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 REPORT 2018

众安保险
ZhongAn Insurance

* For identification purposes only

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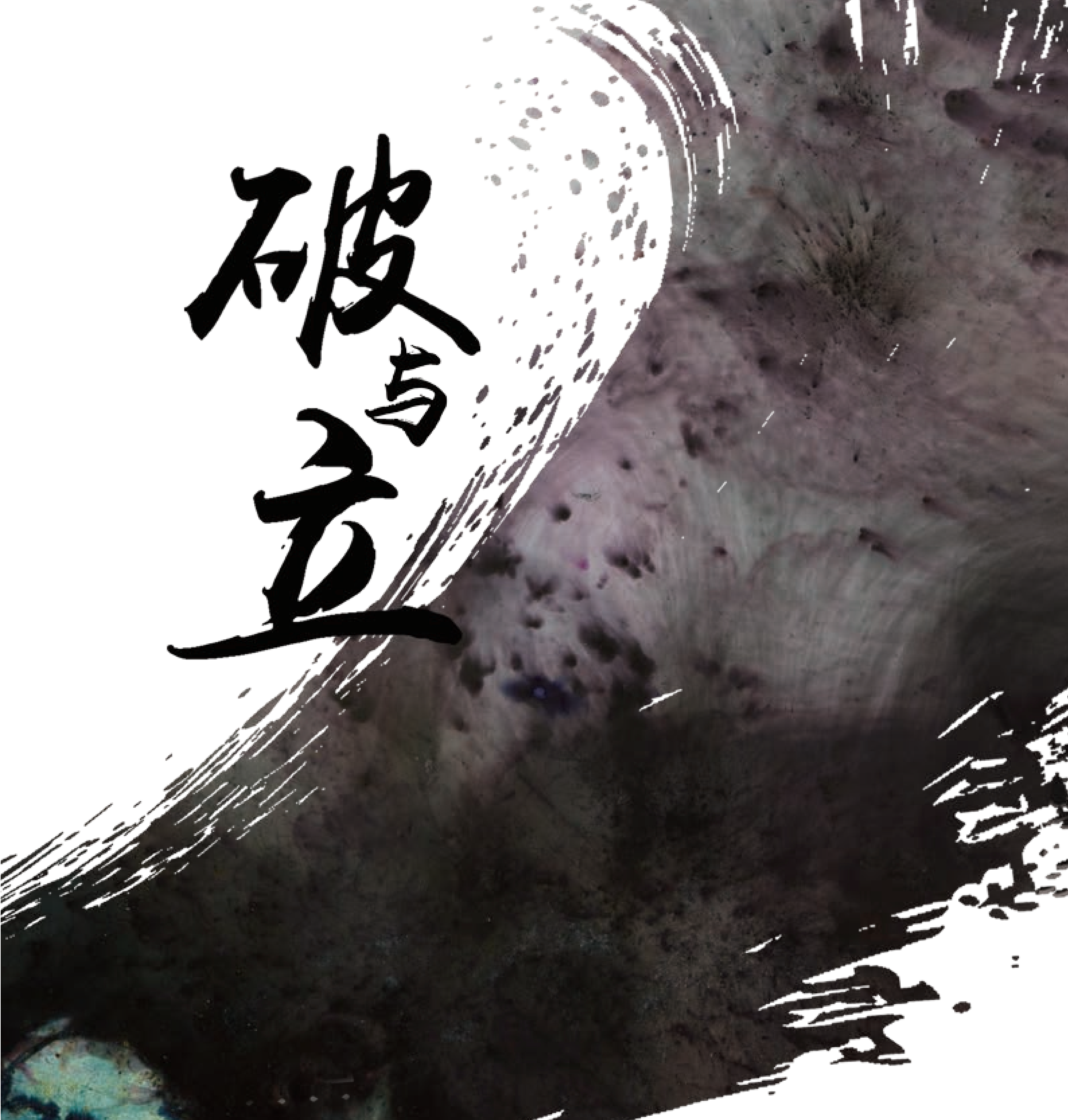
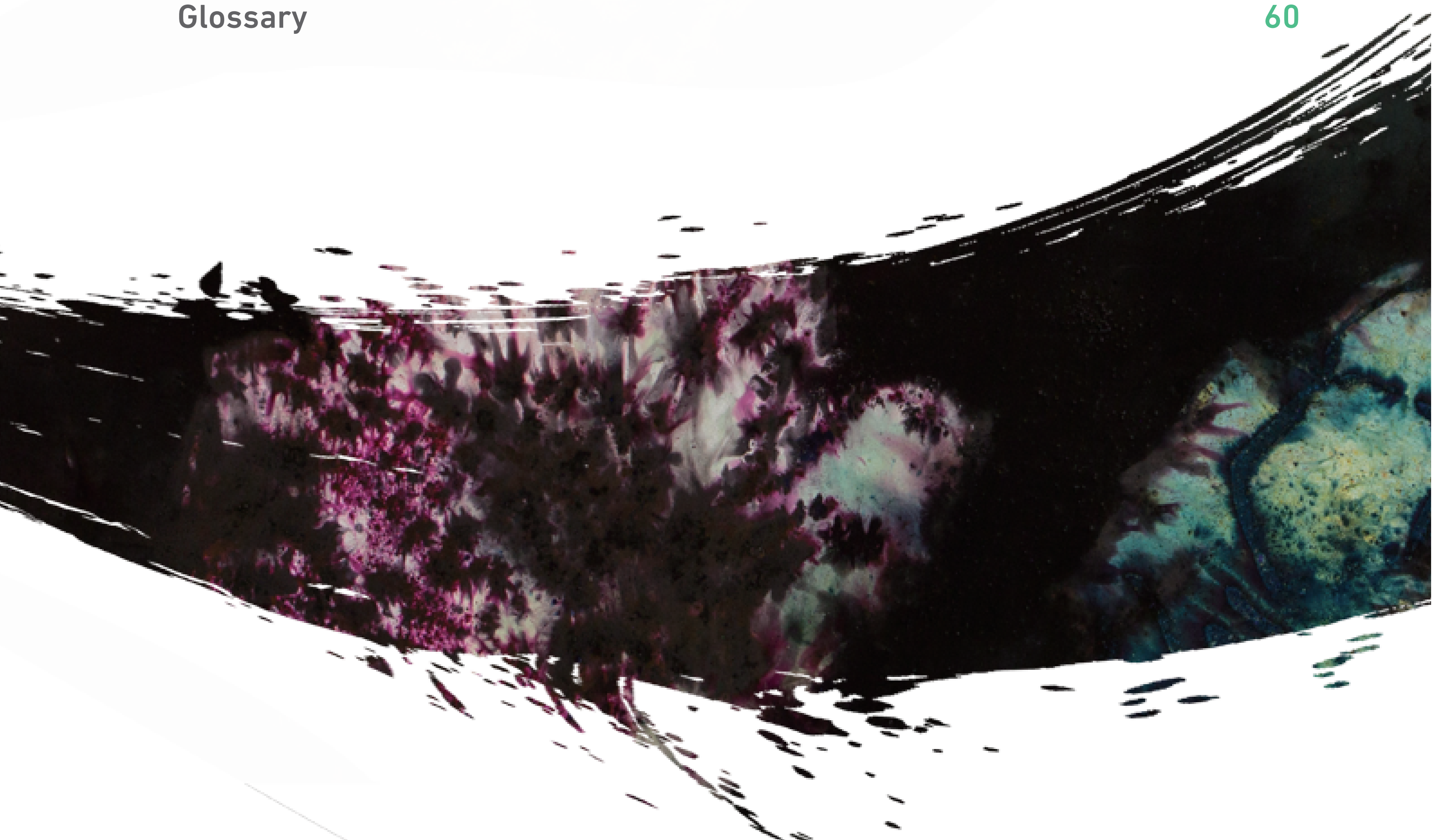


Creative Construction, an artistic works created by Mr. Guoqiang Cai with its inspiration derived from explosive energy, features three flowers which are derivative from the logo of ZhongAn, representing dreams, innovation and a brand new world reconstructed with his signature gunpowder drawing. The amazing combination of wind strike, points and lines indicates the close correlation between the various ecosystem products of ZhongAn and the Internet. The concept portraited by the flowers reflects the magnificent advance made by ZhongAn with technology supports. The looming purple background comes from the old Chinese saying of "Ziqidonglai", indicating the successful listing of ZhongAn Online on the Hong Kong Stock Exchange.

CONTENTS



Corporate Information

Board of Directors

Executive Directors

Yaping Ou *(Chairman of the Board)*
Jin Chen *(Chief Executive Officer)*
Hugo Jin Yi Ou

Non-Executive Directors

Xinyi Han
Jimmy Chi Ming Lai
Guoping Wang
Xiaoming Hu
Fang Zheng

Independent Non-Executive Directors

Shuang Zhang
Hui Chen
Li Du
Yifan Li
Ying Wu

Supervisors

Yuping Wen
Baoyan Gan
Haijiao Liu

Audit Committee

Hui Chen *(Chairman)*
Guoping Wang
Yifan Li

Risk Management Committee

Fang Zheng *(Chairman)*
Xiaoming Hu
Ying Wu

Remuneration and Nomination Committee

Shuang Zhang *(Chairman)*
Yaping Ou
Li Du

Investment Strategy Committee

Jin Chen *(Chairman)*
Xinyi Han
Jimmy Chi Ming Lai
Hugo Jin Yi Ou

Registered Office, Headquarters and Principal Place of Business in the PRC

4–5/F, Associate Mission Building
169 Yuanmingyuan Road
Shanghai
PRC

Principal Place of Business in Hong Kong

Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

H Share Registrar

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

Joint Company Secretaries

Yongbo Zhang
Ella Wai Yee Wong

Authorized Representatives

Jin Chen
Ella Wai Yee Wong

Legal Advisors

As to Hong Kong and U.S. laws:
Skadden, Arps, Slate, Meagher & Flom

As to PRC law:
Grandall Law Firm (Shanghai)

Compliance Adviser

Somerley Capital Limited

Auditors

PricewaterhouseCoopers
Certified Public Accountants

Principal Banks

ICBC Shanghai Branch Sales Department
CITIC Bank Shanghai Branch Sales Department

Listing Information

Stock Code: 6060

Company Website

www.zhongan.com

Management Discussion and Analysis

Management Discussion and Analysis of Operating Results and Financial Conditions

Business Review

Our Company

As a leading Internet Insuretech company in the world, ZhongAn recorded a total GWP of RMB5,148.2 million in the first half of 2018, representing a year-on-year increase of 106.6% and ranking the 13th in the PRC property and casualty insurance market, up by 5 places as compared to that at the end of 2017. In the first half of 2018, we continued to penetrate into the ecosystem market by joining hands with business partners to provide a wide variety of ecosystem-oriented insurance products and risk solutions. For the six months ended June 30, 2018, we provided services to over 300 million insured customers, with the insurance policies per capita of 8.4 and the premium contribution per capita of approximately RMB17.0 (For the six months ended June 30, 2017, the insurance policies per capita were 6.8 and the premium contribution per capita were approximately RMB7.4).

We have made vigorous efforts in developing advanced technologies including big data, cloud computing, artificial intelligence and blockchain, with an aim to enable the development of our businesses with technology advancement. After years of development, we have established and continuously optimized the cooperation modes with online scenario parties. By supporting scenario parties with sophisticated and efficient capabilities in big data risk control, system integration, product research and development as well as scenario customer operation, we successfully enhanced the operation efficiency of scenario platforms, realizing in-depth cooperation with quality scenario parties. Moreover, our capabilities in big data for customers acquisitions, scenario customer operation, artificial intelligence and other technologies also provided support for the operation and development of our proprietary platforms. In May 2018, we launched our ZhongAn Jingling (眾安精靈) smart insurance consulting product, which provides direct voice interaction scenario through artificial intelligence technology, improving the customer experience of the proprietary platform.

Based on our in-depth cooperation with scenario parties and the development of self-operated businesses, we have effectively optimized our business structure, with the proportion of GWP from health ecosystem, consumer finance ecosystem and auto ecosystem increasing from 28% in the first half of 2017 to 68% in the first half of 2018.

Financial Performance and Combined Ratio for the First Half of 2018

We recorded a net loss of RMB666.8 million for the first half of 2018. Key indicators were significantly optimized as compared with 2017. The combined ratio for the first half of 2018 decreased by 9.1% as compared with that for the whole year of 2017 to 124.0%, where the loss ratio decreased by 5.3% as compared with that for the whole year of 2017 to 54.2%, while the combined expense ratio dropped by 3.8% as compared with that for the whole year of 2017 to 69.8%.

The decrease in the loss ratio was attributable to the constant optimization of the model for risk control, so as to improve the quality of the underwriting business and hence reduce the loss ratio. The decrease in the expense ratio was attributable to efforts to constantly optimize our business portfolio and enhance our bargaining power by serving our users with innovative insurance products that provide excellent internet experience and to control the channel expense ratio by expanding cooperation with vertical ecosystem partners. Furthermore, with the application of cloud computing, big data and artificial intelligence technologies (such as the core insurance systems based on cloud computing, smart underwriting and automatic issuance of insurance policies, artificial intelligent customer services, etc.), our business enjoyed strong scale effect, which helped to dilute our research and development, operation and administrative costs.

Five Major Ecosystems:

The following table sets forth a breakdown of (i) GWP, (ii) net written premiums (defined as gross written premium less premium ceded to reinsurers), (iii) insurance claims paid less claims paid ceded to reinsurers and as an approximate percentage of net written premium, (iv) channel fees (defined as handling charges directly related to written premiums as well as commissions, technical service fees and other channel-related fees), and as percentages of net written premiums, and (v) loss ratio (defined as net claims incurred as a percentage of net premiums earned) from or by each ecosystem for the first half of 2017 and 2018:

Management Discussion and Analysis

Ecosystems	For the Six Months Ended June 30			
	2018		2017	
	RMB'000	%	RMB'000	%
Health				
GWP	1,557,219		437,548	
Net written premiums	1,299,399	100.0	350,683	100.0
Insurance claims paid less claims paid ceded to reinsurers	264,003	20.3	61,718	17.6
Channel fees	342,885	26.4	79,468	22.7
Loss ratio		56.0		54.8
Consumer finance				
GWP	1,483,985		256,397	
Net written premiums	1,483,985	100.0	256,397	100.0
Insurance claims paid less claims paid ceded to reinsurers	703,677	47.4	149,435	58.3
Channel fees	203,770	13.7	37,136	14.5
Loss ratio		69.2		73.5
Auto				
GWP	462,945		4,105	
Net written premiums	462,945	100.0	4,105	100.0
Insurance claims paid less claims paid ceded to reinsurers	48,571	10.5	1,159	28.2
Channel fees	140,046	30.3	7,525	183.3
Loss ratio		55.5		89.0
Lifestyle consumption				
GWP	752,979		909,087	
Net written premiums	752,816	100.0	909,087	100.0
Insurance claims paid less claims paid ceded to reinsurers	606,869	80.6	519,431	57.1
Channel fees	159,049	21.1	197,206	21.7
Loss ratio		67.4		74.7
Travel				
GWP	683,941		705,743	
Net written premiums	680,329	100.0	702,281	100.0
Insurance claims paid less claims paid ceded to reinsurers	54,142	8.0	100,144	14.3
Channel fees	598,715	88.0	571,800	81.4
Loss ratio		11.5		17.8

Health ecosystem:

We focus on customers' demands for health insurance protection by offering dedicated group insurance and individual insurance products and solutions as well as value-added services. The innovative individual insurance product brands offered by us, including Personal Clinic Policy (尊享e生), Walk to Wellness Policy (步步保) and Didi Automobile Owner Insurance Plan (滴滴車主保障計劃), have become the major products marketed by many ecosystem partners of our health ecosystem business. Benefitting from our ecosystem cooperation strategy, our products can be purchased readily through an increasing number of ecosystem partners platforms (such as the insurance service platform of Ant Financial and iyunbao). Meanwhile, our products, which are sold through our proprietary platforms, are well received by the consumers, recording rapid growth in transaction volume. Our group insurance products are sold to our institutional customers by our sales representatives and third party agents, so as to provide our customers with customized products and services such as dedicated employees' medical insurance schemes.

