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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)

INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED JUNE 30, 2024

The board of directors of ZhongAn Online P & C Insurance Co., Ltd. (the "**Company**") hereby announces the unaudited interim results of the Company and its subsidiaries (the "**Group**") for the six months ended June 30, 2024, together with the comparative figures for the six months ended June 30, 2023. This announcement, containing the full text of the 2024 Interim 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 in relation to information accompanying preliminary announcements of interim results.

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

Shanghai, the PRC, August 27, 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 four independent non-executive directors, namely Mr. Wei Ou, Ms. Vena Wei Yan Cheng, Ms. Gigi Wing Chee Chan and Mr. Stanley Chiu Fai Choi.

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



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Management Discussion and Analysis¹

The Group has adopted HKFRS 17 Insurance Contracts to replace HKFRS 4 Insurance Contracts since January 1, 2023. In this interim 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 digital bank to officially commence operations in Hong Kong and has been providing a convenient, inclusive and innovative one-stop financial service experience for retail customers and SMEs in the Hong Kong market under the "ZA" brand.

2024 Interim Results Review

In the first half of 2024, the Company recorded GWP of RMB15,238 million and issued 9,133 million policies, with insurance revenue amounting to RMB15,088 million, representing a year-on-year increase of 19.0%. In the first half of 2024, ZhongAn Insurance continued to rank 9th in the P&C insurance industry of China as measured by GWP as our market share further increased, and our share in the domestic online P&C insurance market was over 20%², ranking first.

In the 2023 China 500 list published by Fortune, a prominent international financial magazine, ZhongAn Insurance was included once again by virtue of its long-term technological advancement and excellent business performance in recent years, with the ranking up by 37 places to No. 460.

In the first half of 2024, our underwriting combined ratio³ was 97.9%, delivering underwriting profit for all reporting periods since the first half of 2021, with loss ratio⁴ of 60.7% and expense ratio⁵ of 37.2%. The underwriting profit was RMB314 million, and the underwriting combined ratio increased by 2.1 percentage points from the corresponding period of last year, mainly because the loss ratio increased by 3.6 percentage points to 60.7%, while the expense ratio improved by 1.5 percentage points to 37.2%.

Benefiting from the ongoing digital transformation in the domestic and global financial industry, the technology export segment recorded total revenue from technology export⁶ of RMB442 million, representing a year-on-year increase of 65.5%, of which revenue from domestic technology export was RMB319 million, representing a year-on-year increase of 112.7%, mainly because we further landed new customer leads in the financial, retail and manufacturing industries while consolidating customers in the insurance industry, and launched various products of business growth series and infrastructure series, thereby achieving rapid growth. Meanwhile, benefiting from the development of productization and operating efficiency improvement, the technology export segment recorded a loss of RMB82.60 million in the first half of the year, which narrowed by RMB165 million from the corresponding period of last year.

ZA Bank has become one of the most comprehensive digital banks with the widest range of products 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 it is currently the only digital bank in Hong Kong that provides users with 24/7 services such as deposits, loans, transfers, card spending, foreign exchange, insurance, investment and business banking. ZA Bank recorded net revenue⁷ of HKD255 million for the Reporting Period, representing a year-on-year growth of 45.9%. Meanwhile, ZA Bank focused on business quality and operating efficiency improvement, and the net loss margin⁸ narrowed by 71.7 percentage points year-on-year to 42.9%.

As of June 30, 2024, the Company and its subsidiaries had total assets of RMB43,037 million and net assets of RMB20,240 million, representing an increase of RMB174 million and RMB167 million, respectively, as compared to that at the beginning of the year. The comprehensive solvency margin ratio remained sufficient at 224%. Due to its steady operation and abundant capital, the Company received an investment grade of Baa1 for its insurance financial strength rating and a grade of Baa2 rating for its senior unsecured debts from Moody's, with a stable outlook.

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, net fee and commission income, 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 key items by segment of the statement of profit or loss for the six months ended June 30, 2024 and 2023, respectively. Specifically, the insurance segment offers a wide range of online property and casualty insurance products and services in the PRC; the technology segment provides InsurTech and FinTech export related services to global insurance companies and industry chain clients; the banking segment offers digital banking services in Hong Kong; and the others segment includes other entities other than the aforesaid segments, such as ZhongAn Insurance Broker and ZA Life. Since August 14, 2023, ZhongAn International ceased to be a subsidiary of the Company and became a joint venture of the Company accounted for by using equity method. 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 segment of the Group for the comparative period from January 1, 2023 to June 30, 2023 were consolidated in the Group's consolidated statement of profit or loss, while the net profit/(loss) of the aforementioned segments operated by ZhongAn International and its subsidiaries for the period from January 1, 2024 to June 30, 2024 were included in the Group's consolidated statement of profit or loss in proportion to the Group's equity in ZhongAn International.

Key items by segment of the statement of profit or loss for the six months ended June 30, 2024

(RMB'000)	Insurance	Technology	Banking	Others	Eliminations	Reconciliations ¹	Total
Insurance revenue	15,088,873	—	—	7,502	(957)	(7,502)	15,087,916
Underwriting profit ²	281,251	—	—	(4,512)	32,614	4,512	313,865
Net investment income	(173,863)	2,698	89,004	14,503	(704)	(102,154)	(170,516)
Net fair value changes							
through profit or loss	796,160	(8,086)	—	(2,019)	(54)	3,160	789,161
Other income	1,739	320,441	122,131	305,080	(160,062)	(182,305)	407,024
Foreign exchange							
gains/(losses)	(42,760)	(353)	(438)	8,328	—	(1,520)	(36,743)
Other finance costs	(225,879)	(7,075)	(6)	(2,429)	544	4,682	(230,163)
Net profit/(loss)	138,371	(82,602)	(46,002)	32,498	13,202	—	55,467
Attributable to:							
– Owners of the parent							55,467

Key items by segment of the statement of profit or loss for the six months ended June 30, 2023

(RMB'000)	Insurance	Technology	Banking	Others	Eliminations	Total
Insurance revenue	12,684,655	—	—	10,229	(2,592)	12,692,292
Underwriting profit	480,802	—	—	(12,998)	54,818	522,622
Net investment income	146,450	(27,222)	85,743	26,162	(721)	230,412
Net fair value changes through						
profit or loss	572,502	43,539	—	65,478	—	681,519
Other income	75,451	288,441	187,062	352,601	(260,308)	643,247
Foreign exchange gains/(losses)	(246,237)	(2,346)	20,105	33,504	—	(194,974)
Other finance costs	(215,933)	(6,205)	(61)	(1,864)	328	(223,735)
Net profit/(loss)	447,101	(247,191)	(176,754)	(1,697)	4,572	26,031
Attributable to:						
– Owners of the parent						221,471

¹ Reconciliations represented the elimination of the amounts disclosed for the joint venture - ZhongAn Technologies International Group Limited in excess of those amounts reflected in the condensed consolidated financial information.

² Underwriting profit is defined as the sum of insurance service result, finance expenses from insurance contracts issued and finance income/(expenses) from reinsurance contracts held.

Management Discussion and Analysis

The Group recorded net profit attributable to owners of the parent of RMB55 million in the first half of 2024, representing a decline of RMB166 million as compared with net profit attributable to owners of the parent of RMB221 million for the corresponding period of last year, which was mainly attributable to the decrease in net profit of the insurance segment. The specific performance of each segment is as follows:

- 1) Insurance segment: in the first half of 2024, insurance revenue increased by 19.0%, with continuous profitability in underwriting. However, due to the increase in the loss ratio, the decline in underwriting profit led to a decrease of RMB309 million in the net profit of the insurance segment.
- 2) Technology segment: benefiting from the ongoing digital transformation in the domestic and overseas financial industry, in the first half of 2024, the technology export segment recorded total revenue from technology export of RMB442 million. Meanwhile, due to the development of productization and improvement in operating efficiency, the technology export business segment incurred a net loss of RMB82.60 million in the first half of the year, representing a decrease in net loss by RMB165 million as compared with the corresponding period of last year.
- 3) Banking segment: ZA Bank recorded net revenue of HKD255 million for the Reporting Period, representing a year-on-year growth of 45.9%. Meanwhile, ZA Bank focused on business quality and operating efficiency improvement, and the net loss margin narrowed by 71.7 percentage points year-on-year to 42.9%.

Our Ecosystems

The following table sets forth GWP in absolute amounts and as percentages of insurance revenue by ecosystem for the six months ended June 30, 2024 and 2023, respectively:

Ecosystems	For the six months ended June 30,				
	2024		2023		Change (%)
	RMB'000	Percentage %	RMB'000	Percentage %	
Health	4,538,314	29.8%	5,017,983	34.7%	(9.6)%
Digital lifestyle	7,414,475	48.7%	5,836,173	40.4%	27.0%
Consumer finance	2,183,636	14.3%	2,786,506	19.3%	(21.6)%
Auto	1,101,927	7.2%	822,491	5.7%	34.0%
Total	15,238,352	100%	14,463,153	100%	5.4%

The following table sets forth a breakdown by ecosystem of (i) GWP, (ii) insurance revenue, (iii) expense ratio, (iv) loss ratio, and (v) underwriting combined ratio for the six months ended June 30, 2024 and 2023, 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:

Ecosystems	For the six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
Health		
GWP	4,538,314	5,017,983
Insurance revenue	4,867,244	3,967,766
Expense ratio (%)	57.6%	54.5%
Loss ratio (%)	38.1%	38.0%
Underwriting combined ratio (%)	95.7%	92.5%
Digital lifestyle		
GWP	7,414,475	5,836,173
Insurance revenue	7,078,130	5,701,158
Expense ratio (%)	28.2%	31.4%
Loss ratio (%)	71.7%	68.4%
Underwriting combined ratio (%)	99.9%	99.8%
Consumer finance		
GWP	2,183,636	2,786,506
Insurance revenue	2,279,677	2,318,187
Expense ratio (%)	25.3%	29.9%
Loss ratio (%)	73.8%	60.8%
Underwriting combined ratio (%)	99.1%	90.7%
Auto		
GWP	1,101,927	822,491
Insurance revenue	862,866	694,952
Expense ratio (%)	27.5%	38.2%
Loss ratio (%)	66.7%	59.1%
Underwriting combined ratio (%)	94.2%	97.3%

Management Discussion and Analysis

Health Ecosystem

In May 2024, the NFRA issued the "Guiding Opinions on Promoting the High-quality Development of Inclusive Insurance" (the "Guiding Opinions"). We continued to improve the product matrix of the health ecosystem and actively developed health insurance for various groups to enhance the accessibility of insurance services, reasonably expand the coverage for people with pre-existing conditions, chronic diseases and special occupations.

Based on medical insurance, we have constantly diversified our health insurance products to cover a wider range of user groups and meet their health protection needs. Adhering to the concept of inclusive health, we actively updated our inclusive product, Zhong Min Bao (眾民保), which is a "million yuan coverage medical insurance product for people with substandard risk" that primarily caters to three types of individuals who are not covered by conventional medical insurance products, namely the super-elderly, people with pre-existing conditions, and people with chronic diseases. In China's current medical insurance system, meeting the insurance needs of people with substandard risk has long been a challenging issue. We have lowered the enrollment threshold for Zhong Min Bao (眾民保), including by setting higher age caps for the insured, waiving the health claims and removing occupational restrictions, so that our product could be more widely accessible and inclusive. We have also added high-perception services for substandard risk group, such as medical check-ups and small medication kits, to better serve

insured users. The product charges lower premiums than most million coverage medical insurance products, making it affordable to more consumers. In the first half of the year, our inclusive products for group with substandard risk generated GWP of more than RMB330 million, representing a year-on-year increase of 270%, and served more than 750,000 users.

We focus on the protection for specific groups of people. We have developed more than 100 exclusive products for chronic diseases, and 35 exclusive protection insurance products for female consumers, such as Hao Yun Bao (好孕保). This year, we partnered with Nova Technology to launch the industry's first insurance product for multi-disease recurrence, "ZhongAn Ta An Kang (眾安她安康)", which covers the recurrence and metastasis of four common malignant tumors in women and provides patients with full life-cycle management to help delay the recurrence of diseases. We have also launched "ZhongAn Sui An Kang (眾安髓安康)" for leukemia patients, "ZhongAn Hu Jia An Kang (眾安護甲安康)" for thyroid cancer patients, and "Ru Yu An Xin (乳愈安心)" for breast cancer patients, all of which have achieved favorable market response.

Based on its core product, "Personal Clinic Policy", ZhongAn launched the 2024 "Personal Clinic Policy (尊享e生2024版)" in the first half of the year. With a total of 24 upgrades so far, it is designed to meet the growing and personalized health needs of our users. The 2024 "Personal Clinic Policy (尊享e生2024版)" has shown strong product vitality with the expansion of value-added services and the list of special drugs. Meanwhile, breakthrough has been made in the coverage of hospitals, expanding from public medical institutions to include private medical institutions.

We actively explore user stratification and differentiated operations, and launched outpatient and emergency insurance to extend our services from in-patient medical scenarios to outpatient and emergency scenarios that meet the daily needs, thereby continuing to satisfy users' high-frequency medical needs. We have also collaborated with certain internet platforms to better serve our users. During the Reporting Period, the outpatient and emergency insurance generated GWP of RMB421 million, representing a year-on-year increase of 321.2%. In terms of mid-to-high-end products, ZhongAn's mid-to-high-end products recorded GWP of approximately RMB50 million, representing a year-on-year growth of 644% in the first half of 2024. In 2024, with a deep understanding of the unsatisfied demands of many parents, we launched "Zunxiang Baobei - High-end Medical Insurance for Children (尊享寶貝 • 少兒高端醫療險)", which covers a wide range of risk scenarios and is tailored to the most common outpatient medical needs of children. Since its launch, it has received enthusiastic response from the market, with impressive premium growth, which has verified the feasibility of selling high-unit-price, high-value products through internet channels.

