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, 2023

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, 2023. This announcement, containing certain sections of the 2023 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). The Company's 2023 Annual Report will be sent 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 2024.

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

Shanghai, the PRC, March 26, 2024

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. Shuang Zhang, Mr. Hugo Jin Yi Ou and Mr. Hai Yin, and three independent non-executive directors, namely Mr. Wei Ou, Ms. Vena Wei Yan Cheng and Ms. Gigi Wing Chee Chan.

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

Contents

Five-Year Financial Summary

(RMB'000)	As at December 31 or for the Year Ended December 31				
	2023	**2022**	**2021**	**2020**	**2019**
	Based on HKFRS 17 Insurance Contracts		**Based on HKFRS 4 Insurance Contracts**		
Gross written premiums[1]	**29,684,639**	24,005,331	20,480,119	16,708,504	14,629,589
Net profit/(loss)	**3,845,278**	(1,384,417)	757,099	254,380	(638,645)
Net profit/(loss) attributable to owners of the parent	**4,077,855**	(1,112,414)	1,164,590	553,786	(454,101)
Basic earnings/(loss) per share (in RMB)	**2.77**	(0.76)	0.79	0.38	(0.31)
Total assets	**42,863,606**	47,648,878	51,772,329	45,673,436	30,907,575
Total liabilities	**22,790,183**	30,033,758	32,642,132	28,280,101	14,402,044
Total equity	**20,073,423**	17,615,120	19,130,197	17,393,335	16,505,531
Equity attributable to owners of the parent	**20,073,423**	15,766,090	16,748,402	15,705,350	14,911,655
Underwriting combined ratio (%)	**95.2%**	94.2%	99.6%	102.5%	113.3%
Comprehensive solvency margin ratio[2](%)	**240%**	299%	472%	560%	502%

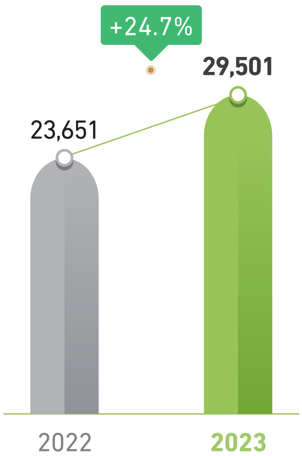
1 GWP-related disclosures in this annual report are based on HKFRS 4 Insurance Contracts.

2 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 and December 31, 2023.

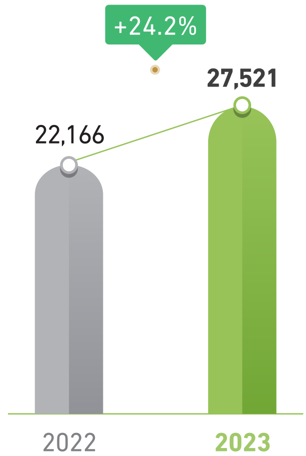
Results Summary

Overall Operating Results[1]

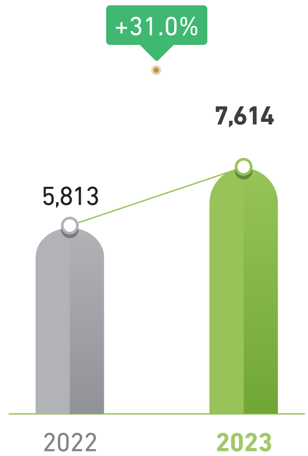
Gross written premiums
(RMB million)



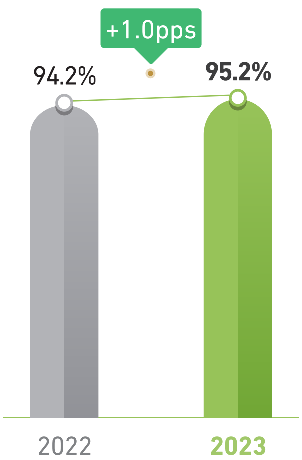
Insurance revenue
(RMB million)



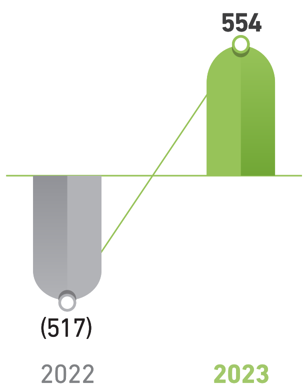
GWP of proprietary channels
(RMB million)



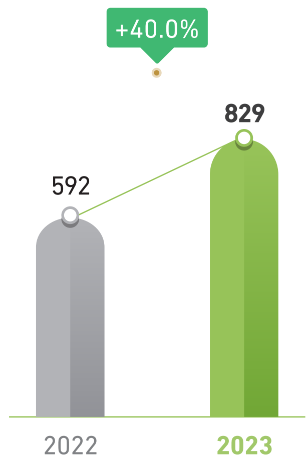
Underwriting combined ratio
(%)



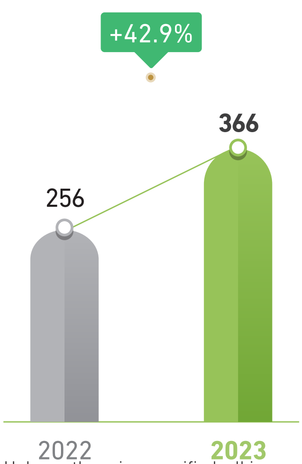
Net profit/(loss) of the insurance segment
(RMB million)



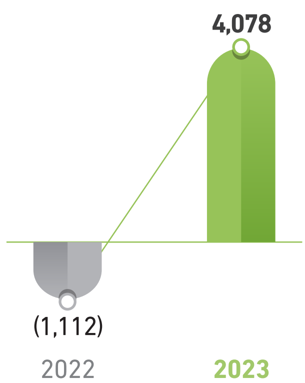
Total revenue from technology export[2]
(RMB million)



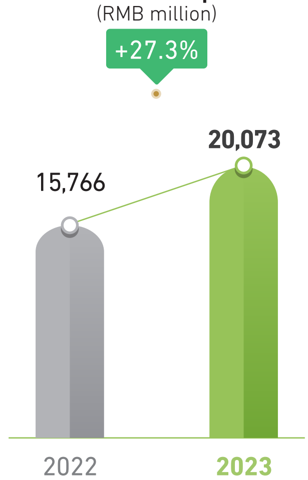
Net revenue of ZA Bank
(HKD million)



Net profit/(loss) attributable to owners of the parent
(RMB million)



Equity attributable to owners of the parent
(RMB million)



1 Unless otherwise specified, all insurance businesses data mentioned in Overall Operating Results exclude the life insurance business in Hong Kong

2 Total revenue from technology export represent the arithmetic sum of revenue from technology export of each company under the technology export segment, without taking into account the impact of shareholding ratio

Message from the Chairman

> Driven by the spirit of dedication and motivation, we shall together embark on a new journey with passion. ZhongAn will innovate its value proposition while adopting a customer-oriented approach, further intensifying its efforts in technology, products, services and brands with an aim to lead the digital and intelligent reshaping of the insurance industry value chain.

Hai Yin
Chairman

Dear Shareholders,

Spring is approaching and the bright sunshine reveals a new future for everything.

The past year of 2023 has been an extraordinary year. The path to global economic recovery has been long and tortuous, with increased complexity in the international financial environment, as well as significant increase in instabilities and uncertainties. As China's economy shifts from high speed to high quality development, the domestic insurance industry has also entered a transition period. During the year, in the face of a complex and severe situation featuring insufficient domestic effective demand and weak social expectations, the growth of the P&C insurance industry has gradually slowed down. Deeply embedded in the complex and changing market environment, ZhongAn adopted an ecosystem-oriented approach to deepen the dual-engine strategy of "Insurance + Technology", and created a unique growth curve of its own by utilizing its inherent innovation genes and strong technology capabilities. By exploring further innovation opportunities in segmented scenarios, extending the boundaries of user services and creating outstanding experience, ZhongAn continued to achieve premium growth far exceeding the industry average with constantly increasing underwriting profits, and gained more users with our caring services.

In 2023, ZhongAn celebrated its 10th anniversary. As a young organization, we strive to excel. With a decade of dedicated cultivation, ZhongAn has always adhered to the principle of "improving quality through innovation" since its establishment and has achieved high-quality growth by adopting a customer-oriented approach and focusing on its core business of insurance. Great accomplishments require ambition and tireless efforts. During the past decade, with the continuous efforts of all ZhongAn employees to strive for the first place in an intensely competitive industry environment, ZhongAn has been dedicated to improving its technology, products, services and brand strengths, thereby achieving a number of breakthroughs from scratch, and contributing its one-of-a-kind strengths to accelerating the digital and intelligent transformation of the insurance industry. We insist on empowering insurance with technology for refined operation, enriching product offerings with precise innovation, and reshaping users' insurance experience with heartfelt service, so as to achieve growth in both value proposition and market share. We continue to export cutting-edge technology applications to our peers and industry partners from a wider range, and work together to promote the digital and intelligent transformation of the insurance industry and advance into an era of high-quality development. We adhere to the principle of ESG sustainability, and efficiently integrate "green, inclusive and digital" elements into all aspects of the insurance value chain through "technology".

Spring marks the beginning of the Year of the Dragon, calling us to march toward the next milestones. In the new year, standing at a new starting point, ZhongAn will continue to focus on independent research and development of technology, precise innovation in insurance and high-quality brand services with unwavering determination to overcome difficulties, ride the waves and forge ahead. With unswerving commitment and dedication, we shall gather our mindset, efforts and passion to create more possibilities and greater value for users, investors and the society as a whole.

Hai Yin
Chairman

Message from the General Manager

> In the wave of digital transformation, we remain true to our original aspirations and adhere to the concept of "insurance + technology", so as to offer more inclusive products to users and share the warm experience of ZhongAn.

Xing Jiang
General Manager

In 2023, the world and people's lives were changing dramatically, and China's economy generally picked up despite the complex and challenging international environment. Facing the increasingly severe and changing situation, ZhongAn adhered to its dual-engine driving strategy of "insurance + technology", moved forward with courage and determination, and overcame multiple difficulties and challenges. It is notable that 2023 also marks the tenth anniversary of ZhongAn's establishment. ZhongAn has been forging ahead with continuous innovation in the past decade. We have been fortunate to participate in and witness the rapid development of the InsurTech field, and to contribute our strength to the digital transformation of the insurance industry. Over the past decade, we have gradually emerged in the industry and gained widespread recognition and respect. It is also a great pleasure for me to share with you, at this special moment in history, the achievements ZhongAn has made in the past year, as well as our thoughts and outlook for the future.

In 2023, we recorded domestic GWP of RMB29,501 million, representing a year-on-year increase of 24.7%, and issued 12,234 million policies during the year. We have grown to stand firmly at No. 9 in the P&C insurance industry and are committed to making still further progress. In 2023, our underwriting combined ratio was 95.2%, and we have achieved underwriting profits for three consecutive years, which is the most solid proof that we are firmly committed to the philosophy of "sustainable growth with quality".

Health Ecosystem – opening a new chapter of medical insurance for over 100 million people: we remain loyal to our commitment of "providing national medical insurance for over 100 million people", integrate the health industry with the strategy of "healthcare + medicine + insurance" and provide users with all-around medical protection. In 2023, the health ecosystem recorded GWP of RMB9,806 million, and had provided health protection to more than 125 million insured users cumulatively. We have upgraded the value-added services for our flagship product, "Personal Clinic Policy", including hospital advance payment, fast pass for critical illness, special anti-tumor drugs, etc. We have removed the barriers between public and private medical institutions and included certain private medical institutions designated by the National Health Insurance in the scope of coverage. In 2023, we launched mid-to-high-end medical insurance to meet the growing needs of middle-class customers, while at the same time continued to expand our outpatient and emergency insurance and insurance products for people with medical conditions, integrating insurance products and the service resources of the internet hospitals in a holistic manner to provide more people in need with ZhongAn's heartwarming products and caring services.

Message from the General Manager

Digital Lifestyle Ecosystem – innovation leads the future: riding the wave of the digital economy, we achieved accelerated growth in the e-commerce sector. In 2023, the GWP of the digital lifestyle ecosystem exceeded RMB12,563 million, representing a year-on-year increase of 41.6%. On e-commerce platforms, our business comprehensively covers e-commerce in the form of online platforms, live broadcasts, short videos and private domains, with products covering the entire transaction chain of e-commerce including quality assurance, account security, logistics guarantee, etc. Our e-commerce business recorded a year-on-year GWP growth of 25.3%. In the air travel sector, demand for travel picked up and had been soaring, driving a growth of nearly 90% in our business. The pet insurance market has been growing rapidly, with GMV of RMB500 million, and one in 22 pet owners has purchased ZhongAn insurance to protect their "family members". In addition, we launched accident insurance products covering various popular sports scenarios. We also focused on green insurance and actively promoted cooperation with green enterprises such as photovoltaic companies to jointly promote sustainable development.

Consumer Finance Ecosystem – dual drivers of "Finance + Insurance": leveraging our technology strengths, we established partnerships with various online platforms to promote innovation in the consumer finance industry. Through extensive coverage of online platforms and the use of diversified scenario-based resources, we accurately reached potential borrowers and comprehensively evaluated their credit profile. Adhering to the principle of cooperation with licensed financial institutions, ZhongAn provided them with targeted credit technology services to help build a solid and safe consumer finance ecosystem. We strictly followed the risk control guidelines amid the challenging industry environment. In 2023, our consumer finance ecosystem recorded GWP of RMB5,551 million, representing a year-on-year increase of 22.5%, and achieved sustained profitability in the business.

Auto Insurance Ecosystem – unleashing new potentials: in 2023, our auto insurance ecosystem recorded GWP of RMB1,580 million and recorded a year-on-year increase of 24.7%, far exceeding the industry average growth. Targeting at long-term and stable operation, we optimized our business structure and actively explored new business models. By closely following the development trend of NEV, seizing the opportunities for insurance and embracing policy support while improving its pricing and risk control models, ZhongAn provided vehicle owners of over 100 NEV brands with auto insurance products and services, thereby meeting market demand and driving the overall growth of auto insurance. In 2023, GWP of NEV auto insurance increased by 196.1% year-on-year.

Brand And Direct Operation – comprehensive renewal: The ZhongAn brand continued to deepen its market exposure with a strategy of multi-scenario and multi-dimensional touchpoints with customers in depth. We enriched the product matrix in proprietary channels, and upgraded medical health, family, and pets related services, so as to provide users with better comprehensive protection. Based on our self-developed data and customer middle platforms, we have realized real-time data sharing across all ecosystems and conducted refined operation with each user to better serve users during the entire life cycle. In 2023, the GWP of proprietary channels increased by 31.0% year-on-year to RMB7,614 million, accounting for 25.8% of the GWP of the domestic P&C insurance business, increased by 1.3 percentage points year-on-year. The number of paying users increased by 47.6% year-on-year to 11.36 million, and each paying user holds 1.6 policies on average. Repeat purchasing users contributed 39.0% of GWP of our proprietary channels.

Technology and R&D – still on the rise: we always stand at the forefront of the industry, focusing firmly on the core technology sectors such as artificial intelligence, blockchain, cloud computing and big data. In 2023, ZhongAn's investment in R&D activities amounted to RMB1,192 million, accounting for 4.0% of total GWP. Our persistent investment in R&D activities has not only built a technical moat for us, but also generated strong impetus for the vigorous development of our business. In 2023, we achieved satisfying performance in both cost and efficiency. Relying on the cloud-based insurance core system "Wujieshan", we issued 12,234 million policies and served 500 million users, and realized timely and effective claim settlement. We improved the automation rate for underwriting to 99%, and 95% of the cases of health insurance were settled straight through. In terms of digital life scenario-based insurance, users can apply for automatic claim settlement, with digitalization rate of over 99%, and the claims can truly be settled as soon as in seconds.

Technology Export – keeping up with current trends: we focus on InsurTech, and share ZhongAn's advanced technology and experience with partners along the insurance industrial chain through digital new infrastructure to facilitate digital transformation. We built a new-generation core system for customers in the insurance industry, which provides more practical scenario-based digital solutions, and worked with Internet platforms and other insurance intermediaries to jointly build a digital insurance ecosystem. In 2023, our technology export business continued to expand in domestic and overseas markets, and received wide recognition by successfully helping customers in different industries around the world achieve digital transformation. During the year, we newly contracted with 101 customers along the insurance industrial chain, and total revenue from technology export reached RMB829 million, representing a year-on-year increase of 40.0%. In particular, domestic technology export recorded growth of more than 70% benefiting from the wave of Digital China. As at the end of 2023, our technology business had served 848 customers from multiple industries. We are aware that digital transformation is an inevitable trend in industry development and the key to improving competitiveness.

Last but not the least, I would like to share the results of ZA Bank and ZA Life, the outstanding players in **virtual banking and virtual insurance sectors in Hong Kong**, respectively. 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 in a fully digitalized mode, and providing users with 24/7 digital banking services such as deposits, loans, transfers, consumption, foreign exchange, insurance, investment and business banking. In 2023, ZA Bank achieved a net income of HKD366 million, representing a year-on-year increase of 42.9%. Meanwhile, ZA Bank focused on business quality and operating efficiency improvement, and the net loss margin narrowed by 85.6 percentage points year-on-year. As for ZA Life, it provides diversified insurance products and services through Internet platforms, and launched the "ZA Savings Insurance" series in cooperation with ZA Bank to provide users with health and wealth protection. In 2023, ZA Life achieved GWP of HKD214 million, demonstrating market recognition for its innovative concepts, advanced technology and high-quality services.

In 2023, digital transformation steadily progressed as a major trend of national strategy, and the major breakthroughs in the new generation of artificial intelligence enabled everyone to feel the power of technological revolution. Looking back at the history of finance, every major scientific and technology development lays the foundation for epoch-making financial innovation. In the past decade since the establishment of ZhongAn, the world has diversified, business civilizations kept evolving, and FinTech has been developing with each passing day. In the wave of digital transformation, we remain true to our original aspirations and adhere to the concept of "insurance + technology", so as to offer more inclusive products to users and share the warm experience of ZhongAn, and contribute to the construction of a high-quality inclusive financial system. We aim to adapt to the times and gather our wisdom to create our own growth trajectory.

Xing Jiang
General Manager

Our Milestones

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

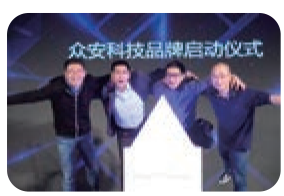
ZhongAn launched Baobiao Auto Insurance (now renamed as "ZA & PA Joint Auto Insurance") based on the co-insurance model jointly developed with Ping An Insurance.

2016

July 7, 2016

ZhongAn Technology

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

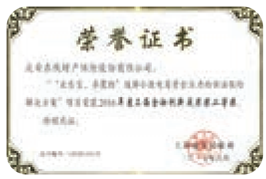


2017

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.

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.

ZA Bank

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.

众安互联网医院

2020

May 2020

Virtual Insurance

ZA Life 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.

ZA Insure

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% (HKFRS 4 Insurance Contracts).

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.

2023

May 2023

ZhongAn Insurance and ZhongAn Technology jointly released the "White Paper on AIGC/ChatGPT Applications in the Insurance Industry" (《AIGC/ChatGPT保險行業應用白皮書》), the first white paper on the AIGC (AI-generated content technology) applications in the domestic insurance industry

July 2023

ZhongAn Insurance was the only InsurTech company listed in the 2023 China 500 published by the Fortune magazine

财富 FORTUNE

July 2023

Our technology export business successfully entered the European market

December 2023

As at the end of 2023, our health ecosystem served more than 125 million users cumulatively; We have served more than 4.65 million pet owners together with ecosystem partners.

Management Discussion and Analysis[1]

The Group has adopted HKFRS 17 *Insurance Contracts* to replace HKFRS 4 *Insurance Contracts* since January 1, 2023. Therefore, the financial data for the comparative period has been restated retrospectively. In this annual report, except for GWP-related disclosures, financial data are all disclosed in accordance with HKFRS 17 *Insurance Contracts*.

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 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 to provide innovative, inclusive and abundant insurance products and services through proprietary channels and ecosystem partners' platforms, in order to meet the diversified protection needs of customers and create an effective value proposition for them. We continuously improve and upgrade 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 the Hong Kong market. In March 2020, ZA Bank became the first virtual bank to officially commence operations in Hong Kong. ZA Life obtained the virtual insurance license in Hong Kong and 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 convenient, inclusive and innovative one-stop financial service experience for retail customers and SMEs in the Hong Kong market under the "ZA" brand.

2023 Results Review

The year 2023 marks the 10th anniversary of the establishment of ZhongAn Insurance. During the year, the Company recorded GWP of RMB29,501 million, representing a year-on-year increase of 24.7%, and issued 12,234 million policies. In 2023, ZhongAn Insurance continued to rank 9th in the P&C insurance industry of China as measured by GWP, our market share further increased, we remained as the fastest growing company among the top 10 P&C insurance companies in China, and our share[2] in domestic online P&C insurance market was 24.4%, ranking first.

In the 2023 China 500 list published by Fortune, a prominent international financial magazine, ZhongAn Insurance was included for the first time by virtue of its long-term technological advancement and excellent business performance in recent years, being the only InsurTech company selected.

Adhering to our strategy of "sustainable growth with quality" as well as technology-driven cost-efficiency, the underwriting combined ratio[3] for 2023 was 95.2%, achieving underwriting profit for three consecutive years, with loss ratio[4] of 56.8% and expense ratio[5] of 38.4%.

Benefiting from the domestic economic recovery and the ongoing digital transformation in the global financial industry, the Group's technology export business segment recorded total revenue from technology export[6] of RMB829 million, representing a year-on-year increase of 40.0%, of which revenue from domestic technology export grew by 73.2% year-on-year.

ZA Bank has become one of the most comprehensive virtual banks in the Hong Kong market, building a one-stop integrated financial service platform through its mobile app, which operates in a fully digitalized mode, and providing users with 24/7 digital banking services such as deposits, loans, transfers, consumption, foreign exchange, insurance, investment and business banking. ZA Bank recorded net revenue[7] of HKD366 million for the Reporting Period, representing a year-on-year growth of 42.9%. Meanwhile, ZA Bank focused on business quality and operating efficiency improvement, and the net loss margin[8] narrowed by 85.6 percentage points year-on-year.

1 Unless otherwise specified, all insurance businesses data mentioned in MD&A exclude the life insurance business in Hong Kong.
2 According to data from the Insurance Association of China.
3 Underwriting combined ratio is defined as the sum of insurance service expenses, net income/(expenses) from reinsurance contracts held, finance expenses from insurance contracts issued and finance income/(expenses) from reinsurance contracts held divided by insurance revenue. Underwriting combined ratio is calculated in accordance with HKFRS 17 Insurance Contracts, only takes into account the online P&C insurance business in the PRC, and is the result after inter-segment elimination.
4 Loss ratio is defined as the sum of incurred claims and claim expenses, changes in the fulfilment cash flows relating to the liability for incurred claims, finance expenses from insurance contracts issued, losses on onerous contracts and reversal of those losses, net income/(expenses) from reinsurance contracts held and finance income/(expenses) from reinsurance contracts held divided by insurance revenue.
5 Expense ratio is defined as the sum of insurance acquisition cash flows amortization and maintenance expenses divided by insurance revenue.
6 Total revenue from technology export represent the arithmetic sum of revenue from technology export of each company under the technology export segment, without taking into account the impact of shareholding ratio.
7 Net revenue is the sum of net interest income, handling charges and commissions, net gains/(losses) on other financial instruments and other income.
8 Net loss margin equals net loss divided by net revenue.

Segment Financial Overview

The following table sets forth the key items of the segment statement of profit or loss for the year ended 2023 and the year ended 2022, respectively. Specifically, the insurance segment offers online property and casualty insurance and services in the PRC; the technology segment provides InsurTech and FinTech export related services to global insurance companies and insurance industry chain clients; the banking segment offers virtual banking services in Hong Kong; and other segment includes entities other than the aforesaid segments, such as ZA Life and ZhongAn Insurance Broker. Since August 14, 2023, ZhongAn International ceased to be a subsidiary of the Company and was accounted for as a joint venture. Therefore, all incomes and expenses of the overseas technology export business under the technology segment, the banking segment and the ZA Life business under other segments of the Group for the period from January 1, 2023 to August 14, 2023 were consolidated in the Group's consolidated statement of profit or loss, while the net profit/(loss) for the period from August 15, 2023 to December 31, 2023 were included in the Group's consolidated statement of profit or loss in proportion to the Group's equity.

Segment statement of profit or loss for the year ended December 31, 2023

(RMB'000)	Insurance	Technology	Banking	Others	Eliminations	Total
Insurance revenue	27,524,755	—	—	16,844	(6,324)	27,535,275
Underwriting profit	1,189,869	—	—	(22,396)	125,202	1,292,675
Net investment income	247,304	31,308	104,973	53,765	3,755,570	4,192,920
Net fair value changes through profit or loss	473,083	98,246	—	215,987	(18,900)	768,416
Other income	119,839	610,926	357,880	632,517	(585,696)	1,135,466
Foreign exchange gains/(losses)	(109,406)	(2,279)	5,869	18,420	(7,112)	(94,508)
Other finance costs	(451,973)	(10,575)	(70)	(3,101)	861	(464,858)
Net profit/(loss)	553,981	(468,103)	(284,341)	97,747	3,945,994	3,845,278
Attributable to:						
– Owners of the parent						4,077,855

Segment statement of profit or loss for the year ended December 31, 2022

(RMB'000)	Insurance	Technology	Banking	Others	Eliminations	Total
Insurance revenue	22,174,736	—	—	23,114	(8,469)	22,189,381
Underwriting profit	1,194,467	—	—	(25,883)	93,975	1,262,559
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)
Other finance costs	(418,494)	(8,388)	(18)	(2,092)	632	(428,360)
Net profit/(loss)	(516,718)	(219,511)	(426,492)	(186,633)	(35,063)	(1,384,417)
Attributable to:						
– Owners of the parent						(1,112,414)

The Group recorded net profit attributable to owners of the parent of RMB4,078 million in 2023, representing an improvement of RMB5,190 million as compared with net loss attributable to owners of the parent of RMB1,112 million in 2022, which was mainly attributable to the improvement in the profit of the insurance segment driven by improved investment income, and the one-off investment income of RMB3,784 million recognized when ZhongAn International ceased to be a subsidiary of the Company and was accounted for as a joint venture.

Management Discussion and Analysis

Our Ecosystems

The following table sets forth GWP in absolute amounts and as percentages of total GWP by ecosystem for the year ended December 31, 2023 and the year ended December 31, 2022, respectively:

	2023		2022		
Ecosystems	(RMB'000)	Percentage	(RMB'000)	Percentage	Year-on-year increase %
Health	9,806,472	33.2%	8,979,765	37.9%	9.2%
Digital lifestyle	12,563,273	42.6%	8,873,755	37.5%	41.6%
Consumer finance	5,551,048	18.8%	4,530,347	19.2%	22.5%
Auto	1,580,343	5.4%	1,267,231	5.4%	24.7%
Total	29,501,136	100.0%	23,651,098	100.0%	24.7%

The following table sets forth a breakdown of (i) GWP, (ii) insurance revenue, (iii) expense ratio, (iv) loss ratio, and (v) underwriting combined ratio, by ecosystem for the year ended December 31, 2023 and the year ended December 31, 2022, respectively. Specifically, net income/(expenses) from reinsurance contracts held and finance income/(expenses) from reinsurance contracts held are not taken into account in the calculation of the expense ratio, loss ratio and underwriting combined ratio:

	2023	2022
Ecosystems	(RMB'000)	(RMB'000)
Health		
GWP	9,806,472	8,979,765
Insurance revenue	8,599,277	7,966,209
Expense ratio (%)	53.0%	39.6%
Loss ratio (%)	34.2%	49.0%
Underwriting combined ratio (%)	87.2%	88.6%
Digital lifestyle		
GWP	12,563,273	8,873,755
Insurance revenue	12,446,251	8,896,524
Expense ratio (%)	33.6%	33.8%
Loss ratio (%)	65.9%	65.7%
Underwriting combined ratio (%)	99.5%	99.5%
Consumer finance		
GWP	5,551,048	4,530,347
Insurance revenue	5,040,923	4,207,333
Expense ratio (%)	28.0%	41.4%
Loss ratio (%)	68.4%	48.5%
Underwriting combined ratio (%)	96.4%	89.9%
Auto		
GWP	1,580,343	1,267,231
Insurance revenue	1,434,895	1,096,201
Expense ratio (%)	30.3%	37.8%
Loss ratio (%)	65.1%	59.6%
Underwriting combined ratio (%)	95.4%	97.4%

Health Ecosystem

In March and May 2023, the Chinese government issued the Healthy China Initiative 2023 Highlights and Action Plan for Comprehensively Improving the Quality of Healthcare (2023-2025), calling for the continuous promotion and implementation of various actions to ensure people's health in an all-round, full-cycle manner. After decades of development, China's commercial health insurance industry has grown into a nearly RMB1 trillion market. In 2023, China's commercial health insurance market recorded GWP of RMB903.5 billion, representing a year-on-year increase of 4.4%. As China's multi-level healthcare protection system continued to penetrate and improve, there is a growing demand for multi-level, diversified and personalized health protection, and commercial health insurance will continue to play a more active role.

Nowadays, health management has increasingly become a standard feature of health insurance. Adhering to its commitment of "providing insurance service with a caring hand", ZhongAn Insurance is always focused on investment in health and wellness and, by connecting the upstream and downstream participants of the health industry, it enables users to enjoy a one-stop system of healthcare protections and services, ranging from disease prevention, tracking and intervention, health management to insurance coverage and medical services.

Adhering to our original aspiration of providing medical insurance for 100 million people, our health ecosystem provided health insurance to approximately 28.80 million insured customers in 2023 and served more than 125 million insured users cumulatively as of the end of 2023. Our health ecosystem recorded GWP of RMB9,806 million in 2023, representing a year-on-year increase of 9.2%. The health ecosystem had approximately 19.96 million individual insurance paying users, representing an increase of 23.6% as compared with the corresponding period of last year, mainly benefiting from our implementation of refined management in the areas of user growth and retention covering new customer acquisition. Users with multiple policies (個險多保單用戶) accounted for 27.3% in the health ecosystem, and the insurance premiums per individual user was approximately RMB462. In 2023, through continuous new customer acquisition and refined operation of private domain traffic, the GWP of our proprietary channels increased by approximately 45.0% as compared to the corresponding period of last year, representing approximately 44.5% of the GWP of health ecosystem.

Our flagship health insurance product, "Personal Clinic Policy", has undergone a total of 24 upgrades in the nine years since its launch to meet the growing and personalized health needs of our users and has shown strong product vitality. Our latest 2024 "Personal Clinic Policy" (尊享e生2024版) expanded its coverage and now contains 14 value-added services, with several health management services, such as hospital advance payment, fast pass for critical illness, special anti-tumor drugs, pharmacogenomics testing and medical assistance for advanced therapy, having been upgraded taking into account the complex course of critical illnesses. The list of special drugs has been further expanded, from 148 to 163 types, with 10 types of specific human albumin and enteral nutrition solutions newly added. In addition, the number of types of special anti-tumor drugs has been expanded to 108, covering 3 CAR-Ts and 2 broad-spectrum anti-tumor drugs that have been authorized in China; meanwhile, we have removed the barriers between public and private medical institutions and included 68 private medical institutions designated by the National Health Insurance in the scope of coverage, covering 19 provinces and municipalities in China. During the Reporting Period, the "Personal Clinic Policy" series recorded GWP of approximately RMB6,515 million, representing an increase of approximately 14.4% as compared with the corresponding period of 2022. Furthermore, the zero-deductible version of "Personal Clinic Policy" launched in 2023 has been widely recognized by users as it offers a more flexible product portfolio to provide users with practical protection. We have launched "2023 Mid-to-High-end Medical Insurance for Personal Clinic Policy" ("尊享e生中高端醫療險2023版"), which covers special medical department, international department and VIP department of public hospitals, and better meets personalized needs of users by providing a diversified mix of key elements including the deductibles, premiums, term and

Management Discussion and Analysis

coverage. It also prompted ZhongAn to focus more on the middle-class users of "Personal Clinic Policy" who are in need of an upgraded medical experience. As of December 31, 2023, our health ecosystem reported accumulative hospital advance payment of approximately RMB440 million.

With the deeper understanding of insurance among consumers, the continuous improvement of ZhongAn's consumer brand image, as well as the optimization of product design, the expansion of insurance liability and the comprehensive upgrade of value-added services, our critical illness insurance has become a popular choice among consumers to satisfy their needs for deeper insurance protection, and grew rapidly in 2023 with GWP of approximately RMB1,341 million, representing a year-on-year increase of approximately 130.6%.

Through our outpatient and emergency insurance, we have extended our services from required and urgent medical scenarios such as in-patient and critical illness, to outpatient and emergency scenarios that meet the daily needs of our users, thereby continuing to satisfy their high-frequency medical needs. During the reporting period, the outpatient and emergency insurance recorded GWP of RMB327 million, representing a year-on-year increase of 157.3%. As of December 31, 2023, we have provided 3.93 million cases of outpatient and emergency claims services.