Our health ecosystem business has grown rapidly since the second half of 2017. For the six months ended June 30, 2018, the health ecosystem recorded approximately RMB1,557.2 million in GWP with approximately 11.5 million insured customers, representing a growth of 255.9% as compared to that of the corresponding period of last year, among which, the GWP generated from our star products, Personal Clinic Policy and Healthcare (好醫保) Ecosystem of Ant Financial, amounted to approximately RMB769.8 million with 1.37 million insured customers. As of June 30, 2018, the insured customers of the Personal Clinic Policy and Healthcare Ecosystem of Ant Financial reached approximately 2.22 million. By providing Walk to Wellness Policy, we have obtained authority to have access to the exercise data of over 20 million users. Didi Automobile Owner Insurance Plan has attracted extensive participation of automobile owners from Didi Chuxing platform, and as of June 30, 2018, such product had over 1.1 million users with the average insurance policies per capita of approximately 600.

By continuing to focus on the customized, smart and personalized medical insurance products, the health ecosystem business will strive to meet customers' insurance needs and pursue market expansion through the distribution network of ZhongAn Insurance and ZhongAn Technology, providing customers with closed-loop solutions in respect of disease prevention, health management, insurance coverage and medical services. Leveraging on our commercial insurance intelligent platform and with authorization from our customers, we achieved direct connection with medical information databases. Through consolidation and analysis of such data, our risk control capability in underwriting and claim management of insurance business have improved, so as to enable us to provide customers with a more convenient and efficient claim settlement experience (please refer to the introduction of "H Series of Commercial Insurance Technology Products" below).

Consumer finance ecosystem:

Through cooperation with a number of licensed financial institutions, internet finance platforms and internet consumption scenario parties, and by empowering cooperated platforms with technology development in respect of technology, risk control, data and other techniques, we are committed to provide customers consumer finance products with credit guarantee, and have developed leading consumer finance ecosystem technology as well as risk control and data capacity solutions. Our cooperation modes include: cooperation with leading internet finance platforms, such as Xiaoying, Qudian, Lexin and WeLab, where these platforms and we implemented joint risk control; and cooperation with various internet consumption scenario parties, such as China Telecom, Secoo and Meilishuo.com, where we exported product designs, big data risk control and user operation capability to the scenario parties. Meanwhile, we also continued to seek for opportunities to cooperate with major off-line chain supermarkets, such as Carrefour, and head maternal-and-child scenario platforms, such as Babytree.

We set the insurance premium rates based on individual risk profile of the underlying assets and underwrote the risk for the underlying assets with our credit guarantee insurance products. Our risk control penetrated to the underlying assets, and we implemented real-time big data risk control on every batch of borrowings by every borrower by connecting with the systems of our cooperated partners and fund lenders. Our officer-in-charge of the risk control segment has over twenty years of risk management experience in consumer finance sector.

Our major targeted customers of the consumer finance ecosystem are the young near-prime group, of which 70% to 80% of the borrowers in this group have credit record with the central bank credit reference system. Our consumer finance products are used to satisfy their consumer finance requirements when they are subject to insufficient credit limits.

Despite the tightening of monetary policy and increasing risks faced by the industry in the first half of 2018, we managed to effectively reduce claim payment by prudently choosing quality cooperation platforms and providing cooperated platforms with advanced technology to jointly build models, accurately depict customer profiles and improve the application of data marketing and risk control. In the first half of 2018, the loss ratio of the consumer finance business decreased to 69% (first half of 2017: 74%).

As of June 30, 2018, our consumer finance business had connected with 54 ecosystem partner platforms. For the six months ended June 30, 2018, the consumer finance ecosystem recorded approximately RMB1,484.0 million in

GWP, representing a growth of 478.8% as compared with the corresponding period of last year, and provided services to approximately 3.4 million customers. During the six months ended June 30, 2018, the valid term of the insurance policies for our consumer finance ecosystem was one year or below, and the amount of a single batch of borrowings by the users under the consumer finance ecosystem was less than RMB4,000. As at June 30, 2018, the outstanding loan balance amount in respect of the consumer finance business was RMB32.3 billion (as at December 31, 2017: RMB24.7 billion).

In the second half of 2018, we will take measures to further optimize our business portfolio and enhance our big data risk control capacity, with an aim to reduce loss ratio and improve business profitability. These measures include:1) increasing the proportion of internet consumption scenario business to achieve optimization of customer base and business portfolio; 2) leveraging on the extensive data from the scenario parties (including data such as scenario consumption history, online behavior etc.) to jointly build models with the scenario parties and optimize customer profile, and implementing differentiated pricing strategy based on the different risk profiles reflected by customer profiles to strike a balance between risks and revenue; and 3) improving the entry and exit mechanism for our products to gradually reduce or phase out businesses with lower profit margin.

Auto ecosystem:

We launched Baobiao Auto Insurance based on the co-insurance model jointly developed with Ping An Insurance, offering professional auto insurance products and solutions as well as value-added services to protect our customers against vehicle damage, personal injury and death, and vehicle theft and robbery. After obtaining the licenses to underwrite auto insurance in all regions across the country in September 2017, we have underwritten insurance policies in 36 regions across the country as of June 2018, with business footprint covering every region within mainland China, excluding Hong Kong, Macao and Taiwan. In light of our outstanding capabilities in online marketing, operation, innovation and service, and based on the affirmation by both parties towards the cooperation model and the results of Baobiao Auto Insurance, we assumed greater responsibility under the co-insurance model. From January 1, 2018, the premiums, claim payments and other costs shared between ZhongAn and Ping An P&C under the co-insurance model were amended from a proportion of 30%:70% to 50%:50%.

The gross written premiums generated from our auto ecosystem recorded an explosive growth since the last quarter of 2017. For the six months ended June 30, 2018, the auto ecosystem recorded approximately RMB462.9 million in GWP, providing services for approximately 266,000 customers, representing a compound monthly growth rate of 25% in GWP during the first half of 2018.

With the rapid growth in business, we also placed greater emphasis on the long-term strategy for the development of the auto ecosystem. In terms of platform cooperation, we enhanced the in-depth cooperation with new auto-retail platforms, such as Guazi (瓜子) and Maodou (毛豆), fostered auto ecosystem industrial chain with automobile financial companies, such as Cango (燦谷), Dabai Auto of Qudian.com (趣店大白) and Yixin (易鑫), and created innovative scenarios with main engine manufacturers, such as Changan (長安) and BYD (比亞迪). We consolidated cooperation with our business partners and made preparation in advance for the new mode via technology application, data support, scenario co-construction and customized services. In terms of proprietary platform, we stepped up efforts in the creation and operation of proprietary channels, such as auto insurance APP, WeChat service account and direct sales mini programs, and provided personalized services, membership systems, creative products and value-added services based on the life cycle of the auto insurance policies. As to expansion of sale channels with technology support, we penetrated into the automotive aftermarket for sale of auto insurance by means of software-as-a-service (SAAS), providing our business partners with one-step SAAS services covering the whole process ranging from underwritten services, institutional management to user operation. Besides, we have achieved remarkable results in big data construction and application with 11 big data alliance members and over 15 million auto insurance related data. Leveraging on the big data technology and the data collected, it will enhance our bargain power and support product recommendation, user operation and establishment of online service system, thus promoting the development of our auto insurance business.

Lifestyle consumption ecosystem:

We continued to provide protection to cover risks associated with product quality, logistics, post-sale services and merchant security deposits for main stream e-commerce platforms in China, such as Taobao Marketplace and Tmall, taking a leading position in the market. For the six months ended June 30, 2018, the lifestyle consumption ecosystem recorded approximately RMB753.0 million in GWP, representing a decrease of approximately 17.2% as compared to that of the corresponding period of last year, which was mainly due to our efforts to reduce the low quality underwriting business among the consumer electronics business and the decrease in the business contributions from e-commerce ecosystem. By actively exploring wider business fields and the global market, we have expanded our business to cover the head e-commerce platforms and offline retail platforms in certain long-tail and vertical fields.

Travel ecosystem:

In light of our online tourism and travel platforms, we provide travel risk insurance to tourists and business travelers for unexpected emergencies such as flight accident, flight delay, travel accident, flight or hotel cancellation. For the six months ended June 30, 2018, travel ecosystem recorded approximately RMB683.9 million in GWP, representing a year-on-year decrease of approximately 3.1%, and provided services to around 19.4 million customers. The slight decrease in the travel business was mainly attributable to the termination of the policy of recommending such service products as a default option for online travel platforms and airline companies by the Civil Aviation Administration of China in the last quarter of 2017. The loss ratio of the travel ecosystem for the first half of 2018 was approximately 11.5%, representing a year-on-year decrease of approximately 6.3%, and the channel expense ratio was approximately 88.0%, representing a year-on-year increase of approximately 6.6%, which was mainly attributable to our initiative to reduce the flight delay insurance that produces higher loss ratio.

Technology Development:

In the first half of 2018, ZhongAn invested RMB373.5 million in research and development activities, accounting for approximately 7.3% of the Company's GWP, of which, investment for the insurance segment amounted to approximately RMB171.8 million and investment for the technology segment amounted to approximately RMB201.7 million. As at June 30, 2018, ZhongAn had a total of 1,536 engineers and technicians, representing approximately 53.2% of our total employees, among which, 99 are responsible for data analysis, 31 are responsible for insurance system development and maintenance, 58 are responsible for artificial intelligence, 27 are responsible for blockchain technology, 364 are responsible for technology solution export, and the rest are mainly responsible for business-related system connection and maintenance, etc. We continue to focus on the development of seven cutting-edged technology sectors, including artificial intelligence, internet of things, blockchain, cloud computing, big data, life science and digital economy, covering insurance, medical services, consumer finance, digital economy and other industry applications. These technologies have been applied in ZhongAn's insurance business, including the development in the commercial insurance intelligent platform for claim management in the health ecosystem, online big data risk control in the consumer finance ecosystem and the big data laboratory in the auto ecosystem. With our technology strength, we are able to create innovative business models with scale advantage, and supported by our experience in the industry, also have the ability to export technology products and industry solutions to areas such as inclusive finance and healthcare, providing support to our in-house and outside partners in promoting innovation efforts. The technology export of ZhongAn mainly focuses on three areas, namely insurance industry, healthcare industry and consumer finance related scenarios.

Currently, we have established five technology product lines, enabling us to export technology solutions. During the first half of 2018, the number of contracted clients were nearly 100.

The S series of Insuretech products provide technology products and solutions for the deficiencies in all respects of insurance business, covering aspects ranging from front-end sales, customer operation, product design to underwriting and claims management of insurance business. The existing products mainly cover e-commerce sales scenarios (S-next generation platform for brokers and agencies, S-next generation distributed e-commerce platform, S-next generation mobile integrated terminal for sales person and so on), customer service scenarios (smart customer service) and channel development scenarios (S-cloud sharing distribution platform and S-merchant distribution center), as well as the Internet insurance microkernel system. During the six months ended June 30, 2018, the S series had 7 contracted clients, adding up to 16 contracted clients in total, which were mainly insurance companies.

The H series of commercial insurance technology products provide data enquiry, risk control and scenario insurance solutions for commercial insurance companies and healthcare institutions, through full integration of medical and insurance scenarios. In terms of commercial insurance, we realized online connection of medical data by establishing the national medical knowledge database and healthcare-and-medical data platform (H-MDP platform), providing commercial insurers with services including enquiry services regarding the Basic Medical Insurance Drugs Catalogue, the payment standard of Medical Services and Facilities for Basic Medical Insurance and the Diagnosis and Treatment Catalogue of Basic Medical Insurance, medical data governance, quick claim settlement and claim investigation for commercial insurance. In addition, leveraging on big data analysis and blockchain technology, we conducted analysis and consolidation on medical data to explore added value, and launched the commercial insurance risk control and anti-fraud platform, providing commercial insurers with services including smart claim settlement, intelligent underwriting management and investigation on suspected fraud cases. As at June 30, 2018, we have connected to the information system of over 200 Class II and above hospitals across the country.

Based on extensive data sources and marketing and risk control experience in the insurance and finance sectors, the X series of intelligent data products provide customers with sophisticated risk management, model building, intelligent marketing and usage analysis services, and improve customer service by applying technologies, such as artificial intelligence (including computer vision, natural language processing and data insight), cloud platform and big data, to various scenarios, so as to mitigate operational risks. The main products comprise intelligent risk control (X-Decision decision-making system, X-Model risk control consulting), intelligent marketing (X-Man intelligent marketing, X-Flow traffic analysis platform) and intelligent data development platform (X-Zatlas visual platform, data insight platform and machine learning platform, etc.). For the six months ended June 30, 2018, the X series had 55 contracted clients, covering Internet companies, insurance companies, business consulting companies, etc.

The F series of financial product was introduced in the second half of 2017, which aims to establish an internet consumer finance platform and scenario-based finance solutions, providing business partners with integrated solutions for credit business to support their business development in consumer finance and supply chain finance fields and promote refined operation. For the six months ended June 30, 2018, the F series had seven contracted clients, which were mainly consumer finance technology companies.

The T series of blockchain products are application products developed based on our independently-developed link "Annchain", which are provided on Anlink, the first blockchain and artificial intelligence cloud service platform in China. These products have been applied in various industry application scenarios including anti-counterfeit traceability (such as "Go Go Chicken (步步雞)" integrated solutions, diamond information enquiry and tracking), financial anti-fraud (such as a financial anti-fraud alliance based on blockchain storage and encrypted multi-party computation), reinsurance (such as a commercial reinsurance platform jointly launched with several reinsurance companies), membership systems (such as point management of some airline company). In 2017, our independently-developed blockchain system, Annchain, was accredited as one of the three open source projects on the first batch list in China by the MIIT. In 2018, we participated in the development of the blockchain-related ISO standards (ISO/TC307 - Blockchain and distributed ledger technologies). For the six months ended June 30, 2018, the T series had 6 contracted clients.

Other Development

On July 31, 2018, we entered into an agreement with SoftBank Vision Fund to boost our technology solutions businesses outside China. The partnership is expected to help us expand our Insuretech, Fintech and other technology solutions businesses in overseas markets with an initial focus on Asia. For this purpose, we have established a new operating entity, ZA Tech Global, and SoftBank Vision Fund will participate as a strategic investor after meeting certain closing conditions including obtaining necessary regulatory approvals. After necessary regulatory approvals, ZA Tech Global will be held as to 49% by ZhongAn International Group and 51% by SoftBank Vision Fund. The board of directors shall consist 3 directors, 2 of whom shall be nominated by ZhongAn International Group and 1 of whom shall be nominated by SoftBank Vision Fund.

Outlook

In the first half to 2018, upholding the ecosystem-oriented Insuretech strategy, we made continuous efforts in consolidating and enhancing our ecosystem service capability by applying our ever-growing technology strength to more ecosystem partners, with an aim to provide our customers with the best finance and insurance integrated solutions and service experience. By leveraging on our leading technology strength, profound customer insights, aggressive product innovation and proactive channel expansion, our emerging ecosystems (such as health, consumer finance and auto) achieved explosive growth, providing users with more comprehensive insurance protection and enhancing the image influence of ZhongAn.

Looking ahead, we will keep in mind our original visions. With the mission of "Making financial life warmer", we are committed to pushing forward the application of cutting-edge technologies in the insurance sector. Upholding the value of "Simplicity, rapidness, breakthrough and win-win", we will continuously strengthen the operating capabilities of the ecosystems through social diversification and multi-dimensional synergy, so as to consolidate our leading position in the online Insuretech sector.

Financial Review

For the six months ended June 30, 2018, we continued to take advantage of development opportunities in the PRC Insuretech market. We achieved rapid growth and continued to improve our market share in the PRC Insuretech market by continuing to develop innovative products using cutting-edge technologies and by enhancing our cooperation with our ecosystem partners. For the six months ended June 30, 2018, the Company's GWP reached approximately RMB5,148.2 million, representing a year-on-year increase of approximately 106.6%.

