

[Press Release]



**Pursuing High Quality Growth, 2019 GWP Up 30%
Profitable Insurance Business with 7.6 ppts Improvement in Combined Ratio**

Hong Kong, March 23, 2020 – ZhongAn Online P & C Insurance Co., Ltd. (“ZhongAn Online” or “ZhongAn” or the “Company”, HKEx: 6060), the leading online InsureTech Company in China, announced its audited results today for the year ended 31 December 2019 (“the reporting period”).

In 2019, amid positive but slower growth in China’s economy, as well as a complex and fast-changing economic and financial environment, ZhongAn continued to pursue quality growth and reduce costs, whilst improving efficiency through the application of technology. Driven by the health and lifestyle consumption ecosystems, ZhongAn’s gross written premium (“GWP”) for 2019 increased 30.0% year-on-year to RMB14,629.6 million. In particular, GWP generated by the health ecosystem recorded a year-on-year increase of 67.6%. Benefitting from the Company’s continued efforts in strengthening users’ insurance awareness and improving brand influence, GWP realised a year-on-year growth of 146.4% from its core products, namely Personal Clinic Policy (尊享e生) and Healthcare Ecosystem (好医保) of Alipay Insurance (the “Personal Clinic Policy Series”). In addition, the Company enhanced its strategic cooperation with Ant Financial and other ecosystem partners to actively explore product innovations and upgrades, driving a year-on-year GWP growth of 130.8% from the lifestyle consumption ecosystem business.

Benefitting from efforts in optimizing business structure and improved efficiency, operating indicators of the Company’s underwriting business improved significantly. In 2019, the combined ratio was 113.3%, down by 7.6 percentage points year-on-year. In particular, the expense ratio decreased by 15.1 percentage points year-on-year to 45.9% in 2019. Benefitting from the outstanding performance of the A-share market, the Company’s total investment yield was 9.3%, with an investment income of RMB1,815.5 million, up 264.0% year-on-year. As a result of narrowing underwriting losses and a significant increase in investment income, the Company’s insurance business recorded profit in 2019. The net loss attributable to owners of the Company in 2019 decreased significantly to RMB454.1 million, representing a year-on-year decrease of 74.0% (2018: net loss attributable to owners of the Company was RMB1,743.9 million).

Deepening efforts to create a closed-loop health ecosystem, GWP generated from the health ecosystem up 67.6% year-on-year

Performance of the health ecosystem business was outstanding. The ecosystem provided health insurance to approximately 16.7 million users and recorded RMB4,806.0 million in GWP, significantly increased by 67.6% year-on-year. The increase was attributable to the Company's continuous efforts in enhancing users' insurance awareness and providing users with personalized and customized insurance products by focusing resources in the development of core products, namely the Personal Clinic Policy Series, and proactively exploring cooperation with innovative Internet platforms (such as Alipay Insurance, iyunbao) and the development of proprietary platforms (APP, mini program and official website for handsets).

The health ecosystem recorded RMB4,311.1 million in GWP generated from the Personal Clinic Policy Series in 2019, representing a year-on-year growth of 146.4%. There were over 11 million insured customers for the Personal Clinic Policy Series products in 2019, representing a year-on-year increase of approximately 177%, with an average user age of about 35. The Personal Clinic Policy Series products have been updated 15 times, leveraging on the customized services (express channel for critical illnesses, medical treatment in Japan, specific medicine for tumors, etc.) and exploring health insurance products for chronic illness and sub-health customers, the Company strives to satisfy the various needs of different customers and establish distinctive advantage with differentiated products.

The Company strives to establish a closed-loop health ecosystem. Leveraging on the extensive distribution network of the Company and ZhongAn Technology, including ZhongAn Insurance, ZhongAn Life Sciences, ZhongAn Internet Hospital and Nova Technology, ZhongAn provides customers with one-stop services covering disease prevention, health management, medical services, insurance coverage and expeditious claims settlement.

