
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, certified public accountant or other professional adviser.

If you have sold or transferred all your shares in ZhongAn Online P & C Insurance Co., Ltd., you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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眾安在綫財產保險股份有限公司
ZHONGAN ONLINE P & C INSURANCE CO., LTD.*

(A joint stock limited company incorporated in the People's Republic of China with limited liability and carrying on business in Hong Kong as "ZA Online Fintech P & C")

(Stock Code: 6060)

**(1) REVISION OF ANNUAL CAPS FOR THE ONLINE PLATFORM
COOPERATION FRAMEWORK AGREEMENT AND THE AUTO
CO-INSURANCE COOPERATION AGREEMENT;
AND
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Independent Financial Adviser to the Independent Board Committee and
the Independent Shareholders**



A notice convening the EGM to be held at Conference Room Xin Pu Zhu Lin, 2/F, 219 Yuanmingyuan Road, Huangpu District, Shanghai, the PRC on Friday, December 8, 2023 at 10:00 a.m. is set out on pages S-1 to S-3 of this circular.

A proxy form for use at the EGM is enclosed with this circular. If you intend to appoint a proxy to attend the EGM, you are required to complete and return the accompanying proxy form in accordance with the instructions printed thereon not less than 24 hours before the time appointed for the holding of the EGM (i.e. before 10:00 a.m. on Thursday, December 7, 2023) or any adjournment thereof (as the case may be).

References to time and dates in this circular are to Hong Kong time and dates.

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

November 20, 2023

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DEFINITIONS

In this circular, the following expressions have the following meanings unless the context otherwise requires:

“2022 Announcement”	the announcement of the Company dated November 9, 2022
“Ant Group”	Ant Group Co., Ltd. (formerly known as 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) and as Zhejiang Alibaba E-Commerce Co., Ltd. [#] (浙江阿里巴巴電子商務有限公司)), a joint stock limited liability company incorporated in the PRC on October 19, 2000 and one of our substantial shareholders
“Ant Group Independent Shareholders”	Shareholders other than Ant Group and its associates
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Auto Co-insurance Cooperation Agreement”	the co-insurance agreement dated November 9, 2022 entered into between the Company and Ping An P&C for the provision of auto co-insurance products to the public, as amended by the Auto Co-insurance Cooperation Supplemental Agreement (as the context requires)
“Auto Co-insurance Cooperation Supplemental Agreement”	the supplemental agreement dated October 27, 2023 entered into between the Company and Ping An P&C to amend the Auto Co-insurance Cooperation Agreement
“Board”	the board of Directors of the Company
“Chief Executive(s)”	has the meaning ascribed to it under the Listing Rules
“close associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Company”	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 incorporated in the PRC with limited liability and carrying on business in Hong Kong as “ZA Online Fintech P & C”, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 6060)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“continuing connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Domestic Shares”	ordinary shares of RMB1 each issued by the Company, which are subscribed for in RMB or credited as fully paid up

DEFINITIONS

“EGM”	the extraordinary general meeting of the Company to be held at Conference Room Xin Pu Zhu Lin, 2/F, 219 Yuanmingyuan Road, Huangpu District, Shanghai, the PRC on Friday, December 8, 2023 at 10:00 a.m. for the Independent Shareholders to consider and, if thought fit, to approve the resolutions contained in the Notice of EGM, or any adjournment thereof
“Existing Ant Group Annual Caps”	the original annual caps for the continuing connected transactions under the Online Platform Cooperation Framework Agreement for the years ending December 31, 2023, 2024 and 2025 as set out in the 2022 Announcement
“Existing Ping An Annual Caps”	the original annual caps for the Auto Co-insurance Cooperation Agreement for the years ending December 31, 2023 and 2024 as set out in the 2022 Announcement
“Group”	the Company and its subsidiaries
“H Shares”	the overseas listed foreign invested ordinary shares in the share capital of the Company, with a nominal value of RMB1 each, which are subscribed for and traded in Hong Kong dollars, and a “H Share” means any one of them
“Hangzhou Junao”	Hangzhou Junao Equity Investment Partnership Limited Partnership (杭州君澳股權投資合夥企業(有限合夥))
“Hangzhou Junhan”	Hangzhou Junhan Equity Investment Partnership (Limited Partnership) (杭州君瀚股權投資合夥企業(有限合夥))
“Hangzhou Yunbo”	Hangzhou Yunbo Investment Consulting Co., Ltd. (杭州雲鉞投資諮詢有限公司)
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Company comprising all the independent non-executive Directors that has been formed for the purpose of giving a recommendation to (i) the Ant Group Independent Shareholders in relation to the Online Platform Cooperation Framework Agreement (as amended by the Online Platform Cooperation Framework Supplemental Agreement); and (ii) the Ping An Independent Shareholders in relation to the Auto Co-insurance Cooperation Agreement (as amended by the Auto Co-insurance Cooperation Supplemental Agreement), respectively

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“Independent Financial Adviser”	Lego Corporate Finance Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Online Platform Cooperation Framework Agreement (as amended by the Online Platform Cooperation Framework Supplemental Agreement) and the Auto Co-insurance Cooperation Agreement (as amended by the Auto Co-insurance Cooperation Supplemental Agreement)
“Independent Shareholders”	Shareholders other than Ant Group, Ping An P&C and their respective associates
“Insurtech”	use of technology innovations designed to achieve savings and efficiency from the traditional insurance industry model
“Latest Practicable Date”	November 10, 2023, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended and supplemented from time to time
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers, set out in Appendix 10 of the Listing Rules
“NAFR”	the National Administration of Financial Regulation (國家金融監督管理總局) (formerly known as China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會))
“Notice of EGM”	the notice of the EGM of the Company dated November 20, 2023, as set out on pages S-1 to S-3 of this circular
“October Announcement”	the announcement of the Company dated October 27, 2023 in relation to the revision of annual caps for the Online Platform Cooperation Framework Agreement and the Auto Co-insurance Cooperation Agreement
“Online Platform Cooperation Framework Agreement”	the online platform cooperation framework agreement dated November 9, 2022 entered into between the Company and Ant Group for the provision of insurance products and services to various parties, as amended by the Online Platform Cooperation Framework Supplemental Agreement (as the context requires)

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“Online Platform Cooperation Framework Supplemental Agreement”	the supplemental agreement dated October 27, 2023 entered into between the Company and Ant Group to amend the Online Platform Cooperation Framework Agreement
“Ping An Group”	Ping An Insurance and its subsidiaries
“Ping An Independent Shareholders”	Shareholders other than Ping An P&C and its associates
“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 Main Board of the Stock Exchange (stock code: 2318) and the Shanghai Stock Exchange (stock code: 601318), and one of our substantial shareholders
“Ping An P&C”	Ping An Property and Casualty Insurance Company of China, Ltd. (中國平安財產保險股份有限公司), a subsidiary of Ping An Insurance
“PRC” or “China”	the People’s Republic of China, which for the purpose of this circular, excludes Hong Kong, Taiwan and Macau Special Administrative Region
“Revised Annual Caps”	collectively, the Revised Ant Group Annual Caps and the Revised Ping An Annual Caps
“RMB”	Renminbi, the lawful currency of the PRC
“Service Fees”	the service fees payable to Ant Group and/or its associates by the Company under the Online Platform Cooperation Framework Agreement. Such service fees are mainly insurance agent handling charges
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
“Share(s)”	Domestic Shares and/or H Shares
“Shareholder(s)”	shareholder(s) of the Company
“Sinolink”	Sinolink Worldwide Holdings Limited (百仕達控股有限公司), a company incorporated in Bermuda with limited liability whose shares are listed on the Main Board of the Stock Exchange (stock code: 1168)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“subsidiary(ies)” has the meaning ascribed to it under the Listing Rules

“substantial shareholder(s)” has the meaning ascribed to it under the Listing Rules