The following table sets forth the comparative figures for the six months ended June 30, 2018 and 2017, respectively:

	For the Six Months Ended June 30	
	2018 RMB'000	2017 RMB'000
Gross written premiums	5,148,165	2,491,863
Net premiums earned	3,619,978	1,960,838
Total income	4,066,973	2,292,476
Net loss for the period	(666,819)	(286,777)
Total comprehensive loss for the period	(654,779)	(300,135)
Loss per share		
– Basic (RMB yuan)	(0.45)	(0.23)
– Diluted (RMB yuan)	(0.45)	(0.23)

The following table sets forth our key financial ratios for the six months ended June 30, 2018 and 2017, respectively:

	For the Six Months Ended June 30	
	2018	2017
Retention ratio(1)	94.7%	96.3%
Loss ratio(2)	54.2%	52.8%
Expense ratio(3)	69.8%	76.5%
Combined ratio(4)	124.0%	129.3%
Net investment yield(5)	2.1%	3.1%
Total investment yield(6)	1.8%	3.3%
Return on assets(7)	-2.9%	-3.1%
Return on equity(8)	-3.9%	-4.3%
Gearing ratio(9)	30.8%	27.5%

Notes:

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

(2) Loss ratio equals net claims incurred as a percentage of net premiums earned.

(3) Expense ratio equals insurance operating expenses expressed as a percentage of net premiums earned.

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

(5) Net investment yield equals the sum of net interest income and dividend income less interest expense relating to securities sold under agreements to repurchase for the period as a percentage of the average of the opening and closing balances of total investment assets of the period.

(6) Total investment yield equals total investment income (defined as the sum of net investment income and net fair value gains through profit or loss, less interest expense relating to securities sold under agreements to repurchase) for the period as a percentage of the average of the opening and closing balances of total investment assets of the period.

(7) Return on assets equals profit/(loss) for the period attributable to equity owners of the Company divided by the average of the opening and closing balances of total assets of the period.

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

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

Underwriting Business

The following table sets forth the selected financial indicators of the insurance business of the Company and its subsidiaries and their percentages to net premiums earned for the relevant periods:

	Six months ended June 30			
	2018		2017	
	RMB'000	%	RMB'000	%
Net premiums earned	**3,619,978**	**100.0**	1,960,838	100.0
Net claims incurred	**1,960,918**	**54.2**	1,034,694	52.8
Insurance operating expenses	**2,527,224**	**69.8**	1,499,743	76.5
Underwriting loss	**(868,164)**	**(24.0)**	(573,599)	(29.3)

1. **Gross Written Premiums**

GWP primarily include premiums written by us on insurance contracts issued or renewed for a given period, without deduction for premiums ceded by us to reinsurers. We currently market and sell nine types of insurance products recognized by the CBIRC, including:

- Accident insurance, including products such as Flight Accident and Delay Policy (航意航延險) and Train Accident Policy (火車意外險), mainly serving the travel ecosystem;
- Bond insurance, including products such as Zhong Le Bao (眾樂寶) and Can Ju Xian (參聚險), mainly serving the lifestyle consumption and consumer finance ecosystems;
- Health insurance, including products such as Personal Clinic Policy (尊享e生) and Group Health Insurance Plan (健康團險計劃), mainly serving the health ecosystem;
- Liability insurance, including products such as Phone Accident Policy (手機意外險) and Logistics Liability Insurance (物流責任險), mainly serving the lifestyle consumption ecosystem;
- Credit insurance, including products such as Mashanghua (馬上花), mainly serving the consumer finance ecosystem;
- Cargo insurance, including products such as Tmall Furniture Cargo Policy (天貓家裝貨運險), mainly serving the lifestyle consumption ecosystem;
- Household property insurance, including products such as General Screen Crack Policy (碎屏險) and Account Safety Policy (賬戶安全險), mainly serving the lifestyle consumption and consumer finance ecosystems;
- Motor insurance, including Baobiao Auto Insurance (保驫車險), mainly serving the auto ecosystem; and

- Others, including products such as Shipping Return Policy (退貨費險) and Generic Buyer Version of Shipping Return Policy (任性退), mainly serving the lifestyle consumption ecosystem.

Gross written premiums increased by 106.6% from approximately RMB2,491.9 million for the six months ended June 30, 2017 to approximately RMB5,148.2 million for the six months ended June 30, 2018, primarily due to significant increases in health insurance, credit insurance, bond insurance and motor insurance, which are main products of our health, consumer finance and auto ecosystem.

A breakdown of the GWP from our different insurance products for the periods indicated is shown below:

	For the Six Months Ended June 30		
	2018	2017	(% of change)
Accident insurance	1,107,036	724,838	52.7
Bond insurance	816,372	322,680	153.0
Health insurance	1,085,297	330,322	228.6
Liability insurance	286,512	199,863	43.4
Credit insurance	769,953	138,541	455.8
Cargo insurance	67,298	40,894	64.6
Household property insurance	19,009	28,517	(33.3)
Motor insurance	459,796	3,750	12,161.2
Others(1)	536,892	702,458	(23.6)
Of which:			
Shipping return insurance	498,519	587,567	(15.2)
Total	5,148,165	2,491,863	106.6

Note:

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

2. Premiums Ceded to Reinsurers

The premiums ceded to reinsurers increased from approximately RMB93.4 million for the six months ended June 30, 2017 to approximately RMB271.2 million for the six months ended June 30, 2018, of which the ceded premiums of accident insurance amounted to approximately RMB123.1 million and the ceded premiums of health insurance amounted to approximately RMB143.4 million. The rise in premiums ceded to reinsurers is mainly due to the significant increase in health insurance and accident insurance.

3. Net Change in Unearned Premium Reserves

Unearned premium reserves are portions of written premiums relating to unexpired risk of insurance coverage. For the six months ended June 30, 2018, our net change in unearned premium reserves increased significantly mainly due to the rapid growth of our gross written premiums and change in product mix which includes more products with longer terms (mainly 1-year-term), such as the Group's health, consumer finance and motor insurance products. Compared with short-term insurance products, longer-term products generally lead to a larger amount of unearned premium reserves. As a result, net change in unearned premium reserves increased by approximately 187.3% from approximately RMB437.6 million for the six months ended June 30, 2017 to approximately RMB1,257.0 million for the six months ended June 30, 2018.

4. Net Premiums Earned

Net premiums earned represent net written premiums less net change in unearned premium reserves. As a result of the foregoing, net premiums earned increased by approximately 84.6% from approximately RMB1,960.8 million for the six months ended June 30, 2017 to approximately RMB3,620.0 million for the six months ended June 30, 2018.

5. Net Claims Incurred

Net claims incurred represent insurance claims paid less claims paid ceded to reinsurers, as adjusted by net change in claim reserve. Net claims incurred increased by approximately 89.5% from approximately RMB1,034.7 million for the six months ended June 30, 2017 to approximately RMB1,960.9 million for the six months ended June 30, 2018. Correspondingly, loss ratio increased by 1.4 percentage point from approximately 52.8% for the six months ended June 30, 2017 to approximately 54.2% for the six months ended June 30, 2018, primarily due to (1) group and personal accident insurance with higher loss ratio took up a greater proportion of the whole accident insurance; and (2) rapid growth of auto insurance which has relatively higher loss ratio.

6. **Handling Charges and Commissions**

Handling charges and commissions represent fees paid to insurance agents for the distribution of our policies. Handling charges and commissions increased by approximately 95.8% from approximately RMB268.6 million for the six months ended June 30, 2017 to approximately RMB525.9 million for the six months ended June 30, 2018, primarily due to an increase in business scale of health insurance, accident insurance, employer liability insurance and auto insurance products.

7. **General and Administrative Expenses**

General and administrative expenses primarily include consulting fees and service charges primarily paid to our ecosystem partners, employee salaries and benefits, promotion and marketing expenses, office rentals and related expenses, and other miscellaneous general and administrative expenses. General and administrative expenses increased by approximately 61.7% from approximately RMB1,250.4 million for the six months ended June 30, 2017 to approximately RMB2,021.7 million for the six months ended June 30, 2018, primarily due to an increase in technology and consulting service fee and advertising cost in order to support the rapid growth of the Company. However, our expense ratio decreased from approximately 76.5% to approximately 69.8% benefiting from scale of economy.

Investment Business

For the six months ended June 30, 2018, the Company's investing activities consisted of (i) equity investment; and (ii) entrustment of third-party asset management companies for purchase of stock, bonds and other asset management products. For asset management business, in the first half of 2018, we have engaged five additional public offering fund investment managers, including E Fund Management Co., Ltd., China Universal Asset Management Company Limited, Harvest Fund Management Co., Ltd, China Southern Asset Management Co., Ltd. and ICBC Credit Suisse Asset Management Co. Ltd., to diversify our investment risks with a multi-manager model.

We strictly comply with the requirements of relevant PRC laws by establishing a comprehensive risk management system and an integrated asset management system to ensure the safety of assets and to improve investment efficiency.

8. **Composition of Investment Assets**

	June 30, 2018		December 31, 2017	
	Balance RMB'000	Percentage %	Balance RMB'000	Percentage %
By category:				
Cash and cash equivalents	2,095,878	11.0	5,256,367	27.0
Term deposits	300,000	1.5	—	n/a
Fixed income investments	9,903,897	52.0	6,704,163	34.5
Bonds	10,547,103	55.4	3,548,021	18.2
Other fixed income investments	(643,206)	(3.4)	3,156,142	16.3
Equity and investment funds	3,479,346	18.3	3,165,951	16.3
Stocks	1,655,935	8.7	1,192,382	6.1
Investment funds	1,620,832	8.5	1,784,079	9.2
Unlisted equity shares	202,579	1.1	189,490	1.0
Other investments	3,270,259	17.2	4,325,566	22.2
Wealth management products	2,382,592	12.5	3,409,737	17.5
Trust	887,667	4.7	915,829	4.7
Total investment assets	19,049,380	100.0	19,452,047	100.0

We had total investment assets of approximately RMB19,049.4 million as of June 30, 2018 and approximately RMB19,452.0 million as of December 31, 2017, respectively, representing an decrease of approximately RMB402.7 million. Total investment assets represented approximately 79.1% of our total assets as of June 30, 2018 compared to approximately 92.0% as of December 31, 2017. As of June 30, 2018, equity and investment funds and other investments represented approximately 18.3% and approximately 17.2% of our total investment assets, respectively. Our total investment yield was approximately 3.3% and approximately 1.8% for the six months ended June 30, 2017 and 2018, respectively.

9. **Cash and Cash Equivalents**

Cash and cash equivalents primarily include cash and time deposits. Cash and cash equivalents decreased from approximately RMB5,256.4 million as of December 31, 2017 to approximately RMB2,095.9 million as of June 30, 2018. The reasons for the substantial decrease in the cash and cash equivalents were i) our engagements of two additional entrusted investment managers in December 2017 and five additional entrusted investment managers in the first half of 2018. Such entrusted investment managers optimized the allocation of cash generated from foreign exchange settlement at the end of 2017 to each asset class; and ii) net operating cash outflows as discussed in the section headed "Cash Flows".

10. **Bonds**

Bonds included government bonds, financial bonds, corporate bonds and interbank deposits. As of June 30, 2018, 100% of the bonds the Company held received external ratings of AA level or above with more than approximately 48.2% of them receiving external ratings of AAA level. Bonds increased from approximately RMB3,548.0 million as of December 31, 2017 to approximately RMB10,547.1 million as of June 30, 2018. The reason for the substantial increase in bond investment was that, ZhongAn's engagement of additional investment managers during the period from the end of 2017 to June 2018, and the majority of the fund being allocated to the bond asset according to the allocation requirement of insurance funds.

11. **Stocks**

Qualified PRC insurance companies are permitted to invest a portion of their insurance funds directly in shares of companies listed on the Shanghai Stock Exchange, Shenzhen Stock Exchange and the Main Board of the Hong Kong Stock Exchange. The Company's investment in stocks increased from approximately RMB1,192.4 million as of December 31, 2017 to approximately RMB1,655.9 million as of June 30, 2018. The reason for the slight increase in stock investment was that, ZhongAn engaged additional investment managers during the period from the end of 2017 to June 2018, and a small additional amount of the fund was allocated to stocks according to the allocation requirement of insurance funds and with reference to the market conditions.

12. **Investment Funds**

PRC insurance companies are permitted to invest in close-ended and open-ended securities investment funds managed by mutual fund management companies as well as in private equity funds. As of June 30, 2018, the investment funds that we invested in mainly include bond funds and monetary funds. The Company's investment in investment funds decreased from approximately RMB1,784.1 million as of December 31, 2017 to approximately RMB1,620.8 million as of June 30, 2018. The reason for the slight decrease in fund investment was that some monetary funds were redeemed and the proceeds therefrom were allocated to other assets as of June 2018 while the Company had a number of monetary funds at the end of 2017 for the purpose of liquidity management.

13. **Other investments**

Other investments include: (i) wealth management products, which include asset management plans issued by reputable financial institutions such as Ping An Asset Management Co., Ltd.; and (ii) trust products, which typically have longer terms and higher return over investment as compared to traditional fixed income products and receive external ratings of AA level or above. The Company's investment in these other investments decreased from approximately RMB4,325.6 million as of December 31, 2017 to approximately RMB3,270.3 million as of June 30, 2018. The decrease was due to the gradual decrease in the holdings of insurance asset management products as a result of resilient investment strategy adjustment in the first half of 2018, while the new investment portfolio had an overweight position in fixed asset management products as at the end of 2017 to build up some safety net returns.

14. Net Investment Income

	For the Six Months Ended June 30		
	2018 RMB'000	2017 RMB'000	(% of change)
Interest income			
– Bank deposits	17,669	9,583	84.4
– Bond investments	209,405	68,652	205.0
– Securities purchased under agreements to resell	15,926	2,347	578.6
– Wealth management products	64,116	-	n/a
– Loan	4,687	52,417	(91.1)
Dividend income			
– Fund investment	62,391	97,009	(35.7)
– Equity investment	20,976	13,321	57.5
– Wealth management products	12,175	-	n/a
Realized gain, net	235,475	43,194	445.2
	642,820	286,523	124.4

Net investment income is comprised of interest income from trust products, term deposits, securities purchased under agreements to resell and debt securities, dividend income from investment funds and equity securities, and realized gains or losses on securities through profit or loss and available-for-sale securities. We had net investment income of approximately RMB286.5 million for the six months ended June 30, 2017 and net investment income of approximately RMB642.8 million for the six months ended June 30, 2018. The increase in net investment income for the first half of 2018 was primarily due to the significant increase in assets that can be invested in after settlement of exchange at the end of 2017. New assets are mainly allocated to liquidity and fixed income types of assets, resulting in considerable income from interest. The net realized income is mainly derived from the gains obtained from the investment managers' disposal of shares purchased on the secondary market after share structure adjustment.

15. 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. Net fair value losses increased from approximately RMB31.7 million for the six months ended June 30, 2017 to approximately RMB287.0 million for the six months ended June 30, 2018. The changes were primarily due to general condition of the PRC capital markets for the six months ended June 30, 2018.

16. Finance Costs

Finance costs represent interest paid on certain financial liabilities. Finance costs increased from approximately RMB1.5 million for the six months ended June 30, 2017 to approximately RMB15.6 million for the six months ended June 30, 2018, primarily due to increase of the average balance of securities sold under agreements to repurchase in the six months ended June 30, 2018 than that in the six months ended June 30, 2017.

Technology Business

In July 2016, the Company established a wholly-owned subsidiary in China, ZhongAn Technology, which focuses on the research and development of cutting-edge financial technologies. ZhongAn Technology currently develops and offers five series of technology services: the S series of Insuretech products, the H series of commercial insurance technology products, the X series of intelligent data products, the F series of financial products and the T series of blockchain products. ZhongAn Technology began to generate revenue in the second quarter of 2017. Revenue generated by ZhongAn Technology for the six months ended June 30, 2018 amounted to approximately RMB35.7 million compared to approximately RMB2.9 million for the same period of 2017. The subsidiary itself incurred approximately RMB141.2 million loss for the six months ended June 30, 2018 mainly due to high investment in technology innovation and development in the early stage.

