to grant restricted share units ("**RSU(s)**") of ZATI and ZA Tech, respectively, to their respective eligible participants as incentives or rewards for their contribution to the growth of the Group and to provide the Group with a more flexible means to reward, remunerate, compensate and/or provide benefits to the respective eligible participants of the Subsidiary RSU Schemes.

Eligible participants of the ZATI RSU Scheme includes classes of persons, at the sole determination of the board of directors of ZATI, who have contributed or will contribute to the ZATI group or invested entity, such eligible participants being (a) any full-time or part-time key employees of ZATI; (b) any full-time or part-time employees of the holding companies of ZATI and/or its subsidiaries; (c) any consultant or service providers (whether professional or otherwise and whether on an employment or contractual or honorary basis or otherwise and whether paid or unpaid) who provides support to ZATI; and (d) any full-time or part-time employees that are on transfer or secondment between ZATI, its holding company, any of its subsidiaries or joint venture entities.

Eligible participants of the ZA Tech RSU Scheme includes classes of persons, at the sole determination of the board of directors of ZA Tech, who have contributed or will contribute to the ZA Tech group or invested entities, such eligible participants being (a) any full-time key employees of ZA Tech; (b) any full-time employees of the holding companies of ZA Tech and/or its subsidiaries; and (c) any full-time employees that are on transfer or secondment between ZA Tech, its holding companies, any of its subsidiaries or joint venture entities, or otherwise determined by the board of directors of ZA Tech.

The board of directors of each of ZATI and ZA Tech, respectively, at its discretion, select any person to be eligible participant who has attained the requisite criteria as the board of directors of each of ZATI and ZA Tech, respectively, may in its absolute discretion determine from time to time, to participate in each Subsidiary RSU Scheme.

The maximum aggregate number of shares which may be allotted and issued under a Subsidiary RSU Scheme must not exceed ten (10) percent of the issued share capital of ZATI and ZA Tech, respectively, as at the adoption date of the respective Subsidiary RSU Scheme, subject to adjustment in the event of specified capitalisation events from time to time as described in the Subsidiary RSU Schemes.

As at the Latest Practicable Date, the total number of shares available for issue under each of the ZATI RSU Scheme and ZA Tech RSU Scheme was 210,000,000 shares and 3,000,000 shares, respectively.

The board of directors of ZATI and ZA Tech (or through its administration committee) shall respectively determine the consideration of the RSUs ("**Grant Price**") at the time of grant. Full payment of the Grant Price can be deferred up to the earliest of (i) date of termination of the grantee's relationship with the ZATI group or ZA Tech group or their joint venture entities; (ii) the end of the tenth year from the grant date; and (iii) the date of completion of a merger, acquisition of 50% or more of the voting shares of ZATI or ZA Tech, sale of all assets of ZATI or ZA Tech, or a qualified initial public offering of the shares of ZATI or ZA Tech on a reputable public stock exchange in any jurisdiction as approved by the board of directors of ZATI or ZA Tech and the shareholders of ZATI or ZA Tech at general meeting. In the event that the grantee fails to make full payment of the Grant Price for any of his/her RSUs, the unvested or vested RSUs shall immediately lapse or be forfeited (as the case may be).

The grant of RSU of each of ZATI and ZA Tech to a grantee shall be accepted within the time period and in a manner prescribed in the relevant offer letter.

The ZATI RSU Scheme and ZA Tech RSU Scheme will continue be in force until September 14, 2030 and June 23, 2031, respectively, pursuant to the respective provisions therein.

Report of Directors

Details of the movements of the RSUs granted under the Subsidiary RSU Schemes during the Reporting Period are as follows:

(i) ZATI RSU Scheme

Grantee	Date of grant	Outstanding as at January 1, 2022	Granted during the Reporting Period	Vested during the Reporting Period	Cancelled/ Lapsed during the Reporting Period	Outstanding as at December 31, 2022	Vesting Period	Closing price per share before the date of grant	
Employees	April 8, 2022	—	72,305,000	—	3,950,000	68,355,000	25% to vest in each year commencing from April 8, 2022 to April 7, 2026	N/A	Note
Other consultants who provided services to the ZATI group	April 8, 2022	—	900,000	—	250,000	650,000			
Employees	October1, 2022	—	18,400,000	—	—	18,400,000	25% to vest in each year commencing from October 1, 2022 to September 30, 2026	N/A	Note
Other consultants who provided services to the ZATI group	October 1, 2022	—	2,000,000	—	—	2,000,000			
Employees	December 1, 2022	—	8,230,000	—	—	8,230,000	25% to vest in each year commencing from December 1, 2022 to November 30, 2026	N/A	Note
Total		—	101,835,000	—	4,200,000	97,635,000			

Note:

The vesting of the RSUs shall be subject to the fulfillment of all terms and conditions for the grant of such RSUs made to the grantee as set out in the relevant offer letter (i) provided the grantee shall be continuously employed by ZATI, its holding company or its subsidiaries (as the case may be) through the vesting date, the awarded RSUs shall vest in accordance with the vesting schedule as stipulated in the relevant offer letter; and (ii) other conditions (if any) as determined by the board of directors of ZATI in its absolute discretion.

None of the consultants who provided services to the ZATI group were granted RSUs representing shares in excess of 0.1% of the total issued shares of ZATI.

(ii) ZA Tech RSU Scheme

Grantee	Date of grant	Outstanding as at January 1, 2022	Granted during the Reporting Period	Vested during the Reporting Period	Cancelled/ Lapsed during the Reporting Period	Outstanding as at December 31, 2022	Vesting Period	Closing price per share before the date of grant	
Employees	June 25, 2021	588,000	—	5,000	45,000	538,000	25% to vest in each year commencing from June 25, 2021 to June 24, 2025	N/A	Note
Total		588,000	—	5,000	45,000	538,000			

Note:

The vesting of the RSUs shall be subject to the fulfillment of all terms and conditions for the grant of such RSUs made to the grantee as set out in the relevant offer letter (i) provided the grantee shall be continuously employed by ZA Tech, its holding company or its subsidiaries (as the case may be) through the vesting date, the awarded RSUs shall vest in accordance with the vesting schedule as stipulated in the relevant offer letter; and (ii) other conditions (if any) as determined by the board of directors of ZA Tech in its absolute discretion.

None of the grantees relating to the grants under the Subsidiary RSU Schemes is a Director, chief executive or substantial shareholder of the Company, nor an associate (as defined under the Listing Rules) of any of them.

Property, plant and equipment

Details of movements in the property, plant and equipment of the Company and the Group during the year ended December 31, 2022 are set out in Note 37 to the consolidated financial statements.

Pre-emptive rights

There are no provisions regarding pre-emptive rights under the Company Law of the PRC or the Articles of Association, which would oblige the Company to issue new shares to its existing shareholders in proportion to their existing shareholdings.

Tax relief

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

Purchase, sale or redemption of listed securities of the Company

The Company repurchased (and therefore cancelled) the 2025 Notes and 2026 Notes with an aggregate principal amount of USD49,900 thousand during the year ended December 31, 2022. After such repurchase, the 2025 Notes and 2026 Notes with an aggregate principal amount USD950,100 thousand remain outstanding.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company during the year ended December 31, 2022.

Management contracts

No contract, concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year ended December 31, 2022.

Service contracts of Directors and Supervisors

Each of the Directors and Supervisors has entered into a service contract with the Company for an initial term of three years with effect, subject to the approval of the CBIRC, from the date of their respective appointment until the expiration of the term of the fourth session of the Board of the Company.

None of the Directors (including the Directors proposed for re-election at the annual general meeting) or Supervisors have a service contract with members of the Group that is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

The Company entered into service contracts with newly appointed Directors of the fourth session of the Board on November 28, 2022. Terms, duties, remuneration packages, confidentiality duties of Directors and commencement and termination of contracts were detailed in the respective service contracts.

Report of Directors

Interests of Directors and Supervisors in transactions, arrangements or contracts of significance

Save as disclosed in the section headed "Continuing Connected Transactions", none of the Directors and Supervisors nor any entity connected with the Directors and/or Supervisors had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party subsisting during or at the end of the year ended December 31, 2022.

Directors' and Supervisors' interests in competing businesses

As far as the Directors are aware, none of the Directors or Supervisors of the Company has any interest in a business, which competes or is likely to compete, either directly or indirectly, with the Group's business. During the Reporting Period and up to the Latest Practicable Date, the Company had no controlling shareholders.

Permitted indemnity

The Company has arranged appropriate insurance cover for Directors' and officers' liabilities in respect of legal actions against its Directors and senior management arising out of corporate activities.

Environmental policies and performance

The Group is committed to fulfilling its social responsibility, promoting employee benefits and development, protecting the environment, giving back to the community and achieving sustainable growth.

Compliance with the relevant laws and regulations

As far as the Board and management are aware, the Group has complied in all material aspects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the year ended December 31, 2022, there was no material breach of, or non-compliance with, applicable laws and regulations by the Group.

Auditor

The consolidated financial statements of the Group have been audited by PricewaterhouseCoopers. A resolution for its re-appointment as auditor for the coming year will be proposed at the forthcoming annual general meeting of the Company.

Sufficiency of public float

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the Latest Practicable Date, at all times during the Reporting Period, not less than 25% of the issued share capital of the Company (being the public float applicable to the Shares) were held in public hands.

By the order of the Board
Yaping Ou
Chairman

March 21, 2023

Report of the Supervisory Committee

Supervisors

The Supervisors who held office during the year ended December 31, 2022 and up to the Latest Practicable Date are:

Shareholder Representative Supervisor:
Yuping Wen

External Supervisor:
Limin Guo

Employee Representative Supervisor:
Haijiao Liu

Biographical details of the Supervisors of the Group are set out in the section headed "Directors, Supervisors and Senior Management" on pages 38 to 43 of this annual report.

The work of the Supervisory Committee

During the Reporting Period, the Supervisory Committee held 7 meetings. All such meetings were convened in accordance with the Articles of Association by way of physical meeting or electronic means of communication, and were attended by all Supervisors entitled to be present. No proxy had been authorized to attend such meetings on their behalves. Specifically, 5 on-site meetings and 2 meetings in the form of circulating written resolutions were held to consider and approve 101 proposals on development strategy, business operation, financial activities, risk management, internal audit, related transaction, corporate governance, anti-money laundering, assessment on the performance of duties by Directors, Supervisors and Senior Management, nomination of Supervisor candidates, audit of senior management members, etc., and hear or review 14 reports on the management's annual work, reserves evaluation, operation and management, related transactions, regulatory evaluation of consumer rights protection, comprehensive risk rating, etc. Details of Supervisors' attendance at meetings of the Supervisory Committee are set out as follows:

No.	Class of Supervisors	Date of appointment	Name	Meetings required to attend	Meetings attended	Meetings attended by proxies	% of attendance
1	Shareholder Representative Supervisor	November 29, 2013	Yuping Wen	7	7	0	100%
2	Employee Representative Supervisor	May 14, 2018	Haijiao Liu	7	7	0	100%
3	External Supervisor	January 28, 2022	Limin Guo	6	6	0	100%

In 2022, the Group held a total of 3 general meetings and 5 on-site Board meetings. Members of the Supervisory Committee had attended the general meetings and were present at all the on-site Board meetings, and supervised the convening of the meetings were in compliance with the relevant laws and regulations, voting procedures, the Directors' attendance of, opinions expressed at and voting results of the general meetings and Board meetings, respectively.

During the Reporting Period, the Supervisory Committee of the Company had no objection to various supervisory matters.

Report of the Supervisory Committee

Independent opinion on relevant issues from the Supervisory Committee

(1) Lawful operation

During the Reporting Period, the Company operated and managed its businesses in accordance with the laws and regulations, and its operational results were objective and true. There was substantial development and improvement in the depth and breadth of internal control management. The Company's operational decision-making processes were legitimate. The Directors and other senior management personnel were royal, diligent and dedicated in the business operations and management processes, and they were not found to have breached any laws, regulations or the Articles of Association or harmed the interests of the Shareholders.

(2) Authenticity of the financial statements

PricewaterhouseCoopers has issued the standard unqualified auditor's reports in accordance with Hong Kong Standards on Auditing on the Company's financial statements for 2022. In PricewaterhouseCoopers's opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2022. And of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standard ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

(3) Use of proceeds

The Company successfully completed the initial public offering of its overseas listed foreign shares (H Shares) on September 28, 2017. An aggregate of 229 million shares (upon exercise of the over-allotment option) were issued, and the gross proceeds raised were approximately HK$13,683 million. All of the proceeds raised from the offering, net of relevant offering expenses, will be used to strengthen the capital base of the Company to support its business development.

(4) Connected-party transactions

The Supervisory Committee regarded the connected-party transactions of the Company conducted during the Reporting Period to be fair and reasonable, without prejudice to the interests of the shareholders, consumers and the Company.

(5) Internal control system

During the Reporting Period, the management of the Company paid great attention to the establishment of internal control system. The Company has set up a relatively complete, rational and effective internal control system, and continued to improve its internal control management. In 2022, the Supervisory Committee has heard and reviewed the Resolution on Management Letter of the Company for 2021 (《關於公司2021年度管理建議書的議案》) and the Resolution on "Internal Control Audit Report and Management Letter on Insurance Fund Application of the Company for 2021" (《關於<公司2021年度保險資金運用內控審計報告及管理建議書>的議案》) etc. and considered that the Company has set up a relatively complete, rational and effective internal control system.

(6) Assessment on the performance of duties by Directors and Supervisors

During the Reporting Period, all the Supervisors reviewed and approved the Resolution on "the Due Diligence Report of the Directors of the Company for 2021" and the Resolution on "the Due Diligence Report of the Independent Directors of the Company for 2021", and made an assessment on the composition of the Board and the professional committees of the Board, Directors' attendance at meetings, Directors' voting and opinions and participation in training, etc. Meanwhile, the Supervisory Committee of the Company made a specialized assessment on the performance of duties by all Directors and Supervisors, and issued the performance evaluation results. The Supervisory Committee agreed that all the Directors of the Company in 2022 proactively participated in Board meetings and meetings of the professional committees and expressed their opinions, and members of the professional committees of the Board fully fulfilled their professional responsibilities and provided professional opinions and recommendations to the Board on its decisions.

(7) Risk management

The Company has established a comprehensive risk management system, adopting a combination of qualitative and quantitative methods to identify, measure, evaluate, monitor, report, control or mitigate various risks.

(8) Implementation of the resolutions approved by the general meetings

During the Reporting Period, the members of the Supervisory Committee had attended the Board meetings, and certain members had attended the general meetings. The Supervisory Committee had no objection to the resolutions submitted by the Board for approval by the Shareholders at the general meetings. The Supervisory Committee has monitored the implementation of the resolutions approved by the general meetings, and was of the opinion that the Board was able to implement the resolutions approved by the general meetings earnestly. The Supervisory Committee has monitored the implementation of resolutions and proposals of the Board, and was of the opinion that the operation management was able to implement the relevant resolutions earnestly, paid satisfactory attention to and adopted such proposals.

Independent Auditor's Report

To the Shareholders of ZhongAn Online P & C Insurance Co., Ltd.
(incorporated in the People's Republic of China with limited liability)

Opinion

What we have audited

The consolidated financial statements of ZhongAn Online P & C Insurance Co., Ltd. (the "Company") and its subsidiaries (the "Group"), which are set out on pages 88 to 206, comprise:

- the consolidated balance sheet as at 31 December 2022;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

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

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

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter identified in our audit is summarised as follows:

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of insurance contract liabilities Refer to note 2.18 Summary of significant accounting policies – Insurance contract liabilities and note 48 Insurance contract liabilities. Refer to note 3.3 Significant accounting judgements and estimates – Valuation of insurance contract liabilities. The Group had unearned premium reserves and claim reserves which were included in insurance contract liabilities stated at RMB10,301,247 thousand at 31 December 2022, representing 27.45% of the Group's total liabilities. We focused on this area because the valuation of insurance contract liabilities involved a high degree of judgement by management in selecting the models and setting the assumptions including the claim development factors and expected ultimate loss ratios and the inherent risk in relation to the valuation of insurance contract liabilities is considered significant.	We (including our actuarial experts) performed the audit procedures listed below. We obtained an understanding of the management's assessment processes and internal controls of valuation of insurance contract liabilities and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity and susceptibility to management bias or fraud. We evaluated and tested the key controls over valuation of insurance contract liabilities including data collection and analysis and approval process for assumptions setting, etc. We performed independent modelling analysis for insurance contract liabilities as follows: • We compared the underlying data used in the valuation models to the source systems, including earned premiums to accounting records and reported claims to the claims system. • We set up independent actuarial assumptions such as claim development factors and expected loss ratios, by considering both the Group's historical data and applicable industry experiences. • We evaluated the overall reasonableness of the Group's valuation of insurance contract liabilities by comparing management's results to the results from our independent modelling analysis and calculation. Based on our audit work, we found management judgements in the valuation of insurance contract liabilities to be supportable by the audit evidence.

Independent Auditor's Report

Other Information

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

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

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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

(continued)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Yuen Kwok Sun.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 21 March 2023

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2022

(All amounts expressed in RMB'000 unless otherwise stated)

	Notes	2022	2021
Gross written premiums	7(a)	**24,005,331**	20,480,119
Less: Premiums ceded to reinsurers	7(b)	**(671,097)**	(1,154,276)
Net written premiums	7	**23,334,234**	19,325,843
Less: Net change in unearned premium reserves	7	**(1,068,608)**	(440,749)
Net premiums earned	7	**22,265,626**	18,885,094
Net investment income	8	**1,760,361**	2,067,920
Net fair value changes through profit or loss	9	**(1,803,057)**	126,760
Other income	10	**1,129,219**	860,586
Total income		**23,352,149**	21,940,360
Net claims incurred	11	**(12,439,573)**	(10,934,682)
Handling charges and commissions	12	**(1,999,678)**	(1,770,947)
Foreign exchange (losses)/gains		**(549,142)**	147,490
Finance costs		**(428,360)**	(388,342)
General and administrative expenses	13	**(8,807,438)**	(7,292,692)
Net impairment losses on financial assets		**(58,599)**	—
Other expenses	14	**(1,069,495)**	(834,435)
Total expenses		**(25,352,285)**	(21,073,608)
Share of net loss of associates and joint ventures accounted for using the equity method	34	**(16,145)**	(37,635)
(Loss)/Profit before income tax		**(2,016,281)**	829,117
Income tax	18	**383,270**	(72,018)
Net (loss)/profit for the year		**(1,633,011)**	757,099
Attributable to:			
– Owners of the parent		**(1,356,095)**	1,164,590
– Non-controlling interests		**(276,916)**	(407,491)
		(1,633,011)	757,099

	Notes	2022	2021
(Loss)/Profit per share			
– Basic (loss)/profit per share (RMB yuan)	19	(0.92)	0.79
– Diluted (loss)/profit per share (RMB yuan)	19	(0.92)	0.79
Other comprehensive income			
Items that may be reclassified to profit or loss in subsequent periods			
– Changes in the fair value of debt instruments at fair value through other comprehensive income	20	(397,093)	—
– Credit risks provision of debt instruments at fair value through other comprehensive income	20	31,405	—
– Changes in fair value of available-for-sale financial assets	20	—	(55,946)
– Exchange differences on translation of foreign operations	20	258,364	(101,450)
Items that will not be reclassified to profit or loss in subsequent periods			
– Changes in the fair value of equity instruments at fair value through other comprehensive income	20	(96,546)	—
Other comprehensive income for the year, net of tax	20	(203,870)	(157,396)
Total comprehensive income for the year		(1,836,881)	599,703
Attributable to:			
– Owners of the parent		(1,503,915)	1,065,636
– Non-controlling interests	6(b)	(332,966)	(465,933)
		(1,836,881)	599,703

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

These consolidated financial statements and the accompanying notes starting from page 88 to page 206 are signed by:

Xing Jiang
(On behalf of Board of the Directors)

Gaofeng Li
(On behalf of Board of the Directors)

Consolidated Balance Sheet

As at 31 December 2022

(All amounts expressed in RMB'000 unless otherwise stated)

	Notes	31 December 2022	31 December 2021
ASSETS			
Cash and amounts due from banks and other financial institutions	21	3,526,174	4,300,693
Securities purchased under agreements to resell	22	137,487	9,900
Premium receivables	23	6,392,998	5,014,317
Reinsurance receivables	24	689,777	746,982
Reinsurers' share of insurance contract liabilities	48	336,335	376,421
Loans and advances to customers	25	4,367,262	2,054,699
Financial assets at fair value through profit or loss	26	21,862,817	11,812,588
Financial assets at amortized cost	27	1,431,403	—
Debt financial assets at fair value through other comprehensive income	28	11,606,900	—
Equity financial assets at fair value through other comprehensive income	29	259,018	—
Interest receivables	30	—	283,144
Available-for-sale financial assets	31	—	21,979,140
Investments classified as loans and receivables	32	—	930,600
Held-to-maturity financial assets	33	—	665,736
Investments in associates and joint ventures	34	554,367	559,659
Term deposits	35	340,699	330,000
Restricted statutory deposits	36	307,344	298,500
Property and equipment	37	59,625	61,640
Right-of-use assets	38	374,656	178,226
Intangible assets	39	661,788	477,493
Goodwill		—	3,189
Deferred income tax assets	40	373,094	—
Other assets	41	1,275,644	1,689,402
Total assets		54,557,388	**51,772,329**
EQUITY AND LIABILITIES			
Equity			
Share capital	42	1,469,813	1,469,813
Reserves	43	16,471,828	16,736,782
Accumulated losses		(2,727,821)	(1,458,193)
Equity attributable to owners of the parent		15,213,820	16,748,402
Non-controlling interests	6(b)	1,812,860	2,381,795
Total equity		17,026,680	19,130,197
Liabilities			
Borrowings		147,657	117,232
Derivative financial liabilities		64,398	—
Securities sold under agreements to repurchase	45	6,992,368	5,548,348
Customer deposits	46	8,184,017	5,696,792
Premiums received in advance		190,473	173,513
Reinsurance payables	47	770,396	851,384
Income tax payable		311	7
Contract liabilities		69,410	80,596
Insurance contract liabilities	48	10,582,141	9,304,217
Bonds payable	49	6,657,793	6,325,021
Lease liabilities	38	373,809	203,100
Deferred income tax liabilities	40	—	61,946
Other liabilities	50	3,497,935	4,279,976
Total liabilities		37,530,708	**32,642,132**
Total equity and liabilities		54,557,388	**51,772,329**

Consolidated Statement of Changes in Equity

For the year ended 31 December 2022

(All amounts expressed in RMB'000 unless otherwise stated)

	For the year ended 31 December 2022										
	Attributable to owners of the parent										
		Reserves									
	Share capital	Capital reserves	Surplus reserves	Other reserves due to share-based payments	Financial assets at fair value through other comprehensive income revaluation reserves	Available-for-sale financial assets revaluation reserves	Foreign currency translation reserves	Accumulated losses	Sub-total	Non-controlling interests	Total equity
31 December 2021	1,469,813	16,607,830	1,314	46,614	–	233,815	(152,791)	(1,458,193)	16,748,402	2,381,795	19,130,197
Change in accounting policy (Note 2.1(a))	–	–	(438)	–	38,376	(233,815)	–	185,875	(10,002)	–	(10,002)
1 January 2022	1,469,813	16,607,830	876	46,614	38,376	–	(152,791)	(1,272,318)	16,738,400	2,381,795	19,120,195
Total comprehensive income	–	–	–	–	(287,279)	–	139,459	(1,356,095)	(1,503,915)	(332,966)	(1,836,881)
Contributions from non-controlling interests (Note 6(b))	–	–	–	–	–	–	–	–	–	711,895	711,895
Considerations paid to non-controlling interests (Note 6(b))	–	–	–	–	–	–	–	(42,694)	(42,694)	(952,874)	(995,568)
Share-based payments	–	–	–	27,509	–	–	–	–	27,509	53,799	81,308
Transfer of loss on disposal of equity investments at fair value through other comprehensive income to accumulated losses (Note 29)	–	–	–	–	52,322	–	–	(52,322)	–	–	–
Others	–	(212)	(876)	–	–	–	–	(4,392)	(5,480)	(48,789)	(54,269)
31 December 2022	1,469,813	16,607,618	–	74,123	(196,581)	–	(13,332)	(2,727,821)	15,213,820	1,812,860	17,026,680