“%” per cent

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Xing Jiang
Mr. Gaofeng Li

Non-executive Directors:

Mr. Yaping Ou (*Chairman of the Board*)
Mr. Liangxun Shi
Mr. Gang Ji
Mr. Shuang Zhang
Mr. Hugo Jin Yi Ou

Independent non-executive Directors:

Mr. Wei Ou
Ms. Vena Wei Yan Cheng
Ms. Gigi Wing Chee Chan
Mr. Hai Yin

Headquarters and principal place of business in the PRC:

219 Yuanmingyuan Road
Shanghai
PRC

Registered office:

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

Principal place of business in Hong Kong:

5/F, Manulife Place
348 Kwun Tong Road
Kowloon, Hong Kong

November 20, 2023

To the Shareholders

Dear Sir or Madam,

**(1) REVISION OF ANNUAL CAPS FOR THE ONLINE PLATFORM
COOPERATION FRAMEWORK AGREEMENT AND THE AUTO
CO-INSURANCE COOPERATION AGREEMENT;
AND
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

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

LETTER FROM THE BOARD

1. INTRODUCTION

References are made to the 2022 Announcement, the circular of the Company dated November 30, 2022 and the announcement of the Company dated December 29, 2022 in relation to the continuing connected transactions contemplated under the Online Platform Cooperation Framework Agreement and the Auto Co-insurance Cooperation Agreement.

The purpose of this circular is to, among other things, provide you with further details of (i) the transactions contemplated under the Online Platform Cooperation Framework Agreement (as amended by the Online Platform Cooperation Framework Supplemental Agreement) and the Auto Co-insurance Cooperation Agreement (as amended by the Auto Co-insurance Cooperation Supplemental Agreement), (ii) the letter from the Independent Board Committee to the Independent Shareholders in respect of the Online Platform Cooperation Framework Agreement (as amended by the Online Platform Cooperation Framework Supplemental Agreement) and the Auto Co-insurance Cooperation Agreement (as amended by the Auto Co-insurance Cooperation Supplemental Agreement), (iii) the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Online Platform Cooperation Framework Agreement (as amended by the Online Platform Cooperation Framework Supplemental Agreement) and the Auto Co-insurance Cooperation Agreement (as amended by the Auto Co-insurance Cooperation Supplemental Agreement), and (iv) the Notice of EGM, at which relevant resolutions will be proposed for you to consider and approve the Online Platform Cooperation Framework Agreement (as amended by the Online Platform Cooperation Framework Supplemental Agreement) and the Auto Co-insurance Cooperation Agreement (as amended by the Auto Co-insurance Cooperation Supplemental Agreement).

2. ONLINE PLATFORM COOPERATION FRAMEWORK SUPPLEMENTAL AGREEMENT

Pursuant to the Online Platform Cooperation Framework Agreement, the Group shall use online platforms operated by Ant Group and/or its associates to sell various insurance products to end users of their online platforms for a term of three years from January 1, 2023 to December 31, 2025. According to the Online Platform Cooperation Framework Agreement, the Existing Ant Group Annual Caps for the years ending December 31, 2023, 2024 and 2025 are RMB937,300,000, RMB984,170,000 and RMB1,033,380,000, respectively.

For the reasons set out in the section headed “Basis of the Revised Ant Group Annual Caps” of this circular, it is expected that the total Service Fees payable by the Company under the Online Platform Cooperation Framework Agreement for the years ending December 31, 2023, 2024 and 2025 will exceed the Existing Ant Group Annual Caps. Accordingly, on October 27, 2023 (after trading hours), the Company entered into the Online Platform Cooperation Framework Supplemental Agreement.

The Online Platform Cooperation Framework Supplemental Agreement revises the Existing Ant Group Annual Caps to the Revised Ant Group Annual Caps (as defined below), effective upon the approval of the Ant Group Independent Shareholders. Pursuant to the Online Platform Cooperation Framework Supplemental Agreement, the Revised Ant Group Annual Caps for the years ending December 31, 2023, 2024 and 2025 shall be RMB1,291,540,000, RMB1,354,630,000 and RMB1,561,850,000, respectively (the “**Revised Ant Group Annual Caps**”).

LETTER FROM THE BOARD

Save for the Revised Ant Group Annual Caps, the other terms and conditions in the Online Platform Cooperation Framework Agreement remain unchanged and in full force and effect. For details of the Online Platform Cooperation Framework Agreement, please refer to the 2022 Announcement.

As at the Latest Practicable Date, the aggregate of the total Service Fees paid by the Company to Ant Group pursuant to the Online Platform Cooperation Framework Agreement had not exceeded the Existing Ant Group Annual Caps and the Company has implemented internal control measures, details of which are set out in the section headed “INTERNAL CONTROL” below, to ensure the Existing Ant Group Annual Caps would not be exceeded before the EGM.

Basis of the Revised Ant Group Annual Caps

The Revised Ant Group Annual Caps have been determined principally with reference to (i) the total Service Fees of RMB717,150,000 that have been paid to Ant Group and/or its associates for the eight months ended August 31, 2023, which represents approximately 76.5% of the annual cap for the year ending December 31, 2023 under the Existing Ant Group Annual Caps, (ii) an expected increase in the Service Fees payable to Ant Group for the four months ending December 31, 2023, which was estimated with reference to the anticipated higher amount of sales to be achieved during the fourth quarter of 2023 with the Double Eleven and Double Twelve shopping festivals, and (iii) the estimated market demand for the insurance products and services from the date of the October Announcement until December 31, 2025, taking into account (a) the expansion of portfolio of insurance products under the cooperation between the Group and Ant Group and/or its associates, through which the Company can sell its insurance products to end users and at the same time better serve the insurance needs of ecological Internet users based on mutual cooperation, thus improving the user experience of the platforms; (b) the positive recovery in the domestic economy and the unleashing of pent-up travel demand; (c) the popularity of the existing online platforms established by Ant Group and/or its associates through which the Group can sell its insurance products to end users; and (d) the leverage in the insurance technology and Internet ecological service capabilities accumulated by the Group, which the Group expects to continue to result in growth in the sales of the Internet insurance products through Ant Group and its partners.

Historical Figures

The total Service Fees paid by the Company under the online platform operation framework agreements previously entered into between the Company and Ant Group and the Online Platform Cooperation Framework Agreement for the two years ended December 31, 2021 and 2022 and eight months ended August 31, 2023 was approximately RMB1,300,842,000, RMB877,583,000 and RMB717,150,000, respectively.

LETTER FROM THE BOARD

Pricing Policies

The Service Fees payable to Ant Group and/or its associates by the Group will be determined based on arm's length negotiations between the Company and Ant Group and/or its associates and according to the following principles:

- (i) if there exists comparable market rates paid by independent third parties, the Service Fees shall be based on such prevailing market rates;
- (ii) if there exists no comparable rates, the Service Fees shall be based on arm's length negotiations and quotes obtained from multiple parties; and
- (iii) if there exists no comparable rates and there are difficulties with regards to arm's length negotiations and obtaining quotes from multiple parties, the Service Fees shall be based on market rates of similar transaction.

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

As noted above, there are comparable market rates paid by independent third parties for the transactions conducted under the Online Platform Cooperation Framework Agreement. Accordingly, the Company would normally obtain quotations for similar services from two or three other third party service providers in addition to Ant Group, as well as enquire with Ant Group regarding rates offered by them to their other customers, and compare such quotations against the rates offered by Ant Group to the Group.

Reasons for and Benefits of the Transactions with Ant Group and the Revised Ant Group Annual Caps

The Company is one of only four companies with an online insurance license in the PRC. It is necessary as part of the Group's online business development to utilize various online platforms to reach a wider customer base. The cooperation with Ant Group (and its subsidiaries) under the Online Platform Cooperation Framework Agreement (as amended by the Online Platform Cooperation Framework Supplemental Agreement) will continue to be beneficial to the Group in light of Ant Group's market position among online platform service providers in the PRC market as well as its close cooperation with Alibaba and other well-known online platforms, which will bring more revenue for the Company to collaborate with Ant Group to sell the Company's insurance products via Ant Group's online platforms and allow the Group to secure important sales channels which offer steadily increasing revenue and in turn enhance the Group's influence in the online insurance market and brand awareness, which is conducive to the development of the Group's business in the future and in the interest of the Group and the Shareholders as a whole.