Overall Results

17. Total Income

Total income represents the sum of net premiums earned, net investment income, net fair value changes through profit or loss and other income. As a result of the foregoing, total income increased by approximately 77.4% from approximately RMB2,292.5 million for the six months ended June 30, 2017 to approximately RMB4,067.0 million for the six months ended June 30, 2018.

18. Net Loss for the Period

The Company incurred a net loss of approximately RMB666.8 million for the six months ended June 30, 2018 compared to a net loss of approximately RMB286.8 million for the six months ended June 30, 2017. However, our combine ratio decreased from approximately 129.3% to approximately 124.0% for the corresponding periods benefiting from scales of economy.

19. Liquidity and Source of Funding

We have historically funded our cash requirements principally from cash generated from operating activities and capital contribution from Shareholders.

Cash Flows

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

	Six months ended 30 June	
	2018	2017
	(in thousands of RMB)	
	(unaudited)	(unaudited)
Net cash outflow from operating activities	(282,936)	(411,290)
Net cash (outflow)/inflow from investing activities	(4,383,874)	194,009
Net cash inflow/(outflow) from financing activities	1,502,198	(235,756)
Effect of exchange rate changes on cash and cash equivalents	624	(38)
Net decrease in cash and cash equivalents	(3,163,988)	(453,075)
Cash and cash equivalents at the beginning of period	5,260,259	1,153,244
Cash and cash equivalents at the end of period	2,096,271	700,169

Our cash inflows from operating activities primarily consist of cash premiums received for insurance products we issued. Our cash outflows used in operating activities primarily consist of cash payments of insurance claims, consulting fees and service charges, employee salaries and benefits, and handling charges and commissions. We had net cash outflows used in operating activities of approximately RMB282.9 million in the six months ended June 30, 2018, primarily due to rapid growth of premium receivable.

We had net cash outflows used in investing activities of approximately RMB4,383.9 million in the six months ended June 30, 2018, primarily due to investment in financial products mainly in bonds and stocks.

We had net cash inflows from financing activities of approximately RMB1,502.2 million in the six months ended June 30, 2018, primarily due to purchase of securities sold under agreements to repurchase.

Indebtedness

Other than two outstanding unsecured loans in the aggregate of approximately RMB50 million from a bank and an independent third party, we did not have any material mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptances (other than normal trade bills), acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured, or guarantees or other contingent liabilities as of June 30, 2018.

Solvency for Insurance Companies

The solvency ratio for insurance companies is an important supervisory indicator to assess the capital adequacy of insurance companies. Stable solvency ratio enables a company to meet the capital requirements by regulatory and rating agencies and other external institutions, and supports the business development of the company and long-term shareholders' value.

With its adequate solvency at present, the Company will continue to strengthen the supervision, control and analysis on its solvency ratio while keeping proactively developing insurance business and expanding into a wide variety of investments in the future.

The table below summarizes the core capital, actual capital and minimum required capital of the Company according to the original CIRC's solvency rules.

	As of 30 June 2018	As of 31 December 2017	Year-on-year change
	RMB'000	RMB'000	
Actual capital	**16,127,092**	16,865,286	(4.4%)
Core capital	**16,127,092**	16,865,286	(4.4%)
Minimum required capital	**2,098,660**	1,431,316	46.6%
Comprehensive solvency margin ratio (%)	**768.5**	1,178.3	(409.9 pt)
Core solvency margin ratio (%)	**768.5**	1,178.3	(409.9 pt)

Notes: Comprehensive solvency margin ratio = Actual capital/Minimum required capital;

Core solvency margin ratio = Core capital/Minimum required capital.

20. Material Investments

We did not hold any material investments during the six months ended June 30, 2018.

21. Material Acquisitions and Disposals

We did not have any material acquisitions or disposals of subsidiaries, associated companies or joint ventures during the six months ended June 30, 2018.

22. Future Plans for Material Investments and Capital Assets

As of June 30, 2018, we did not have other plans for material investments and capital assets.

23. Pledge of Assets

As at June 30, 2018, none of the Group's assets were pledged.

24. Gearing Ratio

As of June 30, 2018, our gearing ratio, calculated as total liabilities (excluding capital supplementary bonds and subordinated term debts) divided by total assets, was approximately 30.8%, representing an increase of 3.3 percentage points as compared with approximately 27.5% as of June 30, 2017. The increase was primarily due to purchase of securities sold under agreements to repurchase and increase of insurance contract liabilities.

25. Foreign Exchange Exposure

During the six months ended June 30, 2018, we mainly operated in China and majority of the transactions were settled in RMB, the Company's functional currency. As of June 30, 2018, we did not have significant foreign currency exposure from its operations or hedge against any fluctuation in foreign currency. We did not use any financial instruments for hedging purposes during the six months ended June 30, 2018.

26. Contingent Liabilities

As of June 30, 2018, we did not have any material contingent liabilities.

27. Off-statement of financial position Commitments and Arrangements

As of June 30, 2018, we have not entered into any off-statement of financial position arrangements.

Use of net Proceeds from Listing

On September 28, 2017, the Shares of the Group were listed on the Main Board of the Hong Kong Stock Exchange. The gross proceeds from the above offering were approximately HK$13,682.5 million, which are used in a manner consistent with that set out in the Prospectus.

Directors', Supervisors' and Chief Executive's Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company and Any Associated Corporation

As at June 30, 2018, 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 to therein, or which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Model Code are as follows:

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]	Domestic Shares	Interest of controlled corporation	81,000,000 (Long position)	8.10%	5.51%
Fang Zheng[3]	H Shares	Interest of controlled corporation	61,189,167 (Long position)	13.02%	4.16%

Notes:

(1) The shareholding percentages are calculated on the basis of 1,000,000,000 Domestic Shares and 469,812,900 H Shares.

(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 Holdings Limited (百仕達控股有限公司) which is listed on the Hong Kong Stock Exchange (Stock Code: 1168) and is owned by Asia Pacific Promotion Limited, a company wholly owned by Mr. Yaping Ou, as to approximately 45.10%. As such, Timeway Holdings Limited (中宇集團有限公司), Sinolink Worldwide Holdings Limited (百仕達控股有限公司), 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).

(3) Keywise ZA Investment is an investment of Keywise Greater China Opportunities Master Fund. The investment advisor is Keywise Capital Management (HK) Limited which in turn owns 23.00% interest in Keywise ZA Investment. Other investors own 77.00% interest in Keywise ZA Investment. Keywise ZA Investment is accustomed to taking instructions from Mr. Fang Zheng. As such, Mr. Fang Zheng is deemed to be interested in the Shares held by Keywise ZA Investment.

Save as disclosed above, as at June 30, 2018, 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.

Disclosure of Interest

Substantial Shareholders' Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company

As at June 30, 2018, within the knowledge of the Directors, the following persons (other than the Directors, the Supervisors and chief executive of the Company) had an interest or a short position in the Shares or underlying Shares of the Company which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of Shareholder	Class of Shares	Nature of interest	Number of Shares[1]	Approximate percentage in Shares of the same class[2]	Approximate percentage of the Company's total issued share capital[2]
Ant Financial[3]	Domestic Shares	Beneficial interest	199,000,000	19.90%	13.53%
Hangzhou Junao Equity Investments Partnership (Limited Partnership)[3]	Domestic Shares	Interest of controlled corporation	199,000,000	19.90%	13.53%
Hangzhou Junhan Equity Investments Partnership (Limited Partnership)[3]	Domestic Shares	Interest of controlled corporation	199,000,000	19.90%	13.53%
Hangzhou Yunbo Investment Consulting Co, Ltd. [3]	Domestic Shares	Interest of controlled corporation	199,000,000	19.90%	13.53%
Yun Ma[3]	Domestic Shares	Interest of controlled corporation	199,000,000	19.90%	13.53%
Tencent Computer System[4]	Domestic Shares	Beneficial interest	150,000,000	15.00%	10.20%
Huateng Ma[4]	Domestic Shares	Interest of controlled corporation	150,000,000	15.00%	10.20%
Tencent Holdings Limited[4]	Domestic Shares	Interest of controlled corporation	150,000,000	15.00%	10.20%
Ping An Insurance[5]	Domestic Shares	Beneficial interest	150,000,000	15.00%	10.20%
Shenzhen Jia De Xin Investment Limited[6]	Domestic Shares	Beneficial interest	140,000,000	14.00%	9.52%
Shenzhen Huaxinlian Investment Limited[6]	Domestic Shares	Interest of controlled corporation	140,000,000	14.00%	9.52%
Yafei Ou[6]	Domestic Shares	Interest of controlled corporation	140,000,000	14.00%	9.52%
Unifront Holding Limited[7]	Domestic Shares	Beneficial interest	90,000,000	9.00%	6.12%
Shanghai Songlu Investment Management Co., Ltd. [7]	Domestic Shares	Interest of controlled corporation	90,000,000	9.00%	6.12%
Shanghai Jianglu Investment Management Co., Ltd. [7]	Domestic Shares	Interest of controlled corporation	90,000,000	9.00%	6.12%
Shanghai Xinlu Investment Management Co., Ltd. [7]	Domestic Shares	Interest of controlled corporation	90,000,000	9.00%	6.12%
Shanghai Youlu Investment management Co., Ltd. [7]	Domestic Shares	Interest of controlled corporation	90,000,000	9.00%	6.12%
Zhen Zhang[7]	Domestic Shares	Interest of controlled corporation	90,000,000	9.00%	6.12%
Cnhooray Internet Technology Co. Ltd. [8]	Domestic Shares	Beneficial interest	81,000,000	8.10%	5.51%
Timeway Holdings Limited [8]	Domestic Shares	Interest of controlled corporation	81,000,000	8.10%	5.51%
Sinolink Worldwide Holdings Limited[8]	Domestic Shares	Interest of controlled corporation	81,000,000	8.10%	5.51%
Asia Pacific Promotion Limited[8]	Domestic Shares	Interest of controlled corporation	81,000,000	8.10%	5.51%

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]
Qingdao Huilijun Trading Company Limited[9]	Domestic Shares	Beneficial interest	50,000,000	5.00%	3.40%
Gongqingcheng Shengchuang Investment Partnership (Limited Partnership)[9]	Domestic Shares	Interest of controlled corporation	50,000,000	5.00%	3.40%
Shengchuang Weiye (Xiamen) Equity Investment Fund Management Limited[9]	Domestic Shares	Interest of controlled corporation	50,000,000	5.00%	3.40%
Shenzhen Qianhai Lihui Fund Management Limited[9]	Domestic Shares	Interest of controlled corporation	50,000,000	5.00%	3.40%
Yu Chen[9]	Domestic Shares	Interest of controlled corporation	50,000,000	5.00%	3.40%
Zuojie Peng[9]	Domestic Shares	Interest of controlled corporation	50,000,000	5.00%	3.40%
Shanghai Yuanqiang Investment Company Limited[10]	Domestic Shares	Beneficial interest	50,000,000	5.00%	3.40%
Song Zou[10]	Domestic Shares	Interest of controlled corporation	50,000,000	5.00%	3.40%
Morgan Stanley Asia Securities Products LLC[11]	H Shares	Beneficial interest	30,730,833	6.54%	2.09%
Morgan Stanley Hong Kong Limited[11]	H Shares	Interest of controlled corporation	30,730,833	6.54%	2.09%
Morgan Stanley Hong Kong 1238 Limited[11]	H Shares	Interest of controlled corporation	30,730,833	6.54%	2.09%
Morgan Stanley Hong Kong 1239 Limited[11]	H Shares	Interest of controlled corporation	30,730,833	6.54%	2.09%
Morgan Stanley (Hong Kong) Holdings Limited[11]	H Shares	Interest of controlled corporation	30,730,833	6.54%	2.09%
Morgan Stanley[11]	H Shares	Interest of controlled corporation	39,641,735 (Long position)	8.43%	2.69%
			8,161,522 (Short position)	1.73%	0.55%
CICC Securities (HK) Limited[12]	H Shares	Beneficial interest	31,250,000	6.65%	2.12%
Ciccjiazi Holdings Limited[12]	H Shares	Interest of controlled corporation	31,250,000	6.65%	2.12%
CICC Active Global Investments Holding Limited[12]	H Shares	Interest of controlled corporation	31,250,000	6.65%	2.12%
CICC Capital (Cayman) Limited[12]	H Shares	Interest of controlled corporation	31,250,000	6.65%	2.12%
China International Capital Corporation (Hong Kong) Limited[12]	H Shares	Interest of controlled corporation	31,300,900	6.66%	2.12%
China International Capital Corporation Limited[12]	H Shares	Interest of controlled corporation	31,300,900	6.66%	2.12%
CDH Avatar, L.P.[13]	H Shares	Beneficial interest	62,000,000	13.19%	4.21%
CDH China HF Holdings Company Limited[13]	H Shares	Interest of controlled corporation	62,000,000	13.19%	4.21%
CDH Wealth Management Company Limited[13]	H Shares	Interest of controlled corporation	62,000,000	13.19%	4.21%

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]
CDH China Management Company Limited[13]	H Shares	Interest of controlled corporation	62,000,000	13.19%	4.21%
China Diamond Holdings Company Limited[13]	H Shares	Interest of controlled corporation	62,000,000	13.19%	4.21%
Keywise ZA Investment[14]	H Shares	Beneficial interest	61,189,167	13.02%	4.16%
Equine Forces Limited Partnership[15]	H Shares	Beneficial interest	55,455,000	11.80%	3.77%
Equine Forces Limited[15]	H Shares	Interest of controlled corporation	55,455,000	11.80%	3.77%
SAIF Hong Kong Holdings Limited[15]	H Shares	Interest of controlled corporation	55,455,000	11.80%	3.77%
SAIF Management II Ltd[15]	H Shares	Interest of controlled corporation	55,455,000	11.80%	3.77%
Andrew Y. Yan [15]	H Shares	Interest of controlled corporation	55,455,000	11.80%	3.77%
SVF Zen Subco (Singapore) Pte. Ltd. [16]	H Shares	Beneficial interest	71,909,800	15.30%	4.89%
SVF Holdco (Singapore) Pte. Ltd. [16]	H Shares	Interest of controlled corporation	71,909,800	15.30%	4.89%
SVF Holdings (Cayman) Ltd. [16]	H Shares	Interest of controlled corporation	71,909,800	15.30%	4.89%
SVF Holdings (UK) LLP[16]	H Shares	Interest of controlled corporation	71,909,800	15.30%	4.89%
SoftBank Vision Fund L.P. [16]	H Shares	Interest of controlled corporation	71,909,800	15.30%	4.89%
Vision Technology Investment Company[16]	H Shares	Interest of controlled corporation	71,909,800	15.30%	4.89%
Public Investment Fund[16]	H Shares	Interest of controlled corporation	71,909,800	15.30%	4.89%
SVF GP (Jersey) Limited[16]	H Shares	Interest of controlled corporation	71,909,800	15.30%	4.89%
Softbank Group Corp. [16]	H Shares	Interest of controlled corporation	71,909,800	15.30%	4.89%

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 1,000,000,000 Domestic Shares and 469,812,900 H Shares.

3. Hangzhou Junao Equity Investments Partnership (Limited Partnership) (杭州君澳股權投資合夥企業 (有限合夥)) holds 32.14% shares in Ant Financial and Hangzhou Junhan Equity Investments Partnership (Limited Partnership) (杭州君瀚股權投資合夥企業 (有限合夥)) holds 42.46% shares in Ant Financial. As such, Hangzhou Junao Equity Investments Partnership (Limited Partnership) (杭州君澳股權投資合夥企業 (有限合夥)) and Hangzhou Junhan Equity Investments Partnership (Limited Partnership) (杭州君瀚股權投資合夥企業 (有限合夥)) are deemed to be interested in the Shares held by Ant Financial. The voting rights of Hangzhou Junao Equity Investments Partnership (Limited Partnership) (杭州君澳股權投資合夥企業 (有限合夥)) and Hangzhou Junhan Equity Investments Partnership (Limited Partnership) (杭州君瀚股權投資合夥企業 (有限合夥)) in Ant Financial are controlled by Hangzhou Yunbo Investment Consulting Co., Ltd. (杭州雲鉑投資諮詢有限公司), the general partner, which in turn is entirely owned by Yun Ma (馬雲). As such, Hangzhou Yunbo Investment Consulting Co., Ltd. (杭州雲鉑投資諮詢有限公司) and Yun Ma (馬雲) are deemed to be interested in the Shares held by Ant Financial.