We kept expanding our coverage to a wider range of people. In 2023, we continued to launch insurance products for people with medical conditions. Currently, we have more than 90 products serving people with chronic diseases, which have served more than 510,000 people with medical conditions cumulatively. During the Reporting Period, our products targeting people with chronic diseases generated GWP of approximately RMB270 million. In addition, we have also launched more than 80 products for children, 50 products for the elderly and nearly 30 products for female.

In 2023, we continued to exert our efforts on health management and employee welfare protection for corporate clients. Through our in-depth research in the needs of employees at different levels for health and welfare, we assisted enterprises in meeting the diversified health needs of their employees. Our employee welfare business recorded GWP of RMB604 million in 2023, representing a year-on-year increase of 24.3%.

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 system, which engages more than 2,000 doctors to provide services to users. In 2023, our internet medical care ecosystem recorded more than RMB100 million in revenue.

In 2023, the combined ratio of the health ecosystem was 87.2%, representing a decrease of 1.4 percentage points as compared to 2022, of which the loss ratio was 34.2%, representing a year-on-year decrease of 14.8 percentage points, mainly attributable to an increase of 9.8 percentage points in the proportion of new insurance GWP to 52.1% from 42.1% in the corresponding period of last year and the further application of the intelligent underwriting engine, which helped further improved our operational efficiency and risk control level in the key areas such as data analysis and modelling, risk assessment and prediction, as well as product and solution design. The expense ratio of the health ecosystem was 53.0%, representing a year-on-year increase of 13.4 percentage points, mainly because the health ecosystem invested more in refined operation to drive user growth and retention during the Reporting Period.

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

Digital Lifestyle Ecosystem

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

In 2023, we capitalized on the booming growth of the domestic e-commerce industry, the strong recovery of the air travel business, and the explosive growth of innovative businesses including pet insurance. The GWP of the digital lifestyle ecosystem reached RMB12.563 billion, representing a year-on-year increase of 41.6%.

In the e-commerce sector, in recent years, with the shift in user spending habits and the diversification of 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, online retail sales in China reached RMB15.43 trillion in 2023, representing a year-on-year increase of 11.0%, of which the proportion of online retail sales of physical goods in the total retail sales of consumer goods increased by 0.4 percentage point to 27.6% from 2022. The growth of online traffic and the cultivation of consumption habits have empowered the accelerated development of e-commerce. Leveraging our leading technology strength and years of accumulated operational experience in e-commerce channels, we continuously expanded our internet platform network and extensively engaged mainstream e-commerce players in the market to provide users with protection solutions for e-commerce scenarios such as shipping return policy, thereby creating a better online shopping experience. In 2023, the GWP of our e-commerce business segment amounted to RMB6,593 million, representing a year-on-year increase of 25.3%.

In the travel sector, in 2023, with the unleashing of pent-up travel demand of consumers, the domestic tourism industry witnessed a rapid rebound. According to the data of the Ministry of Culture and Tourism, the total number of domestic tourist arrivals amounted to 4,891 million in 2023, representing an increase of 2,361 million or 93.3% from the corresponding period of 2022. Benefiting from the recovery of the industry, our travel business capitalized on the rebound and normalization of the domestic travel market through cooperation with major OTA platforms, and recorded GWP of RMB3,242 million in 2023, representing a year-on-year increase of 89.0%, having provided travel protection for nearly 70 million users.

In terms of innovative business, we closely follow the trends in emerging consumer behaviours, continuously leverage technology empowerment, and rapidly launch various innovative insurance products based on data analytics and user lifestyle tracking. These efforts aim to address the diversified insurance protection needs of users and explore the growth curve of the digital lifestyle ecosystem. In 2023, we launched a brand new sports accident insurance named Zhong Participation (眾參與) covering general sports and high-risk sports, and a wide range of pet insurance product matrix. Our innovative business recorded GWP of RMB2,728 million in 2023, representing a year-on-year increase of 43.8%.

In terms of pet ecosystem, in recent years, with the development of the urbanization and the growth of per capita income, pets are increasingly viewed as family members by their owners and the domestic pet consumption market has gradually upgraded, with a growth in the average spending on pets. According to Frost & Sullivan's forecast, China's pet market value is expected to reach RMB537.6 billion by 2026. Pet ownership can be classified into the level of "love and belonging" in Maslow's Hierarchy of Needs, giving rise to more emotional value, and therefore pet insurance plays an important role in enhancing the overall efficiency of the industry chain (including pet hospitals) and promoting the standardization of pet healthcare services.

In 2023, our pet insurance business recorded GMV of RMB500 million, representing a year-on-year increase of nearly 150%, having provided services to more than 1.46 million pet owners during the period. As of December 31, 2023, we have served more than 4,650,000 pet owners cumulatively, achieving a leading market share.

Management Discussion and Analysis

ZhongAn pet insurance not only covers six types of pet spontaneous disease protection, but also provides health management services, including de-worming, vaccination, online consultation and nutritionist consultation, as well as value-added optional protection such as pet third-party liability and pet death compensation. We embed insurance services in various scenarios of the pet ecosystem to serve the entire life cycle of pets, and had launched pet food safety insurance, pet transport protection insurance, pet anesthesia accident insurance, and employee accident insurance for the pet industry. At the same time, in response to users' increasing demand for pet protection, we have also launched a major medical insurance for pets, covering 107 diseases of pets with higher total sum insured and single claim limit, thereby realizing the segmentation of users' needs.

In 2023, we joined forces with Ant Insurance to launch the "White Paper on the Trend of Pet Digital Insurance Industry Development Insights 2023", which analyzed and provided insight into the emerging pet digital insurance from three aspects: its current development, the pet insurance market and demand and the value chain of pet healthcare services. We launched an innovative product named Pet Medical Insurance in cooperation with Alipay, which covers all aspects of medical care for dogs and cats, including 40 types of commonly used medicines and 11 types of outpatient services through small ticket-size and low-threshold products, providing protection against a full range of diseases. We will also launch the 3-day quick claims service for pet hospitals, which will significantly improve the user experience of claim settlement. In addition, we have also worked with our partner, YunChongBao (雲寵寶), to launch new health protection products for pets – YunChongBao (雲寵寶) x Royal Canin Prescription Food Protection Card and Young Pets Protection Card, which help realize pet segmentation, bring new health management services to pets, and effectively alleviate the financial burden of pet treatment.

We also cooperated with our ecosystem partners including YunChongBao (雲寵寶), Alipay, Tmall, Douyin and AutoNavi to connect pet owners with extensive diversified offline pet service providers and continuously unlock cross-ecosystem synergies, with "medical + insurance + services" as the core highlight. We cooperated with leading domestic pet service providers to connect high-quality pet health management service resources for pet owners. Our pet insurance service network further expanded to include 14,000 offline pet hospitals and service agencies, covering major cities across the country.

In other areas of innovation, we collaborated with DJI to launch DJI Care service protection products, including drone damage insurance, third-party liability insurance and other solutions, serving more than 1.5 million drone owners. Moreover, in active response to national policy initiatives, we have provided protection for nearly 100,000 farmers to cover their risks related to production by launching a third-party liability insurance solution for drones which is suitable for the whole industry and ensures the legal and compliant use of drones. Having served millions of users with flexible employment so far, we also pay attention to the consumer groups who pursue fashion lifestyles and created accident insurance covering sports scenarios such as e-sports, cycling, ice and snow sports, ball games and lures, which generated GWP of nearly RMB1 billion. Our service-oriented household property insurance has served more than 500,000 families cumulatively. Meanwhile, we have joined the "SHOME (滬家保)" Alliance, an inclusive and comprehensive home insurance customized for Shanghai, to better meet the practical needs of Shanghai residents and new citizens, demonstrating our commitment to inclusive insurance. Furthermore, we are actively expanding our investment in green insurance and exploring cooperation with players in (including but not limited to) the photovoltaic industry for innovative insurance.

During the Reporting Period, the loss ratio of the digital lifestyle ecosystem was approximately 65.9%, representing a year-on- year increase of approximately 0.2 percentage points, and the expense ratio was approximately 33.6%, representing a year-on-year decrease of approximately 0.2 percentage points, mainly benefiting from the optimization of its product mix and cost-efficiency.

Consumer Finance Ecosystem

We connect with different kinds of Internet platforms by leveraging our technology strength to 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 and 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 collaborate with are licensed financial institutions.

In 2023, China's gross domestic product (GDP) grew by 5.2% year-on-year. China's economy has shown steady growth in various fields. The consumer finance industry has also ushered in a certain degree of recovery. In 2023, our consumer finance ecosystem recorded GWP of RMB5,551 million, representing a year-on-year increase of 22.5%. As of December 31, 2023, the outstanding balance of insured loans of the consumer finance ecosystem was RMB27,093 million, representing a year-on-year increase of 16.9% from the end of last year.

Our targeted customers of the consumer finance ecosystem are primarily the young near-prime group in China with good education and strong consumption demands. Our major customers are aged 30-40. We also provide our diversified product offerings for users of consumer finance ecosystem, to meet their multi-level protection needs. We 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, with an average principal amount of approximately RMB6,500 each loan. Our underlying asset quality remained within a controllable range thanks to our prudent business strategy and constantly improving risk control models. In 2023, the loss ratio of the consumer finance ecosystem was 68.4%, representing an increase of 19.9 percentage points from the corresponding period of 2022. The expense ratio of the consumer finance ecosystem for 2023 was 28.0%, representing a decrease of 13.4 percentage points from the corresponding period of 2022. This is primarily attributable to the increase in user retention and renewal rates and a corresponding decrease in customer acquisition costs due to the gradually increased proportion of GWP from the Company's proprietary channels.

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 co-insurance 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 co-insurance agreement with Ping An P&C valid from January 1, 2023 to December 31, 2024, with premiums, claim payments and other costs for auto insurance shared between ZhongAn and Ping An P&C at a 50:50 ratio.

According to data from the China Association of Automobile Manufacturers, in 2023, China's automobile sales reached a new high of 30,094,000 units, representing a year-on-year growth of 12%. In particular, new energy vehicles (NEV) maintained rapid growth in 2023 and recorded sales of 9,495,000 units, representing a year-on-year increase of 37.9%, with a market share of 31.6%.

Relying on our refined operation, ZhongAn captured the opportunity arising from the prosperity of the industry, and the GWP from auto ecosystem reached RMB1,580 million during the Reporting Period, representing a year-on-year increase of 24.7%. In addition, for users of auto insurance, we launched insurance products including accident insurance for both drivers and passengers and travel accident insurance, to provide protection for their travel.

By seizing the opportunities of the NEV insurance and embracing policy support while continuously enriching our database, risk rules and algorithms and improving pricing and risk control models, ZhongAn provided vehicle owners of over 100 NEV brands with auto insurance products and services, bringing new momentum to the overall growth of auto insurance, with GWP of NEV auto insurance increased by approximately 196.1% year-on-year in 2023. During the Reporting Period, the combined ratio of the auto ecosystem was 95.4%, representing an improvement of 2.0 percentage points as compared to the corresponding period of last year, of which the loss ratio increased by 5.5 percentage points year-on-year to 65.1% as affected by the increase in travel, and the expense ratio dropped by 7.5 percentage points year-on-year to 30.3% benefitting from the overall cost-efficiency and improvement in refined operational management.

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Brand Building and Proprietary Channels

In 2023, we stayed 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 videos and livestreaming. In the field of private domain traffic, ZhongAn has established a one-stop closed loop for user management covering strategic operation, content production and data capabilities, thereby building an "All-in-one" marketing strategy brain.

In the field of public domain, ZhongAn enabled differentiated public domain marketing with a real-time advertising RTA mode supported by our data and algorithms. We have also built a private domain traffic customer pool to serve customers converted from public domain, and delivered efficient cross-service and customized product referral through AI customer service and Enterprise WeChat customer service. 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. 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 demonstrate value proposition for users unaware of their needs.

At the same time, we adhere to the strategy of refined operation. In terms of private domain operations, we have devoted meticulous efforts in script accumulation, customer segmentation and intelligent operation, and conduct, controllable, sustainable and in-depth user operations.

In 2023, we stayed focused on cross-penetration between ecosystems, striving to provide users with convenient and cost-efficient 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 services. In 2023, the average number of policies per paying user reached 1.6 in our proprietary channels. 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 to better serve users during the entire life cycle. In 2023, the GWP of our proprietary channels increased by 31.0% year-on-year to RMB7,614 million, accounting for 25.8% of the total GWP, increased by 1.3 percentage points year-on-year, and repeat purchasing users contributed approximately 39.0% of GWP. The number of paying users of our proprietary channels increased by 47.6% year-on-year to 11.36 million, and the premiums per user reached RMB670.

R&D Investments and Technology Empowerment

We continue to focus on the development of cutting-edge technologies including artificial intelligence, blockchain, cloud computing and big data, aiming to reshape every stage throughout the insurance value chain with technology. In 2023, ZhongAn invested RMB1,192 million in R&D activities, accounting for 4.0% of total GWP. As of December 31, 2023, ZhongAn had a total of 1,212 engineers and technicians, which accounted for 45.2% of our total employees, and we had accumulatively filed applications for 588 patents, including 167 applications for overseas patents. As of the same date, we obtained 199 patents in total, representing a year-on-year increase of 19.9%, and there were 27 overseas patents granted. In addition, as of December 31, 2023, we had 36 PCT (Patent Cooperation Treaty) patent applications in total, covering 11 countries and regions.

Relying on our cloud-based insurance core system "Wujieshan", which can support massive fragmented insurance business, we issued a total of 12,234 million policies and served over 500 million users in 2023. 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.

In terms of digital life scenario-based insurance, we utilized technology to enable automatic claim settlement, with digitalization rate of over 99%, and the claims can be settled as soon as in seconds. In terms of health insurance and accident insurance, thanks to the intelligent claim service, the success rate of one-time submission of claim documents at the application stage raised to 92%. The claim settlement efficiency optimised by 30% and the accuracy rate of automatic responsibility determination and adjustment in medical scenarios was up to 98%. By application of new technologies such as big data and AI risk control, quick claim cases with no need to submit documents can be closed as fast as in 2.8 minutes and 99% of the claims under RMB10,000 can be closed quickly within 24 hours. In terms of pet insurance, we use image identification technology to proceed smart verification on pets, automatically analyze and check the price list, with the accuracy rate increasing by over 50% year-on-year. By adopting multi-factor automatic adjustment, we improved the operation efficiency by over 80%. In regard to anti-fraud, we focused on identifying fraud gangs in a smart, accurate and real-time way, so as to further improve the ability of financial institutions to identify fraud risks, with the accuracy rate of background identification reaching 99% and the accuracy rate of fraud gang identification up to 82%.

In terms of artificial intelligence applications, in May 2023, ZhongAn Insurance and ZhongAn Technology jointly released the "White Paper on AIGC/ChatGPT Applications in the Insurance Industry" (《AIGC/ChatGPT保險行業應用白皮書》), the first white paper on the AIGC (AI-generated content technology) applications in the domestic insurance industry, which sorted out more than 30 specific application targets and scenario-based applications and predicted the feasibility of technical implementation in application scenarios from multiple dimensions. At the same time, it revealed ZhongAn's exploration of applications in this technology field, as well as the feasibility of integrating AIGC into the full range of products of ZhongAn Technology.

In July 2023, ZhongAn Insurance and ZhongAn Technology released the insurance industry's first AIGC application diagram at the World Artificial Intelligence Conference (WAIC) 2023, showing the application, practice and exploration of the digital-intelligent innovation of "AI + insurance". From six dimensions including product design and innovation, marketing and business development, underwriting and claim settlement, customer service, smart office and R&D management, the diagram showed a total of more than 80 AIGC generative artificial intelligence application scenarios, covering property and casualty insurance, life insurance and other businesses, involving marketing channels such as agents, proprietary channels and feed-based marketing channels.

In terms of customer services, AIGC is used to build intelligent customer service agents which provide anthropomorphic services based on the judgement of customer intentions, thereby achieving faster and more personalized responses. During the pilot period of embedding AIGC into our online customer service, an average of more than 10 seconds could be saved for each conversation. Live broadcasting by digital characters helped address the deep-rooted pain points about high turnover rates of human agents and hosts, and about the difficulties for agents and hosts to accumulate their knowledge due to the long training cycles. With the help of the code assistant, development efficiency improved by more than 20% within 6 months. In terms of marketing, through the use of AIGC for generating promotional videos, high-quality promotional and educational videos could be quickly generated in a short time, which significantly reduces the cost of video production, and labor costs could be reduced by 40% with intelligent business analysis. In terms of risk control, AIGC is embedded into the content review process, and through multi-modal emotion and intention recognition including voice, 70% of at-risk customers are early identified and customer complaint is reduced by 30%.

Technology Export[8]

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 a new generation of insurance core systems and scenario-based solutions for our customers in the insurance industry, and joined hands with Internet platforms and other insurance intermediary platforms to develop digital insurance ecosystem.

In 2023, our technology export business continued to expand both domestically and internationally, helping many clients across the globe with their digital transformation processes. During the Reporting Period, we newly contracted with a total of 101 customers along the insurance industrial chain, and recorded total revenue from technology export[9] of RMB829 million, representing a year-on-year increase of 40.0%. As of December 31, 2023, our technology export business had provided service to 848 clients from various industries including insurance, internet technology, banking, and securities brokerage.

8 The technology export business reflects the operating results of ZhongAn Technology, ZhongAn Xinke, ZA Tech and other subsidiaries, associates and joint ventures engaged in technology export business.

9 Total revenue from technology export represent the arithmetic sum of revenue from technology export of each company under the technology export segment, without taking into account the impact of shareholding ratio.

Management Discussion and Analysis

Domestic Technology Export

At the beginning of 2023, 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 building of digital China". According to the "Digital China Development Report (2022)" released by the Cyberspace Administration of China, China's digital economy had a scale of RMB50.2 trillion in 2022 and accounted for 41.86% of GDP, ranking second in the world.

The Ministry of Industry and Information Technology proposed in the 14th Five-Year Plan for Software and Information Technology Service Industry (《「十四五」軟件和信息技術服務業發展規劃》) (the "Plan") that software being the core of new-generation information technology, is the foundation for the development of digital economy, as well as the key support for the manufacturing, cyberpower and digitalization in China. ZhongAn's years of efforts and experience in the field of InsurTech will also facilitate the vigorous development of digital economy.

Our technology export business focuses on the exploration and R&D of cutting-edge technologies including artificial intelligence, big data and cloud computing. By leveraging the ecological advantages of ZhongAn, it has created a battle-tested value delivery system of "technology + service". We focus on the FinTech sector. Through industry-leading research and development capabilities and service practices, we provide intelligent and platform-based digital transformation solutions for financial customers in banking, insurance and securities, with a view to promote high-quality development of the financial industry with core technology and facilitating the formation of a new landscape of digital finance.

In 2023, relying on our persistent efforts in InsurTech, we have made major breakthroughs in multiple fields including core business system, AI big data, brokage and agency middle platform and insurance mobile marketing, and our InsurTech export business continued to maintain rapid growth. Meanwhile, with the implementation of the new insurance contract standards of IFRS 17 in China, ZhongAn has realized new breakthroughs in products and customer acquisition by virtue of its practical experience in the industry and technological capabilities. In 2023, our revenue from domestic technology export amounted to RMB504 million, representing a year-on-year increase of 73.2%. In 2023, we had 91 contracted customers along the insurance industrial chain, of which more than 30 clients had a contracted amount of more than RMB1 million and 4 clients had a contracted amount of more than RMB10 million. In addition, we managed to expand our business to diversified sectors, serving 12 clients from the banking and securities industries and further expanding our general software and technology services to manufacturing and other industries characterized by intensive applications of cutting-edge technology, specialized expertise and creativity.

Our domestic InsurTech product lines mainly fall into three series, namely, the business production series, the business growth series, and the digital new infrastructure series, covering the entire business processes of the insurance industry. Our revenue comprises of subscription fees, project-based implementation fees, software licensing fees, professional service fees and etc.

1) Business Production Series

Our business production series products mainly include distributed cloud-native insurance core, peripheral and brokerage systems, which support the entire life cycle operation of insurance business, help insurers, insurance brokers and other players in the industry value chain to successfully complete digital transformation and serve users more effectively.

Our cloud-based insurance core system "Wujieshan", which can support massive fragmented insurance business, was upgraded in April 2023, with the "Wujieshan Mate" version launched. As a new-generation core system, "Wujieshan Mate" is launched by ZhongAn based on "Wujieshan 2.0" to empower customers according to their business scenarios, which helps insurance companies improve their overall operational efficiency and lower operating thresholds. "Wujieshan Mate", our new generation of core system for non-auto property and casualty insurance, has empowered various insurers, including Taiping General Insurance, Zheshang Insurance, Guoren Property and Casualty Insurance and Generali China Insurance. Through our "Wujieshan Mate" system, customers will be able to further improve and optimize their product systems, continuously enhance the stability, scalability and security of their Internet insurance business systems, and comprehensively increase their operational efficiency and customer service capabilities.

In the field of artificial intelligence, we further launched "Lingxi (靈犀)", an AIGC middle platform of ZhongAn, the pioneering insurance vertical scenario AIGC application - the EasyCreation (易創) intelligent content creation platform, and CWisdom (集智) operation analysis platform AI upgraded version which is empowered by "dialogue-generating AI".

"Lingxi (靈犀)", our self-developed AIGC middle platform which adapts to major big models at home and abroad, has realized the strategy of "1 MaaS (Model as a Service) platform, 2 application scenarios". In order to help insurance institutions better adapt to AIGC capabilities, "Lingxi (靈犀)" allows corporate users to embed a knowledge base for specialized fields of industry within the big model to achieve rapid adaptation of AIGC applications in the insurance vertical field. "Lingxi (靈犀)" also supports the conversion of enterprise internal application tools into big model plug-ins, so that big models would be more relevant to business application scenarios, thereby enhancing enterprise business capabilities through AIGC. Currently, "Lingxi (靈犀)" has been deeply applied in scenarios including product customization, dynamic pricing, scenario-based sales, automatic claims, and customer oriented services.

ZhongAn' s CWisdom (集智) operation analysis platform AI upgraded version can intelligently generate data statements for end users in a conversational manner, and support intelligent analysis of indicators in the statements to identify the core reasons for changes in indicators. At the same time, based on three major capabilities, including intelligent attribution, fluctuation warning and multi-dimensional drilldown, CWisdom (集智) meets the needs of different staff in the enterprise for business data exploration and in-depth analysis, provides data basis and decision support for enterprise management and business growth, and reduces the time required for attribution analysis after detecting a problem from 3-4 days to within 10 minutes to help positioning the business quickly and adjust operation strategies in a timely manner. During the Reporting Period, our CWisdom (集智) operation analysis platform served insurance companies including Sinatay Life.

In December 2021, ZhongAn Insurance officially launched the New Insurance Contract Standards Integrated Platform (IFRS17), which has been successfully running for more than two years, thanks to the support of our integrated IFRS 17 platform Dacang (大倉) System. Underlying research and development capacity of Dacang system was constructed in strict compliance with global unified standards implemented by the new insurance contract standards. The system can not only sort out past businesses and complete the preparation and measurement of transitional data without affecting the original business system, but also integrate with the core systems of ZhongAn Insurance and its internal data platform, business and financial systems. By now, Dacang System has successfully assisted ZhongAn Insurance in completing the introduction and implementation verification of IFRS 17. At the same time, we actively empowered insurance organizations including Mitsui Sumitomo Insurance, Generali China Insurance and KB Insurance (a wholly foreign-owned insurance company established in China by KB Insurance Co., Ltd., the fourth largest P&C insurance company in South Korea) through technology export.

2) Business Growth Series

Our business growth series products mainly include the intelligent marketing platform X-Man and the new user relationship management platform X-Connect, providing end-to-end complete solutions covering customer acquisition from the public domain, traffic conversion and customer operation in the private domain, and are designed to help customers to build a sustainable marketing closed-loop to drive rapid user and revenue growth with one-stop services.

We cooperated with Xiangcai Securities to empower the internal front-line marketing business team in terms of user insight, user access and risk management based on micro-scenarios within the organization by leveraging digital platforms and tools. With the support of ZhongAn Technology in accurately exploring user demands, controlling the compliance and quality of user services and achieving standardized marketing operations, Xiangcai Securities has realized mutual connection between marketing and services, and improved the value and effect of private domain traffic.

Management Discussion and Analysis

During the Reporting Period, our business growth series contracted with 73 customers and provided integrated "user management platform + operation services", to help Guomin Pension, LiAn Life and other companies 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 user-centric digital platform. In particular, ZhongAn Technology not only provided three to five-year customer-end business and overall technology planning for Guomin Pension, but also helped it launch the Guomin Pension APP to realize the vision of "creating a positive future with pension for customers". Based on the launch of the APP, ZhongAn Technology has created an integrated operation system connecting the APP and X-Man for Guomin Pension, providing it with customer APP and related operation services in an all-round way, as well as an integrated platform for the inheritance of its comprehensive philosophy.

3) Digital New Infrastructure Series

Our digital new infrastructure series includes two modules, integrated DevOps platform and big data platform, which provide business systems with an elastic infrastructure platform for efficient R&D, efficient testing, secure and stable operation, and help customers cope with agile R&D and sudden traffic scenarios in Internet scenarios, so that customers are under stable and safe protection when conducting business at a fast pace.

In 2023, our DevOps platform DevCube was selected and included in the "Panorama of High-Quality Digital Transformation Products and Services (2023)" by the China Academy of Information and Communications Technology (CAICT). We transformed our accumulated general experience into a technical driving force, and exported its technology strengths across industries. We have connected 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 across industries, through modules such as business ecosystem, scenarios, digital thinking, digital infrastructure, RegTech, with a focus on the digitalization process of the pan-financial industries.

In addition, we have also served cross-industry customers, including PuDao Credit, BOE, IM Motors, AVIC Airborne Systems Co., Ltd. and China Merchants International Technology helping them improve the efficiency of research and development.

We provide big data platform solutions, covering various scenarios including, but not limited to, data governance, upgrade and transformation, construction of data middle platform, architecture design for core database of the insurance industry, construction of indicator system, visualized data analysis and data intelligence application, which help enterprises connect internal and external information chains, integrate data across all domains, revitalize existing and incremental data, and build an enterprise-level data pool, thus enhancing capabilities of unified customer identification, automated services, intelligent monitoring and scientific decision-making.

Based on ZhongAn Insurance's years of experience in big data application, we have independently developed our own data middle platform product, which includes a series of tools such as data management system, data circulation system and data value systems, to establish a mechanism that continuously transforms data into assets and serves the insurance business.

ZATI

ZATI ceased to be a subsidiary of the Company on August 14, 2023 and became accounted for as a joint venture.

Overseas Technology Export ZA Tech

ZA Tech, a technology subsidiary of ZATI founded in 2018 and headquartered in Singapore, focuses on exporting new insurance core systems and digital insurance technology experience to overseas insurance companies and insurance intermediary platforms, aiming to provide a digital operating system for global InsurTech digitalization. As of now, ZA Tech's footprints have covered regional markets such as Japan, Hong Kong, Southeast Asia, and Europe.

ZA Tech has unique cloud-native, modular, no-code/low-code digital solutions, including insurance core system, distribution system, customer data platform (CDP) and AI solutions, which provide a digital infrastructure to support all kinds of insurance business models, all insurance product lines (life insurance, health insurance, property and casualty insurance, etc.) and every part of the end-to-end insurance business value chain. The clients served by ZA Tech can be divided into two categories: insurance companies and Internet platforms. For insurance companies, Graphene, the next-generation distributed insurance core system we built, can help customers connect with various ecosystem partners locally and launch fragmented and scenario-based insurance protection products that adapt to the local business. In 2023, we have also updated our Graphene product baseline in all aspects. In the future, it can support the whole process of traditional insurance business from product configuration and launch, policy issuance and underwriting, to claim settlement, which is expected to reduce the IT expenses of the insurance core system by 30% to 50% for insurance companies, and open up the huge market opportunity arising from the replacement of traditional insurance core systems around the world. For insurance companies in the early stage of digital transformation, we provide lightweight SaaS insurance core system, Nano, which helps clients quickly build a core system for digital insurance products 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 low-code insurance distribution solution, Fusion, which helps Internet platforms provide more value-added services for their retail end users and improve the efficiency of traffic monetization.

The out-of-the-box and continuously upgraded SaaS solutions offered by ZA Tech support digital transformation of insurance companies, which minimized tech debt and version sprawl compared with traditional customized development methods. On the one hand, we have achieved strong growth at the early stage of our operations by providing embedded InsurTech solutions and expertise in relevant fields for insurance companies and insurance intermediaries. On the other hand, we have built long-term strategic partnerships with leading Internet platforms, such as Grab, Carro, OVO and Klook, which accelerated the positive cycle of business development. By leveraging the massive data and extensive customer network of the Internet platforms, we sell insurance core system products to more insurance companies that cooperate with such platforms to achieve the flywheel effect of business growth.

In March 2023, ZA Tech reached a regional partnership with Home Credit, the largest consumer finance platform in Southeast Asia, to provide an insurance distribution solution, Fusion, for embedded insurance products (such as extended warranty for mobile phones and phone screen cracking insurance) in two markets, namely Indonesia and Vietnam. At the same time, by leveraging years of industry experience accumulated in embedded insurance and leading technology strength, it has realized the cross-selling to cooperative insurance companies of Home Credit and provided featherweight SaaS insurance core system, Nano, for Income, a leading P&C insurer in Southeast Asia, further tapping the business potential in Southeast Asia.

In May 2023, ZA Tech completed the first replacement of claim module in Graphene, and officially launched small ticket size claim module for Prudential Thailand. The launch of this claim module in Graphene will enhance the service capabilities of Prudential for claims of small amounts, and improve its customer satisfaction of online small claims. At the same time, it also marked a staged success of the separate sale of functional modules, thus opening up greater room for ZA Tech's further repeat sales.

In July 2023, our core system product, Graphene, successfully entered the traditional core business system segment as it was exported to one of the leading insurance companies in Central and Eastern Europe, to assist the client in realizing the full coverage of traditional auto insurance end-to-end functions, which is available in five countries in the European market without limits and can be quickly replicated and launched. In the future, Graphene will support the whole-process functions (including policy issuance, check, claim settlement and finance) of the client's auto insurance in the five European countries, as well as the flexible policy issuance and renewal process for different scenarios of To C/To A business, and the claim settlement process for small amount and quick claims and standard loss assessment cases. In addition, it will support negotiation with group customers on a case-by-case basis and collect payments in batches. The traditional insurance core system replacement project is an important milestone in the development of ZA Tech. In the future, ZA Tech will continue to upgrade and evolve its cloud-based traditional insurance core baseline, and explore the huge market opportunity arising from the replacement of insurance core systems around the world.

Management Discussion and Analysis

ZA Tech recorded revenue from technology export of RMB325 million in 2023, representing an increase of 8.0% as compared with the corresponding period of 2022, of which sustainable revenue accounted for 51%, and the gross profit margin increased to 46% from 40% in 2022.

Virtual Bank and Virtual Insurance in Hong Kong

ZA Bank, a subsidiary of ZhongAn International and a virtual bank in Hong Kong, became one of the first banks in Hong Kong granted a virtual banking license on March 27, 2019, and officially commenced operation on March 24, 2020. ZA Bank aims to build a local one-stop digital financial service platform in Hong Kong to provide diversified, convenient and inclusive financial services to retail customers and SMEs.

At present, ZA Bank has become one of the most comprehensive virtual banks in the Hong Kong market, building a one-stop integrated financial service platform through its mobile app, which operates in a fully digitalized mode, and providing users with 24/7 digital banking services such as deposits, loans, transfers, consumption, foreign exchange, insurance, investment and business banking.

Despite the challenging macro-environment this year, ZA Bank continued to be a major player in Hong Kong's banking industry. One in ten Hong Kong adults is a ZA Bank user, and one in four young people aged 18-29 in Hong Kong holds a ZA Card. By the end of 2023, the ZA Bank App has been ranked as the highest-rated retail banking app on Hong Kong's Google Play. Meanwhile, as the first virtual bank in Hong Kong to cross the HKD10 billion mark in customer deposits, ZA Bank is proud to have been ranked first in Asia in Sia Partners 2023 International Mobile Banking Benchmark, while retaining the 6th position globally.

On the retail banking side, in addition to traditional banking products and services, ZA Bank offers innovative gamification experiences through continuous development and iteration to improve users' activeness. ZA Bank is now available for online account opening for Mainland China visitors in Hong Kong.

ZA Bank 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 (SFC) in January 2021, and has been actively expanding its product matrix for investment business since then. ZA Bank officially launched investment fund services in August 2022, and has since collaborated with top international fund managers, including Invesco, Allianz Global Investors and J.P. Morgan Asset Management, to successfully onboard over 100 investment fund products. As at December 31, 2023, retail users' assets under management amounted to nearly HKD1 billion.