In addition, ZhongAn is committed to serving a wider range of new citizens and flexible employment groups, which is evidenced by Dian Di Bao (點滴保), its "Driver Protection Scheme" programme launched in partnership with the DiDi platform. It is specifically designed for the ride-hailing scenarios, with accepting orders of DiDi drivers as the starting point of our coverage. For each trip completed, the driver has an option to deduct the corresponding amount of premium from his/her account to obtain critical illness coverage. This effectively enhanced drivers' perception and loyalty to the platform. Since its launch, Dian Di Bao has served a total more than 2.9 million dedicated drivers. In the first half of 2024, ZhongAn cooperated with food delivery platforms to introduce a customized critical illness insurance plan for delivery workers, the plan has lower enrollment thresholds by virtue of its fragmented insurance model, thus promoting inclusive health for delivery workers.

As consumers develop deeper brand awareness of the health ecosystem of ZhongAn, our critical illness insurance has emerged as a primary choice for our users to strengthen coverage, and continued to maintain growth in 2024 with GWP of approximately RMB812 million, representing an increase of approximately 4.5% as compared with the corresponding period of last year.

In the first half of 2024, our group health insurance business improved the data and risk control systems and upgraded the service system to closely integrate with the employee benefits systems of corporate clients. We also provided clients with multi-dimensional data support in a timely manner, so as to better provide corporate employees with health service and protection, and have served leading companies in various industries including the Internet industry. In the first half of 2024, the GWP of our group health insurance business reached RMB520 million, representing a year-on-year increase of 75.0%.

In the first half of 2024, our health ecosystem launched a multi-product matrix to cater for the multi-dimensional needs of customers, and provided health insurance to approximately 12.39 million insured customers, recording insurance revenue of RMB4,867 million, representing a year-on-year increase of 22.7%. In the first half of the year, the underwriting combined ratio of the health ecosystem was 95.7%, representing an increase of 3.2 percentage points as compared to the corresponding period of last year, of which the loss ratio was 38.1%, remaining stable as compared to the corresponding period of last year; while the expense ratio was 57.6%, representing an increase of 3.1 percentage points as compared to the corresponding period of last year, mainly attributable to the investment in service infrastructure for customer operation and maintenance.

Management Discussion and Analysis

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 delivery for e-commerce platforms. In the travel sector, our flight accident, flight delay, travel accident, and flight or hotel cancellation insurance products cover major domestic OTA platforms. 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 scenarios, phone screen cracking insurance, drone insurance, corporate property insurance and household property insurance.

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 RMB7.10 trillion for January to June 2024, representing a year-on-year increase of 9.8%. 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 with 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 terms of travel sector, we adopted more differentiated and refined operational strategies, focusing more on business quality. In particular, in response to the general trend of gradual recovery of vacation travels and overseas tourism, we have further developed relevant business channels and promoted product research and development. For example, we designed several outbound travel insurance products specifically for European Schengen visa, Japan and South Korea visa, tours in Europe and the United States and tours in Japan, South Korea and Southeast Asia, which have been well received. Diversified travel insurance products and services provide more choices and high-quality insurance products and quality coverage for domestic and overseas travels. In the first half of 2024, we continued to improve our business quality and provided services to 48 million users for their travels.

In terms of innovative business, we closely follow the trends in emerging consumer behaviours, continuously leverage technology empowerment, and are quick to 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 terms of pet ecosystem, in 2024, the NFRA proposed to encourage and support P&C companies to develop and design differentiated insurance products based on the characteristics of pet-related health risk and liability risk, thereby constantly improving the quality and efficiency of pet insurance services. In the first half of 2024, our pet insurance recorded a year-on-year growth of over 2.8 times, having provided services to more than 1.46 million pet owners during the period. As of June 30, 2024, we have served more than 5.8 million pet owners cumulatively, occupying a leading market share.

In recent years, with the growing number, diversified background and evolving consumption concepts of pet owners, coupled with differences in pet breed, personality and health status, consumers' demands for pet services have become increasingly personalized and differentiated. As such, market expectations have gone far beyond the traditional basic services that are typically simple, and consumers now prefer a highly personalized and customized service model. We fully leveraged the advantages of pet insurance as a payment tool and integrated a wide range of customized services to provide users with full life-cycle pet services. In the first half of the year, the pet ecosystem provided more than 930,000 cases of services cumulatively, representing an increase of over 3 times as compared with the corresponding period of last year. Cumulatively, one in three pet insurance users selects, on their own initiative, to use our services.

Our pet insurance embeds services in various scenarios of the pet ecosystem to serve the entire life cycle of pets, not only covering six types of pet spontaneous disease protection, but also providing health management services, including de-worming, vaccination, online consultation and nutritionist consultation. This year, we launched the critical illness medical insurance for pets, which updated the previous list of 107 diseases based on thorough analysis of claim settlement data and now covers diseases with higher illness rates in pets, thus improving product competitiveness, releasing product value, and introducing medical protection against critical illness which has been absent in the pet medical market. The Pet Medical Insurance we launched on Alipay 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. As of June 30, 2024, our pet insurance service network further expanded to include 18,000 offline pet hospitals and service agencies, covering major cities across the country. In addition, in terms of product innovation, we also launched value-added optional protection such as pet third-party liability and pet death compensation, as well as pet food safety insurance, pet transport protection insurance, pet anesthesia accident insurance, and employee accident insurance for the pet industry, thereby meeting users' growing protection needs related to pets.

In active response to the Guiding Opinions, we worked with ecosystem partners to introduce multi-scenario accident protection, serving more than one million new citizens including delivery workers, ride-hailing drivers and online store operators, and provided them with accident insurance, liability insurance and other protection. While promoting national fitness and the construction of "Healthy China", we also focus on the groups who pursue fashion lifestyles and create new insurances specially for tennis, swimming, cycling, rock climbing, ice and snow sports and other fashion lifestyles, which cover more than 10 specific sports scenarios, to facilitate national fitness while marching along with the Olympic Games.

We cooperated with food delivery platforms to create insurance that covers (among others) food safety and delivery delays. Such scenario-based insurance jointly developed with food delivery platforms registered a year-on-year increase of over 3 times in GWP in the first half of the year.

In the P&C insurance sector, we collaborated with DJI to launch DJI Care service protection products for drones, including drone damage insurance and third-party liability insurance. We have been providing DJI agricultural users with drone insurance renewal resolutions for 5 consecutive years, providing protection for more than 100,000 farmers cumulatively to cover their risks related to production and operation. In addition, we partnered with WeBank to introduce customized insurance services such as "commercial property insurance". Powered by digital technology, such services truly enable "low threshold" as they allow online one-click insurance application and complete online customization of solutions, providing support to more than 40,000 small and medium-sized enterprises in hundreds of sectors, and assisting small and micro enterprises and individual businesses in enhancing their risk resilience. In the first half of the year, the digital lifestyle ecosystem recorded insurance revenue of RMB7,078 million, representing a year-on-year increase of 24.2%, mainly benefiting from the sustained prosperous momentum in the e-commerce sector and the rapid growth of innovative products such as pet insurance.

During the Reporting Period, the loss ratio of the digital lifestyle ecosystem was approximately 71.7%, representing a year-on-year increase of approximately 3.3 percentage points, and the expense ratio was approximately 28.2%, representing a year-on-year decrease of approximately 3.2 percentage points, mainly benefiting from the optimization of its product mix and the stability of the overall combined ratio.

Management Discussion and Analysis

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 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.

The targeted customers of our consumer finance ecosystem are primarily China's young near-prime group with good education and strong consumption demands. Our major customers are aged 30-45. We also provide our diversified product offerings for users of consumer finance ecosystem to meet their multi-level protection needs. We focus on small, dispersed and short-term Internet consumer finance assets and work with licensed financial institutions to 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.

In the first half of the year, faced with the pressure of an uncertain macro environment and industry challenges, we adopted a more prudent risk control strategy and proactively scaled down our business to cope with fluctuations in asset quality. In the first half of 2024, our consumer finance ecosystem recorded insurance revenue of RMB2,280 million, representing a year-on-year decrease of 1.7%. As of June 30, 2024, the outstanding balance of insured loans of the consumer finance ecosystem was RMB23,028 million, representing a decrease of 15.0% from the end of last year.

The average duration of our underlying assets is nearly 10 months, with an average principal amount of approximately RMB7,500 per loan. As we adhere to a prudent business strategy and constantly improve risk control models, our underlying asset quality remained within a controllable range.

In the first half of 2024, the combined ratio of the consumer finance ecosystem was 99.1%, representing an increase of 8.4% from the corresponding period of 2023, mainly attributable to the rising asset quality risk in the first half, which led to an increase of 13.0 percentage points in the loss ratio to 73.8%. The combined ratio increased year-on-year in the first half of 2024 as compared with the second half of last year. From the beginning of 2024, our underlying asset quality has experienced a gradual improvement as compared with the second half of last year. The expense ratio was 25.3%, representing a decrease of 4.6 percentage points from the corresponding period of 2023. This is primarily because the Company and its partners focused on repeat borrowing of existing users in light of our judgement on macro environment and industry cycles, which led to a decrease in customer acquisition costs.

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 the first half of 2024, China's automobile sales reached 14,047 thousand units, representing a year-on-year growth of 6.1%. In particular, new energy vehicles (NEV) maintained rapid growth and recorded sales of 4,944 thousand units, representing a year-on-year increase of 31.9%, with steady growth in market share.

ZhongAn captured the opportunity arising from the prosperity of the industry and leveraged its own online channel capabilities. For users of auto insurance, we also actively launched insurance products including accident insurance for both drivers and passengers and travel accident insurance, to provide protection for their travel. During the Reporting Period, the auto ecosystem recorded insurance revenue of RMB863 million, representing a year-on-year increase of 24.2%.

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 increasing by approximately 214.8% year-on-year in the first half of 2024 and accounting for over 10% of total GWP of the Company's auto insurance.

In terms of user experience, we rely on technology services such as AI to create a new model of efficient, convenient and intelligent claim services. We have launched the "video claims" solution for auto insurance. By the end of July 2024, the coverage of this solution has reached 50% of the cases reported to the Company, enabling us to swiftly conduct claim investigation, with the fastest case taking only 6 minutes to complete, 85% faster than the average of onsite investigation, with the efficiency of manual investigation improving by 6 times.

During the Reporting Period, the combined ratio of the auto ecosystem was 94.2%, representing an improvement of 3.1 percentage points as compared with the corresponding period of last year, of which the loss ratio increased by 7.6 percentage points year-on-year to 66.7% due to the impact of the increase in travel, and the expense ratio dropped by 10.7 percentage points year-on-year to 27.5%, benefitting from the improvement in refined operational management and adherence to the requirement of "consistency between the reported and actual commission rates" in terms of control on commission rates.

Proprietary Channels

In 2024, we continue to focus on changes in the trend of public domain traffic, prioritizing efficiency and return on investment. In the first half of the year, we focused more on improving user experience and unlocking long-term user value. Focusing on the operation and construction in the field of private domain traffic, we have devoted meticulous efforts in script writing, customer segmentation and intelligent operation, and conducted controllable, sustainable and in-depth user operations.

In the first half of 2024, we stayed focused on cross-penetration among 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 2024, 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 the first half of 2024, the GWP of our proprietary channels amounted to RMB3,162 million, accounting for 20.8% of the total GWP, and renewals of the insurance contracts contributed approximately 82.2% of GWP. Total GWP from cross-selling policies of existing users contributed 31.0% of the GWP of proprietary channels, and the customer renewal rate¹ increased by 3.2 percentage points year-on-year to 90.5%. The number of paying users of our proprietary channels was 4.74 million, and the ARPU² reached RMB667.

R&D Investments and Technology Empowerment

We continue to focus on the development of cutting-edge technologies including artificial intelligence, cloud computing and big data, aiming to reshape every stage throughout the insurance value chain with technology. In the first half of 2024, ZhongAn invested RMB464 million in R&D activities. As of June 30, 2024, ZhongAn had a total of 1,171 engineers and technicians, which accounted for 45.0% of our total employees, and we had accumulatively filed applications for 461 patents, including 167 applications for overseas patents. As of the same date, we obtained 96 patents in total, and 34 overseas patents were granted. In addition, as of June 30, 2024, 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 9,133 million policies and served over 500 million users in the first half of 2024. The user experience was greatly improved through technology empowerment with the automation rate for underwriting reaching 99%. In terms of customer service, AI technology was utilized to support customer service team to improve their efficiency by over 15%. In terms of quality inspection, we have completed the transition from manual sampling to full AI quality inspection and from rule-based quality inspection to real-time full-process quality inspection, achieving 100% coverage of high-risk types and an accuracy rate of over 80%. In terms of risk management and control, real-time risk warnings have been launched, achieving daily handling and conclusion of high-risk cases.

¹ Renewal rate is calculated as number of renewed policies in the 13th month divided by number of policies to be renewed as of the 12th month.

² ARPU is calculated as GPW from proprietary channels divided by the number of paying users from proprietary channels.

Management Discussion and Analysis

For our overall health insurance, 99% of claims were filed online, and 88% of claim settlement cases were completed with one submission of supporting documents, thanks to the intelligent cameras. With the online customer service robot powered by AIGC serving as a claim assistant, the manual assistance rate has dropped to below 10%. The intelligent collection platform and the intelligent review platform we built introduced the fusion solution with large and small model material classifications, with the total number of material classifications increasing to 30. Supported by OCR (Optical Character Recognition), LLM (Large Language Model) and RAG (Retrieval-Augmented Generation) technologies, the success rate of material field extraction has been significantly improved, and the overall intelligent completeness rate of information collection reached 85%. We have achieved automated information collection and intelligent review in the hierarchical review of claim settlement cases, which reduced manpower input and time costs, effectively raising review efficiency and further improving user experience.

Technology Export

We have been deeply rooted in the InsurTech segment, developing and exporting our advanced experience and technology strengths in the InsurTech industry in a diverse manner to facilitate digital transformation throughout the insurance industry. 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.

Domestic Technology Export

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 "product + 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 clients in banking, insurance and securities, with a view to promote high-quality development of the financial industry with core advanced technology and facilitating the formation of a new landscape of digital finance.