LETTER FROM THE BOARD

The Company considers Ant Group to be an important ecosystem partner and the customer reach offered by Ant Group is incomparable to other online platform service providers. The Company anticipates that the amount of Service Fees payable by the Company will continue to increase, hence the Board expects that the Existing Ant Group Annual Caps will not be sufficient to meet the Company's requirements and proposed to revise the Existing Ant Group Annual Caps.

Having taken into account the above reasons and benefits, the Directors (including all of the independent non-executive Directors but excluding Mr. Gang Ji, who has abstained from voting on the relevant Board resolutions) are of the view that the continuing connected transactions contemplated under the Online Platform Cooperation Framework Agreement (as amended by the Online Platform Cooperation Framework Supplemental Agreement) have been conducted on normal commercial terms, were entered into in the ordinary and usual course of business of the Group, are fair and reasonable and in the interests of the Company and its shareholders as a whole, and that the Revised Ant Group Annual Caps for the continuing connected transactions under the Online Platform Cooperation Framework Agreement are fair and reasonable.

3. AUTO CO-INSURANCE COOPERATION SUPPLEMENTAL AGREEMENT

Pursuant to the Auto Co-insurance Cooperation Agreement, the Company shall enter into agreements for the provision of auto insurance products to the public, and Ping An P&C shall be responsible for operating the duties (including co-insuring and making payments pursuant to claims) under such auto insurance agreements for a term of two years from January 1, 2023 to December 31, 2024. Payments under such auto insurance agreements shall be made to the Company which will then be settled with Ping An P&C. According to the Auto Co-insurance Cooperation Agreement, the Existing Ping An Annual Caps for the years ending December 31, 2023 and 2024 are RMB1,488,000,000 and RMB1,786,000,000, respectively.

For the reasons set out in the section headed "Basis of the Revised Ping An Annual Caps" of this circular, it is expected that the total premiums receivable by the Company under the Auto Co-insurance Cooperation Agreement for the years ending December 31, 2023 and 2024 will exceed the Existing Ping An Annual Caps. Accordingly, on October 27, 2023 (after trading hours), the Company entered into the Auto Co-insurance Cooperation Supplemental Agreement.

The Auto Co-insurance Cooperation Supplemental Agreement revises the Existing Ping An Annual Caps to the Revised Ping An Annual Caps (as defined below), effective upon the approval of the Ping An Independent Shareholders. Pursuant to the Auto Co-insurance Cooperation Supplemental Agreement, the Revised Ping An Annual Caps for the years ending December 31, 2023 and 2024 shall be RMB1,600,000,000 and RMB2,150,000,000, respectively (the "**Revised Ping An Annual Caps**").

Save for the Revised Ping An Annual Caps, the other terms and conditions in the Auto Co-insurance Cooperation Agreement remain unchanged and in full force and effect. For details of the Auto Co-insurance Cooperation Agreement, please refer to the 2022 Announcement and the circular of the Company dated November 30, 2022.

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As at the Latest Practicable Date, the aggregate of the total premiums received by the Company pursuant to the Auto Co-insurance Cooperation Agreement had not exceeded the Existing Ping An Annual Caps and the Company has implemented internal control measures, details of which are set out in the section headed “INTERNAL CONTROL” below, to ensure the Existing Ping An Annual Caps would not be exceeded before the EGM.

Basis of the Revised Ping An Annual Caps

The Revised Ping An Annual Caps have been determined principally with reference to the following factors/reasons:

- (i) the total premiums of approximately RMB1,037.4 million that have been shared by the Group for the eight months ended August 31, 2023, which represents approximately 69.7% of the annual cap for the year ending December 31, 2023 under the Existing Ping An Annual Caps;
- (ii) the total premiums expected to be received by the Company for the four months ending December 31, 2023;
- (iii) the rebound of the domestic PRC passenger car market with a 9.8% year-on-year growth in sales volume in the first half of 2023;
- (iv) the favourable government policies in the new energy vehicle (“NEV”) industry, which is expected to encourage young consumers to purchase NEVs in the PRC and thereby drive up the consumption demand for NEV insurance. In recent years, with the in-depth implementation of the New Energy Vehicle Industry Development Plan (2021-2035), the State Council has launched a number of policy measures in 2023 to support the development of the NEV industry, which mainly focus on supporting the purchase and use of NEVs in rural regions, enhancing the NEV charging infrastructure, introducing tax reductions for NEV purchases measures to promote the consumption of NEVs;
- (v) the expected increase in demand for auto insurance which is expected to be driven by the prosperity of the electric vehicle industry; insurance costs and premiums are higher for electric vehicles, thereby further increasing the premiums expected to be received by the Group for the two years ending December 31, 2024. The PRC automobile industry had officially accelerated the pace of reform driven by the constant promotion of a new energy security strategy and the establishment of the “dual carbon” goals. In early 2022, the State Council of the PRC promulgated the 14th Five-Year Plan for the Comprehensive Work Plan for Energy Conservation and Emission Reduction (「十四五」節能減排綜合工作方案) in respect of the transportation and logistics energy saving and emission reduction project, which aims to boost the sales of NEVs to around 20% of the total sales of new vehicles by 2025. Moreover, certain divisions, including the National Development and Reform Commission, promulgated the Implementation Plan for Promoting Green Consumption (促進綠色消費實施方案), proposing to develop green transportation consumption vigorously, such as implementing the lifting of traffic restrictions, road rights and other support policies, lifting the restrictions on the purchase of NEVs gradually, and facilitating the construction of infrastructure and hardware including hydrogen refueling, battery swapping

LETTER FROM THE BOARD

stations and new energy storage. Taking into account that the Group is one of the few online Insurtech companies in the PRC to provide online auto insurance, we consider the Group is well-positioned to seize the opportunities and benefit from the growth of the electric vehicles industry.

On the basis of the above, the Company anticipates a year-on-year growth rate of approximately 34.4% for the premiums it will receive for its auto insurance business under the Auto Co-insurance Cooperation Agreement for each of the two years ending December 31, 2024.

Historical Figures

The total premiums received by the Company under the previous auto co-insurance cooperation agreement entered into between the Company and Ping An P&C and the Auto Co-insurance Cooperation Agreement for the two years ended December 31, 2021 and 2022 and eight months ended August 31, 2023 was approximately RMB941,851,000, RMB1,219,856,000 and RMB1,037,410,000, respectively.

Pricing Policies

Auto insurance premiums are heavily regulated in the PRC and the premiums charged under the Auto Co-insurance Cooperation Agreement are determined at a market rate and approved by the NAFR. The Company's business department determines all aspects of the product, including the pricing, according to analysis of prevailing market conditions and various other procedures. These prices must conform with the terms and regulations set by the Company and be approved by other relevant departments of the Company such as the actuary department and the operations management center. The premium and claim payment sharing ratio between the Company and Ping An Group is agreed by both parties after arm's length negotiations having regard to the fact that Ping An Group will be responsible for the daily operations of the agreements, including receiving reports of claims, investigating the claims and maintaining customer records.

Pursuant to the Auto Co-insurance Cooperation Agreement, the premiums, claims and all fees and expenses incurred in the provision of auto co-insurance pursuant to the Auto Co-insurance Cooperation Agreement are to be shared by the Company and Ping An P&C at 50:50 ratio, respectively.