ZA Bank officially launched its US stock trading services in February 2024 to Hong Kong users. With exposure to the world's largest stock market in terms of capitalization, ZA Bank users can capture the growth potential in some of the most valuable and influential companies across the globe. This marks another key milestone for ZA Bank in its commitment to creating a one-stop digital finance platform for users.

On the business banking side, in order to further promote the concept of financial inclusion in Hong Kong and facilitate the FinTech transformation in Hong Kong's banking industry, ZA Bank officially launched the express online corporate account opening (e-onboarding) service on April 1, 2023, providing local SME clients with a fast account opening experience, helping them to address their pain points and seize market opportunities. ZA Bank's fast account opening enables clients to complete the application in as fast as 6 minutes and open an account in as fast as 2 hours.

As at December 31, 2023, ZA Bank had a deposit balance of approximately HKD11,700 million. Gross loan balance was approximately HKD5,430 million, with a loan-to-deposit ratio of 46.4%. Meanwhile, benefiting from the interest rate hike cycle and the diversification of loan products, ZA Bank's net interest margin further improved to 1.94% from 1.84% in the corresponding period of 2022. During the Reporting Period, with the launch of new products, ZA Bank recorded net revenue of approximately HKD366 million, representing a year-on-year increase of 42.9%, of which non-interest income accounted for approximately 28.3%. Meanwhile, ZA Bank focused on business quality and operating efficiency improvement, and the net loss margin narrowed by approximately 85.6 percentage points to 109.1% from 194.7% in the corresponding period of 2022.

In terms of technology, ZA Bank, as a leading digital bank, has successfully relocated its core system to the "Cross-cloud cross-tenant (跨雲雙活)" cloud-based infrastructure, thereby providing users with more durable, scalable and resilient 24/7 banking services.

ZA Bank also capitalizes on opportunities emerging from the development of Web3 and actively plans related businesses in the field. In April 2023, ZA Bank unveiled its "Banking for Web3" vision, which sets out its commitment to leverage technology to promote the integration of traditional banking services and the Web3 world. The bank seeks to actively support the development plan of the HKSAR government, and participate in the building of a vibrant virtual asset industry and ecosystem.

ZA Bank is the banking partner and settlement bank for Hong Kong-licensed virtual asset exchanges such as HashKey Exchange, providing convenient fiat currency deposit and withdrawal services. ZA Bank is also the only virtual bank selected for the e-HKD Pilot Programme Phase 1 launched by the HKMA, partnering with leading enterprises in a cross-industry consortium to test and simulate e-HKD and explore the application of a secured lending product backed by tokenized real assets.

In terms of virtual insurance business, ZA Life is dedicated to offering affordable insurance services, and providing users with insurance products and services that "everyone can afford" through its 24/7 online platform, including life insurance, Voluntary Health Insurance Scheme (VHIS), cancer insurance, accident insurance and heart attack and stroke insurance. Since 2022, ZA Life has continuously deepened the bancassurance partnership with ZA Bank and launched "ZA Savings Insurance" series in the ZA Bank App to provide fundamental protections for users' health and wealth. During the Reporting Period, ZA Life achieved GWP of HKD214 million.

Management Discussion and Analysis

Investment Business

Asset Management of Onshore Insurance Funds

As of December 31, 2023, the total investment assets of our domestic insurance funds amounted to approximately RMB38,204 million, representing an increase of 4.62% as compared to the end of 2022, among which cash, amounts due from banks and other financial institutions amounted to RMB1,038 million, accounting for 2.7%, fixed income investments amounted to RMB28,760 million, accounting for 75.3% (out of which bonds and bond funds represented 64.7%), stock and equity funds amounted to RMB2,580 million, accounting for 6.7% and unlisted equities amounted to RMB5,826 million, representing 15.3% (mainly include the equity interests in ZhongAn Technology and ZhongAn Insurance Broker, the wholly-owned subsidiaries of the Company).

Investment portfolio of onshore insurance funds (by category)

(RMB'000)	December 31, 2023 Balance	December 31, 2023 As percentage of the total	December 31, 2022 Balance	December 31, 2022 As percentage of the total
Cash and amounts due from banks and other financial institutions	**1,037,888**	**2.7%**	2,041,488	5.6%
Fixed income investments	**28,759,665**	**75.3%**	24,724,494	67.7%
Term deposits	—	—	309,691	0.8%
Money market funds	100,055	0.3%	30,034	0.1%
Bonds	18,436,216	48.3%	12,985,486	35.6%
Bond funds	6,275,670	16.4%	7,095,006	19.4%
Others[1]	3,947,723	10.3%	4,304,278	11.8%
Equity and equity funds	**8,406,738**	**22.0%**	9,749,490	26.7%
Stocks	923,595	2.4%	1,156,462	3.2%
Equity funds	1,656,735	4.3%	2,768,054	7.6%
Unlisted equity	5,826,408	15.3%	5,824,974	16.0%
Total investment assets	**38,204,290**	**100.0%**	36,515,471	100.0%

Note:

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

In 2023, the domestic bond market experienced intensified volatility and delivered growth as the yield of ten-year treasury bond dropped by approximately 28 basis points as compared with the end of last year. The CSI 300 Index dropped by 11.4% and segment performance continued its diverging trends. The Company's asset management of insurance funds benefited from the recovery of the capital markets, and the total investment income improved to RMB720 million from the total investment loss of RMB377 million for the corresponding period of last year, of which the net investment income was RMB247 million (2022: RMB1,194 million) and net gain on fair value changes was RMB473 million (2022: net loss on fair value changes of RMB1,562 million). During the Reporting Period, the Company's total investment yield and net investment yield were approximately 1.9% (2022: -1.0%) and approximately 2.2% (2022: 3.2%), respectively.

Investment income

	For the Year Ended December 31	
(RMB million)	**2023**	**2022**
Net investment income	**247**	1,194
Net fair value changes through profit or loss	**473**	(1,562)
Impairment losses on investment assets	**(1)**	(9)
Total investment income	**720**	(377)
Total investment yield	**1.9%**	(1.0)%
Net investment yield	**2.2%**	3.2%

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 markets 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. The creditworthiness of the fixed income assets we invest in is maintained at a sound level. As of December 31, 2023, among the domestic bonds we invested in, 99.4% received external credit ratings of AA (domestic) level or above and approximately 77.2% received external credit ratings of AAA (domestic) level. We will continue to adhere to a sound and prudent investment philosophy and, based on our judgement on 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, with more focus on high dividend stocks. At the same time, with an aim of securing stable investment yield, we will maintain a high proportion of fixed-income assets and have the creditworthiness maintained at a sound level. We will also fully seize investment opportunities in capital markets and continue to improve our asset management capabilities for insurance funds..

Outlook

In the future, we will continue to stick to the dual-engine growth strategy of "Insurance + Technology", adhere to "sustainable growth with quality", enhance brand building, and integrate technology development and innovation into the whole process of insurance and continuously optimize underwriting 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.

Management Discussion and Analysis

Financial Review

For the year ended December 31, 2023, we continued to take advantage of development opportunities in the PRC InsurTech market and achieved steady growth and improved profitability. We focused more on business quality and invested more on refined management and data-driven operations. For the year ended December 31, 2023, the Group's total income reached approximately RMB33,539 million, representing a year-on-year increase of 44.2%.

The Group recorded net profit attributable to owners of the parent of RMB4,078 million in 2023, representing an improvement of RMB5,190 million as compared with net loss attributable to owners of the parent of RMB1,112 million in 2022, which was mainly attributable to the improvement in the profit of the insurance segment driven by improved investment income, and the investment income of RMB3,784 million recognized when ZhongAn International ceased to be a subsidiary of the Company and was accounted for as a joint venture from August 14, 2023.

The following table sets forth the key financial data for the year ended December 31, 2023 and the year ended December 31, 2022:

(RMB'000)	For the Year Ended December 31 2023	2022 (restated)
Total income	33,538,838	23,259,759
Net profit/(loss)	3,845,278	(1,384,417)
Net profit/(loss) attributable to owners of the parent	4,077,855	(1,112,414)
Total comprehensive income	4,141,107	(1,586,084)
Earnings per share		
– Basic (RMB)	2.77	(0.76)
– Diluted (RMB)	2.77	(0.76)

The following table sets forth our key financial ratios as at or for the year ended December 31, 2023 and 2022, respectively:

	As at or for the Year Ended December 31 2023	2022 (restated)
Group		
Return on assets[(1)]	9.0%	(2.4)%
Return on equity[(2)]	22.8%	(6.8)%
Gearing ratio[(3)]	53.2%	63.0%
Net investment yield[(4)]	2.2%	3.3%
Total investment yield[(5)]	2.7%	(0.2)%
Insurance business		
Net investment yield	2.2%	3.2%
Total investment yield	1.9%	(1.0)%

Notes:

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

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

(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 excludes 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 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 (excluding the life insurance business in Hong Kong) for the periods indicated:

	Year ended December 31,	
(RMB'000)	2023	2022 (restated)
Insurance revenue	27,521,347	22,166,267
Insurance service expenses	(26,072,769)	(20,615,642)
Net income/(expenses) from reinsurance contracts held	(104,392)	(111,692)
Finance expenses from insurance contracts issued	(42,126)	(144,092)
Finance income/(expenses) from reinsurance contracts held	7,849	(6,399)
Underwriting profit[1]	1,309,909	1,288,442
Underwr'ting combined ratio[2](%)	95.2%	94.2%

Notes:

(1) Underwriting profit only takes into account the online P&C insurance business in the PRC, and is the result after inter-segment eliminations.

(2) Underwriting combined ratio equals the sum of insurance service expenses, net income/(expenses) from reinsurance contracts held, finance expenses from insurance contracts issued and finance income/(expenses) from reinsurance contracts held divided by insurance revenue.

1. **Insurance revenue**

The Group recognized the amount of premiums received and expected to be received which are attributable to the current period as insurance revenue. Insurance revenue of the Company increased by approximately 24.2% from approximately RMB22,166 million for the year ended December 31, 2022 to approximately RMB27,521 million for the year ended December 31, 2023.

A breakdown of the insurance revenue by insurance product types for the periods indicated is shown below:

	Year ended December 31,		
(RMB'000)	2023	2022 (restated)	Change
Health insurance	9,311,830	8,121,406	14.7%
Bond insurance	4,444,729	3,792,075	17.2%
Accident insurance	2,339,077	1,866,111	25.3%
Motor insurance	1,434,755	1,096,186	30.9%
Credit insurance	875,711	622,154	40.8%
Household property insurance	498,560	481,098	3.6%
Liability insurance	446,279	253,278	76.2%
Cargo insurance	79,248	57,991	36.7%
Others[(1)]	8,091,157	5,875,969	37.7%
Of which:			
Shipping return insurance	6,467,872	4,959,482	30.4%
Total	27,521,347	22,166,267	24.2%

Note:

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

Management Discussion and Analysis

2. **Insurance service expenses**

   Insurance service expenses primarily include incurred claims and other directly attributable expenses, insurance acquisition cash flows amortization, losses on onerous contracts and reversal of those losses, and changes in the fulfilment cash flows relating to the liability for incurred claims. Insurance service expenses of the Company increased by approximately 26.5% from approximately RMB20,616 million for the year ended December 31, 2022 to approximately RMB26,073 million for the year ended December 31, 2023.

3. **Net income/(expenses) from reinsurance contracts held**

   Net income/(expenses) from reinsurance contracts held represents the allocation of reinsurance premiums paid less amounts recovered from reinsurance contracts. The allocation of reinsurance premiums paid represents the reduction in the carrying value of unearned premium asset recovered from reinsurance contracts as a result of receiving the insurance contract services provided by the reinsurer in the current period. Amounts recovered from reinsurance contracts refers to the increase in the carrying value of incurred claims asset recovered from reinsurance contracts as a result of the recovery of incurred claims and other related expenses in the current period, as well as subsequent changes in the fulfilment cash flows associated therewith. Net income/(expenses) from reinsurance contracts held of the Company decreased by approximately 6.5% from approximately RMB112 million for the year ended December 31, 2022 to approximately RMB104 million for the year ended December 31, 2023.

4. **Finance income/(expenses) from insurance**

   Finance income/(expenses) from insurance represent the financial changes in insurance contracts recognized in profit or loss for the current and subsequent periods, being the changes in the carrying value of liability for unearned premium and liability for incurred claims as a result of the impacts of time value of money and financial risks. Finance income/(expenses) from insurance include finance income/(expenses) from insurance contracts issued and finance income/(expenses) from reinsurance contracts held. Finance income/(expenses) from insurance contracts issued and finance income/(expenses) from reinsurance contracts held reflect the finance income/(expenses) from insurance contracts issued and the reinsurance finance income/(expenses) from reinsurance contracts held, respectively. Finance expenses from insurance contracts issued decreased from approximately RMB144 million for the year ended December 31, 2022 to approximately RMB42 million for the year ended December 31, 2023. Finance expenses from reinsurance contracts held amounted to RMB6 million for the year ended December 31, 2022, while finance income from reinsurance contracts held amounted to RMB8 million for the year ended December 31, 2023.

Investment Business

In 2023, 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.

5. 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. Since August 14, 2023, ZhongAn International ceased to be a subsidiary of the Company and was accounted for as a joint venture. Therefore, the Group's investment assets as at December 31, 2023 no longer consolidated investment assets held by the subsidiaries of ZhongAn International (mainly banking funds and life insurance funds in Hong Kong), while unlisted equities increased. The following table shows the composition of our investment assets (by category) as at:

	December 31, 2023		December 31, 2022	
(RMB'000)	Balance	As percentage of the total	Balance	As percentage of the total
Cash and amounts due from banks and other financial institutions	**1,576,424**	**4.0%**	**3,526,174**	**8.8%**
Fixed income investments	**29,204,330**	**74.5%**	**31,006,359**	**77.5%**
Term Deposits	30,184	0.1%	340,699	0.9%
Money market fund	105,210	0.3%	207,838	0.5%
Bonds	18,436,216	47.0%	18,729,702	46.8%
Bond funds	6,426,231	16.4%	7,294,004	18.2%
Others[1]	4,206,489	10.7%	4,434,116	11.1%
Equity and equity funds	**8,412,301**	**21.5%**	**5,493,674**	**13.7%**
Stocks	923,595	2.4%	1,428,327	3.6%
Equity funds	1,671,400	4.3%	3,113,159	7.8%
Unlisted equity	5,817,306	14.8%	952,188	2.4%
Total investment assets	**39,193,055**	**100.0%**	**40,026,207**	**100.0%**

Note:

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

Management Discussion and Analysis

As at December 31, 2023 and December 31, 2022, we had total investment assets of approximately RMB39,193 million and RMB40,026 million, respectively, and total investment assets accounted for approximately 91.4% and 84.0% of our total assets, respectively. As at December 31, 2023, cash and amounts due from banks and other financial institutions and fixed income investments together represented approximately 78.5% of our total investment assets.

6. **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. As at December 31, 2023 and December 31, 2022, our cash and amounts due from banks and other financial institutions amounted to approximately RMB1,576 million and RMB3,526 million, respectively.

7. **Bonds**

Bonds included government bonds, finance bonds, corporate bonds and negotiable certificate of deposit. As at December 31, 2023, 99.4% of the bonds the Company held received external ratings of AA (domestic) level or above, or BBB- (international) level or above. As at December 31, 2023 and December 31, 2022, our bond investments amounted to approximately RMB18,436 million and RMB18,730 million, respectively.

8. **Stocks and equity funds**

As at December 31, 2023 and December 31, 2022, our investment in stocks and equity funds amounted to approximately RMB2,595 million and RMB4,541 million, respectively. 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.

9. **Net Investment Income**

	For the Year Ended December 31		
(RMB'000)	2023	2022	Change
Interest income			
– Bank deposits	39,208	43,463	(9.8%)
– Bond investments	631,055	582,032	8.4%
– Securities purchased under agreements to resell	1,904	2,017	(5.6%)
– Trust investment scheme	40,516	44,288	(8.5%)
Dividend income			
– Fund investment	165,999	354,895	(53.2%)
– Equity investment	15,465	10,079	53.4%
– Wealth management products	87,602	297,610	(70.6%)
Realized gain, net	(573,040)	425,977	(234.5%)
Net investment income	408,709	1,760,361	(76.8%)

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, investment fund, wealth management products and equity investment and realized gains or losses on securities transactions. We had net investment income of approximately RMB1,760 million and RMB409 million for the years ended December 31, 2022 and 2023, respectively. We closely monitor the market and make diversified asset allocation based on our judgement.

10. **Net fair value changes through profit or loss**

Net fair value changes through profit or loss represents net fair value change on financial assets measured at fair value through profit or loss. We recorded net gain on fair value changes of RMB768 million for the year ended December 31, 2023, compared to a net loss on fair value changes of approximately RMB1,803 million for the year ended December 31, 2022.

Overall Results

11. **Total income**

Total income represents the sum of insurance revenue, net investment income, net fair value changes through profit or loss, share of net profit/(loss) of associates and joint ventures accounted for using the equity method, other income and the one-off investment income of RMB3,784 million recognized when ZhongAn International ceased to be a subsidiary of the Company and was accounted for as a joint venture from August 14, 2023. Total income increased by approximately 44.2% from approximately RMB23,260 million for the year ended December 31, 2022 to approximately RMB33,539 million for the year ended December 31, 2023.

12. **Profit/(loss) before income tax**

Total profit before income tax of the Group was approximately RMB4,010 million for the year ended December 31, 2023 compared with loss before income tax of approximately RMB1,683 million for the year ended December 31, 2022.

13. **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法), the Company and some of its subsidiaries are subject to the statutory rate of 25%. We recorded income tax credit of approximately RMB298 million and income tax expense of approximately RMB165 million for the years ended December 31, 2022 and 2023, respectively, which were primarily due to the combined impact of deferred income tax and taxable income.

14. **Net profit/(loss)**

The Group recorded a net profit of approximately RMB3,845 million for the year ended December 31, 2023, compared to a net loss of approximately RMB1,384 million for the year ended December 31, 2022. This was mainly attributable to the improvement in the profit of the insurance segment driven by improved investment income, and the one-off investment income of approximately RMB3,784 million recognized when ZhongAn International ceased to be a subsidiary of the Company and was accounted for as a joint venture from August 14, 2023.

Management Discussion and Analysis

Cash Flow

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

	For the Year Ended December 31	
(RMB'000)	2023	2022
Net cash flows generated from/(used in) operating activities	2,208,218	(701,908)
Net cash flows (used in)/generated from investing activities	(5,327,305)	158,036
Net cash flows generated from financing activities	1,138,762	236,030
Effect of exchange rate changes on cash and cash equivalents	38,991	160,477
Net decrease in cash and cash equivalents	(1,941,334)	(147,365)
Cash and cash equivalents at the beginning of the year	3,617,664	3,765,029
Cash and cash equivalents at the end of the year	1,676,330	3,617,664

We had net cash flows generated from operating activities of approximately RMB2,208 million for the year ended December 31, 2023, which comprised cash inflow from the underwriting business and other operating activities of approximately RMB32,832 million, offset by the cash outflows from claims and other operating expenses of approximately RMB14,823 million and RMB15,802 million, respectively.

We had net cash flows used in investing activities of approximately RMB5,327 million for the year ended December 31, 2023, whereas our net cash flows generated from investing activities for the year ended December 31, 2022 were approximately RMB158 million. This was primarily due to the increase in the purchase of investment assets.

We had net cash flows generated from financing activities of approximately RMB1,139 million for the year ended December 31, 2023, of which net cash inflow from the increase in securities sold under agreements to repurchase amounted to approximately RMB1,640 million, offset by the cash outflow from interest payments of approximately RMB305 million.

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"), with a total principal amount of USD1,000,000 thousand. As of December 31, 2023, the Company repurchased notes with a total principal amount of USD49,900 thousand on the Hong Kong Stock Exchange, and the balance of principal amount of bonds payable was USD950,100 thousand.

In 2021, ZhongAn Technology applied for a twelve-month working capital loan and domestic letter of credit from China Merchants Bank. As of December 31, 2023, the credit line was RMB100 million and the balance of principal amount of the borrowings of ZhongAn Technology was RMB99 million.

Save as disclosed in this annual report, as of December 31, 2023, we did not have any material mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptances (other than normal trade bills), acceptance credits, which are either guaranteed, or unguaranteed, secured or unsecured, nor had any guarantees or other contingent liabilities.

15. Significant investments

Save as disclosed in this annual report, we did not hold any significant investments during the year ended December 31, 2023 (including any investment in an investee company with a value of 5% or more of the Company's total assets as of December 31, 2023).

16. Material acquisitions and disposals

Save for the Additional Sinolink Subscription and the ZhongAn Subscription as defined and described in the section headed "Connected Transactions" below, we did not have any material acquisitions or disposals of subsidiaries, associated companies or joint ventures during the year ended December 31, 2023.

17. Future plans for material investments and capital assets

As of December 31, 2023, we did not have future plans for material investments and capital assets.

18. Pledge of assets

Save as disclosed in this annual report, as at December 31, 2023, none of the Group's assets were pledged.

19. Gearing ratio

As of December 31, 2023, our gearing ratio, calculated as total liabilities (excluding capital supplementary bonds and subordinated term debts) divided by total assets, was approximately 53.2%, representing a decrease of 9.8 percentage points as compared with approximately 63.0% as of December 31, 2022.

20. Foreign exchange exposure

The Group operates principally in the PRC, and RMB is the Group's functional currency and financial reporting currency. Some of the Company's joint ventures (including the virtual banking business and the virtual insurance business in Hong Kong and overseas technology export business) are denominated in foreign currencies (including Hong Kong dollars, United States dollars, Japanese yen, Singapore dollars, Euro and Indonesian 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.

21. Contingent liabilities

As of December 31, 2023, we did not have any material contingent liabilities.

22. Off-balance sheet commitments and arrangements

As of December 31, 2023, we did not enter into any off-balance sheet arrangements.

23. Events after the Reporting Period

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, 2023 to the date of this annual report.

24. Employees and remuneration policies

As at December 31, 2023, the Group had 2,679 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 practices 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 funds, 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, 2023 was RMB2,317 million.

Directors, Supervisors and Senior Management

Basic Information of Directors, Supervisors and Senior Management

Name	Position/Title	Age	Date of Appointment
Xing Jiang	Executive Director	47	November 28, 2022
	Chief executive officer		July 18, 2019
	General manager		October 27, 2022
Gaofeng Li	Executive Director	46	November 28, 2022
	Chief financial officer		March 23, 2020
	Vice general manager and chief investment officer		January 23, 2019
Hai Yin(1)	Chairman of the Board	51	December 4, 2023
	Non-executive Director		December 4, 2023
Yaping Ou(2)(3)	Non-executive Director	62	November 28, 2022
Hugo Jin Yi Ou(3)	Non-executive Director	31	November 28, 2022
Liangxun Shi	Non-executive Director	58	November 18, 2019
Gang Ji(4)	Non-executive Director	49	January 28, 2022
Shuang Zhang	Non-executive Director	52	November 28, 2022
Wei Ou	Independent non-executive Director	65	December 19, 2019
Vena Wei Yan Cheng	Independent non-executive Director	45	January 28, 2022
Gigi Wing Chee Chan	Independent non-executive Director	48	November 28, 2022
Yuping Wen	Chairman of the Supervisory Committee	43	November 28, 2022
Limin Guo	External Supervisor	61	January 28, 2022
Yao Wang(5)	Employee representative supervisor	37	September 13, 2023
Haijiao Liu(6)	Employee representative supervisor	39	May 14, 2018
Min Wang	Executive vice general manager	39	July 24, 2019
	Secretary of the Board		May 14, 2018
Francis Yui Man Tang(7)	Vice general manager	60	July 10, 2018
Yongbo Zhang	Vice general manager and chief legal officer	45	April 20, 2018
	Compliance director		November 8, 2013
Nan Yang	Vice general manager	36	April 2, 2021
Zhenhua Song	Vice general manager	47	July 13, 2021
Liqun Han	Assistant general manager	48	January 18, 2023
	Chief development officer		August 16, 2021
Yang Yu	Assistant general manager	42	July 12, 2022
	Chief risk management officer		July 22, 2022
Rui Sun	Financial director	40	June 21, 2019
Hai Lin	Chief actuary	51	January 2, 2020
Xiaoming Wang	Audit director	42	April 14, 2020

Notes:

(1) Hai Yin's term of office as the chairman commenced on December 4, 2023 and he was re-designated from an independent non-executive Director to a non-executive Director on the same day.

(2) Yaping Ou tendered his resignation as the chairman on July 24, 2023 and continued to perform his duties as the chairman in accordance with the requirements of the applicable laws, regulations and the articles of association of the Company until Hai Yin's term of office as the chairman commenced on December 4, 2023.

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

(4) Gang Ji resigned as a non-executive Director on December 4, 2023.

(5) Yao Wang's term of office as the employee representative supervisor of the Company commenced on September 13, 2023.

(6) Haijiao Liu tendered her resignation as the employee representative supervisor of the Company on July 25, 2023 and continued to perform her duties as employee representative supervisor in accordance with the requirements of the applicable laws, regulations and the articles of association of the Company until Yao Wang's term of office as the employee representative supervisor of the Company commenced on September 13, 2023.

(7) Francis Yui Man Tang resigned from the vice general manager of the Company on August 28, 2023.

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

Executive Directors

Xing Jiang (姜興), aged 47, 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, and a member of the Strategy and Investment Decision Committee of the Board of the Company. Mr. Jiang joined the Group in April 2014. He obtained a bachelor's degree in 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 46, 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 more than 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

Hai Yin (尹海), aged 51, is the chairman of the Board, a non-executive Director of the Company and the chairperson of the Strategy and Investment Decision Committee of the Board of the Company. 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 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 the Company, and the chairman of CreditEase Insurance Sales&Service (Beijing) Co., Ltd..

Yaping Ou (歐亞平), aged 62, is a non-executive Director and a member of the Strategy and Investment Decision Committee of the Board of the Company. Mr. Ou joined our Group in November 2013 and served as the chairman of the Board of the Company between November 2013 and December 2023. 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 over 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, and also acted as the chairman of the Board of the Company. 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. Mr. Ou is the father of Mr. Hugo Jin Yi Ou, who is also a non-executive Director of the Company.

Directors, Supervisors and Senior Management

Hugo Jin Yi Ou (歐晉羿), aged 31, 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 joint venture 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 the son of Mr. Yaping Ou who is a non-executive Director of the Company.

Liangxun Shi (史良洵), aged 58, 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 and holds a Master's degree in Systems Engineering from Shanghai Institute of Mechanical Engineering. He is currently the general manager of Ping An P&C. Mr. Shi joined 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.

Shuang Zhang (張爽), aged 52, is a non-executive Director and a 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 obtained 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 65, is an independent non-executive Director, the chairperson of the Nomination and Remuneration Management Committee and a member of the Audit and Consumer Rights Protection Committee and 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 the chairman of the supervisory committee of China Life Reinsurance Company Ltd..

Vena Wei Yan Cheng (鄭慧恩), aged 45, is an independent non-executive Director, the chairman of the Risk Management and Related Transaction Control Committee and a member of the Audit and Consumer Rights Protection Committee and the Nomination and Remuneration Management Committee of the Board of the Company. Ms. Cheng joined our Group in January 2022. Ms. Cheng obtained a bachelor's degree of law 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., and also serves as a member of the Beijing Municipal Committee of the Chinese People's Political Consultative Conference, a member of the Lump Sum Grant Steering Committee, a member of the Standing Commission on Civil Service Salaries and Conditions of Service, a member of the Quality Education Fund Assessment and Monitoring Sub-committee and a member of the Audit Sub-Committee of the Hong Kong Housing Authority.

Gigi Wing Chee Chan (陳詠芝), aged 48, is an independent non-executive Director, 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. Ms. Chan 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 chairperson of the board of Wonder Capital Group Limited, the chairperson of the board of Fair Rich Development Limited and the chairperson 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).

Supervisors

Yuping Wen (溫玉萍), aged 43, is the chairperson of the Supervisory 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 financial department of Hisense Kelon Electronic Holdings Co., Ltd. (海信科龍電器股份有限公司) and as 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 61, is an external Supervisor. Mr. Guo joined our Group in January 2022. Mr. Guo is a senior engineer and obtained a master's degree in International Business from Hunan University, an EMBA degree from the Hong Kong University of Science and 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.

Yao Wang (王瑤), aged 37, is the employee representative Supervisor and the senior director of the open platform business of the Company. Ms. Wang joined our group in April 2014, was responsible for marketing and public relations and other related work. Prior to joining the Company, Ms. Wang worked as a reporter at financial media publications such as China Business News (第一財經日報), and worked in marketing in HFT Investment Management Co., Ltd.. Ms. Wang obtained a bachelor's degree in Management from Shanghai University of Finance and Economics (上海財經大學), and a master's degree in Business Administration from China Europe International Business School.

Directors, Supervisors and Senior Management

Senior Management

The Company's senior management team comprises Mr. Xing Jiang and Mr. Gaofeng Li, each an executive Director, as well as the persons set out below.

Min Wang (王敏), aged 39, 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.

Yongbo Zhang (張勇博), aged 45, 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 (華東政法大學). 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 36, is the vice general manager of the Company. Ms. Yang was graduated from the School of Economics and Management of Tsinghua University and obtained a bachelor's degree in Economics. Ms. Yang has extensive experiences in strategy, capital market and investment. Before joining the Group, Ms. Yang had served in leading investment banking and private equity firms.

Zhenhua Song (宋振華), aged 47, is the vice general manager of the Company. Mr. Song was graduated from the East China University of Science and Technology and obtained a 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.

Liqun Han (韓立群), aged 48, 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 42, 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 40, 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 51, 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 42, 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' and Supervisors' information

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

1. Mr. Hai Yin was re-designated from an independent non-executive Director to a non-executive Director and appointed as the chairman of the Board of the Company and the chairman of the Strategy and Investment Decision Committee of the Board of the Company, and resigned from the chairman of the Risk Management and Related Transaction Control Committee and a member of the Audit and Consumer Rights Protection Committee of the Board of the Company on December 4, 2023.

2. Mr. Yaping Ou resigned from the chairman of the Board and changed from being the chairman of the Strategy and Investment Decision Committee of the Board of the Company to being a member of the Strategy and Investment Decision Committee of the Board of the Company on December 4, 2023.

3. Mr. Gang Ji resigned from a non-executive Director and a member of the Audit and Consumer Rights Protection Committee of the Board of the Company on December 4, 2023.

4. Ms. Vena Wei Yan Cheng was appointed as the chairman of the Risk Management and Related Transaction Control Committee of the Board of the Company on December 4, 2023.

5. Mr. Wei Ou was appointed as a member of the Audit and Consumer Rights Protection Committee of the Board of the Company on December 4, 2023.

6. Ms. Yao Wang was appointed as the employee representative Supervisor of the Company on September 13, 2023.

7. Ms. Haijiao Liu resigned as the employee representative Supervisor of the Company on September 13, 2023.

8. Mr. Limin Guo ceased to be a non-executive director E-star Commercial Management Company Limited (a company listed on the Hong Kong Stock Exchange, stock code: 6668).

Save as mentioned above, there is no other change in the Directors' and Supervisors' information required to be disclosed under Rule 13.51B(1) of the Listing Rules since the date of publication of the 2023 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 Reporting Period.

Corporate Governance Practices

The Company is committed to maintaining and promoting stringent corporate governance. The Company keeps improving its corporate governance levels in accordance with the Company Law, Listing Rules and other relevant laws and regulations, as well as the Articles of Association. 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 and customers.

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, the Company had complied with all applicable code provisions set out in the CG Code throughout the Reporting Period.

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 Reporting Period.

Board of Directors

The Company is led by an effective Board, which is responsible for formulating strategies, overseeing the Group's business and performance achievement, and making decisions in the best interests of the Company from an objective perspective.

The Board of the Company maintains a balance of skills, experience and diversity of perspectives in line with the Company's business needs, regularly reviews the contributions required of Directors to discharge their responsibilities to the Company and confirms whether Directors have sufficient time to perform the responsibilities corresponding to their roles in the Board and responsibilities of the Board as a whole. The Board is well balanced between executive Directors and non-executive Directors (including independent non-executive Directors) so that it can effectively exercise independent judgement. Expertise, diversity, balance and compliance of Directors are key considerations in the composition of the Board of the Company. All Directors, including 2 female members, have extensive professional backgrounds in finance, law, business management, treasury and social responsibility areas, and are fully competent to perform their duties.

As of December 31, 2023, the Board comprised two executive Directors, five non-executive Directors and three 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	
Hai Yin (Chairman)	Chairperson of the Strategy and Investment Decision Committee
Yaping Ou	Member of the Strategy and Investment Decision Committee
Liangxun Shi	Member of the Strategy and Investment Decision Committee
Shuang Zhang	Member of the Strategy and Investment Decision Committee
Hugo Jin Yi Ou	Member of the Nomination and Remuneration Management Committee
Independent Non-executive Directors	
Wei Ou	Chairperson of the Nomination and Remuneration Management Committee, member of the Audit and Consumer Rights Protection Committee and the Risk Management and Related Transaction Control Committee
Vena Wei Yan Cheng	Chairperson of the Risk Management and Related Transaction Control Committee, 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

Hugo Jin Yi Ou is the son of Yaping Ou. Save as disclosed, there is no relationship (including financial, business, family or other material/relevant relationship(s)), between members of the Board or between the Chairman of the Board and the Chief Executive Officer.