In 2024, relying on our persistent efforts in InsurTech, we have made major breakthroughs in multiple fields including RegTech, data intelligence, core business system, brokerage and agency middle platform and insurance digital marketing, and our InsurTech export business continued to maintain rapid growth. With the implementation of the new insurance contract standards of IFRS 17 in China, ZhongAn recorded strong growth in customer accumulation and contract value by virtue of its practical experience in the industry and product capabilities.

In the first half of 2024, our revenue from domestic technology export amounted to RMB319 million, representing a year-on-year increase of 112.7%, which was primarily driven by the growth of new clients of our products such as core system for P&C insurance, intelligent marketing and data intelligence, as well as the increase in average price per client. At the same time, we seized the opportunity presented by the implementation of the new insurance contract standards (IFRS17) in the industry, having signed up more than 10 IFRS17 clients since its launch.

In the first half of 2024, we had 56 newly contracted clients along the insurance industrial chain, of which 29 clients had a total contract value of more than RMB1 million and 4 clients had a contract value of more than RMB10 million with us. In addition, we continued to expand our business to diversified sectors, serving 7 clients from the broader financial industries such as the banking and securities industries, and further expanding our general software and technology services to manufacturing, retail and other industries.

Our domestic InsurTech product lines mainly fall into three product series, namely, the business production series, the business growth series and the digital new infrastructure series, which can boost rapid business growth and accelerate the digital transformation and upgrading of clients.

1) Business Production Series

Our business production series products mainly include distributed cloud-native insurance core and peripheral systems, brokerage systems and IFRS17 system solutions, which support the entire life cycle operation of insurance business, helping 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 a massive volume of fragmented insurance businesses, launched the “Wujieshan Mate” version last year. 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, Guoren Property and Casualty Insurance, Yingda Taihe Property Insurance, Zheshang 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.

ZhongAn Technology provides end-to-end IFRS17 system solutions that cover the whole process from data collection, model building and processing to report generation, thus ensuring the accurate measurement and dynamic management of insurance contract liabilities, helping insurance companies comply with the new accounting standards, accelerating the digital transformation of finance, and facilitating internal collaboration among finance, actuarial, auditing and IT departments of clients.

With the approach of the latest effective date of the new insurance contract accounting standards in 2026, insurance companies have an increasingly urgent need to implement the IFRS17 system. ZhongAn Technology competes in the domestic market with its industry-leading experience in IFRS17 implementation and has established cooperation with many insurance companies. The product has served more than 10 clients since its launch, with the customer base continuously expanding to include domestic and foreign P&C insurance and life insurance companies including China Export & Credit Insurance Corporation, Minsheng Life Insurance and

AXA Tianping. In April 2024, the new insurance contract standard (IFRS17) project of Mitsui Sumitomo Insurance (China) was successfully completed with the assistance of ZhongAn Technology. With the main functions completed and launched in merely 6 months, the project set a benchmark for the industry in terms of a fast and efficient IFRS17 launch cycle.

2) Business Growth Series

Our business growth series products cover the entire marketing field, creating a closed-loop customer operation from the public domain to the private domain. Combined with ZhongAn’s own unique advantages, such products provide enterprises with integrated marketing solutions, including marketing and customer acquisition, customer insight, intelligent strategy, private domain management, personalized content recommendation and intelligent performance analysis, thereby forming the X product matrix of our business growth series. The X product matrix is also equipped with ZhongAn’s model and strategy for the entire customer operation process, enabling precise identification of customer portraits and user segmentation. The intelligent content recommendation generates unique recommendation results for each user to facilitate rapid business start-up and business growth and scale expansion. During the Reporting Period, our business growth series newly contracted with 38 clients.

In 2024, in terms of our ecosystem-building strategy, we also partnered with Tokio Marine & Nichido Fire Insurance (China), NS Solutions and Takumi Innovators (Shanghai) to carry out in-depth cooperation in the fields of InsurTech and digital services, jointly explore insurance and digital integrated service models, and promote the digital transformation and growth of the parties involved and Japanese clients. Through our business marketing intelligence platform, Tokio Marine & Nichido Fire Insurance (China) will exclusively develop specific scenario-based insurance and sell to Japanese companies in China, which will not only bring more diversified insurance options and value-added services to its clients, but also provide a solid foundation for us to connect with more ecosystem partners.

Management Discussion and Analysis

3) Digital New Infrastructure Series

Our digital new infrastructure series includes integrated DevOps platform, big data platform, etc., which provide financial institutions with an efficient, secure and stable basic management platform, and help clients rapidly complete infrastructure during their digital transformation process, so that they can concentrate more on business and application transformation and upgrading in a faster and better way.

Our independently developed integrated DevOps platform, DevCube, received the "Automotive Cloud-Automotive Software R&D Effectiveness Maturity Model Capability Assessment (汽車雲-汽車軟件研發效能成熟度模型能力評估)" level 3 certification for platforms from the China Academy of Information and Communications Technology (CAICT) at the Trusted Cloud Summit hosted by the China Communications Standards Association, organized by the CAICT, and co-organized by the Cloud Computing Standards and Open Source Promotion Committee of China Communications Standards Association. The certification further reflects that DevCube, as a DevOps platform covering project management, CI/CD, automated testing and operation monitoring, can support the digital transformation of the automotive industry towards the era of automation and intelligence.

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.

International business

The international business of the Company is mainly carried out through its joint venture, ZhongAn International¹ ("ZA Global") and its subsidiaries.

Overseas Technology Export

Peak3 (Hong Kong) Limited (formerly known as ZA Tech Global Limited ("ZA Tech")), a technology subsidiary of ZA Global founded in 2018, focuses on exporting cloud-native, modular, no-code/low-code digital solutions to overseas insurance companies and insurance intermediary platforms, 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, insurance product lines (life insurance, health insurance, property and casualty insurance, etc.) and every part of the end-to-end insurance business value chain.

During the six years of its development, based on its two core product solutions, namely Graphene and Fusion, Peak3 has established cooperation with insurance companies including AIA, Generali, Prudential and Zurich. Meanwhile, it has also collaborated with digital platforms such as Carro, Grab, Klook and PayPay to build and expand its embedded insurance business.

At present, Peak3 has established a presence in 12 countries and regions worldwide. It has established the "Asia Fintech Center" in Singapore, and has offices in 16 countries and regions including Japan, Thailand, Germany, Denmark, France, and Ireland.

¹ Since August 14, 2023, ZhongAn International ceased to be a subsidiary of the Company and became a joint venture of the Company accounted for by using the equity method.

With the in-depth implementation of the Belt and Road Initiative, Chinese companies such as Alibaba, TikTok and DJI have been actively expanding their global footprint, while Peak3 has deeply involved itself in their global expansion with its one-stop insurance solutions and become their indispensable partner. In May 2024, then-ZA Tech and SZ DJI Technology Co., Ltd. launched an agricultural drone damage insurance solution in Thailand, which facilitated the quick implementation of DJI's project in Thailand based on ZhongAn's extensive cooperation network and solid insurance technology capabilities overseas.

In June 2024, Peak3 announced the completion of its series A financing of USD35 million and officially changed its name to Peak3. This round of financing was led by EQT, a large European private equity investment firm, and followed by Alpha JWC Ventures, a leading venture capital firm in Southeast Asia. Following this round of financing, Peak3 will accelerate its expansion in the Europe, Middle East and Africa (EMEA). At the same time, in line with the general trend of AI empowering the insurance industry, Peak3 will also facilitate its investments in AI and big data, with a view to driving the digital transformation of the global insurance industry toward intelligence.

Peak3 recorded revenue from technology export of RMB123 million in the first half of 2024, representing an increase of 3.8% as compared with the corresponding period of 2023, the annualized recurring revenue¹ reached RMB127 million, and the gross profit margin remained stable at approximately 32.0%. Meanwhile, due to its persistent focus on cost-efficiency, the company's net loss margin narrowed by 55.2 percentage points.

Digital Banking and Virtual Insurance in Hong Kong

ZA Bank, a subsidiary of ZA Global and a digital bank in Hong Kong, became one of the first banks in Hong Kong having been 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 digital banks in the Hong Kong market that offers the most comprehensive functions and products, building a one-stop integrated digital financial service platform through its mobile app, which operates in a fully digitalized mode. The bank is currently the only digital bank that offers users 24/7 digital banking services such as deposits, loans, transfers, card spending, foreign exchange, insurance, investment and business banking.

ZA Bank became the first digital 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 2022, and has been actively expanding its product suite for investment business since then. Following the launch of investment fund services in August 2022, ZA Bank officially introduced its US stock trading services in February 2024, further meeting users' wealth management needs.

¹ Annualized recurring revenue is calculated based on the subscription revenue from the most recent month multiplied by 12, and monthly recurring revenue refers to revenue for the month from subscription services under active contracts.

Management Discussion and Analysis

ZA Bank has been highly recognized by leading international media outlets for its outstanding performance in the digital banking sector and innovative financial solutions. In 2024, ZA Bank became the first Hong Kong bank to be named "Rising Star" in "Awards for Excellence" by the globally renowned financial magazine, Euromoney, and ZA Bank is the only company in Hong Kong to win this award in 2024. "Awards for Excellence" of Euromoney is one of the world's most prestigious accolades in the banking industry. This year, awardees include banks from over 25 countries and territories, of which only 4 countries or territories won the "Rising Star" award. The bank was also named "Virtual Bank of the Year - Retail Banking" for the second consecutive year in the "Triple A Digital Awards" by the prestigious magazine, *The Asset*. ZA Bank's express online business account opening service officially launched in April 2023 was also awarded the "SME Digital Innovation of the Year - Hong Kong" by the international financial media, *Asian Banking & Finance*, in recognition of the digitalized commercial banking products to support SMEs.

As at June 30, 2024, ZA Bank had a deposit balance of approximately HKD16,801 million. Gross loan balance was approximately HKD5,619 million, with a loan-to-deposit ratio of 33.4%. Meanwhile, benefiting from the interest rate hike cycle and the diversification of loan products, ZA Bank's net interest margin further improved to 2.21% from 1.87% in the same period of 2023, which was better than the industry average.

During the Reporting Period, with the launch of new products, ZA Bank recorded net revenue of approximately HKD255 million, representing a year-on-year increase of 45.9%, of which non-interest income accounted for approximately 18.4%. Meanwhile, ZA Bank focused on business quality and operating efficiency improvement, and the net loss amounted to HKD109 million, down by nearly HKD100 million from the same period of last year. The loss margin narrowed by approximately 71.7 percentage points to 42.9% from 114.6% in the corresponding period of 2023.

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

In terms of preventing money laundering and fraud, ZA Bank is committed to safeguarding user's money with FinTech, with the aim of providing users with innovative services while actively promoting the development of RegTech. Thanks to its in-house built systems, ZA Bank has significantly enhanced its capabilities in risk controls and information technology security in recent years. In March 2024, ZA Bank won the annual "Good Organization Award" presented by the Hong Kong Police Force - the only bank to be awarded in the category this year, as well as the first digital bank to receive this award.

ZA Bank also capitalizes on opportunities emerging from Web3 development and strategically 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 with the Web3 world. The bank seeks to actively support the development blueprint of the HKSAR government, and participate in building a vibrant Web3 sector and ecosystem.

In July 2024, shortly after the Hong Kong Monetary Authority announced the list of participants of the stablecoin issuer sandbox, ZA Bank subsequently announced that it would become the first local digital bank to provide dedicated "reserve banking services" for stablecoin issuers, making it one of the first banks in Hong Kong to provide such services.

In terms of virtual insurance business, ZA Insure 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 Insure has continuously deepened the bancassurance partnership with ZA Bank and launched "ZA Savings Insurance" series in the ZA Bank App to provide basic protections for users' health and wealth. During the Reporting Period, ZA Insure achieved GWP of HKD210 million.

Investment Business

Asset Management of Onshore Insurance Funds

As of June 30, 2024, the total investment assets of our onshore insurance funds amounted to approximately RMB37,698 million, among which cash and amounts due from banks and other financial institutions amounted to RMB1,039 million, accounting for 2.8%, fixed income investments amounted to RMB28,426 million, accounting for 75.4% (out of which bonds and bond funds represented 65.0%), stock and equity funds amounted to RMB2,406 million, accounting for 6.4% and unlisted equities amounted to RMB5,826 million, representing 15.4% (which mainly included the equity interests in ZhongAn Technology and ZhongAn Insurance Broker, wholly-owned subsidiaries of the Company).

Investment portfolio of onshore insurance funds (by category)

(RMB'000)	June 30, 2024		December 31, 2023	
	Balance	As percentage of the total (%)	Balance	As percentage of the total (%)
Cash and amounts due from banks and other financial institutions	1,039,026	2.8%	1,037,888	2.7%
Fixed income investments	28,426,382	75.4%	28,759,665	75.3%
Money market funds	100,060	0.3%	100,055	0.3%
Bonds	18,528,680	49.1%	18,436,216	48.3%
Bond funds	5,995,685	15.9%	6,275,670	16.4%
Others ⁽¹⁾	3,801,957	10.1%	3,947,723	10.3%
Equity and equity funds	8,232,394	21.8%	8,406,738	22.0%
Stocks	1,573,417	4.2%	923,595	2.4%
Equity funds	832,569	2.2%	1,656,735	4.3%
Unlisted equity	5,826,408	15.4%	5,826,408	15.3%
Total investment assets	37,697,802	100.0%	38,204,290	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 the first half of 2024, the domestic bond market experienced intensified volatility and delivered growth as the yield of ten-year treasury bond dropped by approximately 35 basis points as compared with the end of last year. The secondary equity market experienced even greater fluctuations 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 was RMB620 million (for the first half of 2023: RMB723 million), of which the net investment income was RMB-174 million (for the first half of 2023: RMB146 million) and net fair value changes through profit or loss was RMB796 million (for the first half of 2023: RMB573 million). During the Reporting Period, the Company's total investment yield (annualized) and net investment yield (annualized) were approximately 3.3% (for the first half of 2023: 4.0%) and approximately 2.3% (for the first half of 2023: 2.2%), respectively.