Reasons for and Benefits of the Transactions with Ping An P&C and the Revised Ping An Annual Caps

Ping An Group is one of the largest insurance providers in the PRC. Property and casualty insurance has been the foundation of its business with steady growth since its inception. The increase of the annual caps for the Auto Co-insurance Cooperation Agreement between Ping An P&C and the Company in the provision of auto co-insurance products to the public represents an affirmation by both parties of the results of the existing cooperation, indicating the determination and confidence of both parties to further deepen the cooperation and marking a higher level of cooperation and business exploration between the parties in the area of auto insurance. In addition, the Company believes that its collaboration with Ping An P&C is mutually beneficial. The Auto Co-insurance Cooperation Agreement, as captured by the Revised Ping An Annual Caps, allows the Company to not only share

LETTER FROM THE BOARD

the risk of claims with Ping An Group but also benefit from Ping An P&C's brand name in the PRC market and its expertise in the operation of the provision of auto insurance products, while Ping An P&C benefits from the Company's technological expertise such as using big data analytics in price determination, personalised product design based on the Company's proprietary technologies and its network of platforms from its ecosystem partners as well as its own proprietary platforms to provide the front-line sales channels to Ping An P&C. Moreover, the Directors believe that Ping An Group's online auto co-insurance network will provide the Company with a number of opportunities to conduct a variety of business explorations.

Given that the actual amount of premiums shared by the Group for the eight months ended August 31, 2023 was approximately RMB1,037.4 million, and in light of the favourable government policies in the NEV industry, the Board expects that the Existing Ping An Annual Caps will not be sufficient to meet the Company's requirements. Accordingly, the Board proposed to revised the Existing Ping An Annual Caps.

Having taken into account the above reasons and benefits, the Directors (including all of the independent non-executive Directors but excluding Mr. Liangxun Shi, who has abstained from voting on the relevant Board resolutions) are of the view that the terms of the Auto Co-insurance Cooperation Agreement (as amended by the Auto Co-insurance Cooperation Supplemental Agreement) are fair and reasonable, and the transactions contemplated thereunder are in the ordinary and usual course of business of the Group, on normal commercial terms, and in the interests of the Company and its shareholders as a whole, and that the Revised Ping An Annual Caps for the continuing connected transactions under the Auto Co-insurance Cooperation Agreement are fair and reasonable.

4. INTERNAL CONTROL

The Company has implemented the following internal control measures in order to ensure that the transactions under the Online Platform Cooperation Framework Agreement and the Auto Co-insurance Cooperation Agreement are conducted within the frameworks of the relevant agreements:

- (i) in accordance with the requirements of the Measures on the Administration of Related Party Transactions of Insurance Companies (《銀行保險機構關聯交易管理辦法》) (CBIRC Order [2022] No. 1) (the “**CBIRC Measures**”), the Group has established an inter-departmental related party transaction management office (the “**Related Party Transaction Management Office**”), comprising members from the finance, business, compliance, risk control, the office of the Board and other departments. The Related Party Transaction Management Office shall evaluate the pricing fairness and reasonableness of, among others, each individual transaction to be entered into between the Group, Ant Group and Ping An Group under the Online Platform Cooperation Framework Agreement (as amended by the Online Platform Cooperation Framework Supplemental Agreement) and the Auto Co-insurance Cooperation Agreement (as amended by the Auto Co-insurance Cooperation Supplemental Agreement), to ensure that the terms of such transaction are fair and reasonable and in the interests of the Shareholders. At the same time, the transactions contemplated under the Online Platform Cooperation Framework Agreement (as amended by the Online Platform Cooperation Framework Supplemental Agreement) and the Auto Co-insurance Cooperation Agreement (as amended by the Auto Co-insurance Cooperation

LETTER FROM THE BOARD

Supplemental Agreement) each constitute a major related party transaction under the CBIRC Measures. Accordingly, the Company will file such transactions with the NAFR after approval of the same by the Board. In addition, the Related Party Transaction Management Office has established mechanisms for the continuous monitoring of the actual transaction amounts relating to the continuing connected transactions under each framework agreement to ensure that the annual caps under the framework agreements are complied with. If the actual transaction amount reaches a certain threshold of an annual cap or if the Group expects that the relevant business operations will expand and may use up a substantial part of an annual cap in the short run, the matter shall promptly be raised to the Related Party Transaction Management Office, who will then assess if there is a need to revise any existing annual cap or adjust the volume of transactions to be conducted under the framework agreement for the annual cap period. In the event there is a need to revise an existing annual cap, the Company will do so in accordance with the relevant internal procedures and re-comply with the requirements under the Listing Rules;

- (ii) the Supervisory Committee, which operates independently of the Board and performs supervisory duties over the Board and the senior management of the Company, is responsible for supervising the establishment and implementation of internal control and conducts review of the Group's connected transactions annually and monitors whether such transactions would damage the interests of the Shareholders. The Risk Management and Related Transaction Control Committee is responsible for reviewing and monitoring the internal control of the Company. The Supervisory Committee and the Risk Management and Related Transaction Control Committee shall perform internal review and control over the continuing connected transactions of the Group, including reviewing contracts signed between the Company and its connected persons, supervising the performance of procedures prior to signing of contracts as well as the fulfilment of transactions thereunder, and inspecting specific terms of the Company's transactions with connected persons and comparing them with the terms of same type of transactions of the Company entered into with independent third parties, to ensure that the pricing and other terms for the Group's continuing connected transactions are on normal commercial terms and in the ordinary and usual course of business of the Group, fair and reasonable, and in the interests of the Company and its Shareholders; and
- (iii) the Company has engaged an external auditor to conduct annual audits and issue its opinion as to the implementation of the continuing connected transactions by the Company and whether such transactions are conducted within the annual caps as approved by the Shareholders.

5. INFORMATION ON THE PARTIES

The Company

The Company is an online Insurtech company in the PRC and is principally engaged in the provision of insurance products and solutions in the context of four major ecosystems, namely health, digital lifestyle, consumer finance and auto ecosystems.

LETTER FROM THE BOARD

Ant Group

Ant Group Co., Ltd. (螞蟻科技集團股份有限公司) is a joint stock limited company incorporated in the PRC on October 19, 2000. It was formerly known as 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) and as Zhejiang Alibaba E-Commerce Co., Ltd.[#] (浙江阿里巴巴電子商務有限公司). Ant Group aims to create the infrastructure and platform to support the digital transformation of the service industry and strives to enable all consumers and small businesses to have equal access to financial and other services that are inclusive, green and sustainable.

As at the Latest Practicable Date, Hangzhou Junhan and Hangzhou Junao hold approximately 31% and 22% (together approximately 53%) of Ant Group's total issued shares, respectively. Hangzhou Yunbo is the executive partner and general partner of, and controls, Hangzhou Junhan and Hangzhou Junao. Mr. Ma Yun holds a approximately 34% equity interest in Hangzhou Yunbo and each of Mr. Jing Eric Xiandong, Mr. Hu Simon Xiaoming and Ms. Jiang Fang holds a approximately 22% equity interest in Hangzhou Yunbo. The remaining approximately 47% issued shares in Ant Group are held as to approximately 33% by Taobao (China) Software Co., Ltd.[#] (淘寶(中國)軟件有限公司), an indirect wholly-owned subsidiary of Alibaba Group Holding Limited, and as to approximately 14% by other minority shareholders.

To the best of the Company's knowledge, pursuant to certain agreements entered into on January 7, 2023, there will be changes to the voting structure of Ant Group's major shareholders upon completion of such agreements, and as a result, no direct or indirect shareholder of Ant Group, alone or jointly with other parties, will have control over Ant Group. As at the Latest Practicable Date, completion of such agreements have not taken place and is subject to approval of or filing with relevant government authorities, which are currently being processing.

As the Company does not own any interest in Ant Group and has no relationship with its remaining shareholders, it is not in a position to request Ant Group to provide all information regarding its remaining shareholders and thus has no information to ascertain their ultimate beneficial owners. Provided that the largest shareholders of Ant Group have been disclosed above, the Company is of the view that disclosing the ultimate beneficial owners in respect of Ant Group's remaining shareholders would not provide material information to the Shareholders.