The biographies of each Director are set out in the section headed "Directors, Supervisors and Senior Management" on pages 36 to 41 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 a majority of the Directors entitled to be present, either in person or through electronic means of communication.

During the year, the Board continued to regulate its operations and improve corporate governance levels in accordance with the applicable principles and code provisions set out in the CG Code, the Company Law and the relevant provisions of the Articles of Association.

Eight Board meetings and three general meetings of the Company were held during the year ended December 31, 2023. At the meetings, all Directors performed their duties diligently, actively participated in discussions, raised questions on issues related to the proposals, and provided professional guidance on related work. Based on the principles of independence and prudence, without any interference, all Directors leveraged their professional experience to judge and vote on the proposals, effectively formed resolutions and determined the direction for the execution of various tasks.

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 Director	Number of Board meetings attended/held for the year ended December 31, 2023	Attendance rate	Number of general meetings attended/held for the year ended December 31, 2023	Attendance rate
Executive Directors				
Xing Jiang	8/8	100%	3/3	100%
Gaofeng Li	8/8	100%	3/3	100%
Non-executive Directors				
Hai Yin(1)	8/8	100%	3/3	100%
Yaping Ou(2)	8/8	100%	3/3	100%
Gang Ji(3)	6/7	85.7%	2/2	100%
Liangxun Shi	8/8	100%	3/3	100%
Shuang Zhang	8/8	100%	3/3	100%
Hugo Jin Yi Ou	8/8	100%	3/3	100%
Independent Non-executive Directors				
Wei Ou	8/8	100%	3/3	100%
Vena Wei Yan Cheng	8/8	100%	3/3	100%
Gigi Wing Chee Chan	8/8	100%	3/3	100%

(1) Appointed as the chairman and re-designated from an independent non-executive Director to a non-executive Director of the Company on December 4, 2023.

(2) Resigned as the chairman on December 4, 2023.

(3) Resigned as a non-executive Director on December 4, 2023.

Corporate Governance Report

Chairman and Chief Executive Officer

The positions of Chairman of the Board and Chief Executive Officer are held by Hai Yin 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 period from January 1, 2023 to December 3, 2023, the Company had four independent non-executive Directors, representing at least one-third of the Board with one of whom, Ms. Gigi Wing Chee Chan, possessing appropriate professional qualifications or accounting or related financial management expertise.

Following the re-designation of Mr. Hai Yin from an independent non-executive Director to a non-executive Director with effect from December 4, 2023, the number of independent non-executive Directors was less than one-third of the members of the Board as required under Rule 3.10A of the Listing Rules. Mr. Stanley Chiu Fai Choi was nominated as an independent non-executive Director of the Company on January 25, 2024 and his nomination was approved by the Shareholders on February 29, 2024. Mr. Stanley Chiu Fai Choi's term of service shall commence from the date of approval of his Director's qualification by the NAFR up to the expiry of the term of the fourth session of the Board. As disclosed in the announcement of the Company dated February 29, 2024, as additional time is required for the Company to obtain approval from the NAFR for Mr. Stanley Chiu Fai Choi's director's qualification, the Company has applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver to extend the grace period under Rule 3.11 of the Listing Rules (which requires re-compliance with Rule 3.10A within three months after failing to meet such requirement i.e. by March 3, 2024) to June 3, 2024. Further announcement(s) on the appointment of Mr. Choi will be made by the Company as and when appropriate.

Except as disclosed above, during the year ended December 31, 2023, the Company had met the requirements of Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules.

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 a term of three years with effect 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 understands and recognizes the importance of independent views and opinions provided by the Directors to the Board, and has established a board independence evaluation mechanism to ensure independent views and input are available to the Board and the Board will review the implementation and effectiveness of such mechanism in accordance with the system. The Company has examined and reviewed the effectiveness of the independent views and opinions obtained by the Board during the year. There exists a strong independent element in the Board, which allows the Board effectively exercises independent judgement 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. The management is authorized by the Board to manage the day-to-day operations of the Company's business.

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 is 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, strengthen internal control management and compliance management, review financial reports, supervise financial reporting procedures, consumer rights protection and other relevant matters.

During the year, the Audit and Consumer Rights Protection Committee continued to perform its duties conscientiously and provided the Board and the management with extensive opinions and suggestions on finance, internal control, compliance and operation management, and protection of consumer rights, playing an active role in promoting the improvement of the Company's management and enhancing corporate governance levels.

As at December 31, 2023, the Audit and Consumer Rights Protection Committee comprised Ms. Gigi Wing Chee Chan, Ms. Vena Wei Yan Cheng and Mr. Wei Ou. Ms. Gigi Wing Chee Chan is the chairperson of the Audit and Consumer Rights Protection Committee.

Corporate Governance Report

During the year ended December 31, 2023, the Audit and Consumer Rights Protection Committee convened eight 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, 2023	Attendance rate
Gigi Wing Chee Chan (Chairperson)	8/8	100%
Vena Wei Yan Cheng	8/8	100%
Wei Ou (1)	0/0	/
Hai Yin (2)	8/8	100%
Gang Ji (3)	7/7	100%

(1) Appointed on December 4, 2023.

(2) Resigned on December 4, 2023.

(3) Resigned on December 4, 2023.

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, 2022 and the interim results announcement and interim report for the six months ended June 30, 2023, the relevant financial disclosures, issues on operations and compliance control, the effectiveness of the risk management and internal control systems of the Company, the internal audit function of the Company, scope of work and appointment of external auditors, the effectiveness of the Company's consumer rights protection measures, as well as arrangements for 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, 2023 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.

The Audit and Consumer Rights Protection Committee also held two 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 CG Code. The primary functions of the Nomination and Remuneration Management Committee include overseeing and developing the process and policies relating to the nomination, appointment and remuneration of Directors, reviewing and advising 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.

During the year, the Nomination and Remuneration Management Committee nominated Directors, elected chairpersons and members of relevant professional committees of the Board, conducted annual assessments of the Company's senior executives, and reviewed the fees of independent non-executive Directors and external supervisors.

The Company understands and recognizes the importance of Board diversity and regards it as an important factor in ensuring that the Company improves its corporate governance levels and achieves sustainable development.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 has discussed and agreed on measurable objectives for achieving diversity on the Board, and recommended them to the Board for adoption.

In identifying and selecting suitable candidates for directorships, the Nomination and Remuneration Management Committee would consider the candidates' qualifications, experience, educational background, independence, professional experience and other relevant criteria as set out in the Company's Director Nomination Policy necessary to complement the corporate strategy and achieve Board diversity, before making recommendations to the Board. Remuneration 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, 2023, 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, 2023, the Nomination and Remuneration Management Committee convened six 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, 2023	Attendance rate
Wei Ou (Chairperson)	6/6	100%
Hugo Jin Yi Ou	6/6	100%
Vena Wei Yan Cheng	6/6	100%

Based on the above professional background, composition, age, gender and other information of the current Directors of the Company, the Nomination and Remuneration Management Committee believes that the Board of the Company meets the requirements for diversity (including gender diversity). The Nomination and Remuneration Management Committee has reviewed the Diversity Policy and measurable objectives to ensure that the policy remains effective. In addition, 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, and reviewed matters relating to the structure, size and composition of the Board and other 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 2023, there were no 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, 2023 are set out in Note 14 to the financial statements.

The remuneration of the members of senior management by band for the year ended December 31, 2023 is set out in the table below:

Remuneration bands (RMB)	Number of persons
1,000,000-2,000,000	5
2,000,000-3,000,000	4
3,000,000-4,000,000	2
Total	11

Corporate Governance Report

Strategy and Investment Decision Committee

The Strategy and Investment Decision 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.

During the year, the Strategy and Investment Decision Committee reviewed (among others) the Company's annual business development plan, financial plan and business plan, and continued to monitor the corporate governance of the Company.

As at December 31, 2023, the Strategy and Investment Decision Committee comprised Mr. Hai Yin, Mr. Yaping Ou, Mr. Xing Jiang, Mr. Gaofeng Li, Mr. Liangxun Shi and Mr. Shuang Zhang. Mr. Hai Yin is the chairman of the Strategy and Investment Decision Committee.

During the year ended December 31, 2023, the Strategy and Investment Decision Committee convened five 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, 2023	Attendance rate
Hai Yin (Chairperson)(1)	0/0	/
Yaping Ou(2)	5/5	100%
Xing Jiang	5/5	100%
Gaofeng Li	5/5	100%
Liangxun Shi	5/5	100%
Shuang Zhang	5/5	100%

(1) Appointed on December 4, 2023.

(2) Re-designated from chairperson to member on December 4, 2023.

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.

Risk Management and Related Transaction Control Committee

The purpose of the Risk Management and Related Transaction Control 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.

During the year, the Risk Management and Related Transaction Control Committee continued to monitor the operation of the Company's risk management system and reviewed the Company's risk assessment report, risk appetite and risk tolerance, the "2023-2025 Three-Year Plan for Strategic Allocation of Assets", and the revision of related transaction management system and other related proposals.

As at December 31, 2023, the Risk Management and Related Transaction Control Committee comprised Ms. Vena Wei Yan Cheng, Mr. Wei Ou and Ms. Gigi Wing Chee Chan. Ms. Vena Wei Yan Cheng is the chairperson of the Risk Management and Related Transaction Control Committee.

During the year ended December 31, 2023, the Risk Management and Related Transaction Control Committee convened eight 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, 2023	Attendance rate
Vena Wei Yan Cheng (Chairperson) [1]	0/0	/
Wei Ou	8/8	100%
Gigi Wing Chee Chan	8/8	100%
Hai Yin[2]	8/8	100%

(1) Appointed on December 4, 2023.

(2) Resigned on December 4, 2023.

During the meetings, the Risk Management and Related Transaction Control Committee considered matters such as 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 performing the functions set out in code provision A.2.1 of the CG Code.

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

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

In accordance with the CG Code, the Board continues to implement the diversity policy. The Company recognizes and embraces the benefits of having a diverse Board and is committed to maintaining the highest level of corporate governance. Board diversity is an essential element in maintaining sound corporate governance.

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.

The Company aims to maintain an appropriate balance of diversity perspectives that are relevant to the Company's business growth and is also committed to ensuring that recruitment and selection practices at all levels (from the Board downwards) are appropriately structured so that a diverse range of candidates are considered.

With diverse educational and professional backgrounds, the members of the Board of the Company have extensive experience and expertise in the insurance and finance industries, risk management, and financial, auditing and legal fields. In addition, the Board includes members of different genders.

In terms of gender diversity of the Board, the Company targets to maintain at least the current level of female representation on the 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.

In terms of diversity of the Supervisory Committee, there are 2 female members in the Supervisory Committee of the Company, accounting for 2/3 and maintaining gender diversity. In addition, the Supervisory Committee also maintained diversity in terms of background, professional experience and other aspects.

The Board reviews measurable objectives from time to time to implement the Diversity Policy and 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.

According to B.1.3 of the CG Code, the board should review the implementation and effectiveness of the issuer's policy on board diversity on an annual basis. The Nomination and Remuneration Management Committee has reviewed the Diversity Policy during the Reporting Period to ensure its effectiveness.

Since the establishment of the Company, the Board has attached great importance to gender diversity across all employees (including senior management). In the gender ratio of the Company's employees as at December 31, 2023 is set out in the table below:

Gender	Number	Percentage
Female	1,108	41.4%
Male	1,571	58.6%
Total	2,679	100.0%

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, 2023, changes to the composition of the Board are set out in the section headed "Report of Directors" on page 57 of this annual report.

Corporate Governance 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, 2023.

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.

Assessment on the performance of duties by Directors

The Company has developed special management measures for the assessment on the performance of duties by Directors, which sets out clear provisions on the performance of duties by Directors and Supervisors and their assessment. At present, the Company has established Director performance files to record the important performance behaviors and annual performance of Directors and Supervisors. In 2023, the Supervisory Committee of the Company had organized and carried out the assessment on the performance of duties by Directors for 2022, and timely reported the assessment results at general meetings.

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.

The Company arranges induction training for each new Director based on their experience and background. 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 expense.

During the year ended December 31, 2023, the Company organized various training courses provided by the Insurance Association of China for the Directors in relation to financial management, corporate governance, solvency, ESG, use of funds, anti-corruption and other aspects related to the improvement of performance of duties by directors, supervisors and senior management in insurance institutions. The Company also organized external experts to provide Directors with specialized training on compliance of performance of duties by Directors and supervisors and ESG to help them understand the most up-to-date regulatory information. 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, 2023, the following continuous professional trainings were 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, B
Gaofeng Li	A, B
Non-executive Directors	
Hai Yin[(1)]	A, B
Yaping Ou	A, B
Liangxun Shi	A, B
Gang Ji[(2)]	A, B
Shuang Zhang	A, B
Hugo Jin Yi Ou	A, B
Independent Non-executive Directors	
Wei Ou	A, B
Vena Wei Yan Cheng	A, B
Gigi Wing Chee Chan	A, B

(1) Re-designated from an independent non-executive Director to a non-executive Director on December 4, 2023.

(2) Resigned on December 4, 2023.

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, 2023. A statement by PricewaterhouseCoopers about their reporting responsibilities for the financial statements is included in the Independent Auditors' Report on pages 76 to 79. 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, 2023 are set out in the table below:

Services rendered to the Company	Fees paid and payable
	(RMB'000)
Audit services	15,184
Non-audit services	4,470
– Interim review	3,600
– Other services	870
Total	19,654

Corporate Governance Report

Corporate Culture

The Group's mission is "Empowering finance with technology and providing insurance service with a caring hand", its vision is "Developing itself into the No.1 brand in the InsurTech segment and facilitate the digital transformation of insurance industry all over the world", and its cultural values are "simplicity, rapidness, breakthrough and win-win".

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 the 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, 2023, our risk management and internal control systems have been 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 audits 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 have been duly implemented. The internal audit department operates independently from the Company's business centers and departments and directly reports 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, 2023. The Company confirms that, for the year ended December 31, 2023, 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 has reviewed and constantly improves the effectiveness of its internal control system.

The Company regulates the handling and dissemination of inside information as set out in various inside information disclosure procedures and uses various methods such as communication of regulations, risk warnings and special training 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 the 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, 2023, and considered that such systems are effective and adequate. The annual review also covered the 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 and those who deal with the Company to raise, in confidence and anonymity, concerns with the Audit and Consumer Rights Protection Committee and the Risk Management and Related Transaction Control Committee about possible improprieties in financial reporting, internal control and other matters of the Company.

The Company also has an anti-corruption policy in place to prevent any kind of corruption and bribery within the Company. The Company provides internal reporting channel for its employees to report any suspected corruption and bribery. Employees can also make anonymous reports to the Security and Integrity Department, which will investigate reported cases and take appropriate action. The Company continues to carry out anti-corruption campaigns, cultivates a culture of integrity, and actively organizes anti-corruption trainings and inspections, all with a view to ensuring the effectiveness of anti-corruption and anti-bribery.

During the year ended December 31, 2023, the Company organized 8 anti-corruption trainings and briefings for all its employees. There were no cases of non-compliance related to bribery and corruption.

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, 2023, 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 ten (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.

Putting forward enquiries to the Board

For putting forward any enquiries to the Board, 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.

Corporate Governance Report

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. As such, the Company attaches great importance to maintaining good investor relations and maintains effective communication with investors through multiple channels. Following the announcement of the 2022 and 2023 interim results, the Company communicated with investors in a timely manner on the Company's operating performance and business development trends through results conferences and road shows, thereby strengthening communication with investors and enhancing their understanding of the Company. The Company also maintains good communication with investors by accepting investor visits, participating in large-scale investment forums, telephone calls and emails, and actively provides investor relations information through the Company's website to establish and maintain good investor relations. 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 and other stakeholders of the Company (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 annual general meetings, Directors (or their delegates as appropriate) will be available to meet Shareholders and answer their enquiries. 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 that 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 meeting of the Board of the Company held on April 26, 2023 considered and passed the resolutions on the amendments to the Articles of Association of the Company. Such resolutions were considered and approved by the Company at the annual general meeting held on June 15, 2023, and approved by the NAFR on, and became effective from, March 7, 2024. Save for the aforementioned, there were no changes to the Articles of Association of the Company during the Reporting Period.

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, 2023.

Directors

The Directors who held office during the year ended December 31, 2023 and up to the date of this annual report are:

Executive Directors:

Xing Jiang
Gaofeng Li

Non-executive Directors:

Hai Yin *(Chairman)* (1)
Yaping Ou (2)
Liangxun Shi
Gang Ji (3)
Shuang Zhang
Hugo Jin Yi Ou

Independent Non-executive Directors:

Wei Ou
Vena Wei Yan Cheng
Gigi Wing Chee Chan

(1) Re-designated from an independent non-executive Director to a non-executive Director with effect from December 4, 2023.

(2) Resigned from the chairman on December 4, 2023.

(3) Resigned on December 4, 2023

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 36 to 41 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 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, 2023 is set out in "Message from the Chairman and the General Manager" on pages 4 to 7 and in "Management Discussion and Analysis" on pages 10 to 35 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 our 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. We have also formally implemented the C-ROSS Phase II Rules since January 1, 2022. 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 interest rate risks. 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 their contractual obligations or adverse changes in their credit profiles. The Group is exposed to credit risk primarily associated with its 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.

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 judgement or consult their own investment advisors before making any investment in the Shares.

Employees

As at December 31, 2023, the Group had 2,679 employees. As of December 31, 2023, 1,947 of the Group's employees are primarily based at our headquarters in Shanghai, China, 146 of our employees are based in Hangzhou, China, 254 of our employees are primarily based in Beijing, China, 202 of our employees are primarily based in Shenzhen, China, and the remaining are based in other cities in China. The following table sets forth the number of employees by function as of December 31, 2023:

Function	Number of Employees	% of Total
Management	473	17.7%
Technology	1,212	45.2%
Product Managers	658	24.6%
Operations	336	12.5%
Total	2,679	100.0%

The Company 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 and regulations, we participate in various employee social security plans that are organized by applicable local municipal and provincial governments, including housing, pension, medical, work-related injury and unemployment benefit plans. We are required under PRC laws to make contributions to employee benefit plans at specified percentages of the salaries, bonuses 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, 2023 and up to the date of this annual report.

Major customers

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, 2023, our top five policyholders combined accounted for approximately 2.5% of our GWP, while our top policyholder accounted for approximately 0.8% of our GWP.

During the year ended December 31, 2023, the Group did not experience any significant disputes with its customers.

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.

Subsidiaries

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

Report of Directors

Share capital and Shares issued

Details of the share capital of the Company for the year ended December 31, 2023 are set out in Note 33 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, 2023 (2022: nil).

No shareholder has waived or agreed to waive any dividends for the year ended December 31, 2023.

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, 2023, 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, 2023.

(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, and his associate as to approximately 51.54%. 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, 2023, 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, 2023, 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	H Shares	Beneficial interest	152,462,937	10.74%	10.37%
Ping An Insurance[3]	H Shares	Beneficial interest	150,000,000	10.56%	10.21%
Shenzhen Jia De Xin Investment Limited[4]	H Shares	Beneficial interest	133,615,251	9.41%	9.09%
Shenzhen Huaxinlian Investment Limited[4]	H Shares	Interest of controlled corporation	133,615,251	9.41%	9.09%
Yafei Ou[4]	H Shares	Interest of controlled corporation	133,615,251	9.41%	9.09%
Tencent Computer System[5]	H Shares	Beneficial interest	114,921,812	8.09%	7.82%
Huateng Ma[5]	H Shares	Interest of controlled corporation	114,921,812	8.09%	7.82%
Tencent[5]	H Shares	Interest of controlled corporation	114,921,812	8.09%	7.82%
Unifront Holding Limited[6]	H Shares	Beneficial interest	90,000,000	6.33%	6.12%
Shanghai Songlu Investment Management Co., Ltd. [6]	H Shares	Interest of controlled corporation	90,000,000	6.33%	6.12%
Shanghai Jianglu Investment Management Co., Ltd. [6]	H Shares	Interest of controlled corporation	90,000,000	6.33%	6.12%
Shanghai Xinlu Investment Management Co., Ltd. [6]	H Shares	Interest of controlled corporation	90,000,000	6.33%	6.12%
Shanghai Youlu Investment Management Co., Ltd. [6]	H Shares	Interest of controlled corporation	90,000,000	6.33%	6.12%

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]
Zhen Zhang[6]	H Shares	Interest of controlled corporation	90,000,000	6.33%	6.12%
Cnhooray Internet Technology Co. Ltd. [7]	H Shares	Beneficial interest	81,000,000	5.70%	5.51%
Timeway Holdings Limited[7]	H Shares	Interest of controlled corporation	81,000,000	5.70%	5.51%
Sinolink Worldwide [7]	H Shares	Interest of controlled corporation	81,000,000	5.70%	5.51%
Asia Pacific Promotion Limited[7]	H Shares	Interest of controlled corporation	81,000,000	5.70%	5.51%
Shanghai Yuanqiang Investment Company Limited[8]	Domestic Shares	Beneficial interest	50,000,000	100%	3.40%
Song Zou[8]	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, 2023.

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

(4) Shenzhen Jia De Xin Investment Limited (深圳市加德信投資有限公司) is a subsidiary of Shenzhen Huaxinlian Investment 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.

(5) Tencent Computer System is a consolidated affiliated entity (through contractual arrangements) of Tencent, 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.

(6) 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.

(7) 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 and his associate) as to approximately 51.54%. 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). The disclosure of interest of Mr. Yaping Ou is disclosed in the section headed Director Interest above.

(8) 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, 2023.

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 C1 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 14 and Note 15 to the consolidated financial statements.

None of the Directors waived or agreed to waive any remuneration and 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.

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

In 2023, the Company strictly complied with the laws and regulations as well as the requirements of industrial regulators on management of related party transactions, constantly improved the related party transaction management system, refined governance structure, optimised the operation mechanism, and focused on the necessity, pricing fairness and process compliance of related party transactions. The Risk Management and Related Transactions Control Committee and the Related Party Transaction Management Office operated effectively. The Company has continuously improved the management of related party transactions. 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, interest transfer, insurance business and others.

Connected transactions and continuing connected transactions

During the year ended December 31, 2023, the Group engaged in certain transactions with the following persons that constituted connected transactions and continuing connected transactions under the Listing Rules.

- 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. As at December 31, 2023, Mr. Yaping Ou and his associate were interested in approximately 51.54% of Sinolink Worldwide. Pursuant to Rule 14A.13 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 approximately 10.37% of the Shares. Pursuant to Rules 14A.07(1), 14A.07(4) and 14A.13 of the Listing Rules, any transaction between the Company and Ant Group and its subsidiaries is considered as a connected transaction.

- Ping An Insurance is considered a "connected person" under the Listing Rules by virtue of it being a substantial Shareholder holding approximately 10.21% of the Shares. Pursuant to Rules 14A.07(1), 14A.07(4) and 14A.13 of the Listing Rules, any transaction between the Company and Ping An Insurance and its subsidiaries is considered as a connected transaction.

Report of Directors

Connected Transactions

Set out below is a summary of the non-exempt connected transactions of the Group for the year ended December 31, 2023, which are subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules.

On May 31, 2023, ZATI entered into a 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 a maximum of 96,508,924 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$63.7 million in aggregate (the "**Additional Sinolink Subscription**").

On September 19, 2023, ZATI entered into a share purchase agreement with ZhongAn Technology, Sinolink Worldwide, Warrior and the Opportunities Fund, pursuant to which ZhongAn Technology conditionally agreed to subscribe for a maximum of 96,508,924 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$63.7 million in aggregate (the "**ZhongAn Subscription**").

For further details of the Additional Sinolink Subscription and the ZhongAn Subscription, please refer to the announcements of the Company dated May 31, 2023 and September 19, 2023.

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, 2023 (the "**Continuing Connected Transactions**"), 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 Ping An Group

(a) Provision of insurance services by us to PABC

On January 12, 2023 (after trading hours), the Company entered into a personal credit guarantee insurance cooperation agreement (the "**Personal Credit Guarantee Cooperation Agreement**") with Ping An Bank Co., Ltd. Credit Card Centre ("**PABC**"), an associate of Ping An Insurance, pursuant to which the Company agreed to provide insurance services for PABC's personal credit card cash instalment products.

This Personal Credit Guarantee Cooperation Agreement has a term of 2 years which commenced from January 12, 2023, and is subject to renewal upon the mutual consent of the parties.

Reasons for and benefits of the transactions

The Company has long been committed to providing credit guarantee insurance products and solutions in the consumer finance ecosystem, and credit card related products, as an important part of the consumer finance ecosystem, represent a business area that the Company continues to expand. PABC is a well-known leading credit card issuer in the PRC with a large credit card customer base and provides customers with a series of bank credit products and services based on credit cards. In view of PABC's market position as a credit card issuer in the PRC market and its extensive experience in consumer finance, the Company believes that it will become an important ecosystem partner, and the cooperation with PABC is in line with the Company's business development strategy for the consumer finance ecosystem. Pursuant to the Personal Credit Guarantee Cooperation Agreement, the cooperation with PABC will benefit the Company and enable the Company to provide relevant insurance services for more customers through PABC, provide the Company with stable growth in revenue, enhance the Company's influence and brand awareness in the Internet insurance market, and is in the interests of the Company and the Shareholders as a whole.

Pricing policies

For each of PABC's personal credit card customers who applies for credit card cash instalment services, the Company will underwrite personal credit guarantee insurance for the relevant cash instalment services through the customer's insurance, the insurance premiums of which shall be payable by the customer and collected on behalf of the Company by PABC. The insurance premiums to be charged under the Personal Credit Guarantee Cooperation Agreement will be determined based on the Company's risk analysis and assessment of each customer in accordance with its internal rules and procedures. The Company will also ensure that the insurance premiums charged shall be in line with insurance premiums charged by independent third parties to PABC's customers for similar services and products.

For further details of the Personal Credit Guarantee Cooperation Agreement, please refer to the announcement of the Company dated January 12, 2023.

(b) 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.

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.

Further details of the New Asset Management Agreement are set out in the announcements of the Company dated December 31, 2021 and January 13, 2022.

Report of Directors

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

On November 9, 2022, the Company and Ping An P&C entered into the auto co-insurance cooperation agreement (the "**Auto Co-insurance Cooperation Agreement**"), pursuant to which the Company will enter into agreements for the provision of auto insurance products to the public, and Ping An P&C will be responsible for operating the duties (including co-insuring and making payments pursuant to claims) under such auto insurance agreements. Payments under such auto insurance agreements will be made to the Company which will then be settled with Ping An P&C. The term of the Auto Co-insurance Cooperation Agreement is two years from January 1, 2023 to December 31, 2024.

On October 27, 2023, the Company and Ping An P&C entered into the auto co-insurance cooperation supplemental agreement (the "**Auto Co-insurance Cooperation Supplemental Agreement**") to revise the annual caps under the Auto Co-insurance Cooperation Agreement.

Reasons for and benefits of the transactions

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 Auto Co-insurance Cooperation Agreement, as amended by the Auto Co-insurance Cooperation Supplemental 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. 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 premiums charged under the Auto Co-insurance Cooperation Agreement are determined at a market rate and approved by the NAFR. The Company's business department determines all aspects of the product, including the pricing, according to analysis of prevailing market conditions and various other procedures. These prices must conform with the terms and regulations set by the Company and be approved by other relevant departments of the Company such as the actuary department and the operations management center. The premium and claim payment sharing ratio between the Company 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 agreements including receiving reports of claims, investigating the claims and maintaining customer records. Under the Auto Co-insurance Cooperation Agreement, the premiums, claims and all fees and expenses incurred in the provision of auto co-insurance are to be shared by the Company and Ping An P&C at 50:50 ratio, respectively.

Further details of the Auto Co-insurance Cooperation Agreement and the Auto Co-insurance Cooperation Supplemental Agreement are set out in the announcements of the Company dated November 9, 2022 and October 27, 2023.

The below table sets out the comparison between the annual cap and actual transaction amount of the continuing connected transactions with Ping An Group for the year ended December 31, 2023:

Name	Type of transaction	Annual cap for the year ended December 31, 2023 (RMB thousand)	Transaction amount for the year ended December 31, 2023 (RMB thousand)
Ping An Group	Provision of insurance services by us to PABC	126,000	168
	Provision of asset management services by Ping An Asset Management to us	160,000	7,956
	Cooperation agreement for the provision of auto co-insurance between Ping An P&C and us	1,600,000	1,580,343

2. Continuing connected transactions with Ant Group and its associates

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

On November 9, 2022, the Company and Ant Group entered into the online platform cooperation framework agreement (the "**Online Platform Cooperation Framework Agreement"**), pursuant to which the Group shall use online platforms operated by Ant Group and/or its associates to sell various insurance products to end users of their online platforms.

The term of the Online Platform Cooperation Framework Agreement is three years from January 1, 2023 to December 31, 2025.

On October 27, 2023, the Company and Ant Group entered into the online platform cooperation framework supplemental agreement (the "**Online Platform Cooperation Framework Supplemental Agreement**") to revise the annual caps under the Online Platform Cooperation Framework Agreement.

Further details of the Online Platform Cooperation Framework Agreement and Online Platform Cooperation Framework Supplemental Agreement are set out in the announcement of the Company dated November 9, 2022 and October 27, 2023.

Reasons for and benefits of the transactions

The Company is one of only four companies with an online insurance license in the PRC. It is necessary as part of the Group's online business development to utilize various online platforms to reach a wider customer base. The cooperation with Ant Group (and its subsidiaries) under the Online Platform Cooperation Framework Agreement, as amended by the Online Platform Cooperation Framework Supplemental Agreements, 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, which will bring more revenue for the Company to collaborate with Ant Group to sell the Company's insurance products via Ant Group's online platforms and allow 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.

Report of Directors

Pricing policies

The service fees paid to Ant Group and/or its associates by us are/will be determined based on arm's length negotiations between us and Ant Group and/or its associates. They are determined according to the following principles:

(i) if there exist comparable market rates paid by independent third parties, the service fees shall be based on such prevailing market rates;

(ii) if there exists no comparable rates, the service fees shall be based on arm's length negotiations and quotes obtained from multiple parties; and

(iii) if there exists no comparable rates and there are difficulties with regards to arm's length negotiations and obtaining quotes from multiple parties, the service fees shall be based on market rates of similar transactions.

The calculation of the service fees for the three main types of insurance products sold by the Group under the Online Platform Cooperation Agreement, namely health insurance, travel insurance and e-commerce insurance, will be based on a fixed rate of the total premiums received by the Group through Ant Group and/or its associates, which is determined based on a number of factors specific to each insurance product, including the product's risk management level, the promotion(s) offered by the online platform, prevailing market prices for similar insurance products and the scale of the product's business. The service fees are typically between 2.0% to 40.0% of the total premiums received.

The below table sets out the comparison between the annual cap and actual transaction amount of the continuing connected transactions with Ant Group for the year ended December 31, 2023:

Name	Type of transaction	Annual cap for the year ended December 31, 2023 (RMB thousand)	Transaction amount for the year ended December 31, 2023 (RMB thousand)
Ant Group	Online platform cooperation agreement between Ant Group and its associates and us	1,291,540	1,212,509

Confirmation from Independent Non-executive Directors

The Company's independent non-executive Directors have reviewed the Continuing Connected Transactions and confirmed that such transactions 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 confirmed in a letter to the Board that, with respect to the Continuing Connected Transactions:

(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 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 the disclosed continuing connected transactions have exceeded the annual cap as set by the Company.

During the year ended December 31, 2023, save as disclosed in the sections headed "Connected Transactions" and "Continuing Connected Transactions" of this annual report, no related party transactions disclosed in Note 40 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, 2023. 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, 2023.

Distributable reserves

Details of the movements in the reserves of the Company during the year ended December 31, 2023 are set out in Note 34 to the financial statements. There are no reserves available for distribution to Shareholders as at December 31, 2023.

Debentures

The Company did not issue any debenture during the Reporting Period and up to the date of this annual report.

Report of Directors

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, 2023, the Group had used approximately RMB6,749.18 million (equivalent to approximately USD983 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 2023, the Company's total charitable donations amounted to RMB1.21 million. Details of the charitable and other donations made by the Group during the year ended December 31, 2023 are set out in the "2023 Environmental, Social and Governance (ESG) Report" of the Company to be published in April 2024.

Share options

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

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, 2023 are set out in Note 28 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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company during the year ended December 31, 2023.

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, 2023.

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 NAFR, from the date of their respective appointment or 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, renumeration packages, confidentiality duties of Directors and commencement and termination of contracts were detailed in the respective service contracts.

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

Save as disclosed in the section headed "Connected Transactions and 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, 2023.