Consolidated Statement of Changes in Equity

For the year ended 31 December 2022
(All amounts expressed in RMB'000 unless otherwise stated)

	For the year ended 31 December 2021									
	Attributable to owners of the parent									
		Reserves								
	Share capital	Capital reserves	Surplus reserves	Other reserves due to share-based payments	Available-for-sale financial assets revaluation reserves	Foreign currency translation reserves	Accumulated losses	Sub-total	Non-controlling interests	Total equity
1 January 2021	1,469,813	16,596,419	477	39,902	275,311	(95,333)	(2,581,239)	15,705,350	1,687,985	17,393,335
Total comprehensive income	–	–	–	–	(41,496)	(57,458)	1,164,590	1,065,636	(465,933)	599,703
Surplus reserves	–	–	837	–	–	–	(837)	–	–	–
Contributions from non-controlling interests	–	–	–	–	–	–	–	–	1,605,186	1,605,186
Considerations paid to non-controlling interests	–	–	–	–	–	–	(40,707)	(40,707)	(452,955)	(493,662)
Share-based payments	–	–	–	6,712	–	–	–	6,712	7,512	14,224
Others	–	11,411	–	–	–	–	–	11,411	–	11,411
31 December 2021	1,469,813	16,607,830	1,314	46,614	233,815	(152,791)	(1,458,193)	16,748,402	2,381,795	19,130,197

Consolidated Statement of Cash Flows

For the year ended 31 December 2022
(All amounts expressed in RMB'000 unless otherwise stated)

	Notes	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operating activities	51(a)	(701,908)	(602,953)
Net cash flows used in operating activities		(701,908)	(602,953)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property and equipment, intangible assets and other assets		(410,791)	(260,757)
Proceeds from sale of property and equipment, intangible assets and other assets		569	365
Purchases of investments, net		(1,215,500)	(7,598,095)
Acquisition of subsidiaries and other business entities, net		(29,101)	(270,930)
Disposal of subsidiaries and other business entities, net		96,080	(3,645)
Dividends and others received from investments		1,716,779	2,191,179
Net cash flows generated from/(used in) investing activities		158,036	(5,941,883)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		124,442	100,000
Repayment of bonds		(346,667)	—
Repayment of borrowings		(100,000)	—
Proceeds from capital injection by non-controlling interests		711,895	1,105,022
Proceeds from issue of preference shares		—	500,164
Considerations paid for redemption of preference shares		(995,568)	(467,235)
Increase in securities sold under agreements to repurchase, net		1,302,486	1,338,895
Interest paid		(279,276)	(238,045)
Principal elements of lease payments		(182,410)	(144,756)
Other cash received related to financing activities		1,128	904
Net cash flows generated from financing activities		236,030	2,194,949
Effects of exchange rate changes on cash and cash equivalents		160,477	(103,121)
Net decrease in cash and cash equivalents		(147,365)	(4,453,008)
Cash and cash equivalents at the beginning of year		3,765,029	8,218,037
Cash and cash equivalents at the end of year	51(b)	3,617,664	3,765,029

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022
(All amounts expressed in RMB'000 unless otherwise stated)

1. GENERAL INFORMATION

Approved by the former 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 FinTech business, which provides internet insurance services, insurance information technology services and online banking services to customers.

The Company became listed on the Main Board of the Stock Exchange of Hong Kong Limited on 28 September 2017, and its stock code is 6060.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong, the disclosure requirements of the Hong Kong Companies Ordinance and applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited. They have 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. These consolidated financial statements are presented in RMB and all values are rounded to the nearest thousand except when otherwise indicated.

(a) Changes in accounting policies

The Group has applied the following standard and amendments or annual improvements for the first time for the current year's consolidated financial statements.

Financial Instruments - HKFRS 9
Property, Plant and Equipment: Proceeds before Intended Use - Amendments to HKAS 16
Onerous Contracts - Cost of Fulfilling a Contract - Amendments to HKAS 37
Annual Improvements to HKFRS Standards 2018–2020
Reference to the Conceptual Framework - Amendments to HKFRS 3

Except for the impact of adopting HKFRS 9 Financial Instruments, the other revised HKFRSs have no significant impact on the consolidated financial statements.

The Group has not early adopted any other standard, interpretation or amendment that was issued but not yet effective.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

(a) Changes in accounting policies (continued)

HKFRS 9 Financial Instruments – Impact of adoption

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 is effective for accounting periods beginning on or after 1 January 2018. The Group was previously eligible to and elected to apply the temporary option to defer the effective date of HKFRS 9 under the amendments to HKFRS 4 'Insurance contracts'.

On March 24, 2020, ZA Bank Limited ("ZA Bank"), a subsidiary of the Company, officially opened for business in Hong Kong. Since its opening, the banking business has developed rapidly and its customer deposits has reached RMB5,061,122 thousand at 31 December 2020, representing 17.9% of the Group's total liabilities. Management determined that there was a change in the Group's activities and the change was significant to the Group's operations. As a consequence, the Group concludes that its activities are no longer predominantly connected with insurance as a result of reassessment at 31 December 2020 and then no longer qualifies for the temporary exemption from HKFRS 9. As permitted by HKFRS 4 Amendments, the Group applied the temporary exemption from HKFRS 9 until the end of 2021 and adopted the HKFRS 9 from 1 January 2022.

In accordance with the transitional provisions in HKFRS 9, comparative figures have not been restated. The carrying values of financial assets and financial liabilities as at 1 January 2022 with adoption of HKFRS 9 are adjusted, which has an impact on the opening balances of accumulated losses and reserves. The Group discloses the related information for this period in relation to the adjustments while the comparative period has not been restated. The adoption of HKFRS 9 results in changes in the accounting policies related to recognition, classification and valuation of financial assets and financial liabilities, and the loss allowances for financial assets. The detailed accounting policies adopted in the current period as well as the previous HKAS 39 accounting policies applied in the comparative period are set out in note 2.9 and 2.27, respectively.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022
(All amounts expressed in RMB'000 unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

(a) Changes in accounting policies (continued)

HKFRS 9 Financial Instruments – Impact of adoption (continued)

The impact on the Group's balance sheet as at 1 January 2022 is as follows:

	1 January 2022	31 December 2021
ASSETS	**51,761,949**	51,772,329
Include:		
Cash and amounts due from banks and other financial institutions	**4,301,986**	4,300,693
Securities purchased under agreements to resell	**9,893**	9,900
Loans and advances to customers	**2,057,491**	2,054,699
Financial assets at fair value through profit or loss	**23,284,108**	11,812,588
Financial assets at amortized cost	**1,730,533**	—
Debt financial assets at fair value through other comprehensive income	**10,276,907**	—
Equity financial assets at fair value through other comprehensive income	**357,852**	—
Interest receivables	—	283,144
Available-for-sale financial assets	—	21,979,140
Investments classified as loans and receivables	—	930,600
Held-to-maturity financial assets	—	665,736
Investments in associates and joint ventures	**557,854**	559,659
Term deposits	**339,662**	330,000
Restricted statutory deposits	**306,097**	298,500
Other assets	**1,681,298**	1,689,402
EQUITY AND LIABILITIES	**51,761,949**	51,772,329
Equity	**19,120,195**	19,130,197
Include:		
Reserves	**16,540,905**	16,736,782
Accumulated losses	**(1,272,318)**	(1,458,193)
Liabilities	**32,641,754**	32,642,132
Include:		
Securities sold under agreements to repurchase	**5,552,913**	5,548,348
Customer deposits	**5,699,740**	5,696,792
Bonds payable	**6,406,683**	6,325,021
Deferred income tax liabilities	**61,568**	61,946
Other liabilities	**4,190,801**	4,279,976

Upon initial adoption of HKFRS 9 on 1 January 2022, the Group's accumulated losses decreased by RMB185,875 thousand, reserves decreased by RMB195,877 thousand and total equity decreased by RMB10,002 thousand.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

(a) *Changes in accounting policies* (continued)

HKFRS 9 Financial Instruments – Impact of adoption (continued)

Following the adoption of HKFRS 9, the adjustments to the carrying value of each financial statement item are illustrated as follows:

	31 December 2021	Reclassification effects (ii)	Remeasurement effects (iii)	1 January 2022
Cash and amounts due from banks and other financial institutions	4,300,693	1,293	—	**4,301,986**
– from interest receivables		1,293	—	
Securities purchased under agreements to resell	9,900	1	(8)	**9,893**
– from interest receivables		1	—	
Loans and advances to customers	2,054,699	2,792	—	**2,057,491**
– from interest receivables		2,792	—	
Financial assets at fair value through profit or loss ("FVPL")	11,812,588	11,471,520	—	**23,284,108**
– from available-for-sale financial assets		11,351,723	—	
– from interest receivables		119,797	—	
Financial assets at amortized cost ("AC")	—	1,730,887	(354)	**1,730,533**
– from available-for-sale financial assets		122,789	—	
– from investments classified as loans and receivables		930,600	(248)	
– from held-to-maturity financial assets		665,736	(106)	
– from interest receivables		11,762	—	
Debt financial assets at fair value through other comprehensive income	—	10,276,907	—	**10,276,907**
– from available-for-sale financial assets		10,146,776	—	
– from interest receivables		130,131	—	
Equity financial assets at fair value through other comprehensive income	—	357,852	—	**357,852**
– from available-for-sale financial assets		357,852	—	

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022
(All amounts expressed in RMB'000 unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

(a) Changes in accounting policies (continued)

HKFRS 9 Financial Instruments – Impact of adoption (continued)

Following the adoption of HKFRS 9, the adjustments to the carrying value of each financial statement item are illustrated as follows: (continued)

	31 December 2021	Reclassification effects (ii)	Remeasurement effects (iii)	1 January 2022
Interest receivables	283,144	(283,144)	—	—
– to cash and amounts due from banks and other financial institutions		(1,293)	—	
– to securities purchased under agreements to resell		(1)	—	
– to loans and advances to customers		(2,792)	—	
– to FVPL		(119,797)	—	
– to AC		(11,762)	—	
– to FVOCI (i)		(130,131)	—	
– to term deposits		(9,719)	—	
– to restricted statutory deposits		(7,649)	—	
Available-for-sale financial assets	21,979,140	(21,979,140)	—	—
– to FVPL		(11,351,723)	—	
– to AC		(122,789)	—	
– to FVOCI (i)		(10,504,628)	—	
Investments classified as loans and receivables	930,600	(930,600)	—	—
– to AC		(930,600)	—	
Held-to-maturity financial assets	665,736	(665,736)	—	—
– to AC		(665,736)	—	
Investments in associates and joint ventures	559,659	—	(1,805)	557,854
Term deposits	330,000	9,719	(57)	339,662
– from interest receivables		9,719	—	
Restricted statutory deposits	298,500	7,649	(52)	306,097
– from interest receivables		7,649	—	
Other assets	1,689,402	—	(8,104)	1,681,298

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

(a) *Changes in accounting policies* (continued)

HKFRS 9 Financial Instruments – Impact of adoption (continued)

Following the adoption of HKFRS 9, the adjustments to the carrying value of each financial statement item are illustrated as follows: (continued)

	31 December 2021	Reclassification effects (ii)	Remeasurement effects (iii)	1 January 2022
Securities sold under agreements to repurchase	5,548,348	4,565	—	**5,552,913**
– from other liabilities		4,565	—	
Customer deposits	5,696,792	2,948	—	**5,699,740**
– from other liabilities		2,948	—	
Bonds payable	6,325,021	81,662	—	**6,406,683**
– from other liabilities		81,662	—	
Deferred income tax liabilities	61,946	—	(378)	**61,568**
Other liabilities	4,279,976	(89,175)	—	**4,190,801**
– to securities sold under agreements to repurchase		(4,565)	—	
– to customer deposits		(2,948)	—	
– to bonds payable		(81,662)	—	

(i) "FVOCI" refers to those to be measured at fair value through other comprehensive income.

(ii) The reclassification effects have not taken into account of the remeasurement effects.

(iii) The remeasurement effects are mainly from the change of impairment provision by the adoption of HKFRS 9.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022
(All amounts expressed in RMB'000 unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

(a) Changes in accounting policies (continued)

HKFRS 9 Financial Instruments – Impact of adoption (continued)

Applying the expected credit loss ("ECL") model resulted in the recognition of impairment provisions of financial assets on 1 January 2022 is as follow:

	1 January 2022	31 December 2021
Securities purchased under agreements to resell	8	—
Loans and advances to customers	28,815	28,815
Financial assets at amortized cost	7,649	—
Debt financial assets at fair value through other comprehensive income	12,650	—
Interest receivables	—	96
Available-for-sale financial assets	—	9,231
Held-to-maturity financial assets	—	7,295
Term deposits	57	—
Restricted statutory deposits	52	—
Other assets	11,220	3,116
	60,451	48,553

(b) New and revised standards not yet adopted

The Group has not applied the following key new and revised HKFRSs that have been issued but are not yet effective, in these consolidated financial statements:

HKFRS 17

HKFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes HKFRS 4 Insurance Contracts.

HKFRS 17 outlines a general model. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

(b) New and revised standards not yet adopted (continued)

HKFRS 17 (continued)

The general model will use current assumptions to estimate the amount, timing and uncertainty of future cash flows and it takes into account market interest rates and the impact of policyholders' options and guarantees. The measurement is based on the building blocks of discounted, probability-weighted cash flows, a risk adjustment and a contractual service margin ("CSM") representing the unearned profit of the contract.

An entity may simplify the measurement of a group of insurance contracts using the premium allocation approach if and only if the entity reasonably expects that such simplification would produce a measurement of the liability for remaining coverage for the group that would not differ materially from the one that would be produced applying the general model or the coverage period of each contract in the group is one year or less at the inception of the group.

The implementation of HKFRS 17 is likely to bring significant changes to an entity's processes and systems, and will require much greater co-ordination between many functions of the business, including finance, actuarial and information technology.

HKFRS 17 is applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied.

For the purpose of the transition requirements, the date of initial application is the start of the annual reporting period in which the entity first applies the standard, and the transition date is the beginning of the annual reporting period immediately preceding the date of initial application.

The Group will adopt HKFRS 17 on 1 January 2023 and the transition date will be 1 January 2022. Anticipates that HKFRS 17 will result in significant changes to the accounting policies for insurance contracts and is likely to have a material impact on the Group's performance and financial position, together with significant changes in presentation and disclosure.

The Group is in the process of assessing the impact of HKFRS 17. The accounting policies, assumptions, judgments, and models relied upon for this estimate will continue to be refined and calibrated for the year 2023.

There are no other HKFRSs or HK (IFRIC) interpretations that are not yet effective that would be expected to have a material impact on the Group.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022
(All amounts expressed in RMB'000 unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 HKFRS 9 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 statement of comprehensive income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Subsidiaries (continued)

2.2.1 Consolidation (continued)

(a) Business combinations (continued)

Intra-group transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized 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.

2.2.3 Associates

An associate is an entity over which the Group has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting.

Under the equity method of accounting, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investments in associates include goodwill identified on acquisition. Upon the acquisition of the ownership interest in an associate, any difference between the cost of the associate and the Group's share of the net fair value of the associate's identifiable assets and liabilities is accounted for as goodwill.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the statement of comprehensive income, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of net loss of associates and joint ventures accounted for using equity method' in the statement of comprehensive income.

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For the year ended 31 December 2022
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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Subsidiaries (continued)

2.2.3 Associates (continued)

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealized losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

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

2.2.4 Joint ventures

The Group has assessed the nature of its jointly controlled entities and determined them to be joint ventures. The Group has rights to the net assets of these jointly controlled entities. The Group's investments in its jointly controlled entities are accounted for using the equity method of accounting, less any impairment losses. Refer to Note 2.2.3 for details of the equity method of accounting.

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 as those that can be allocated on a reasonable basis.

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 statement of comprehensive income, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Foreign currency translation (continued)

Group entities

The results and financial position of all the Group's entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting currency translation differences are recognised in other comprehensive income.

2.5 Property and equipment

Property and equipment can be recognised 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 statement of comprehensive income 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	5-8 years	5%	12%-19%
Office furniture and equipment	5 years	5%	19%
Motor vehicles	5 years	5%	19%
Leasehold improvements	1.25-10 years	0%	10%-80%

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 in the statement of comprehensive income.

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For the year ended 31 December 2022
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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Intangible assets

The Group's intangible assets include trademark, computer software and Chinese domain name registration.

Intangible assets can be recognised 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 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 Group. If the period of bringing economic benefits cannot be determined, intangible assets will be classified as indefinite intangible assets.

The expected useful lives of intangible assets are as follows:

	Expected useful life
Trademark	10 years
Software	2-10 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 which are largely independent of the cash inflows from other assets or groups of assets (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 instruments

(a) Financial assets

Recognition and derecognition

A financial asset is recognised when the Group becomes a party to the contractual provisions of the instrument.

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Classification

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

- those to be measured at amortized cost ("AC");
- those to be measured at fair value through other comprehensive income ("FVOCI");
- those to be measured at fair value through profit or loss ("FVPL").

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For the year ended 31 December 2022
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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9 Financial instruments (continued)

(a) *Financial assets* (continued)

Classification (continued)

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows. The debt investments shall be classified as FVPL if the cash flows characteristics cannot pass the test on solely payments of principal and interest on the principal amount ("SPPI"). Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest. Otherwise, the classification of debt investments will depend on the business model provided the fair value option is not elected. The Group reclassifies debt investments when and only when its business model for managing those assets changes.

For assets measured at fair value, gains and losses will be recorded in either profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in net investment income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in net investment income together with foreign exchange gains and losses. Impairment losses are presented as net impairment losses on financial assets in the statement of comprehensive income. Such assets held by the Group mainly include cash and amounts due from banks and other financial institutions, securities purchased under agreements to resell, loans and advances to customers, financial assets at amortized cost, term deposits and restricted statutory deposits, etc.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses on the instrument's amortized cost which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in net investment income. Interest income from these financial assets is included in net investment income using the effective interest rate method. Foreign exchange gains and losses are presented in foreign exchange gains/(losses) and impairment expenses are presented as net impairment losses on financial assets in the statement of comprehensive income.

- FVPL: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. The gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within net fair value changes through profit or loss in the period in which it arises.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9 Financial instruments (continued)

(a) *Financial assets* (continued)

Measurement (continued)

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as net investment income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in net fair value changes through profit or loss in the statement of comprehensive income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Impairment

From 1 January 2022, the Group assesses the ECL associated with its debt instruments carried at amortized cost and FVOCI on a forward-looking basis. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For accounts receivable arising from the sales of goods and rendering of services in the ordinary course of operating activities, the Group recognises the lifetime ECL regardless of whether a significant financing component exists.

Other than accounts receivable, the Group uses ECL model and a "three-stage" model for impairment assessment which classifies financial instruments into 3 stages and defines each stage to calculate their corresponding impairment.

Stage 1: A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1 and has its credit risk continuously monitored by the Group. The impairment provisions is measured at an amount equal to the 12-month ECL for the financial assets which are not considered to have significantly increased in credit risk since initial recognition.

Stage 2: If a significant increase in credit risk since initial recognition is identified, the financial instrument is moved to Stage 2 but is not yet deemed to be credit-impaired. The impairment provisions is measured based on ECL on a lifetime basis.

Stage 3: If the financial instrument is credit-impaired, the financial instrument is then moved to Stage 3. The impairment provisions is measured based on ECL on lifetime basis.

For the financial instruments in Stage 1 and Stage 2, the Group calculates the interest income based on its gross carrying amount (i.e., amortized cost) before adjusting for impairment provisions using the effective interest method. For the financial instruments in Stage 3, the interest income is calculated based on the carrying amount of the asset, net of the impairment provision, using the effective interest method.

(b) *Financial liabilities*

At initial recognition, the Group classifies a financial liability at fair value through profit or loss or other financial liabilities. The Group measures a financial liability at its fair value plus, in the case of a financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial liability. Transaction costs of financial liabilities carried at fair value are expensed in profit or loss.

When a financial liability (or part of it) is extinguished, the Group derecognises the financial liability (or part of it). The difference between the carrying amount of the derecognised liability and the consideration is recognised in profit or loss.

The Group measures financial liabilities subsequently at amortized cost, using the effective interest method. Financial liabilities of the Group mainly include borrowings, securities sold under agreements to repurchase, customer deposits and bonds payable, etc.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9 Financial instruments (continued)

(c) Derivative financial instruments

The Group's derivative financial instruments mainly include warrants, instruments are initially recognized at fair value on the date of which the related derivative contracts are entered into and are subsequently measured at fair value. All derivatives are carried as assets when the fair values are positive and as liabilities when the fair values are negative.

The gains or losses from fair value changes of derivatives are recognized in profit or loss.

(d) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realize the assets and settle the liabilities 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 Group or the counterparty.

2.10 Securities purchased under agreements to resell

The Group enters into purchases of securities under agreements to resell substantially identical securities. 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.

2.11 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 recognises premiums ceded and reinsurance claims recoverable as expenses and income respectively. In the period of recognising unearned premium reserves and claim reserves, the Group recognises 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 the statement of comprehensive income.

2.12 Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash in hand, demand deposits, and short-term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired.

2.13 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.14 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as finance costs.

2.15 Non-controlling interest

Non-controlling interests are presented in the consolidated balance sheet with equity, separately from equity attributable to owners of the parent. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of comprehensive income as an allocation of the total profit and the shareholders of the Company.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate the cost on initial recognition of an investment in an associate or joint venture.

2.16 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 Group would test the significance of insurance risk at the initial recognition of such contracts. 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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.17 Testing the significance of insurance risk

The Group tests the significance of insurance risk at the initial recognition of such contracts signed with policyholders, based on a group of contracts with a similar nature, and conducts necessary review at the subsequent financial reporting date.

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 of direct insurance policies = (the benefits paid when the insurance event occurs/the benefits paid in the absence of the insurance event -1) ×100%. For property and casualty and short-term life policies that obviously transfer significant risk, the Group recognises 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 = (the present value of probability-weighted expected loss amount in the case of the net loss of the reinsurer/the present value of the reinsurer's expected premium income)×100%. If the reinsurance policies obviously transfer significant insurance risk, the Group directly recognises 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 expected ultimate 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.

2.18 Insurance contract liabilities

The Group's insurance contract liabilities include unearned premium reserves, claim reserves and long-term life insurance contract reserves.

When measuring property and casualty and short-term life insurance contract liabilities, the Group uses a group of insurance contracts whose insurance risks are of a similar nature as a measurement unit. The Group's property and casualty and short-term life insurance contracts are classified into certain measurement units by type of insurance.

When measuring long-term life insurance contract reserves, the Group classifies insurance contracts whose insurance risks are of a similar nature as a measurement unit. The Group mainly considers product characteristics, effective year and risk profile of contracts in this regard.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.18 Insurance contract liabilities (continued)

Insurance contract liabilities as at the balance sheet date are measured based on a reasonable estimate of the amount of payments when the Group fulfils relevant obligations under the insurance contracts, which represents the difference between expected future cash outflows and inflows under such contracts, that is, expected future net cash flow including:

- Expected future cash outflows represent reasonable cash outflows which are necessary for the Group to fulfil 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 statement of comprehensive income 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.
- Residual margin is provided to eliminate any gain at inception of the contract and is amortized over the life of the contract in a certain way. At inception of an insurance contract, any "day-one" gain is not recognised in the statement of comprehensive income, but included in the insurance contract liabilities as a residual margin. However, any "day-one" loss is recognised in the statement of comprehensive incomes at inception.