Ping An P&C

Ping An P&C is a subsidiary of Ping An Insurance, which is our substantial shareholder. The business scope of Ping An P&C covers all statutory property and casualty business and international reinsurance business including insurance for automobile, commercial properties, construction, liability, cargo, short-term accident and health. As at the Latest Practicable Date, Ping An P&C is controlled by Ping An Insurance, which holds approximately 99.55% of Ping An P&C's share capital.

LETTER FROM THE BOARD

6. LISTING RULES IMPLICATIONS

As at the Latest Practicable Date:

- (i) Ant Group is a substantial shareholder of the Company under the Listing Rules. Ant Group and its subsidiaries are therefore connected persons of the Company under Chapter 14A of the Listing Rules; and
- (ii) Ping An P&C is a subsidiary of Ping An Insurance, which is a substantial shareholder of the Company. Ping An P&C is therefore a connected person of the Company under Chapter 14A of the Listing Rules.

As a result, the transactions contemplated under each of the Online Platform Cooperation Framework Agreement and the Auto Co-insurance Cooperation Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.54 of the Listing Rules, if the Company proposes to revise the annual caps for continuing connected transactions, the Company will have to re-comply with the provisions of Chapter 14A of the Listing Rules applicable to the relevant continuing connected transactions. As the highest applicable percentage ratio calculated with reference to Rule 14.07 of the Listing Rules in respect of the revised annual caps for each of the Online Platform Cooperation Framework Agreement (as amended by the Online Platform Cooperation Framework Supplemental Agreement) and the Auto Co-insurance Cooperation Agreement (as amended by the Auto Co-insurance Cooperation Supplemental Agreement) are more than 5%, respectively, the transactions thereunder are subject to the reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Mr. Gang Ji (the non-executive Director and the vice president and head of the strategic investment and corporate development department of Ant Group) abstained from voting on the relevant Board resolutions in respect of the Online Platform Cooperation Framework Agreement (as amended by the Online Platform Cooperation Framework Supplemental Agreement) and the transactions contemplated thereunder.

Mr. Liangxun Shi (the non-executive Director and the general manager of Ping An P&C) abstained from voting on the relevant Board resolutions in respect of the Auto Co-insurance Cooperation Agreement (as amended by the Auto Co-insurance Cooperation Supplemental Agreement) and the transactions contemplated thereunder.

Save as disclosed above, none of the Directors has any material interest in the revision of annual caps for the Online Platform Cooperation Framework Agreement (i.e. the Revised Ant Group Annual Caps), the revision of annual caps for the Auto Co-insurance Cooperation Agreement (i.e. the Revised Ping An Annual Caps) and the transactions respectively contemplated thereunder, and none of them was required to abstain from voting on the relevant Board resolutions.

LETTER FROM THE BOARD

Ant Group (one of the Company's substantial shareholders interested in an aggregate of 152,462,937 H Shares as at the Latest Practicable Date, representing approximately 10.37% of the total issued shares of the Company with voting rights) and its associates, Ping An P&C (one of the Company's substantial shareholders interested in an aggregate of 150,000,000 H Shares as at the Latest Practicable Date, representing approximately 10.21% of the total issued shares of the Company with voting rights) and its associates, and those Shareholders who are involved in or are interested in the Online Platform Cooperation Framework Agreement (as amended by the Online Platform Cooperation Framework Supplemental Agreement), the Auto Co-insurance Cooperation Agreement (as amended by the Auto Co-insurance Cooperation Supplemental Agreement) and the transactions respectively contemplated thereunder will be required to abstain from voting on the relevant resolutions to be proposed at the EGM.

7. EGM

The EGM of the Company will be held at 10:00 a.m. on Friday, December 8, 2023 at Conference Room Xin Pu Zhu Lin, 2/F, 219 Yuanmingyuan Road, Huangpu District, Shanghai, the PRC. The Notice of EGM is set out on pages S-1 to S-3 of this circular.

In order to determine the list of Shareholders who are entitled to attend the EGM, the register of members of the Company will be closed from Tuesday, December 5, 2023 to Friday, December 8, 2023, both days inclusive, during which period no transfer of Shares will be registered. Unregistered holders of Shares of the Company who wish to attend the EGM must lodge the share certificates accompanied by transfer documents must be lodged with the Company's H share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong (for holders of H Shares) or the Company's office of the Board at 4-5/F, Associate Mission Building, 169 Yuanmingyuan Road, Shanghai, the PRC (for holders of Domestic Shares) no later than or before 4:30 p.m. on Monday, December 4, 2023 for registration. Shareholders whose names appear on the register of members of the Company on Friday, December 8, 2023 shall be entitled to attend and vote at the EGM.

The proxy form for use at the EGM is enclosed to this circular and are also published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.zhongan.com). Shareholders who intend to appoint a proxy to attend the EGM shall complete the proxy form and return the same to the Company's H share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong (for holders of H Shares) or the Company's office of the Board at 4-5/F, Associate Mission Building, 169 Yuanmingyuan Road, Shanghai, the PRC (for holders of Domestic Shares) not less than 24 hours before the time fixed for the holding of the EGM (i.e. before 10:00 a.m. on Thursday, December 7, 2023). Completion and return of a proxy form will not preclude a Shareholder from attending and voting in person at the EGM or any adjournment thereof if he/she so wishes.

All voting at the EGM will be conducted by poll.

LETTER FROM THE BOARD

8. RECOMMENDATION

Based on the relevant information disclosed herein, the Board (including the independent non-executive Directors having taking into consideration the advice of the Independent Financial Adviser) considers that the resolutions set out in the Notice of EGM for consideration and approval by the Shareholders are in the interests of the Company and the Shareholders as a whole and accordingly recommends the Shareholders to vote in favour of the resolutions in connection with the Online Platform Cooperation Framework Agreement (as amended by the Online Platform Cooperation Framework Supplemental Agreement) and the Auto Co-insurance Cooperation Agreement (as amended by the Auto Co-insurance Cooperation Supplemental Agreement) to be proposed at the EGM.

For the purpose of the EGM, the Board has established the Independent Board Committee comprising all the independent non-executive Directors to advise (i) the Ant Group Independent Shareholders in relation to the Online Platform Cooperation Framework Agreement (as amended by the Online Platform Cooperation Framework Supplemental Agreement) and the transactions contemplated thereunder, and (ii) the Ping An Independent Shareholders in relation to the Auto Co-insurance Cooperation Agreement (as amended by the Auto Co-insurance Cooperation Supplemental Agreement) and the transactions contemplated thereunder. Lego Corporate Finance Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee, the Ant Group Independent Shareholders and the Ping An Independent Shareholders in this regard.

The letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders regarding the Online Platform Cooperation Framework Supplemental Agreement and the Auto Co-insurance Cooperation Supplemental Agreement is set out on pages 21 to 41 of this circular.

9. ADDITIONAL INFORMATION

Your attention is also drawn to the information set out in the Appendix to this circular.

Yours faithfully,
By and on behalf of the Board
ZhongAn Online P & C Insurance Co., Ltd.
Yaping Ou
Chairman



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)

November 20, 2023

To the Independent Shareholders of the Company

Dear Sir or Madam,

**(1) REVISION OF ANNUAL CAPS FOR THE ONLINE PLATFORM
COOPERATION FRAMEWORK AGREEMENT AND THE AUTO
CO-INSURANCE COOPERATION AGREEMENT;
AND
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

We refer to the October Announcement and the circular of the Company dated November 20, 2023 (the "**Circular**") of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein unless the context requires otherwise. We, being the independent non-executive Directors, have been appointed as the Independent Board Committee to advise the Independent Shareholders in connection with the Online Platform Cooperation Framework Agreement (as amended by the Online Platform Cooperation Framework Supplemental Agreement), the Auto Co-insurance Cooperation Agreement (as amended by the Auto Co-insurance Cooperation Supplemental Agreement) and the transactions respectively contemplated thereunder. Details of the Online Platform Cooperation Framework Agreement (as amended by the Online Platform Cooperation Framework Supplemental Agreement) and the Auto Co-insurance Cooperation Agreement (as amended by the Auto Co-insurance Cooperation Supplemental Agreement) are set out in the Letter from the Board contained in the Circular.