Directors' and Supervisors' interests in competing business

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.

Report of Directors

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 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, 2023, 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 date of this annual report, 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 of the Company) were held in public hands.

By the order of the Board
Hai Yin
Chairman

March 26, 2024

Report of the Supervisory Committee

Supervisors

The Supervisors who held office during the year ended December 31, 2023 and up to the date of this annual report are:

Shareholder Representative Supervisor:
Yuping Wen

External Supervisor:
Limin Guo

Employee Representative Supervisor:
Haijiao Liu (until September 13, 2023)
Yao Wang (from September 13, 2023)

Biographical details of the Supervisors of the Group are set out in the section headed "Directors, Supervisors and Senior Management" on pages 36 to 41 of this annual report.

The work of the Supervisory Committee

During the Reporting Period, the Supervisory Committee held 8 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. Meetings were held to consider and approve 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 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	8	8	8	100%
2	Employee Representative Supervisor	May 14, 2018	Haijiao Liu(1)	6	6	6	100%
3	Employee Representative Supervisor	September 13, 2023	Yao Wang(2)	2	2	2	100%
4	External Supervisor	January 28, 2022	Limin Guo	8	8	8	100%

(1) Ms. Haijiao Liu resigned from the employee representative supervisor on September 13, 2023.

(2) Ms. Yao Wang was appointed as the employee representative supervisor on September 13, 2023.

In 2023, the Group held a total of 3 general meetings and 4 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

The Supervisors of the Company carefully study regulatory policies in the industry, closely monitor the operational and compliance risk control of the Company, actively perform their duties, pay attention to the Company's lawful and compliant operations, and review the legality and compliance of the Company's major decision-making procedures. The Supervisory Committee believes that:

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 2023. The financial reports truly, objectively and accurately reflect the financial position and operating results of the Company. 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, 2023 and of its consolidated financial performance and its consolidated cash flows for the year ended December 31, 2023 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. The Supervisory Committee monitored the use of proceeds and did not find improper use of proceeds.

(4) Connected-party transactions

During the Reporting Period, the Supervisory Committee reviewed the connected-party transactions during the reporting period and believed that: connected-party transactions of the Company were conducted for normal production and operations, the decision-making procedures complied with relevant laws, regulations and the Articles of Association, the prices of connected-party transactions were fair without violating the principles of openness, fairness and impartiality, without prejudice to the interests of the Company and minority Shareholders.

(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 2023, the Supervisory Committee has heard and reviewed the Resolution on Management Letter of the Company for 2022 (《關於公司2022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 2022" (《關於<公司2022年度保險資金運用內控審計報告及管理建議書>的議案》) etc. After review, the Supervisory Committee believes that the internal control self-assessment report of the Company for 2022 truly, objectively and completely reflects the actual situation of the Company's internal control, an internal control mechanism for the businesses and matters included in the scope of the assessment has been established and effectively implemented, and the Company's internal control objectives have been achieved.

(6) Assessment on internal audit

During the Reporting Period, the Supervisory Committee monitored internal audit, considered and approved the Resolution on "the Internal Audit Report for 2022 and the Internal Audit Plan and Budget for 2023" (關於<2022年度內部審計工作報告暨2023年度內部審計工作計劃及預算>的議案), the Resolution on "the Internal Audit Quality Assessment Report for 2022" (關於<2022年內部審計品質評估報告>的議案) and the Resolution on "the Internal Audit Management Regulations (Revised)" (關於<內部審計管理規定 (修訂版) >的議案), considered and approved internal and external audit reports covering areas such as management of connected-party transactions, use and management of insurance funds, assessment on solvency risk management, assessment on anti-fraud management system, anti-money laundering management, and termination of employment of senior executives during terms of office, and believed that all internal audit work has been completed on time and with high quality.

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

During the Reporting Period, all the Supervisors reviewed and approved the Resolution on "the Evaluation Report on the Performance of Duties by the Directors of the Company for 2022" and the Resolution on "the Due Diligence Report of the Independent Directors of the Company for 2022", 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., then issued the performance evaluation results. Meanwhile, the Supervisory Committee of the Company made a specialized assessment on the performance of duties by Supervisors, and issued the performance evaluation results. The Supervisory Committee agreed that all the Directors of the Company in 2023 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.

(8) Implementation of the Company's information disclosure management system

During the Reporting Period, the Supervisory Committee monitored the Company's information disclosure, reviewed regular reports of the Company, and provided written review opinions. No violation of laws or regulation were found in the Company's information disclosure throughout the year.

(9) Risk management

During the Reporting Period, the Supervisory Committee reviewed the Company's Risk Assessment Report for 2022 (2022年度風險評估報告), Overall Risk Management Plan for 2023 (2023年度風險管理總體規劃), Solvency Review and Analysis Report for 2022 (2022年度償付能力回顧分析報告), received the quarterly reports on Comprehensive Risk Rating Results (風險綜合評級結果通報) and other resolutions, learned about the operations of the Company, monitored major solvency risks that may arise from business operation, and supervised the performance of duties by the Board and senior management in reputation risk management by reviewing the Company's Inspection and Assessment of the Solvency Risk Management System for 2022 (公司2022年度償付能力風險管理體系檢查與評估).

(10) 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 80 to 192, comprise:

- the consolidated balance sheet as at 31 December 2023;
- the consolidated statement of profit or loss for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information 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 2023, 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 liability for incurred claims ("LIC") of insurance contracts measured under the premium allocation approach ("PAA") Refer to note 2.13 Summary of material accounting policies - Insurance contracts, note 3.2 Significant judgements and estimates - Valuation of insurance contract liabilities, and note 36 Insurance and reinsurance contracts. As at 31 December 2023, the Group's LIC of insurance contracts measured under the PAA was RMB3,442,490 thousand, representing 15% of the Group's total liabilities. We focused on this area because the valuation of LIC of insurance contracts measured under the PAA involved a high degree of judgement by management in selecting models and setting assumptions including expected loss ratios and future claim development pattern, and the inherent risk in relation to the valuation of LIC of insurance contracts measured under the PAA was considered significant.	We (including our actuarial experts) performed the following audit procedures over the valuation of LIC of insurance contracts measured under the PAA: We obtained an understanding of the management's assessment processes and internal controls of the valuation of LIC of insurance contracts measured under the PAA 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 the valuation of LIC of insurance contracts measured under the PAA including data collection and analysis, and approval process for management's assumption setting, etc. We performed independent modelling analysis for the valuation of LIC of insurance contracts measured under the PAA by performing below procedures: • For the underlying data used in actuarial models, we compared the data to source systems, such as earned premiums and reported claims to the business data. • We set up independent actuarial assumptions including expected loss ratios, future claim development pattern, etc., by considering both the Group's historical data and applicable industry experiences. • We evaluated the overall reasonableness of the Group's valuation of LIC of insurance contracts measured under the PAA 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 LIC of insurance contracts measured under the PAA supportable by the evidence we gathered.

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.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements
(continued)

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.

- 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, 26 March 2024

Consolidated Statement of Profit or Loss

For the year ended 31 December 2023
(All amounts expressed in RMB'000 unless otherwise stated)

	Notes	2023	2022 (restated)
Insurance revenue	7	27,535,275	22,189,381
Insurance service expenses	7	(26,089,368)	(20,672,596)
Net expenses from reinsurance contracts held	7	(109,144)	(99,320)
Insurance service result		1,336,763	1,417,465
Net investment income	8	408,709	1,760,361
Gain on disposal of ZhongAn Technologies International Group Limited ("ZhongAn International")	6(c)	3,784,211	—
Net fair value changes through profit or loss	9	768,416	(1,803,057)
Net impairment losses on financial assets		(56,843)	(72,064)
Finance expenses from insurance contracts issued		(51,932)	(145,261)
Finance income/(expenses) from reinsurance contracts held		7,844	(9,645)
Other income	10	1,135,466	1,129,219
Foreign exchange losses		(94,508)	(549,142)
Other finance costs		(464,858)	(428,360)
Other operating expenses	11	(1,541,706)	(1,896,699)
Other expenses	12	(1,128,362)	(1,069,495)
Share of net loss of associates and joint ventures accounted for using the equity method	25	(93,239)	(16,145)
Profit/(Loss) before income tax		4,009,961	(1,682,823)
Income tax	16	(164,683)	298,406
Net profit/(loss) for the year		3,845,278	(1,384,417)
Attributable to:			
– Owners of the parent		4,077,855	(1,112,414)
– Non-controlling interests		(232,577)	(272,003)
Profit/(Loss) per share:			
– Basic profit/(loss) per share (RMB yuan)	17	2.77	(0.76)
– Diluted profit/(loss) per share (RMB yuan)	17	2.77	(0.76)

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

These consolidated financial statements and the accompanying notes starting from page 80 to page 192 are signed by:

Xing Jiang
(On behalf of Board of the Directors)

Gaofeng Li
(On behalf of Board of the Directors)

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2023
(All amounts expressed in RMB'000 unless otherwise stated)

	Notes	2023	2022 (restated)
Net profit/(loss) for the year		3,845,278	(1,384,417)
Other comprehensive income			
Items that may be reclassified to profit or loss			
– Changes in fair value of debt instruments at fair value through other comprehensive income	18	279,861	(397,093)
– Credit risks provision of debt instruments at fair value through other comprehensive income	18	(18,102)	31,405
– Exchange differences on translation of foreign operations	18	43,046	260,567
– Share of other comprehensive income of associates and joint ventures accounted for using the equity method	18	23,644	—
Items that will not be reclassified to profit or loss			
– Changes in fair value of equity instruments at fair value through other comprehensive income	18	(32,620)	(96,546)
Other comprehensive income for the year, net of tax	18	295,829	(201,667)
Total comprehensive income for the year		4,141,107	(1,586,084)
Attributable to:			
– Owners of the parent		4,297,176	(1,259,251)
– Non-controlling interests		(156,069)	(326,833)

Consolidated Balance Sheet

As at 31 December 2023
(All amounts expressed in RMB'000 unless otherwise stated)

	Notes	31 December 2023	31 December 2022 (restated)	1 January 2022 (restated)
ASSETS				
Cash and amounts due from banks and other financial institutions	19	1,576,424	3,526,174	4,301,986
Securities purchased under agreements to resell	20	99,971	137,487	9,893
Loans and advances to customers		—	4,367,262	2,057,491
Financial assets at fair value through profit or loss	21	22,251,949	21,862,817	23,284,108
Financial assets at amortized cost	22	1,452,127	1,431,403	1,730,533
Debt financial assets at fair value through other comprehensive income	23	8,075,473	11,606,900	10,276,907
Equity financial assets at fair value through other comprehensive income	24	92,351	259,018	357,852
Insurance contract assets	36	497,114	345,155	42,616
Reinsurance contract assets	36	264,430	250,167	261,234
Investments in associates and joint ventures	25	5,296,740	554,367	557,854
Term deposits	26	30,184	340,699	339,662
Restricted statutory deposits	27	317,836	307,344	306,097
Property and equipment	28	55,160	59,625	61,640
Right-of-use assets	29	322,277	374,656	178,226
Intangible assets	30	527,381	661,788	477,493
Goodwill		—	—	3,189
Deferred income tax assets	31	32,532	182,163	—
Other assets	32	1,971,657	1,381,853	1,762,953
Total assets		42,863,606	47,648,878	46,009,734
EQUITY AND LIABILITIES				
Equity				
Share capital	33	1,469,813	1,469,813	1,469,813
Reserves	34	16,732,129	16,472,539	16,540,633
Retained earnings/(Accumulated losses)		1,871,481	(2,176,262)	(964,440)
Equity attributable to owners of the parent		20,073,423	15,766,090	17,046,006
Non-controlling interests		—	1,849,030	2,411,832
Total equity		20,073,423	17,615,120	19,457,838
Liabilities				
Borrowings		98,869	147,657	117,232
Derivative financial liabilities		—	64,398	—
Securities sold under agreements to repurchase	35	8,491,131	6,992,368	5,552,913
Customer deposits		—	8,184,017	5,699,740
Income tax payable		27,404	311	7
Contract liabilities		34,469	69,410	80,596
Insurance contract liabilities	36	3,334,642	4,028,689	4,137,489
Reinsurance contract liabilities	36	256	14,520	451
Bonds payable	37	6,801,280	6,657,793	6,406,683
Lease liabilities	29	286,505	373,809	203,100
Deferred income tax liabilities	31	—	—	167,636
Other liabilities	38	3,715,627	3,500,786	4,186,049
Total liabilities		22,790,183	30,033,758	26,551,896
Total equity and liabilities		42,863,606	47,648,878	46,009,734

Consolidated Statement of Changes in Equity

For the year ended 31 December 2023
(All amounts expressed in RMB'000 unless otherwise stated)

	For the year ended 31 December 2023										
	Attributable to owners of the parent										
		Reserves									
	Share capital	Capital reserves	Other reserves due to share-based payments	Financial assets at fair value through other comprehensive income revaluation reserves	Foreign currency translation reserves	Share of other comprehensive income of associates and joint ventures accounted for using the equity method	Other reserves	Retained earnings/ (Accumulated losses)	Sub-total	Non-controlling interests	Total equity
31 December 2022 (restated)	1,469,813	16,607,618	74,123	(196,581)	(12,621)	—	—	(2,176,262)	15,766,090	1,849,030	17,615,120
Total comprehensive income	—	—	—	183,414	12,233	23,674	—	4,077,855	4,297,176	(156,069)	4,141,107
Transactions with non-controlling interests	—	—	—	—	—	—	—	9,382	9,382	18,394	27,776
Share-based payments	—	—	26,118	—	—	—	—	—	26,118	43,554	69,672
Transfer of loss on disposal of equity investments at fair value through other comprehensive income to retained earnings (Note 24)	—	—	—	39,494	—	—	—	(39,494)	—	—	—
Other equity changes in associates and joint ventures	—	—	—	—	—	—	(25,343)	—	(25,343)	—	(25,343)
Disposal of subsidiary (Note 6(c))	—	—	—	—	—	—	—	—	—	(1,754,909)	(1,754,909)
31 December 2023	1,469,813	16,607,618	100,241	26,327	(388)	23,674	(25,343)	1,871,481	20,073,423	—	20,073,423

Consolidated Statement of Changes in Equity

For the year ended 31 December 2023
(All amounts expressed in RMB'000 unless otherwise stated)

	For the year ended 31 December 2022 (restated)									
	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	Foreign currency translation reserves	Accumulated losses	Sub-total	Non-controlling interests	Total equity
1 January 2022 (as previously reported)	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
Impact on transition to HKFRS 17	—	—	—	—	—	(272)	307,878	307,606	30,037	337,643
1 January 2022 (restated)	1,469,813	16,607,830	876	46,614	38,376	(153,063)	(964,440)	17,046,006	2,411,832	19,457,838
Total comprehensive income	—	—	—	—	(287,279)	140,442	(1,112,414)	(1,259,251)	(326,833)	(1,586,084)
Contributions from non-controlling interests	—	—	—	—	—	—	—	—	711,895	711,895
Considerations paid to non-controlling interests	—	—	—	—	—	—	(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 24)	—	—	—	—	52,322	—	(52,322)	—	—	—
Others	—	(212)	(876)	—	—	—	(4,392)	(5,480)	(48,789)	(54,269)
31 December 2022 (restated)	1,469,813	16,607,618	—	74,123	(196,581)	(12,621)	(2,176,262)	15,766,090	1,849,030	17,615,120

Consolidated Statement of Cash Flows

For the year ended 31 December 2023
(All amounts expressed in RMB'000 unless otherwise stated)

	Notes	2023	2022
NET CASH FLOWS GENERATED FROM/(USED IN) OPERATING ACTIVITIES	39(a)	**2,208,218**	(701,908)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property and equipment, intangible assets and other assets		**(290,980)**	(410,791)
Proceeds from sale of property and equipment, intangible assets and other assets		**18,355**	569
Purchases of investments, net		**(3,915,621)**	(1,215,500)
Acquisition of associates and joint ventures		**(408,811)**	(29,101)
Disposal of subsidiaries and other business entities, net		**(1,639,296)**	96,080
Dividends and other returns received from investments		**909,048**	1,716,779
Net cash flows (used in)/generated from investing activities		**(5,327,305)**	158,036
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		**98,869**	124,442
Repayment of borrowings		**(124,442)**	(100,000)
Repayment of bonds		**—**	(346,667)
Transactions with non-controlling interests		**27,776**	711,895
Considerations paid for redemption of preference shares		**—**	(995,568)
Increase in securities sold under agreements to repurchase, net		**1,640,291**	1,302,486
Interest paid		**(304,884)**	(279,276)
Principal elements of lease payments		**(198,848)**	(182,410)
Other cash received related to financing activities		**—**	1,128
Net cash flows generated from financing activities		**1,138,762**	236,030
Effects of exchange rate changes on cash and cash equivalents		**38,991**	160,477
Net decrease in cash and cash equivalents		**(1,941,334)**	(147,365)
Cash and cash equivalents at the beginning of year		**3,617,664**	3,765,029
Cash and cash equivalents at the end of year	39(b)	**1,676,330**	3,617,664

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023
(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 mainly provides internet insurance services and insurance information technology 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 MATERIAL ACCOUNTING POLICIES

The material 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

The 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"), also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") and the applicable disclosure requirements of the Hong Kong Companies Ordinance. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. These consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments measured at fair value, insurance contracts issued and reinsurance contracts held measured on a current value basis as explained in note 2.13 and note 3.2. The consolidated financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

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

Insurance Contracts – HKFRS 17
Definition of Accounting Estimates – Amendments to HKAS 8
International Tax Reform – Pillar Two Model Rules – Amendments to HKAS 12
Disclosure of Accounting Policies – Amendments to HKAS 1 and HKFRS Practice Statement 2
Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to HKAS 12

Except for the initial application of HKFRS 17 Insurance Contracts, the application of the other revised HKFRSs have no material impact on the consolidated financial statements.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

HKFRS 17 Insurance Contracts – Impact of adoption

The Group applies HKFRS 17 to the same scope of contracts previously reported under HKFRS 4.

HKFRS 17 introduces the general measurement model ("GMM") for the recognition and measurement of insurance contracts, which requires measuring insurance contracts using updated estimates and assumptions that reflect the timing of cash flows and any uncertainty relating to insurance contracts. Entities are eligible for the simplified measurement model ("PAA") if each contract in the group has a coverage period of one year or less; or the measurement of the liability for remaining coverage for the group using the PAA is reasonably expected to produce a measurement which is not materially different from using the GMM.

The Group adopted HKFRS 17 on 1 January 2023 and the transition date is 1 January 2022, hence the comparative figures have been restated.

At the transition date, the Group has applied the full retrospective approach to the extend practicable. To the extend where the full retrospective approach was not practicable, the Group applied the fair value approach as at transition date as described below.

For the group of insurance contracts issued within or before 2018 and the group of reinsurance contracts issued within or before 2020, the Group applies the fair value approach since the application of the full retrospective approach was determined to be impracticable.

In 2022 and 2023, the insurance revenue of insurance contracts is almost from the new contracts and contracts applying full retrospective approach at transition.

The adoption of HKFRS 17 results in changes in the accounting policies related to recognition, measurement, presentation, and disclosure of insurance contracts. The detailed accounting policies adopted in the current period and the comparative period are set out in note 2.13.

The Group has not early adopted any amendments or interpretations that have been issued but are not yet effective. None of these amendments and interpretations is expected to have a significant effect on the consolidated financial statements of the Group.

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.

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For the year ended 31 December 2023
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2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.2 Subsidiaries (continued)

2.2.1 Consolidation (continued)

(a) Business combinations (continued)

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.

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 (see note 2.2.5 below).

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 (see note 2.2.5 below), less any impairment losses.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.2 Subsidiaries (continued)

2.2.5 Equity method of accounting

Under the equity method of accounting, the investment is initially recognised at cost. The Group's investments in the associates and joint ventures include goodwill identified on acquisition. Upon the acquisition of the ownership interest in an associate or joint venture, any difference between the cost of the associate or joint venture and the Group's share of the net fair value of the associate's or joint venture's identifiable assets and liabilities is accounted for as goodwill.

The Group's share of post-acquisition profit or loss is recognised in profit or loss, 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 or a joint venture equals or exceeds its interest in the associate or joint venture, 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 or joint venture.

Profits and losses resulting from upstream and downstream transactions between the Group and its associates and joint ventures are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates and joint ventures. 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.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in note 2.7.

2.2.6 Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners the parent.

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

If the ownership interest in a joint venture or an associate is reduced but joint control or 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.

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

Notes to the Consolidated Financial Statements

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2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

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.

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. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

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	1.25-6 years	0%	17%-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 2.7).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income.

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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023
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2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.6 Intangible assets (continued)

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	3-10 years
Chinese domain name registration	10 years

Intangible assets with finite lives are subsequently amortized on the straight-line basis over the useful economic life. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed, and adjusted if appropriate, at least at each year end.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.7 Impairment of non-financial assets

Intangible assets that have an indefinite useful life or intangible assets not ready to use are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization 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.

2.8 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").

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.

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2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.8 Financial instruments (continued)

(a) *Financial assets* (continued)

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, financial assets at amortized cost, term deposits and restricted statutory deposits.

- 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.

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.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.8 Financial instruments (continued)

(a) *Financial assets* (continued)

Impairment

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*

Financial liabilities at amortized cost

At initial recognition, 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.

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 and bonds payable.

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.

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2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.8 Financial instruments (continued)

(c) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or 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.

2.9 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.

2.10 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.

2.11 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.

2.12 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. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.13 Insurance contracts

(a) Definition and classification

Insurance contracts are contracts under which the Group accepts significant insurance risk from a policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. In making this assessment, all substantive rights and obligations, including those arising from law or regulation, are considered on a contract-by-contract basis. The Group uses judgement to assess whether a contract transfers insurance risk (that is, if there is a scenario with commercial substance in which the Group has the possibility of a loss on a present value basis) and whether the accepted insurance risk is significant.

In the normal course of business, the Group uses reinsurance to mitigate its risk exposures. The requirements for the assessment of significant insurance risk in a reinsurance contract are the same as for an insurance contract. A reinsurance contract transfers significant risk if it transfers substantially all of the insurance risk resulting from the insured portion of the underlying insurance contracts, even if it does not expose the reinsurer to the possibility of a significant loss.

All references to insurance contracts in these consolidated financial statements apply to insurance contracts issued and reinsurance contracts held, unless specifically stated otherwise.

(b) Unit of account

All insurance contracts subject to similar risks are managed together and represent a portfolio of contracts. Each portfolio is further disaggregated into groups of contracts that are issued within a calendar year (annual cohorts) and are: (i) contracts that are onerous at initial recognition; (ii) contracts that at initial recognition have no significant possibility of becoming onerous subsequently; or (iii) a group of remaining contracts. These groups represent the level of aggregation at which insurance contracts are initially recognised and measured. Such groups are generally not subsequently reconsidered.

For insurance contracts measured using the PAA, the Group assumes that no such contracts are onerous at initial recognition, unless facts and circumstances indicate otherwise. If facts and circumstances indicate that some contracts are onerous, an additional assessment is performed to distinguish onerous contracts from non-onerous ones. For non-onerous contracts, the Group assesses the likelihood of changes in the applicable facts and circumstances in the subsequent periods in determining whether contracts have a significant possibility of becoming onerous.

Portfolios of reinsurance contracts held are assessed for aggregation separately from portfolios of insurance contracts issued. Applying the grouping requirements to reinsurance contracts held, the Group aggregates reinsurance contracts held concluded within a calendar year (annual cohorts) into groups of: (i) contracts for which there is a net gain at initial recognition, if any; (ii) contracts for which, at initial recognition, there is no significant possibility of a net gain arising subsequently; and (iii) remaining contracts in the portfolio, if any.

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2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.13 Insurance contracts (continued)

(c) Recognition

Groups of insurance contracts issued are initially recognised from the earliest of the following:

- the beginning of the coverage period;
- the date when the first payment from the policyholder is due or actually received, if there is no due date; and
- when the Group determines that a group of contracts becomes onerous.

Groups of reinsurance contracts held are recognised as follows:

- a group of reinsurance contracts held that provide proportionate coverage (quota share reinsurance) is recognised at the later of:
  - i. the beginning of the coverage period of the group; and
  - ii. the initial recognition of any underlying insurance contract;
- all other groups of reinsurance contracts held are recognised from the beginning of the coverage period of the group of reinsurance contracts held;

Unless the Group entered into the reinsurance contract held at or before the date when an onerous group of underlying contracts is recognised prior to the beginning of the coverage period of the group of reinsurance contracts held, in which case the group of reinsurance contract held is recognised at the same time as the group of underlying insurance contracts is recognised.

Only contracts that individually meet the recognition criteria by the end of the reporting period are included in the groups. When contracts meet the recognition criteria in the groups after the reporting date, they are added to the groups in the reporting period in which they meet the recognition criteria, subject to the annual cohorts restriction. Composition of the groups is not reassessed in subsequent periods.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.13 Insurance contracts (continued)

(d) Measurement

Fulfilment cash flows

Fulfilment cash flows within contract boundary

The fulfilment cash flows ("FCF") are the current estimates of the future cash flows within the contract boundary of a group of contracts that the Group expects to collect from premiums and pay out for claims and expenses, adjusted to reflect the timing and the uncertainty of those amounts.

The estimates of future cash flows:

- are based on a probability-weighted mean of the full range of possible outcomes;
- are determined from the perspective of the Group, provided that the estimates are consistent with observable market prices for market variables; and
- reflect conditions existing at the measurement date.

The estimates of future cash flows are adjusted using the current discount rates to reflect the time value of money and the financial risks related to those cash flows, to the extent not included in the estimates of cash flows. The discount rates reflect the characteristics of the cash flows arising from the groups of insurance contracts, including timing, currency and liquidity of cash flows. The determination of the discount rate that reflects the characteristics of the cash flows and liquidity characteristics of the insurance contracts requires significant judgement and estimation.

Risk of the Group's non-performance is not included in the measurement of groups of insurance contracts issued. In the measurement of reinsurance contracts held, the probability-weighted estimates of the present value of future cash flows include the potential credit losses and other disputes of the reinsurer to reflect the non-performance risk of the reinsurer.

The Group estimates certain FCF at the group level of contracts.

The Group uses consistent assumptions to measure the estimates of the present value of future cash flows for the group of reinsurance contracts held and such estimates for the groups of underlying insurance contracts.

Contract boundary

The Group uses the concept of contract boundary to determine what cash flows should be considered in the measurement of groups of insurance contracts.

Cash flows are within the boundary of an insurance contract if they arise from the rights and obligations that exist during the period in which the policyholder is obligated to pay premiums or the Group has a substantive obligation to provide the policyholder with insurance contract services. A substantive obligation ends when:

- the Group has the practical ability to reprice the risks of the particular policyholder or change the level of benefits so that the price fully reflects those risks; or
- both of the following criteria are satisfied:
  - i. the Group has the practical ability to reprice the portfolio of contracts that contains the contract so that the price fully reflects the reassessed risk of that portfolio; and
  - ii. the pricing of premiums up to the date when risks are reassessed does not reflect the risks related to periods beyond the reassessment date.

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2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.13 Insurance contracts (continued)

(d) Measurement (continued)

Fulfilment cash flows (continued)

Contract boundary (continued)

In assessing the practical ability to reprice, risks transferred from the policyholder to the Group, such as insurance risk and financial risk, are considered; other risks, such as lapse or surrender and expense risk, are not included.

Cash flows outside the insurance contracts boundary relate to future insurance contracts and are recognised when those contracts meet the recognition criteria.

For groups of reinsurance contracts held, cash flows are within the contract boundary if they arise from substantive rights and obligations of the Group that exist during the reporting period in which the Group is compelled to pay amounts to the reinsurer or in which the Group has a substantive right to receive insurance contract services from the reinsurer.

The excess of loss reinsurance contracts held mainly provides coverage for claims incurred during an accident year. Thus, all cash flows arising from claims incurred and expected to be incurred in the accident year are included in the measurement of the reinsurance contracts held. Some of these contracts might include mandatory or voluntary reinstatement reinsurance premiums, which are guaranteed per the contractual arrangements and are thus within the respective reinsurance contracts' boundaries.

Cash flows that are not directly attributable to a portfolio of insurance contracts, such as some product development and training costs, are recognised in other operating expenses as incurred.

Insurance acquisition costs

The Group defines acquisition cash flows as cash flows that arise from costs of selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) and that are directly attributable to the portfolio of insurance contracts to which the group belongs.

Insurance acquisition cash flows are allocated to groups of insurance contracts on a systematic and rational basis. Insurance acquisition cash flows that are directly attributable to a group of insurance contracts are allocated:

- to that group; and
- to groups that will include insurance contracts that are expected to arise from renewals of the insurance contracts in that group.

Insurance acquisition cash flows not directly attributable to a group of contracts but directly attributable to a portfolio of contracts are allocated to groups of contracts in the portfolio or expected to be in the portfolio.

Before a group of insurance contracts is recognised, the Group could pay (or recognise a liability, applying a standard other than HKFRS 17) for directly attributable acquisition costs to originate them. Such balances, are recognised as insurance acquisition cash flows assets within the carrying amount of insurance contracts issued and are subsequently derecognised (in full or to the extent that insurance contracts expected to be in the group have been recognised at that date) when respective groups of insurance contracts are recognised and the insurance acquisition cash flows are included in the group's measurement. The amounts allocated to groups of insurance contracts yet to be recognised are revised at each reporting date, to reflect any changes in assumptions that determine the inputs to the method of allocation used.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.13 Insurance contracts (continued)

(d) Measurement (continued)

Fulfilment cash flows (continued)

Insurance acquisition costs (continued)

Insurance acquisition cash flows assets not yet allocated to a group are assessed for recoverability if facts and circumstances indicate that the assets might be impaired. Impairment losses reduce the carrying amount of these assets and are recognised in insurance service expenses. Previously recognised impairment losses are reversed to the extent that the impairment conditions no longer exist or have improved.

The recoverability assessment is performed in two steps, as follows:

- an impairment loss is recognised to the extent that the carrying amount of each asset for insurance acquisition cash flows exceeds the expected net cash inflow as determined by the FCF as at initial recognition for the related group of insurance contracts;
- in addition, when insurance acquisition cash flows directly attributable to a group of contracts are allocated to groups that include expected contract renewals, such insurance acquisition cash flows should not exceed the expected net cash inflow from the expected renewals as determined by the FCF as at initial recognition for the expected renewals; an impairment loss is recognised for the excess to the extent not recognised above.

Risk adjustment for non-financial risk

An explicit risk adjustment for non-financial risk is estimated separately from the other estimates. For the contracts that are onerous, the risk adjustment for non-financial risk is applied to the present value of the estimated future cash flows, and it reflects the compensation that the Group requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Group fulfils insurance contracts. Otherwise, the explicit risk adjustment for non-financial risk is only estimated for the measurement of the liability for incurred claims ("LIC").

For reinsurance contracts held, the risk adjustment for non-financial risk represents the amount of risk being transferred by the Group to the reinsurer.

Initial and subsequent measurement – Groups of contracts measured under the PAA

The Group uses the PAA to simplify the measurement of groups of contracts when the following criteria are met at inception:

- The coverage period of each contract in the group is one year or less; or
- The Group reasonably expects the resulting measurement of the liability for remaining coverage ("LRC") would not differ materially from the result of applying the accounting policies measured under the GMM.

For insurance contracts issued, insurance acquisition cash flows allocated to a group are deferred and recognised over the coverage period of contracts in a group. On initial recognition, the Group measures the LRC at the amount of premiums received, less any acquisition cash flows on that date and any amounts arising from the derecognition of the insurance acquisition cash flows asset.

For reinsurance contracts held, on initial recognition, the Group measures the asset for remaining coverage ("ARC") at the amount of ceding premiums paid.

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2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.13 Insurance contracts (continued)

(d) Measurement (continued)

Initial and subsequent measurement – Groups of contracts measured under the PAA (continued)

The carrying amount of a group of insurance contracts issued at the end of each reporting period is the sum of:

- the LRC; and
- the LIC, comprising the FCF related to past service allocated to the group at the reporting date.

The carrying amount of a group of reinsurance contracts held at the end of each reporting period is the sum of:

- the ARC; and
- the asset for incurred claims ("AIC"), comprising the FCF related to past service allocated to the group at the reporting date.

For insurance contracts issued, at each of the subsequent reporting dates, the LRC is:

- increased for premiums received in the period;
- decreased for insurance acquisition cash flows paid in the period;
- increased for any adjustment to a financing component;
- decreased for the amounts of expected premium receipts recognised as insurance revenue for the services provided in the period; and
- increased for the amortization of insurance acquisition cash flows in the period recognised as insurance service expenses.

For reinsurance contracts held, at each of the subsequent reporting dates, the ARC is:

- increased for ceding premiums paid in the period;
- increased for for any adjustment to a financing component;
- decreased for the amount recognised as an allocation of reinsurance premiums for the services received in the period; and
- decreased for any investment component received or transferred to the AIC.