Acquisition costs in relation to the sale of new contracts such as commissions are recorded as expenses in the statement of comprehensive income, but the residual margin is calibrated to offset the impacts of the relevant acquisition costs incurred.

For non-life insurance contracts, the Group amortizes the residual margin on a time basis during the whole insurance coverage period and records it in the statement of comprehensive income. For life insurance contracts, the Group amortizes the residual margin on the basis of the sums insured, sums at risk or other appropriate carriers during the whole insurance coverage period.

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 at balance sheet 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 relevant nature and risk distribution.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.18 Insurance contract liabilities (continued)

Claim reserves

Claim reserves 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 Group. The Group uses case-by-case estimate method, average cost per claim method, etc., 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 Group. After considering factors such as nature and distribution of insurance risks, historical claims developments, the latest available claim data, and industry benchmark, the Group adopts commonly accepted actuarial reserving methods such as the expected loss ratio method, chain ladder method and Bornhuetter-Ferguson method to measure IBNR claim reserves based on a reasonable estimate of the ultimate claims amount and the margin factor.

Claim expense reserves represent insurance contract provisions for related claims handling costs. The Group 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.

Liability adequacy test

At the end of each reporting period, liability adequacy tests are performed on the unearned premium reserves, claim reserves and long-term life insurance reserves. If the insurance contract liabilities re-calculated with the insurance actuarial methods exceeds their carrying amounts on date of the liability adequacy test, an additional provision is made for the respective insurance contract liabilities based on the difference and charged in the statement of comprehensive income. Otherwise, no adjustment is made for the respective insurance contract liabilities.

2.19 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 continue to be carried on the balance sheet.

2.20 Current and deferred income tax

The income tax expense or credit for the period comprises current and deferred income tax. Income tax relating to items recognised outside profit or loss is recognised in other comprehensive income or directly in equity.

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 and its 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. Deferred income tax is also not accounted for if it 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 and does not give rise to equal taxable and deductible temporary differences. 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.20 Current and deferred income tax (continued)

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 utilized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, associates and joint ventures, 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 where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority.

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 utilized.

Deferred income tax related to fair value re-measurement of debt financial assets at fair value through other comprehensive income and equity financial assets at fair value through other comprehensive income, 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 statement of comprehensive income together with the deferred gain or loss.

The carrying amount of deferred income 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 income tax asset to be utilized. Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be recovered.

2.21 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 schemes 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 its 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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.22 Share-based payments

The Group operates equity-settled, share-based compensation plans, under which the Group receives services from employees as consideration for equity instruments. The fair value of the employee services received in exchange for the grant of the equity instruments is recognised as an employee benefit expense with a corresponding increase in equity. 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 statement of comprehensive income, with a corresponding adjustment to equity.

If the terms of an equity-settled award are modified, at a minimum an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

2.23 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.24 Revenue recognition

Revenue is recognised on the following bases:

(a) *Premium revenue*

Premium revenue is recognised when the insurance contract is 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 non-life insurance contracts are recognised as revenue based on the amount of total premiums stated in the contracts. Premiums from direct life insurance contracts with instalment or single payments are recognised as revenue when due.

Reinsurance premiums are recognised as revenue in accordance with the terms stated in the reinsurance contracts.

(b) *Investment and interest income*

Investment income includes interest from term deposits, fixed maturity securities, securities purchased under agreements to resell, dividends from investment funds and securities, etc.

Interest income is recognised on an accrual basis using the effective interest rate method.

Dividends are recognised when the shareholders' right to receive payment is established.

(c) *Revenue from services*

The Group provides services including IT system solution, design, implementation and support services under fixed-price contracts, insurance brokerage services under fixed-price and variable-price contracts, card processing services, and etc. Revenue from providing services is recognised in the accounting period in which the services are rendered. If the customer receives and uses the benefits simultaneously, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. This is determined based on the actual labour hours spent relative to the total expected labour hours. Otherwise, the Group recognises revenue when control of the promised services is transferred to the customer in the amount that best reflects the consideration to which the Group expects to be entitled in exchange for those services.

For IT related services, some contracts include multiple deliverables, such as the sale of software and related installation services. However, the installation is simple, does not include an integration service and could be performed by another party. It is therefore accounted for as a separate performance obligation. If contracts include the installation of software, revenue for the software is recognised at a point in time when the software is delivered, the legal title has passed and the customer has accepted the software.

For insurance brokerage services, payment of the price is due immediately from insurance companies at the completion of the insurance policy placement process once coverage is effective. Insurance companies may issue the insurance policy to the policyholder with a right of surrender, and the Group charges insurance brokerage services fee based on the actual premium income (net of surrender) recognised by insurance companies. Therefore, an estimated liability (included in other liabilities) and a right to the surrender cost (included in other assets) are recognised for the insurance policies expected for surrender. Accumulated experience is used to estimate such surrender at the time of providing insurance brokerage services. The validity of this assumption and the estimated amount of returns are reassessed at each reporting date.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.24 Revenue recognition (continued)

(c) Revenue from services (continued)

For card processing services, the Group provides its customers with card processing services (i.e., authorisation and settlement of transactions executed with the bank cards issued by the Group) where it is entitled to an interchange fee for each transaction (i.e. when a cardholder purchases goods and services from merchants using the bank card). The fees vary based on the number of transactions.

Where the contracts include multiple performance obligations, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. Where these are not directly observable, they are estimated based on expected cost plus margin.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in the statement of comprehensive income in the period in which the circumstances that give rise to the revision become known by management.

In the case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by the Group exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

If the contract includes an hourly fee, revenue is recognised in the amount to which the Group has a right to invoice. Customers are invoiced on a monthly basis and consideration is payable when invoiced.

(d) Sale of goods

Revenue from the sale of product is recognised when a group entity sells a product to the customer. Payment of the transaction price is due immediately when the customer purchases the product.

2.25 Leases

Leases in which a significant portion of the risks and rewards of ownership were not transferred to the Group as lessee were classified as operating leases.

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.25 Leases (continued)

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk, which does not have recent third party financing, and
- makes adjustments specific to the lease (e.g., term, country, currency and security).

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and all leases of low-value assets are recognised on a straight-line basis as an expense in the statement of comprehensive income. Short-term leases are leases with a lease term of 12 months or less.

2.26 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the statement of comprehensive income over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to assets are included in the liabilities as deferred government grants and are credited to the statement of comprehensive income on a straight-line basis over the expected lives of the related assets.

2.27 Accounting policies applied until 31 December 2021

(a) Financial assets

Classification

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

Notes to the Consolidated Financial Statements

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.27 Accounting policies applied until 31 December 2021 (continued)

(a) Financial assets (continued)

Classification (continued)

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 theses 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. Loans and receivables mainly comprise different kinds of account receivables, loans and advances to customers, investments classified as loans and receivables, term deposits, restricted statutory deposits and securities purchased under agreements to resell. 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 premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. Gains or losses arising on derecognition are recognised in the statement of comprehensive income as "Net investment income".

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. Gains or losses arising on derecognition are recognised in the statement of comprehensive income as "Net investment income".

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.27 Accounting policies applied until 31 December 2021 (continued)

(a) Financial assets (continued)

Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade-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 at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the statement of comprehensive income. 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 and held-to-maturity financial assets are subsequently carried at amortized 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 changes through 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 financial assets are recognised in other comprehensive income.

When securities classified as available-for-sale financial assets are sold or impaired, the accumulated fair value adjustments recognised in other comprehensive income are included in the statement of comprehensive income as net realized gains/(losses) on financial assets.

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 recognised in the statement of comprehensive income. 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 recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to the statement of comprehensive income.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.27 Accounting policies applied until 31 December 2021 (continued)

(a) *Financial assets* (continued)

Impairment of financial assets (continued)

Assets classified as available for sale

For debt securities, if any such evidence of impairment 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 other comprehensive income 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 other comprehensive income and recognised in profit or loss. Impairment losses recognised in the consolidated statement of comprehensive income on equity instruments are not reversed through the consolidated statement of comprehensive income. The Group inspects the equity 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.

(b) *Financial liabilities*

At initial recognition, the Group measures a financial liability at its fair value plus transaction costs that are incremental and directly attributable to the acquisition or issue of the financial liability.

When a financial liability (or part of it) is extinguished, the Group derecognises the financial liability (or part of it). The difference between the carrying amount of the derecognised liability and the consideration is recognised in the statement of comprehensive income.

The Group measures financial liabilities subsequently at amortized cost, using the effective interest method. Financial liabilities of the Group mainly include securities sold under agreements to repurchase, customer deposits and bonds payable, etc.

(c) *Offsetting financial instruments*

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where the Group currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realize 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.

(d) *Fair value measurement*

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 income when the Group's right to receive payments is established.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.27 Accounting policies applied until 31 December 2021 (continued)

(d) *Fair value measurement* (continued)

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.

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3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements requires the 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 Consolidation of entity with less than 50% ownership

The Company controls ZhongAn Technologies International Group Limited ("ZhongAn International") through ZhongAn Information Technology Services Limited Company ("ZhongAn Technology"), wholly owned by the Company, even though ZhongAn Technology holds less than half of the equity interests of ZhongAn International. The subscription agreement signed between the shareholders grants ZhongAn Technology the right to appoint a majority of the board of directors and management responsible for directing the relevant activities.

3.2 Classification of financial assets

Significant judgements made by the Group in the classification of financial assets include analysis on business models and contractual cash flow characteristics.

The Group determines the business model for financial asset management at the level of different groups of financial assets, and factors to be considered include the methods of evaluation on financial asset performance and reporting of financial asset performance to key management personnel, risks affecting financial asset performance and the way in which those risks are managed, and how managers of the business are compensated, etc.

When assessing whether contractual cash flow characteristics of financial assets are consistent with basic lending arrangement, the key judgements made by the Group include: the possibility of any changes on the timing or amount of the principal over the life of the financial assets may be resulted from such reasons like early repayment, and whether interests solely comprise of time value of money, credit risks, other basic lending risks and considerations for costs and profits. For example, whether the repayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, as well as the reasonable compensation for the early termination of the contract.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

3.3 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 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 at the balance sheet date and a risk adjustment is considered.

Unearned premium reserves

When performing liability adequacy tests of unearned premium reserves, the Group uses discounted cash flow method to judge if any deficiency exists. Main assumptions in measuring discounted cash flow include discount rate, expense assumptions, loss ratios and risk margin, etc.

(a) Discount rate

Cash flow will not be discounted when being measured because the durations of the majority of 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, maintenance expenses and claim 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. The Group uses information currently available at the balance sheet date to determine expense assumption and a risk adjustment is considered.

(c) Loss ratios

The Group develops its loss ratio assumption on analysis of its historical claims experience, future development trends and industry experiences.

(d) Risk margin

The risk margin represents provision for the uncertainty associated with the future cash flows. By referring to the industry benchmark, the risk adjustments are determined as 5.5 percent (insurance contracts other than bond insurance and credit insurance) and 15 percent (bond insurance and credit insurance contracts) to be applied on the present value of the unbiased estimate of future net cash flow.

Claim reserves

Claim reserves depend mainly on claim development factors and expected ultimate loss ratio which can be used to predict the future cost of claims. Claim developments factors and the expected ultimate loss ratio for various measurement units are based on past claims development experience and loss ratios, taking into consideration changes in the Group's 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 determines the risk margin assumptions for claim reserves based on the available information at the end of each reporting period. In assessing claim reserves, the risk margins are determined at 5 percent (insurance contracts other than bond insurance and credit insurance) and 7 percent (bond insurance and credit insurance contracts).

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4. SEGMENT REPORTING

The Groups operating segments are listed as follows:

- The insurance segment offers a wide range of online P&C insurance business;
- The technology segment provides IT related business and international IT consulting to its customers;
- The banking segment provides banking services to its customers;
- The others segment includes entities other than the insurance segment, the technology segment and the banking segment, which provides online life insurance business, insurance brokerage, medical services and etc.

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.

97.9% (2021: 97.5%) of the Group's revenue is derived from its operations in the PRC. 77.7% (2021: 81.0%) of the Group's assets are located in PRC. In 2022, the income from transactions with the top five external customers amounted to 2.7% (2021: 3.1%) of the Group's total segment income.

Segment statement of comprehensive income for the year ended 31 December 2022

	Insurance	Technology	Banking	Others	Eliminations	Total
Gross written premiums	23,659,567	—	—	354,233	(8,469)	24,005,331
Less: Premiums ceded to reinsurers	(665,010)	—	—	(6,087)	—	(671,097)
Net change in unearned premium reserves	(1,068,608)	—	—	—	—	(1,068,608)
Net premiums earned	21,925,949	—	—	348,146	(8,469)	22,265,626
Net investment income	1,194,211	408,411	111,516	46,853	(630)	1,760,361
Net fair value changes through profit or loss	(1,561,729)	(172,114)	—	(69,214)	—	(1,803,057)
Other income	142,672	599,133	243,301	437,562	(293,449)	1,129,219
Segment income	21,701,103	835,430	354,817	763,347	(302,548)	23,352,149
Net claims incurred	(12,094,999)	—	—	(344,574)	—	(12,439,573)
Handling charges and commissions	(2,204,255)	—	—	(3,157)	207,734	(1,999,678)
Foreign exchange gains/(losses)	(555,935)	(11,499)	(15,517)	72,096	(38,287)	(549,142)
Finance costs	(418,494)	(8,388)	(18)	(2,092)	632	(428,360)
General and administrative expenses	(7,562,752)	(257,529)	(603,452)	(307,349)	(76,356)	(8,807,438)
Net impairment losses on financial assets	(9,239)	(1,628)	(42,120)	(5,612)	—	(58,599)
Other expenses	(10,364)	(773,671)	(120,202)	(352,354)	187,096	(1,069,495)
Segment expenses	(22,856,038)	(1,052,715)	(781,309)	(943,042)	280,819	(25,352,285)
Share of net loss of associates and joint ventures accounted for using the equity method	—	(2,226)	—	(15,679)	1,760	(16,145)
Loss before income tax	(1,154,935)	(219,511)	(426,492)	(195,374)	(19,969)	(2,016,281)
Income tax	383,627	—	—	(357)	—	383,270
Net loss	(771,308)	(219,511)	(426,492)	(195,731)	(19,969)	(1,633,011)

4. SEGMENT REPORTING (continued)

Segment balance sheet at 31 December 2022

	Insurance	Technology	Banking	Others	Eliminations	Total
Cash and amounts due from banks and other financial institutions	2,041,488	153,715	890,656	452,671	(12,356)	3,526,174
Financial assets (a)	28,688,032	568,560	9,338,477	1,736,023	(18,162)	40,312,930
Insurance receivables (b)	7,395,993	—	—	25,549	(2,432)	7,419,110
Investment in associates, joint ventures and subsidiaries	5,785,951	2,456,903	—	3,910,492	(11,598,979)	554,367
Other assets	2,211,018	1,474,459	144,413	774,210	(1,859,293)	2,744,807
Segment assets	46,122,482	4,653,637	10,373,546	6,898,945	(13,491,222)	54,557,388
Insurance contract liabilities	10,301,247	—	—	280,894	—	10,582,141
Securities sold under agreements to repurchase	6,992,368	—	—	—	—	6,992,368
Customer deposits	—	—	8,196,373	—	(12,356)	8,184,017
Bonds payable	6,678,993	—	—	—	(21,200)	6,657,793
Other liabilities	4,095,438	1,094,247	247,744	1,547,579	(1,870,619)	5,114,389
Segment liabilities	28,068,046	1,094,247	8,444,117	1,828,473	(1,904,175)	37,530,708

(a) Financial assets comprise securities purchased under agreements to resell, loans and advanced to customers, financial assets at fair value through profit or loss, financial assets at amortized cost, debt financial assets at fair value through other comprehensive income, equity financial assets at fair value through other comprehensive income, term deposits and restricted statutory deposits.

(b) Insurance receivables comprise premium receivables, reinsurance receivables and reinsurers' share of insurance contract liabilities.

Other segment information for the year ended 31 December 2022

	Insurance	Technology	Banking	Others	Eliminations	Total
Depreciation and amortization	212,133	108,836	10,105	30,067	—	361,141
Capital expenditure	220,678	107,663	35,381	47,069	—	410,791
Impairment loss charges	254,457	1,628	42,121	5,610	—	303,816
Interest income	(517,406)	(6,189)	(115,943)	(32,892)	630	(671,800)

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4. SEGMENT REPORTING (continued)

Segment statement of comprehensive income for the year ended 31 December 2021

	Insurance	Technology	Banking	Others	Eliminations	Total
Gross written premiums	20,373,607	—	—	108,959	(2,447)	20,480,119
Less: Premiums ceded to reinsurers	(1,150,600)	—	—	(3,676)	—	(1,154,276)
Net change in unearned premium reserves	(440,749)	—	—	—	—	(440,749)
Net premiums earned	18,782,258	—	—	105,283	(2,447)	18,885,094
Net investment income	1,938,910	27,553	74,264	31,011	(3,818)	2,067,920
Net fair value changes through profit or loss	118,729	(18,750)	—	26,781	—	126,760
Other income	117,601	530,993	115,172	282,067	(185,247)	860,586
Segment income	20,957,498	539,796	189,436	445,142	(191,512)	21,940,360
Net claims incurred	(10,812,803)	—	—	(121,879)	—	(10,934,682)
Handling charges and commissions	(1,892,017)	—	—	(1,165)	122,235	(1,770,947)
Foreign exchange gains/(losses)	129,531	(1,271)	16,265	(14,526)	17,491	147,490
Finance costs	(384,392)	(7,170)	(14)	(658)	3,892	(388,342)
General and administrative expenses	(6,131,809)	(292,285)	(593,367)	(235,803)	(39,428)	(7,292,692)
Other expenses	(9,250)	(614,591)	(75,859)	(256,385)	121,650	(834,435)
Segment expenses	(19,100,740)	(915,317)	(652,975)	(630,416)	225,840	(21,073,608)
Share of net loss of associates and joint ventures accounted for using the equity method	—	(8,286)	—	(31,032)	1,683	(37,635)
Profit/(Loss) before income tax	1,856,758	(383,807)	(463,539)	(216,306)	36,011	829,117
Income tax	(70,443)	(813)	—	(762)	—	(72,018)
Net profit/(loss)	1,786,315	(384,620)	(463,539)	(217,068)	36,011	757,099

4. SEGMENT REPORTING (continued)

Segment balance sheet at 31 December 2021

	Insurance	Technology	Banking	Others	Eliminations	Total
Cash and amounts due from banks and other financial institutions	1,609,009	177,286	1,894,257	697,852	(77,711)	4,300,693
Financial assets (a)	30,196,516	50,709	5,999,232	1,852,441	(17,735)	38,081,163
Insurance receivables (b)	6,132,505	—	—	5,215	—	6,137,720
Investment in associates, joint ventures and subsidiaries	4,516,951	2,025,519	—	3,113,661	(9,096,472)	559,659
Other assets	2,329,656	1,313,866	121,999	567,150	(1,639,577)	2,693,094
Segment assets	44,784,637	3,567,380	8,015,488	6,236,319	(10,831,495)	51,772,329
Insurance contract liabilities	9,178,440	—	—	125,777	—	9,304,217
Securities sold under agreements to repurchase	5,548,348	—	—	—	—	5,548,348
Customer deposits	—	—	5,774,503	—	(77,711)	5,696,792
Bonds payable	6,344,148	—	—	—	(19,127)	6,325,021
Other liabilities	4,733,716	1,026,379	214,585	1,429,043	(1,635,969)	5,767,754
Segment liabilities	25,804,652	1,026,379	5,989,088	1,554,820	(1,732,807)	32,642,132

(a) Financial assets comprise financial assets at fair value through profit or loss, securities purchased under agreements to resell, available-for-sale financial assets, held-to-maturity financial assets, loans and advances to customers, investments classified as loans and receivables, term deposits and restricted statutory deposits.

(b) Insurance receivables comprise premium receivables, reinsurance receivables and reinsurers' share of insurance contract liabilities.

Other segment information for the year ended 31 December 2021

	Insurance	Technology	Banking	Others	Eliminations	Total
Depreciation and amortization	180,743	101,901	6,457	17,504	—	306,605
Capital expenditure	184,917	64,475	2,599	9,341	—	261,332
Impairment loss charges	39,123	47,778	39,632	7,445	—	133,978
Interest income	(633,957)	(2,347)	(83,465)	(21,463)	3,890	(737,342)

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For the year ended 31 December 2022
(All amounts expressed in RMB'000 unless otherwise stated)

5. MANAGEMENT OF INSURANCE AND FINANCIAL RISK

(a) Insurance risk

The risk under any 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 benefits 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 analysed by gross written premiums in Note 7.

Key assumptions

Outstanding claims reserves are mainly based on assumptions of expected 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 are made in respect of incurred net claim costs, claims handling costs, risk profile of the Group's line of business, 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.

5. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (continued)

(a) Insurance risk (continued)

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 profit before income tax and total equity before income tax due to expected ultimate loss ratio change and average claim costs change are as follows:

Changes in expected ultimate loss ratio	31 December 2022	
	Impact on profit before income tax	Impact on total equity before income tax
+1%	(235,825)	(235,825)
– 1%	235,825	235,825

Changes in expected ultimate loss ratio	31 December 2021	
	Impact on profit before income tax	Impact on total equity before income tax
+1%	(208,650)	(208,650)
– 1%	208,650	208,650

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5. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (continued)

(a) Insurance risk (continued)

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					
	2018	2019	2020	2021	2022	Total
Estimate of ultimate claim cost as of:						
End of current year	5,396,412	8,774,976	9,181,662	12,091,770	**13,289,189**	
One year later	5,360,642	8,413,918	8,529,919	11,362,847		
Two years later	5,344,610	8,161,740	8,202,978			
Three years later	5,256,927	7,996,789				
Four years later	5,171,227					
Current estimate of cumulative claims	5,171,227	7,996,789	8,202,978	11,362,847	**13,289,189**	46,023,030
Cumulative payments to date	(5,076,589)	(7,718,577)	(7,854,762)	(10,855,675)	**(11,350,477)**	(42,856,080)
Liability in respect of prior years, unallocated loss adjustment expenses, discount and risk adjustment margin						207,549
Total gross claim reserves included in the consolidated balance sheet						3,374,499

5. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (continued)

(a) Insurance risk (continued)

Claim development tables (continued)

Net insurance claim reserves:

	Accident year					
	2018	2019	2020	2021	2022	Total
Estimate of ultimate claim cost as of:						
End of current year	5,161,833	8,558,688	8,865,990	11,420,106	**12,875,004**	
One year later	5,066,558	8,167,698	8,223,866	10,746,843		
Two years later	5,027,948	7,927,572	7,902,121			
Three years later	4,947,797	7,770,922				
Four years later	4,869,330					
Current estimate of cumulative claims	4,869,330	7,770,922	7,902,121	10,746,843	**12,875,004**	44,164,220
Cumulative payments to date	(4,790,861)	(7,509,610)	(7,564,022)	(10,254,003)	**(10,983,611)**	(41,102,107)
Liability in respect of prior years, unallocated loss adjustment expenses, discount and risk adjustment margin						191,197
Total net claim reserves included in the consolidated balance sheet						3,253,310

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5. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (continued)

(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 operates principally in the PRC with only limited exposure to foreign exchange rate risk arising primarily from certain foreign currency bank deposit in United States dollar ("USD"), Hong Kong dollar ("HKD"), Japanese yen ("JPY"), Singapore dollar ("SGD"), Euro ("EUR") and Indonesia Rupiah ("IDR").

The following tables summarize the Group's exposure to foreign currency exchange rate risk at the balance sheet date by major foreign currency.