Management Discussion and Analysis

Investment income

(RMB million)	For the six months ended June 30,	
	2024	2023
Net investment income	(174)	146
Net fair value changes through profit or loss	796	573
Impairment losses on investment assets	(2)	4
Total investment income	620	723
Total investment yield (annualized)	3.3%	4.0%
Net investment yield (annualized)	2.3%	2.2%

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 June 30, 2024, among the bonds we invested in, 99.2% received external credit ratings of AA level or above and approximately 76.8% received external credit ratings of AAA 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 strictly manage credit risks. 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.

Financial Review

In the first half of 2024, 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 in refined management and data-driven operations. For the six months ended June 30, 2024, the Group's total income reached approximately RMB16,035 million, representing a year-on-year increase of 12.7%.

The following table sets forth the key financial data for the six months ended June 30, 2024 and 2023, respectively:

(RMB'000)	For the six months ended June 30,	
	2024	2023
Total income ⁽¹⁾	16,035,401	14,231,090
Net profit/(loss)	55,467	26,031
Total comprehensive income	163,231	207,565
Earnings per share		
– Basic (RMB yuan)	0.04	0.15
– Diluted (RMB yuan)	0.04	0.15

Note:

- (1) Total income equals 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 and other income.

The following table sets forth our key financial ratios as of or for the six months ended June 30, 2024 and 2023, respectively:

Group	As of or for the six months ended June 30,	
	2024	2023
Return on assets ⁽¹⁾	0.1%	0.5%
Return on equity ⁽²⁾	0.3%	1.4%
Gearing ratio ⁽³⁾	53.0%	63.8%
Net investment yield (annualized) ⁽⁴⁾	1.8%	2.4%
Total investment yield (annualized) ⁽⁵⁾	2.8%	4.4%
Insurance business		
Net investment yield (annualized) ⁽⁴⁾	2.3%	2.2%
Total investment yield (annualized) ⁽⁵⁾	3.3%	4.0%

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 of the period.
- (2) Return on equity equals profit/(loss) 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 of the period.
- (3) Gearing ratio equals total liabilities (excluding capital supplementary bonds and subordinated term debts) divided by total assets.
- (4) Net investment yield equals the sum of net interest income, dividend income and share of net profit/(loss) of associates and joint ventures as a percentage of the average of the opening and closing balances of total investment assets of the period. The net interest income and the opening and closing balances of total investment assets excludes the impact of USD notes issuance. Net investment yield (annualized) is double the net investment yield.
- (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) as a percentage of the average of the opening and closing balances of total investment assets of the period. The net investment income and the opening and closing balances of total investment assets of the period excludes the impact of USD notes issuance. Total investment yield (annualized) is double the total investment yield.

Management Discussion and Analysis

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:

(RMB'000)	For the six months ended June 30,	
	2024	2023
Insurance revenue	15,087,916	12,682,063
Insurance services expenses	(14,767,552)	(12,095,438)
Net income/(expenses) from reinsurance contracts held	26,122	872
Finance expenses from insurance contracts issued	(33,068)	(45,644)
Finance income/(expenses) from reinsurance contracts held	447	(6,233)
Underwriting profit ⁽¹⁾	313,865	535,620
Underwriting combined ratio ⁽²⁾ (%)	97.9%	95.8%

Notes:

- (1) Underwriting profit only takes into account the online P & C insurance business in the PRC, and is the result after inter-segment elimination.
- (2) Underwriting combined ratio equals the sum of insurance services 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 Company recognizes 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 19.0% from RMB12,682 million for the six months ended June 30, 2023 to RMB15,088 million for the six months ended June 30, 2024.

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

(RMB'000)	For the six months ended June 30,		
	2024	2023	Change (%)
Health insurance	5,002,211	4,218,250	18.6%
Bond insurance	2,016,139	2,114,889	(4.7)%
Accident insurance	1,022,186	1,138,841	(10.2)%
Motor insurance	862,866	665,109	29.7%
Liability insurance	511,969	137,081	273.5%
Household property insurance	429,481	234,351	83.3%
Credit insurance	423,729	324,302	30.7%
Cargo insurance	51,957	29,313	77.2%
Others ⁽¹⁾	4,767,378	3,819,927	24.8%
Of which:			
Shipping return insurance	3,994,967	3,091,703	29.2%
Total	15,087,916	12,682,063	19.0%

Note:

- (1) The NFRA 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 NFRA.

2. Insurance services expenses

Insurance services expenses primarily include incurred claims and other directly attributable expenses, insurance acquisition cash flows amortization, losses on onerous contracts, reversal of losses on onerous contracts and changes in fulfillment cash flows relating to liability for incurred claims. Insurance services expenses of the Company increased by approximately 22.1% from approximately RMB12,095 million for the six months ended June 30, 2023 to approximately RMB14,768 million for the six months ended June 30, 2024.

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 assets recovered from reinsurance contracts as a result of receiving insurance contract services provided by reinsurers in the current period. Amounts recovered from reinsurance contracts refers to the increase in the carrying value of incurred claims assets 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 fulfillment cash flows associated therewith. Net income/(expenses) from reinsurance contracts held of the Company increased from approximately RMB0.87 million for the six months ended June 30, 2023 to approximately RMB26.12 million for the six months ended June 30, 2024.

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 premiums and liability for incurred claims as a result of the impacts of time value of money and financial risks. Finance income/(expenses) from insurance includes 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 RMB46 million for the six months ended June 30, 2023 to approximately RMB33 million for the six months ended June 30, 2024. Finance expenses from reinsurance contracts held of approximately RMB6.23 million for the six months ended June 30, 2023 turned to finance income from reinsurance contracts held of approximately RMB0.45 million for the six months ended June 30, 2024.

Management Discussion and Analysis

Investment Business

For the six months ended June 30, 2024, the Group's investment activities consisted of (i) equity investments, (ii) proprietary trading of bonds, investment funds and other asset management products, and (iii) entrustment of third-party asset management companies for purchase of stocks, bonds and other asset management products.

5. Composition of investment assets

We adhere to a sound and prudent investment philosophy, strengthening our asset allocation management and risk management and continuing to serve the investment management needs of insurance funds. Since August 14, 2023, ZA Global ceased to be a subsidiary of the Company and became 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 ZA Global (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:

(RMB'000)	June 30, 2024		December 31, 2023	
	Balance	As percentage of the total (%)	Balance	As percentage of the total (%)
Cash and amounts due from banks and other financial institutions	1,438,472	3.7%	1,576,424	4.0%
Fixed income investments	28,803,118	74.7%	29,204,330	74.5%
Term deposits	30,527	0.1%	30,184	0.1%
Money market funds	215,553	0.6%	105,210	0.3%
Bonds	18,528,680	48.0%	18,436,216	47.0%
Bond funds	6,160,284	16.0%	6,426,231	16.4%
Others ⁽¹⁾	3,868,074	10.0%	4,206,489	10.7%
Equity and equity funds	8,326,430	21.6%	8,412,301	21.5%
Stocks	1,573,417	4.1%	923,595	2.4%
Equity funds	843,121	2.2%	1,671,400	4.3%
Unlisted equity	5,909,892	15.3%	5,817,306	14.8%
Total investment assets	38,568,020	100.0%	39,193,055	100.0%

Note:

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

As at December 31, 2023 and June 30, 2024, we had total investment assets of approximately RMB39,193 million and RMB38,568 million, respectively, and our total investment assets accounted for approximately 91.4% and 89.6% of our total assets, respectively. As at June 30, 2024, cash and amounts due from banks and other financial institutions and fixed income investments together represented approximately 78.4% 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 June 30, 2024, our cash and amounts due from banks and other financial institutions amounted to approximately RMB1,576 million and RMB1,438 million, respectively.

7. Bonds

Bonds include government bonds, finance bonds, corporate bonds and negotiable certificates of deposit. As at June 30, 2024, 99.2% of the bonds the Company held received external ratings of AA level or above. As at December 31, 2023 and June 30, 2024, our bond investments amounted to approximately RMB18,436 million and RMB18,529 million, respectively.

8. Stocks and equity funds

As at December 31, 2023 and June 30, 2024, the Group's investment in stocks and equity funds amounted to approximately RMB2,595 million and RMB2,417 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

(RMB'000)	For the six months ended June 30,		
	2024	2023	Change (%)
Interest income			
– Debt investments	297,242	333,467	(10.9)%
– Trust investment schemes	21,775	18,446	18.0%
– Bank deposits	12,200	22,109	(44.8)%
– Securities purchased under agreements to resell	3,643	1,097	232.1%
Dividend income			
– Wealth management products	39,020	62,025	(37.1)%
– Equity investments	37,853	9,062	317.7%
– Fund investments	26,645	64,135	(58.5)%
Realized (losses)/gains, net	(608,894)	(279,929)	117.5%
Net investment income	(170,516)	230,412	(174.0)%

Management Discussion and Analysis

Net investment income comprises interest income from bonds, trust investment schemes, bank deposits and securities purchased under agreements to resell, dividend income from investment fund, wealth management products and equity investment and realized gains or losses on securities transactions. The Group recorded net investment income of approximately RMB230 million and RMB-171 million for the six months ended June 30, 2023 and 2024, 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 represent net fair value changes on financial assets measured at fair value through profit or loss. We recorded net gain on fair value changes of approximately RMB789 million for the six months ended June 30, 2024, compared to net gain on fair value changes of approximately RMB682 million for the corresponding period of last year. The changes are primarily due to the benefits from the recovery of the capital markets in the first half of the year.

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, and other income. Total income increased by approximately 12.7% from approximately RMB14,231 million for the six months ended June 30, 2023 to approximately RMB16,035 million for the six months ended June 30, 2024.

12. Profit before income tax

Total profit before income tax of the Group was approximately RMB39 million for the six months ended June 30, 2024, compared with profit before income tax of approximately RMB105 million for the six months ended June 30, 2023.

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 income tax rate of 25%. We recorded income tax credit of approximately RMB16 million and income tax expense of approximately RMB79 million for the six months ended June 30, 2024 and 2023, respectively, which were primarily due to the combined impact of deferred income tax and taxable income.

14. Net profit

The Group recorded a net profit of approximately RMB55 million for the six months ended June 30, 2024 compared to a net profit of approximately RMB26 million for the six months ended June 30, 2023.

Cash Flow

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

(RMB'000)	Six months ended June 30,	
	2024	2023
Net cash flows generated from operating activities	850,742	1,376,256
Net cash flows generated from/(used in) investing activities	948,532	(618,746)
Net cash flows used in financing activities	(1,453,127)	(1,257,080)
Effect of exchange rate changes on cash and cash equivalents	430	81,334
Net increase/(decrease) in cash and cash equivalents	346,577	(418,236)
Cash and cash equivalents at the beginning of the period	1,676,330	3,617,664
Cash and cash equivalents at the end of the period	2,022,907	3,199,428

We had net cash flows generated from operating activities of approximately RMB851 million for the six months ended June 30, 2024, which comprised cash inflow from the premiums received of approximately RMB16,439 million, offset by the cash outflow used in claims and the net cash outflow used in other operating activities of approximately RMB8,601 million and RMB6,988 million, respectively.

We had net cash flows generated from investing activities of approximately RMB949 million for the six months ended June 30, 2024, whereas our net cash flows used in investing activities of approximately RMB619 million for the six months ended June 30, 2023. This was primarily due to the decrease in the purchase of investment assets.

We had net cash flows used in financing activities of approximately RMB1,453 million for the six months ended June 30, 2024, which mainly consisted of (i) the cash outflow due to the decrease in securities sold under agreements to repurchase of approximately RMB1,163 million; and (ii) the cash outflow used in interest payments of approximately RMB228 million.

Indebtedness

On July 16, 2020, September 8, 2020 and October 12, 2020, the Company issued the 2025 Notes, the 2026 Notes and the Additional Notes (each defined in the section headed "Use of Proceeds") with a total principal amount of USD1,000,000 thousand. As of June 30, 2024, the Company had repurchased notes at a total principal amount of USD49,900 thousand on the Hong Kong Stock Exchange, and the balance of outstanding 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 June 30, 2024, the credit line was RMB100 million and the balance of principal amount of the borrowings of ZhongAn Technology was RMB99 million. In 2024, ZhongAn Technology applied for a twelve-month working capital loan from China Citic Bank. As of June 30, 2024, the credit line was RMB30 million and the balance of principal amount of the borrowings of ZhongAn Technology was RMB13 million.

Save as disclosed in this interim report, as of June 30, 2024, 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.

Management Discussion and Analysis

Solvency

Solvency ratios are important supervisory indicators to assess the capital adequacy of insurance companies. A sufficient solvency ratio means a company can meet the capital requirements of regulators, rating agencies and other external institutions, support its business development needs and provide long-term value for shareholders.

With adequate solvency at present, the Company will continue to strengthen the monitoring and analysis of its solvency ratios while proactively developing its insurance business and expanding its array of investments in the future.

The table below sets forth the solvency indicators of the Company according to the Regulatory Rules on Solvency of Insurance Companies (II) (the "C-ROSS Phase II Rules") for the periods indicated:

(RMB'000)	As of June 30, 2024	As of December 31, 2023
Actual capital	18,552,172	18,413,570
Core capital	17,917,515	17,616,816
Minimum required capital	8,292,223	7,679,397
Comprehensive solvency margin ratio ⁽¹⁾ (%)	224%	240%
Core solvency margin ratio ⁽²⁾ (%)	216%	229%

Notes:

- (1) Comprehensive solvency margin ratio equals actual capital divided by minimum required capital.
- (2) Core solvency margin ratio equals core capital divided by minimum required capital.

15. Significant investments

Save as disclosed in this interim report, we did not hold any significant investments during the six months ended June 30, 2024 (including any investment in an investee company with a value of 5% or more of the Company's total assets as at June 30, 2024).

16. Material acquisitions and disposals

Saved as disclosed in this interim report, we did not have any material acquisitions or disposals of subsidiaries, associated companies or joint ventures during the six months ended June 30, 2024.

17. Future plans for material investments and capital assets

As at June 30, 2024, we did not have any plans for material investments and capital assets.

18. Pledge of assets

Save as disclosed in this interim report, as at June 30, 2024, none of the Group's assets were pledged.

19. Gearing ratio

As at June 30, 2024, our gearing ratio, calculated as total liabilities (excluding capital supplementary bonds and subordinated term debts) divided by total assets, was approximately 53.0%, representing a decrease of 0.2 percentage point as compared with approximately 53.2% as of December 31, 2023.