The Group recognises the LIC of a group of insurance contracts at the amount of the FCF relating to incurred claims after applying risk adjustment for non-financial risk. The Group has chosen to discount all future cash flows including those expected to be paid in one year or less from the date the claims are incurred.

If facts and circumstances indicate that a group of insurance contracts is onerous on initial recognition or becomes onerous subsequently, the Group increases the carrying amount of the LRC to the amounts of the FCF relating to the future service with the amount of such an increase recognised in insurance service expenses, and a loss component is established for the amount of the loss recognised. Subsequently, the loss component is remeasured at each reporting date as the difference between the amounts of the FCF relating to the future service and the carrying amount of the LRC without the loss component. Changes in the loss component are disaggregated between insurance service expenses and insurance finance income or expenses for the effect of the time value of money, financial risk and effect of changes therein.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.13 Insurance contracts (continued)

(d) *Measurement* (continued)

Initial and subsequent measurement – Groups of contracts measured under the PAA (continued)

When a loss is recognised on initial recognition of an onerous group of underlying insurance contracts or on addition of onerous underlying insurance contracts to that group, the carrying amount of the ARC for reinsurance contracts held is increased by the amount of income recognised in profit or loss and a loss-recovery component is established or adjusted for the amount of income recognised. The referred income is calculated by multiplying the loss recognised on underlying insurance contracts by the percentage of claims on underlying insurance contracts that the Group expects to recover from the reinsurance contract held that are entered into before or at the same time as the loss is recognised on the underlying insurance contracts.

When underlying insurance contracts are included in the same group with insurance contracts issued that are not reinsured, the Group applies a systematic and rational method of allocation to determine the portion of losses that relates to underlying insurance contracts.

Changes in the loss-recovery component are disaggregated between net income/(expenses) from reinsurance contracts held and insurance finance income or expenses for the effect of the time value of money, financial risk and effect of changes therein in proportion to the disaggregation applied to the changes in the underlying loss component.

The Group does not have any reinsurance contracts held measured under the PAA with underlying contracts measured under the GMM.

(e) *Derecognition and contract modification*

An insurance contract is derecognised when it is:

- extinguished (that is, when the obligation specified in the insurance contract expires or is discharged or cancelled); or
- the contract is modified and additional criteria discussed below are met.

When an insurance contract is modified by the Group as a result of an agreement with the counterparties or due to a change in regulations, the Group treats changes in cash flows caused by the modification as changes in estimates of the fulfilment cash flow, unless the conditions for the derecognition of the original contract are met. The Group derecognises the original contract and recognises the modified contract as a new contract if any of the following conditions are present:

- if the modified terms had been included at contract inception and the Group would have concluded that the modified contract:
  - i. is not within the scope of HKFRS 17;
  - ii. results in different separable components;
  - iii. results in a different contract boundary; or
  - iv. belongs to a different group of contracts;
- the original contract was accounted for under the PAA, but the modification means that the contract no longer meets the eligibility criteria for that approach.

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For the year ended 31 December 2023
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2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.13 Insurance contracts (continued)

(f) Presentation

Portfolios of insurance contracts issued and reinsurance contracts held in an asset position are presented separately from those in a liability position. Portfolios of insurance contracts issued are presented separately from portfolios of reinsurance contracts held. Any assets recognised for insurance acquisition cash flows arising before the recognition of the related group of insurance contracts are included in the carrying amount of the related portfolios of insurance contracts. Any assets or liabilities for cash flows arising before the recognition of the related group of reinsurance contracts held are included in the carrying amount of the related portfolios of reinsurance contracts held.

The Group disaggregates amounts recognised in the statement of profit or loss and the statement of comprehensive income into (a) an insurance service result, comprising insurance revenue and insurance service expenses, and (b) insurance finance income or expenses.

Income and expenses from reinsurance contracts held are presented separately from income and expenses from insurance contracts. Income and expenses from reinsurance contracts held, other than insurance finance income or expenses, are presented on a net basis as "net expenses from reinsurance contracts held" in the insurance service result.

Changes in the risk adjustment for non-financial risk is disaggregated and presented as insurance service result and insurance finance income or expenses.

Insurance service result and insurance finance income or expenses are recognised as follows.

Insurance service result from insurance contracts issued

Insurance revenue

As the Group provides insurance contract services under the group of insurance contracts, it reduces the LRC and recognises insurance revenue.

Insurance revenue is an allocation of total expected premium receipts (excluding any investment component, refund of premiums, cash shortfalls due to policyholder's credit risk and adjusted to reflect the time value of money and the effect of financial risk) over the coverage period of a group of contracts on the basis of the passage of time, but if the expected pattern of release of risk during the coverage period differs significantly from the passage of time, the Group recognises insurance revenue based on the expected timing of incurred insurance service expenses.

Insurance service expenses

Insurance service expenses mainly include the following:

- incurred claims and benefits, excluding investment components;
- other incurred directly attributable expenses;
- insurance acquisition cash flows amortization;
- changes that relate to past service – changes in the FCF relating to the LIC; and
- changes that relate to future service – changes in the FCF that result in onerous contract losses or reversals of those losses.

Insurance acquisition cash flows are amortized over the coverage period on the same basis as the insurance revenue earning pattern for the contracts to which the cash flows relate.

Other expenses not meeting the above categories are included in other operating expenses in the consolidated statement of profit or loss.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.13 Insurance contracts (continued)

(f) *Presentation* (continued)

Insurance service result from reinsurance contracts held

Net income/(expenses) from reinsurance contracts held

The Group presents financial performance of groups of reinsurance contracts held on a net basis in net income/(expenses) from reinsurance contracts held, mainly including the following amounts:

- allocation of reinsurance premiums;
- incurred claims recovery, excluding investment components;
- other incurred directly attributable expenses;
- changes that relate to past service – changes in the FCF relating to incurred claims recovery;
- effect of changes in the risk of reinsurers' non-performance; and
- amounts relating to the recognition and reversal of the loss-recovery compoenent.

The allocation of reinsurance premiums is recognised similarly to insurance revenue. The amount of allocation of reinsurance premiums recognised in the reporting period depicts the transfer of received insurance contract services at an amount that reflects the portion of ceding premiums that the Group expects to pay in exchange for those services.

Ceding commissions that are not contingent on claims of the underlying contracts issued reduce ceding premiums and are accounted for as part of allocation of reinsurance premiums. Ceding commissions that are contingent on claims of the underlying contracts issued reduce incurred claims recovery.

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For the year ended 31 December 2023
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2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.13 Insurance contracts (continued)

(f) Presentation (continued)

Insurance finance income or expenses

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from:

- the effect of the time value of money and changes in the time value of money; and
- the effect of financial risk and changes in financial risk.

The main amounts within insurance finance income or expenses are:

- interest accreted on the FCF; and
- the effect of changes in interest rates and other financial assumptions.

The Group disaggregates changes in the risk adjustment for non-financial risk between insurance service result and insurance finance income or expenses.

The Group includes all insurance finance income or expenses for the period in profit or loss.

2.14 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. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.15 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.

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.

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For the year ended 31 December 2023
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2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.16 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.

2.17 Revenue recognition

Revenue is recognised on the following bases:

(a) Insurance revenue

The detailed accounting policies adopted by the Group are set out in note 2.13 (f).

(b) Investment income

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

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.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.17 Revenue recognition (continued)

(c) Revenue from services

The Group provides services mainly including IT system solution, design, implementation and support services under fixed-price contracts and insurance brokerage services under fixed-price and variable-price contracts. 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) is 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.

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.

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2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.18 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.

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. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.19 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.

3. SIGNIFICANT 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 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 mainly 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.

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.

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3. SIGNIFICANT JUDGEMENTS AND ESTIMATES (continued)

3.2 Valuation of insurance contract liabilities

Estimates of future cash flows

The Group's objective in estimating future cash flows is to determine the expected value or probability-weighted mean of the full range of possible outcomes. The Group incorporates, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort at the reporting date. This information includes both internal and external historical data about claims and other experience, updated to reflect current expectations of future events.

The estimates of future cash flows reflect the Group's view of current conditions at the reporting date and the estimates of any relevant market variables are consistent with observable market prices.

When estimating future cash flows, the Group takes into account current expectations of future events that might affect those cash flows. However, expectations of future changes in legislation that would change or discharge a present obligation or create new obligations under existing contracts are not taken into account until the change in legislation is substantively enacted.

Cash flows are within the boundary of a contract if they arise from substantive right and obligations that exist during the reporting period. They relate directly to the fulfilment of the contract, including those for which the Group has discretion over the amount or timing. These include payments to (or on behalf of) policyholders, insurance acquisition cash flows and other costs that are incurred in fulfilling contracts.

Insurance acquisition cash flows arise from the activities of selling, underwriting and starting a group of contracts that are directly attributable to the portfolio of contracts to which the group belongs. Other costs that are incurred in fulfilling the contracts include claims handling, maintenance and administration costs, and recurring commissions payable on instalment premiums receivable within the contract boundary.

Insurance acquisition cash flows and other costs that are incurred in fulfilling contracts comprise both direct costs and an allocation of fixed and variable overheads.

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 the Group's historical expense experience 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.

Lapse rates

Lapse rates depend on policy year, product type and sales channel. The assumptions of lapse rates are affected by factors such as future economic environment and market competition, and hence subject to uncertainty.

3. SIGNIFICANT JUDGEMENTS AND ESTIMATES (continued)

3.2 Valuation of insurance contract liabilities (continued)

Estimates of future cash flows (continued)

Expected loss ratios and future claim development pattern

The major assumptions applied in measuring LIC include the expected loss ratios and future claim development pattern. The expected loss ratios and future claim development pattern of each measurement unit are based on the Group's historical claims development experience and loss ratios, with consideration of adjustments to company policies such as underwriting policies, level of premium rates, claims handling processes, and the changing trends in external environment such as macroeconomic, regulations, and legislation.

Discount rate

A bottom-up approach is applied in the determination of the discount rate for different products.

The expected cash flows are discounted using risk-free yield curves adjusted to reflect the characteristics of the cash flows and the liquidity of the insurance contracts. The Group generally determines the risk-free rates using the China's treasury bond yield.

Discount rates applied for discounting of future cash flows are listed below:

	2023	2022
Discount rates	1.34% - 2.75%	1.35% - 2.87%

Risk adjustments for non-financial risk

Risk adjustments for non-financial risk are generally determined by considering the expected cash flows arising from insurance contracts in each segment for each of the geographical markets in which the Group operates, consistent with the way that non-financial risk is managed. Risk adjustments are determined separately from estimates from the present value of future cash flows, using the confidence level technique.

Applying a confidence level technique, the Group estimates the probability distribution of the expected present value of the future cash flows from insurance contracts at each reporting date and calculates the risk adjustment for non-financial risk as the excess of the value at risk at the 75% (the target confidence level) over the expected present value of the future cash flows.

3.3 Current and deferred income taxes

The Group is subject to income taxes in the PRC. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognised liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax expenses in the period in which such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognised when management considers it is probable that future taxable profits will be available against which the temporary differences or tax losses can be utilized. When the expectation is different from the original estimate, such differences will impact the recognition of deferred income tax assets and taxation charges in the period in which such estimate is changed.

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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 mainly provides online life insurance services,insurance brokerage and medical services.

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.

98.2% (2022: 97.0%) of the Group's revenue is derived from its operations in the PRC. 97.0% (2022: 74.5%) of the Group's assets are located in PRC. In 2023, the income from transactions with the top five external customers amounted to 2.2% (2022: 2.7%) of the Group's total segment income.

Segment statement of profit or loss for the year ended 31 December 2023

	Insurance	Technology	Banking	Others	Eliminations	Reconciliations*	Total
Insurance revenue	27,524,755	—	—	16,844	(3,408)	(2,916)	27,535,275
Insurance service expenses	(26,196,217)	—	—	(22,175)	123,448	5,576	(26,089,368)
Net expenses from reinsurance contracts held	(104,392)	—	—	(5,756)	—	1,004	(109,144)
Insurance service result	1,224,146	—	—	(11,087)	120,040	3,664	1,336,763
Net investment income	247,304	31,308	104,973	53,765	3,749,784	5,786	4,192,920
Net fair value changes through profit or loss	473,083	98,246	—	215,987	(1,763)	(17,137)	768,416
Net impairment losses on financial assets	(19,212)	(5,000)	(60,096)	(27,434)	—	54,899	(56,843)
Finance expenses from insurance contracts issued	(42,126)	—	—	(11,635)	—	1,829	(51,932)
Finance income from reinsurance contracts held	7,849	—	—	326	—	(331)	7,844
Other income	119,839	610,926	357,880	632,517	(427,557)	(158,139)	1,135,466
Foreign exchange gains/(losses)	(109,406)	(2,279)	5,869	18,420	—	(7,112)	(94,508)
Other finance costs	(451,973)	(10,575)	(70)	(3,101)	—	861	(464,858)
Other operating expenses	(785,840)	(267,313)	(460,004)	(178,915)	19,112	131,254	(1,541,706)
Other expenses	(12,404)	(803,772)	(232,893)	(513,157)	357,644	76,220	(1,128,362)
Share of net loss of associates and joint ventures accounted for using the equity method	—	(119,644)	—	(10,535)	128,734	(91,794)	(93,239)
Profit/(Loss) before income tax	651,260	(468,103)	(284,341)	165,151	3,945,994	—	4,009,961
Income tax	(97,279)	—	—	(67,404)	—	—	(164,683)
Net profit/(loss)	553,981	(468,103)	(284,341)	97,747	3,945,994	—	3,845,278

* Reconciliations represented the elimination of the amounts disclosed for the joint venture- ZhongAn International in excess of those amounts reflected in the consolidated financial statements.

4. SEGMENT REPORTING (continued)

Segment balance sheet at 31 December 2023

	Insurance	Technology	Banking	Others	Eliminations	Reconciliations*	Total
Cash and amounts due from banks and other financial institutions	1,037,888	163,621	385,923	611,463	(2,883)	(619,588)	1,576,424
Financial assets (a)	31,380,451	187,480	5,160,909	1,157,276	(82)	(5,566,143)	32,319,891
Investments in associates, joint ventures and subsidiaries	5,785,951	577,563	—	1,788,311	(4,092,133)	1,237,048	5,296,740
Other assets	3,220,625	943,207	77,772	407,144	(611,293)	(366,904)	3,670,551
Segment assets	41,424,915	1,871,871	5,624,604	3,964,194	(4,706,391)	(5,315,587)	42,863,606
Securities sold under agreements to repurchase	8,491,131	—	—	—	—	—	8,491,131
Customer deposits	—	—	4,718,420	—	(2,881)	(4,715,539)	—
Insurance contract liabilities	3,203,997	—	—	145,107	130,645	(145,107)	3,334,642
Bonds payable	6,801,280	—	—	—	—	—	6,801,280
Other liabilities	3,710,146	722,498	90,079	880,702	(785,354)	(454,941)	4,163,130
Segment liabilities	22,206,554	722,498	4,808,499	1,025,809	(657,590)	(5,315,587)	22,790,183

(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.

Other segment information for the year ended 31 December 2023

	Insurance	Technology	Banking	Others	Eliminations	Reconciliations*	Total
Depreciation and amortization	209,581	112,080	12,331	36,182	(60)	(12,755)	357,359
Capital expenditure	257,994	11,144	4,864	22,507	(1,955)	(3,574)	290,980
Impairment loss charges	26,770	80,289	60,096	27,400	—	(54,864)	139,691
Interest income	(579,867)	(2,479)	(104,813)	(41,133)	5,944	9,665	(712,683)

* Reconciliations represented the elimination of the amounts disclosed for the joint venture- ZhongAn International in excess of those amounts reflected in the consolidated financial statements.

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4. SEGMENT REPORTING (continued)

Segment statement of profit or loss for the year ended 31 December 2022 (restated)

	Insurance	Technology	Banking	Others	Eliminations	Total
Insurance revenue	22,174,736	—	—	23,114	(8,469)	22,189,381
Insurance service expenses	(20,718,086)	—	—	(56,954)	102,444	(20,672,596)
Net income/(expenses) from reinsurance contracts held	(111,692)	—	—	12,372	—	(99,320)
Insurance service result	1,344,958	—	—	(21,468)	93,975	1,417,465
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)
Net impairment losses on financial assets	(22,704)	(1,628)	(42,120)	(5,612)	—	(72,064)
Finance expenses from insurance contracts issued	(144,092)	—	—	(1,169)	—	(145,261)
Finance expenses from reinsurance contracts held	(6,399)	—	—	(3,246)	—	(9,645)
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)
Other finance costs	(418,494)	(8,388)	(18)	(2,092)	632	(428,360)
Other operating expenses	(777,605)	(257,529)	(603,452)	(271,953)	13,840	(1,896,699)
Other expenses	(10,364)	(773,671)	(120,202)	(352,354)	187,096	(1,069,495)
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	(815,481)	(219,511)	(426,492)	(186,276)	(35,063)	(1,682,823)
Income tax	298,763	—	—	(357)	—	298,406
Net loss	(516,718)	(219,511)	(426,492)	(186,633)	(35,063)	(1,384,417)

4. SEGMENT REPORTING (continued)

Segment balance sheet at 31 December 2022 (restated)

	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
Investments in associates, joint ventures and subsidiaries	5,785,951	2,456,903	—	3,910,492	(11,598,979)	554,367
Other assets	2,700,523	1,474,459	144,413	795,304	(1,859,292)	3,255,407
Segment assets	39,215,994	4,653,637	10,373,546	6,894,490	(13,488,789)	47,648,878
Securities sold under agreements to repurchase	6,992,368	—	—	—	—	6,992,368
Customer deposits	—	—	8,196,373	—	(12,356)	8,184,017
Insurance contract liabilities	3,753,733	—	—	236,659	38,297	4,028,689
Bonds payable	6,678,993	—	—	—	(21,200)	6,657,793
Other liabilities	3,163,671	1,094,247	247,744	1,535,847	(1,870,618)	4,170,891
Segment liabilities	20,588,765	1,094,247	8,444,117	1,772,506	(1,865,877)	30,033,758

(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.

Other segment information for the year ended 31 December 2022 (restated)

	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	30,024	1,628	42,121	5,610	—	79,383
Interest income	(517,406)	(6,189)	(115,943)	(32,892)	630	(671,800)

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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. 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 contract 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 reflected by its major lines of business as analysed by gross written premiums is shown below:

	Year ended 31 December 2023	Year ended 31 December 2022
Health insurance	**10,426,610**	9,229,555
Bond insurance	**4,720,519**	4,052,369
Accident insurance	**2,376,096**	1,722,843
Motor insurance	**1,580,343**	1,219,856
Credit insurance	**1,105,024**	655,589
Household property insurance	**622,537**	450,744
Liability insurance	**460,242**	275,825
Long-term life insurance	**183,503**	354,233
Cargo insurance	**81,954**	52,327
Others (i)	**8,127,811**	5,991,990
	29,684,639	24,005,331

(i) Others primarily consist of shipping return insurance, which generated gross written premiums of RMB6,445,143 thousand and RMB5,039,358 thousand for the year ended 31 December 2023 and 2022, respectively.

5. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (continued)

(a) Insurance risk (continued)

Sensitivities

Liabilities for incurred claims are mainly based on assumptions of expected loss ratio which is determined after considering industry benchmark, experience data, discount and margin factors. Liabilities for incurred claims 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 liabilities for incurred claims are not known with certainty at the balance sheet date.

Expected loss ratio change results in changes in liabilities for incurred claims. The following table reflects sensitive analysis of key assumptions relevant to liabilities for incurred claims. Under the condition when other variables remain constant, changes in profit before income tax and total equity before income tax due to expected loss ratio change and average claim costs change are as follows:

Changes in expected loss ratio	31 December 2023	
	Impact on profit before income tax	Impact on total equity before income tax
+1%	**(296,339)**	**(296,339)**
-1%	**296,339**	**296,339**

Changes in expected 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

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5. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (continued)

(a) Insurance risk (continued)

Claim development tables

The following tables reflect the estimates of cumulative incurred claims for each successive accident year at each balance sheet date, together with cumulative payments to date.

Gross liabilities for incurred claims:

	Accident year					
	2019	**2020**	**2021**	**2022**	**2023**	**Total**
Gross estimates of the undiscounted amount of the claims:						
End of current year	8,774,976	9,181,662	12,091,770	13,289,189	**15,616,536**	
One year later	8,413,918	8,529,919	11,362,847	12,909,582		
Two years later	8,161,740	8,202,978	11,273,070			
Three years later	7,996,789	8,019,248				
Four years later	7,867,050					
Current estimate of cumulative claims	7,867,050	8,019,248	11,273,070	12,909,582	**15,616,536**	55,685,486
Cumulative payments to date						(52,406,908)
Liability in respect of prior years, unallocated loss adjustment expenses, discount and risk adjustment margin						163,912
Total gross liabilities for incurred claims						3,442,490

5. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (continued)

(a) Insurance risk (continued)

Claim development tables (continued)

Net liabilities for incurred claims:

	Accident year					
	2019	2020	2021	2022	2023	Total
Net estimates of the undiscounted amount of the claims:						
End of current year	8,558,688	8,865,990	11,420,106	12,875,004	15,417,225	
One year later	8,167,698	8,223,866	10,746,843	12,483,607		
Two years later	7,927,572	7,902,121	10,650,368			
Three years later	7,770,922	7,724,343				
Four years later	7,655,039					
Current estimate of cumulative claims	7,655,039	7,724,343	10,650,368	12,483,607	15,417,225	53,930,582
Cumulative payments to date						(51,204,129)
Liability in respect of prior years, unallocated loss adjustment expenses, discount and risk adjustment margin						151,944
Total net liabilities for incurred claims						2,878,397

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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") and Hong Kong dollar ("HKD").

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 2023		
	HKD'000	USD'000	Equivalent to RMB'000
Cash and amounts due from bank and other financial institutions	731	12,505	89,228

	31 December 2023		
	HKD'000	USD'000	Equivalent to RMB'000
Bonds payable	—	960,267	6,801,280

5. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (continued)

(b) Financial risk (continued)

Market risk (continued)

(i) ***Currency risk*** (continued)

	31 December 2022 (restated)						
	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
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	16,923	115,683	1,725	1,173	22,033,340	189,231
Total	6,923,742	813,994	115,866	6,271	7,569	78,536,947	11,982,028

	31 December 2022 (restated)						
	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
Bonds payable	—	955,948	—	—	—	—	6,657,793
Other liabilities	236,760	1,144	—	67	5	321,398	220,008
Total	9,018,313	993,183	—	67	5	321,398	14,973,773

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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 2023	
	Impact on profit before income tax	Impact on total equity before income tax
+5%	(335,603)	(335,603)
-5%	335,603	335,603

Changes in exchange rate	31 December 2022 (restated)	
	Impact on profit before income tax	Impact on total equity before income tax
+5%	(285,224)	(149,587)
-5%	285,224	149,587

(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 2023**	
	Impact on profit before income tax	**Impact on total equity before income tax**
+50 basis points	**(328,501)**	**(464,108)**
-50 basis points	**346,413**	**486,609**

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

(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 2023	
	Impact on profit before income tax	Impact on total equity before income tax
+5%	453,727	456,322
-5%	(453,727)	(456,322)

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)

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, financial assets at amortized cost, debt financial assets at fair value through other comprehensive income, term deposits, restricted statutory deposits and other assets. 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 National Financial Regulatory Administration (the "NFRA"), the Group's debt-based investments mainly include government bonds and corporate bonds. At 31 December 2023 and 2022, 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 credit risk associated with insurance contracts mainly come from customers. The Group mitigates credit risk by setting a shorter credit period or arranging the installment payment method. The Group regularly evaluates the credit status of reinsurance companies and selects reinsurance companies with higher credit qualifications to carry out reinsurance business.

The Group reduces credit risk by utilizing credit control policies, undertaking credit analysis on potential investments, and imposing aggregate counterparty exposure limits. The Group determines the amount and type of collateral required according to the credit risk assessment of the counterparty.

(ii) Expected credit loss

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.

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.

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5. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (continued)

(b) Financial risk (continued)

Credit risk (continued)

(ii) Expected credit loss (continued)

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.

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:

- 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.

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 mainly includes Gross Domestic Products ("GDP"). 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 2023 and 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 different scenarios to evaluate ECL on 31 December 2023 and 2022 are as follows:

	2023	2022
Mainland China GDP – year on year percentage change	5.18% - 7.76%	3.68% - 5.52%

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.

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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

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 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 type of collateral obtained is quoted securities from securities purchased under agreement to resell.

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.

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 2023			
	Stage 1	Stage 2	Stage 3	Maximum credit risk exposure
Cash and amounts due from banks and other financial institutions	1,576,424	—	—	1,576,424
Securities purchased under agreements to resell	99,971	—	—	99,971
Financial assets at amortized cost	1,452,127	—	—	1,452,127
Debt financial assets at fair value through other comprehensive income	7,994,762	32,521	—	8,027,283
Term deposits	30,184	—	—	30,184
Restricted statutory deposits	317,836	—	—	317,836
Others	1,523,370	—	—	1,523,370
Total	12,994,674	32,521	—	13,027,195

5. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (continued)

(b) Financial risk (continued)

Credit risk (continued)

(ii) Expected credit loss (continued)

Credit risk exposure (continued)

	31 December 2022 (restated)			
	Stage 1	**Stage 2**	**Stage 3**	**Maximum credit risk exposure**
Cash and amounts due from banks and other financial institutions	3,526,174	—	—	3,526,174
Securities purchased under agreements to resell	137,487	—	—	137,487
Loans and advances to customers	4,243,684	123,578	—	4,367,262
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
Term deposits	340,699	—	—	340,699
Restricted statutory deposits	307,344	—	—	307,344
Others	914,796	—	—	914,796
Total	22,605,968	402,741	40,410	23,049,119

The Group closely monitors collateral of credit-impaired financial assets.

At 31 December 2023 and 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.

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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:

				Stages transfers					
Gross amortized cost	Stage	1 January 2023	Net increase/ (decrease)*	Transfer between Stage 1 and Stage 2	Transfer between Stage 1 and Stage 3	Transfer between Stage 2 and Stage 3	Write-offs	Disposal of subsidiaries	31 December 2023
Loans and advances to customers	stage 1	4,275,659	173,923	(67,633)	(42,607)	—	—	(4,339,342)	—
	stage 2	128,116	(7,554)	67,633	—	(459)	—	(187,736)	—
	stage 3	5,888	(4,729)	—	42,607	459	(17,134)	(27,091)	—
	Subtotal	4,409,663	161,640	—	—	—	(17,134)	(4,554,169)	—
Financial assets at amortized cost	stage 1	1,414,931	179,462	(18,168)	—	—	—	(123,615)	1,452,610
	stage 2	18,216	609	18,168	—	—	—	(36,993)	—
	stage 3	19,050	867	—	—	—	—	(19,917)	—
	Subtotal	1,452,197	180,938	—	—	—	—	(180,525)	1,452,610
Debt financial assets at fair value through other comprehensive income	stage 1	11,721,199	3,421,017	(57,912)	—	—	—	(7,089,542)	7,994,762
	stage 2	267,914	(219,379)	57,912	—	—	—	(73,926)	32,521
	stage 3	34,841	813	—	—	—	—	(35,654)	—
	Subtotal	12,023,954	3,202,451	—	—	—	—	(7,199,122)	8,027,283

* Changes in current year due to purchase, purchased credit-impaired or derecognition except write-offs.

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 2023	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	Disposal of subsidiaries	31 December 2023
Loans and advances to customers	stage 1	31,975	24,454	(737)	(17,714)	—	—	(37,978)	—
	stage 2	4,538	1,529	737	—	(58)	—	(6,746)	—
	stage 3	5,888	6,086	—	17,714	58	(17,134)	(12,612)	—
	Subtotal	42,401	32,069	—	—	—	(17,134)	(57,336)	—
Financial assets at amortized cost	stage 1	346	231	(47)	—	—	—	(47)	483
	stage 2	6,967	1,610	47	—	—	—	(8,624)	—
	stage 3	13,481	1,309	—	—	—	—	(14,790)	—
	Subtotal	20,794	3,150	—	—	—	—	(23,461)	483
Debt financial assets at fair value through other comprehensive income	stage 1	8,592	4,906	(2,729)	—	—	—	(5,095)	5,674
	stage 2	9,760	(9,025)	2,729	—	—	—	(780)	2,684
	stage 3	27,873	650	—	—	—	—	(28,523)	—
	Subtotal	46,225	(3,469)	—	—	—	—	(34,398)	8,358

* 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):

				Stages transfers				
Gross amortized cost	**Stage**	**1 January 2022**	**Net increase/ (decrease)***	**Transfer between Stage 1 and Stage 2**	**Transfer between Stage 1 and Stage 3**	**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.

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	5,162	—	10,667	2	(13,773)	5,888
	Subtotal	28,815	27,359	—	—	—	(13,773)	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.

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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 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".

The following table contains an analysis of the credit risk grading of 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.

Financial assets at amortized cost

	31 December 2023			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Credit Grade				
Low Risk	**1,452,610**	—	—	**1,452,610**
Medium Risk	—	—	—	—
High Risk	—	—	—	—
Default	—	—	—	—
Gross amortized cost	**1,452,610**	—	—	**1,452,610**
Loss allowance	**(483)**	—	—	**(483)**
Net amortized cost	**1,452,127**	—	—	**1,452,127**

	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

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 2023			
	Stage 1	Stage 2	Stage 3	Total
Credit Grade				
Low Risk	7,994,762	—	—	7,994,762
Medium Risk	—	32,521	—	32,521
High Risk	—	—	—	—
Default	—	—	—	—
Gross amortized cost	7,994,762	32,521	—	8,027,283

	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 2023 and 2022, the total provision for impairment losses recognised for debt financial assets at fair value through other comprehensive income were RMB8,358 thousand and RMB46,225 thousand, respectively.

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5. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (continued)

(b) Financial risk (continued)

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 2023					
	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	1,576,424	—	—	—	—	1,576,424
Securities purchased under agreements to resell	—	99,987	—	—	—	99,987
Financial assets at fair value through profit or loss	—	381,145	2,490,237	9,446,934	12,372,255	24,690,571
Financial assets at amortized cost	—	450,884	1,004,234	170,027	—	1,625,145
Debt financial assets at fair value through other comprehensive income	—	769,323	6,034,259	2,376,492	—	9,180,074
Equity financial assets at fair value through other comprehensive income	—	—	—	—	92,351	92,351
Term deposits	—	—	31,380	—	—	31,380
Restricted statutory deposits	—	276,775	49,725	—	—	326,500
Other assets	—	1,427,032	96,338	—	—	1,523,370
Total	1,576,424	3,405,146	9,706,173	11,993,453	12,464,606	39,145,802
Liabilities:						
Borrowings	—	103,158	—	—	—	103,158
Securities sold under agreements to repurchase	—	8,495,445	—	—	—	8,495,445
Bonds payable	—	219,854	6,993,761	—	—	7,213,615
Lease liabilities	—	131,148	181,672	—	—	312,820
Other liabilities	—	2,930,071	323,596	—	—	3,253,667
Total	—	11,879,676	7,499,029	—	—	19,378,705

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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 (continued):

	31 December 2022 (restated)					
	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
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	—	805,966	108,830	—	—	914,796
Total	3,391,761	7,856,177	13,651,780	7,036,081	15,741,418	47,677,217
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
Bonds payable	—	215,535	7,071,132	—	—	7,286,667
Lease liabilities	—	135,560	254,479	—	—	390,039
Other liabilities	—	2,596,073	290,824	—	—	2,886,897
Total	2,558,895	15,783,625	7,616,435	—	—	25,958,955

5. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (continued)

(b) Financial risk (continued)

Liquidity risk (continued)

The following tables provide a maturity analysis of the Group's insurance and reinsurance contracts, which reflects the dates on which the undiscounted contractual cash flows are expected to occur (the LRC for insurance contracts issued and the ARC for reinsurance contracts held measured under the PAA are not included in the tables):

	31 December 2023						
	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
Insurance contracts							
Insurance contract liabilities	3,235,494	230,086	27,401	2,482	1,165	—	3,496,628
Reinsurance contracts							
Reinsurance contract assets	559,207	6,070	650	70	17	—	566,014

	31 December 2022						
	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
Insurance contracts							
Insurance contract liabilities	3,207,683	368,154	67,740	(2,541)	(2,692)	(67,153)	3,571,191
Reinsurance contracts							
Reinsurance contract assets	729,623	5,846	1,006	674	669	21,208	759,026

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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 2023			
	Initial investment	Carrying amount	Maximum exposure	Interest held by the Group
Funds investments managed by third parties*	8,853,906	8,202,841	8,202,841	Investment income
Wealth management products managed by third parties*	2,641,479	2,817,604	2,817,604	Investment Income
Trust investment schemes managed by third parties*	964,500	966,008	966,008	Investment income
	12,459,885	11,986,453	11,986,453	

	31 December 2022			
	Initial investment	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	

* 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.

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 2023, 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 solvency rules.