We wish to draw your attention to the letter from the Independent Financial Adviser as set out on pages 21 to 41 of the Circular.

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered the information set out in the Letter from the Board, the terms of the Online Platform Cooperation Framework Agreement (as amended by the Online Platform Cooperation Framework Supplemental Agreement), the Auto Co-insurance Cooperation Agreement (as amended by the Auto Co-insurance Cooperation Supplemental Agreement) and the advice of the Independent Financial Adviser in relation thereto as set out on pages 6 to 17 and pages 21 to 41 of the Circular, we are of the view that:

- (i) the terms of the transactions contemplated under the Online Platform Cooperation Framework Agreement (as amended by the Online Platform Cooperation Framework Supplemental Agreement) are fair and reasonable so far as the Ant Group Independent Shareholders are concerned, on normal commercial terms and conducted in the ordinary and usual course of business of the Group;
- (ii) the terms of the transactions contemplated under the Auto Co-insurance Cooperation Agreement (as amended by the Auto Co-insurance Cooperation Supplemental Agreement) are fair and reasonable so far as the Ping An Independent Shareholders are concerned, on normal commercial terms and conducted in the ordinary and usual course of business of the Group;
- (iii) the Online Platform Cooperation Framework Agreement (as amended by the Online Platform Cooperation Framework Supplemental Agreement) is in the interests of the Company and the Shareholders as a whole; and
- (iv) the Auto Co-insurance Cooperation Agreement (as amended by the Auto Co-insurance Cooperation Supplemental Agreement) is in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM to approve the Online Platform Cooperation Framework Agreement (as amended by the Online Platform Cooperation Framework Supplemental Agreement) and the Auto Co-insurance Cooperation Agreement (as amended by the Auto Co-insurance Cooperation Supplemental Agreement).

Yours faithfully,
The Independent Board Committee

Mr. Wei Ou Ms. Vena Wei Yan Cheng Ms. Gigi Wing Chee Chan Mr. Hai Yin
Independent non-executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of a letter of advice from Lego Corporate Finance Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of incorporation into this circular, setting out its advice to the Independent Board Committee and the Independent Shareholders in relation to the Online Platform Cooperation Framework Agreement (as amended by the Online Platform Cooperation Framework Supplemental Agreement) and the Auto Co-insurance Cooperation Agreement (as amended by the Auto Co-insurance Cooperation Supplemental Agreement) and the transactions contemplated thereunder (including the Revised Annual Caps).



November 20, 2023

*To the Independent Board Committee and
the Independent Shareholders*

Dear Sir or Madam,

REVISION OF ANNUAL CAPS FOR THE ONLINE PLATFORM COOPERATION FRAMEWORK AGREEMENT AND THE AUTO CO-INSURANCE COOPERATION AGREEMENT

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Online Platform Cooperation Framework Agreement (as amended by the Online Platform Cooperation Framework Supplemental Agreement) and the Auto Co-insurance Cooperation Agreement (as amended by the Auto Co-insurance Cooperation Supplemental Agreement) and the transactions contemplated thereunder (including the Revised Annual Caps), details of which are set out in the “Letter from the Board” (the “**Letter from the Board**”) contained in the circular dated November 20, 2023 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

On October 27, 2023 (after trading hours), the Company entered into (i) the Online Platform Cooperation Framework Supplemental Agreement with Ant Group to amend the Online Platform Cooperation Framework Agreement by revising the Existing Ant Group Annual Caps; and (ii) the Auto Co-insurance Cooperation Supplemental Agreement with Ping An P&C to amend the Auto Co-insurance Cooperation Agreement by revising the Existing Ping An Annual Caps.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As at the Latest Practicable Date, (i) Ant Group is a substantial shareholder of the Company under the Listing Rules. Ant Group and its subsidiaries are therefore connected persons of the Company under Chapter 14A of the Listing Rules; and (ii) Ping An P&C is a subsidiary of Ping An Insurance, which is a substantial shareholder of the Company. Ping An P&C is therefore a connected person of the Company under Chapter 14A of the Listing Rules.

As a result, the transactions contemplated under each of the Online Platform Cooperation Framework Agreement and the Auto Co-insurance Cooperation Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.54 of the Listing Rules, if the Company proposes to revise the annual caps for continuing connected transactions, the Company will have to re-comply with the provisions of Chapter 14A of the Listing Rules applicable to the relevant continuing connected transactions. As the highest applicable percentage ratio calculated with reference to Rule 14.07 of the Listing Rules in respect of the revised annual caps for each of the Online Platform Cooperation Framework Agreement (as amended by the Online Platform Cooperation Framework Supplemental Agreement) and the Auto Co-insurance Cooperation Agreement (as amended by the Auto Co-insurance Cooperation Supplemental Agreement) are more than 5%, respectively, the transactions thereunder are subject to the reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee, comprising all the independent non-executive Directors, has been established to advise (i) the Ant Group Independent Shareholders in relation to the Online Platform Cooperation Framework Agreement (as amended by the Online Platform Cooperation Framework Supplemental Agreement) and the transactions contemplated thereunder; and (ii) the Ping An Independent Shareholders in relation to the Auto Co-insurance Cooperation Agreement (as amended by the Auto Co-insurance Cooperation Supplemental Agreement) and the transactions contemplated thereunder, as well as to advise the Independent Shareholders as to whether to vote in favour of the relevant resolutions to be proposed at the EGM to approve the Online Platform Cooperation Framework Agreement (as amended by the Online Platform Cooperation Framework Supplemental Agreement), the Auto Co-insurance Cooperation Agreement (as amended by the Auto Co-insurance Cooperation Supplemental Agreement) and the transactions contemplated thereunder (including the Revised Annual Caps). As the Independent Financial Adviser, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders in such regard.

OUR INDEPENDENCE

As at the Latest Practicable Date, Lego Corporate Finance Limited did not have any shareholding in any member of the Group or Ant Group or Ping An Group or relationships with or interests, directly or indirectly, in any assets which have been or are proposed to be acquired or disposed of by or leased to any member of the Group or Ant Group or Ping An Group since December 31, 2022, that could reasonably be regarded as relevant to the independence of Lego Corporate Finance Limited. In the last two years, other than the engagements in December 2021, November 2022 and May 2023 as the independent financial adviser to the independent board committee and independent shareholders in relation to (i) the entering into of the new online platform cooperation framework agreement (details of which are set out in the circular of the Company dated December 10, 2021); (ii) the entering into

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

of the new auto co-insurance cooperation agreement (details of which are set out in the circular of the Company dated November 30, 2022); and (iii) the entering into of the share purchase agreement (details of which are set out in the circular of the Company dated June 29, 2023), respectively, there was no engagement between the Group and Lego Corporate Finance Limited. Apart from normal professional fees being paid or payable to us in connection with this appointment as the Independent Financial Adviser, no arrangements exist whereby we have received or will receive any fees or benefits from the Group or Ant Group or Ping An Group. Accordingly, we are qualified to give independent advice in respect of the Online Platform Cooperation Framework Agreement (as amended by the Online Platform Cooperation Framework Supplemental Agreement) and the Auto Co-insurance Cooperation Agreement (as amended by the Auto Co-insurance Cooperation Supplemental Agreement) and the transactions contemplated thereunder (including the Revised Annual Caps).