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 digital 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 and Euros). Assets denominated in foreign currencies held by the Group are exposed to foreign exchange risks. Such assets include amounts due from banks and other financial institutions. The Group's liabilities denominated in foreign currencies, including bonds payable, are also exposed to exchange rate risk.

21. Contingent liabilities

As of June 30, 2024, we did not have any material contingent liabilities.

22. Off-balance sheet commitments and arrangements

As of June 30, 2024, we had not entered into any off-balance sheet arrangements.

23. Events after the Reporting Period

On July 1, 2024, the Company and Alipay (Hangzhou) Information Technology Co., Ltd. ("**Alipay Hangzhou**"), a connected person of the Company, entered into three employee insurance agreements, pursuant to which Alipay Hangzhou will purchase protection related insurance and comprehensive medical insurance products from the Company to provide to employees of Ant Group and its subsidiaries, as well as their immediate family members. Details of such continuing connected transactions are set out in the announcement of the Company dated July 1, 2024.

Save as disclosed in this interim report, there were no other significant events that might affect the Group from June 30, 2024 up to the Latest Practicable Date.

Disclosure of Interest

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

As at June 30, 2024, 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 June 30, 2024.
- (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 June 30, 2024, 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 June 30, 2024, within the knowledge of the Directors, the following persons (other than the Directors, the Supervisors and the 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 Jiangu 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%
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 June 30, 2024.
- (3) Ping An Insurance is a joint-stock company incorporated in the PRC and listed on Main Board of the Hong Kong Stock Exchange (stock code: 2318) and the Shanghai Stock Exchange (stock code: 601318).

Disclosure of Interest

- (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 (a company listed on the Hong Kong Stock Exchange (stock code: 0700)), and is one of its principal PRC domestic operating entities. Tencent Computer System is a leading provider of Internet value-added services in the PRC and a clear holder of the Company's Shares. As such, Tencent is deemed to be interested in the Shares held by Tencent Computer System. As at the Latest Practicable Date, Mr. Huateng Ma (馬化騰) held 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 interest of Mr. Yaping Ou is disclosed in the section headed "Directors', Supervisors' and Chief Executive's interests and short positions in the Shares, underlying Shares and debentures of the Company and any associated corporations" in this interim report.
- (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 position in the Shares or underlying Shares as at June 30, 2024.

Other Information

EMPLOYEES AND REMUNERATION POLICIES

As at June 30, 2024, the Group had 2,601 full-time employees. The number of employees employed by the Group varies from time to time depending on its 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 six months ended June 30, 2024 was approximately RMB830 million.

CORPORATE GOVERNANCE

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

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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 had complied with the Model Code throughout the Reporting Period.

REVIEW BY AUDIT AND CONSUMER RIGHTS PROTECTION COMMITTEE

The Company has established an Audit and Consumer Rights Protection Committee in accordance with the Listing Rules. 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. The Audit and Consumer Rights Protection Committee comprises Mr. Stanley Chiu Fai Choi and Mr. Wei Ou, with Ms. Gigi Wing Chee Chan as its chairperson.

The Audit and Consumer Rights Protection Committee has reviewed the interim report and unaudited interim results of the Group for the six months ended June 30, 2024, and has discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management members and the external auditor of the Company, PricewaterhouseCoopers. The interim financial statements of the Company are unaudited.

OTHER BOARD COMMITTEES

In addition to the Audit and Consumer Rights Protection Committee, the Company has also established a Nomination and Remuneration Management Committee, a Strategy and Investment Decision Committee and a Risk Management and Related Transaction Control Committee.

Other Information

CHANGES IN DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE

Changes in information of Directors, Supervisors and the chief executive of the Company which are required to be disclosed under Rule 13.51B(1) of the Listing Rules are set out below:

- (a) Mr. Hugo Jin Yi Ou was appointed as a director of Nova Technology Ltd. and Nova Technology International Limited on March 13, 2024, and a director of Shanghai Nuanwa Technology Co., Ltd.* (上海暖哇科技有限公司) on March 21, 2024.
- (b) Mr. Yaping Ou ceased to be a non-executive director of Sinolink Worldwide Holdings Limited (a company listed on the Hong Kong Stock Exchange, stock code: 1168) on May 30, 2024.
- (c) Mr. Stanley Chiu Fai Choi's qualification as a Director has been approved by the NFRA, and Mr. Choi has served as an independent non-executive director of the fourth session of the Board with effect from June 19, 2024. He was also appointed as a member of the Risk Management and Related Transaction Control Committee and the Audit and Consumer Rights Protection Committee of the Company on August 27, 2024.
- (d) Mr. Wei Ou ceased to be a member of the Risk Management and Related Transaction Control Committee of the Company on August 27, 2024.
- (e) Ms. Vena Wei Yan Cheng ceased to be a member of the Audit and Consumer Rights Protection Committee of the Company on August 27, 2024.

Save as mentioned above, there was no other change in the information of the Directors, Supervisors or chief executive that is required to be disclosed under Rule 13.51B(1) of the Listing Rules as at the Latest Practicable Date.

PURCHASE, SALE OR REDEMPTION OF COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company (including sale of treasury shares (as defined under the Listing Rules)) during the Reporting Period. As at June 30, 2024, the Company did not hold any treasury shares (as defined under the Listing Rules).

USE OF PROCEEDS

1. Use of proceeds from the 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 has been and/or will be used for the purposes as set out in the Prospectus.

* For identification purpose only

2. Use of proceeds from the 2025 Notes, the 2026 Notes and the 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 June 30, 2024, the Group had used approximately RMB6,791.98 million (equivalent to approximately USD990 million) of the proceeds from the 2025 Notes, the 2026 Notes and the Additional Notes for working capital and general corporate purposes and a principal amount of bonds payable of USD950.1 million remained outstanding. 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 utilise the remaining net proceeds in the manner set out in the Notes 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.

LITIGATION

As of June 30, 2024, the Company was not involved in any material litigation or arbitration and the Directors were not aware of any material litigation or claims that were pending or threatened against the Company.

INTERIM DIVIDEND

In order to retain resources for the Group's business development, the Board has resolved not to declare an interim dividend for the six months ended June 30, 2024 (for the six months ended June 30, 2023: Nil).

By Order of the Board
Hai Yin
Chairman

August 27, 2024

Report on Review of Interim Financial Information

To the Board of Directors of ZhongAn Online P & C Insurance Co., Ltd.

(incorporated in the People's Republic of China with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 34 to 70, which comprises the interim condensed consolidated balance sheet of ZhongAn Online P & C Insurance Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2024 and the interim condensed consolidated statement of profit or loss, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and selected explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 27 August 2024

Interim Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2024

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

	Notes	Six months ended 30 June	
		2024 (unaudited)	2023 (unaudited)
Insurance revenue	6	15,087,916	12,692,292
Insurance service expenses	6	(14,767,552)	(12,107,637)
Net income/(expenses) from reinsurance contracts held	6	26,122	(3,414)
Insurance service result		346,486	581,241
Net investment income	7	(170,516)	230,412
Net fair value changes through profit or loss	8	789,161	681,519
Net impairment losses on financial assets		(14,889)	(24,043)
Finance expenses from insurance contracts issued		(33,068)	(52,714)
Finance income/(expenses) from reinsurance contracts held		447	(5,905)
Other income	9	407,024	643,247
Foreign exchange losses		(36,743)	(194,974)
Other finance costs		(230,163)	(223,735)
Other operating expenses	10	(519,832)	(822,811)
Other expenses	11	(420,578)	(691,145)
Share of net loss of associates and joint ventures accounted for using the equity method		(78,184)	(16,380)
Profit before income tax		39,145	104,712
Income tax	12	16,322	(78,681)
Net profit for the period		55,467	26,031
Attributable to:			
– Owners of the parent		55,467	221,471
– Non-controlling interests		—	(195,440)
Earnings per share			
– Basic earnings per share (RMB yuan)	13	0.04	0.15
– Diluted earnings per share (RMB yuan)	13	0.04	0.15

The accompanying notes form an integral part of the interim condensed consolidated financial information.

The interim condensed consolidated financial information and the accompanying notes starting from page 34 to page 70 are signed by:

Xing Jiang

(On behalf of Board of Directors)

Gaofeng Li

(On behalf of Board of Directors)

Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2024

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

	Notes	Six months ended 30 June	
		2024 (unaudited)	2023 (unaudited)
Net profit for the period		55,467	26,031
Other comprehensive income			
Items that may be reclassified to profit or loss			
– Changes in the fair value of debt instruments at fair value through other comprehensive income	14	81,016	131,784
– Credit risks provision of debt instruments at fair value through other comprehensive income	14	(1,715)	(4,565)
– Exchange differences on translation of foreign operations	14	—	69,815
– Share of other comprehensive income of associates and joint ventures accounted for using the equity method	14	34,691	—
Items that will not be reclassified to profit or loss			
– Changes in the fair value of equity instruments at fair value through other comprehensive income	14	(6,228)	(15,500)
Other comprehensive income for the period, net of tax	14	107,764	181,534
Total comprehensive income for the period		163,231	207,565
Attributable to:			
– Owners of the parent		163,231	322,114
– Non-controlling interests		—	(114,549)

Interim Condensed Consolidated Balance Sheet

As at 30 June 2024

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

	Notes	30 June 2024 (unaudited)	31 December 2023 (audited)
ASSETS			
Cash and amounts due from banks and other financial institutions	15	1,438,472	1,576,424
Securities purchased under agreements to resell	16	584,502	99,971
Financial assets at fair value through profit or loss	17	19,761,501	22,251,949
Financial assets at amortized cost	18	1,154,833	1,452,127
Debt financial assets at fair value through other comprehensive income	19	8,853,400	8,075,473
Equity financial assets at fair value through other comprehensive income	20	1,037,838	92,351
Insurance contract assets	32	462,215	497,114
Reinsurance contract assets	32	336,986	264,430
Investments in associates and joint ventures	21	5,389,810	5,296,740
Term deposits	22	30,527	30,184
Restricted statutory deposits	23	317,137	317,836
Property and equipment	24	78,787	55,160
Right-of-use assets	25	216,536	322,277
Intangible assets	26	580,111	527,381
Deferred income tax assets	27	13,814	32,532
Other assets	28	2,781,010	1,971,657
Total assets		43,037,479	42,863,606
EQUITY AND LIABILITIES			
Equity			
Share capital	29	1,469,813	1,469,813
Reserves	30	16,863,597	16,732,129
Retained earnings		1,906,334	1,871,481
Total equity		20,239,744	20,073,423
Liabilities			
Borrowings		112,185	98,869
Securities sold under agreements to repurchase	31	7,318,422	8,491,131
Income tax payable		11,102	27,404
Contract liabilities		33,379	34,469
Insurance contract liabilities	32	4,303,821	3,334,642
Reinsurance contract liabilities	32	256	256
Bonds payable	33	6,848,308	6,801,280
Lease liabilities	25	189,802	286,505
Deferred income tax liabilities	27	—	—
Other liabilities	34	3,980,460	3,715,627
Total liabilities		22,797,735	22,790,183
Total equity and liabilities		43,037,479	42,863,606

Interim Condensed Consolidated Statement of Changes In Equity

For the six months ended 30 June 2024

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

	For the six months ended 30 June 2024 (unaudited)							
	Reserves							Total equity
	Share capital	Capital reserves	Other reserves due to share-based payments	Financial assets at fair value through other comprehensive income revaluation reserves	Share of other comprehensive income of associates and joint ventures accounted for using the equity method	Other reserves	Retained earnings	
31 December 2023	1,469,813	16,607,618	100,241	26,327	23,674	(25,731)	1,871,481	20,073,423
Total comprehensive income	—	—	—	73,073	34,691	—	55,467	163,231
Transfer of loss on disposal of equity instruments at fair value through other comprehensive income to retained earnings (Note 20)	—	—	—	20,614	—	—	(20,614)	—
Other equity changes in associates and joint ventures	—	—	—	—	—	3,090	—	3,090
30 June 2024	1,469,813	16,607,618	100,241	120,014	58,365	(22,641)	1,906,334	20,239,744

	For the six months ended 30 June 2023 (unaudited)								
	Attributable to owners of the parent								Non-controlling interests
	Reserves					Accumulated losses	Sub-total		
	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	Accumulated losses	Sub-total	Non-controlling interests	
1 January 2023	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	—	—	—	69,610	31,033	221,471	322,114	(114,549)	207,565
Share-based payments	—	—	22,349	—	—	—	22,349	36,913	59,262
Transfer of loss on disposal of equity investments at fair value through other comprehensive income to accumulated losses (Note 20)	—	—	—	34,941	—	(34,941)	—	—	—
Others	—	(14,085)	—	—	—	—	(14,085)	(17,426)	(31,511)
30 June 2023	1,469,813	16,593,533	96,472	(92,030)	18,412	(1,989,732)	16,096,468	1,753,968	17,850,436

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2024

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

	Notes	Six months ended 30 June	
		2024 (unaudited)	2023 (unaudited)
NET CASH FLOWS GENERATED FROM OPERATING ACTIVITIES	35(a)	850,742	1,376,256
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property and equipment, intangible assets and other assets		(718,859)	(239,754)
Proceeds from sale of property and equipment, intangible assets and other assets		17,011	310
Proceeds from/(Purchases of) investments, net		1,401,186	(713,267)
Investment in associates and joint ventures		(137,853)	(28,848)
Disposal of subsidiaries and other business entities, net		8,685	—
Dividends and other returns received from investments		378,362	362,813
Net cash flows generated from/(used in) investing activities		948,532	(618,746)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		13,316	—
Repayment of borrowings		—	(47,660)
Decrease in securities sold under agreements to repurchase, net		(1,163,143)	(909,292)
Interest paid		(228,181)	(220,239)
Principal elements of lease payments		(75,119)	(80,359)
Other cash received relating to financing activities		—	470
Net cash flows used in financing activities		(1,453,127)	(1,257,080)
Effects of exchange rate changes on cash and cash equivalents		430	81,334
Net increase/(decrease) in cash and cash equivalents		346,577	(418,236)
Cash and cash equivalents at the beginning of period	35(b)	1,676,330	3,617,664
Cash and cash equivalents at the end of period	35(b)	2,022,907	3,199,428

Notes To The Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024

(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 subsidiaries (collectively, the "Group") are principally engaged in Fintech business, which 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. BASIS OF PREPARATION

This interim condensed consolidated financial information for the six months ended 30 June 2024 has been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Other than the changes in accounting policies resulting from application of new amendments and interpretation to Hong Kong Financial Reporting Standards ("HKFRSs"), the accounting policies and methods of computation used in the interim condensed consolidated financial information for the six months ended 30 June 2024 are the same as those presented in the Group's annual consolidated financial statements for the year ended 31 December 2023.

This interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and therefore should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2023.

3. MATERIAL ACCOUNTING POLICIES

3.1 Changes in accounting policies

In the current interim period, the Group has applied the following new amendments and interpretation which are mandatory effective for the annual period beginning on or after 1 January 2024 for the preparation of the Group's interim condensed consolidated financial information:

Classification of Liabilities as Current or Non-current and Non-current liabilities with covenants – Amendments to HKAS 1

Lease Liability in Sale and Leaseback – Amendments to HKFRS 16

Supplier Finance Arrangements – Amendments to HKAS 7 and HKFRS 7

Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause – HK Interpretation 5 (Revised)

The application of these new amendments and interpretation above have no material impact on the interim condensed consolidated financial information.

Notes To The Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024

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

3. MATERIAL ACCOUNTING POLICIES (continued)

3.2 New and revised standards issued but not yet adopted

The Group has not applied the following new amendments and interpretation that have been issued but are not yet effective in this interim condensed consolidated financial information:

	Effective for annual periods beginning on or after
Lack of Exchangeability – Amendments to HKAS 21	1 January 2025
Classification and Measurement of Financial Instruments – Amendments to HKFRS 9 and HKFRS 7	1 January 2026
Presentation and Disclosure in Financial Statements – HKFRS 18	1 January 2027
Subsidiaries without Public Accountability: Disclosures – HKFRS 19	1 January 2027

The Group has not early adopted any new standards or amendments that have been issued but are not yet effective. The Group is in the process of assessing the impact of adoption of HKFRS 18 and the amendments to HKFRS 9 and HKFRS 7. There are no other revised HKFRSs that are not yet effective that would be expected to have a material impact on the Group.

4. SEGMENT INFORMATION

The Group's 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 services 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 business, 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 interim condensed consolidated financial information and those used in preparing the operating segment information.

4. SEGMENT INFORMATION (continued)

Segment statement of profit or loss for the six months ended 30 June 2024

	Insurance	Technology	Banking	Others	Eliminations	Reconciliations*	Total
Insurance revenue	15,088,873	—	—	7,502	(957)	(7,502)	15,087,916
Insurance service expenses	(14,801,123)	—	—	(10,316)	33,571	10,316	(14,767,552)
Net income from reinsurance contracts held	26,122	—	—	1,740	—	(1,740)	26,122
Insurance service result	313,872	—	—	(1,074)	32,614	1,074	346,486
Net investment income	(173,863)	2,698	89,004	14,503	(704)	(102,154)	(170,516)
Net fair value changes through profit or loss	796,160	(8,086)	—	(2,019)	(54)	3,160	789,161
Net impairment losses on financial assets	(14,232)	—	(25,210)	(1,033)	—	25,586	(14,889)
Finance expenses from insurance contracts issued	(33,068)	—	—	(3,388)	—	3,388	(33,068)
Finance income/(expenses) from reinsurance contracts held	447	—	—	(50)	—	50	447
Other income	1,739	320,441	122,131	305,080	(160,062)	(182,305)	407,024
Foreign exchange gains/(losses)	(42,760)	(353)	(438)	8,328	—	(1,520)	(36,743)
Other finance costs	(225,879)	(7,075)	(6)	(2,429)	544	4,682	(230,163)
Other operating expenses	(443,461)	(83,698)	(124,794)	(65,707)	3,507	194,321	(519,832)
Other expenses	(10,687)	(327,603)	(106,689)	(261,405)	136,477	149,329	(420,578)
Share of net profit/(loss) of associates and joint ventures accounted for using the equity method	—	21,074	—	(4,527)	880	(95,611)	(78,184)
Profit/(loss) before income tax	168,268	(82,602)	(46,002)	(13,721)	13,202	—	39,145
Income tax	(29,897)	—	—	46,219	—	—	16,322
Net profit/(loss) for the period	138,371	(82,602)	(46,002)	32,498	13,202	—	55,467

Segment balance sheet as at 30 June 2024

	Insurance	Technology	Banking	Others	Eliminations	Reconciliations*	Total
Segment assets	41,673,299	1,697,741	8,203,650	4,328,320	(4,840,089)	(8,025,442)	43,037,479
Segment liabilities	22,243,496	778,023	7,379,566	1,069,911	(647,819)	(8,025,442)	22,797,735

* Reconciliations represented the elimination of the amounts disclosed for the joint venture - ZhongAn Technologies International Group Limited in excess of those amounts reflected in the condensed consolidated financial information.

Notes To The Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024

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

4. SEGMENT INFORMATION (continued)

Segment statement of profit or loss for the six months ended 30 June 2023

	Insurance	Technology	Banking	Others	Eliminations	Total
Insurance revenue	12,684,655	—	—	10,229	(2,592)	12,692,292
Insurance service expenses	(12,152,848)	—	—	(12,199)	57,410	(12,107,637)
Net income/(expenses) from reinsurance contracts held	872	—	—	(4,286)	—	(3,414)
Insurance service result	532,679	—	—	(6,256)	54,818	581,241
Net investment income	146,450	(27,222)	85,743	26,162	(721)	230,412
Net fair value changes through profit or loss	572,502	43,539	—	65,478	—	681,519
Net impairment losses on financial assets	3,568	—	(24,799)	(2,812)	—	(24,043)
Finance expenses from insurance contracts issued	(45,644)	—	—	(7,070)	—	(52,714)
Finance income/(expenses) from reinsurance contracts held	(6,233)	—	—	328	—	(5,905)
Other income	75,451	288,441	187,062	352,601	(260,308)	643,247
Foreign exchange gains/(losses)	(246,237)	(2,346)	20,105	33,504	—	(194,974)
Other finance costs	(215,933)	(6,205)	(61)	(1,864)	328	(223,735)
Other operating expenses	(289,994)	(117,858)	(306,157)	(127,431)	18,629	(822,811)
Other expenses	(5,622)	(427,317)	(138,647)	(310,505)	190,946	(691,145)
Share of net profit/(loss) of associates and joint ventures accounted for using the equity method	—	1,777	—	(19,037)	880	(16,380)
Profit/(loss) before income tax	520,987	(247,191)	(176,754)	3,098	4,572	104,712
Income tax	(73,886)	—	—	(4,795)	—	(78,681)
Net profit/(loss) for the period	447,101	(247,191)	(176,754)	(1,697)	4,572	26,031

Segment balance sheet as at 31 December 2023

	Insurance	Technology	Banking	Others	Eliminations	Reconciliations*	Total
Segment assets	41,424,915	1,871,871	5,624,604	3,964,194	(4,706,391)	(5,315,587)	42,863,606
Segment liabilities	22,206,554	722,498	4,808,499	1,025,809	(657,590)	(5,315,587)	22,790,183

* Reconciliations represented the elimination of the amounts disclosed for the joint venture - ZhongAn Technologies International Group Limited in excess of those amounts reflected in the condensed consolidated financial information.

5. SUBSIDIARIES

(a) The Company's subsidiaries at 30 June 2024 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")	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")	Chongqing, The PRC	Chongqing, The PRC	Technology Development/ Technology Consulting	RMB 10,000	100.00%	Equity purchase

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

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For the six months ended 30 June 2024

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

5. SUBSIDIARIES (continued)

(b) At 30 June 2024, consolidated structured entities are as followings:

Name	Held by the Company (%)	Total subscription (RMB'000)	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

6. INSURANCE SERVICE RESULT

	Six months ended 30 June	
	2024	2023
Insurance revenue		
Insurance revenue from contracts measured under the PAA	15,087,916	12,682,063
Insurance revenue from contracts measured under the GMM	—	10,229
Total insurance revenue	15,087,916	12,692,292
Insurance service expenses		
Incurred claims and other directly attributable expenses	(11,056,808)	(9,322,272)
Insurance acquisition cash flows amortization	(4,170,518)	(3,234,862)
Losses on onerous contracts and reversal of those losses	(127,404)	(91,011)
Adjustments to liabilities for incurred claims	587,178	540,508
Total insurance service expenses	(14,767,552)	(12,107,637)
Net income/(expenses) from reinsurance contracts held		
Allocation of reinsurance premiums from reinsurance contracts measured under the PAA	(166,004)	(146,543)
Allocation of reinsurance premiums from reinsurance contracts measured under the GMM	—	(2,840)
Recoveries on incurred claims and other incurred reinsurance service expenses	153,009	96,802
Changes in the loss recovery component	8,206	2,761
Changes in expected recoveries on past claims	30,980	50,268
Effect of changes in the risk of reinsurers' non-performance	(69)	(3,862)
Total net income/(expenses) from reinsurance contracts held	26,122	(3,414)
Insurance service result	346,486	581,241

7. NET INVESTMENT INCOME

	Six months ended 30 June	
	2024	2023
Interest income (a)		
– Debt investments	297,242	333,467
– Trust investment scheme	21,775	18,446
– Bank deposits	12,200	22,109
– Securities purchased under agreements to resell	3,643	1,097
	334,860	375,119
Dividend income (b)		
– Wealth management products	39,020	62,025
– Equity investments	37,853	9,062
– Fund investments	26,645	64,135
	103,518	135,222
Realized losses, net (c)	(608,894)	(279,929)
	(170,516)	230,412

(a) Interest income

	Six months ended 30 June	
	2024	2023
Financial assets not measured at fair value through profit or loss		
– Debt financial assets at fair value through other comprehensive income	132,866	195,618
– Financial assets at amortized cost	46,469	54,950
	179,335	250,568
Financial assets at fair value through profit or loss	155,525	124,551
	334,860	375,119

(b) Dividend income

	Six months ended 30 June	
	2024	2023
Financial assets at fair value through profit or loss	73,617	133,671
Equity financial assets at fair value through other comprehensive income	29,901	1,551
	103,518	135,222

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

7. NET INVESTMENT INCOME (continued)

(c) Realized losses, net

	Six months ended 30 June	
	2024	2023
Financial assets at fair value through profit or loss	(671,454)	(280,101)
Debt financial assets at fair value through other comprehensive income	62,560	172
	(608,894)	(279,929)

8. NET FAIR VALUE CHANGES THROUGH PROFIT OR LOSS

	Six months ended 30 June	
	2024	2023
Financial assets at fair value through profit or loss		
– Fund investments	419,634	491,475
– Equity investments	184,290	(5,450)
– Debt investments	158,016	126,928
– Wealth management products	27,221	8,822
Derivative financial liabilities		
– Warrants	—	59,744
	789,161	681,519

9. OTHER INCOME

	Six months ended 30 June	
	2024	2023
Revenue from services (a)	399,558	357,846
Government grants (b)	3,685	80,910
Revenue from banking business (c)	—	183,805
Others	3,781	20,686
	407,024	643,247

- (a) Revenue from services includes information technology services, insurance brokerage services and other services provided by the Group.
- (b) Government grants mainly include development support funds and government subsidies related to intangible assets.
- (c) Revenue from banking business includes interest income from loans and advances to customers and commission income.

10. OTHER OPERATING EXPENSES

	Six months ended 30 June	
	2024	2023
Advertising and marketing expense	1,879,834	2,349,788
Handling charges and commissions	1,601,203	1,373,428
Consulting and technical fee	1,357,914	1,561,734
Employee benefit expense	621,202	856,471
Depreciation and amortization	141,403	134,582
Others	412,468	460,503
Less: Expenses attributed to insurance acquisition cash flows and other directly attributable expenses	(5,494,192)	(5,913,695)
	519,832	822,811

11. OTHER EXPENSES

	Six months ended 30 June	
	2024	2023
Cost of providing services	343,302	370,519
Expense of providing services	59,719	172,433
Cost of banking business	—	138,647
Others	17,557	9,546
	420,578	691,145

12. INCOME TAX

(a) Income tax

	Six months ended 30 June	
	2024	2023
Current income tax	(10,682)	4,796
Deferred income tax (Note 27)	(5,640)	73,885
	(16,322)	78,681

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

12. INCOME TAX (continued)

(b) Reconciliation of income tax

A reconciliation of the tax expense applicable to profit before income tax using the applicable income tax rate to the income tax at the Group's effective tax rate is as follows:

	Six months ended 30 June	
	2024	2023
Profit before income tax	39,145	104,712
Tax computed at the applicable tax rate	20,487	64,511
Income not subject to tax	(4,427)	(21,792)
Expenses not deductible for tax	1,844	713
Tax losses for which no deferred tax assets were recognised	30,592	99,437
Extra tax deductions for research and development costs	(27,744)	(29,425)
Recognition of unrecognised prior periods' deductible temporary differences	(26,436)	—
Utilization of previously unrecognised tax losses	(73)	(7,263)
Adjustments to income tax in respect of previous periods	(10,565)	(27,500)
Income tax at the Group's effective rate	(16,322)	78,681

13. EARNINGS PER SHARE

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

The calculation of earnings per share is based on the following:

	Six months ended 30 June	
	2024	2023
Net profit for the period attributable to owners of the parent	55,467	221,471
Weighted average number of shares in issue (in thousand)	1,469,813	1,469,813
Basic earnings per share (RMB yuan)	0.04	0.15
Diluted earnings per share (RMB yuan)	0.04	0.15

The Company had no dilutive potential shares during the six-month period ended 30 June 2024 and 2023 respectively.