	31 December 2023	31 December 2022
Core capital	**17,616,816**	13,939,100
Actual capital	**18,413,570**	14,618,197
Minimum required capital	**7,679,397**	4,886,926
Core solvency margin ratio	**229%**	285%
Comprehensive solvency margin ratio	**240%**	299%

According to the relevant regulations, if the actual solvency margin of an insurance company falls below the minimum solvency margin, the NFRA may take additional necessary measures depending on the circumstances, until the minimum solvency margin requirement is satisfied.

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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, 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 and restricted statutory deposits.

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.

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.

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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)

The following tables provide the fair value measurement hierarchy of the Group's financial assets and liabilities:

	31 December 2023			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Financial assets at fair value through profit or loss				
– Fund investments	8,202,841	—	—	8,202,841
– Debt investments	1,097,927	8,781,767	—	9,879,694
– Wealth management products	2,269,455	518,080	30,069	2,817,604
– Equity investments	871,700	—	480,110	1,351,810
Financial assets at fair value through other comprehensive income				
– Debt investments	815,353	7,260,120	—	8,075,473
– Equity investments	51,895	—	40,456	92,351
	13,309,171	16,559,967	550,635	30,419,773
Assets for which fair values are disclosed				
Financial assets at amortized cost	—	495,675	973,756	1,469,431
Liabilities for which fair values are disclosed				
Bonds payable	—	—	6,318,853	6,318,853

5. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (continued)

(e) Fair value measurement (continued)

Determination of fair value and fair value hierarchy (continued)

	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)

Reconciliation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy:

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income
1 January 2023	358,799	39,023
Addition	30,000	—
Disposal	(16,158)	—
Net unrealized gain recognised in total comprehensive income	137,538	1,433
31 December 2023	510,179	40,456

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. The fair value of the unquoted equity investments is not significantly sensitive to a reasonable change in these unobservable inputs.

6. SUBSIDIARIES

(a) The Company's subsidiaries at 31 December 2023 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	RMB 5,000,000	100.00%	Set-up
ZhongAn Online Insurance Broker Limited Company ("ZhongAn Insurance Broker")	Guangzhou, The PRC	Guangzhou, The PRC	Insurance Broker	RMB 300,000	100.00%	Set-up
Shanghai Zhongyue Network Technology Co., Ltd. ("Shanghai Zhongyue")	Shanghai, The PRC	Shanghai, The PRC	Technology Development/ Technology Consulting	RMB 3,000	100.00%	Equity purchase
Shanghai Lianmo Information Technology Co., Ltd. ("Shanghai Lianmo")	Shanghai, The PRC	Shanghai, The PRC	Technology Development/ Technology Consulting	RMB 7,010	100.00%	Equity purchase
ZhongAn (Hainan) Medical Technology Co., Ltd. ("ZhongAn Medical Technology")	Hainan, The PRC	Hainan, The PRC	Medical Service	RMB 50,000	100.00%	Set-up
ZhongAn (Hainan) Telemedicine Centre Ltd. ("ZA Telemedicine Centre")	Hainan, The PRC	Hainan, The PRC	Medical Service	RMB 50,000	100.00%	Set-up
ZhongAn (Hainan) Internet Hospital Ltd. ("ZA Internet Hospital")	Hainan, The PRC	Hainan, The PRC	Internet Hospital	RMB 50,000	100.00%	Set-up
Shanghai Haoyaoshi ZhongAn Pharmacy Co., Ltd. ("ZhongAn Pharmacy")	Shanghai, The PRC	Shanghai, The PRC	Pharmacy	RMB 1,000	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	RMB 3,000	100.00%	Set-up
ZA Technology Services Ltd. ("ZA Technology")	British Virgin Islands	British Virgin Islands	Technology Development/ Technology Consulting	USD 0.001	100.00%	Set-up
ZhongAn (Wuxi) Information Technology Services Ltd. ("ZhongAn (Wuxi) Technology")	Jiangsu, The PRC	Jiangsu, The PRC	Technology Development/ Technology Consulting	RMB 50,000	100.00%	Set-up
Zhongyanshe (Jiaxing) Software Training Ltd. ("Zhongyanshe")	Zhejiang, The PRC	Zhejiang, The PRC	Technology Training	RMB 5,000	100.00%	Set-up
Chongqing Zhongxiananxing Technologies Ltd. ("Zhongxiananxing") (i)	Chongqing, The PRC	Chongqing, The PRC	Technology Development/ Technology Consulting	RMB 50,000	100.00%	Set-up
Chongqing Zongrun Business Information Consulting Partnership (Limited Partnership) ("Zongrun") (ii)	Chongqing, The PRC	Chongqing, The PRC	Technology Development/ Technology Consulting	RMB 10,000	100.00%	Equity purchase

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6. SUBSIDIARIES (continued)

* All of the subsidiaries of the Company established in the PRC are limited liability company.

(i) On 10 February 2023, ZhongAn Insurance Broker and Zongrun set up Zhongxiananxing with registered capital of RMB50,000 thousand. As of 31 December 2023, ZhongAn Insurance Broker and Zongrun injected RMB32,000 thousand and RMB8,000 thousand into Zhongxiananxing, respectively.

(ii) On 13 April 2023, ZhongAn Insurance Broker and Hebei Xiongan Information entered into the Share Purchase Agreement with Mr. Yongjian Song, Mr. Yang Song, and Chongqing Runming Business Information Consulting Limited Company, to purchase 100% of the issued and outstanding shares of Zongrun. As of 31 December 2023, ZhongAn Insurance Broker and Hebei Xiongan information injected RMB7,930 thousand and RMB80 thousand into Zongrun, respectively.

(iii) On 30 November 2023, ZhongAn (ShenZhen) Life Sciences Co., Ltd. was liquidated.

(b) At 31 December 2023, 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

(c) Disposal of ZhongAn International

On 31 May 2023, ZhongAn International entered into the Share Purchase Agreement with ZhongAn Technology, Sinolink Worldwide Holdings 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, and ZhongAn International conditionally agreed to issue and allot, a maximum of 96,508,924 ZhongAn International ordinary shares at a purchase price of US$0.66 per share ("Additional Sinolink Subscription"), which requires the approval by the shareholders of the Company and Sinolink Worldwide. The Additional Sinolink Subscription will take place in two tranches.

On 14 July 2023 and 25 July 2023, the resolutions on the Additional Sinolink Subscription were passed by the shareholders of the Company and Sinolink Worldwide, respectively.

On 14 August 2023, Sinolink Worldwide injected USD44.6 million, equivalent to RMB319.6 million, into ZhongAn International for an aggregate of 67,556,247 new ZhongAn International ordinary shares at a subscription price of approximately USD44.6 million pursuant to the terms and conditions of the Share Purchase Agreement ("Initial Subscription"). Upon the completion of the Initial Subscription ("Initial Closing"), the voting interest in ZhongAn International shall be held as to approximately 43.65% by ZhongAn Technology, approximately 46.04% by Sinolink Worldwide, approximately 7.68% by Warrior, and approximately 2.63% by AIA Opportunities Fund, respectively.

6. SUBSIDIARIES (continued)

(c) Disposal of ZhongAn International (continued)

With effect immediately from the date of the Initial Closing, the board of directors of ZhongAn International shall consist of no more than five directors. ZhongAn Technology shall be entitled to nominate three directors, and Sinolink Worldwide shall be entitled to nominate up to two directors.

As the Shareholders Agreement of ZhongAn International will be effective upon the Initial Closing and then resolutions of a meeting of the board of directors of ZhongAn International shall be adopted by the unanimous consent of those present and voting in such meeting, following the Initial Closing, ZhongAn International no longer remains as a subsidiary of the Company and shall be accounted for as a joint venture.

On 26 September 2023, Sinolink Worldwide injected USD19.1 million, equivalent to RMB137.1 million, into ZhongAn International for an aggregate of 28,952,677 new ZhongAn International ordinary shares at a subscription price of approximately USD19.1 million pursuant to the terms and conditions of the Share Purchase Agreement ("Subsequent Subscription"). Upon the completion of the Subsequent Subscription, the voting interest in ZhongAn International shall be held as to approximately 43.22% by ZhongAn Technology, approximately 46.58% by Sinolink Worldwide, approximately 7.60% by Warrior, and approximately 2.60% by AIA Opportunities Fund, respectively.

Fair value of the remaining 43.65% of the equity at the disposal date	4,508,419
Less: Carrying amount of the Group's share of net assets	(626,151)
Reclassification of other comprehensive income	(98,057)
Investment income from disposal	3,784,211

The carrying amounts of assets and liabilities of ZhongAn International as at the date of disposal were:

	14 August 2023
Current assets	9,146,079
Non-current assets	5,652,448
Total assets	14,798,527
Current liabilities	12,355,971
Non-current liabilities	61,496
Total liabilities	12,417,467
Net assets	2,381,060
Carrying amount of the Group's share of net assets	626,151
Non-controlling interests	1,754,909

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6. SUBSIDIARIES (continued)

(c) Disposal of ZhongAn International (continued)

The financial performance and cash flow information of ZhongAn International were:

	Period ended 14 August 2023	Year ended 31 December 2022
Revenue	619,692	917,289
Expenses	(984,713)	(1,433,223)
Loss before income tax	(365,021)	(515,934)
Income tax	—	—
Net loss	(365,021)	(515,934)
Other comprehensive income	138,917	(88,499)
Total comprehensive income	(226,104)	(604,433)
Net cash inflow/(outflow) from operating activities	1,385,252	(768,770)
Net cash outflow from investing activities	(1,242,887)	(767,791)
Net cash inflow from financing activities	249,734	141,467
Effects of exchange rate changes on cash and cash equivalents	15,452	96,728
Net increase/(decrease) in cash and cash equivalents	407,551	(1,298,366)

7. INSURANCE SERVICE RESULT

	Year ended 31 December 2023	Year ended 31 December 2022
Insurance revenue		
Insurance revenue from contracts measured under the PAA	**27,521,347**	22,166,267
Insurance revenue from contracts measured under the GMM	**13,928**	23,114
Total insurance revenue	**27,535,275**	22,189,381
Insurance service expenses		
Incurred claims and other directly attributable expenses	**(19,958,541)**	(17,055,552)
Insurance acquisition cash flows amortization	**(7,023,833)**	(5,148,953)
Losses on onerous contracts and reversal of those losses	**(177,343)**	50,426
Adjustments to liabilities for incurred claims	**1,070,349**	1,481,483
Total insurance service expenses	**(26,089,368)**	(20,672,596)
Net expenses from reinsurance contracts held		
Allocation of reinsurance premiums from reinsurance contracts measured under the PAA	**(298,689)**	(354,323)
Allocation of reinsurance premiums from reinsurance contracts measured under the GMM	**(3,629)**	(5,288)
Recoveries on incurred claims and other incurred reinsurance service expenses	**204,764**	351,735
Changes in the loss recovery component	**6,820**	(17,113)
Changes in expected recoveries on past claims	**(16,177)**	(70,615)
Effect of changes in the risk of reinsurers' non-performance	**(2,233)**	(3,716)
Total net expenses from reinsurance contracts held	**(109,144)**	(99,320)
Insurance service result	**1,336,763**	1,417,465

8. NET INVESTMENT INCOME

	Year ended 31 December 2023	Year ended 31 December 2022
Interest income (a)		
– Debt investments	**631,055**	582,032
– Trust investment schemes	**40,516**	44,288
– Bank deposits	**39,208**	43,463
– Securities purchased under agreements to resell	**1,904**	2,017
	712,683	671,800
Dividend income (b)		
– Fund investments	**165,999**	354,895
– Wealth management products	**87,602**	297,610
– Equity investments	**15,465**	10,079
	269,066	662,584
Realized gains, net (c)	**(573,040)**	425,977
	408,709	1,760,361

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8. NET INVESTMENT INCOME (continued)

(a) Interest income

	Year ended 31 December 2023	Year ended 31 December 2022
Financial assets not measured at fair value through profit or loss		
– Financial assets at amortized cost	227,884	120,460
– Debt financial assets at fair value through other comprehensive income	221,824	333,237
	449,708	453,697
Financial assets at fair value through profit or loss	262,975	218,103
	712,683	671,800

(b) Dividend income

	Year ended 31 December 2023	Year ended 31 December 2022
Financial assets at fair value through profit or loss	267,028	659,714
Equity financial assets at fair value through other comprehensive income	2,038	2,870
	269,066	662,584

(c) Realized gains, net

	Year ended 31 December 2023	Year ended 31 December 2022
Investments in subsidiaries, joint ventures and associates	48,222	423,839
Debt financial assets at fair value through other comprehensive income	17,485	7,024
Financial assets at amortized cost	2	(3,336)
Financial assets at fair value through profit or loss	(638,749)	(162,880)
Financial liabilities at amortized cost	—	161,330
	(573,040)	425,977

9. NET FAIR VALUE CHANGES THROUGH PROFIT OR LOSS

	Year ended 31 December 2023	Year ended 31 December 2022
Financial assets at fair value through profit or loss		
– Fund investments	**346,425**	(971,703)
– Debt investments	**173,052**	(272,480)
– Equity investments	**125,461**	(266,022)
– Wealth management products	**60,484**	(256,816)
Derivative financial liabilities		
– Warrants	**62,994**	(36,036)
	768,416	(1,803,057)

10. OTHER INCOME

	Year ended 31 December 2023	Year ended 31 December 2022
Revenue from services (a)	**754,901**	722,937
Revenue from banking business (b)	**221,231**	238,574
Government grants (c)	**126,788**	121,719
Other	**32,546**	45,989
	1,135,466	1,129,219

(a) Revenue from services includes information technology services, insurance brokerage services 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 mainly include development support funds and government subsidies related to intangible assets.

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11. OTHER OPERATING EXPENSES

	Year ended 31 December 2023	Year ended 31 December 2022 (restated)
Advertising and marketing expense	**4,566,401**	3,282,092
Consulting and technical fee	**3,018,924**	2,347,425
Handling charges and commissions	**2,670,469**	2,255,334
Employee benefit expense	**1,628,020**	1,808,981
Depreciation and amortization	**275,969**	282,823
Others	**981,324**	870,445
– Auditors' remuneration	**19,654**	20,946
Less: Expenses attributed to insurance acquisition cash flows and other directly attributable expenses	**(11,599,401)**	(8,950,401)
	1,541,706	1,896,699

12. OTHER EXPENSES

	Year ended 31 December 2023	Year ended 31 December 2022
Cost of providing services	**619,983**	613,994
Expense of providing services	**308,446**	310,866
Cost of banking business	**173,559**	120,202
Others	**26,374**	24,433
	1,128,362	1,069,495

13. EMPLOYEE BENEFIT EXPENSE (INCLUDING DIRECTORS' AND SUPERVISORS' REMUNERATION)

	Year ended 31 December 2023	Year ended 31 December 2022
Salaries, allowances and other short-term benefits	**1,262,473**	1,444,793
Contributions to defined contribution plans (a)	**295,875**	282,880
Share-based payments	**69,672**	81,308
	1,628,020	1,808,981

(a) Contributions to defined contribution plans mainly include contributions made to the state pension schemes.

14. DIRECTORS' AND SUPERVISORS' REMUNERATION

	Year ended 31 December 2023	Year ended 31 December 2022
Fees	2,106	1,158
Wages and salaries	5,069	5,272
Bonuses	5,661	5,573
Pension costs - defined contribution plans	286	260
Other social security costs, housing benefits and other employee benefits	298	276
	13,420	12,539

(a) Independent non-executive directors

	Year ended 31 December 2023					
	Fees	Wages and salaries	Bonuses	Pension costs - defined contribution plans	Other social security costs, housing benefits and other employee benefits	Total
Wei Ou (歐偉)	250	—	—	—	—	250
Vena Wei Yan Cheng (鄭慧恩)	250	—	—	—	—	250
Gigi Wing Chee Chan (陳詠芝)	250	—	—	—	—	250
Hai Yin (尹海)[1]	250	—	—	—	—	250
	1,000	—	—	—	—	1,000

1. Resigned from independent non-executive director in December 2023

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14. DIRECTORS' AND SUPERVISORS' REMUNERATION (continued)

(a) Independent non-executive directors (continued)

	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
Wei Ou (歐偉)	219	—	—	—	—	219
Vena Wei Yan Cheng (鄭慧恩)[1]	180	—	—	—	—	180
Gigi Wing Chee Chan (陳詠芝)[2]	19	—	—	—	—	19
Hai Yin (尹海)[3]	19	—	—	—	—	19
Hui Chen (陳慧)[4]	200	—	—	—	—	200
Shuang Zhang (張爽)[5]	205	—	—	—	—	205
Ying Wu (吳鷹)[6]	53	—	—	—	—	53
	895	—	—	—	—	895

1. Appointed as independent non-executive director in January 2022
2. Appointed as independent non-executive director in November 2022
3. Appointed as independent non-executive director in November 2022
4. Resigned from independent non-executive director in November 2022
5. Resigned from independent non-executive director in November 2022
6. Resigned from independent non-executive director in March 2022

14. DIRECTORS' AND SUPERVISORS' REMUNERATION (continued)

(b) Executive directors and non-executive directors

	Year ended 31 December 2023					
	Fees	Wages and salaries	Bonuses	Pension costs - defined contribution plans	Other social security costs, housing benefits and other employee benefits	Total
Executive directors						
Xing Jiang (姜興)	30	1,500	2,062	70	73	3,735
Gaofeng Li (李高峰)	—	1,500	1,889	70	73	3,532
Non-executive directors						
Hai Yin (尹海)[1]	56	—	—	—	—	56
Yaping Ou (歐亞平)	250	—	—	—	—	250
Liangxun Shi (史良洵)	—	—	—	—	—	—
Gang Ji (紀綱)[2]	—	—	—	—	—	—
Hugo Jin Yi Ou (歐晉羿)	250	92	565	6	6	919
Shuang Zhang (張爽)	250	—	—	—	—	250
	836	3,092	4,516	146	152	8,742

1. Appointed as non-executive director in December 2023

2. Resigned from non-executive director in December 2023

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14. DIRECTORS' AND SUPERVISORS' REMUNERATION (continued)

(b) Executive directors and non-executive directors (continued)

	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						
Xing Jiang (姜興)[1]	—	1,533	1,938	65	69	3,605
Gaofeng Li (李高峰)[1]	—	1,530	1,830	65	69	3,494
Non-executive directors						
Yaping Ou (歐亞平)[2]	5	—	—	—	—	5
Hugo Jin Yi Ou (歐晉羿)[2]	5	959	1,295	65	69	2,393
Liangxun Shi (史良洵)	63	—	—	—	—	63
Gang Ji (紀綱)[3]	—	—	—	—	—	—
Shuang Zhang (張爽)[4]	—	—	—	—	—	—
Weibiao Zhan (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 director in January 2022

4. Appointed as non-executive director in November 2022

5. Resigned from non-executive director in March 2022

14. DIRECTORS' AND SUPERVISORS' REMUNERATION (continued)

(c) Supervisors

	Year ended 31 December 2023					
	Fees	Wages and salaries	Bonuses	Pension costs - defined contribution plans	Other social security costs, housing benefits and other employee benefits	Total
Limin Guo (郭立民)	150	—	—	—	—	150
Yuping Wen (溫玉萍)	25	—	—	—	—	25
Haijiao Liu (劉海姣)[1]	39	1,200	950	70	73	2,332
Yao Wang (王瑤)[2]	56	777	195	70	73	1,171
	270	1,977	1,145	140	146	3,678

1. Resigned from supervisor in September 2023

2. Appointed as supervisor in September 2023

	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
Limin Guo (郭立民)[1]	138	—	—	—	—	138
Yuping Wen (溫玉萍)	25	—	—	—	—	25
Haijiao Liu (劉海姣)	25	1,250	510	65	69	1,919
Baoyan Gan (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

For the year ended 31 December 2023 and 2022, Mr. Xing Jiang and Mr. Gaofeng Li are key management personnel of the Company and their remuneration disclosed above include these services rendered as key management personnel.

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15. FIVE HIGHEST PAID INDIVIDUALS

The number of highest paid non-director individuals whose remuneration fell within the following bands is set out below:

	Year ended 31 December 2023	Year ended 31 December 2022
Nil to RMB1,000,000	—	—
RMB1,000,001 to RMB2,000,000	—	—
RMB2,000,001 to RMB3,000,000	5	5
RMB3,000,001 to RMB4,000,000	—	—
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 2023	Year ended 31 December 2022
Wages and salaries	7,533	7,376
Bonuses	6,094	5,768
Pension costs — defined contribution plans	278	270
Other social security costs, housing benefits and other employee benefits	352	324
	14,257	13,738

16. INCOME TAX

(a) Income tax

	Year ended 31 December 2023	Year ended 31 December 2022 (restated)
Current income tax	27,436	357
Deferred income tax (Note 31)	137,247	(298,763)
	164,683	(298,406)

16. INCOME TAX (continued)

(b) Reconciliation of income tax

A reconciliation of income tax applicable to profit/(loss) 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 2023	Year ended 31 December 2022 (restated)
Profit/(Loss) before income tax	**4,009,961**	(1,682,823)
Tax computed at the applicable tax rate	**110,812**	(383,164)
Income not subject to tax	**(37,096)**	(102,376)
Expenses not deductible for tax	**16,935**	28,616
Extra tax deductions for research and development costs	**(61,701)**	(46,947)
Deductible temporary differences and tax losses for which no deferred income tax assets were recognised	**155,617**	205,280
Utilization of previously unrecognised tax losses	**(8,203)**	(694)
Adjustments to income tax in respect of previous periods	**(11,681)**	879
Income tax at the Group's effective rate	**164,683**	(298,406)

17. PROFIT/(LOSS) PER SHARE

Basic profit/(loss) per share is calculated by dividing net profit/(loss) for the year attributable to owners of the parent by the weighted average number of shares in issue during the year. Diluted profit/(loss) per share is calculated by adjusting the weighted average number of shares outstanding to assume conversion of all dilutive potential shares.

The calculation of profit/(loss) per share is based on the following:

	Year ended 31 December 2023	Year ended 31 December 2022 (restated)
Net profit/(loss) for the year attributable to owners of the parent	**4,077,855**	(1,112,414)
Weighted average number of shares in issue (in thousand)	**1,469,813**	1,469,813
Basic profit/(loss) per share (RMB yuan)	**2.77**	(0.76)
Diluted profit/(loss) per share (RMB yuan)	**2.77**	(0.76)

The Company had no dilutive potential shares at 31 December 2023 and 2022, respectively.

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18. OTHER COMPREHENSIVE INCOME

	Year ended 31 December 2023	Year ended 31 December 2022 (restated)
Debt financial assets at fair value through other comprehensive income		
Losses from changes in the fair value of debt instruments measured at FVOCI	**277,708**	(372,000)
Reclassification adjustments for amounts transferred to profit or loss	**26,032**	(46,117)
Change in credit risks provision of debt instruments measured at FVOCI	**(19,037)**	33,575
Income tax relating to debt financial assets at fair value through other comprehensive income	**(22,944)**	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	**(43,180)**	(128,728)
Income tax relating to equity financial assets at fair value through other comprehensive income	**10,560**	32,182
Exchange differences on translation of foreign operations	**43,046**	260,567
Share of other comprehensive income of associates and joint ventures	**23,644**	—
	295,829	(201,667)

19. CASH AND AMOUNTS DUE FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	Year ended 31 December 2023	Year ended 31 December 2022
Cash in hand	**—**	188
Deposits with original maturity of no more than three months	**1,214,613**	2,326,446
Placements with banks	**—**	119,376
Due from banks and other financial institutions	**—**	770,605
Other monetary assets (i)	**361,752**	308,880
Add: Interest receivables	**59**	682
Less: Impairment provisions	**—**	(3)
	1,576,424	3,526,174

(i) Other monetary assets refer to funds deposited by the Group for daily business operations and investment activities.

20. SECURITIES PURCHASED UNDER AGREEMENTS TO RESELL

	Year ended 31 December 2023	Year ended 31 December 2022
Securities – bonds		
– Stock exchange	**84,965**	107,554
– Inter-bank market	**15,000**	29,925
Add: Interest receivables	**8**	10
Less: Impairment provisions	**(2)**	(2)
	99,971	137,487

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Year ended 31 December 2023	Year ended 31 December 2022
Listed		
– Debt investments	**1,097,927**	1,557,719
– Equity investments	**871,700**	1,208,332
– Fund investments	**551,010**	683,432
Unlisted		
– Debt investments	**8,781,767**	4,822,698
– Fund investments	**7,651,831**	9,931,569
– Wealth management products	**2,817,604**	3,300,268
– Equity investments	**480,110**	358,799
	22,251,949	21,862,817

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22. FINANCIAL ASSETS AT AMORTIZED COST

	Year ended 31 December 2023	Year ended 31 December 2022
Trust investment schemes	**966,008**	684,005
Debt investments		
– Government bonds	**486,602**	579,186
– Corporate bonds	**—**	189,006
Less: Impairment provisions	**(483)**	(20,794)
	1,452,127	1,431,403
Comprising:		
– Listed	**—**	10,206
– Unlisted	**1,452,127**	1,421,197

The Group's maximum exposure to loss in the trust investment schemes is limited to their carrying amounts.

23. DEBT FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Year ended 31 December 2023	Year ended 31 December 2022
Debt investments		
– Corporate bonds	**5,164,638**	5,465,864
– Finance bonds	**1,677,634**	4,164,537
– Government bonds	**1,233,201**	1,976,499
	8,075,473	11,606,900
Comprising:		
– Listed	**815,353**	4,596,768
– Unlisted	**7,260,120**	7,010,132
Comprising:		
– Amortized cost	**8,027,283**	12,037,200
– Cumulative fair value changes	**48,190**	(430,300)

At 31 December 2023 and 2022, the total provision for impairment losses recognised for debt financial assets at fair value through other comprehensive income were RMB8,358 thousand and RMB46,225 thousand, respectively.

24. EQUITY FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Year ended 31 December 2023	Year ended 31 December 2022
Equity investments	**92,351**	259,018
Comprising:		
– Listed	**51,895**	219,995
– Unlisted	**40,456**	39,023
Comprising:		
– Cost	**114,311**	291,399
– Cumulative fair value changes	**(21,960)**	(32,381)

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 2023 and 2022, dividend income recognised for such equity investments were RMB2,038 thousand and RMB2,870 thousand. As a result of the change of investment strategies, the Group disposed certain equity investments. The cumulative losses net of tax transferred into retained earnings from other comprehensive income upon disposal were RMB39,494 thousand and RMB52,322 thousand for the year ended 31 December 2023 and 2022.

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25. INVESTMENT IN ASSOCIATES AND JOINT VENTURES

(a) The Company's associates and joint ventures at 31 December 2023 are as follows:

	31 December 2022	Addition	Share of net profit/(loss)	Share of other comprehensive income	Other equity changes	Others	Disposal of subsidiaries	31 December 2023
Shanghai Nuanwa Technology Co., Ltd. ("Shanghai Nuanwa")	23,680	—	(58)	—	—	—	—	**23,622**
Chongqing ZhongAn Microloan Limited Company ("ZhongAn Microloan")	446,863	—	18,877	—	—	—	—	**465,740**
Shanghai Zhongzhirong Digital Technology Ltd. ("Zhongzhirong")	4,562	—	(1,062)	—	—	—	—	**3,500**
Shanghai Ju'A Technology Ltd. ("Shanghai Ju'A")	—	—	—	—	—	—	—	**—**
Baibao (Shanghai) Technology Co., Ltd. ("Shanghai Baibao")	—	—	—	—	—	—	—	**—**
Nova Technology Ltd. ("Nova Technology")	—	—	—	—	—	—	—	**—**
Yiyuan Technology Ltd. ("Yiyuan")	5,000	—	(5,000)	—	—	—	—	**—**
Data Enlighten (Asia) Limited ("Data Enlighten")	12,206	—	(185)	—	—	232	(12,253)	**—**
RD International Holdings Limited ("RD International Holdings")	21,889	28,848	(12,335)	—	—	(86)	(38,316)	**—**
ZAKC Limited ("ZAKC")	21,103	—	(4,439)	—	—	357	(17,021)	**—**
Granada Protect Pte. Ltd. ("Granada")	19,064	—	(9,520)	—	—	271	(9,815)	**—**
CZA Assurance Exchange Pte. Ltd. ("CZA")	—	49,909	(128)	—	—	(3)	(49,778)	**—**
Bosheng Haimi Technology (Beijing) Ltd. ("Haimi Tech")	—	—	—	—	—	—	—	**—**
Shanghai Zhongan Information Technology Service Co., Ltd. ("Shanghai Xinke")	—	9,117	—	—	—	—	—	**9,117**
ZhongAn Technologies International Group Limited ("ZhongAn International") (Note 6(c))(i)	—	4,829,357	(81,149)	23,674	22,879	—	—	**4,794,761**
	554,367	4,917,231	(94,999)	23,674	22,879	771	(127,183)	**5,296,740**

(i) On 19 September 2023, ZhongAn International entered into the Share Purchase Agreement with ZhongAn Technology, Sinolink Worldwide, Warrior and AIA Opportunities Fund, pursuant to which ZhongAn Technology conditionally agreed to subscribe for, and ZhongAn International conditionally agreed to issue and allot, a maximum of 96,508,924 ZhongAn International ordinary shares at a purchase price of US$0.66 per share ("Additional Zhongan Subscription"). The Additional Zhongan Subscription will take place in two tranches.

On 15 December 2023, ZhongAn Technology injected USD44.6 million, equivalent to RMB320.9 million, into ZhongAn International for an aggregate of 67,556,247 new ZhongAn International ordinary shares at a subscription price of approximately USD44.6 million pursuant to the terms and conditions of the Share Purchase Agreement. After this transaction, the voting interest in ZhongAn International shall be held as to approximately 44.50% by ZhongAn Technology, approximately 45.53% by Sinolink Worldwide, approximately 7.43% by Warrior, and approximately 2.54% by AIA Opportunities Fund, respectively.

On 5 February 2024, ZhongAn Technology injected USD19.1 million, equivalent to RMB137.9 million, into ZhongAn International for an aggregate of 28,952,677 new ZhongAn International ordinary shares at a subscription price of approximately USD19.1 million pursuant to the terms and conditions of the Share Purchase Agreement. After this transaction, the voting interest in ZhongAn International shall be held as to approximately 45.04% by ZhongAn Technology, approximately 45.08% by Sinolink Worldwide, approximately 7.36% by Warrior, and approximately 2.52% by AIA Opportunities Fund, respectively.

25. INVESTMENT IN ASSOCIATES AND JOINT VENTURES (continued)

(a) The Company's associates and joint ventures at 31 December 2023 are as follows (continued):

Nature of investment in associates and joint ventures at 31 December 2023

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%	RMB 45,000	RMB 45,000	Technology Consulting
ZhongAn Microloan	Chongqing, The PRC	41.18%	41.18%	RMB 1,020,000	RMB 1,020,000	Micro Finance
Zhongzhirong	Shanghai, The PRC	30.00%	30.00%	RMB 10,000	RMB 8,000	Technology Consulting
Shanghai Ju'A	Shanghai, The PRC	34.17%	34.17%	RMB 14,630.7	RMB 14,630.7	Technology Consulting
Shanghai Baibao	Shanghai, The PRC	24.68%	24.68%	RMB 12,155.7	RMB 6,920.7	Technology Consulting
Nova Technology	Cayman Islands	30.04%	30.04%	USD 50	RMB 65.4	Investment Holding
Yiyuan	Cayman Islands	42.27%	50.00%	USD 50	USD 12.57	Investment Holding
Haimi Tech	Beijing, The PRC	40.00%	40.00%	RMB10,000	—	Technology Consulting
ZhongAn International	Hong Kong, The PRC	44.50%	44.50%	RMB 5,412,798	RMB 5,412,798	Technology Development/ Technology Consulting
Shanghai Xinke	Shanghai, The PRC	47.69%	47.69%	RMB 19,116.8	RMB 18,700	Technology Development

The Group has no significant contingent liabilities relating to the associates and joint ventures listed above.

(b) Particulars of the principal joint ventures

Summarised consolidated financial information in respect of ZhongAn International is set out below. They have been amended to reflect adjustments made by the entity when using the equity method, including fair value adjustments.