	31 December 2022						
	HKD'000	USD'000	JPY'000	SGD'000	EUR'000	IDR'000	Equivalent to RMB'000
Cash and amounts due from bank and other financial institutions	940,077	46,404	183	4,546	6,396	5,691,947	1,236,282
Premium receivables	121	—	—	—	—	—	108
Reinsurance receivables	304	—	—	—	—	—	272
Loans and advances to customers	4,874,141	1,644	—	—	—	—	4,367,262
Financial assets at fair value through profit or loss	25,390	115,491	—	—	—	50,811,660	847,351
Financial assets at amortized cost	—	24,167	—	—	—	—	168,313
Debt financial assets at fair value through other comprehensive income	1,040,645	609,365	—	—	—	—	5,173,589
Other receivables	43,489	17,118	111,234	1,725	1,173	22,033,340	190,354
Total	6,924,167	814,189	111,417	6,271	7,569	78,536,947	11,983,531

	31 December 2022						
	HKD'000	USD'000	JPY'000	SGD'000	EUR'000	IDR'000	Equivalent to RMB'000
Derivative financial liabilities	—	9,239	—	—	—	—	64,398
Customer deposits	8,781,553	26,852	—	—	—	—	8,031,574
Reinsurance payables	8,614	—	—	—	—	—	7,695
Bonds payable	—	955,948	—	—	—	—	6,657,793
Other liabilities	241,957	1,144	—	73	5	321,398	224,656
Total	9,032,124	993,183	—	73	5	321,398	14,986,116

5. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (continued)

(b) Financial risk (continued)

Market risk (continued)

(i) ***Currency risk*** (continued)

	31 December 2021						
	HKD'000	USD'000	JPY'000	SGD'000	EUR'000	IDR'000	Equivalent to RMB'000
Cash and amounts due from bank and other financial institutions	2,319,678	164,203	968,060	5,963	1,885	14,010,519	3,046,237
Financial assets at fair value through profit or loss	17,742	20,119	—	—	—	—	142,822
Interest receivables	9,395	4,627	—	—	—	—	37,189
Premium receivables	71	—	—	—	—	—	58
Reinsurance receivables	168	—	—	—	—	—	137
Available-for-sale financial assets	1,054,496	549,645	—	—	—	—	4,367,723
Loans and advances to customers	2,507,116	741	—	—	—	—	2,054,699
Held-to-maturity financial assets	—	15,284	—	—	—	—	97,480
Other receivables	13,799	11,338	393,992	8,350	2,356	7,555,328	165,546
Total	5,922,465	765,957	1,362,052	14,313	4,241	21,565,847	9,911,891

	31 December 2021						
	HKD'000	USD'000	JPY'000	SGD'000	EUR'000	IDR'000	Equivalent to RMB'000
Customer deposits	6,777,948	14,183	—	—	—	—	5,632,523
Reinsurance payables	1,498	—	—	—	—	—	1,225
Bonds payable	—	991,731	—	—	—	—	6,325,021
Other liabilities	367,744	16,563	17,367	22	—	482,349	407,629
Total	7,147,190	1,022,477	17,367	22	—	482,349	12,366,398

The Group has no significant concentration of currency risk.

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5. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (continued)

(b) Financial risk (continued)

Market risk (continued)

(i) Currency risk (continued)

Sensitivities

The analysis below is performed to show the reasonably possible movements in foreign currency exchange rates with all other assumptions held constant, showing the pre-tax impact on profit before income tax of the Group (due to changes in fair value of currency sensitive monetary assets and liabilities) and total equity of the Group when the foreign exchange rates vary. The correlation of variables will have a significant effect in determining the ultimate impact on currency risk, but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis.

Changes in exchange rate	31 December 2022	
	Impact on profit before income tax	Impact on total equity before income tax
+5%	(285,224)	(150,129)
– 5%	285,224	150,129

Changes in exchange rate	31 December 2021	
	Impact on profit before income tax	Impact on total equity before income tax
+5%	(341,111)	(122,725)
– 5%	341,111	122,725

(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.

5. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (continued)

(b) Financial risk (continued)

Market risk (continued)

(ii) Interest rate risk (continued)

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 before income tax and total 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 total equity when RMB interest rate changes.

Changes in RMB interest rate	31 December 2022	
	Impact on profit before income tax	Impact on total equity before income tax
+50 basis points	(163,520)	(301,782)
– 50 basis points	170,235	311,649

Changes in RMB interest rate	31 December 2021	
	Impact on profit before income tax	Impact on total equity before income tax
+50 basis points	(64,493)	(250,140)
– 50 basis points	67,751	259,090

(iii) Price risk

Equity price risk is the risk that the fair value of a financial instrument (mainly include fund investments and listed equity investments) 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.

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5. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (continued)

(b) Financial risk (continued)

Market risk (continued)

(iii) Price risk (continued)

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 relevant financial instruments vary.

Changes in price	31 December 2022	
	Impact on profit before income tax	Impact on total equity before income tax
+5%	591,167	602,166
– 5%	(591,167)	(602,166)

Changes in price	31 December 2021	
	Impact on profit before income tax	Impact on total equity before income tax
+5%	112,631	460,157
– 5%	(112,631)	(460,157)

Credit risk

Credit risks refer to the risk of losses incurred by the inabilities of debtors or counterparties to fulfill their contractual obligations or by the adverse changes in their credit conditions. The Group is exposed to credit risks primarily associated with its cash and amounts due from banks and other financial institutions, securities purchased under agreements to resell, loans and advances to customers, financial assets at amortized cost, debt financial assets at fair value through other comprehensive income, term deposits, restricted statutory deposits, other assets and loan commitments. The Group uses a variety of controls to identify, measure, monitor and report credit risk.

5. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (continued)

(b) Financial risk (continued)

Credit risk (continued)

(i) Credit risk management

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 CBIRC, the Group's debt-based investments mainly include government bonds and corporate bonds, etc. At 31 December 2022 and 2021, the majority of corporate bonds and short-term corporate financing bonds held by the Group had domestic credit rating AA+ or above. The credit rating of the bond is provided by a qualified assessment agency.

The Group's premium 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 has formulated a complete set of credit management processes and internal control mechanisms, so as to carry out whole process management of credit business. Credit management procedures for its loans to individual and corporate individuals comprise the processes of credit origination, credit review, credit approval, disbursement, post-disbursement monitoring and collection.

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.

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5. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (continued)

(b) Financial risk (continued)

Credit risk (continued)

(i) ***Credit risk management*** (continued)

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.

	31 December 2021					
		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
Cash and amounts due from banks and other financial institutions	4,300,693	—	—	—	—	4,300,693
Financial assets at fair value through profit or loss	3,328,355	—	—	—	—	3,328,355
Securities purchased under agreements to resell	9,900	—	—	—	—	9,900
Premium receivables	4,915,163	99,154	—	99,154	—	5,014,317
Reinsurance receivables	746,982	—	—	—	—	746,982
Interest receivables	283,144	—	—	—	—	283,144
Available-for-sale financial assets	13,697,352	—	—	—	13,478	13,710,830
Held-to-maturity financial assets	656,329	—	—	—	9,407	665,736
Investments classified as loans and receivables	930,600	—	—	—	—	930,600
Loans and advances to customers	2,054,186	—	—	—	513	2,054,699
Term deposits	330,000	—	—	—	—	330,000
Restricted statutory deposits	298,500	—	—	—	—	298,500
Others	807,004	—	—	—	—	807,004
Total	32,358,208	99,154	—	99,154	23,398	32,480,760

(ii) ***Expected credit loss***

From 1 January 2022, the Group formulates the credit losses of debt instruments carried at amortized cost and FVOCI and loan commitment using ECL models according to HKFRS 9 requirements.

Parameters of ECL model

The parameters and assumptions involved in ECL model are described below.

The Group considers the credit risk characteristics of different financial instruments when determining if there is significant increase in credit risk. For financial instruments with or without significant increase in credit risk, 12-month or lifetime ECL are provided respectively. The ECL is the result of discounting the product of EAD, PD and LGD.

Exposure at Default ("EAD"): EAD is based on the amounts the Group expects to be owed at the time of default, over the next 12 months or over the remaining lifetime.

Probability of Default ("PD"): PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months, or over the remaining lifetime of the obligation.

Loss given Default ("LGD"): LGD represents the Group's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support.

5. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (continued)

(b) Financial risk (continued)

Credit risk (continued)

(ii) Expected credit loss (continued)

Parameters of ECL model (continued)

The Lifetime PD is developed by applying a maturity profile to the current 12-month PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the Lifetime. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grading band. This is supported by historical analysis.

Judgement of significant increase in credit risk ("SICR")

Under HKFRS 9, when considering the impairment stages for financial assets, the Group evaluates the credit risk at initial recognition and also whether there is any significant increase in credit risk for each reporting period.

The Group considers various reasonable supporting information to judge if there is significant increase in credit risk, including the forward-looking information, when determining the ECL staging for financial assets. Major factors being considered include regulatory and operating environment, internal and external credit ratings, solvency, and operational capabilities. The Group could base on individual financial instruments or portfolios of financial instruments with similar credit risk characteristics to determine ECL staging by comparing the credit risks of the financial instruments at the reporting date with initial recognition.

The Group set quantitative and qualitative criteria to judge whether the credit risk has SICR after initial recognition. The judgement criteria mainly includes the significant fluctuations in evaluation of bonds, significant changes in the financial business performance of the issuers, obvious changes in the issuers' ability and willingness of the solvency, incidents that affect the security of the bonds and other indicators of SICR, etc. When the borrower is reported as Special Mention according to the loan classification of the Hong Kong Monetary Authority ("HKMA"), the decision to classify the loans is based on the borrower's repayment ability and likelihood of individual counterparties defaulting.

The definition of credit-impaired assets

Under HKFRS 9, in order to determine whether credit impairment occurs, the defined standards adopted by the Group are consistent with the internal credit risk management objectives for relevant financial assets, while considering quantitative and qualitative indicators. When the Group assesses whether the debtor has credit impairment, the following factors are mainly considered:

- Default (considered to be default if it is 90 days past due);
- Debt restructuring;
- Inability of obtaining full repayment of principal on due date;
- Bankruptcy of borrowers;
- Other reliable market information indicates that the principal or interest of the bond will not be fully repaid on time;

The credit impairment of financial assets may be caused by the joint effects of multiple events, and may not be caused by separately identifiable events.

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5. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (continued)

(b) Financial risk (continued)

Credit risk (continued)

(ii) Expected credit loss (continued)

Forward-looking information

The determinations of 12 months and the lifetime EAD, PD and LGD also incorporates forward-looking information. The Group has performed historical data analysis and identified the key macroeconomic variables associated with credit risk and ECL for each portfolio. The Group has developed macroeconomic forward-looking adjustment model by establishing a basket of factors, preparing data, filtering model factors and adjusting forward-looking elements. The basket of macroeconomic factors includes Gross Domestic Products ("GDP"), Hong Kong Unemployment Rate, Change in Hong Kong General Government Balance to GDP Ratio and Mainland China Unemployment Rate, etc. Through regression analysis, the relationship among these economic indicators in history with EAD, PD and LGD is determined, and the EAD, PD, LGD are determined through forecasting economic indicator. The forecasting methods and critical assumptions applied have no material change during the year ended 31 December 2022.

During the reporting period, the Group adjusted the predicted values of forward-looking economic indicators by statistical analysis and also considered the range of possible outcomes represented by each scenario, to determine the final macroeconomic scenarios and weights for measuring the relevant expected credit loss. The impact of these economic indicators on PD and LGD varies to different businesses. The Group comprehensively considers internal and external data, expert forecasts and statistical analysis to determine the relationship between these economic indicators with PD and LGD.

The specific values of the key macroeconomic assumptions used in the baseline scenario to evaluate ECL on 31 December 2022 are as follows:

Mainland China	
GDP – year on year percentage change	3.68% - 5.52%
Hong Kong	
Change in Hong Kong General Government Balance to GDP Ratio	(2.89%) - 3.40%

5. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (continued)

(b) Financial risk (continued)

Credit risk (continued)

(ii) Expected credit loss (continued)

Forward-looking information (continued)

Similar to other economic forecasts, the estimates of economic indicators forecasting have high inherent uncertainties, actual results may have significant difference with estimates. The Group considered the estimates above represented the optimal estimation of possible outcomes.

Credit risk exposure

Without considering the impact of collateral and other credit enhancements, for on-balance sheet assets, the maximum exposures are based on net carrying amounts as reported in the consolidated financial statements. The Group also assumes credit risk due to credit commitments. The details are disclosed in Note 54.

Please refer to Note 25 for an analysis of concentration of loans and advances by industry and geographical region.

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Policies are established regarding to the selection of types of collateral and valuation parameters.

The main types of collateral obtained are as follows:

- For securities purchased under agreement to resell, collaterals are quoted securities;
- For commercial loans, collaterals are mortgages over properties, charges over land and charges over bank deposits, etc.;

Management monitors the market value of the collateral, and requires additional collateral when needed according to contracts, when assessing the adequacy of impairment.

It is the Group's policy to dispose collateral orderly. The proceeds are used to repay all or part of the outstanding balance. Generally, the Group would not use the collateralised assets for business purpose.

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5. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (continued)

(b) Financial risk (continued)

Credit risk (continued)

(ii) Expected credit loss (continued)

Credit risk exposure (continued)

The following table presents the credit risk exposure of the financial assets under the scope of ECL. Without considering guarantee or any other credit enhancement measures, for on-balance sheet assets, the maximum credit risk exposure is presented as the amortized cost of the financial assets:

	31 December 2022				31 December 2021
	Stage 1	Stage 2	Stage 3	Maximum credit risk exposure	Maximum credit risk exposure
Cash and amounts due from banks and other financial institutions	3,526,174	—	—	3,526,174	4,300,693
Securities purchased under agreements to resell	137,487	—	—	137,487	9,900
Loans and advances to customers	4,243,684	123,578	—	4,367,262	2,054,699
Financial assets at amortized cost	1,414,585	11,249	5,569	1,431,403	—
Debt financial assets at fair value through other comprehensive income	11,721,199	267,914	34,841	12,023,954	—
Interest receivables	—	—	—	—	283,144
Available-for-sale financial assets (excluding measures as FVPL)	—	—	—	—	10,146,776
Investments classified as loans and receivables	—	—	—	—	930,600
Held-to-maturity financial assets	—	—	—	—	665,736
Term deposits	340,699	—	—	340,699	330,000
Restricted statutory deposits	307,344	—	—	307,344	298,500
Others	809,041	—	—	809,041	807,004
Total	22,500,213	402,741	40,410	22,943,364	19,827,052

The Group closely monitors collateral of credit-impaired financial assets.

At 31 December 2022, all the impaired loans and advances to customers, financial assets at amortized cost and debt financial assets at fair value through other comprehensive income are not covered by collateral.

5. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (continued)

(b) Financial risk (continued)

Credit risk (continued)

(ii) Expected credit loss (continued)

Credit risk exposure (continued)

The following tables explain the changes in the gross amortized cost and loss allowance of the main financial assets between the beginning and the end of the annual period due to these factors:

Gross amortized cost	Stage	1 January 2022	Net increase/ (decrease)*	Stages transfers: Transfer between Stage 1 and Stage 2	Stages transfers: Transfer between Stage 1 and Stage 3	Stages transfers: Transfer between Stage 2 and Stage 3	Write-offs	31 December 2022
Loans and advances to customers	stage 1	2,081,704	2,333,129	(121,411)	(17,763)	—	—	4,275,659
	stage 2	772	5,942	121,411	—	(9)	—	128,116
	stage 3	3,830	(1,941)	—	17,763	9	(13,773)	5,888
	Subtotal	2,086,306	2,337,130	—	—	—	(13,773)	4,409,663
Financial assets at amortized cost	stage 1	1,721,480	(289,407)	(17,142)	—	—	—	1,414,931
	stage 2	16,702	1,846	17,142	—	(17,474)	—	18,216
	stage 3	—	1,576	—	—	17,474	—	19,050
	Subtotal	1,738,182	(285,985)	—	—	—	—	1,452,197
Debt financial assets at fair value through other comprehensive income	stage 1	9,859,528	1,907,779	(46,108)	—	—	—	11,721,199
	stage 2	82,119	174,528	46,108	—	(34,841)	—	267,914
	stage 3	—	—	—	—	34,841	—	34,841
	Subtotal	9,941,647	2,082,307	—	—	—	—	12,023,954

* Changes in current year due to purchase, purchased credit-impaired or derecognition except write-offs.

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5. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (continued)

(b) Financial risk (continued)

Credit risk (continued)

(ii) Expected credit loss (continued)

Credit risk exposure (continued)

The following tables explain the changes in the gross amortized cost and loss allowance of the main financial assets between the beginning and the end of the annual period due to these factors (continued):

Impairment provision	Stage	1 January 2022	Net increase/ (decrease)*	Stages transfers: Transfer between Stage 1 and Stage 2	Stages transfers: Transfer between Stage 1 and Stage 3	Stages transfers: Transfer between Stage 2 and Stage 3	Write-offs	31 December 2022
Loans and advances to customers	stage 1	24,784	18,322	(464)	(10,667)	—	—	31,975
	stage 2	201	3,875	464	—	(2)	—	4,538
	stage 3	3,830	4,701	—	10,667	2	(13,312)	5,888
	Subtotal	28,815	26,898	—	—	—	(13,312)	42,401
Financial assets at amortized cost	stage 1	475	(107)	(22)	—	—	—	346
	stage 2	7,174	7,276	22	—	(7,505)	—	6,967
	stage 3	—	5,976	—	—	7,505	—	13,481
	Subtotal	7,649	13,145	—	—	—	—	20,794
Debt financial assets at fair value through other comprehensive income	stage 1	3,564	5,125	(97)	—	—	—	8,592
	stage 2	9,086	13,891	97	—	(13,314)	—	9,760
	stage 3	—	14,559	—	—	13,314	—	27,873
	Subtotal	12,650	33,575	—	—	—	—	46,225

* Changes in current year due to purchase, purchased credit-impaired or derecognition except write-offs.

The Group internally grades the financial instruments based on the credit quality and risk characteristics. The credit rating of the financial instruments could further be classified as "low risk", "medium risk", "high risk" and "default" according to the internal rating scale. "Low risk" means that the asset quality is good, there is sufficient evidence to show that the asset is not expected to have default, or there is no reason to suspect that the asset had incurred default. "Medium risk" means that the asset quality is acceptable or there are factors revealing potential negative impact on the asset quality, but there is no sufficient reason to suspect that the asset had incurred default. "High risk" means that there are factors revealing significant adverse impact on the asset quality, but there is no event indicating incurred default. The criteria of "default" are consistent with those of "credit-impaired".

5. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (continued)

(b) Financial risk (continued)

Credit risk (continued)

(ii) Expected credit loss (continued)

Credit risk exposure (continued)

The following table contains an analysis of the credit risk grading of loans and advances to customers, financial assets at amortized cost and debt financial assets at fair value through other comprehensive income. The amortized cost of financial assets below also represents the Group's maximum exposure to credit risk on these assets.

Loans and advances to customers

	31 December 2022			
	Stage 1	Stage 2	Stage 3	Total
Credit Grade				
Low Risk	4,275,659	—	—	4,275,659
Medium Risk	—	—	—	—
High Risk	—	128,116	—	128,116
Default	—	—	5,888	5,888
Gross amortized cost	4,275,659	128,116	5,888	4,409,663
Loss allowance	(31,975)	(4,538)	(5,888)	(42,401)
Net amortized cost	4,243,684	123,578	—	4,367,262

Financial assets at amortized cost

	31 December 2022			
	Stage 1	Stage 2	Stage 3	Total
Credit Grade				
Low Risk	1,396,660	—	—	1,396,660
Medium Risk	18,271	18,216	—	36,487
High Risk	—	—	—	—
Default	—	—	19,050	19,050
Gross amortized cost	1,414,931	18,216	19,050	1,452,197
Loss allowance	(346)	(6,967)	(13,481)	(20,794)
Net amortized cost	1,414,585	11,249	5,569	1,431,403

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5. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (continued)

(b) Financial risk (continued)

Credit risk (continued)

(ii) Expected credit loss (continued)

Credit risk exposure (continued)

Debt financial assets at fair value through other comprehensive income

	31 December 2022			
	Stage 1	Stage 2	Stage 3	Total
Credit Grade				
Low Risk	11,714,101	220,343	—	11,934,444
Medium Risk	7,098	—	—	7,098
High Risk	—	47,571	—	47,571
Default	—	—	34,841	34,841
Gross amortized cost	11,721,199	267,914	34,841	12,023,954

At 31 December 2022, the total provision for impairment losses recognised for debt financial assets at fair value through other comprehensive income is RMB46,225 thousand.

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 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.

5. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (continued)

(b) Financial risk (continued)

Liquidity risk (continued)

The tables below summarize the maturity profiles of the main financial assets and financial liabilities of the Group based on undiscounted contractual cash flows and remaining maturity of expected cash flows.

	31 December 2022					
	On demand	Within 1 year	1 to 5 years	Over 5 years	Undated	Total
Assets:						
Cash and amounts due from banks and other financial institutions	3,383,840	142,377	—	—	—	3,526,217
Securities purchased under agreements to resell	—	137,536	—	—	—	137,536
Premium receivables	—	6,392,998	—	—	—	6,392,998
Reinsurance receivables	—	689,777	—	—	—	689,777
Loans and advances to customers	7,921	2,162,734	1,692,554	735,158	—	4,598,367
Financial assets at fair value through profit or loss	—	841,766	2,213,921	4,742,457	15,482,400	23,280,544
Financial assets at amortized cost	—	194,289	1,359,390	38,534	—	1,592,213
Debt financial assets at fair value through other comprehensive income	—	3,157,419	7,950,585	1,519,932	—	12,627,936
Equity financial assets at fair value through other comprehensive income	—	—	—	—	259,018	259,018
Term deposits	—	414,090	—	—	—	414,090
Restricted statutory deposits	—	—	326,500	—	—	326,500
Other assets	—	700,211	108,830	—	—	809,041
Total	3,391,761	14,833,197	13,651,780	7,036,081	15,741,418	54,654,237
Liabilities:						
Borrowings	—	151,531	—	—	—	151,531
Securities sold under agreements to repurchase	—	6,996,822	—	—	—	6,996,822
Customer deposits	2,558,895	5,688,104	—	—	—	8,246,999
Reinsurance payables	—	770,396	—	—	—	770,396
Bonds payable	—	215,535	7,071,132	—	—	7,286,667
Lease liabilities	—	135,560	254,479	—	—	390,039
Other liabilities	—	2,605,682	—	—	290,824	2,896,506
Total	2,558,895	16,563,630	7,325,611	—	290,824	26,738,960

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For the year ended 31 December 2022
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5. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (continued)

(b) Financial risk (continued)

Liquidity risk (continued)

	31 December 2021					
	On demand	Within 1 year	1 to 5 years	Over 5 years	Undated	Total
Assets:						
Cash and amounts due from banks and other financial institutions	3,420,706	882,194	—	—	—	4,302,900
Financial assets at fair value through profit or loss	—	165,020	2,086,970	1,890,311	8,484,233	12,626,534
Securities purchased under agreements to resell	—	9,901	—	—	—	9,901
Premium receivables	—	5,014,317	—	—	—	5,014,317
Reinsurance receivables	—	746,982	—	—	—	746,982
Available-for-sale financial assets	—	3,361,902	7,390,686	5,104,546	8,268,310	24,125,444
Held-to-maturity financial assets	—	28,838	698,767	48,859	—	776,464
Investments classified as loans and receivables	—	223,283	879,567	—	—	1,102,850
Loans and advances to customers	7,254	1,137,416	974,751	15,525	—	2,134,946
Term deposits	—	—	414,090	—	—	414,090
Restricted statutory deposits	—	54,502	276,775	—	—	331,277
Other assets	—	707,725	99,279	—	—	807,004
Total	3,427,960	12,332,080	12,820,885	7,059,241	16,752,543	52,392,709
Liabilities:						
Borrowings	—	122,132	—	—	—	122,132
Securities sold under agreements to repurchase	—	5,552,913	—	—	—	5,552,913
Customer deposits	4,113,003	1,584,264	—	—	—	5,697,267
Reinsurance payables	—	851,384	—	—	—	851,384
Bonds payable	—	208,804	7,046,742	—	—	7,255,546
Lease liabilities	—	120,142	87,766	—	—	207,908
Other liabilities	—	2,975,064	—	—	466,260	3,441,324
Total	4,113,003	11,414,703	7,134,508	—	466,260	23,128,474

5. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (continued)

(b) Financial risk (continued)

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. 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 the total assets of unconsolidated structured entities.