14. OTHER COMPREHENSIVE INCOME

	Six months ended 30 June	
	2024	2023
Debt financial assets at fair value through other comprehensive income		
Gains from changes in the fair value of debt instruments at fair value through other comprehensive income	123,588	139,445
Reclassification adjustments for amounts transferred to profit or loss	(15,567)	10,560
Change in credit risks provision of debt instruments at fair value through other comprehensive income	(2,286)	(5,885)
Income tax relating to debt instruments at fair value through other comprehensive income	(26,434)	(16,901)
Equity financial assets at fair value through other comprehensive income		
Loss from changes in the fair value of equity instruments at fair value through other comprehensive income	(8,304)	(20,667)
Income tax relating to equity instruments at fair value through other comprehensive income	2,076	5,167
Exchange differences on translation of foreign operations	—	69,815
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	34,691	—
	107,764	181,534

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

	30 June 2024	31 December 2023
Deposits with original maturity of no more than three months	1,014,263	1,214,613
Other monetary assets (a)	424,160	361,752
Add: Interest receivables	49	59
Less: Impairment provisions	—	—
	1,438,472	1,576,424

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

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For the six months ended 30 June 2024

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

16. SECURITIES PURCHASED UNDER AGREEMENTS TO RESELL

	30 June 2024	31 December 2023
Securities - bonds		
– Stock exchange	544,484	84,965
– Inter-bank market	40,000	15,000
Add: Interest receivables	20	8
Less: Impairment provisions	(2)	(2)
	584,502	99,971

17. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2024	31 December 2023
Listed		
– Debt investments	1,111,855	1,097,927
– Equity investments	576,036	871,700
– Fund investments	568,528	551,010
Unlisted		
– Debt investments	8,037,684	8,781,767
– Fund investments	6,650,430	7,651,831
– Wealth management products	2,337,343	2,817,604
– Equity investments	479,625	480,110
	19,761,501	22,251,949

18. FINANCIAL ASSETS AT AMORTIZED COST

	30 June 2024	31 December 2023
Trust investment schemes	623,647	966,008
Debt investments		
– Government bonds	490,884	486,602
– Corporate bonds	40,629	—
Less: Impairment provisions	(327)	(483)
	1,154,833	1,452,127
Comprising:		
– Listed	—	—
– Unlisted	1,154,833	1,452,127

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

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

	30 June 2024	31 December 2023
Debt investments		
– Corporate bonds	5,926,463	5,164,638
– Finance bonds	1,610,102	1,677,634
– Government bonds	1,316,835	1,233,201
	8,853,400	8,075,473
Comprising:		
– Listed	837,246	815,353
– Unlisted	8,016,154	7,260,120
Comprising:		
– Amortized cost	8,697,189	8,027,283
– Cumulative fair value changes	156,211	48,190

As at 30 June 2024 and 31 December 2023, the total provision for impairment losses recognised in debt financial assets at fair value through other comprehensive income were RMB6,072 thousand and RMB8,358 thousand, respectively.

Notes To The Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024

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

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

	30 June 2024	31 December 2023
Equity investments	1,037,838	92,351
Comprising:		
– Listed	997,382	51,895
– Unlisted	40,456	40,456
Comprising:		
– Cost	1,040,617	114,311
– Cumulative fair value changes	(2,779)	(21,960)

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 six months ended 30 June 2024 and 2023, dividend income recognised for such equity investments were RMB29,901 thousand and RMB1,551 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 after disposal were RMB20,614 thousand and RMB34,941 thousand for the six months ended 30 June 2024 and 2023.

21. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	31 December 2023	Addition	Share of net profit/(loss)	Share of other comprehensive income	Other equity changes	Disposal	30 June 2024
Shanghai Nuanwa Technology Co., Ltd. ("Shanghai Nuanwa")	23,622	—	11,277	—	—	—	34,899
Chongqing ZhongAn Microloan Limited Company ("ZhongAn Microloan")	465,740	—	6,066	—	—	—	471,806
Shanghai Zhongan Information Technology Service Co., Ltd. ("Shanghai Xinke")	9,117	—	3,883	—	—	—	13,000
ZhongAn Technologies International Group Limited ("ZhongAn International") (i)	4,794,761	137,853	(100,290)	34,691	3,090	—	4,870,105
Shanghai Ju'A Technology Ltd. ("Shanghai Ju'A")	—	—	—	—	—	—	—
Baibao (Shanghai) Technology Co., Ltd. ("Shanghai Baibao")	—	—	—	—	—	—	—
Nova Technology Ltd. ("Nova Technology")	—	—	—	—	—	—	—
Yiyuan Technology Ltd. ("Yiyuan")	—	—	—	—	—	—	—
Bosheng Haimi Technology (Beijing) Ltd. ("Haimi Tech")	—	—	—	—	—	—	—
Shanghai Zhongzhirong Digital Technology Ltd. ("Zhongzhirong")	3,500	—	—	—	—	(3,500)	—
	5,296,740	137,853	(79,064)	34,691	3,090	(3,500)	5,389,810

- (i) 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 Holdings Limited ("Sinolink Worldwide"), approximately 7.36% by Warrior Treasure Limited ("Warrior"), and approximately 2.52% by AIA VCC for a/c of AIA Opportunities Fund Venture Capital 2021 ("AIA Opportunities Fund"), respectively.

22. TERM DEPOSITS

Maturity Period	30 June 2024	31 December 2023
1 to 2 years (including 2 years)	30,000	30,000
Add: Interest receivables	527	184
Less: Impairment provisions	—	—
	30,527	30,184

23. RESTRICTED STATUTORY DEPOSITS

	30 June 2024	31 December 2023
Restricted statutory deposits	295,000	295,000
Add: Interest receivables	22,193	22,882
Less: Impairment provisions	(56)	(46)
	317,137	317,836

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

	30 June 2024		
	Amount	Storage	Period
China Minsheng Bank	200,000	Term deposit	3 years
Bank of China	50,000	Term deposit	3 years
Bank of Ningbo	45,000	Term deposit	3 years
	295,000		

	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
	295,000		

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24. PROPERTY AND EQUIPMENT

	Motor vehicles	Electrical equipment	Office furniture and equipment	Leasehold improvements	Total
Cost					
1 January 2024	3,978	47,586	10,848	168,029	230,441
Addition	—	4,238	767	39,060	44,065
Disposal	—	(3,743)	(346)	—	(4,089)
30 June 2024	3,978	48,081	11,269	207,089	270,417
Accumulated depreciation and impairment					
1 January 2024	(1,691)	(26,450)	(9,205)	(137,935)	(175,281)
Depreciation	(302)	(4,078)	(308)	(13,622)	(18,310)
Disposal	—	1,632	329	—	1,961
30 June 2024	(1,993)	(28,896)	(9,184)	(151,557)	(191,630)
Net book value					
1 January 2024	2,287	21,136	1,643	30,094	55,160
30 June 2024	1,985	19,185	2,085	55,532	78,787

25. LEASES

(a) Amounts recognised in the interim condensed consolidated balance sheet

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

	30 June 2024	31 December 2023
Right-of-use assets		
Buildings	216,536	322,243
Equipment	—	34
	216,536	322,277
Lease liabilities	189,802	286,505

Additions to the right-of-use assets during the six months ended 30 June 2024 and 2023 were RMB27,731 thousand and RMB58,138 thousand, respectively.

25. LEASES (continued)

(b) Amounts recognised in the interim condensed consolidated statement of profit or loss

The interim condensed consolidated statement of profit or loss shows the following amounts relating to leases:

	Six months ended 30 June	
	2024	2023
Depreciation charge of right-of-use assets		
Buildings	(79,874)	(71,641)
Equipment	(34)	(451)
	(79,908)	(72,092)
Interest expense	7,650	9,022
Expense relating to short-term leases	2,621	28,202

The total cash outflow relating to leases for the six months ended 30 June 2024 and 2023 was RMB77,740 thousand and RMB108,561 thousand, respectively.

26. INTANGIBLE ASSETS

	Software	Other	Total
Cost			
1 January 2024	1,726,546	1,826	1,728,372
Addition	122,485	—	122,485
Disposal	(351)	—	(351)
30 June 2024	1,848,680	1,826	1,850,506
Accumulated amortization and impairment			
1 January 2024	(1,199,886)	(1,105)	(1,200,991)
Amortization	(64,634)	(91)	(64,725)
Disposal	351	—	351
Impairment	(5,030)	—	(5,030)
30 June 2024	(1,269,199)	(1,196)	(1,270,395)
Net book value			
1 January 2024	526,660	721	527,381
30 June 2024	579,481	630	580,111

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

27. DEFERRED INCOME TAX ASSETS AND LIABILITIES

	30 June 2024	31 December 2023
Net deferred income tax assets, at the beginning of period	32,532	182,163
Recognised in profit or loss	5,640	(137,247)
Recognised in other comprehensive income	(24,358)	(12,384)
Net deferred income tax assets, at the end of period	<u>13,814</u>	<u>32,532</u>

The breakdown of deferred income tax assets and liabilities at the end of the period, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	30 June 2024	31 December 2023
Deferred income tax assets/(liabilities)		
Accumulated taxable losses	407,832	224,134
Insurance contract liabilities	107,326	96,044
Amortization of intangible assets	45,351	46,821
Impairment loss provisions	44,357	43,398
Lease liabilities	42,264	64,644
Net estimated liabilities for sales return	35,434	1,181
Employee stock ownership plan	9,600	9,600
Employee benefits	1,426	2,339
Net fair value adjustment on equity financial assets at fair value through other comprehensive income	695	5,490
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	(40,571)	(14,137)
Right-of-use assets	(48,812)	(73,494)
Net fair value adjustment on financial assets at fair value through profit or loss	(105,315)	92,323
Unrealized gains of structured entities	(477,086)	(457,511)
Others	778	1,165
Net deferred income tax assets	<u>13,814</u>	<u>32,532</u>
Represented by		
Deferred income tax assets	695,063	587,139
Deferred income tax liabilities	(681,249)	(554,607)

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realization of the related tax benefit through future taxable profits is probable. At 30 June 2024, the Group did not recognise deferred income tax assets of RMB439,588 thousand in respect of losses amounting to RMB2,966,071 thousand that can be carried forward against future taxable income.

28. OTHER ASSETS

	30 June 2024	31 December 2023
Property prepayment	591,369	—
Recharge expense receivable	478,827	484,714
Coinsurance receivable	465,594	367,376
Advanced payment	445,807	410,886
Output tax of premium receivable	248,424	255,227
Service fee receivable	246,700	213,917
Deposits	96,097	96,338
Assets recognised from costs to fulfil a contract	38,943	16,129
Estimate of input tax	36,587	17,826
Others	141,557	116,827
Less: Provision for other assets	(8,895)	(7,583)
	2,781,010	1,971,657

29. SHARE CAPITAL

	30 June 2024	31 December 2023
Number of shares issued and fully paid at RMB1 yuan each	1,469,813	1,469,813

30. RESERVES

The amounts of the Group's reserves and the movements therein during the period are presented in the interim condensed consolidated statement of changes in equity.

(a) Capital reserves

Capital reserves mainly represent share premiums from issuance of shares.

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30. RESERVES (continued)

(b) Surplus reserves

Surplus reserves consist of the statutory surplus reserves and the discretionary surplus reserves.

(i) Statutory surplus reserves (the "SSR")

According to the PRC Company Law and the articles of association of the Company, the Company is required to set aside 10% of their net profit (after offsetting the accumulated losses incurred in previous years) determined under 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.

(ii) Discretionary surplus reserves (the "DSR")

After making necessary appropriations to the SSR, the Company may also appropriate a portion of their net profit to the DSR upon the approval of the shareholders in general meetings.

Subject to the approval of the shareholders, the DSR may be used to offset accumulated losses, if any, and may be converted into capital.

(c) Other reserves

Other reserves mainly include other reserves due to share-based payments, investment revaluation reserves and the share of other comprehensive income of associates and joint ventures accounted for using the equity method.

31. SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE

	30 June 2024	31 December 2023
Securities - bonds		
– Inter-bank market	6,873,614	8,098,243
– Stock exchange	443,686	382,200
Add: Interest payables	1,122	10,688
	7,318,422	8,491,131

At 30 June 2024 and 31 December 2023, debt investments of approximately RMB7,526,069 thousand and RMB8,603,717 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.

32. INSURANCE AND REINSURANCE CONTRACTS

(a) Analysis by measurement component

	30 June 2024	31 December 2023
Insurance contracts		
Insurance contract assets measured under the PAA	462,215	497,114
Insurance contract liabilities measured under the PAA	(4,303,821)	(3,334,642)
	(3,841,606)	(2,837,528)
Reinsurance contracts		
Reinsurance contract assets measured under the PAA	336,986	264,430
Reinsurance contract liabilities measured under the PAA	(256)	(256)
	336,730	264,174

(b) Analysis by remaining coverage and incurred claims

	30 June 2024	31 December 2023
Insurance contracts		
– Liabilities for remaining coverage		
Excluding loss component	535,128	1,274,359
Loss component	(807,292)	(669,397)
– Liabilities for incurred claims		
Estimates of present value of future cash flows	(3,485,016)	(3,282,699)
Risk adjustment for non-financial risk	(84,426)	(159,791)
Net insurance contract liabilities	(3,841,606)	(2,837,528)
Reinsurance contracts		
– Liabilities for remaining coverage		
Excluding loss component	(479,037)	(307,942)
Loss component	16,375	8,023
– Liabilities for incurred claims		
Estimates of present value of future cash flows	796,404	559,784
Risk adjustment for non-financial risk	2,988	4,309
Net reinsurance contract assets	336,730	264,174

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33. BONDS PAYABLE

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 30 June 2024, the Company repurchased the notes in the aggregate principal amount of USD49,900 thousand on the Hong Kong Stock Exchange.