4. Tencent Computer System is a consolidated affiliated entity (through contractual arrangements) of Tencent Holdings Limited, a company listed on the Main Board of 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 Holdings Limited is deemed to be interested in the Shares held by Tencent Computer System. Huateng Ma (馬化騰) holds 54.29% shares in Tencent Computer System.

5. 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).

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

7. Unifront Holding Limited (優孚控股有限公司) is owned by Shanghai Songlu Investment Management Co., Ltd. (上海松鹿投資管理有限公司) as to 25.00%, Shanghai Jianglu Investment Management Co., Ltd. (上海江鹿投資管理有限公司) as to 16.90% and Shanghai Xinlu Investment Management Co., Ltd. (上海鑫鹿投資管理有限公司) as to 13.10%. The entire interest of Shanghai Songlu Investment Management Co., Ltd. (上海松鹿投資管理有限公司), Shanghai Jianglu Investment Management Co., Ltd. (上海江鹿投資管理有限公司) and Shanghai Xinlu Investment Management Co., Ltd. (上海鑫鹿投資管理有限公司) are held by Shanghai Youlu Investment Management Co., Ltd. (上海游鹿投資管理有限公司), which in turn is controlled by Zhen Zhang (張真). As such, Shanghai Youlu Investment Management Co., Ltd. (上海游鹿投資管理有限公司), Shanghai Songlu Investment Management Co., Ltd. (上海松鹿投資管理有限公司), Shanghai Jianglu Investment Management Co., Ltd. (上海江鹿投資管理有限公司) and Shanghai Xinlu Investment Management Co., Ltd. (上海鑫鹿投資管理有限公司) are deemed to be interested in the Shares held by Unifront Holding Limited (優孚控股有限公司). As such, Zhen Zhang (張真) is deemed to be interested in the Shares held by Unifront Holding Limited (優孚控股有限公司).

8. Cnhooray Internet Technology Co. Ltd. (深圳日訊網絡科技股份有限公司) is a subsidiary of Timeway Holdings Limited (中宇集團有限公司). The entire interest of Timeway Holdings Limited (中宇集團有限公司) is held by Sinolink Worldwide Holdings Limited (百仕達控股有限公司), which is listed on the Hong Kong Stock Exchange (Stock Code: 1168) and is owned by Asia Pacific Promotion Limited, a company wholly owned by Mr. Yaping Ou, as to approximately 45.10%. As such, Timeway Holdings Limited (中宇集團有限公司), Sinolink Worldwide Holdings Limited (百仕達控股有限公司), Asia Pacific Promotion Limited and Mr. Yaping Ou are deemed to be interested in the Shares held by Cnhooray Internet Technology Co. Ltd. (深圳日訊網絡科技股份有限公司).

9. Qingdao Huilijun Trading Company Limited (青島惠麗君貿易有限公司) is a wholly owned subsidiary of Gongqingcheng Shengchuang Investment Partnership (Limited Partnership) (共青城盛創投資合夥企業 (有限合夥)). The general partner of Gongqingcheng Shengchuang Investment Partnership (Limited Partnership) (共青城盛創投資合夥企業 (有限合夥)) is Shengchuang Weiye (Xiamen) Equity Investment Fund Management Limited (盛創偉業 (廈門) 股權投資基金管理有限公司), which is wholly owned by Shenzhen Qianhai Lihui Fund Management Limited (深圳前海力匯基金管理有限公司). Each of Yu Chen (陳宇) and Zuojie Peng (彭作杰) holds 50.00% of Shenzhen Qianhai Lihui Fund Management Limited (深圳前海力匯基金管理有限公司). As such, Gongqingcheng Shengchuang Investment Partnership (Limited Partnership) (共青城盛創投資合夥企業 (有限合夥)), Shengchuang Weiye (Xiamen) Equity Investment Fund Management Limited (盛創偉業 (廈門) 股權投資基金管理有限公司), Shenzhen Qianhai Lihui Fund Management Limited (深圳前海力匯基金管理有限公司), Yu Chen (陳宇) and Zuojie Peng (彭作杰) are deemed to be interested in the Shares held by Qingdao Huilijun Trading Company Limited (青島惠麗君貿易有限公司).

10. Shanghai Yuanqiang Investment Company Limited (上海遠強投資有限公司) is owned by Song Zou (鄒松) as to 80.00%. As such, 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).

11. The 39,641,735 Shares (Long position) and 8,161,522 (Short position) comprises 30,730,833 Shares (Long position) directly held by Morgan Stanley Asia Securities Products LLC, 5,980,943 Shares (Long position) and 4,835,662 Shares (Short position) directly held by Morgan Stanley & Co. International plc, 2,605,200 Shares (Long position) and 3,020,370 Shares (Short position) directly held by Morgan Stanley & Co. LLC, 314,919 Shares (Long position) and 305,490 Shares (Short position) directly held by Morgan Stanley Capital Services LLC and 9,840 Shares (Long position) directly held by Morgan Stanley Capital Products LLC. Morgan Stanley Asia Securities Products LLC is wholly owned by Morgan Stanley Hong Kong Limited, which in turn is wholly owned by Morgan Stanley Hong Kong 1238 Limited. Morgan Stanley Hong Kong 1238 Limited is owned by Morgan Stanley Hong Kong 1239 Limited and Morgan Stanley (Hong Kong) Holdings Limited as to 29.14% and 70.85% respectively and the ultimate parent company is Morgan Stanley, whose shares are listed on the New York Stock Exchange (Stock Code: MS).

12. The 31,300,900 Shares comprises 31,250,000 Shares directly held by CICC Securities (HK) Limited and 50,900 Shares directly held by China International Capital Corporation Hong Kong Securities Limited. CICC Securities (HK) Limited is wholly owned by Ciccjiazi Holdings Limited, which in turn is wholly owned by CICC Active Global Investments Holding Limited, which in turn is wholly owned by CICC Capital (Cayman) Limited. Both CICC Capital (Cayman) Limited and China International Capital Corporation Hong Kong Securities Limited are wholly owned subsidiaries of China International Capital Corporation (Hong Kong) Limited. China International Capital Corporation (Hong Kong) Limited is a wholly owned subsidiary of China International Capital Corporation Limited (Stock Code: 3908).

13. The general partner of CDH Avator, L.P. is CDH China HF Holdings Company Limited which is wholly owned by CDH Wealth Management Company Limited, which is owned by CDH China Management Company Limited as to 50.00%. China Diamond Holdings Company Limited holds approximately 74.20% of CDH China Management Company Limited.

14. Keywise ZA Investment is an investment of Keywise Greater China Opportunities Master Fund. The investment advisor is Keywise Capital Management (HK) Limited which in turn owns 23.00% interest in Keywise ZA Investment. Other investors own 77.00% interest in Keywise ZA Investment. Keywise ZA Investment is accustomed to taking instructions from Mr. Fang Zheng. As such, Mr. Fang Zheng is deemed to be interested in the Shares held by Keywise ZA Investment.

15. Equine Forces Limited Partnership is an exempted limited partnership registered under the laws of the Cayman Islands. The general partner of Equine Forces Limited Partnership is Equine Forces Limited, an exempted limited liability company incorporated in the Cayman Islands, which in turn is wholly owned by SAIF Hong Kong Holdings Limited, which is wholly owned by SAIF Management II Limited. Mr. Andrew Y. Yan holds 49.00% shares in SAIF Management II Limited and is deemed to be interested in the Shares held by Equine Forces Limited Partnership.

16. SVF Zen Subco (Singapore) Pte. Ltd. is wholly owned subsidiary of SVF Holdco (Singapore) Pte. Ltd., which is wholly owned by SVF Holdings (Cayman) Ltd. SVF Holdings (Cayman) Ltd. is wholly owned subsidiary of SVF Holdings (UK) LLP, which is wholly owned by SoftBank Vision Fund L.P., which is owned by Vision Technology Investment Company as to 48.31%. Vision Technology Investment Company is wholly owned by Public Investment Fund. The general parter of SoftBank Vision Fund L.P. is SVF GP (Jersey) Limited and the ultimate parent company is SoftBank Group Corp., which is a Japanese corporation listed on the Tokyo Stock Exchange (Stock Code: 9984).

Save as disclosed above, according to the register kept by the Company under Section 336 of the SFO, there was no other person who had a substantial interest or short positions in the Shares or underlying Shares as at June 30, 2018.

Other Information

Employees and Remuneration Policies

As at June 30, 2018, the Group had 2,887 full-time employees (June 30, 2017: 2,034). The number of employees employed by the Group varies from time to time depending on need. Employee remuneration is determined in accordance with prevailing industry practice and employees' educational backgrounds, experiences and performance. The remuneration policy and package of the Group's employees are periodically reviewed. Apart from pension funds, in-house training programs, discretionary bonuses, medical insurance and mandatory provident fund, share awards may be granted to employees according to the assessment of individual performance.

Compensation of key executives of the Group is determined by the Company's remuneration and nomination committee which reviews and determines executives' compensation based on the Group's performance and the executives' respective contributions to the Group.

The total remuneration cost incurred by the Group for the six months ended June 30, 2018 was approximately RMB628.8 million (for the six months ended June 30, 2017: approximately RMB296.7 million).

Corporate Governance

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

The Company has adopted the principles and code provisions of the CG Code set out in Appendix 14 to the Listing Rules as the basis of the Company's corporate governance practices. During the Reporting Period, the Company has complied with all the applicable code provisions set out in the CG Code.

Compliance with the Model Code for Securities Transactions by Directors

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as the code of conduct regarding the Directors' dealings in the securities of the Company. The Company has made enquiries with all Directors, and all the Directors confirmed that they had complied with the standards set out in the Model Code during the Reporting Period.

Review by Audit Committee

The Company has established an audit committee in accordance with the Listing Rules. The primary duties of the audit committee are to supervise our risk management, internal control system, financial information disclosure and financial reporting matters. The audit committee comprises Mr. Guoping Wang, Mr. Yifan Li and Ms. Hui Chen. Mr. Guoping Wang is a non-executive Director, and Mr. Yifan Li and Ms. Hui Chen are independent non-executive Directors. Ms. Hui Chen is the chairman of the audit committee.

The audit committee has reviewed the unaudited interim results of the Group for the six months ended June 30, 2018. The audit committee has also 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 committee, the Company has also established a risk management committee, a remuneration and nomination committee and an investment strategy committee.

Disclosure of Directors' Information Pursuant to Rule 13.51B(1) of the Listing Rules

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

1. Mr. Li Du ceased to be the chairman of the board of directors of Guangzhou Tech-Long Packaging Machinery Co., Ltd., a company listed on the SZSE (SZSE Stock Code: 002209) with effect from April 2018.
2. Mr. Yifan Li ceased to be a director of Zhejiang Qianjiang Motocycle Co., Ltd., a company listed on the SZSE (SZSE Stock Code: 000913) with effect from April 2018.
3. Mr. Ying Wu ceased to be an independent director of Guangzhou Tech-Long Packaging Machinery Co., Ltd., a company listed on the SZSE (SZSE Stock Code: 002209) with effect from April 2018.

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 during the Reporting Period.

Litigation

As of June 30, 2018, the Company was not involved in any material litigation or arbitration. Nor were the Directors of the Company 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 does not declare an interim dividend for the six months ended June 30, 2018 (for the six months ended June 30, 2017: Nil).

For and on behalf of the Board

Yaping Ou
Chairman
August 27, 2018

Report on Review of Condensed Consolidated Financial Statements

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 25 to 57, which comprises the interim condensed consolidated statement of financial position of ZhongAn Online P & C Insurance Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2018 and the interim condensed consolidated statements 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 a summary of significant accounting policies and other 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". 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 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 2018

Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2018
(All amounts expressed in RMB thousand unless otherwise specified)

	Notes	Six months ended 30 June 2018 (unaudited)	2017 (unaudited)
Gross written premiums	7	**5,148,165**	2,491,863
Less: Premiums ceded to reinsurers	7	**(271,170)**	(93,423)
Net written premiums	7	**4,876,995**	2,398,440
Less: Net change in unearned premium reserves	7	**(1,257,017)**	(437,602)
Net premiums earned	7	**3,619,978**	1,960,838
Net investment income	8	**642,820**	286,523
Net fair value changes through profit or loss	9	**(286,954)**	(31,695)
Other income		**91,129**	76,810
Total income		**4,066,973**	2,292,476
Net claims incurred	10	**(1,960,918)**	(1,034,694)
Handling charges and commissions	11	**(525,912)**	(268,609)
Foreign exchange losses		**(873)**	(38)
Finance costs		**(15,597)**	(1,511)
General and administrative expenses	12	**(2,021,729)**	(1,250,396)
Other expenses		**(219,277)**	(44,069)
Total expenses		**(4,744,306)**	(2,599,317)
Share of net profit of associates accounted for using the equity method		**7,000**	—
Loss before income tax		**(670,333)**	(306,841)
Income tax	13	**3,514**	20,064
Net loss for the period		**(666,819)**	(286,777)

Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2018
(All amounts expressed in RMB thousand unless otherwise specified)

	Notes	Six months ended 30 June 2018 (unaudited)	Six months ended 30 June 2017 (unaudited)
Attributable to:			
– Owners of the Company		**(655,832)**	(286,777)
– Non-controlling interests		**(10,987)**	—
		(666,819)	(286,777)
Loss per share			
– Basic (RMB yuan)	15	**(0.45)**	(0.23)
– Diluted (RMB yuan)	15	**(0.45)**	(0.23)
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods, net of tax:			
– Changes in fair value of available-for-sale financial assets	14	**10,543**	(13,358)
– Exchange differences on translation of foreign operations		**1,497**	—
Other comprehensive income/(loss) for the period	14	**12,040**	(13,358)
Total comprehensive loss for the period		**(654,779)**	(300,135)
Attributable to:			
– Owners of the Company		**(644,526)**	(300,135)
– Non-controlling interests		**(10,253)**	—
		(654,779)	(300,135)

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

The consolidated financial statements and the accompanying notes starting from page 25 to page 57 are signed by:

Yaping Ou
(On behalf of Board of Directors)

Jin Chen
(On behalf of Board of Directors)

Interim Condensed Consolidated Statement of Financial Position

As at 30 June 2018

(All amounts expressed in RMB thousand unless otherwise specified)

	Notes	30 June 2018 (unaudited)	31 December 2017 (audited)
ASSETS			
Cash and cash equivalents	16	**2,096,271**	5,260,259
Financial assets at fair value through profit or loss	17	**10,837,046**	5,608,633
Securities purchased under agreements to resell	18	**624,021**	3,043,417
Interest receivables	19	**301,586**	155,641
Premium receivables	20	**1,440,715**	523,761
Reinsurance debtors	21	**186,782**	46,692
Reinsurers' share of insurance contract liabilities	33	**227,638**	132,423
Available-for-sale financial assets	22	**4,581,900**	3,191,179
Loans and advances to customers		**157,677**	90,104
Investments classified as loans and receivables	23	**1,708,461**	2,089,291
Term deposits		**300,000**	—
Restricted statutory deposits	24	**293,963**	248,125
Investments in associates	25	**171,399**	164,399
Property and equipment	26	**96,672**	85,179
Intangible assets	27	**340,221**	254,663
Goodwill		**1,047**	1,047
Other assets	29	**715,967**	254,679
Total assets		**24,081,366**	21,149,492
EQUITY AND LIABILITIES			
Equity			
Share capital	30	**1,469,813**	1,469,813
Reserves	31	**16,605,557**	16,593,652
Accumulated losses		**(1,592,384)**	(936,552)
Total equity attributable to equity owners of the Company		**16,482,986**	17,126,913
Non-controlling interests		**183,530**	143,783
Total equity		**16,666,516**	17,270,696
Liabilities			
Borrowings		**50,000**	—
Securities sold under agreements to repurchase	32	**1,561,190**	135,400
Premium received in advance		**121,995**	75,356
Reinsurance payables		**377,143**	247,831
Insurance contract liabilities	33	**3,958,629**	2,430,076
Investment contract liabilities		**2,481**	17,840
Deferred tax liabilities	28	**—**	—
Other liabilities	34	**1,343,412**	972,293
Total liabilities		**7,414,850**	3,878,796
Total equity and liabilities		**24,081,366**	21,149,492