The Group's maximum exposure are shown below:

	31 December 2022			
	Total subscription	Carrying amount	Maximum exposure	Interest held by the Group
Funds investments managed by third parties*	11,439,395	10,615,001	10,615,001	Investment income
Wealth management products managed by third parties*	3,397,095	3,300,268	3,300,268	Investment Income
Trust investment schemes managed by third parties*	683,000	684,005	684,005	Investment income
	15,519,490	14,599,274	14,599,274	

	31 December 2021			
	Total subscription	Carrying amount	Maximum exposure	Interest held by the Group
Funds investments managed by third parties*	8,293,376	8,457,645	8,457,645	Investment income
Wealth management products managed by third parties*	6,986,438	7,144,203	7,144,203	Investment Income
Trust investment schemes managed by third parties*	930,600	930,600	932,039	Investment income
	16,210,414	16,532,448	16,533,887	

* The structured entities are sponsored by third party financial institutions and the information related to size of these structured entities were not publicly available.

The Group's interests in unconsolidated structured entities are included in funds investments and wealth management products under financial assets at fair value through profit or loss, trust investment schemes under financial assets at amortized cost.

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5. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (continued)

(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 Company is mainly based on the Company size, types of debt business, industry and geographic location. Further objectives are set by the Company to maintain a strong credit rating and healthy solvency margin capital ratios in order to support its business objectives and maximize shareholders' value.

The Company manages its capital requirements by assessing shortfalls between reported and required capital levels on a regular basis. The Company will adjust the capital level when the economic condition and risk characteristics of the operating activities changes.

At 31 December 2022, the Company was fully in compliance with externally required capital requirement. The Company has fully implemented China Risk Oriented Solvency System phase II since 1 January 2022 by reference to the "China Risk Oriented Solvency System phase II".

The table below summarizes the core capital, actual capital and minimum required capital of the Company according to the CBIRC's solvency rules.

	31 December 2022
Core capital	13,939,100
Actual capital	14,618,197
Minimum required capital	4,886,926
Core solvency margin ratio	285%
Comprehensive solvency margin ratio	299%

According to the relevant regulations, if the actual solvency margin of an insurance company falls below the minimum solvency margin, the CBIRC may take additional necessary measures depending on the circumstances, until the minimum solvency margin requirement is satisfied.

5. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (continued)

(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.

The Group's financial assets mainly include cash and amounts due from banks and other financial institutions, securities purchased under agreements to resell, loans and advances to customers, financial assets at fair value through profit or loss, financial assets at amortized cost, financial assets at fair value through other comprehensive income, term deposit, restricted 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.

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5. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (continued)

(e) Fair value measurement (continued)

Determination of fair value and fair value hierarchy (continued)

For Level 2 financial instruments, valuations are generally obtained from third party pricing services for identical or comparable assets, or through the use of valuation methodologies using observable market inputs, or recent quoted market prices. Valuation service providers typically gather, analyse and interpret information related to market transactions and other key valuation model inputs from multiple sources, and through the use of widely accepted internal valuation models, provide a theoretical quote on various securities. 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, China Securities Depository and Clearing Corporation Limited and Shanghai Clearing House. 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 recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

5. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (continued)

(e) Fair value measurement (continued)

Determination of fair value and fair value hierarchy (continued)

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

	31 December 2022			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Financial assets at fair value through profit or loss				
– Fund investments	10,615,001	—	—	10,615,001
– Debt investments	1,557,719	4,822,698	—	6,380,417
– Wealth management products	2,722,068	578,200	—	3,300,268
– Equity investments	1,208,332	—	358,799	1,567,131
Financial assets at fair value through other comprehensive income				
– Debt investments	810,088	10,796,812	—	11,606,900
– Equity investments	219,995	—	39,023	259,018
	17,133,203	16,197,710	397,822	33,728,735
Liabilities measured at fair value				
Derivative financial liabilities	—	—	64,398	64,398
Assets for which fair values are disclosed				
Financial assets at amortized cost	10,265	717,615	684,920	1,412,800
Liabilities for which fair values are disclosed				
Bonds payable	—	—	5,702,365	5,702,365

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5. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (continued)

(e) Fair value measurement (continued)

Determination of fair value and fair value hierarchy (continued)

	31 December 2021			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets measured at fair value				
Financial assets at fair value through profit or loss				
– Fund investments	2,185,400	—	—	2,185,400
– Debt investments	924,214	2,404,141	—	3,328,355
– Wealth management products	5,093,448	774,136	—	5,867,584
– Equity investments	30,956	36,271	364,022	431,249
Available-for-sale financial assets				
– Debt investments	5,811,398	7,899,432	—	13,710,830
– Fund investments	6,272,245	—	—	6,272,245
– Wealth management products	1,276,619	—	—	1,276,619
– Equity investments	677,139	1,130	41,177	719,446
	22,271,419	11,115,110	405,199	33,791,728
Assets for which fair values are disclosed				
Investments classified as loans and receivables	—	—	953,716	953,716
Held-to-maturity financial assets	583,791	85,237	—	669,028
	583,791	85,237	953,716	1,622,744
Liabilities for which fair values are disclosed				
Bonds payable	—	—	6,147,812	6,147,812

5. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (CONTINUED)

(e) Fair value measurement (continued)

Determination of fair value and fair value hierarchy (continued)

Reconciliation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy:

Unlisted equity investments	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Available-for-sale financial assets
31 December 2021	364,022	—	41,177
Change in accounting policy (Note 2.1(a))	450	40,727	(41,177)
1 January 2022	364,472	40,727	—
Increase	20,000	—	—
Disposal	(36,000)	—	—
Net unrealized gain recognised in total comprehensive income	10,327	(1,704)	—
31 December 2022	358,799	39,023	-

Valuation techniques

The fair value of the unquoted equity investments has been determined using valuation techniques such as comparable company valuation multiples, recent transaction prices of the same or similar instruments, with appropriate adjustments 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.

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6. SUBSIDIARIES

(a) The Company's subsidiaries at 31 December 2022 are as follows:

Name	Place of operations	Place of incorporation/ registration	Nature of business	Registered capital (thousand)	Percentage of equity	Acquisition mode
ZhongAn Information Technology Services Limited Company ("ZhongAn Technology")	Shanghai, The PRC	Shenzhen, The PRC	Technology Development/ Technology Consulting	RMB5,000,000	100.00%	Set-up
ZhongAn Online Insurance Broker Limited Company ("ZhongAn Insurance Broker")	Guangzhou, The PRC	Guangzhou, The PRC	Insurance Broker	RMB300,000	100.00%	Set-up
Shanghai Zhongyue Network Technology Co., Ltd. ("Shanghai Zhongyue")	Shanghai, The PRC	Shanghai, The PRC	Technology Development/ Technology Consulting	RMB3,000	100.00%	Equity purchase
ZhongAn (ShenZhen) Life Sciences Co., Ltd. ("ZhongAn Life Sciences")	Shenzhen, The PRC	Shenzhen, The PRC	Bio Technology	RMB100,000	70.00%	Set-up
Ningbo Haoyin Biotechnology Co., Ltd. ("Ningbo Haoyin")	Ningbo, The PRC	Ningbo, The PRC	Bio Technology	RMB36,600	100.00%	Set-up
Jiezhong Network Technology Co., Ltd. ("Jiezhong Technology")	Shanghai, The PRC	Shanghai, The PRC	Technology Consulting	USD4,000	100.00%	Equity purchase
Shanghai Lianmo Information Technology Co., Ltd. ("Shanghai Lianmo")	Shanghai, The PRC	Shanghai, The PRC	Technology Development/ Technology Consulting	RMB7,010	100.00%	Equity purchase
ZhongAn (Hainan) Medical Technology Co., Ltd. ("ZhongAn Medical Technology")	Hainan, The PRC	Hainan, The PRC	Medical Service	RMB50,000	100.00%	Set-up
ZhongAn (Hainan) Telemedicine Centre Ltd. ("ZA Telemedicine Centre")	Hainan, The PRC	Hainan, The PRC	Medical Service	RMB50,000	100.00%	Set-up
ZhongAn (Hainan) Internet Hospital Ltd. ("ZA Internet Hospital")	Hainan, The PRC	Hainan, The PRC	Internet Hospital	RMB50,000	100.00%	Set-up
Shanghai Haoyaoshi ZhongAn Pharmacy Co., Ltd. ("ZhongAn Pharmacy")	Shanghai, The PRC	Shanghai, The PRC	Pharmacy	RMB1,000	100.00%	Set-up
Hebei Xiongan ZhongAn Financial Service Information Technology Limited Company ("Hebei Xiongan Information")	Hebei, The PRC	Hebei, The PRC	Technology Development/ Technology Consulting	RMB3,000	100.00%	Set-up
ZA Technology Services Ltd. ("ZA Technology")	British Virgin Islands	British Virgin Islands	Technology Development/ Technology Consulting	USD0.001	100.00%	Set-up

6. SUBSIDIARIES (continued)

(a) The Company's subsidiaries at 31 December 2022 are as follows (continued):

Name	Place of operations	Place of incorporation/ registration	Nature of business	Registered capital (thousand)	Percentage of equity	Acquisition mode
ZhongAn (Wuxi) Information Technology Services Ltd. ("ZhongAn (Wuxi) Technology")	Jiangsu, The PRC	Jiangsu, The PRC	Technology Development/ Technology Consulting	RMB50,000	100.00%	Set-up
Zhongyanshe (Jiaxing) Software Training Ltd. ("Zhongyanshe")	Zhejiang, The PRC	Zhejiang, The PRC	Technology Training	RMB5,000	100.00%	Set-up
ZhongAn Technologies International Group Limited ("ZhongAn International") (i)	Hong Kong, The PRC	Hong Kong, The PRC	Technology Development/ Technology Consulting	RMB4,639,733	44.70%	Set-up
ZA Tech Global Limited ("ZA Tech Global")	Hong Kong, The PRC	Hong Kong, The PRC	Technology Development/ Technology Consulting	USD40,000	49.00%	Set-up
ZA Tech Global (Cayman) Limited ("ZA Tech Global Cayman")	Cayman Islands	Cayman Islands	Technology Development/ Technology Consulting	USD50	100.00%	Set-up
ZA Tech Global (Singapore) Pte. Ltd. ("ZA Tech Singapore")	Singapore	Singapore	Technology Development/ Technology Consulting	HKD1,000	100.00%	Set-up
Asia Fintech Center Pte. Ltd. ("Asia Fintech Center")	Singapore	Singapore	Innovation Lab	SGD2,400	100.00%	Set-up
ZA Tech Global (Ireland) Limited ("ZA Tech Ireland")	Dublin, Ireland	Dublin, Ireland	Technology Development/ Technology Consulting	EUR1	100.00%	Set-up
PT ZATech Global Indonesia ("ZATech Indonesia") (ii)	Djakarta, Indonesia	Djakarta, Indonesia	Technology Development/ Technology Consulting	IDR81,800,000	100.00%	Set-up
ZA Tech Global (Malaysia) Sdn. Bhd. ("ZA Tech Malaysia") (iii)	Kuala Lumpur, Malaysia	Kuala Lumpur, Malaysia	Technology Development/ Technology Consulting	MYR50	100.00%	Set-up
ZA Tech (Thailand) Co., Ltd. ("ZA Tech Thailand") (iv)	Thailand	Thailand	Technology Development/ Technology Consulting	THB3,500	99.99%	Set-up
ZATech Global Holding Pte. Ltd. ("ZATech")	Singapore	Singapore	Investment Holding	SGD10	100.00%	Set-up
Piculet Holding (Thailand) Co., Ltd. ("Piculet Holding")	Bangkok, Thailand	Bangkok, Thailand	Investment Holding	THB100	49.00%	Equity purchase
ZA Tech Brokers Thailand Co., Ltd. ("ZA Tech Brokers")	Bangkok, Thailand	Bangkok, Thailand	Insurance Broker	THB10,000	73.99%	Equity purchase

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6. SUBSIDIARIES (continued)

(a) The Company's subsidiaries at 31 December 2022 are as follows (continued):

Name	Place of operations	Place of incorporation/ registration	Nature of business	Registered capital (thousand)	Percentage of equity	Acquisition mode
ZA Life Limited ("ZA Life")	Hong Kong, The PRC	Hong Kong, The PRC	Life Insurance	HKD1,000,000	65.00%	Set-up
ZhongAn Financial Services Limited ("ZA Financial") (v)	Hong Kong, The PRC	Hong Kong, The PRC	Investment Holding	HKD4,100,000	100.00%	Set-up
ZA Bank Limited ("ZA Bank") (vi)	Hong Kong, The PRC	Hong Kong, The PRC	Virtual Bank	HKD4,100,000	100.00%	Set-up
ZA Care Limited ("ZA Care")	Hong Kong, The PRC	Hong Kong, The PRC	Technology	–	100.00%	Set-up
ZhongAn Digital Asset Group Limited ("ZA Digital Asset")	British Virgin Islands	British Virgin Islands	Digital Asset	USD50	100.00%	Set-up
ZhongAn International Financial Services Limited ("ZA International Financial")	Hong Kong, The PRC	Hong Kong, The PRC	Technology Development/ Technology Consulting	HKD0.1	100.00%	Set-up
ZA International Insurance Broker Limited ("ZA International Insurance Broker")	Hong Kong, The PRC	Hong Kong, The PRC	Insurance Broker	HKD8,000	100.00%	Equity purchase
Zebra Credit Limited ("Zebra Credit") (vii)	Hong Kong, The PRC	Hong Kong, The PRC	Money Lender	HKD30,000.1	100.00%	Set-up
ZhongAn (Shenzhen) Technology Consulting Co., Ltd. ("ZhongAn Technology Consulting")	Shenzhen, The PRC	Shenzhen, The PRC	Technology Development/ Technology Consulting	USD20,000	100.00%	Set-up

* All of the subsidiaries of the Company established in the PRC are limited liability company.

(i) On 2 March 2022, ZhongAn Technology injected RMB439,392 thousand into ZhongAn International. After this transaction, the registered capital of ZhongAn International increased to RMB3,927,838 thousand. On 2 September 2022, ZhongAn International entered into a share purchase agreement with ZhongAn Technology, Sinolink Worldwide Holding Limited ("Sinolink Worldwide"), Warrior Treasure Limited ("Warrior") and AIA VCC for a/c of AIA Opportunities Fund – Venture Capital 2021 ("AIA Opportunities Fund"), pursuant to which Sinolink Worldwide conditionally agreed to subscribe for 156,060,606 voting ordinary shares in the share capital of ZhongAn International at a purchase price of USD0.66 per ZhongAn International Ordinary Share, a subscription price of USD103,000 thousand in aggregate. On 14 September 2022, Sinolink Worldwide injected USD103,000 thousand, equivalent to RMB711,895 thousand, into ZhongAn International. After this transaction, the registered capital of ZhongAn International increased to RMB4,639,733 thousand.

(ii) On 5 April 2022, ZA Tech Global and ZA Tech Singapore injected IDR71,075,000 thousand (equal to USD4,950 thousand) and IDR725,000 thousand (equal to USD50 thousand) respectively into ZATech Indonesia. After this transaction, the registered capital of ZATech Indonesia increased to IDR81,800,000 thousand. ZA Tech Global holds 99% of voting rights of ZATech Indonesia, ZA Tech Singapore holds 1% of voting rights of ZATech Indonesia, ZhongAn International has control over ZATech Indonesia indirectly.

(iii) On 18 April 2022, ZATech set up ZA Tech Malaysia with registered capital of MYR50 thousand.

(iv) On 2 December 2022, ZATech set up ZA Tech Thailand. As of 31 December 2022, ZATech has not made any capital injection.

(v) On 25 May 2022, 20 September 2022 and 30 December 2022, ZhongAn International injected HKD500,000 thousand in total into ZA Financial. After this transaction, the registered capital of ZA Financial increased to HKD4,100,000 thousand.

(vi) On 25 May 2022, 20 September 2022 and 30 December 2022, ZA Financial injected HKD500,000 thousand in total into ZA Bank. After this transaction, the registered capital of ZA Bank increased to HKD4,100,000 thousand.

(vii) On 8 March 2022, ZhongAn International set up Zebra Credit with registered capital of HKD0.1 thousand. On 6 September 2022, ZhongAn International injected HKD30,000 thousand into Zebra Credit. After this transaction, the registered capital of Zebra Credit increased to HKD30,000.1 thousand.

6. SUBSIDIARIES (continued)

(a) The Company's subsidiaries at 31 December 2022 are as follows (continued):

(viii) On 26 January 2022, ZA Tech Global entered into the Share Purchase Agreement with SoftBank Corp. ("SoftBank"), to sell 400 ordinary shares of ZA Tech Japan Inc. ("ZA Japan"), representing 100% of the issued and outstanding shares of ZA Japan to SoftBank, with a total consideration of JPY1,731,370 thousand, and investment income RMB96,745 thousand was recognised due to this transaction.

(ix) On 11 April 2022, ZhongAn International sold 100% equity of Bloom Rewards Limited ("Bloom Rewards") to Magic Strength Holdings Limited for consideration of HKD1,320 thousand. After this transaction, ZhongAn International lost control of Bloom Rewards, and investment income RMB6,409 thousand was recognised due to this transaction.

(b) Non-controlling interests

Set out below is summarised financial information for major subsidiary that has non-controlling interests ("NCI"). The amounts disclosed for major subsidiary is before inter-company eliminations.

	Percentage of equity attributable to the NCI	Total comprehensive income attributable to NCI	Non-controlling interests
ZhongAn International	55.30%	(329,628)	1,830,721

	31 December 2022		31 December 2021	
	Assets	Liabilities	Assets	Liabilities
ZhongAn International	12,423,151	9,904,566	9,933,176	7,020,596

	Year ended 31 December 2022			Year ended 31 December 2021		
	Revenue	Net loss for the year	Total comprehensive income	Revenue	Net loss for the year	Total comprehensive income
ZhongAn International	1,019,548	(506,365)	(597,061)	557,929	(724,628)	(837,071)

Changes in non-controlling interests:

	ZhongAn International	Others	Total
31 December 2021	2,390,493	(8,698)	2,381,795
Total comprehensive income	(329,628)	(3,338)	(332,966)
Contributions from non-controlling interests (i)	711,895	—	711,895
Considerations paid to non-controlling interests (ii)	(952,874)	—	(952,874)
Share-based payments	53,799	—	53,799
Others	(42,964)	(5,825)	(48,789)
31 December 2022	1,830,721	(17,861)	1,812,860

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6. SUBSIDIARIES (continued)

(b) Non-controlling interests (continued)

(i) On 2 September 2022, ZhongAn International entered into a share purchase agreement with ZhongAn Technology, Sinolink Worldwide, Warrior and AIA Opportunities Fund, pursuant to which Sinolink Worldwide conditionally agreed to subscribe for 156,060,606 voting ordinary shares in the share capital of ZhongAn International at a purchase price of USD0.66 per ZhongAn International Ordinary Share, a subscription price of USD103,000 thousand in aggregate. On 14 September 2022, Sinolink Worldwide injected USD103,000 thousand, equivalent to RMB711,895 thousand, into ZhongAn International. The non-controlling interests of ZhongAn International increased by RMB711,895 thousand.

(ii) On 4 March 2022, ZhongAn International redeemed 404,135,750 redeemable preference shares from Warrior at a total redemption price of USD72,807 thousand, equivalent to RMB462,835 thousand and the non-controlling interests of ZhongAn International decreased by RMB435,059 thousand.

On 13 May 2022, ZhongAn International redeemed 250,000,000 redeemable preference shares from Sinolink Worldwide at a total redemption price of RMB264,126 thousand and the non-controlling interests of ZhongAn International decreased by RMB257,441 thousand.

On 30 September 2022, ZhongAn International redeemed 250,000,000 redeemable preference shares from Sinolink Worldwide at a total redemption price of RMB268,607 thousand and the non-controlling interests of ZhongAn International decreased by RMB260,374 thousand.

(c) At 31 December 2022, consolidated structured entities are as followings:

Name	Held by the Company (%)	Total Subscription	Principal activities
ZhongAn TaiKang Asset Management Plan	100.00%	3,188,473	Asset Management Product
ZhongAn LeXiang No.1 Asset Management Plan	100.00%	2,314,013	Asset Management Product
ICBC Credit Suisse Asset Management ZhongAn Insurance No.1 Asset Management Plan	100.00%	800,000	Asset Management Product
Shanghai Dexu Investment Center (Limited Partnership)	98.77%	400,000	Equity Investment
ZhongZai FOF No.2 Asset Management Plan	100.00%	72,000	Asset Management Product

7. NET PREMIUMS EARNED

	Year ended 31 December 2022	Year ended 31 December 2021
Property and casualty insurance written premiums	12,698,700	11,011,100
Short-term life insurance written premiums	10,952,398	9,360,060
Long-term life insurance written premiums	354,233	108,959
Gross written premiums (a)	24,005,331	20,480,119
Less: Premiums ceded to reinsurers (b)	(671,097)	(1,154,276)
Net written premiums	23,334,234	19,325,843
Less: Net change in unearned premium reserves	(1,068,608)	(440,749)
	22,265,626	18,885,094

7. NET PREMIUMS EARNED (continued)

(a) Gross written premiums

This represents gross premium income from direct insurance business, and the breakdown by line of product is as follows:

	Year ended 31 December 2022	Year ended 31 December 2021
Health insurance	9,229,555	7,341,552
Bond insurance	4,052,369	4,084,174
Accident insurance	1,722,843	2,018,508
Motor insurance	1,219,856	941,851
Credit insurance	655,589	702,439
Household property insurance	450,744	452,129
Long-term life insurance	354,233	108,959
Liability insurance	275,825	193,369
Cargo insurance	52,327	178,449
Others (i)	5,991,990	4,458,689
	24,005,331	20,480,119

(i) Others primarily consist of shipping return insurance, which generated gross written premiums of RMB5,039,358 thousand and RMB3,685,489 thousand for the years ended 31 December 2022 and 2021, respectively.

(b) Premiums ceded to reinsurers

	Year ended 31 December 2022	Year ended 31 December 2021
Health insurance	602,100	418,366
Accident insurance	33,975	13,951
Credit insurance	10,991	132,285
Liability insurance	10,358	4,130
Bond insurance	(3,196)	578,621
Others	16,869	6,923
	671,097	1,154,276

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8. NET INVESTMENT INCOME

	Year ended 31 December 2022	Year ended 31 December 2021
Interest income		
– Debt investments	582,032	579,035
– Trust investment schemes	44,288	56,243
– Bank deposits	43,463	91,699
– Securities purchased under agreements to resell	2,017	10,365
Dividend income		
– Fund investments	354,895	71,057
– Wealth management products	297,610	128,851
– Equity investments	10,079	15,785
Realized gains, net	425,977	1,114,885
	1,760,361	2,067,920

9. NET FAIR VALUE CHANGES THROUGH PROFIT OR LOSS

	Year ended 31 December 2022	Year ended 31 December 2021
Financial assets at fair value through profit or loss		
– Fund investments	(971,703)	(2,683)
– Debt investments	(272,480)	27,554
– Equity investments	(266,022)	43,220
– Wealth management products	(256,816)	58,669
– Derivative financial liabilities	(36,036)	—
	(1,803,057)	126,760

10. OTHER INCOME

	Year ended 31 December 2022	Year ended 31 December 2021
Revenue from services (a)	722,937	604,561
Revenue from banking business (b)	238,574	111,630
Government grants (c)	121,719	127,284
Others	45,989	17,111
	1,129,219	860,586

(a) Revenue from services include information technology services, insurance brokerage and other services provided by the Group.