1 January 2024	Premium amortization	Foreign exchange translation adjustment	30 June 2024
6,801,280	3,958	43,070	6,848,308

34. OTHER LIABILITIES

	30 June 2024	31 December 2023
Payables to service suppliers	2,091,209	1,672,915
Commission and brokerage payable	740,642	667,432
Deposit payable	273,784	323,596
Salary and staff welfare payable	265,810	303,789
Tax payable other than income tax	148,261	142,030
Estimated liabilities	120,383	62,951
Insurance guarantee fund	65,228	51,961
Coinsurance payable	33,431	31,266
Payables for asset management fee	18,104	10,223
Others	223,608	449,464
	3,980,460	3,715,627

35. NOTE TO CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation from profit before income tax to cash generated from operating activities:

	Six months ended 30 June	
	2024	2023
Profit before income tax	39,145	104,712
Provision for impairment losses	5,030	4,521
Net impairment losses on financial assets	14,889	24,043
Net investment income	170,516	(230,412)
Net fair value changes through profit or loss	(789,161)	(681,519)
Depreciation of property and equipment	18,310	16,945
Amortization of intangible assets	64,725	100,183
Depreciation of right-of-use assets	79,908	72,092
Foreign exchange losses	36,743	194,974
Other finance costs	230,163	223,735
Expense recognised for share-based payments	—	59,262
Increase in net reinsurance contract assets	(72,556)	(44,610)
Increase/(Decrease) in net insurance contract liabilities	1,004,078	(240,686)
Decrease in placements with banks with original maturity of more than three months	—	44,829
Amortization of deferred income	(1,547)	(2,416)
Share of net loss of associates and joint ventures	78,184	16,380
Increase in customer deposits	—	1,363,902
Increase in other operating assets	(291,921)	(41,133)
Increase in other operating liabilities	264,236	391,454
Net cash flows generated from operating activities	850,742	1,376,256

(b) Cash and cash equivalents

	30 June 2024	31 December 2023
Deposits with original maturity of no more than three months	1,014,263	1,214,613
Securities purchased under agreements to resell	584,484	99,965
Other monetary assets	424,160	361,752
	2,022,907	1,676,330

Notes To The Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024

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

36. RELATED PARTY TRANSACTIONS

The Company's directors were of the view that Ant Group Co., Ltd. ("Ant Group"), Ping An Insurance (Group) Co. of China Ltd. ("Ping An Insurance"), Tencent Holdings Limited ("Tencent"), Sinolink Worldwide, ZhongAn International, Nova Technology, Yiyuan and Shanghai Xinke and their subsidiaries were considered as related parties of the 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 transaction with related parties are conducted under the ordinary course of business.

The Group had the following major transactions with related parties:

(a) Sale of insurance contracts

	Six months ended 30 June	
	2024	2023
Tencent and its subsidiaries	55,589	52,525
Nova Technology and its subsidiaries	4,523	621
	60,112	53,146

(b) Claim from insurance contracts

	Six months ended 30 June	
	2024	2023
Tencent and its subsidiaries	31,195	25,115
Ant Group and its subsidiaries	23,236	52
Nova Technology and its subsidiaries	3,572	552
	58,003	25,719

(c) Premiums ceded to reinsurer

	Six months ended 30 June	
	2024	2023
Tencent and its subsidiaries	318,950	102,305

36. RELATED PARTY TRANSACTIONS (continued)

(d) Reinsurance commission income

	Six months ended 30 June	
	2024	2023
Tencent and its subsidiaries	147,375	58,444

(e) Claims recovery from reinsurers

	Six months ended 30 June	
	2024	2023
Tencent and its subsidiaries	131,812	7,091

(f) Handling charges and commissions

	Six months ended 30 June	
	2024	2023
Ant Group and its subsidiaries	724,637	425,249
Tencent and its subsidiaries	49,798	7,143
Nova Technology and its subsidiaries	23,945	22,810
	798,380	455,202

(g) Asset management fees

	Six months ended 30 June	
	2024	2023
Ping An Insurance and its subsidiaries	3,942	3,958

Notes To The Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024

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

36. RELATED PARTY TRANSACTIONS (continued)

(h) Fees for purchasing goods and other services

	Six months ended 30 June	
	2024	2023
Ant Group and its subsidiaries	393,096	81,271
Nova Technology and its subsidiaries	217,645	179,067
Shanghai Xinke and its subsidiaries	51,919	—
Yiyuan and its subsidiaries	30,534	28,361
Ping An Insurance and its subsidiaries	8,920	7,052
Tencent and its subsidiaries	8,491	13,137
	710,605	308,888

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

(i) Capital transactions with related parties

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.

(j) Receivables from related parties

	30 June 2024	31 December 2023
ZhongAn International and its subsidiaries	435,692	437,489
Ping An Insurance and its subsidiaries (i)	359,986	260,533
Tencent and its subsidiaries	345,036	97,623
Nova Technology and its subsidiaries	41,574	54,466
Shanghai Xinke and its subsidiaries	14,080	11,749
Ant Group and its subsidiaries	321	21,574
	1,196,689	883,434

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

(k) Prepayments to related parties

	30 June 2024	31 December 2023
Ant Group and its subsidiaries	91,184	35,209

36. RELATED PARTY TRANSACTIONS (continued)

(l) Payables to related parties

	30 June 2024	31 December 2023
Tencent and its subsidiaries	445,153	130,673
Ant Group and its subsidiaries	252,995	187,691
Nova Technology and its subsidiaries	84,692	46,159
Shanghai Xinke and its subsidiaries	10,455	16,763
Ping An Insurance and its subsidiaries	1,852	3,778
	795,147	385,064

(m) Compensation of key management personnel

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

	Six months ended 30 June	
	2024	2023
Wages, salaries and bonuses	8,567	8,031
Pension costs – defined contribution plans	468	410
Other social security costs, housing benefits and other employee benefits	479	436
	9,514	8,877

37. CONTINGENT LIABILITIES

Owing to the nature of the insurance business, the Group is involved in the making of estimates for contingencies and legal proceedings in the ordinary course of business, both in the capacity as plaintiff or defendant in litigation and arbitration. Legal proceedings mostly involve claims on the Group's insurance products. Provision has been made for the probable losses to the Group, including those claims where directors can reasonably estimate the outcome of the litigations taking into account the related legal advice, if any. No provision is made for contingencies and legal proceedings when the result cannot be reasonably estimated or the probability of loss is so low.

In addition to the above contingencies and legal proceedings relating to the claims on the Group's insurance products, at 30 June 2024, the Group has no major pending litigation that may have a material adverse effect on the financial position or operating results of the Group.

Notes To The Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024

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

38. MATURITY PROFILE OF FINANCIAL INSTRUMENTS

The tables below summarize the maturity profiles of the main financial assets and financial liabilities of the Group based on remaining undiscounted contractual cash flows and remaining maturity of expected cash flows:

	30 June 2024					Total
	On demand	Within 1 year	1 to 5 years	Over 5 years	Undated	
Assets:						
Cash and amounts due from banks and other financial institutions	1,438,472	—	—	—	—	1,438,472
Securities purchased under agreements to resell	—	584,543	—	—	—	584,543
Financial assets at fair value through profit or loss	—	698,307	2,134,947	7,360,023	10,611,962	20,805,239
Financial assets at amortized cost	—	180,824	953,095	149,287	—	1,283,206
Debt financial assets at fair value through other comprehensive income	—	730,780	5,439,655	3,380,863	—	9,551,298
Equity financial assets at fair value through other comprehensive income	—	—	—	—	1,037,838	1,037,838
Term deposits	—	—	31,380	—	—	31,380
Restricted statutory deposits	—	221,000	104,225	—	—	325,225
Other assets	—	1,570,254	96,097	—	—	1,666,351
Total	1,438,472	3,985,708	8,759,399	10,890,173	11,649,800	36,723,552
Liabilities:						
Borrowings	—	113,165	—	—	—	113,165
Securities sold under agreements to repurchase	—	7,319,626	—	—	—	7,319,626
Bonds payable	—	221,223	6,836,529	—	—	7,057,752
Lease liabilities	—	150,021	86,719	—	—	236,740
Other liabilities	—	3,284,925	273,784	—	—	3,558,709
Total	—	11,088,960	7,197,032	—	—	18,285,992

38. MATURITY PROFILE OF FINANCIAL INSTRUMENTS (continued)

The tables below summarize the maturity profiles of the main financial assets and financial liabilities of the Group based on remaining undiscounted contractual cash flows and remaining maturity of expected cash flows (continued):

	31 December 2023					Total
	On demand	Within 1 year	1 to 5 years	Over 5 years	Undated	
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

39. 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.

At 30 June 2024, 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 deposits and restricted statutory deposits.

Notes To The Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024

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

39. FAIR VALUE MEASUREMENT (continued)

Determination of fair value and fair value hierarchy

All assets and liabilities for which fair value is measured or disclosed in the interim condensed consolidated financial information are categorized within the fair value hierarchies. The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The level in the fair value hierarchy within which the fair value measurement is categorized in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

The levels of the fair value hierarchy are as follows:

- (a) Fair value is based on quoted prices (unadjusted) in active markets for identical assets or liabilities ("Level 1");
- (b) Fair value is based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) ("Level 2"); and
- (c) Fair value is based on inputs for the asset or liability that are not based on observable market data (unobservable inputs) ("Level 3").

The level of fair value calculation is determined by the lowest level input with material significant in the overall calculation. As such, the significance of the input should be considered from an overall perspective in the calculation of fair value.

For Level 2 financial instruments, valuations are generally obtained from third party pricing services for identical or comparable assets, or through the use of valuation methodologies using observable market inputs, or recent quoted market prices. Valuation service providers typically gather, analyze and interpret information related to market transactions and other key valuation model inputs from multiple sources, and through the use of widely accepted internal valuation models, provide a theoretical quote on various securities. Debt securities traded among Chinese interbank market are classified as Level 2 when they are valued at recent quoted price from Chinese interbank market or from valuation service providers. Substantially most financial instruments classified within Level 2 of the fair value hierarchy are debt investments denominated in RMB. Fair value of debt investments denominated in RMB is determined based upon the valuation results by the China Central Depository & Clearing Co., Ltd, 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 analyze 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.

39. 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:

	30 June 2024			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Financial assets at fair value through profit or loss				
– Fund investments	7,218,958	—	—	7,218,958
– Debt investments	1,111,855	8,037,684	—	9,149,539
– Wealth management products	2,181,901	133,422	22,020	2,337,343
– Equity investments	576,036	—	479,625	1,055,661
Financial assets at fair value through other comprehensive income				
– Debt investments	837,246	8,016,154	—	8,853,400
– Equity investments	997,382	—	40,456	1,037,838
	12,923,378	16,187,260	542,101	29,652,739
Assets for which fair values are disclosed				
Financial assets at amortized cost	—	531,599	639,599	1,171,198
Liabilities for which fair values are disclosed				
Bonds payable	—	—	6,645,502	6,645,502

	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

Notes To The Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024

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

39. FAIR VALUE MEASUREMENT (continued)

Determination of fair value and fair value hierarchy (continued)

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

Unlisted equity investments	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income
1 January 2024	510,179	40,456
Increase	54,535	—
Decrease	(63,397)	—
Net unrealized gain recognised in total comprehensive income	328	—
30 June 2024	501,645	40,456

Valuation techniques

The fair value of the unquoted debt investments is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities, with appropriate adjustment where applicable.

The fair value of the unquoted equity investments has been determined using valuation techniques such as comparable company valuation multiples, recent transaction prices of the same or similar instruments, with appropriate adjustments have been made where applicable, for example, for lack of liquidity using option pricing models. The valuation requires management to make certain assumptions about unobservable inputs to the model, which mainly include historical volatility and estimated time period prior to the listing of the unquoted equity instruments, etc. The fair value of the unquoted equity investments is not significantly sensitive to a reasonable change in these unobservable inputs.

40. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The interim condensed consolidated financial information was approved and authorized for issue by the directors of the Company on 27 August 2024.

Definitions

“Ant Group”	Ant Group Co., Ltd. (螞蟻科技集團股份有限公司), a limited liability company incorporated in the PRC (established on October 19, 2000, its former name being Zhejiang Alibaba E-Commerce Co., Ltd. (浙江阿里巴巴電子商務有限公司)) and one of our substantial shareholders
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	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”, “ZhongAn” or “ZhongAn Insurance”	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
“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 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 Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Latest Practicable Date”	August 27, 2024, being the latest practicable date for ascertaining certain information in this interim report before its publication

Definitions

“Listing”	the listing of the H shares 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
“NFRA”	the National Financial Regulatory Administration (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 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 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 interim report only, except where the context requires, references in this interim 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 six months ended June 30, 2024
“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 (百仕達控股有限公司), a company incorporated in Bermuda with limited liability whose shares are 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)”	member(s) of the Supervisory Committee
“Supervisory Committee”	the supervisory committee of the Company established pursuant to the Company Law of the PRC (中華人民共和國公司法)
“Tencent”	Tencent Holdings Limited, a company incorporated in the Cayman Islands and listed on the Main Board of the Hong Kong Stock Exchange (stock code: 700)
“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 incorporated in the PRC on November 11, 1998, one of our substantial shareholders and a subsidiary of Tencent

“U.S.”	United States of America
“USD” or “US\$”	United State dollars, the lawful currency of the U.S.
“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 Insure” or “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
“Peak3”	Peak3 (Hong Kong) Limited, formerly known as ZA Tech Global Limited, a non-wholly owned subsidiary of ZhongAn International and a company incorporated in Hong Kong with limited liability
“ZA Tech”	ZA Tech Global Limited, a non-wholly owned subsidiary of ZhongAn International and a company incorporated in Hong Kong with limited liability
“ZA Global” 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
“premium(s)”	payment and consideration received on insurance policies issued or reissued by an insurance company
“RegTech”	regulatory technology
“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

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
Liangxun Shi
Shuang Zhang
Hugo Jin Yi Ou

Independent Non-Executive Directors

Wei Ou
Vena Wei Yan Cheng
Gigi Wing Chee Chan
Stanley Chiu Fai Choi

Supervisors

Yuping Wen
Yao Wang
Limin Guo

AUDIT AND CONSUMER RIGHTS PROTECTION COMMITTEE

Gigi Wing Chee Chan (*Chairperson*)
Wei Ou
Stanley Chiu Fai Choi

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 TRANSACTION CONTROL COMMITTEE

Vena Wei Yan Cheng (*Chairperson*)
Stanley Chiu Fai Choi
Gigi Wing Chee Chan

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

219 Yuanmingyuan Road
Shanghai
PRC

MFB1, MF102, MF201-1401
108 Beijing East Road
Huangpu District
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

Corporate Information

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