Interim Condensed Consolidated Statement of Changes in Euqity

As at 30 June 2018

(All amounts expressed in RMB thousand unless otherwise specified)

	For the six months ended 30 June 2018 (unaudited)								
	Attributable to owners of the Company								
		Reserves							
	Share capital	Capital reserves	Other reserves due to share-based payment	Available-for-sale investment revaluation reserves	Foreign currency translation reserves	Accumulated losses	Total	Non-controlling interests	Total equity
At 31 December 2017	1,469,813	16,596,375	37,620	(38,248)	(2,095)	(936,552)	17,126,913	143,783	17,270,696
Total comprehensive income	—	—	—	10,543	763	(655,832)	(644,526)	(10,253)	(654,779)
Capital injection	—	—	—	—	—	—	—	50,000	50,000
Share-based payments	—	—	599	—	—	—	599	—	599
At 30 June 2018	**1,469,813**	**16,596,375**	**38,219**	**(27,705)**	**(1,332)**	**(1,592,384)**	**16,482,986**	**183,530**	**16,666,516**

	For the six months ended 30 June 2017 (unaudited)					
	Attributable to owners of the Company					
		Reserves				
	Share capital	Capital reserves	Other reserves due to share-based payment	Available-for-sale investment revaluation reserves	(Accumulated losses)/ Retained earnings	Total equity
At 31 December 2016	1,240,625	5,505,266	34,579	17,804	60,698	6,858,972
Total comprehensive income	—	—	—	(13,358)	(286,777)	(300,135)
Share-based payments	—	—	1,847	—	—	1,847
At 30 June 2017	1,240,625	5,505,266	36,426	4,446	(226,079)	6,560,684

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2018

(All amounts expressed in RMB thousand unless otherwise specified)

	Notes	Six months ended 30 June 2018 (unaudited)	Six months ended 30 June 2017 (unaudited)
OPERATING ACTIVITIES			
Cash used in operating activities	35	(282,936)	(411,290)
Net cash outflow from operating activities		(282,936)	(411,290)
INVESTING ACTIVITIES			
Purchases of property and equipment, intangible assets and other assets		(150,057)	(71,937)
Proceeds from sale of property and equipment, intangible assets and other assets		46	—
Purchases of investments, net		(4,716,268)	(52,022)
Acquisition of an associate, net		—	(490)
Dividends and others received from investments		482,405	318,458
Net cash (outflow)/inflow from investing activities		(4,383,874)	194,009
FINANCING ACTIVITIES			
Proceeds from borrowings		50,000	—
Securities sold under agreements to repurchase, net		1,410,193	(230,285)
Capital injection from non-controlling interests		50,000	—
Other cost payment related to financing activities		(7,995)	(5,471)
Net cash inflow/(outflow) from financing activities		1,502,198	(235,756)
Effects of exchange rate changes on cash and cash equivalents		624	(38)
Net decrease in cash and cash equivalents		(3,163,988)	(453,075)
Cash and cash equivalents at the beginning of period		5,260,259	1,153,244
Cash and cash equivalents at the end of period		2,096,271	700,169

Notes to the Interim Condensed Consolidated Financial Information

As at 30 June 2018

(All amounts expressed in RMB thousand unless otherwise specified)

1. General Information

Approved by the original 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 Insuretech 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 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 2018 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"), as part of the Hong Kong Financial Reporting Standards ("HKFRSs").

This interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2017.

3. Principal Accounting Policies

3.1 Changes in accounting policy and disclosures

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2017, except for the adoption of amended or improved standards and interpretations as of 1 January 2018 as described below. The adoption of these amended or improved HKFRSs currently has been either not applicable or not significant on these consolidated financial statements.

HKFRS 4 Amendments	Applying HKFRS 9 with HKFRS 4 Insurance Contracts
HKFRS 15	Revenue from contracts with customers
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014-2016 Cycle
Amendments to HKAS 40	Transfers of investment property
HK(IFRIC 22)	Foreign currency transactions and advance consideration

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

3. Principal Accounting Policies (continued)

3.2 Impact of standards issued but not yet applied

HKFRS 9 and HKFRS 4 Amendments

HKFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of HKFRS 9 was issued in July 2014. It replaces the guidance in HKAS 39 that relates to the classification and measurement of financial instruments. HKFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through other comprehensive income ("OCI") and fair value through income statement. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI which are not recycled to profit or loss. There is now a new expected credit losses model that replaces the incurred loss impairment model used in HKAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. HKFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under HKAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Amendments to HKFRS 4 address issues arising from the different effective dates of HKFRS 9, and will apply the upcoming new insurance contracts standard. The amendments provide two optional approaches to deal with the mismatched effective dates of HKFRS 9 and the new insurance contracts standard to replace HKFRS 4. The overlay approach allows all companies that issue insurance contracts to recognise in other comprehensive income, rather than profit or loss, the volatility that could arise when HKFRS 9 is applied before the new insurance contracts standard is issued. The deferral approach enables companies whose activities are predominantly connected with insurance temporary exemption from applying HKFRS 9 until 2021. Entities that defer the application of HKFRS 9 will continue to apply HKAS 39 Financial Instruments: Recognition and Measurement.

The new rule changes the measurement categories of financial assets. Measurement categories under HKAS 39 are fair value through profit or loss, available-for-sale, hold for maturity, and loans and receivables. HKFRS 9 redefines this category model and establishes three primary measurement categories for financial assets: amortized cost, fair value through other comprehensive income and fair value through income statement. The initial recognition of financial assets under the new rule will be based on the entity's business model for managing financial assets and their contractual cash flow characteristics. Financial assets recognized as fair value through OCI are initially recognized and subsequently measured at fair value and movements in the carrying amount should be taken through OCI except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in profit and loss. Financial assets included within fair value through income statement should be measured at fair value and all changes taken through profit or loss. Financial assets include in amortized costs are initially recognized at fair value and subsequently measured at amortized cost. The abovementioned changes impact the Group both on consolidated statement of financial position and consolidated comprehensive income statement which is different from current classification and measurement. Also a new impairment model is introduced which will replace the current incurred loss model under HKAS 39. The impairment loss will be recognized in income statement and it requires the Group to estimate the impairment loss in credit quality of the financial assets which varies from current impairment loss model. Hence the impact on the Group is expected to be significant. However, the Group concludes that the Group's operation activities are predominantly connected with insurance and decides to apply the deferral approach. Therefore, the Group will not adopt the HKFRS 9 until 1 January 2021 and it won't have impact on the Group until 2021.

Notes to the Interim Condensed Consolidated Financial Information

As at 30 June 2018
(All amounts expressed in RMB thousand unless otherwise specified)

3. Principal Accounting Policies (continued)

3.2 Impact of standards issued but not yet applied (continued)

HKFRS 16

HKFRS 16, 'Leases' addresses the definition of a lease, recognition and measurement of leases and establishes principles for reporting useful information to users of financial statements about the leasing activities of both lessees and lessors. A key change arising from HKFRS 16 is that almost all operating leases will be accounted for on statement of financial position for lessees, and the only optional exemptions are for certain short-term leases and leases of low-value assets. The standard replaces HKAS 17 'Leases', and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2019 and earlier application is permitted but only in conjunction with adopting HKFRS 15 'Revenue from contracts with customers' at the same time.

The Group is a lessee of various offices, which are currently classified as operating leases. HKFRS 16 provides new provisions for the accounting treatment of leases and all long-term leases, including future operating lease commitments, must be recognized in the form of an asset (for the right of use) and a financial liability (for the payment obligation). Thus each lease will be mapped in the Group's consolidated statement of financial position. In the income statement, leases will be recognized in the future as capital expenditure on the purchasing side and will no longer be recorded as an operating expense. As a result, the operating expenses under otherwise identical circumstances will decrease, with depreciation and amortization and the interest expense will increase. The new standard will impact the statement of financial position in terms of total assets and liabilities. The Group holds material long-term leases, hence the impact of HKFRS 16 would be material on its total assets and liabilities while the impact on equity and the consolidated statement of comprehensive income is not expected to be significant.

HKFRS 17

HKFRS 17 was issued in May 2017 as replacement for HKFRS 4 Insurance Contracts. It applies to the measurement of insurance contracts issued, all reinsurance contracts and investment contracts with discretionary participating features.

It requires a current measurement model where estimates are re-measured each reporting period. Contracts are measured using the building blocks of:

- discounted probability-weighted cash flows
- an explicit risk adjustment, and
- a contractual service margin ("CSM") representing the unearned profit of the contract which is recognised as revenue over the coverage period.

The standard allows a choice between recognising changes in discount rates either in the income statement or directly in other comprehensive income. The choice is likely to reflect how insurers account for their financial assets under HKFRS 9.

An optional, simplified premium allocation approach is permitted for the liability for the remaining coverage for short duration contracts, which are often written by non-life insurers.

There is a modification of the general measurement model called the 'variable fee approach' for certain contracts written by life insurers where policyholders share in the returns from underlying items. When applying the variable fee approach the entity's share of the fair value changes of the underlying items is included in the contractual service margin. The results of insurers using this model are therefore likely to be less volatile than under the general model.

Also when measuring the insurance contracts, risk adjustment will need to reflect the compensation that the Group requires for uncertainty and quantify the value between a certain and an uncertain liability based on its own assessment. Acquisition costs can be deferred in a different approach.

3. Principal Accounting Policies (continued)

3.2 Impact of standards issued but not yet applied (continued)

HKFRS 17 *(continued)*

These changes under new rule will impact the Group's financial performance in revenue recognition, insurance contract liabilities provision and expense amortization and deferral, thus impacting the statement of comprehensive income and financial position. Insurers are also required to disclose information about amounts, judgements and risks arising from insurance contracts. Insurance contracts revenue on the statement of comprehensive income which is a key performance indicator will include expected claims and benefits and release of risks and amortization of CSM which is of different components compared with current composition. The impact is expected to be significant. However, it won't have impact on the Group until 2021.

Except the above mentioned impact of HKFRS 9, HKFRS 16 and HKFRS 17, the Group expects adoption of the above new HKFRS issued but not yet effective will not have a material impact on the Group's operating results, financial position or other comprehensive income.

4. Change in Accounting Estimates

When measuring the insurance contract liabilities and other policy-related liabilities, the Group determines actuarial assumptions such as discount rate, expense assumptions, loss ratios and risk margin based on information currently available as at the statement of financial position date.

As at 30 June 2018, the Group used information currently available to determine the above assumptions and the impact of change in assumptions was charged to profit or loss.

5. Segment Information

Currently, the Group operates its business as one single segmentation. No separate segment information is necessary to be disclosed. More than 99% of the Group's revenue is derived from its operations in the PRC. More than 99% of the Group's assets are located in the PRC.

Notes to the Interim Condensed Consolidated Financial Information

As at 30 June 2018
(All amounts expressed in RMB thousand unless otherwise specified)

6. Subsidiaries

(a) The Company's subsidiaries as at 30 June 2018 are as follows:

Name	Place of operations	Place of incorporation/ registration	Nature of business	Registered capital (thousand)	Percentage of equity/voting rights attributable to the Company	Acquisition Mode
ZhongAn Information Technology Services Limited Company ("ZhongAn Information")	Shanghai, The PRC	Shenzhen, The PRC	Technology Development/ Technology Consulting	RMB 500,000	100.0%	Set-up
ZhongAn Online Insurance Broker Limited Company ("ZhongAn Insurance Broker")	Guangzhou, The PRC	Guangzhou, The PRC	Insurance Broker	RMB 50,000	100.0%	Set-up
Hangzhou Qihui Internet Technology Limited Company ("Hangzhou Qihui")	Hangzhou, The PRC	Hangzhou, The PRC	Technology Development/ Technology Consulting	RMB 3,000	100.0%	Equity Purchase
Beijing Youwozai Technology Beijing Co., Ltd ("Beijing Youwozai")	Beijing, The PRC	Beijing, The PRC	Technology Development/ Technology Consulting	RMB 1,000	60.0%	Set-up
ZhongAn (ShenZhen) Life Sciences Co., Ltd ("ZhongAn Life Sciences")	Shenzhen, The PRC	Shenzhen, The PRC	Bio Technology	RMB 50,000	100.0%	Set-up
Zhuhai Heyuanrongxin Investment Center (Limited Partnership) ("Zhuhai Heyuanrongxin")	Zhuhai, The PRC	Zhuhai, The PRC	Investment Consulting/ Asset Management	RMB 201,000	99.5%	Equity Purchase
Chongqing ZhongAn Small Loan Limited Company ("Chongqing Small Loan")	Chongqing, The PRC	Chongqing, The PRC	Loan	RMB 300,000	70.0%	Set-up
ZhongAn Technologies International Group Limited ("ZhongAn International Group")	HongKong	Hong Kong	Technology Development/ Technology Consulting	RMB 110,000	51.0%	Set-up
ZA Tech Global Limited ("ZA Tech Global") (a)	HongKong	Hong Kong	Technology Development/ Technology Consulting	HKD 10	100.0%	Set-up

(a) On 28 May 2018, ZhongAn International Group set up ZA Tech Global, with registered capital of HKD 10 thousand. ZhongAn International Group holds 100% of the voting rights in ZA Tech Global.