(b) Revenue from banking business includes interest income from loans and advances to customers and commission income.

(c) Government grants include rental subsidies, development support funds and government subsidies related to intangible assets, and etc.

11. NET CLAIMS INCURRED

	Year ended 31 December 2022	Year ended 31 December 2021
Property and casualty insurance claims paid	8,130,293	6,878,020
Short-term life insurance claims paid	4,219,029	4,410,318
Long-term life insurance claims paid	224,252	1,903
Gross claims paid (a)	12,573,574	11,290,241
Less: Claims paid ceded to reinsurers (b)	(368,875)	(645,503)
Net claims paid	12,204,699	10,644,738
Add: Net change in claim reserves and long-term life insurance reserves	234,874	289,944
	12,439,573	10,934,682

(a) Gross claims paid

	Year ended 31 December 2022	Year ended 31 December 2021
Health insurance	3,662,462	3,917,711
Bond insurance	1,971,267	1,321,437
Motor insurance	619,955	739,736
Accident insurance	556,417	492,607
Household property insurance	246,471	236,971
Credit insurance	236,671	587,314
Long-term life insurance	224,252	1,903
Liability insurance	171,461	181,884
Cargo insurance	43,299	139,097
Others (i)	4,841,319	3,671,581
	12,573,574	11,290,241

(i) Others primarily consist of shipping return insurance, the insurance claims paid of which were RMB4,093,342 thousand and RMB3,263,660 thousand for the years ended 31 December 2022 and 2021, respectively.

(b) Claims paid ceded to reinsurers

	Year ended 31 December 2022	Year ended 31 December 2021
Health insurance	287,927	338,533
Accident insurance	66,453	20,809
Bond insurance	32,871	138,092
Credit insurance	(22,050)	145,310
Others	3,674	2,759
	368,875	645,503

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12. HANDLING CHARGES AND COMMISSIONS

	Year ended 31 December 2022	Year ended 31 December 2021
Handling charges and commissions before reinsurance arrangement	2,255,340	2,158,987
Less: Reinsurance commission income	(255,662)	(388,040)
	1,999,678	1,770,947

13. GENERAL AND ADMINISTRATIVE EXPENSES

	Year ended 31 December 2022	Year ended 31 December 2021
Advertising and marketing expense	3,282,092	2,268,666
Consulting and technical fee	2,347,425	2,312,967
Employee benefit expense	1,808,981	1,486,809
Impairment loss	245,217	133,978
Amortisation of intangible assets	133,544	107,908
Depreciation of right-of-use assets	116,302	88,156
Taxes and surcharges	67,617	73,011
Rental fees	50,523	35,152
Depreciation of property and equipment	32,977	31,455
Auditors' remuneration	20,946	17,169
Others	701,814	737,421
	8,807,438	7,292,692

14. OTHER EXPENSES

	Year ended 31 December 2022	Year ended 31 December 2021
Cost of providing services	613,994	496,019
Expense of providing services	310,866	244,176
Cost of banking business	120,202	75,918
Others	24,433	18,322
	1,069,495	834,435

15. EMPLOYEE BENEFIT EXPENSE (INCLUDING DIRECTORS' AND SUPERVISORS' REMUNERATION)

	Year ended 31 December 2022	Year ended 31 December 2021
Salaries, allowances and other short-term benefits	1,444,793	1,333,131
Contributions to defined contribution plans (a)	282,880	139,546
Share-based payments	81,308	14,132
	1,808,981	1,486,809

(a) Contributions to defined contribution plans mainly include contributions made to the state pension schemes.

16. DIRECTORS' AND SUPERVISORS' REMUNERATION

	Year ended 31 December 2022	Year ended 31 December 2021
Fees	1,158	1,088
Wages and salaries	5,272	1,888
Bonuses	5,573	1,784
Pension costs - defined contribution plans	260	116
Other social security costs, housing benefits and other employee benefits	276	122
	12,539	4,998

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16. DIRECTORS' AND SUPERVISORS' REMUNERATION (continued)

(a) Independent non-executive directors

	Year ended 31 December 2022					
	Fees	Wages and salaries	Bonuses	Pension costs - defined contribution plans	Other social security costs, housing benefits and other employee benefits	Total
OU Wei (歐偉)	219	—	—	—	—	219
ZHENG Huien (鄭慧恩)[1]	180	—	—	—	—	180
CHEN Yongzhi (陳詠芝)[2]	19	—	—	—	—	19
YIN Hai (尹海)[3]	19	—	—	—	—	19
CHEN Hui (陳慧)[4]	200	—	—	—	—	200
ZHANG Shuang (張爽)[5]	205	—	—	—	—	205
WU Ying (吳鷹)[6]	53	—	—	—	—	53
	895	—	—	—	—	895

1. Appointed as independent non-executive directors in January 2022
2. Appointed as independent non-executive directors in November 2022
3. Appointed as independent non-executive directors in November 2022
4. Resigned from independent non-executive directors in November 2022
5. Resigned from independent non-executive directors in November 2022
6. Resigned from independent non-executive directors in March 2022

	Year ended 31 December 2021					
	Fees	Wages and salaries	Bonuses	Pension costs - defined contribution plans	Other social security costs, housing benefits and other employee benefits	Total
CHEN Hui (陳慧)	206	—	—	—	—	206
ZHANG Shuang (張爽)	206	—	—	—	—	206
WU Ying (吳鷹)	206	—	—	—	—	206
OU Wei (歐偉)	206	—	—	—	—	206
LI YIFAN [1]	121	—	—	—	—	121
	945	—	—	—	—	945

1. Resigned from independent non-executive directors in July 2021

16. DIRECTORS' AND SUPERVISORS' REMUNERATION (continued)

(b) Executive directors and non-executive directors

	Year ended 31 December 2022					
	Fees	Wages and salaries	Bonuses	Pension costs - defined contribution plans	Other social security costs, housing benefits and other employee benefits	Total
Executive directors						
JIANG Xing (姜興)[1]	—	1,533	1,938	65	69	3,605
LI Gaofeng (李高峰)[1]	—	1,530	1,830	65	69	3,494
Non-executive directors						
OU Yaping (歐亞平)[2]	5	—	—	—	—	5
OU Jinyi (歐晉羿)[2]	5	959	1,295	65	69	2,393
SHI Liangxun (史良洵)	63	—	—	—	—	63
JI Gang (紀綱)[3]	—	—	—	—	—	—
ZHANG Shuang (張爽)[4]	—	—	—	—	—	—
ZHAN Weibiao (湛煒標)[5]	—	—	—	—	—	—
	73	4,022	5,063	195	207	9,560

1. Appointed as executive directors in November 2022

2. Resigned from executive directors and appointed as non-executive directors in November 2022

3. Appointed as non-executive directors in January 2022

4. Appointed as non-executive directors in November 2022

5. Resigned from non-executive directors in March 2022

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16. DIRECTORS' AND SUPERVISORS' REMUNERATION (continued)

(b) Executive directors and non-executive directors (continued)

	Year ended 31 December 2021					
	Fees	Wages and salaries	Bonuses	Pension costs - defined contribution plans	Other social security costs, housing benefits and other employee benefits	Total
Executive directors						
OU Yaping (歐亞平)	—	—	—	—	—	—
OU Jinyi (歐晉羿)	—	756	1,184	58	61	2,059
CHEN Jin (陳勁) [1]	5	—	—	—	—	5
Non-executive directors						
SHI Liangxun (史良洵)	63	—	—	—	—	63
ZHAN Weibiao (湛煒標) [2]	—	—	—	—	—	—
YIN Ming (尹銘) [3]	—	—	—	—	—	—
HAN Xinyi (韓歆毅) [4]	—	—	—	—	—	—
	68	756	1,184	58	61	2,127

1. Resigned from executive directors in January 2021

2. Appointed as non-executive directors in May 2021

3. Resigned from non-executive directors in April 2021

4. Resigned from non-executive directors in October 2021

16. DIRECTORS' AND SUPERVISORS' REMUNERATION (continued)

(c) Supervisors

	Year ended 31 December 2022					
	Fees	Wages and salaries	Bonuses	Pension costs - defined contribution plans	Other social security costs, housing benefits and other employee benefits	Total
GUO Limin (郭立民) [1]	138	—	—	—	—	138
WEN Yuping (溫玉萍)	25	—	—	—	—	25
LIU Haijiao (劉海姣)	25	1,250	510	65	69	1,919
GAN Baoyan (干寶雁)[2]	2	—	—	—	—	2
	190	1,250	510	65	69	2,084

1. Appointed as supervisor in January 2022

2. Resigned from supervisor in January 2022

	Year ended 31 December 2021					
	Fees	Wages and salaries	Bonuses	Pension costs - defined contribution plans	Other social security costs, housing benefits and other employee benefits	Total
WEN Yuping (溫玉萍)	25	—	—	—	—	25
Liu Haijiao (劉海姣)	25	1,132	600	58	61	1,876
GAN Baoyan (干寶雁)	25	—	—	—	—	25
	75	1,132	600	58	61	1,926

For the year ended 31 December 2022, JIANG Xing ang LI Gaofeng are key management personnel of the Company and their remuneration disclosed above include these services rendered as key management personnel.

There was no payment of their other services in connection with the management of the affairs of the Company or its subsidiaries undertaking for the year ended 31 December 2021.

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17. 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 2022	Year ended 31 December 2021
Nil to RMB1,000,000	—	—
RMB1,000,001 to RMB2,000,000	—	—
RMB2,000,001 to RMB3,000,000	5	3
RMB3,000,001 to RMB4,000,000	—	2
RMB4,000,001 to RMB5,000,000	—	—
Total	5	5

Details of the remuneration of the highest paid non-director individuals are as follows:

	Year ended 31 December 2022	Year ended 31 December 2021
Wages and salaries	7,376	7,790
Bonuses	5,768	7,033
Pension costs — defined contribution plans	270	264
Other social security costs, housing benefits and other employee benefits	324	330
	13,738	15,417

18. INCOME TAX

(a) Income tax

	Year ended 31 December 2022	Year ended 31 December 2021
Current income tax	356	815
Deferred income tax (Note 40)	(383,626)	71,203
	(383,270)	72,018

18. INCOME TAX (continued)

(b) Reconciliation of income tax

A reconciliation of income tax applicable to (loss)/profit before income tax using the applicable income tax rate to the income tax at the Group's effective tax rate is as follows:

	Year ended 31 December 2022	Year ended 31 December 2021
(Loss)/Profit before income tax	(2,016,281)	829,117
Tax computed at the applicable tax rate	(469,217)	290,473
Income not subject to tax	(102,376)	(18,155)
Expenses not deductible for tax	28,616	2,165
Extra tax deductions for research and development costs	(46,947)	(42,910)
Deductible temporary differences and tax losses for which no deferred income tax assets were recognised	206,469	265,151
Utilization of previously unrecognised tax losses	(694)	(432,253)
Adjustments to income tax in respect of previous periods	879	7,547
Income tax at the Group's effective rate	(383,270)	72,018

19. (LOSS)/PROFIT PER SHARE

Basic (loss)/profit per share is calculated by dividing net (loss)/profit for the year attributable to owners of the parent by the weighted average number of shares in issue during the year. Diluted (loss)/profit per share is calculated by adjusting the weighted average number of shares outstanding to assume conversion of all dilutive potential shares.

The calculation of (loss)/profit per share is based on the following:

	Year ended 31 December 2022	Year ended 31 December 2021
Net (loss)/profit for the year attributable to owners of the parent	(1,356,095)	1,164,590
Weighted average number of shares in issue (in thousand)	1,469,813	1,469,813
Basic (loss)/profit per share (RMB yuan)	(0.92)	0.79
Diluted (loss)/profit per share (RMB yuan)	(0.92)	0.79

The Company had no dilutive potential shares at 31 December 2022 and 2021, respectively.

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20. OTHER COMPREHENSIVE INCOME

	Year ended 31 December 2022	Year ended 31 December 2021
Debt financial assets at fair value through other comprehensive income		
Losses from changes in the fair value of debt instruments measured at FVOCI	(372,000)	—
Reclassification adjustments for amounts transferred to profit or loss	(46,117)	—
Change in credit risks provision of debt instruments measured at FVOCI	33,575	—
Income tax relating to debt financial assets at fair value through other comprehensive income	18,854	—
Equity financial assets at fair value through other comprehensive income		
Losses from changes in the fair value of equity instruments measured at FVOCI	(128,728)	—
Income tax relating to equity financial assets at fair value through other comprehensive income	32,182	—
Available-for-sale financial assets		
Gains from changes in the fair value of available-for-sale financial assets	—	137,690
Reclassification adjustments for amounts transferred to profit or loss	—	(202,894)
Income tax relating to available-for-sale financial assets	—	9,258
Exchange differences on translation of foreign operations	258,364	(101,450)
	(203,870)	(157,396)

21. CASH AND AMOUNTS DUE FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	31 December 2022	31 December 2021
Cash in hand	188	97
Deposits with original maturity of no more than three months	2,326,446	1,961,144
Placements with banks	119,376	879,987
Due from banks and other financial institutions	770,605	1,014,198
Other monetary assets (i)	308,880	445,267
Add: Interest receivables	682	—
Less: Impairment provisions	(3)	—
	3,526,174	4,300,693

(i) Other monetary assets refer to funds deposited by the Group for daily business operations and investment activities.

22. SECURITIES PURCHASED UNDER AGREEMENTS TO RESELL

	31 December 2022	31 December 2021
Securities - bonds		
– Stock exchange	107,554	—
– Inter-bank market	29,925	9,900
Add: Interest receivables	10	—
Less: Impairment provisions	(2)	—
	137,487	9,900

23. PREMIUM RECEIVABLES

	31 December 2022	31 December 2021
Premium receivables	6,790,393	5,247,044
Less: Provision for impairment of premium receivables	(397,395)	(232,727)
	6,392,998	5,014,317

Aging analysis of the premium receivables is as follows:

	31 December 2022	31 December 2021
Within 3 months (including 3 months)	6,163,892	4,915,163
Over 3 months and within 1 year (including 1 year)	229,106	99,154
	6,392,998	5,014,317

24. REINSURANCE RECEIVABLES

	31 December 2022	31 December 2021
Reinsurance receivables	689,777	746,982
Less: Provision for impairment of reinsurance receivables	—	—
	689,777	746,982

Aging analysis of reinsurance receivables is as follows:

	31 December 2022	31 December 2021
Within 1 year (including 1 year)	563,934	742,132
Over 1 year	125,843	4,850
	689,777	746,982

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25. LOANS AND ADVANCES TO CUSTOMERS

(a) Analysed by corporate and individual

	31 December 2022	31 December 2021
Individual customers	**2,001,684**	1,645,563
Corporate customers		
– Real estate	**1,326,550**	206,498
– Wholesale and retail trade	**516,570**	99,207
– Manufacturing	**251,443**	23,778
– Information technology	**92,046**	—
– Transport and transport equipment	**45,238**	16,073
– Others	**162,504**	92,395
Add: Interest receivables	**13,628**	—
Less: Loan loss provisions	**(42,401)**	(28,815)
	4,367,262	2,054,699

All loans and advances to customers are in Hong Kong.

(b) Analysed by type of collateral held or other credit enhancements

	31 December 2022	31 December 2021
Unsecured by collateral	**3,044,563**	1,885,713
Secured by collateral	**1,351,472**	197,801
Add: Interest receivables	**13,628**	—
Less: Loan loss provisions	**(42,401)**	(28,815)
	4,367,262	2,054,699

(c) Loan loss provisions

1 January 2022	(28,815)
Provision for the year	(27,360)
Reversal during the year	462
Write-off and transfer during the year	13,312
31 December 2022	(42,401)

26. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 December 2022	31 December 2021
Listed		
– Debt investments	1,557,719	1,036,081
– Equity investments	1,208,332	67,227
– Fund investments	683,432	—
Unlisted		
– Fund investments	9,931,569	2,185,400
– Debt investments	4,822,698	2,292,274
– Wealth management products	3,300,268	5,867,584
– Equity investments	358,799	364,022
	21,862,817	11,812,588

27. FINANCIAL ASSETS AT AMORTIZED COST

	31 December 2022
Listed	
– Debt investments	10,207
Unlisted	
– Debt investments	757,985
– Trust investment schemes	684,005
Less: Impairment provisions	(20,794)
	1,431,403

The Group's maximum exposure to loss in the trust investment schemes is limited to their carrying amounts.

28. DEBT FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	31 December 2022
Listed debt investments	4,596,768
Unlisted debt investments	7,010,132
	11,606,900

At 31 December 2022, the total provision for impairment losses recognised for debt financial assets at fair value through other comprehensive income is RMB46,225 thousand.

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29. EQUITY FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	31 December 2022
Listed equity investments	219,995
Unlisted equity investments	39,023
	259,018

The Group designated the portion of equity investments, which are held not for short-term price fluctuation gains, but for the dividends income arising from long-term possession, as equity financial assets at fair value through other comprehensive income.

For the year ended 31 December 2022, dividend income recognised for such equity investments was RMB2,870 thousand. As a result of the change of investment strategies, the Group disposed certain equity investments. The cumulative losses net of tax of such equity investments transferred into retained earnings from other comprehensive income after disposal was RMB52,322 thousand during the year.

30. INTEREST RECEIVABLES

	31 December 2021
Debt investments	260,347
Bank deposits	18,661
Loans	2,792
Trust investment schemes	1,439
Securities purchased under agreements to resell	1
Less: Impairment provisions	(96)
	283,144

31. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	31 December 2021
Listed	
– Debt investments	6,243,820
– Equity investments	678,269
– Fund investments	240,441
Unlisted	
– Debt investments	7,476,241
– Fund investments	6,031,804
– Wealth management products	1,276,619
– Equity investments	41,177
Less: Impairment provisions	(9,231)
	21,979,140

32. INVESTMENTS CLASSIFIED AS LOANS AND RECEIVABLES

	31 December 2021
Trust investment schemes	930,600
Less: Impairment provisions	—
	930,600

The Group's maximum exposure to loss in the trust investment schemes is limited to their carrying amounts and interest receivables, see Note 5(b).

33. HELD-TO-MATURITY FINANCIAL ASSETS

	31 December 2021
Listed	
– Corporate bonds	83,669
– Government bonds	30,262
– Finance bonds	16,115
Unlisted	
– Government bonds	542,985
Less: Impairment provisions	(7,295)
	665,736

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34. INVESTMENT IN ASSOCIATES AND JOINT VENTURES

	31 December 2021	Change in accounting policy*	1 January 2022	Additions	Share of profits/ (losses)	Disposal	Foreign exchange in capital reserves	31 December 2022
ZA-CP Network Technology (Shanghai) Co., Ltd. ("ZA-CP")	933	—	933	—	(914)	(19)	—	—
Shanghai Nuanwa Technology Co., Ltd. ("Shanghai Nuanwa")	33,876	—	33,876	—	(10,196)	—	—	23,680
Shanghai Xiaojia Financial Technology Service Co., Ltd. ("Shanghai Xiaojia")	2,045	—	2,045	—	—	(2,045)	—	—
Chongqing ZhongAn Microloan Limited Company ("ZhongAn Microloan")	434,406	(1,805)	432,601	—	14,262	—	—	446,863
Shanghai Zhongzhirong Digital Technology Ltd. ("Zhongzhirong")	3,103	—	3,103	—	1,459	—	—	4,562
Shanghai Ju'A Technology Ltd. ("Shanghai Ju'A")	3,754	—	3,754	—	(3,754)	—	—	—
Baibao (Shanghai) Technology Co., Ltd. ("Shanghai Baibao")	366	—	366	—	(366)	—	—	—
Shanghai Nuan'an Private Investment Fund Partnership (Limited Partnership) ("Shanghai Nuan'an")	6,000	—	6,000	—	6	(6,006)	—	—
Nova Technology Ltd. ("Nova Technology")	—	—	—	—	—	—	—	—
Yiyuan Technology Ltd. ("Yiyuan")	—	—	—	5,000	—	—	—	5,000
A3 Holdings Inc. ("A3 Holdings") (a)	10,657	—	10,657	—	—	(10,789)	132	—
Data Enlighten (Asia) Limited ("Data Enlighten")	11,826	—	11,826	—	(691)	—	1,071	12,206
RD International Holdings Limited ("RD International Holdings")	30,233	—	30,233		(10,677)	—	2,333	21,889
ZAKC Limited ("ZAKC")	—	—	—	25,380	(4,094)	—	(183)	21,103
Granada Protect Pte Ltd. ("Granada")	—	—	—	22,124	(2,940)	—	(120)	19,064
PT Visionet Internasional Proteksi ("PT Visionet") (b)	22,460	—	22,460	2,917	—	(25,656)	279	—
	559,659	(1,805)	557,854	55,421	(17,905)	(44,515)	3,512	554,367

* As disclosed in Note 2.1(a), the Group adopted HKFRS 9 Financial Instruments since 1 January 2022, changes in accounting policies were made for associates and joint ventures based on the accounting policies of the Group, and retained earnings was also adjusted. Investments in associates and joint ventures decreased by RMB1,805 thousand and accumulated losses increased by RMB1,805 thousand.

(a) On 28 January 2022, ZA Tech Global Cayman entered into the Swap-Up Agreement with Grab Holdings Limited ("Grab"), a company listed on Nasdaq, to transfer 3,400,000 ordinary shares of A3 Holdings to Grab, representing 40% of the issued and outstanding shares of A3 Holdings, in exchange for the issuance and allotment to ZA Tech Global Cayman of 8,800,000 Class A ordinary shares in the capital of Grab. As at 28 January 2022, the stock price of Grab was USD5.51 per share, representing a total consideration of USD48,488 thousand and investment income RMB270,338 thousand was recognised due to this transaction.

(b) On 9 May 2022, ZA Tech Global Cayman entered into the Swap-Up Agreement with Grab to transfer 120 ordinary shares of PT Visionet to Grab, representing 40% of the issued and outstanding shares of PT Visionet, in exchange for the issuance and allotment to ZA Tech Global Cayman of 1,290,032 Class A ordinary shares in the capital of Grab. As at 9 May 2022, the stock price of Grab was USD2.80 per share, representing a total consideration of USD3,612 thousand and investment loss RMB2,389 thousand was recognised due to this transaction.