BASIS OF OUR OPINION

In formulating our opinion and advice, we have relied on (i) the information and facts contained or referred to in the Circular; (ii) the information supplied by the Group and its advisers; (iii) the opinions expressed by and the representations of the Directors and the management of the Group (the “**Management**”); and (iv) our review of the relevant public information. We have assumed that all the information provided and representations and opinions expressed to us or contained or referred to in the Circular were true, accurate and complete in all respects as at the date thereof and may be relied upon. We have also assumed that all statements contained and representations made or referred to in the Circular are true at the time they were made and continue to be true as at the date of the Circular and all such statements of belief, opinions and intention of the Directors and the Management and those as set out or referred to in the Circular were reasonably made after due and careful enquiry. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors, the Management, and/or the advisers of the Company. We have also sought and received confirmation from the Directors that no material facts have been withheld or omitted from the information provided and referred to in the Circular and that all information or representations provided to us by the Directors and the Management are true, accurate, complete and not misleading in all respects at the time they were made and continued to be so until the date of the Circular.

We consider that we have reviewed the relevant information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided, representations made or opinion expressed by the Directors, the Management, Ant Group or Ping An Group, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of the Group or Ant Group or Ping An Group or any of their respective subsidiaries or associates.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

A. PRINCIPAL FACTORS AND REASONS CONSIDERED IN RELATION TO THE ONLINE PLATFORM COOPERATION FRAMEWORK SUPPLEMENTAL AGREEMENT

In arriving at our recommendation, we have considered the following principal factors and reasons:

1. Background Information

The Company

The Company is an online Insurtech company in the PRC and is principally engaged in the provision of insurance products and solutions in the context of four major ecosystems, namely health, digital lifestyle, consumer finance and auto ecosystems.

Ant Group

Ant Group Co., Ltd. (螞蟻科技集團股份有限公司) is a joint stock limited company incorporated in the PRC on October 19, 2000. It was formerly known as 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) and as Zhejiang Alibaba E-Commerce Co., Ltd.[#] (浙江阿里巴巴電子商務有限公司). Ant Group aims to create the infrastructure and platform to support the digital transformation of the service industry and strives to enable all consumers and small businesses to have equal access to financial and other services that are inclusive, green and sustainable.

2. The Online Platform Cooperation Framework Supplemental Agreement

2.1. Principal terms

As disclosed in the Letter from the Board, pursuant to the Online Platform Cooperation Framework Agreement, as a provider of online insurance products, the Group shall use online platforms (the “**Online Platforms**”) operated by Ant Group and/or its associates to sell various insurance products to end users of the Online Platforms in the Group’s ordinary and usual course of business for a term of three years from January 1, 2023 to December 31, 2025. The Online Platform Cooperation Framework Supplemental Agreement revises the Existing Ant Group Annual Caps to the Revised Ant Group Annual Caps, effective upon the approval of the Ant Group Independent Shareholders.

We have reviewed the Online Platform Cooperation Framework Supplemental Agreement and did not note any abnormal terms or material difference between the terms of the Online Platform Cooperation Framework Agreement and the terms of the Online Platform Cooperation Framework Supplemental Agreement, save for the change in annual caps.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

2.2. Pricing policies

We noted that the Service Fees payable to Ant Group and/or its associates by the Group will be determined based on arm's length negotiations between the Company and Ant Group and/or its associates and according to the following principles: (i) if there exists comparable market rates paid by independent third parties, the Service Fees shall be based on such prevailing market rates; (ii) if there exists no comparable rates, the Service Fees shall be based on arm's length negotiations and quotes obtained from multiple parties; and (iii) if there exists no comparable rates and there are difficulties with regards to arm's length negotiations and obtaining quotes from multiple parties, the Service Fees shall be based on market rates of similar transaction.

We have discussed with the Management and were given to understand that relevant subsidiaries of Ant Group will enter into separate agreements with the Group which will set out the specific terms and conditions (including pricing) according to normal commercial terms provided in the Online Platform Cooperation Agreement. As advised by the Management, the calculation of the Service Fees for the three main types of insurance products sold by the Group under the Online Platform Cooperation Framework Agreement, namely health insurance, travel insurance and e-commerce insurance, will be based on a fixed rate of the total premiums received by the Group through Ant Group and/or its associates, which is determined based on a number of factors specific to each insurance product, including the product's risk management level, the promotion(s) offered by the Online Platform, prevailing market prices for similar insurance products and the scale of the product's business. The Service Fees are typically between 2.0% to 40.0% of the total premiums received. The three main categories of insurance products sold by the Group under the Online Platform Cooperation Framework Agreement are expected to be continuously sold by the Group upon the revision of the Existing Ant Group Annual Caps.

As disclosed in the Letter from the Board, there are comparable market rates offered by independent third parties for similar transactions conducted under the Online Platform Cooperation Framework Agreement. Accordingly, the Company would normally obtain quotations for similar services from two or three other third party service providers in addition to Ant Group, as well as enquire with Ant Group regarding rates offered by them to their other customers, and compare such quotations against the rates offered by Ant Group to the Group.

As advised by the Management, as an important domestic Internet platform, Ant Group's policies applicable to insurance companies participating on its platforms are equal and transparent. In accordance with the requirements of the Measures on the Administration of Related Party Transactions of Insurance Companies (《銀行保險機構關聯交易管理辦法》) (CBIRC Order [2022] No. 1) (the "**CBIRC Measures**"), the Group has established an inter-departmental related party transaction management office (the "**Related Party Transaction Management Office**"), comprising members from the finance, business, compliance, risk control, the office of the Board and other departments. The Related Party Transaction Management Office shall evaluate the pricing fairness and reasonableness of, among others, each individual transaction to be entered into between the Group and Ant Group under the Online Platform Cooperation Framework Agreement (as amended by the Online Platform Cooperation Framework Supplemental Agreement), to ensure that the terms of such transaction are fair and reasonable and in the interests of the Shareholders. At the same time, the transactions contemplated under Online Platform Cooperation Framework Agreement (as amended by the Online Platform Cooperation Framework Supplemental Agreement) constitute major related party transactions under the CBIRC Measures. Accordingly, the Company will file such transactions with the NAFR after approval of the same by the Board.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Board considers that the methods and procedures in respect of the management of related party transactions adopted, and continuously and diligently adhered to, by the Company pursuant to the requirements of the NAFR, including those set out above, are sufficient in ensuring that the terms of the transactions under the Online Platform Cooperation Framework Agreement (as amended by the Online Platform Cooperation Framework Supplemental Agreement) will be on normal commercial terms, fair and reasonable and in the interests of the Shareholders.

We have reviewed the sample documents provided by the Management, including, among others, (i) all the 10 separate product agreements (the “**Product Agreements**”) entered into between the Group and the relevant subsidiaries of Ant Group for the year ending December 31, 2023 pursuant to the Online Platform Cooperation Framework Agreement, which covered all three categories of insurance products (namely health, travel and e-commerce related insurance); and (ii) 18 randomly selected sample agreements entered into between the Group and other independent third parties who provide similar online platform services to the Group for the year ending December 31, 2023, which covered all three categories of insurance products. Given that we have reviewed sample agreements entered into between the Group and other independent third parties that covered all three categories of insurance products of the Group, we considered we have reviewed sufficient and representative samples for our due diligence purpose. Based on the review of the aforesaid documents, we noted that the pricing policies stipulated in the Product Agreements are consistent with the pricing principle (i) (i.e., if there exists comparable market rates paid by independent third parties, the Service Fees shall be based on such prevailing market rates) as discussed above and the rates of service fees charged by the independent third parties are comparable to the rates charged by Ant Group and/or its associates and the rates of service fees charged by Ant Group and/or its associates are no less favourable than the rates charged by the independent third parties.

Based on the above, we are of the view that the terms of the Online Platform Cooperation Framework Agreement (as amended by the Online Platform Cooperation Framework Supplemental Agreement) are on normal commercial terms, fair and reasonable so far as the Ant Group Independent Shareholders are concerned.