6. Subsidiaries (continued)

(b) As at 30 June 2018, consolidated structured entities material to the Group are as followings:

Name	Holding by the Company (%)	Total Subscription (RMB'000)	Principal activities
ZhongAn LeXiang No.1 Asset Management Plan	100%	5,153,705	Asset Management Product
ZhongAn TaiKang Asset Management Plan	100%	6,100,000	Asset Management Product
ZhongAn TaiPing Asset Management Plan	100%	1,500,000	Asset Management Product
ZhongAn ZhongYing No.1 Asset Management Plan	100%	30,000	Asset Management Product
ZhongAn ZhongYing No.2 Asset Management Plan	100%	126,437	Asset Management Product
ZhongAn ZhongYing No.3 Asset Management Plan	100%	1,404	Asset Management Product
MinSheng TongHui GangHui No.1 Asset Management Product	70.8%	107,400	Asset Management Product
E Fund ZhongAn Insurance No.1 Asset Management Plan	100%	400,000	Asset Management Product
China Southern ZhongAn Insurance No.1 Asset Management Plan	100%	700,000	Asset Management Product
Harvest Fund ZhongAn Insurance No.1 Asset Management Plan	100%	300,000	Asset Management Product
China Universal ZhongAn Insurance No.1 Asset Management Plan	100%	300,000	Asset Management Product
ICBC Credit Suisse ZhongAn Insurance No.1 Asset Management Plan	100%	800,000	Asset Management Product

7. Net Premiums Earned

	Six months ended 30 June	
	2018	2017
Gross written premiums	**5,148,165**	2,491,863
– Short-term life insurance written premiums	**2,192,333**	1,055,160
– Property and casualty insurance written premiums	**2,955,832**	1,436,703
Less: Premiums ceded to reinsurers	**(271,170)**	(93,423)
Net written premiums	**4,876,995**	2,398,440
Less: Net change in unearned premium reserves	**(1,257,017)**	(437,602)
Net premiums earned	**3,619,978**	1,960,838

As at 30 June 2018
(All amounts expressed in RMB thousand unless otherwise specified)

8. Net Investment Income

	Six months ended 30 June	
	2018	2017
Interest and Dividend income		
– Bank deposits	17,669	9,583
– Bond investments	209,405	68,652
– Securities purchased under agreements to resell	15,926	2,347
– Wealth management products	80,978	52,417
– Fund investment	62,391	97,009
– Equity investment	20,976	13,321
Realized gain, net	235,475	43,194
	642,820	286,523

9. Net Fair Value Changes through Profit or Loss

	Six months ended 30 June	
	2018	2017
Financial assets designated at fair value through profit or loss		
– Equity investments	(285,054)	(31,011)
– Fund investments	(16,141)	130
– Debt investments	16,097	(837)
– Wealth management products	(1,856)	23
	(286,954)	(31,695)

10. Net Claims Incurred

	Six months ended 30 June	
	2018	2017
Insurance claims paid	1,849,499	870,840
– Short-term life insurance claims paid	374,016	117,957
– Property and casualty insurance claims paid	1,475,483	752,883
Less: Claims paid ceded to reinsurers	(64,902)	(5,145)
Net claims paid	1,784,597	865,695
Add: Net change in insurance contract liabilities	176,321	168,999
	1,960,918	1,034,694

11. Handling Charges and Commissions

	Six months ended 30 June	
	2018	**2017**
Handling charges and commissions before reinsurance arrangement	**631,297**	277,575
Less: Reinsurance expense recovered	**(105,385)**	(8,966)
Handling charges and commissions	**525,912**	268,609

12. General and Administractive Expenses

	Six months ended 30 June	
	2018	**2017**
Consulting fee and service charge	**1,255,581**	724,907
Employee benefit expense	**350,664**	309,119
Advertising costs	**87,956**	31,984
Rental fees	**47,540**	43,410
Amortisation of intangible assets	**33,030**	22,790
Taxes and surcharges	**26,152**	10,350
Impairment loss	**15,639**	2,074
Depreciation of Property, plant and equipment	**12,423**	6,568
Auditors' remuneration	**3,600**	1,291
Other	**189,144**	97,903
General and administrative expenses	**2,021,729**	1,250,396

Notes to the Interim Condensed Consolidated Financial Information

As at 30 June 2018
(All amounts expressed in RMB thousand unless otherwise specified)

13. Income Tax

(a) Income tax

	Six months ended 30 June	
	2018	2017
Deferred income tax (note 28)	(3,514)	(20,064)

(b) Reconciliation of tax expense

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

	Six months ended 30 June	
	2018	2017
Loss before income tax	(670,333)	(306,841)
Tax computed at the statutory tax rate	(149,089)	(76,710)
Adjustments to income tax in respect of previous periods	(3,720)	(9,074)
Income not subject to tax	(10,687)	(23,934)
Expenses not deductible for tax	2,129	440
Tax losses for which no deferred tax asset was recognised	157,853	89,214
Income tax credit at the Group's effective rate	(3,514)	(20,064)

14. Other Comprehensive Income/(Loss)

	Six months ended 30 June	
	2018	2017
Available-for-sale financial assets		
Fair value change on available-for-sale financial assets	605	1,776
Reclassification adjustments for amounts transferred to profit or loss	13,452	(19,587)
Income tax relating to available-for-sale financial assets	(3,514)	4,453
Exchange differences on translation of foreign operations	1,497	—
Other comprehensive income/(loss)	12,040	(13,358)

15. Loss Per Share

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

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

	Six months ended 30 June	
	2018	2017
Net loss for the period attributable to owners of the Company	(655,832)	(286,777)
Weighted average number of shares in issue (in thousand)	1,469,813	1,240,625
Basic loss per share (RMB yuan)	(0.45)	(0.23)
Diluted loss per share (RMB yuan)	(0.45)	(0.23)

The Company had no dilutive potential shares as at 30 June 2018 and 2017.

16. Cash and Cash Equivalents

	At 30 June 2018	At 31 December 2017
Time deposits with original maturity of no more than three months	1,901,808	5,009,516
Other monetary assets (a)	194,463	250,743
	2,096,271	5,260,259

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

(All amounts expressed in RMB thousand unless otherwise specified)

17. Financial Assets at Fair Value through Profit or Loss

All the Group's financial assets at fair value through profit or loss are as follows:

	At 30 June 2018	At 31 December 2017
Listed		
– Equity investments	1,541,237	1,192,382
– Debt investments	2,069,336	402,982
Unlisted		
– Debt investments	4,556,465	216,615
– Fund investments	1,327,198	1,734,380
– Wealth management products	1,342,810	2,062,274
	10,837,046	5,608,633

Changes in fair values of financial assets at fair value through profit or loss are recorded in 'Net fair value changes through profit or loss' in the interim condensed consolidated statement of comprehensive income.

18. Securities Purchased Under Agreements to Resell

	At 30 June 2018	At 31 December 2017
Securities - bonds		
– Traded in stock exchange	389,100	2,185,900
– Traded in inter-bank market	234,921	857,517
	624,021	3,043,417

19. Interest Receivables

	At 30 June 2018	At 31 December 2017
Interest receivables from bank deposits	224,580	83,199
Interest receivables from debt investments	59,928	48,993
Interest receivables from trust investment scheme	16,799	21,030
Interest receivables from securities purchased under agreements to resell	279	2,419
	301,586	155,641

20. Premium Receivables

	At 30 June 2018	At 31 December 2017
Premium receivables	**1,441,486**	523,761
Provision for impairment of premium receivables	**(771)**	—
	1,440,715	523,761

21. Reinsurance Debtors

	At 30 June 2018	At 31 December 2017
Reinsurance debtors	**186,782**	46,692
Provision for impairment of reinsurance debtors	**—**	—
	186,782	46,692

22. Available-For-Sale Financial Assets

Available-for-sale financial assets are stated at fair value and comprise the following:

	At 30 June 2018	At 31 December 2017
Listed		
– Debt investments	**1,031,349**	736,392
– Equity investments	**114,698**	—
– Wealth management products	**76,510**	44,545
Unlisted		
– Debt investments	**2,889,953**	2,192,032
– Fund investments	**293,634**	49,699
– Wealth management products	**144,576**	143,421
– Unlisted equity investments	**31,180**	25,090
	4,581,900	3,191,179

23. Investments Classified as Loans and Receivables

	At 30 June 2018	At 31 December 2017
Trust investment scheme	**889,765**	929,794
Wealth management products	**818,696**	1,159,497
	1,708,461	2,089,291

As at 30 June 2018, the underlying loan assets of the trust investment schemes were neither pass due nor impaired. After considering the creditability of each of the counterparties and the collateral or guarantee obtained, no impairment was provided for such loan assets.

Notes to the Interim Condensed Consolidated Financial Information

As at 30 June 2018
(All amounts expressed in RMB thousand unless otherwise specified)

24. Restricted Statutory Deposits

	At 30 June 2018	At 31 December 2017
At the beginning of the period	248,125	248,125
Addition	45,838	—
At the end of the period	293,963	248,125

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

	As at 30 June 2018		
	Amount	Storage	Period
China Everbright Bank	100,000	Term deposit	5 years
China Citic Bank	100,000	Term deposit	5 years
China Merchants Bank	48,125	Term deposit	3 years
China Citic Bank	45,838	Term deposit	3 years
Total	293,963		

	As at 31 December 2017		
	Amount	Storage	Period
China Everbright Bank	100,000	Term deposit	5 years
China Citic Bank	100,000	Term deposit	5 years
China Merchants Bank	48,125	Term deposit	3 years
Total	248,125		

25. Investments in Associates

	At 1 January 2018	Additions	Share of profit/(loss)	Other	At 30 June 2018
Shanghai Dexu Investment Center (Limited Partnership) ("Shanghai Dexu")	148,838	—	10,306	—	159,144
Youwozai (Beijing) Network Technology Limited Company ("Youwozai (Beijing)")	15,561	—	(3,306)	—	12,255
	164,399	—	7,000	—	171,399

26. Property and Equipment

	Motor vehicles	Electrical equipment	Office furniture and equipment	Leasehold improvements and others	Total
Cost					
At 1 January 2018	3,330	36,665	6,447	74,624	121,066
Additions	—	7,760	1,773	16,428	25,961
Disposals	—	(46)	(22)	—	(68)
At 30 June 2018	**3,330**	**44,379**	**8,198**	**91,052**	**146,959**
Accumulated depreciation and impairment					
At 1 January 2018	(2,183)	(10,019)	(1,792)	(21,893)	(35,887)
Depreciation charge	(316)	(3,856)	(738)	(9,513)	(14,423)
Disposals	—	15	8	—	23
At 30 June 2018	(2,499)	(13,860)	(2,522)	(31,406)	(50,287)
Net book value					
At 1 January 2018	**1,147**	**26,646**	**4,655**	**52,731**	**85,179**
At 30 June 2018	**831**	**30,519**	**5,676**	**59,646**	**96,672**

27. Intangible Assets

	Software	Other	Total
Cost			
At 1 January 2018	348,217	19	348,236
Additions	132,078	1,807	133,885
At 30 June 2018	**480,295**	**1,826**	**482,121**
Accumulated amortization and impairment			
At 1 January 2018	(93,566)	(7)	(93,573)
Amortization	(31,587)	(91)	(31,678)
Impairment	(16,649)	—	(16,649)
At 30 June 2018	**(141,802)**	**(98)**	**(141,900)**
Carrying amount			
At 1 January 2018	**254,651**	**12**	**254,663**
At 30 June 2018	**338,493**	**1,728**	**340,221**

(All amounts expressed in RMB thousand unless otherwise specified)

28. Deferred Income Tax Assets and Liabilities

	At 30 June 2018	At 31 December 2017
Net deferred income tax liabilities, at the beginning of period	—	(24,517)
Recognized in profit or loss	3,514	5,833
Recognized in other comprehensive income	(3,514)	18,684
Net deferred income tax assets or liabilities, at the end of period	—	—

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

	At 30 June 2018	At 31 December 2017
Deferred tax assets/(liabilities)		
Accumulated taxable losses	333,656	293,504
Insurance contract liabilities	49,875	30,964
Amortisation of intangible assets	10,353	5,301
Employee Stock Ownership Plan	9,555	9,405
Impairment loss provision	8,690	4,600
Unrealized gains of structured entities	(455,581)	(318,731)
Net fair value adjustment on available-for-sale financial assets	9,235	12,749
Net fair value adjustment on financial assets carried at fair value through profit or loss	34,217	(37,792)
Net deferred income tax assets or liabilities	—	—
Represented by		
Deferred tax assets	455,581	356,523
Deferred tax liabilities	(455,581)	(356,523)

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. At 30 June 2018, the Group did not recognise deferred income tax assets of RMB 388,575 thousand in respect of losses amounting to RMB 1,663,467 thousand that can be carried forward against future taxable income. At 30 June 2018, losses amounting to RMB 825,676 thousand will expire in 2022, RMB 837,791 thousand will expire in 2023.

29. Other Assets

	At 30 June 2018	At 31 December 2017
Receivable from co-insurance	277,004	63,849
Receivable from securities sold	177,685	—
Advanced payment	97,655	101,875
Deposits	76,944	35,769
Estimate of input tax	55,522	31,813
Others	31,157	21,373
Total	715,967	254,679

30. Share Capital

	At 30 June 2018	At 31 December 2017
Number of shares issued and fully paid at RMB1 yuan each	**1,469,813**	1,469,813

31. Reserves

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

(a) Capital reserves

Capital reserves mainly represents share premium from issuance of shares.

(b) Surplus reserves

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

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

According to the PRC Company Law and the articles of association of the Company, the Company is required to set aside 10% of their net profit (after offsetting the accumulated losses incurred in previous years) determined under PRC GAAP, to the SSR until the balance reaches 50% of the respective registered capital.

Subject to the approval of shareholders, the SSR may be used to offset the accumulated losses, if any, and may also be converted into capital, provided that the balance of the SSR after such capitalisation is not less than 25% of the registered capital of the Company's retained profits. Since the Company does not have net profit at its company level instead of Group level, no reserve has been retained.

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

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

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

(c) General reserves

In accordance with the relevant regulations, general reserves should be set aside to cover catastrophic losses as incurred by companies operating in the insurance business. The Company would need to make appropriations for such reserve based on their respective year end net profit determined in accordance with PRC GAAP, and based on the applicable PRC financial regulations, in the annual financial statements. Such reserve is not available for profit distribution or transfer as capital injection.

Since the Company does not have net profit, no reserve has been retained.

(d) Other reserves

The investment revaluation reserve records the fair value changes of available-for-sale financial assets. The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of the subsidiaries incorporated outside the PRC. The share-based payment reserve records the fair value of the share options of the grant date.

Notes to the Interim Condensed Consolidated Financial Information

As at 30 June 2018
(All amounts expressed in RMB thousand unless otherwise specified)

32. Securities Sold Under Agreements to Repurchase

	At 30 June 2018	At 31 December 2017
Securities - bonds		
– Traded in stock exchange	1,208,195	5,400
– Traded in Inter-bank market	352,995	130,000
	1,561,190	135,400

33. Insurance Contract Liabilities

	At 30 June 2018		
	Insurance contract liabilities	Reinsurers' share of insurance contract liabilities	Net
Insurance contracts liabilities			
– Unearned premium reserves	3,077,183	(150,151)	2,927,032
– Claim reserves	881,446	(77,487)	803,959
	3,958,629	(227,638)	3,730,991
Incurred but not reported claim reserves	330,073	(45,726)	284,347

	At 31 December 2017		
	Insurance contract liabilities	Reinsurers' share of insurance contract liabilities	Net
Insurance contracts liabilities			
– Unearned premium reserves	1,769,012	(98,997)	1,670,015
– Claim reserves	661,064	(33,426)	627,638
	2,430,076	(132,423)	2,297,653
Incurred but not reported claim reserves	281,411	(27,510)	253,901

33. Insurance Contract Liabilities (continued)

Movements of unearned premium reserves

	Insurance contract liabilities	Reinsurers' share of insurance contract liabilities	Net
At 1 January 2018	1,769,012	(98,997)	1,670,015
Premium written	5,148,165	(271,170)	4,876,995
Premium earned	(3,839,994)	220,016	(3,619,978)
At 30 June 2018	3,077,183	(150,151)	2,927,032

Movements of claim reserves

	Insurance contract liabilities	Reinsurers' share of insurance contract liabilities	Net
At 1 January 2018	661,064	(33,426)	627,638
Claims incurred	2,069,881	(108,963)	1,960,918
Claims paid	(1,849,499)	64,902	(1,784,597)
At 30 June 2018	881,446	(77,487)	803,959

34. Other Liabilities

	At 30 June 2018	At 31 December 2017
Service charge payable	502,854	302,252
Commission and brokerage payable	199,582	89,792
Salary and staff welfare payable	195,348	173,605
Claims payable	108,011	57,114
Insurance guarantee fund	29,312	27,043
Tax payable other than income tax	20,902	68,126
Deposit payable	7,849	43,110
Rental payable	4,293	17,723
Deferred income	3,719	4,034
Others	271,542	189,494
	1,343,412	972,293

Notes to the Interim Condensed Consolidated Financial Information

As at 30 June 2018
(All amounts expressed in RMB thousand unless otherwise specified)

35. Note to Consolidated Cash Flow Statement

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

	Six months ended 30 June	
	2018	2017
Loss before tax	(670,333)	(306,841)
Provisions for asset impairment	20,993	2,074
Net Investment income	(642,820)	(286,523)
Net fair value changes through profit or loss	286,954	31,695
Depreciation of property and equipment	14,423	6,568
Amortization of intangible assets	31,678	22,790
Exchange gain or loss	873	38
Finance costs	15,597	1,511
Expense recognized for share-based payments	599	1,847
Increase in premium receivables	(916,954)	(61,746)
Increase in reinsurance assets	(140,090)	(5,489)
Amortisation of deferred income	(316)	(316)
Share of gains of associates	(7,000)	—
Change in insurance contract liabilities	1,433,338	606,601
Increase in other operating receivables	(281,861)	(54,868)
Increase/(Decrease) in other operating liabilities	571,983	(368,631)
Cash used in operating activities	(282,936)	(411,290)

36. Related Party Transactions

The Company's directors were of the view that Ant Small and Micro Financial Services Group Co. Ltd. ("Ant Financial"), Ping An Insurance (Group) Co. of China Ltd. ("Ping An Insurance"), Tencent Holdings Limited ("Tencent"), Sinolink Worldwide Holdings Limited ("Sinolink") and their subsidiaries and key management personnel were considered as related parties of the Group. Alibaba Group Holdings Limited ("Alibaba") and its subsidiaries were also considered as related parties of the Group given the relationship between Alibaba and Ant Financial.