34. INVESTMENT IN ASSOCIATES AND JOINT VENTURES (continued)

Nature of investment in associates and joint ventures at 31 December 2022

Name	Place of incorporation	Percentage of ownership interest	Percentage of voting power	Registered capital (thousand)	Paid-in capital (thousand)	Principal activity
Shanghai Nuanwa	Shanghai, The PRC	44.00%	44.00%	RMB45,000	RMB45,000	Technology Consulting
ZhongAn Microloan	Chongqing, The PRC	41.18%	41.18%	RMB1,020,000	RMB1,020,000	Micro Finance
Zhongzhirong	Shanghai, The PRC	30.00%	30.00%	RMB10,000	RMB8,000	Technology Consulting
Shanghai Ju'A	Shanghai, The PRC	34.17%	34.17%	RMB14,630.7	RMB14,630.7	Technology Consulting
Shanghai Baibao	Shanghai, The PRC	28.16%	28.16%	RMB10,655	RMB10,655	Technology Consulting
Nova Technology	Cayman Islands	30.04%	30.04%	USD50	USD50	Investment Holding
Yiyuan	Cayman Islands	42.27%	50%	USD50	USD12.57	Investment Holding
Data Enlighten	Hong Kong, The PRC	14.00%	14.00%	USD2,000, HKD10	USD2,000, HKD10	Technology
RD International Holdings	Cayman Islands	19.996%	19.996%	USD50,000	USD30,000	Investment Holding
ZAKC	Hong Kong, The PRC	51.00%	51.00%	HKD55,700.1	HKD55,700.1	Technology Development
Granada	Singapore	40.00%	40.00%	USD1,500	USD1,500	InsureTech

35. TERM DEPOSITS

Maturity Period	31 December 2022	31 December 2021
3 months to 1 year (including 1 year)	330,000	—
1 to 2 years (including 2 years)	—	330,000
Add: Interest receivables	10,727	—
Less: Impairment provisions	(28)	—
	340,699	330,000

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36. RESTRICTED STATUTORY DEPOSITS

	31 December 2022	31 December 2021
Restricted statutory deposits	295,000	298,500
Add: Interest receivables	12,392	—
Less: Impairment provisions	(48)	—
	307,344	298,500

	31 December 2022		
	Amount	Storage	Period
China Minsheng Bank	200,000	Term deposit	3 years
Industrial and Commercial Bank of China	50,000	Term deposit	3 years
Bank of Ningbo	45,000	Term deposit	3 years
Total	295,000		

	31 December 2021		
	Amount	Storage	Period
China Minsheng Bank	200,000	Term deposit	3 years
Industrial and Commercial Bank of China	50,000	Term deposit	3 years
China Everbright Bank	48,500	Term deposit	3 years
Total	298,500		

In accordance with relevant provision of Insurance Law of the PRC, the Company should place 20% of its share capital as restricted statutory deposits.

37. PROPERTY AND EQUIPMENT

	Motor vehicles	Electrical equipment	Office furniture and equipment	Leasehold improvements	Total
Cost					
1 January 2021	3,612	67,421	10,677	136,545	218,255
Additions	2,443	15,460	2,115	11,744	31,762
Disposals	(505)	(5,738)	(224)	—	(6,467)
31 December 2021	5,550	77,143	12,568	148,289	243,550
Additions	462	20,003	823	19,271	40,559
Disposals	(2,148)	18,970	(1,372)	(1,634)	(24,124)
31 December 2022	**3,864**	**78,176**	**12,019**	**165,926**	**259,985**
Accumulated depreciation and impairment					
1 January 2021	(2,709)	(37,693)	(7,098)	(104,732)	(152,232)
Depreciation	(1,149)	(10,869)	(2,554)	(21,138)	(35,710)
Disposals	479	5,364	189	—	6,032
31 December 2021	(3,379)	(43,198)	(9,463)	(125,870)	(181,910)
Depreciation	(500)	(14,135)	(1,181)	(20,170)	(35,986)
Disposals	1,922	14,673	167	774	17,536
31 December 2022	**(1,957)**	**(42,660)**	**(10,477)**	**(145,266)**	**(200,360)**
Net book value					
31 December 2022	**1,907**	**35,516**	**1,542**	**20,660**	**59,625**
31 December 2021	2,171	33,945	3,105	22,419	61,640

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38. Leases

(a) Amounts recognised in the consolidated balance sheet

The consolidated balance sheet shows the following amounts relating to leases:

	31 December 2022	31 December 2021
Right-of-use assets		
Buildings	373,337	177,097
Equipment	1,319	1,129
	374,656	178,226
Lease liabilities	373,809	203,100

Additions to the right-of-use assets during the year ended 31 December 2022 and 2021 were RMB305,534 thousand and RMB18,421 thousand, respectively.

(b) Amounts recognised in the consolidated statement of comprehensive income

The consolidated statement of comprehensive income shows the following amounts relating to leases:

	Year ended 31 December 2022	Year ended 31 December 2021
Depreciation charge of right-of-use assets		
Buildings	147,515	116,361
Equipment	497	1,583
	148,012	117,944
Expense relating to short-term leases	50,523	35,152
Interest expense	13,451	10,581

The total cash outflow relating to leases during the year ended 31 December 2022 and 2021 was RMB182,410 thousand and RMB144,756 thousand, respectively.

(c) The Group's leasing activities and how these are accounted for

The Group leases various offices and equipment. Rental contracts are typically made for fixed periods of 1 month to 6.5 years.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

39. INTANGIBLE ASSETS

	Software	Patent	Other	Total
Cost				
1 January 2021	1,036,843	30,100	3,414	1,070,357
Additions	228,995	—	—	228,995
Disposals	(13,257)	(30,100)	—	(43,357)
31 December 2021	1,252,581	—	3,414	1,255,995
Additions	370,232	—	—	370,232
Disposals	(1,918)	—	—	(1,918)
31 December 2022	**1,620,895**	**—**	**3,414**	**1,624,309**
Accumulated amortisation and impairment				
1 January 2021	(581,301)	(7,023)	(556)	(588,880)
Amortization	(149,758)	(3,010)	(183)	(152,951)
Disposals	10,673	10,033	—	20,706
Impairment	(57,377)	—	—	(57,377)
31 December 2021	(777,763)	—	(739)	(778,502)
Amortization	(176,960)	—	(183)	(177,143)
Disposals	443	—	—	443
Impairment	(7,319)	—	—	(7,319)
31 December 2022	**(961,599)**	**—**	**(922)**	**(962,521)**
Net book value				
31 December 2022	**659,296**	**—**	**2,492**	**661,788**
31 December 2021	474,818	—	2,675	477,493

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40. DEFERRED INCOME TAX ASSETS AND LIABILITIES

	31 December 2022	31 December 2021
Net deferred income tax liabilities, at the beginning of year	(61,946)	(1)
Change in accounting policy (Note 2.1(a))	378	—
Net deferred income tax liabilities, at the beginning of year	(61,568)	(1)
Recognised in profit or loss	383,626	(71,203)
Recognised in other comprehensive income	51,036	9,258
Net deferred income tax assets/(liabilities), at the end of year	373,094	(61,946)

The breakdown of deferred income tax assets and liabilities at the end of the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	31 December 2022	31 December 2021
Deferred income tax assets/(liabilities)		
Net fair value adjustment on financial assets at fair value through profit or loss	263,357	(60,395)
Insurance contract liabilities	183,670	266,645
Accumulated taxable losses	168,392	110,047
Impairment loss provisions	141,956	95,012
Amortisation of intangible assets	45,127	15,973
Employee stock ownership plan	9,600	9,600
Net fair value adjustment and credit risks provision on debt financial assets at fair value through other comprehensive income	8,807	—
Net fair value adjustment on equity financial assets at fair value through other comprehensive income	8,095	—
Employee benefits	2,579	2,381
Unrealized gains of structured entities	(447,714)	(420,711)
Share of net profit of associates and joint ventures accounted for using the equity method	(9,465)	(9,465)
Others	(1,310)	—
Provision for expenses	—	10,629
Net estimated liabilities for sales return	—	307
Net fair value adjustment on available-for-sale financial assets	—	(81,969)
Net deferred income tax assets/(liabilities)	373,094	(61,946)
Represented by		
Deferred income tax assets	831,583	510,594
Deferred income tax liabilities	(458,489)	(572,540)

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 December 2022, the Group did not recognise deferred income tax assets of RMB715,101 thousand in respect of losses amounting to RMB4,426,397 thousand that can be carried forward against future taxable income. At 31 December 2021, the Group did not recognise deferred income tax assets of RMB550,881 thousand in respect of losses amounting to RMB3,430,587 thousand that can be carried forward against future taxable income.

41. OTHER ASSETS

	31 December 2022	31 December 2021
Advanced payment	314,544	550,227
Coinsurance expense to be reimbursed	251,864	367,868
Deposits	108,830	99,279
Estimate of input tax	87,154	42,195
Subrogation receivables	84,648	88,646
Assets recognised from costs to fulfil a contract	15,028	31,863
Right to surrender cost	13,682	70,609
Receivable from securities clearing	6,344	138,000
Others	399,449	303,831
Less: Provisions for other assets	(5,899)	(3,116)
	1,275,644	1,689,402

42. SHARE CAPITAL

	31 December 2022	31 December 2021
Number of shares issued and fully paid at RMB1 yuan each	1,469,813	1,469,813

43. RESERVES

The amounts of the Group's reserves and the movements therein during the year are presented in the consolidated statement of changes in equity.

(a) Capital reserves

Capital reserves mainly represents share premiums from issuance of shares.

(b) Surplus reserves

Surplus reserves consist of the statutory surplus reserve and the discretionary surplus reserves.

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 the Accounting Standard for Business Enterprises - Basic Standard, the specific accounting standards and other relevant regulations issued by the Ministry of Finance on 15 February 2006 and in subsequent periods ("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 has accumulated losses at its company level, no reserve has been retained.

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For the year ended 31 December 2022
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43. RESERVES (continued)

(b) Surplus reserves (continued)

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) Other reserves

The investment revaluation reserve records the fair value changes of financial assets at fair value through other comprehensive income or 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. Other reserves due to share-based payments records the fair value of share options granted to the directors and employees of the Company.

44. SHARE-BASED PAYMENTS

(a) Revised 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. 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.

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.

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
Shanghai Haoguan	28,570,000	RMB1.5 yuan	42,855
Shanghai Qianguo	31,430,000	RMB1.5 yuan	47,145

44. SHARE-BASED PAYMENTS (continued)

(a) Revised 2014 Share Option Plan (continued)

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 remaining contractual life of share options outstanding at 31 December 2022 and 31 December 2021 are 1.9 years and 2.9 years, respectively.

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 (%)	44.00
Risk-free interest rate (%)	3.427
Life of options (in years)	9.4
Estimated share price at grant date according to income approach (in RMB yuan)	1.4
Exercise price (in RMB yuan)	1.5

The expenses recognised in the consolidated statement of comprehensive income for employee ownership plan are nil for the years ended 31 December 2022 and 2021, respectively.

(b) Subsidiary Employee Stock Ownership Plan

(i) Subsidiary Share Option Schemes

The subsidiaries of the Company, being ZhongAn International, ZA Life and ZA Tech Global, each adopted a subsidiary share option scheme (each and collectively referred to as "Subsidiary Share Option Schemes") on 29 December 2020. The purpose for each of the Subsidiary Share Option Scheme is to enable ZhongAn International, ZA Life and ZA Tech Global to grant share options of ZhongAn International, ZA Life and ZA Tech Global, respectively, to their respective eligible participants (the "Grantees") as incentives or rewards for their contribution to the growth of the Group and to provide the Group with a more flexible means to reward, remunerate, compensate and/or provide benefits to the respective eligible participants of the Subsidiary Share Option Schemes.

The board of directors of ZhongAn International, ZA Life and ZA Tech Global (or through its administration committee) shall respectively determine the exercise price for the share option of ZhongAn International, ZA Life and ZA Tech Global with reference to the respective net asset value per underlying share of ZhongAn International, ZA Life and ZA Tech Global at the time of grant.

The vesting of the share options under each subsidiary share option scheme shall be subject to the fulfillment of all terms and conditions for the grant of such share options made to the Grantees as set out in the relevant offer letter (i) provided the grantee shall be continuously employed through the vesting date, the awarded share options shall vest in accordance with the vesting schedule as stipulated in the relevant offer letter; and (ii) other conditions (if any) as determined by the respective board of directors of ZhongAn International, ZA Life and ZA Tech Global in its absolute discretion.

The maximum aggregate number of shares which may be issued upon exercise of all outstanding share options granted and yet to be exercised under a Subsidiary Share Option Scheme must not exceed 10% of the issued share capital of ZhongAn International, ZA Life and ZA Tech Global, respectively, as at the adoption date of the respective Subsidiary Share Option Scheme, subject to adjustment in the event of specified capitalization events from time to time as described in Subsidiary Share Option Schemes.

Each of the Subsidiary Share Option Scheme is valid and effective for a period of 10 years commencing from the respective adoption date.

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44. SHARE-BASED PAYMENTS (continued)

(b) Subsidiary Employee Stock Ownership Plan (continued)

(i) Subsidiary Share Option Schemes (continued)

At 31 December 2022, options representing the right to subscribe for a total of 143,473,270, 35,161,900 and 2,516,000 shares of ZhongAn International, ZA Life and ZA Tech Global respectively were still outstanding under Subsidiary Share Option Schemes which represents approximately 6.83%, 3.52% and 8.39% of the issued ordinary shares of ZhongAn International, ZA Life and ZA Tech Global on the adoption date of Subsidiary Share Option Schemes respectively.

On 31 December 2020, ZhongAn International, ZA Life and ZA Tech Global granted 109,951,100, 27,484,500 and 2,268,000 share options respectively to the Grantees ("First Batch"). On 25 June 2021, ZhongAn International, ZA Life and ZA Tech Global granted 43,918,370, 840,000 and 762,000 share options respectively to the Grantees ("Second Batch"). On 20 January 2022, ZhongAn International granted 12,280,000 share options to the Grantees ("Third Batch"). On 8 April 2022, ZA Life granted 12,062,900 share options to the Grantees ("Fourth Batch").

Set out below are summaries of options granted under the plan and outstanding:

	For the year ended 31 December 2022		
Number of options	**ZhongAn International**	**ZA Life**	**ZA Tech Global**
1 January 2022	**145,312,820**	**25,849,500**	**2,880,000**
Granted	**12,280,000**	**12,062,900**	**—**
Exercised	**(770,600)**	**—**	**(5,000)**
Lapsed	**(13,348,950)**	**(2,750,500)**	**(359,000)**
31 December 2022	**143,473,270**	**35,161,900**	**2,516,000**
Vested and exercisable at 31 December 2022	**66,408,768**	**14,526,876**	**1,241,500**
Weighted average remaining contractual life of share options outstanding at 31 December 2022 (in years)	**8.22**	**8.45**	**8.12**

	For the year ended 31 December 2021		
Number of options	**ZhongAn International**	**ZA Life**	**ZA Tech Global**
1 January 2021	109,951,100	27,484,500	2,268,000
Granted	43,918,370	840,000	762,000
Exercised	(127,050)	—	(102,500)
Lapsed	(8,429,600)	(2,475,000)	(47,500)
31 December 2021	145,312,820	25,849,500	2,880,000
Vested and exercisable at 31 December 2021	37,475,575	10,386,563	719,250
Weighted average remaining contractual life of share options outstanding at 31 December 2021 (in years)	9.14	9.01	9.13

There are no expiry of options for the year ended 31 December 2022 and 2021.

44. SHARE-BASED PAYMENTS (continued)

(b) Subsidiary Employee Stock Ownership Plan (continued)

(i) Subsidiary Share Option Schemes (continued)

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.

First Batch key assumptions of ZhongAn International and its subsidiaries are set out as below:

	ZhongAn International	ZA Life	ZA Tech Global
Dividend rate (%)	0.00	0.00	0.00
Volatility (%)	26.81	30	50
Risk free interest rate (%)	0.54	0.54	0.54
Life of options (in years)	10	10	10
Estimated share price at grant date according to sum-of-the-parts approach (in HKD)	0.71	0.81	9.74
Exercise price (in HKD)	1.34	1.17	9.40

Second Batch key assumptions of ZhongAn International and its subsidiaries are set out as below:

	ZhongAn International	ZA Life	ZA Tech Global
Dividend rate (%)	0.00	0.00	0.00
Volatility (%)	39.62	30	50
Risk free interest rate (%)	1.12	1.12	1.12
Life of options (in years)	10	10	10
Estimated share price at grant date according to sum-of-the-parts approach (in HKD)	1.53	0.77	10.96
Exercise price (in HKD)	1.34	1.17	9.40

Third Batch key assumptions of ZhongAn International are set out as below:

	ZA Tech Global
Dividend rate (%)	0.00
Volatility (%)	42.57
Risk free interest rate (%)	1.62
Life of options (in years)	10
Estimated share price at grant date according to sum-of-the-parts approach (in HKD)	4.56
Exercise price (in HKD)	1.50

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44. SHARE-BASED PAYMENTS (continued)

(b) Subsidiary Employee Stock Ownership Plan (continued)

(i) Subsidiary Share Option Schemes (continued)

Fourth Batch key assumptions of ZA Life are set out as below:

	ZA Life
Dividend rate (%)	0.00
Volatility (%)	30.00
Risk free interest rate (%)	2.48
Life of options (in years)	10
Estimated share price at grant date according to sum-of-the-parts approach (in HKD)	0.66
Exercise price (in HKD)	1.31

The total expenses recognised in the consolidated statement of comprehensive income for Subsidiary Share Option Schemes are disclosed in Note 15.

(ii) Subsidiary Restricted Share Unit Schemes

The subsidiaries of the Company, being ZhongAn International and ZA Tech Global, each adopted a subsidiary restricted share unit scheme (each and collectively referred to as "Subsidiary Restricted Share Unit Schemes") with the approval of the board of directors and shareholders of ZhongAn International on 15 September 2020 and the approval of the board of directors and shareholders of ZA Tech Global on 24 June 2021 respectively.

The purpose for each of the Subsidiary Restricted Share Unit Schemes is to enable ZhongAn International and ZA Tech Global to grant restricted share units ("RSUs") of ZhongAn International and ZA Tech Global, respectively, to their respective eligible participants ("RSU Grantees") as incentives or rewards for their contribution to the growth of the Group and to provide the Group with a more flexible means to reward, remunerate, compensate and/or provide benefits to the respective eligible participants of the Subsidiary Restricted Share Unit Schemes.

The board of directors of ZhongAn International and ZA Tech Global (or through its administration committee) shall respectively determine the consideration of the RSUs of ZhongAn International and ZA Tech Global at the time of grant.

The maximum aggregate number of shares of ZhongAn International and ZA Tech Global which may be allotted and issued under the respective Subsidiary Restricted Share Unit Scheme must not exceed 10% of the issued share capital of ZhongAn International and ZA Tech Global, respectively, as at the adoption date of the respective Subsidiary Restricted Share Unit Scheme, subject to adjustment in the event of specified capitalization events from time to time as described in the Subsidiary Restricted Share Unit Schemes.

The Subsidiary Restricted Share Unit Schemes shall be valid and effective for a period of 10 years commencing from the respective adoption date.

At 31 December 2022, RSUs representing a total of 97,635,000 and 538,000 shares of ZhongAn International and ZA Tech Global respectively which may be allotted and issued under the Subsidiary Restricted Share Unit Schemes were still outstanding, which represents approximately 4.65% and 1.79% of the issued ordinary shares of ZhongAn International and ZA Tech Global on the adoption date of the Subsidiary Restricted Share Unit Schemes.

44. SHARE-BASED PAYMENTS (continued)

(b) Subsidiary Employee Stock Ownership Plan (continued)

(ii) Subsidiary Restricted Share Unit Schemes (continued)

On 25 June 2021, ZA Tech Global granted 588,000 RSUs to the RSU Grantees ("First Batch RSU"). On 8 April 2022, ZhongAn International granted 73,205,000 RSUs to the RSU Grantees ("Second Batch RSU"). On 1 October 2022, ZhongAn International granted 20,400,000 RSUs to the RSU Grantees ("Third Batch RSU"). On 1 December 2022, ZhongAn International granted 8,230,000 RSUs to the RSU Grantees ("Fourth Batch RSU").

Set out below are summaries of RSUs granted under the plan and outstanding:

	For the year ended 31 December 2022	
Number of RSUs	**ZhongAn International**	**ZA Tech Global**
1 January 2022	—	588,000
Granted	101,835,000	—
Exercised	—	(5,000)
Lapsed	(4,200,000)	(45,000)
31 December 2022	97,635,000	538,000
Vested and exercisable at 31 December 2022	—	134,500
Weighted average remaining contractual life of RSUs outstanding at 31 December 2022 (in years)	9.43	8.49

There are no expiry of RSUs for the year ended 31 December 2022 and 2021.

Based on fair value of the underlying shares, the directors have used binominal pricing model to determine the fair value of the RSUs as of the grant date.

First Batch RSU key assumptions of ZA Tech Global are set out as below:

	ZA Tech Global
Dividend rate (%)	0.00
Volatility (%)	50.00
Risk free interest rate (%)	1.12
Life of RSUs (in years)	10.00
Estimated share price at grant date according to sum-of-the-parts approach (in HKD)	10.96
Grant price (in HKD)	9.40

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44. SHARE-BASED PAYMENTS (continued)

(b) Subsidiary Employee Stock Ownership Plan (continued)

(ii) Subsidiary Restricted Share Unit Schemes (continued)

Second Batch RSU key assumptions of ZhongAn International are set out as below:

	ZhongAn International
Dividend rate (%)	0.00
Volatility (%)	41.63
Risk free interest rate (%)	2.48
Life of RSUs (in years)	10.00
Estimated share price at grant date according to sum-of-the-parts approach (in HKD)	3.29
Grant price (in HKD)	1.50

Third Batch RSU key assumptions of ZhongAn International are set out as below:

	ZhongAn International
Dividend rate (%)	0.00
Volatility (%)	43.32
Risk free interest rate (%)	3.57
Life of RSUs (in years)	10.00
Estimated share price at grant date according to sum-of-the-parts approach (in HKD)	5.16
Grant price (in HKD)	1.50

Fourth Batch RSU key assumptions of ZhongAn International are set out as below:

	ZhongAn International
Dividend rate (%)	0.00
Volatility (%)	43.32
Risk free interest rate (%)	3.45
Life of RSUs (in years)	10.00
Estimated share price at grant date according to sum-of-the-parts approach (in HKD)	5.15
Grant price (in HKD)	1.50

The total expenses recognised in the consolidated statement of comprehensive income for Subsidiary Restricted Share Unit Schemes are disclosed in Note 15.

45. SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE

	31 December 2022	31 December 2021
Securities - bonds		
– Inter-bank market	6,442,058	4,871,777
– Stock exchange	541,526	676,571
Add: Interest payables	8,784	—
	6,992,368	5,548,348

At 31 December 2022 and 2021, bond investments of approximately RMB7,140,358 thousand and RMB5,924,605 thousand were respectively pledged as securities sold under agreements to repurchase. Securities sold under agreements to repurchase are generally repurchased within 12 months from the date the securities are sold.