	31 December 2023
Current assets	9,259,749
Non-current assets	5,737,084
Total assets	**14,996,833**
Current liabilities	11,955,177
Non-current liabilities	48,402
Total liabilities	**12,003,579**
Net assets	**2,993,254**

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25. INVESTMENT IN ASSOCIATES AND JOINT VENTURES (continued)

(b) Particulars of the principal joint ventures (continued)

	From 14 August 2023 to 31 December 2023
Revenue	518,117
Interest income	273,420
Depreciation and amortization	(42,967)
Interest expense	(131,880)
Income tax	—
Net loss	(185,979)
Other comprehensive income	54,202
Total comprehensive income	(131,777)

Reconciliation of the above summarised financial information to the carrying amount of interest in ZhongAn International recognised in the consolidated financial statements:

	31 December 2023
Net assets attributable to owners of the parent	2,893,458
Proportion of the Group's interests in ZhongAn International	44.50%
The Group's interests in net assets of ZhongAn International	1,287,588
Goodwill	3,507,173
Carrying amount of the Group's interests in ZhongAn International	4,794,761

26. TERM DEPOSITS

Maturity Period	31 December 2023	31 December 2022
3 months to 1 year (including 1 year)	—	330,000
1 to 2 years (including 2 years)	30,000	—
Add: Interest receivables	184	10,727
Less: Impairment provisions	—	(28)
	30,184	340,699

27. RESTRICTED STATUTORY DEPOSITS

	31 December 2023	31 December 2022
Restricted statutory deposits	295,000	295,000
Add: Interest receivables	22,882	12,392
Less: Impairment provisions	(46)	(48)
	317,836	307,344

	31 December 2023		
	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 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		

In accordance with relevant provision of Insurance Law of the PRC, the Company should place 20% of its share capital as restricted statutory deposits.

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28. PROPERTY AND EQUIPMENT

	Motor vehicles	Electrical equipment	Office furniture and equipment	Leasehold improvements	Total
Cost					
1 January 2022	5,550	77,143	12,568	148,289	243,550
Addition	462	20,003	823	19,271	40,559
Disposal	(2,148)	(18,970)	(1,372)	(1,634)	(24,124)
31 December 2022	3,864	78,176	12,019	165,926	259,985
Addition	1,250	21,240	801	36,154	59,445
Disposal	(460)	(36,040)	(319)	(206)	(37,025)
Disposal of subsidiaries	(676)	(15,790)	(1,653)	(33,845)	(51,964)
31 December 2023	**3,978**	**47,586**	**10,848**	**168,029**	**230,441**
Accumulated depreciation and impairment					
1 January 2022	(3,379)	(43,198)	(9,463)	(125,870)	(181,910)
Depreciation	(500)	(14,135)	(1,181)	(20,170)	(35,986)
Disposal	1,922	14,673	167	774	17,536
31 December 2022	(1,957)	(42,660)	(10,477)	(145,266)	(200,360)
Depreciation	(629)	(12,766)	(496)	(19,035)	(32,926)
Disposal	219	20,004	179	93	20,495
Disposal of subsidiaries	676	8,972	1,589	26,273	37,510
31 December 2023	**(1,691)**	**(26,450)**	**(9,205)**	**(137,935)**	**(175,281)**
Net book value					
31 December 2023	**2,287**	**21,136**	**1,643**	**30,094**	**55,160**
31 December 2022	1,907	35,516	1,542	20,660	59,625

29. LEASE

(a) Amounts recognised in the consolidated balance sheet

The consolidated balance sheet shows the following amounts relating to leases:

	31 December 2023	31 December 2022
Right-of-use assets		
Buildings	322,243	373,337
Equipment	34	1,319
	322,277	374,656
Lease liabilities	286,505	373,809

Additions to the right-of-use assets during the year ended 31 December 2023 and 2022 were RMB214,693 thousand and RMB305,534 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 2023	Year ended 31 December 2022
Depreciation charge of right-of-use assets		
Buildings	137,449	147,515
Equipment	529	497
	137,978	148,012
Expense relating to short-term leases	41,401	50,523
Interest expense	16,430	13,451

The total cash outflow relating to leases during the year ended 31 December 2023 and 2022 was RMB198,848 thousand and RMB182,410 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 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.

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30. INTANGIBLE ASSETS

	Software	Other	Total
Cost			
1 January 2022	1,252,581	3,414	1,255,995
Addition	370,232	—	370,232
Disposal	(1,918)	—	(1,918)
31 December 2022	1,620,895	3,414	1,624,309
Addition	231,535	—	231,535
Disposal of subsidiaries	(125,884)	(1,588)	(127,472)
31 December 2023	**1,726,546**	**1,826**	**1,728,372**
Accumulated amortization and impairment			
1 January 2022	(777,763)	(739)	(778,502)
Amortization	(176,960)	(183)	(177,143)
Disposal	443	—	443
Impairment	(7,319)	—	(7,319)
31 December 2022	(961,599)	(922)	(962,521)
Amortization	(186,272)	(183)	(186,455)
Disposal of subsidiaries	30,833	—	30,833
Impairment	(82,848)	—	(82,848)
31 December 2023	**(1,199,886)**	**(1,105)**	**(1,200,991)**
Net book value			
31 December 2023	**526,660**	**721**	**527,381**
31 December 2022	659,296	2,492	661,788

31. DEFERRED INCOME TAX ASSETS AND LIABILITIES

	31 December 2023	31 December 2022 (restated)
Net deferred income tax assets/(liabilities), at the beginning of year	182,163	(61,568)
Impact on transition to HKFRS 17	—	(106,068)
Net deferred income tax assets/(liabilities), at the beginning of year	182,163	(167,636)
Recognised in profit or loss	(137,247)	298,763
Recognised in other comprehensive income	(12,384)	51,036
Net deferred income tax assets at the end of year	32,532	182,163

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 2023	31 December 2022 (restated)
Deferred income tax assets/(liabilities):		
Accumulated taxable losses	224,134	168,392
Insurance contract liabilities	96,044	89,467
Net fair value adjustment on financial assets at fair value through profit or loss	92,323	263,357
Lease liabilities	64,644	74,776
Amortization of intangible assets	46,821	45,127
Impairment loss provisions	43,398	42,026
Employee stock ownership plan	9,600	9,600
Net fair value adjustment on equity financial assets at fair value through other comprehensive income	5,490	8,095
Employee benefits	2,339	2,579
Net estimated liabilities for sales return	1,181	—
Share of net profit of associates and joint ventures accounted for using the equity method	(9,465)	(9,465)
Net fair value adjustment and credit risks provision on debt financial assets at fair value through other comprehensive income	(14,137)	8,807
Rights-of-use assets	(73,494)	(74,776)
Unrealized gains of structured entities	(457,511)	(447,714)
Others	1,165	1,892
Net deferred income tax assets	32,532	182,163
Represented by		
Deferred income tax assets	587,139	714,118
Deferred income tax liabilities	(554,607)	(531,955)

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31. DEFERRED INCOME TAX ASSETS AND LIABILITIES (continued)

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 2023, the Group did not recognise deferred income tax assets of RMB408,691 thousand in respect of losses amounting to RMB2,694,691 thousand that can be carried forward against future taxable income. At 31 December 2022, the Group did not recognise deferred income tax assets of RMB741,447 thousand in respect of losses amounting to RMB4,605,962 thousand that can be carried forward against future taxable income.

The expiry dates of unused tax losses are as follows:

	31 December 2023	31 December 2022 (restated)
31 December 2023	—	225,099
31 December 2024	344,577	677,771
31 December 2025	2,551	507,013
31 December 2026	37,947	762,329
31 December 2027	519,954	1,194,905
31 December 2028 and beyond	2,686,198	1,912,413
	3,591,227	5,279,530

OECD Pillar Two model rules

The Group is within the scope of the OECD Pillar Two model rules. Pillar Two legislation has not been enacted in mainland China, the jurisdiction in which the Company is incorporated. Since the Pillar Two legislation was not effective at the reporting date, the Group has no related current tax exposure. The Group applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to HKAS 12 issued in July 2023.

The Group is in the progress of assessing its exposure to the Pillar Two legislation for when it comes into effect. Due to the complexities in applying the legislation and calculation GloBE income, the quantitative impact of the enacted or substantively enacted legislation is not yet reasonably estimable. Therefore, even for those entities with an accounting effective tax rate about 15%, there may still be Pillar Two tax implications.

32. OTHER ASSETS

	31 December 2023	31 December 2022 (restated)
Recharge expense receivable	484,714	38,694
Advanced payment	410,886	314,544
Coinsurance receivable	367,376	317,436
Output tax of premium receivable	255,227	197,090
Service fee receivable	213,917	229,087
Deposits	96,338	108,830
Estimate of input tax	17,826	87,154
Assets recognised from costs to fulfil a contract	16,129	15,028
Others	116,827	79,889
Less: Provision for other assets	(7,583)	(5,899)
	1,971,657	1,381,853

33. SHARE CAPITAL

	31 December 2023	31 December 2022
Number of shares issued and fully paid at RMB1 yuan each	1,469,813	1,469,813

34. 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.

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34. RESERVES (continued)

(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.

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. 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.

35. SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE

	31 December 2023	31 December 2022
Securities - bonds		
– Inter-bank market	**8,098,243**	6,442,058
– Stock exchange	**382,200**	541,526
Add: Interest payables	**10,688**	8,784
	8,491,131	6,992,368

At 31 December 2023 and 2022, bond investments of approximately RMB8,603,717 thousand and RMB7,140,358 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.

36. INSURANCE AND REINSURANCE CONTRACTS

(a) Analysis by measurement component

	31 December 2023		
	Insurance contracts measured under the PAA	Insurance contracts measured under the GMM	Total
Insurance contract assets	497,114	—	497,114
Insurance contract liabilities	(3,334,642)	—	(3,334,642)
Net insurance contract liabilities	(2,837,528)	—	(2,837,528)

	31 December 2022		
	Insurance contracts measured under the PAA	Insurance contracts measured under the GMM	Total
Insurance contract assets	335,320	9,835	345,155
Insurance contract liabilities	(3,792,029)	(236,660)	(4,028,689)
Net insurance contract liabilities	(3,456,709)	(226,825)	(3,683,534)

	31 December 2023		
	Reinsurance contracts measured under the PAA	Reinsurance contracts measured under the GMM	Total
Reinsurance contract assets	264,430	—	264,430
Reinsurance contract liabilities	(256)	—	(256)
Net reinsurance contract assets	264,174	—	264,174

	31 December 2022		
	Reinsurance contracts measured under the PAA	Reinsurance contracts measured under the GMM	Total
Reinsurance contract assets	237,609	12,558	250,167
Reinsurance contract liabilities	(12,612)	(1,908)	(14,520)
Net reinsurance contract assets	224,997	10,650	235,647

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36. INSURANCE AND REINSURANCE CONTRACTS (continued)

(b) Movement of insurance contract assets and liabilities of contracts issued measured under the PAA:

	Year ended 31 December 2023				
	Liability for remaining coverage		Liability for incurred claims		
	Excluding loss component	Loss component	Estimates of present value of future cash flows	Risk adjustment for non – financial risk	Total
Insurance contract assets as at 1 January 2023	523,545	(131,659)	(55,704)	(862)	335,320
Insurance contract liabilities as at 1 January 2023	(156,016)	(347,758)	(3,129,294)	(158,961)	(3,792,029)
Net insurance contract liabilities as at 1 January 2023	367,529	(479,417)	(3,184,998)	(159,823)	(3,456,709)
Insurance revenue (Note 7)	27,521,347	—	—	—	27,521,347
Insurance service expenses					
– Incurred claims and other directly attributable expenses	—	—	(19,835,001)	(94,947)	(19,929,948)
– Insurance acquisition cash flows amortization	(7,018,169)	—	—	—	(7,018,169)
– Losses on onerous contracts and reversals of those losses	—	(172,799)	—	—	(172,799)
– Adjustments to liabilities for incurred claims	—	—	951,958	96,190	1,048,148
Insurance service result	20,503,178	(172,799)	(18,883,043)	1,243	1,448,579
Insurance finance income or expenses from insurance contracts recognised in profit or loss	467	(17,181)	(24,201)	(1,211)	(42,126)
Total changes in the statement of comprehensive income	20,503,645	(189,980)	(18,907,244)	32	1,406,453
Premiums received	(27,594,498)	—	—	—	(27,594,498)
Insurance acquisition cash flows	7,997,683	—	—	—	7,997,683
Claims and other insurance service expenses paid	—	—	18,809,543	—	18,809,543
Total cash flows	(19,596,815)	—	18,809,543	—	(787,272)
Net insurance contract liabilities as at 31 December 2023	1,274,359	(669,397)	(3,282,699)	(159,791)	(2,837,528)
Insurance contract assets as at 31 December 2023	817,838	(227,113)	(88,728)	(4,883)	497,114
Insurance contract liabilities as at 31 December 2023	456,521	(442,284)	(3,193,971)	(154,908)	(3,334,642)

36. INSURANCE AND REINSURANCE CONTRACTS (continued)

(b) Movement of insurance contract assets and liabilities of contracts issued measured under the PAA: (continued)

	Year ended 31 December 2022				
	Liability for remaining coverage		Liability for incurred claims		
	Excluding loss component	Loss component	Estimates of present value of future cash flows	Risk adjustment for non – financial risk	Total
Insurance contract assets as at 1 January 2022	293,563	(181,006)	(84,565)	(3,892)	24,100
Insurance contract liabilities as at 1 January 2022	(538,241)	(347,466)	(3,000,280)	(152,788)	(4,038,775)
Net insurance contract liabilities as at 1 January 2022	(244,678)	(528,472)	(3,084,845)	(156,680)	(4,014,675)
Insurance revenue (Note 7)	22,166,267	—	—	—	22,166,267
Insurance service expenses					
– Incurred claims and other directly attributable expenses	—	—	(16,923,059)	(96,172)	(17,019,231)
– Insurance acquisition cash flows amortization	(5,140,375)	—	—	—	(5,140,375)
– Losses on onerous contracts and reversals of those losses	—	63,779	—	—	63,779
– Adjustments to liabilities for incurred claims	—	—	1,383,043	97,143	1,480,186
Insurance service result	17,025,892	63,779	(15,540,016)	971	1,550,626
Insurance finance income or expenses from insurance contracts recognised in profit or loss	(43,496)	(14,724)	(81,758)	(4,114)	(144,092)
Total changes in the statement of comprehensive income	16,982,396	49,055	(15,621,774)	(3,143)	1,406,534
Premiums received	(22,087,247)	—	—	—	(22,087,247)
Insurance acquisition cash flows	5,717,058	—	—	—	5,717,058
Claims and other insurance service expenses paid	—	—	15,521,621	—	15,521,621
Total cash flows	(16,370,189)	—	15,521,621	—	(848,568)
Net insurance contract liabilities as at 31 December 2022	367,529	(479,417)	(3,184,998)	(159,823)	(3,456,709)
Insurance contract assets as at 31 December 2022	523,545	(131,659)	(55,704)	(862)	335,320
Insurance contract liabilities as at 31 December 2022	(156,016)	(347,758)	(3,129,294)	(158,961)	(3,792,029)

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36. INSURANCE AND REINSURANCE CONTRACTS (continued)

(c) Movement of reinsurance contract assets and liabilities of contracts held measured under the PAA:

	Year ended 31 December 2023				
	Asset for remaining coverage		Asset for incurred claims		
	Excluding loss recovery component	Loss recovery component	Estimates of present value of future cash flows	Risk adjustment for non – financial risk	Total
Reinsurance contract assets as at 1 January 2023	(410,082)	956	642,736	3,999	237,609
Reinsurance contract liabilities as at 1 January 2023	(89,715)	33	75,327	1,743	(12,612)
Net reinsurance contract assets as at 1 January 2023	(499,797)	989	718,063	5,742	224,997
Allocation of reinsurance premiums (Note 7)	(298,689)	—	—	—	(298,689)
Amounts recovered from reinsurers					
– Incurred claims recovery and other incurred reinsurance service expenses	—	—	199,322	2,242	201,564
– Recognition and reversal of loss recovery component	—	6,818	—	—	6,818
– Changes in expected recoveries on past claims	—	—	(8,196)	(3,713)	(11,909)
– Effect of changes in the risk of reinsurers' non—performance	—	—	(2,231)	—	(2,231)
– Others	56	—	—	—	56
Net expenses from reinsurance contracts held	(298,633)	6,818	188,895	(1,471)	(104,391)
Finance income or expenses from reinsurance contracts recognised in profit or loss	6,849	216	747	38	7,850
Total changes in the statement of comprehensive income	(291,784)	7,034	189,642	(1,433)	(96,541)
Investment components	(37,211)	—	37,211	—	—
Premiums paid net of ceding commissions and other directly attributable expensed paid	520,916	—	—	—	520,916
Recoveries from reinsurance	—	—	(385,132)	—	(385,132)
Other cash flows	(66)	—	—	—	(66)
Total cash flows	520,850	—	(385,132)	—	135,718
Net reinsurance contract assets as at 31 December 2023	(307,942)	8,023	559,784	4,309	264,174
Reinsurance contract assets as at 31 December 2023	(307,686)	8,023	559,784	4,309	264,430
Reinsurance contract liabilities as at 31 December 2023	(256)	—	—	—	(256)

36. INSURANCE AND REINSURANCE CONTRACTS (continued)

(c) Movement of reinsurance contract assets and liabilities of contracts held measured under the PAA: (continued)

	Year ended 31 December 2022				
	Asset for remaining coverage		Asset for incurred claims		
	Excluding loss recovery component	Loss recovery component	Estimates of present value of future cash flows	Risk adjustment for non – financial risk	Total
Reinsurance contract assets as at 1 January 2022	(579,932)	17,916	814,337	7,699	260,020
Reinsurance contract liabilities as at 1 January 2022	(257)	—	—	—	(257)
Net reinsurance contract assets as at 1 January 2022	(580,189)	17,916	814,337	7,699	259,763
Allocation of reinsurance premiums (Note 7)	(354,323)	—	—	—	(354,323)
Amounts recovered from reinsurers					
– Incurred claims recovery and other incurred reinsurance service expenses	—	—	330,907	2,307	333,214
– Recognition and reversal of loss recovery component	—	(17,122)	—	—	(17,122)
– Changes in expected recoveries on past claims	—	—	(65,139)	(4,447)	(69,586)
– Effect of changes in the risk of reinsurers' non—performance	—	—	(3,716)	—	(3,716)
– Others	(159)	—	—	—	(159)
Net expenses from reinsurance contracts held	(354,482)	(17,122)	262,052	(2,140)	(111,692)
Finance income or expenses from reinsurance contracts recognised in profit or loss	(10,182)	195	3,405	183	(6,399)
Total changes in the statement of comprehensive income	(364,664)	(16,927)	265,457	(1,957)	(118,091)
Investment components	(115,231)	—	115,231	—	—
Premiums paid net of ceding commissions and other directly attributable expensed paid	560,321	—	—	—	560,321
Recoveries from reinsurance	—	—	(476,962)	—	(476,962)
Other cash flows	(34)	—	—	—	(34)
Total cash flows	560,287	—	(476,962)	—	83,325
Net reinsurance contract assets as at 31 December 2022	(499,797)	989	718,063	5,742	224,997
Reinsurance contract assets as at 31 December 2022	(410,082)	956	642,736	3,999	237,609
Reinsurance contract liabilities as at 31 December 2022	(89,715)	33	75,327	1,743	(12,612)

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36. INSURANCE AND REINSURANCE CONTRACTS (continued)

(d) Insurance acquisition cash flows asset

	31 December 2023	31 December 2022
Opening asset	**196,129**	—
Cash flows recognised as an asset during the year	**342,323**	196,129
Amounts derecognised on initial recognition of groups of insurance contracts	**(196,129)**	—
Closing asset	**342,323**	196,129
Number of years until expected derecognition	**1 year**	1 year

At 31 December 2023 and 2022, the cumulative impairment, net of reversals, recognised for insurance acquisition cash flows assets is nil.

37. BONDS PAYABLE

1 January 2023	Premium amortization	Foreign exchange translation adjustment	Others	31 December 2023
6,657,793	10,424	111,671	21,392	**6,801,280**

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.

As of 31 December 2023 and 2022, the Company repurchase the notes in the aggregate principal amount of USD49,900 thousand on the Hong Kong Stock Exchange.

38. OTHER LIABILITIES

	31 December 2023	31 December 2022 (restated)
Payables to service suppliers	**1,672,915**	1,462,331
Commission and brokerage payable	**667,432**	645,428
Deposit payable	**323,596**	290,824
Salary and staff welfare payable	**303,789**	451,889
Tax payable other than income tax	**142,030**	141,972
Estimated liabilities	**62,951**	10,311
Insurance guarantee fund	**51,961**	67,044
Coinsurance payable	**31,266**	28,783
Payables for asset management fee	**10,223**	5,564
Others	**449,464**	396,640
	3,715,627	3,500,786

39. NOTE TO CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation from profit/(loss) before income tax to cash used in operating activities:

	Year ended 31 December 2023	Year ended 31 December 2022 (restated)
Profit/(Loss) before income tax	**4,009,961**	(1,682,823)
Provision for impairment losses	**82,848**	7,319
Net impairment losses on financial assets	**56,843**	72,064
Net investment income	**(4,192,920)**	(1,760,361)
Net fair value changes through profit or loss	**(768,416)**	1,803,057
Depreciation of property and equipment	**32,926**	35,986
Amortization of intangible assets	**186,455**	177,143
Depreciation of right-of-use assets	**137,978**	148,012
Gains on disposal of fixed assets, intangible assets and other long-term assets	**(5,924)**	(33,314)
Foreign exchange losses	**94,508**	549,142
Other finance costs	**464,858**	428,360
Expense recognised for share-based payments	**69,672**	81,308
(Increase)/Decrease in net reinsurance contract assets	**(28,527)**	25,136
Decrease in net insurance contract liabilities	**(846,006)**	(411,339)
Decrease in placements with banks with original maturity of more than three months	**45,310**	527,393
Amortization of deferred income	**(4,831)**	(5,826)
Share of net loss of associates and joint ventures	**93,239**	16,145
Change in loans and advances to customers	**(70,827)**	(2,041,474)
Increase in customer deposits	**1,535,322**	1,851,802
(Increase)/Decrease in other operating assets	**(641,928)**	233,507
Increase/(Decrease) in other operating liabilities	**1,957,677**	(723,145)
Cash generated from/(used in) operating activities	**2,208,218**	(701,908)

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39. NOTE TO CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

(b) Cash and cash equivalents

	31 December 2023	31 December 2022
Cash in hand	—	188
Deposits with original maturity of no more than three months	**1,214,613**	2,326,446
Securities purchased under agreements to resell	**99,965**	137,479
Placements with banks with original maturity of no more than three months	—	74,066
Due from banks and other financial institutions	—	770,605
Other monetary assets	**361,752**	308,880
	1,676,330	3,617,664

40. 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, ZhongAn Technologies International Group Limited ("ZhongAn International"), Nova Technology Ltd. ("Nova Technology"), Yiyuan Technology Ltd. ("Yiyuan") and Shanghai Zhongan Information Technology Service Co., Ltd. ("Shanghai Xinke") and their subsidiaries 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 products

	Year ended 31 December 2023	Year ended 31 December 2022
Alibaba and its subsidiaries	**56,142**	39,984
Ant Group and its subsidiaries	**44,345**	3,986
Tencent and its subsidiaries	**30,694**	54,532
PingAn Insurance and its subsidiaries	**168**	—
	131,349	98,502

40. RELATED PARTY TRANSACTIONS (continued)

(b) Claim from insurance contracts

	Year ended 31 December 2023	Year ended 31 December 2022
Tencent and its subsidiaries	54,852	32,987
Alibaba and its subsidiaries	24,815	21,004
Ant Group and its subsidiaries	14,836	—
	94,503	53,991

(c) Premiums ceded to reinsurer

	Year ended 31 December 2023	Year ended 31 December 2022
Tencent and its subsidiaries	212,583	—

(d) Reinsurance commission income

	Year ended 31 December 2023	Year ended 31 December 2022
Tencent and its subsidiaries	108,926	—

(e) Claims recovery from reinsurers

	Year ended 31 December 2023	Year ended 31 December 2022
Tencent and its subsidiaries	39,072	—

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40. RELATED PARTY TRANSACTIONS (continued)

(f) Handling charges and commissions

	Year ended 31 December 2023	Year ended 31 December 2022
Ant Group and its subsidiaries	971,223	876,013
Nova Technology and its subsidiaries	36,480	34,433
Tencent and its subsidiaries	14,479	35,238
	1,022,182	945,684

(g) Asset management fees

	Year ended 31 December 2023	Year ended 31 December 2022
Ping An Insurance and its subsidiaries	7,956	8,055

(h) Fees for purchasing goods and other services

	Year ended 31 December 2023	Year ended 31 December 2022
Nova Technology and its subsidiaries	381,510	149,533
Ant Group and its subsidiaries	271,221	49,683
Yiyuan and its subsidiaries	67,807	—
Alibaba and its subsidiaries	67,446	94,823
Shanghai Xinke and its subsidiaries	36,203	1,574
Tencent and its subsidiaries	22,652	19,738
Ping An Insurance and its subsidiaries	19,844	11,219
	866,683	326,570

Fees for purchasing goods and other services mainly include cloud rental fees, guarantee fees, advertising fees and other IT service fees.

40. RELATED PARTY TRANSACTIONS (continued)

(i) Capital transactions with related parties

On 31 May 2023, ZhongAn International entered into the Share Purchase Agreement with ZhongAn Technology, Sinolink Worldwide, Warrior and AIA Opportunities Fund, pursuant to which Sinolink Worldwide conditionally agreed to subscribe for, and ZhongAn International conditionally agreed to issue and allot, a maximum of 96,508,924 ZhongAn International ordinary shares at a purchase price of US$0.66 per share ("Additional Sinolink Subscription").

On 19 September 2023, ZhongAn International entered into the Share Purchase Agreement with ZhongAn Technology, Sinolink Worldwide, Warrior and AIA Opportunities Fund, pursuant to which ZhongAn Technology conditionally agreed to subscribe for, and ZhongAn International conditionally agreed to issue and allot, a maximum of 96,508,924 ZhongAn International ordinary shares at a purchase price of US$0.66 per share ("Additional ZhongAn Subscription").

For details of the Additional Sinolink Subscription and the Additional ZhongAn Subscription, please refer to note 6(c) and note 25(a).

(j) Receivables from related parties

	31 December 2023	31 December 2022
ZhongAn International and its subsidiaries	**437,489**	—
Ping An Insurance and its subsidiaries (i)	**260,533**	230,402
Nova Technology and its subsidiaries	**54,466**	204,389
Ant Group and its subsidiaries	**21,574**	—
Tencent and its subsidiaries	**11,910**	53
Shanghai Xinke and its subsidiaries	**11,749**	—
	797,721	434,844

(i) Due to the motor co-insurance business with Ping An Property and Casualty Insurance Company of China Ltd.

(k) Prepayments to related parties

	31 December 2023	31 December 2022
Ant Group and its subsidiaries	**35,209**	—
Alibaba and its subsidiaries	**—**	6,511
Nova Technology and its subsidiaries	**—**	6,005
	35,209	12,516

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40. RELATED PARTY TRANSACTIONS (continued)

(l) Payables to related parties

	31 December 2023	31 December 2022
Ant Group and its subsidiaries	**187,691**	212,071
Nova Technology and its subsidiaries	**46,159**	69,174
Shanghai Xinke and its subsidiaries	**16,763**	—
Tencent and its subsidiaries	**7,705**	40
Ping An Insurance and its subsidiaries	**3,778**	14,284
Alibaba and its subsidiaries	**—**	12,303
	262,096	307,872

(m) Compensations of key management personnel

The compensations paid or payable to key management personnel are shown below:

	Year ended 31 December 2023	Year ended 31 December 2022
Wages, salaries and bonuses	**32,599**	28,755
Pension costs – defined contribution plans	**911**	764
Other social security costs, housing benefits and other employee benefits	**967**	828
	34,477	30,347

41. 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 2023 and 2022, the Group has no major pending litigation that may have a material adverse effect on the financial position or operating results of the Group.

42. BALANCE SHEET AND STATEMENT OF CHANGES IN EQUITY OF THE COMPANY

	31 December 2023	31 December 2022 (restated)	1 January 2022 (restated)
ASSETS			
Cash and cash equivalents	**935,642**	1,779,007	1,362,859
Securities purchased under agreements to resell	**84,969**	90,852	—
Financial assets at fair value through profit or loss	**12,268,317**	11,448,613	13,526,056
Financial assets at amortized cost	**486,507**	579,087	580,557
Debt financial assets at fair value through other comprehensive income	**6,841,696**	5,886,171	5,514,648
Equity financial assets at fair value through other comprehensive income	**92,351**	259,018	256,033
Insurance contract assets	**497,114**	335,320	24,100
Reinsurance contract assets	**264,430**	237,609	260,020
Investments in subsidiaries	**12,088,437**	12,088,437	10,819,437
Restricted statutory deposits	**317,836**	307,344	306,097
Property and equipment	**37,146**	32,064	39,718
Right-of-use assets	**224,529**	167,514	70,373
Intangible assets	**509,566**	418,420	330,512
Deferred income tax assets	**561,639**	600,066	423,202
Other assets	**1,815,330**	1,522,959	1,880,577
Total assets	**37,025,509**	35,752,481	35,394,189
EQUITY AND LIABILITIES			
Equity			
Share capital	**1,469,813**	1,469,813	1,469,813
Reserves	**16,640,676**	16,572,867	16,662,307
Accumulated losses	**(341,601)**	(651,217)	(271,436)
Total equity	**17,768,888**	17,391,463	17,860,684
Liabilities			
Securities sold under agreements to repurchase	**5,553,918**	4,770,652	3,501,083
Insurance contract liabilities	**3,203,997**	3,753,734	4,015,210
Reinsurance contract liabilities	**256**	12,612	257
Bonds payables	**6,801,280**	6,678,993	6,426,709
Lease liabilities	**194,385**	172,152	85,164
Deferred income tax liabilities	**—**	—	106,068
Other liabilities	**3,502,785**	2,972,875	3,399,014
Total liabilities	**19,256,621**	18,361,018	17,533,505
Total equity and liabilities	**37,025,509**	35,752,481	35,394,189

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42. 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	Accumulated losses	Total equity
1 January 2022 (as previously reported)	1,469,813	16,585,468	38,400	38,439	(589,639)	17,542,481
Impact on transition to HKFRS 17	—	—	—	—	318,203	318,203
1 January 2022 (restated)	1,469,813	16,585,468	38,400	38,439	(271,436)	17,860,684
Total comprehensive income	—	—	—	(134,907)	(334,314)	(469,221)
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 (restated)	1,469,813	16,585,468	38,400	(51,001)	(651,217)	17,391,463
Total comprehensive income	—	—	—	28,315	349,110	377,425
Transfer of loss on disposal of equity investments at fair value through other comprehensive income to accumulated losses	—	—	—	39,494	(39,494)	—
31 December 2023	**1,469,813**	**16,585,468**	**38,400**	**16,808**	**(341,601)**	**17,768,888**

43. 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 26 March 2024.

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
"CG Code"	the Corporate Governance Code set out in Appendix C1 to the Listing Rules
"Chief Executive(s)"	has the meaning ascribed to it under the Listing Rules
"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
"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$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong Financial Reporting Standard"	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
"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 C3 to the Listing Rules
"NAFR"	the National Administration of Financial Regulation (國家金融監督管理總局) (formerly known as China Banking and Insurance Regulatory Commission ("**CBIRC**") (中國銀行保險監督管理委員會))
"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)

DEFINITIONS

"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
"RMB" or "Renminbi"	the lawful currency of PRC
"Reporting Period"	the year ended December 31, 2023
"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
"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
"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: 0700)
"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
"Tmall"	Tmall.com (天貓), an online platform created by Alibaba
"U.S."	United States of America
"USD" or "US$"	United State dollars, the lawful currency of the United States of America
"ZA Bank"	ZA Bank Limited (眾安銀行有限公司), a joint venture of our Company, incorporated in Hong Kong on August 8, 2018
"ZA Life"	ZA Life Limited (眾安人壽有限公司), a joint venture of our Company, incorporated in Hong Kong on February 27, 2019
"ZA Tech"	ZA Tech Global Limited, a company incorporated in Hong Kong with limited liability and a non-wholly owned subsidiary of ZATI
"ZATI" or "Zhongan International"	ZhongAn Technologies International Group Limited (眾安科技 (國際) 集團有限公司), a company incorporated in Hong Kong with limited liability and a joint venture of our Company
"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
"SaaS"	software as a service
"unearned premium reserves"	portions of written premiums relating to unexpired risk of insurance coverage

Corporate Information

Board of Directors

Executive Directors:

Xing Jiang (General Manager and Chief Executive Officer)
Gaofeng Li

Non-executive Directors:

Hai Yin (Chairman)
Yaping Ou
Hugo Jin Yi Ou
Liangxun Shi
Shuang Zhang

Independent Non-executive Directors:

Wei Ou
Vena Wei Yan Cheng
Gigi Wing Chee Chan

Supervisors

Yuping Wen
Yao Wang
Limin Guo

Audit and Consumer Rights Protection Committee

Gigi Wing Chee Chan *(Chairperson)*
Wei Ou
Vena Wei Yan Cheng

Nomination and Remuneration Management Committee

Wei Ou *(Chairperson)*
Hugo Jin Yi Ou
Vena Wei Yan Cheng

Strategy and Investment Decision Committee

Hai Yin *(Chairperson)*
Xing Jiang
Gaofeng Li
Yaping Ou
Liangxun Shi
Shuang Zhang

Risk Management and Related Transactions Control Committee

Vena Wei Yan Cheng *(Chairperson)*
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

Stock Code

6060

Company Website

www.zhongan.com