The Internet hospital plays an important part in this process. In December 2019, ZhongAn Internet Hospital was officially launched. Cooperating with third party medical groups, the Company provides users with online medical advice and doorstep medicine delivery, so as to create a closed-loop health ecosystem. Amid the outbreak of COVID-19 at the beginning of 2020, the Company not only provided online medical advice services to all users free of charge, and also joined hands with third parties to provide users with charitable psychological aid, which helped enhance brand reputation among users.

Strategically expanded proprietary platforms with remarkable results in user education

ZhongAn Online continued to increase investments in the development of proprietary platforms (including APP, mini program and official websites for handsets), and constantly carried out market education under new scenarios, to enhance users' insurance awareness and attract user purchases of insurance products through proprietary platforms. In 2019, the proprietary platform business achieved rapid growth. Paying users reached 1.5 million, and GWP generated from the proprietary platforms amounted to RMB1,114.4 million, 5.0 times that of 2018, with the proportion of GWP contribution to total GWP of the Company increasing to 7.6%.

In addition to providing insurance products to users through proprietary platforms, the Company encouraged users to obtain one-stop services covering insurance knowledge, health management and post-sale auto services through proprietary platforms, so as to improve customer experience and enhance customer loyalty. In the future, the Company will continue to seize market opportunities arising from new scenarios and new platforms by leveraging on the diversified online insurance products and sophisticated online user operation capability, with an aim to improve brand effect and increase premium income from proprietary platforms.

Cost reduction and efficiency improvement driven by technology, creating greater value for users

In 2019, ZhongAn Online invested RMB976.9 million in research and development activities, representing an increase of 15% year-on-year. As at December 31, 2019, the Company had a total of 1,355 engineers and technicians, representing 46.8% of the Company's total employees. During the reporting period, the Company continued to focus on the development of cutting-edge technology sectors including artificial intelligence ("AI"), blockchain, cloud computing, big data and life science, with an aim to reshape every aspect of the insurance value chain through technology. Specifically:

ZhongAn made continuous efforts to make services more intelligent and explore the integration of technology and insurance scenarios. In particular, the "Nova Technology" intelligent commercial insurance platform incubated by the Company has been applied to the health ecosystem, connecting 1,117 hospitals in 28 provinces as of the end of 2019. With authorization from the users, it can achieve direct connection with medical information databases, greatly reducing costs associated with identification of corruption and fraudulent acts and offering the users with expeditious claims settlement service. The Company also launched the video claims settlement service for auto insurance. After an insurance-covered accident, users can take a video of the relevant vehicle according to remote video instructions, and the back office will complete loss assessment and determine the settlement amount through AI technology, which helps reduce the average claims settlement time to eleven minutes, reducing labor costs by nearly 37% as compared to that incurred by manual process, thus realizing the goal of "better serving our customers with efficient claims settlement services".

ZhongAn facilitated the implementation of an automatic and intelligent business process with the application of technology to streamline the process. In 2019, the automation rate of the underwriting and claims settlement services reached over 99% and 95%, respectively. The proportion of AI application for online customer service reached over 85%. The automatic testing rate for core application reached 80%. ZhongAn Online's cloud-based distributed core system "Wujieshan" is able to support a great number of individual policies, while the launch of "Wujieshan 2.0" in 2019 facilitated an overall upgrade of the infrastructure that can support a business size with GWP over 100 billion.

ZhongAn created a targeted marketing strategy based on user profiles and algorithms that made products better tailored to users' demands. The Company developed 534 user labels based on

various categories of user characteristics on the proprietary platforms. In addition, by implementing algorithm-based guidance based on user information such as age, gender, family and purchased products, the rate of repeat purchases of the Personal Clinic Policy Series through proprietary platforms was approximately 15% in 2019 (excluding renewal rate).