46. CUSTOMER DEPOSITS

	31 December 2022	31 December 2021
Current and savings accounts		
– Individual customers	2,473,965	4,000,481
– Corporate customers	71,946	112,522
Term deposits		
– Individual customers	5,458,609	1,582,971
– Corporate customers	157,271	818
Add: Interest payables	22,226	—
	8,184,017	5,696,792

47. REINSURANCE PAYABLES

	31 December 2022	31 December 2021
Within one year	675,892	847,042
Over one year	94,504	4,342
	770,396	851,384

Notes to the Consolidated Financial Statements

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48. INSURANCE CONTRACT LIABILITIES

	31 December 2022		
	Insurance contract liabilities	Reinsurers' share of insurance contract liabilities	Net
Insurance contracts liabilities			
– Unearned premium reserves	6,926,748	(189,976)	6,736,772
– Claim reserves	3,374,499	(121,189)	3,253,310
– Long-term life insurance reserves	280,894	(25,170)	255,724
	10,582,141	(336,335)	10,245,806
Incurred but not reported claim reserves	1,712,144	(674)	1,711,470

	31 December 2021		
	Insurance contract liabilities	Reinsurers' share of insurance contract liabilities	Net
Insurance contracts liabilities			
– Unearned premium reserves	5,884,968	(216,804)	5,668,164
– Claim reserves	3,294,722	(155,590)	3,139,132
– Long-term life insurance reserves	124,527	(4,027)	120,500
	9,304,217	(376,421)	8,927,796
Incurred but not reported claim reserves	1,919,773	(78,656)	1,841,117

Movements of unearned premium reserves

	Insurance contract liabilities	Reinsurers' share of insurance contract liabilities	Net
1 January 2021	5,415,675	(188,260)	5,227,415
Premium written	20,371,160	(1,150,600)	19,220,560
Premium earned	(19,901,867)	1,122,056	(18,779,811)
31 December 2021	5,884,968	(216,804)	5,668,164
Premium written	23,651,098	(665,010)	22,986,088
Premium earned	(22,609,318)	691,838	(21,917,480)
31 December 2022	6,926,748	(189,976)	6,736,772

48. INSURANCE CONTRACT LIABILITIES (continued)

Movements of claim reserves

	Insurance contract liabilities	Reinsurers' share of insurance contract liabilities	Net
1 January 2021	3,128,468	(158,094)	2,970,374
Claims incurred	11,454,592	(641,532)	10,813,060
Claims paid	(11,288,338)	644,036	(10,644,302)
31 December 2021	3,294,722	(155,590)	3,139,132
Claims incurred	12,429,099	(334,357)	12,094,742
Claims paid	(12,349,322)	368,758	(11,980,564)
31 December 2022	**3,374,499**	**(121,189)**	**3,253,310**

Movements of long-term life insurance reserves

	Insurance contract liabilities	Reinsurers' share of insurance contract liabilities	Net
1 January 2021	3,090	(1,959)	1,131
Increase	123,340	(3,535)	119,805
Decrease			
– Long-term life insurance death and other benefits paid	(1,903)	1,467	(436)
31 December 2021	124,527	(4,027)	120,500
Increase	380,619	(21,260)	359,359
Decrease			
– Long-term life insurance death and other benefits paid	(224,252)	117	(224,135)
31 December 2022	**280,894**	**(25,170)**	**255,724**

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49. BONDS PAYABLE

31 December 2021	Change in accounting policy (Note 2.1(a))	1 January 2022	Premium amortization	Redemption	Foreign exchange translation adjustment	31 December 2022
6,325,021	81,662	6,406,683	11,068	(346,667)	586,709	6,657,793

On 16 July 2020, the Company issued 5-year notes in the aggregate principal amount of USD600,000 thousand at the rate of 3.125 per cent on the Hong Kong Stock Exchange.

On 8 September 2020, the Company issued 5.5 years notes in the aggregate principal amount of USD300,000 thousand at the rate of 3.50 per cent on the Hong Kong Stock Exchange.

On 12 October 2020, the Company issued an additional notes in the aggregate principal amount of USD100,000 thousand at the rate of 3.50 per cent on the Hong Kong Stock Exchange, which was consolidated and formed a single series with the USD300,000 thousand notes issued on 8 September 2020.

For the year ended 31 December 2022, the Company repurchase the notes in the aggregate principal amount of USD49,900 thousand on the Hong Kong Stock Exchange.

50. OTHER LIABILITIES

	31 December 2022	31 December 2021
Payables to service suppliers	1,462,331	1,543,284
Commission and brokerage payable	549,285	614,006
Salary and staff welfare payable	451,889	478,959
Deposit payable	290,824	466,260
Tax payable other than income tax	141,972	263,127
Claims payable	97,637	68,204
Insurance guarantee fund	67,044	62,723
Coinsurance payable	28,783	65,546
Estimated liabilities	10,311	108,676
Payables for asset management fee	5,564	69,372
Payables for surrender brokerage	356	57,068
Payables for securities purchased but not settled	—	1,276
Others	391,939	481,475
	3,497,935	4,279,976

51. NOTE TO CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation from (loss)/profit before income tax to cash used in operating activities:

	Year ended 31 December 2022	Year ended 31 December 2021
(Loss)/Profit before income tax	(2,016,281)	829,117
Provisions for impairment loss	303,816	133,978
Net investment income	(1,760,361)	(2,067,920)
Net fair value changes through profit or loss	1,803,057	(126,760)
Depreciation of property and equipment	35,986	35,710
Amortization of intangible assets	177,143	152,951
Depreciation of right-of-use assets	148,012	117,944
Gains on disposal of fixed assets, intangible assets and other long-term assets	(33,314)	(365)
Foreign exchange losses/(gains)	549,142	(147,490)
Finance costs	428,360	388,342
Expense recognised for share-based payments	81,308	14,224
Increase in premium receivables	(1,543,349)	(465,727)
Decrease/(Increase) in reinsurance receivables	57,205	(427,457)
Decrease/(Increase) in placements with banks with original maturity of more than three months	527,393	(345,227)
Amortisation of deferred income	(5,826)	(1,548)
Share of net loss of associates and joint ventures	16,145	37,635
Change in loans and advances to customers	(2,041,474)	(1,461,337)
Change in customer deposits	1,851,802	635,670
Change in insurance contract liabilities	1,303,482	730,693
Decrease/(Increase) in other operating assets	138,991	(139,111)
(Decrease)/Increase in other operating liabilities	(723,145)	1,503,725
Cash used in operating activities	(701,908)	(602,953)

(b) Cash and cash equivalents

	31 December 2022	31 December 2021
Cash in hand	188	97
Deposits with original maturity of no more than three months	2,326,446	1,961,144
Securities purchased under agreements to resell	137,479	9,900
Placements with banks with original maturity of no more than three months	74,066	334,423
Due from banks and other financial institutions	770,605	1,014,198
Other monetary assets	308,880	445,267
	3,617,664	3,765,029

Notes to the Consolidated Financial Statements

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(All amounts expressed in RMB'000 unless otherwise stated)

52. RELATED PARTY TRANSACTIONS

The Company's directors were of the view that Ant Group Co. Ltd. ("Ant Group") (formerly known as Ant Small and Micro Financial Services Group Co. Ltd.), Ping An Insurance (Group) Co. of China Ltd. ("Ping An Insurance"), Tencent Holdings Limited ("Tencent"), Sinolink Worldwide and Nova Technology Ltd. ("Nova Technology") and their subsidiaries and Shanghai Ju'A Technology Ltd. ("Ju'A") 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 Group. Key management personnel and the entity controlled or jointly controlled by a person was identified as key management personnel ("key management personnel") are considered as related parties of the Group as well. The Group's transactions with related parties were conducted under the ordinary course of business.

The Group had the following major transactions with related parties:

(a) Sale of insurance contracts

	Year ended 31 December 2022	Year ended 31 December 2021
Tencent and its subsidiaries	54,532	31,741
Alibaba and its subsidiaries	39,984	22,058
Ant Group and its subsidiaries	3,986	68
Nova Technology and its subsidiaries	1,524	1,024
Sinolink Worldwide and its subsidiaries	102	105
	100,128	54,996

(b) Claim from insurance contracts

	Year ended 31 December 2022	Year ended 31 December 2021
Tencent and its subsidiaries	32,987	20,341
Alibaba and its subsidiaries	21,004	1,265
Nova Technology and its subsidiaries	629	1,094
Sinolink Worldwide and its subsidiaries	38	52
	54,658	22,752

(c) Handling charges and commissions

	Year ended 31 December 2022	Year ended 31 December 2021
Ant Group and its subsidiaries	876,013	1,030,253
Tencent and its subsidiaries	35,238	48,914
Nova Technology and its subsidiaries	34,433	107,615
	945,684	1,186,782

52. RELATED PARTY TRANSACTIONS (continued)

(d) Technical service fees

	Year ended 31 December 2022	Year ended 31 December 2021
Ant Group and its subsidiaries	1,570	270,589

(e) Asset management fees

	Year ended 31 December 2022	Year ended 31 December 2021
Ping An Insurance and its subsidiaries	8,055	62,091

(f) Fees for purchasing goods and other services

	Year ended 31 December 2022	Year ended 31 December 2021
Nova Technology and its subsidiaries	149,533	100,675
Alibaba and its subsidiaries	94,823	84,925
Ant Group and its subsidiaries	48,113	40,344
Tencent and its subsidiaries	19,738	30,199
Ping An Insurance and its subsidiaries	11,219	29,751
Ju'A	—	1,527
	323,426	287,421

Fees for purchasing goods and other services mainly include cloud rental fees, guarantee fees, advertising fees, other IT service fees and etc.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022
(All amounts expressed in RMB'000 unless otherwise stated)

52. RELATED PARTY TRANSACTIONS (continued)

(g) Capital transaction with Sinolink Worldwide

On 13 May 2022, ZhongAn International redeemed 250,000,000 redeemable preference shares from Sinolink Worldwide at a total redemption price of RMB264,126 thousand.

On 2 September 2022, ZhongAn International entered into a share purchase agreement with ZhongAn Technology, Sinolink Worldwide, Warrior and AIA Opportunities Fund, pursuant to which Sinolink Worldwide conditionally agreed to subscribe for 156,060,606 voting ordinary shares in the share capital of ZhongAn International at a purchase price of USD0.66 per ZhongAn International Ordinary Share, a subscription price of USD103,000 thousand in aggregate. On 14 September 2022, Sinolink Worldwide injected USD103,000 thousand, equivalent to RMB711,895 thousand, into ZhongAn International.

On 30 September 2022, ZhongAn International redeemed 250,000,000 redeemable preference shares from Sinolink Worldwide at a total redemption price of RMB268,607 thousand.

(h) Receivables from related parties

	31 December 2022	31 December 2021
Ping An Insurance and its subsidiaries (i)	**230,402**	202,700
Nova Technology and its subsidiaries	**204,389**	279,074
Ju'A	**3,583**	4,845
Tencent and its subsidiaries	**53**	8,678
	438,427	495,297

(i) Due to the motor co-insurance business with Ping An Property and Casualty Insurance Company of China Ltd.

(i) Prepayments to related parties

	31 December 2022	31 December 2021
Alibaba and its subsidiaries	**6,511**	7,643
Nova Technology and its subsidiaries	**6,005**	43,880
Ant Group and its subsidiaries	**—**	21,170
	12,516	72,693

52. RELATED PARTY TRANSACTIONS (continued)

(j) Payables to related parties

	31 December 2022	31 December 2021
Ant Group and its subsidiaries	212,071	285,478
Nova Technology and its subsidiaries	69,174	144,416
Ping An Insurance and its subsidiaries	14,284	52,528
Alibaba and its subsidiaries	12,303	6,748
Tencent and its subsidiaries	40	7,437
Ju'A	—	1,109
	307,872	497,716

(k) Compensations of key management personnel

The compensations paid or payable to key management personnel are shown below:

	Year ended 31 December 2022	Year ended 31 December 2021
Wages, salaries and bonuses	28,755	22,964
Pension costs – defined contribution plans	764	534
Other social security costs, housing benefits and other employee benefits	828	564
	30,347	24,062

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022
(All amounts expressed in RMB'000 unless otherwise stated)

53. CONTINGENT LIABILITIES

Owing to the nature of the insurance business, the Group is involved in the making 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 contingencies and legal proceedings relating to the claims on the Group's insurance contract, at 31 December 2022 and 2021, the Group has no major pending litigation that may have a material adverse effect on the financial position or operating results of the Group.

54. COMMITMENTS

	31 December 2022	31 December 2021
Credit commitments with an original maturity of:		
– unconditionally cancellable	295,527	93,231
– 1 year or over	12,958	61,420
	308,485	154,651

55. BALANCE SHEET AND STATEMENT OF CHANGES IN EQUITY OF THE COMPANY

	31 December 2022	31 December 2021
ASSETS		
Cash and cash equivalents	1,779,007	1,362,853
Securities purchased under agreements to resell	90,852	—
Premium receivables	6,395,323	5,014,259
Reinsurance receivables	689,505	746,845
Reinsurers' share of insurance contract liabilities	311,165	371,402
Financial assets at fair value through profit or loss	11,448,613	6,092,752
Financial assets at amortized cost	579,087	—
Debt financial assets at fair value through other comprehensive income	5,886,171	—
Equity financial assets at fair value through other comprehensive income	259,018	—
Interest receivables	—	158,701
Available-for-sale financial assets	—	13,060,356
Held-to-maturity financial assets	—	573,247
Investments in subsidiaries	12,088,437	10,816,437
Investments in associates and joint ventures	—	3,000
Restricted statutory deposits	307,344	298,500
Property and equipment	32,064	39,718
Right-of-use assets	167,514	70,373
Intangible assets	418,420	330,512
Deferred income tax assets	790,997	422,902
Other assets	1,415,449	1,799,874
Total assets	42,658,966	41,161,731
EQUITY AND LIABILITIES		
Equity		
Share capital	1,469,813	1,469,813
Reserves	16,572,867	16,808,102
Accumulated losses	(1,224,011)	(734,535)
Total equity	16,818,669	17,543,380
Liabilities		
Securities sold under agreements to repurchase	4,770,652	3,498,179
Premium received in advance	190,473	173,513
Reinsurance payables	762,697	850,159
Insurance contract liabilities	10,301,247	9,178,440
Bonds payables	6,678,993	6,344,148
Lease liabilities	172,152	85,164
Deferred income tax liabilities	—	—
Other liabilities	2,964,083	3,488,748
Total liabilities	25,840,297	23,618,351
Total equity and liabilities	42,658,966	41,161,731

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022
(All amounts expressed in RMB'000 unless otherwise stated)

55. BALANCE SHEET AND STATEMENT OF CHANGES IN EQUITY OF THE COMPANY (continued)

The movements in reserves and accumulated losses of the Company are set out below:

		Reserves					
	Share capital	Capital reserves	Other reserves due to share-based payments	Financial assets at fair value through other comprehensive income revaluation reserves	Available-for-sale financial assets revaluation reserves	Accumulated losses	Total equity
1 January 2021	1,469,813	16,585,468	38,400	–	141,758	(3,539,173)	14,696,266
Total comprehensive income	–	–	–	–	42,476	2,804,638	2,847,114
31 December 2021	1,469,813	16,585,468	38,400	–	184,234	(734,535)	17,543,380
Change in accounting policy	–	–	–	38,439	(184,234)	144,896	(899)
1 January 2022	**1,469,813**	**16,585,468**	**38,400**	**38,439**	**–**	**(589,639)**	**17,542,481**
Total comprehensive income	–	–	–	(134,907)	–	(588,905)	(723,812)
Transfer of loss on disposal of equity investments at fair value through other comprehensive income to accumulated losses	–	–	–	45,467	–	(45,467)	–
31 December 2022	**1,469,813**	**16,585,468**	**38,400**	**(51,001)**	**–**	**(1,224,011)**	**16,818,669**

56. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements have been approved and authorized for issue by the Company's board of the directors on 21 March 2023.

Definitions

"Ant Group"	Ant Group Co., Ltd. (螞蟻科技集團股份有限公司), a joint stock limited company incorporated in the PRC (established on October 19, 2000, its name was Zhejiang Alibaba E-commerce Co., Ltd. (浙江阿里巴巴電子商務有限公司) back then) and one of our substantial shareholders
"associate(s)"	has the meaning ascribed to it 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
"CBIRC"	the China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會)
"CG Code"	the Corporate Governance Code and Corporate Governance Report set out in Appendix 14 to the Listing Rules
"Chief Executive(s)"	has the meaning ascribed to it under the Listing Rules
"CIRC"	the China Insurance Regulatory Commission (中國保險監督管理委員會)
"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 PRC on October 9, 2013
"Director(s)"	the director(s) of our 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
"Global Offering"	has the meaning ascribed to it in the Prospectus
"Grab"	Grab International Inc., a leading O2O platform in Southeast Asia, with which ZhongAn International has formed a joint venture company, GrabInsure, and listed on the NASDAQ Stock Market (stock code: GRAB)
"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 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 a "H Share" means any of them
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Hong Kong dollars" or "HK$" or "HKD"	Hong Kong dollars, the lawful currency of Hong Kong

Definitions

"Hong Kong Financial Reporting Standards"	the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"JPY"	Japanese yen, the lawful currency of Japan
"Latest Practicable Date"	March 21, 2023, being the latest practicable date for ascertaining certain information in this annual report before its publication
"Listing"	the listing of the H shares on the Main Board of the Hong Kong Stock Exchange
"Listing Date"	September 28, 2017, the date on which the H Shares are listed and from which dealings in the H Shares 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)
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules
"NYSE"	New York Stock Exchange
"PABC"	Ping An Bank Credit Card Centre (平安銀行股份有限公司信用卡中心), a subsidiary of Ping An Bank
"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 RMB500 million and a subsidiary of Ping An Insurance
"Ping An Bank"	Ping An Bank Co., Ltd. (平安銀行股份有限公司), a joint stock limited company incorporated in the PRC listed on the Shenzhen Stock Exchange (stock code: 000001)
"Ping An Group"	Ping An Insurance and its subsidiaries
"Ping An Insurance"	Ping An Insurance (Group) Company 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 the Main Board of the Hong Kong Stock Exchange (stock code: 02318) and the Shanghai Stock Exchange (SSE: 601318), and one of our substantial shareholders; Ping An Insurance directly and indirectly holds approximately 58% equity interest in Ping An Bank
"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 annual report only, except where the context requires, references in this annual report to the PRC or China exclude Hong Kong, Macau and Taiwan
"Prospectus"	the prospectus of the Company dated September 18, 2017
"Relevant Employee"	has the meaning ascribed thereto in Rule C.1.4 of Appendix 14 to the Listing Rules
"RMB" or "Renminbi"	the lawful currency of PRC
"Reporting Period"	the year ended December 31, 2022
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
"Share(s)"	the shares in the share capital of our Company with a nominal value of RMB1 each
"Shareholder(s)"	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 Hong Kong Stock Exchange (stock code: 1168), and our connected person
"SOMPO"	Sompo Japan Insurance Inc., one of the top three property and casualty insurance companies in Japan
"substantial shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Supervisor(s)"	members of the Supervisory Committee
"Supervisory Committee"	the supervisory committee of our Company
"SZSE"	Shenzhen Stock Exchange
"Taobao Marketplace"	an e-commerce platform of Alibaba
"Tencent"	Tencent Holdings Limited, a company incorporated in the Cayman Islands and listed on the Main Board of the Stock Exchange, and was a substantial shareholder of the Company until 15 June 2022 (stock code: 00700)
"Tencent Computer System"	Shenzhen Tencent Computer Systems Company Limited (深圳市騰訊計算機系統有限公司), a limited liability company established in the PRC on November 11, 1998, one of the Company's substantial shareholders and a subsidiary of Tencent

Definitions

"Tencent Music"	Tencent Music Entertainment Technology (Shenzhen) Co., Ltd. (騰訊音樂娛樂科技(深圳)有限公司), a company established in the PRC, an indirectly wholly-owned subsidiary of TME, an associate of Tencent and was a connected person of the Company prior to the Tencent Disposal
"Tencent Ruideming"	Tencent Ruideming (Chongqing) Technology Development Company Limited# (騰訊瑞德銘(重慶)科技發展有限公司) (formerly known as Chongqing Ruideming Technology Development Company Limited (重慶市瑞德銘科技發展有限公司)), a company established in the PRC, an associate of Tencent and was a connected person of the Company prior to the Tencent Disposal
"Tencent Technology"	Tencent Technology (Shenzhen) Company Limited (騰訊科技(深圳)有限公司), a company established in the PRC on February 24, 2000, a wholly-owned subsidiary of Tencent and a connected person of the Company prior to the Tencent Disposal
"TME"	Tencent Music Entertainment Group (騰訊音樂娛樂集團), a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the New York Stock Exchange (NYSE: TME), an associate of Tencent and was a connected person of the Company prior to the Tencent Disposal
"U.S."	United States of America
"USD" or "US$"	United State dollars, the lawful currency of the United States of America
"WeBank"	WeBank Co., Ltd (深圳前海微眾銀行股份有限公司), a company established under the laws of the PRC, an associate of Tencent and was a connected person of the Company prior to the Tencent Disposal
"ZA Bank"	ZA Bank Limited (眾安銀行有限公司), a subsidiary of our Company, incorporated in Hong Kong on August 8, 2018
"ZA Life" or "ZA Insure"	ZA Life Limited (眾安人壽有限公司), a subsidiary of our Company, incorporated in Hong Kong on February 27, 2019
"ZA Life Share Option Scheme"	a share option scheme of ZA Life adopted by the Shareholders on 29 December 2020
"ZA Tech"	ZA Tech Global Limited, a non-wholly owned subsidiary of ZATI and a company incorporated in Hong Kong with limited liability
"ZA Tech Share Option Scheme"	a share option scheme of ZA Tech adopted by the Shareholders on 29 December 2020
"ZATI" or "ZhongAn International"	ZhongAn Technologies International Group Limited (眾安科技 (國際) 集團有限公司), a non-wholly owned subsidiary of the Company and a company incorporated in Hong Kong with limited liability
"ZATI Share Option Scheme"	a share option scheme of ZATI adopted by the Shareholders on 29 December 2020

"ZhongAn Microloan"	Chongqing ZhongAn Microloan Limited Company, a subsidiary of our Company, incorporated in the PRC on November 9, 2017
"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

Glossary

"AI"	artificial 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
"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
"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
"customer"	unless otherwise indicated, the insured under our insurance policies. The number of our customers was calculated based on unique identifiers and contact information available to us
"gross written premiums" or **"GWP"**	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 products
"insured"	the insured person as specified in the insurance product
"InsurTech"	use of technology innovations designed to achieve savings and efficiency from the traditional insurance industry model
"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 premiums earned"	net written premiums less net change in unearned premium reserves during a period
"O2O"	online to offline business model
"premium(s)"	payment and consideration received on insurance policies issued or reissued by an insurance company
"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
"reserves"	liability established to provide for future payments of claims and benefits to policyholders net of liability ceded to reinsurance companies
"unearned premium reserves"	portions of written premiums relating to unexpired risk of insurance coverage

Corporate Information

Board of Directors

Executive Directors:

Xing Jiang *(appointed on November 28, 2022)*
Gaofeng Li *(appointed on November 28, 2022)*

Non-executive Directors:

Yaping Ou *(Chairman) (re-designated from executive Director on November 28, 2022)*
Hugo Jin Yi Ou *(re-designated from executive Director on November 28, 2022)*
Liangxun Shi
Gang Ji *(appointed on January 28, 2022)*
Shuang Zhang *(re-designated from independent non-executive Director on November 28, 2022)*

Independent Non-executive Directors:

Hui Chen *(resigned on November 28, 2022)*
Wei Ou
Vena Wei Yan Cheng *(appointed on January 28, 2022)*
Gigi Wing Chee Chan *(appointed on November 28, 2022)*
Hai Yin *(appointed on November 28, 2022)*

Supervisors

Yuping Wen
Haijiao Liu
Limin Guo

Audit and Consumer Rights Protection Committee

Gigi Wing Chee Chan *(Chairman)*
Gang Ji
Vena Wei Yan Cheng
Hai Yin

Nomination and Remuneration Management Committee

Wei Ou *(Chairman)*
Hugo Jin Yi Ou
Vena Wei Yan Cheng

Strategy and Investment Decision Committee

Yaping Ou *(Chairman)*
Xing Jiang
Gaofeng Li
Liangxun Shi
Shuang Zhang

Risk Management and Related Transactions Control Committee

Hai Yin *(Chairman)*
Wei Ou
Gigi Wing Chee Chan

Headquarters and Principal Place of Business in the PRC

219 Yuanmingyuan Road
Shanghai
PRC

Registered Office

4–5/F, Associate Mission Building
169 Yuanmingyuan Road
Shanghai
PRC

Principal Place of Business in Hong Kong

5/F, Manulife Place
348 Kwun Tong Road
Kowloon, Hong Kong

H Share Registrar

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

Company Secretary

Yongbo Zhang

Authorized Representatives

Hugo Jin Yi Ou
Yongbo Zhang

Legal Advisors

As to Hong Kong and U.S. laws:
Skadden, Arps, Slate, Meagher & Flom and affiliates

As to PRC law:
CM Law Firm

Auditors

PricewaterhouseCoopers
Certified Public Accountants and Registered PIE Auditor

Principal Banks

ICBC Shanghai Branch Sales Department
China Merchants Bank Shanghai Branch, Nanjingxilu Sub-branch

Listing Information

Stock Code: 6060

Company Website

www.zhongan.com