Transactions with key management personnel and the entity controlled or jointly controlled by a person identified as key management personnel ("key management personnel") have been disclosed in Note 36 below. The Group's transaction with related parties are conducted under the ordinary course of business.

(a) Sale of insurance contracts

	Six months ended 30 June	
	2018	2017
Sinolink and its subsidiaries	28,361	7,479
Alibaba and its subsidiaries	1,350	2,357
Ant Financial and its subsidiaries	657	4,856
Tencent and its subsidiaries	47	4,676
Key Management personnel	39	226
	30,454	19,594

36. Related Party Transactions (continued)

(b) Claim of insurance contracts

	Six months ended 30 June	
	2018	2017
Alibaba and its subsidiaries	2,313	3,714
Tencent and its subsidiaries	1,069	1,746
Ant Financial and its subsidiaries	246	56
Key Management personnel	138	5
	3,766	5,521

(c) Technical service fees

	Six months ended 30 June	
	2018	2017
Ant Financial and its subsidiaries	238,014	195,195
Tencent and its subsidiaries	3,678	356
	241,692	195,551

Technical service fees are related to the customer introduction services rendered by Ant Financial and its subsidiaries and Tencent and its subsidiaries.

(d) Asset management fees

	Six months ended 30 June	
	2018	2017
Ping An Insurance and its subsidiaries	7,874	9,211

Asset management fees are related to the asset management services rendered by Ping An Asset Management Co., Ltd.

(All amounts expressed in RMB thousand unless otherwise specified)

36. Related Party Transactions (continued)

(e) Fees for purchasing goods and other services

	Six months ended 30 June	
	2018	2017
Alibaba and its subsidiaries	33,030	19,275
Tencent and its subsidiaries	8,156	—
Ant Financial and its subsidiaries	2,971	7,627
Ping An Insurance and its subsidiaries	30	—
	44,187	26,902

Fees for purchasing goods and other services mainly include cloud rental fees and other IT service fees and etc.

(f) Interest income

	Six months ended 30 June	
	2018	2017
Ping An Insurance and its subsidiaries	3,489	727

(g) Period/Year end balance of receivables with related parties

	At 30 June 2018	At 31 December 2017
Ping An Insurance and its subsidiaries (i)	277,004	63,849
Sinolink and its subsidiaries	2,495	586
Tencent and its subsidiaries	88	49
Ant Financial and its subsidiaries	11	6,623
Key Management personnel	3	—
	279,601	71,107

(i) The balance came from the auto co-insurance business with Ping An Property and Casualty Insurance Company of China Ltd.

36. Related Party Transactions (continued)

(h) Period/Year end balance of payables with related parties

	At 30 June 2018	At 31 December 2017
Ant Financial and its subsidiaries	29,996	73,737
Ping An Insurance and its subsidiaries	3,722	27,891
Tencent and its subsidiaries	2,463	2,970
Alibaba and its subsidiaries	2,011	6,611
	38,192	111,209

(i) Period/Year end balance of prepayments to related parties

	At 30 June 2018	At 31 December 2017
Alibaba and its subsidiaries	15,878	17,006
Ant Financial and its subsidiaries	1,662	1,795
Tencent and its subsidiaries	300	2,399
	17,840	21,200

(j) Compensation of key management personnel

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

	Six months ended 30 June	
	2018	2017
Wages, salaries and bonuses	5,581	5,706
Pension costs – defined contribution plans	289	216
Other social security costs, housing benefits and other employee benefits	277	201
Share-based payments	484	1,318
	6,631	7,441

(All amounts expressed in RMB thousand unless otherwise specified)

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 legal proceedings, as at 30 June 2018, the Group has no major pending litigation as the defendant.

38. Commitments

Operating lease commitments

We lease our office spaces from third parties under non-cancellable operating leases. The following table sets forth our future minimum lease payments under irrevocable rental contracts as of the dates indicated:

	At 30 June 2018	At 31 December 2017
Within 1 year (including 1 year)	**141,833**	97,515
1 to 2 years (including 2 years)	**124,960**	67,991
2 to 3 years (including 3 years)	**117,896**	56,030
Over 3 years	**280,510**	122,757
	665,199	344,293

39. Maturity Profile of Financial Instruments

The tables below summarize the maturity profiles of the financial assets and financial liabilities of the Group based on remaining undiscounted cash flows, and insurance contract liabilities of the Group based on the estimated timing of the net cash outflows.

	As at 30 June 2018					
	On demand	Within 1 year	1 to 5 years	Over 5 years	Undated	Total
Assets:						
Cash and short-term time deposits	1,016,213	786,270	—	—	—	1,802,483
Financial assets at fair value through profit or loss	—	2,223,853	4,471,472	1,231,286	4,211,245	12,137,856
Securities purchased under agreements to resell	—	624,021	—	—	—	624,021
Premium receivables	—	1,441,486	—	—	—	1,441,486
Reinsurance debtors	—	186,782	—	—	—	186,782
Available-for-sale financial assets	—	1,168,352	2,795,923	659,826	660,598	5,284,699
Investments classified as loans and receivables	—	1,032,478	498,893	409,850	—	1,941,221
Loans and advances to customers	—	229,401	—	—	—	229,401
Term deposits	—	—	382,500	—	—	382,500
Restricted statutory deposits	—	306,475	51,477	—	—	357,952
Other assets	—	485,846	76,944	—	—	562,790
Total	1,016,213	8,484,964	8,277,209	2,300,962	4,871,843	24,951,191
Liabilities:						
Securities sold under agreements to repurchase	—	1,561,190	—	—	—	1,561,190
Investment contract liabilities	—	—	2,481	—	—	2,481
Reinsurance payables	—	377,143	—	—	—	377,143
Other liabilities	—	763,160	—	—	7,849	771,009
Total	—	2,701,493	2,481	—	7,849	2,711,823

Notes to the Interim Condensed Consolidated Financial Information

As at 30 June 2018

(All amounts expressed in RMB thousand unless otherwise specified)

39. Maturity Profile Of Financial Instruments (continued)

	As at 31 December 2017					
	On demand	**Within 1 year**	**1 to 5 years**	**Over 5 years**	**Undated**	**Total**
Assets:						
Cash and short-term time deposits	4,457,659	808,543	—	—	—	5,266,202
Financial assets at fair value through profit or loss	—	936,567	284,975	92,882	4,389,036	5,703,460
Securities purchased under agreements to resell	—	3,043,417	—	—	—	3,043,417
Premium receivables	—	181,032	342,729	—	—	523,761
Reinsurance debtors	—	46,692		—	—	46,692
Available-for-sale financial assets	—	1,444,236	1,880,442	165,238	218,210	3,708,126
Investments classified as loans and receivables	—	1,444,208	519,438	409,850	—	2,373,496
Loans and advances to customers	—	98,054	—	—	—	98,054
Restricted statutory deposits	—	306,475	—	—	—	306,475
Other assets	—	84,924	35,769	—	—	120,693
Total	4,457,659	8,394,148	3,063,353	667,970	4,607,246	21,190,376
Liabilities:						
Securities sold under agreements to repurchase	—	135,400	—	—	—	135,400
Investment contract liabilities	—	—	17,840	—	—	17,840
Reinsurance payables	—	247,831	—	—	—	247,831
Other liabilities	—	675,538	—	—	43,110	718,648
Total	—	1,058,769	17,840	—	43,110	1,119,719

40. Fair Value Measurement

Fair value estimates are made at a specific point in time based on relevant market information and information about financial instruments. When an active market exists, such as an authorized securities exchange, the market value is the best reflection of the fair values of financial instruments. For financial instruments where there is no active market, fair value is determined using valuation techniques.

The Group's financial assets mainly include cash and short-term time deposits, financial assets at fair value through profit or loss, available-for-sale financial assets, statutory deposits, and etc.

Determination of fair value and fair value hierarchy

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

The levels of the fair value hierarchy are as follows:

(a) Fair value is based on quoted prices (unadjusted) in active markets for identical assets or liabilities ("Level 1");

(b) Fair value is based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) ("Level 2"); and

(c) Fair value is based on inputs for the asset or liability that are not based on observable market data (unobservable inputs) ("Level 3").

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

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

For Level 3 financial instruments, prices are determined using valuation methodologies such as discounted cash flow models and other similar techniques. Determinations to classify fair value measures within Level 3 of the valuation hierarchy are generally based on the significance of the unobservable factors to the overall fair value measurement, and valuation methodologies such as discounted cash flow models and other similar techniques. The Group's valuation team may choose to apply internally developed valuation method to the assets or liabilities being measured, determine the main inputs for valuation, and analyse the change of the valuation and report it to management. Key inputs involved in internal valuation services are not based on observable market data. They reflect assumptions made by management based on judgements and experiences.

For assets and liabilities that are recognized at fair value on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

(All amounts expressed in RMB thousand unless otherwise specified)

40. 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:

	As at 30 June 2018			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Financial assets at fair value through profit or loss				
– Equity investments	1,541,237	—	—	1,541,237
– Fund investments	1,327,198	—	—	1,327,198
– Debt investments	2,069,336	4,556,465	—	6,625,801
– Wealth management products	—	1,342,810	—	1,342,810
Available-for-sale financial assets				
– Equity investments	114,698	—	—	114,698
– Fund investments	293,634	—	—	293,634
– Debt investments	1,031,349	2,889,953	—	3,921,302
– Wealth management products	76,510	144,576	—	221,086
– Unlisted equity investments	—	—	31,180	31,180
	6,453,962	8,933,804	31,180	15,418,946
Assets for which fair values are disclosed				
Investments classified as loans and receivables	—	—	1,708,461	1,708,461

	As at 31 December 2017			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Financial assets at fair value through profit or loss				
– Equity investments	1,192,382	—	—	1,192,382
– Fund investments	1,734,380	—	—	1,734,380
– Debt investments	402,982	216,615	—	619,597
– Wealth management products	—	2,062,274	—	2,062,274
Available-for-sale financial assets				
– Fund investments	49,699	—	—	49,699
– Debt investments	736,392	2,192,032	—	2,928,424
– Wealth management products	44,545	143,421	—	187,966
– Unlisted equity investments	—	—	25,090	25,090
	4,160,380	4,614,342	25,090	8,799,812
Assets for which fair values are disclosed				
Investments classified as loans and receivables	—	—	2,089,291	2,089,291

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.

41. Subsequent Event

On 31 July 2018, ZA Tech Global, ZhongAn International Group and SVF Zen JVCo (Singapore) Pte. Ltd. ("SoftBank Vision Fund") signed the subscription and shareholders' agreement pursuant to which ZhongAn International Group and SoftBank Vision Fund are committed to invest USD 200 million to ZA Tech Global. Initial investment of USD 10 million will be invested after certain precedent conditions are fulfilled including obtaining necessary regulatory approvals. Subsequent investment up to USD 190 million will be further invested subject to future development and funding needs of ZA Tech Global.

42. Reclassification

Certain comparative amounts in the consolidated statement of comprehensive income for the six-month period ended 30 June 2017 are reclassified to separately disclose foreign exchange gains and losses and other expenses that are related to the cost of providing the services and sales other than insurance business. No other reclassification has been made to the comparative financial statements.

43. Approval of the Consolidated Financial Statements

The interim condensed consolidated financial information have been approved and authorized for issue by the directors of the Company on 27 August 2018.

Definitions

"Ant Financial"	Ant Small and Micro Financial Services Group Co., Ltd. (浙江螞蟻小微金融服務集團股份有限公司), a limited liability company incorporated in the PRC (formerly known as Zhejiang Alibaba E-Commerce Co., Ltd. (浙江阿里巴巴電子商務有限公司) and incorporated on October 19, 2000) and one of our substantial shareholders
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Board" or "Board of Directors"	the Board of Directors of our Company
"CG Code"	the Corporate Governance Code and Corporate Governance Report set out in Appendix 14 to the Listing Rules
"China Telecom"	China Telecommunications Corporation Ltd (中國電信集團公司), a telecommunications company incorporated in the PRC and listed on the New York Stock Exchange (NYSE: CHA) and the Hong Kong Stock Exchange (SEHK: 0728)
"CBIRC"	the China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會)
"CIRC"	the China Insurance Regulatory Commission (中國保險監督管理委員會)
"Company", "Our Company", "ZhongAn", "we" or "us"	ZhongAn Online P & C Insurance Co., Ltd. (眾安在綫財產保險股份有限公司), a joint stock limited company with limited liability incorporated in the PRC on October 9, 2013
"Ctrip"	Ctrip.com International Ltd., an online travel agency incorporated in the Cayman Islands and listed on the Nasdaq Global Select Market (NASDAQ: CTRP)
"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 to be subscribed for and traded in Hong Kong dollars, and a "H Share" means any of them
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong dollars"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Listing"	the listing of the H shares on the Main Board of the Hong Kong Stock Exchange
"Listing Date"	September 28, 2017, the date on which the H Shares are listed and from which dealings in the H Shares take place on the Main Board of the Hong Kong Stock Exchange
"Listing Rules"	the Rules governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)

"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules
"Mogujie"	an e-commerce platform targeting female consumers
"Omron"	Omron Corporation, a company incorporated in Japan
"Ping An Insurance"	Ping An Insurance (Group) Co. of China, Ltd. (中國平安保險(集團)股份有限公司), a joint stock limited company incorporated in the PRC on March 21, 1988 listed on the Main Board of the Hong Kong Stock Exchange (SEHK: 02318) and the Shanghai Stock Exchange (SSE: 301318), and one of our substantial shareholders
"Ping An P&C"	Ping An Property & Casualty Insurance Company of China, Ltd., 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
"PRC EIT Law"	the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法) adopted by the Tenth National People's Congress on March 16, 2007 and effective on January 1, 2008
"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, 2018
"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
"Supervisor(s)"	members of the supervisory committee of the Company
"SZSE"	Shenzhen Stock Exchange
"Taobao Marketplace"	an e-commerce platform of Alibaba
"We Doctor"	We Doctor Group Ltd. (微醫集團有限公司), a company incorporated in the PRC
"Weidian"	Weidian (微店), a mobile e-commerce platform operated by Beijing Koudai Fashion Technology Co., Ltd. (北京口袋時尚科技有限公司)
"Xiaomi"	Xiaomi Inc. (北京小米科技有限責任公司), a company incorporated in the PRC
"Xiaoying"	Shenzhen Yingzhongtong Financial Information Service Co., Ltd. (深圳市贏眾通金融信息服務股份有限公司), a company incorporated in the PRC
"Zhaocaibao"	Shanghai Zhaocaibao Financial Information Service Co., Ltd. (上海招財寶金融信息服務有限公司), a company incorporated in the PRC
"ZhongAn Technology"	ZhongAn Information and Technology Services Co., Ltd. (眾安信息技術服務有限公司), a wholly-owned subsidiary of our Company, incorporated in the PRC on July 7, 2016
"%"	per cent

Glossary

"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
"Insuretech"	use of technology innovations designed to achieve savings and efficiency from the traditional insurance industry model
"net investment income"	the sum of interest income, dividend income and realized gains or losses on securities through profit or loss and available-for-sale securities
"net premiums earned"	net written premiums less net change in unearned premium reserves during a period
"premium"	payment and consideration received on insurance policies issued or reissued by an insurance company
"reinsurance"	the practice whereby a reinsurer, in consideration of a premiums paid to it, agrees to indemnify another party for part or all of the liabilities assumed by the reinsured party under an insurance contract, which the reinsured party has issued
"reserves"	liability established to provide for future payments of claims and benefits to policyholders net of liability ceded to reinsurance companies
"unearned premium reserves"	portions of written premiums relating to unexpired risk of insurance coverage