Technology export business expanded steadily with a number of projects launched in domestic and overseas markets

ZhongAn continued to focus on the technology export of insurance technology strengths in domestic and overseas markets supported by the Company's innovations in Insuretech and the Internet, with an aim to assist the insurance industry in digital transformation. Revenue from technology export for 2019 increased by 139.9% year-on-year, with nearly 260 contracted customers.

ZhongAn's technology export business in the domestic market mainly provides solutions composed of independent modules focusing on the core system. For instance, the Company developed an integrated digital operation solution on life insurance for Hengqin Life Insurance (橫琴人壽), with an aim to help build a distributed core business system covering the whole value chain of life insurance in the industry. Leveraging on such digital business-supported platform, Hengqin Life Insurance, which was founded at the end of 2016, has recorded a compound annual growth rate of over 150% for premiums over the past 3 years.

Regarding overseas markets, ZhongAn exported to, or replicated its advanced business models in overseas markets, and joined hands with its customers in exploring modes and product innovation in the Internet ecosystem. The Company cooperated with top insurance companies and O2O platforms in Japan and Southeast Asia, including SOMPO (one of the top three property and casualty insurance companies in Japan) and NTUC Income (the largest comprehensive insurer in Singapore) to assist them in digital transformation. Moreover, ZhongAn joined hands with Grab, a leading O2O platform in Southeast Asia, to form a joint venture company, "GrabInsure", to explore the online insurance distribution business in Southeast Asia. ZhongAn worked with local insurance partners to provide all kinds of customized and usage-based insurance products (e.g. UBI auto insurance, usage-based illnesses insurance, and accident insurance for family). In 2019, Grab ecosystem issued over 5 million policies under the support of ZhongAn's insurance and technology strengths.

In March 2019, ZhongAn became one of the first batch of companies who were granted a "virtual bank" license by the Hong Kong Monetary Authority. This allows ZhongAn to apply its Fintech capabilities to the virtual bank business. Upholding the concept of "community-driven", the Company allowed users to participate in the preliminary discussion and development stage of virtual bank product design, in order to create products that cater to users' needs. On December 18, 2019, ZhongAn Bank became the first virtual bank in trial operation in Hong Kong. During the trial period, ZhongAn Bank held an account opening competition, which received overwhelming responses with more than 20,000 participants competing for 2,000 quotas.

Outlook

Looking ahead to 2020, ZhongAn will continue to adhere to the two-winged strategy of “Insurance + Technology”. Upholding the principle of pursuing quality growth, the Company will incorporate technology development and innovation into the insurance value chain and continuously optimize underwriting efficiency and user experience. In addition, the Company will strive to export its insurance technology strengths in domestic and overseas markets, in order to promote the digital transformation of the insurance industry.

In particular, ZhongAn will adhere to quality growth and technology-empowered development to constantly improve underwriting business indicators, and develop its proprietary platforms to enhance ZhongAn’s brand recognition. Meanwhile, the Company will strengthen the refined operation management system driven by data analysis to offer automatic and intelligent user experience, and constantly scale up its international Fintech presence to promote the digital transformation of the industry. Further, the Company will continue to develop its risk-oriented solvency management system, enhance comprehensive risk management capabilities, and improve its capabilities in asset allocation, investment research and active management.

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About ZhongAn Online P&C Insurance Co., Ltd (HKEx: 6060)

ZhongAn Online P & C Insurance Co., Ltd. (“ZA Online” or “the Company”) is a leading online-only InsureTech company in China. Founded in October 2013, the Company offers insurance products and solutions in five major ecosystems, namely health, consumer finance, auto, lifestyle consumption and travel. ZA Online seamlessly integrate technology across its insurance business, and now exports its technology to help other companies accelerate their growth. On 28 September 2017, ZA Online became the first Fintech company to be listed on the HKEX (Ticker: 6060) and in 2018, the Company started expanding its Fintech and InsureTech solutions to various international markets.