3. Reasons for and benefits of the transactions with Ant Group and the Revised Ant Group Annual Caps

As disclosed in the Letter from the Board, the Company is one of only four companies with an online insurance license in the PRC. It is necessary as part of the Group’s online business development to utilise various online platforms to reach a wider customer base. The cooperation with Ant Group (and its subsidiaries) under the Online Platform Cooperation Framework Agreement (as amended by the Online Platform Cooperation Framework Supplemental Agreement) will continue to be beneficial to the Group in light of Ant Group’s market position among online platform service providers in the PRC market as well as its close cooperation with Alibaba and other well-known online platforms, which will bring more revenue for the Company to collaborate with Ant Group to sell the Company’s insurance products via the Online Platforms and allow the Group to secure important sales channels which offer steadily increasing revenue and in turn enhance the Group’s influence in the online insurance market and brand awareness, which is conducive to the development of the Group’s business in the future and in the interest of the Group and the Shareholders as a whole.

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The Company considers Ant Group to be an important ecosystem partner and the customer reach offered by Ant Group is incomparable to other online platform service providers. The Company anticipates that the amount of Service Fees payable by the Company will continue to increase, hence the Board expects that the Existing Ant Group Annual Caps will not be sufficient to meet the Company's requirements and proposed to revise the Existing Ant Group Annual Caps.

Given that the total Service Fees of approximately RMB717.2 million that have been paid to Ant Group and/or its associates for the eight months ended August 31, 2023 already represents approximately 76.5% of the Existing Ant Group Annual Cap for the year ending December 31, 2023, and in light of the increase in sales of the Group's insurance products and services due to the strong growth in e-commerce business benefiting from the positive recovery in the domestic economy and the unleashing pent-up travel demand, the Board expects that the Existing Ant Group Annual Caps for the year ending December 31, 2023 will not be sufficient to meet the Company's requirements, in particular higher sales are expected to be achieved during the fourth quarter with the Double Eleven and Double Twelve shopping festivals. Accordingly, the Board proposed to revise the Existing Ant Group Annual Caps.

Taking into consideration (i) that the transactions contemplated under the Online Platform Cooperation Framework Agreement (as amended by the Online Platform Cooperation Framework Supplemental Agreement) are conducted in the ordinary and usual course of business of the Company and on normal commercial terms; (ii) that the anticipated transactions with Ant Group and/or its associates pursuant to the Online Platform Cooperation Framework Agreement may exceed the original projection for the three years ending December 31, 2025; (iii) that save for the revision of the Existing Ant Group Annual Caps, all terms and conditions of the Online Platform Cooperation Framework Agreement remain unchanged; and (iv) of the bases of determining the Revised Ant Group Annual Caps as further discussed below, the Directors (excluding Mr. Gang Ji, the non-executive Director and the vice president and head of the strategic investment and corporate development department of Ant Group) are of the view, and we concur, that the entering into of the Online Platform Cooperation Framework Supplemental Agreement and the adoption of the Revised Ant Group Annual Caps are fair and reasonable so far as the Ant Group Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

4. The annual caps

4.1. Historical transaction amounts

The table below sets out the historical Service Fees payable to the Ant Group and/or its associates by the Group and corresponding premium received by the Group pursuant to the Online Platform Cooperation Framework Agreement for each of the three years ended December 31, 2022 and the eight months ended August 31, 2023 and the existing annual caps for the three years ending December 31, 2025.

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Product category	For the year ended December 31,						For the eight months ended		For the year ending	
	2020		2021		2022		August 31, 2023		December 31, 2025	
	Premium in RMB million	Service Fees in RMB million	Premium in RMB million	Service Fees in RMB million	Premium in RMB million	Service Fees in RMB million	Premium in RMB million	Service Fees in RMB million	Service Fees in RMB million	Service Fees in RMB million
Health insurance	2,518.5	931.3	2,191.7	544.0	1,881.3	437.1	1,271.5	378.1		
Digital lifestyle insurance <i>(Note 1)</i>	5,511.6	1,136.8	5,077.9	756.8	4,294.3	440.5	3,461.6	339.1		
Total	8,030.1	2,068.1	7,269.6	1,300.8	6,175.6	877.6	4,733.1	717.2		
Historical/Existing annual caps		2,290.0		3,050.0		1,517.3		937.3 ^(Note 2)	984.2	1,033.4
Utilisation rates (%)		90.3		42.6		57.8		76.5		

Notes:

- Digital lifestyle insurance comprises travel insurance and e-commerce related insurance.
- This figure represents the Existing Ant Group Annual Cap for the year ending December 31, 2023.

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The premium received by the Group through Ant Group and/or its associates decreased from approximately RMB8,030.1 million for the year ended December 31, 2020 to approximately RMB7,269.6 million for the year ended December 31, 2021. As advised by the Management, such decrease was mainly because the Group (i) had lowered the price of the insurance products on the Online Platforms; and (ii) had made adjustments on the proportion of business cooperation with different service providers in order to adapt to the prevailing market environment, further protect the interests and user experiences of the customers and further enhance the product competitiveness of the Group.

The premium received by the Group through Ant Group and/or its associates further decreased to approximately RMB6,175.6 million for the year ended December 31, 2022. As advised by the Management, such decrease was mainly due to (i) the overall development of the insurance industry decelerated due to factors such as the slowdown in the growth of national economy; and (ii) the decrease in premium from e-commerce related insurance as the delivery services were blocked, thereby affecting the demand for online shopping.

The Service Fees paid by the Group to Ant Group and/or its associates decreased from approximately RMB2,068.1 million for the year ended December 31, 2020 to approximately RMB1,300.8 million and RMB877.6 million for the year ended December 31, 2021 and 2022, respectively. As advised by the Management, such decrease was mainly due to the decrease in Service Fees paid for the health and e-commerce related insurance policies, which was in line with the decrease in premium received from the sales of insurance policies.

The premium received by the Group through Ant Group and/or its associates increased from approximately RMB3,514.1 million for the eight months ended August 31, 2022 to approximately RMB4,733.1 million for the eight months ended August 31, 2023. As advised by the Management, such increase was mainly due to the domestic economy recovery.

The Service Fees paid by the Group to Ant Group and/or its associates increased from approximately RMB559.5 million for the eight months ended August 31, 2022 to approximately RMB717.2 million for the eight months ended August 31, 2023, which was in line with the increase in premium received from the sales of insurance policies.

4.2. Basis and assessment of the Revised Ant Group Annual Caps

As disclosed in the Letter from the Board, pursuant to the Online Platform Cooperation Framework Supplemental Agreement, the Revised Ant Group Annual Caps for the years ending December 31, 2023, 2024 and 2025 shall be RMB1,291,540,000, RMB1,354,630,000 and RMB1,561,850,000, respectively, which have been determined principally with reference to (i) the total Service Fees that have been paid to Ant Group and/or its associates for the eight months ended August 31, 2023; (ii) an expected increase in the Service Fees payable to Ant Group for the four months ending December 31, 2023; and (iii) the estimated market demand for the insurance products and services from the date of October Announcement until December 31, 2025, taking into account the increase in insurance premiums with the Online Platforms through which the Company can sell its insurance products to end users in 2023.

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In order to assess the fairness and reasonableness of the Revised Ant Group Annual Caps, we have discussed with the Management on the bases and assumptions underlying the determination of the Revised Ant Group Annual Caps as below:

- (i) We noted that the total Service Fees of approximately RMB717.2 million that have been paid to Ant Group and/or its associates for the eight months ended August 31, 2023 already represents approximately 76.5% of the Existing Ant Group Annual Cap for the year ending December 31, 2023. For illustrative purpose, the annualised amount of the total Service Fees for the year ending December 31, 2023 (which is calculated based on the Group's actual total Service Fees of approximately RMB717.2 million for the eight months ended August 31, 2023) amounts to approximately RMB1,075.7 million (the "**Annualised Services Fees**"), which exceeds the Existing Ant Group Annual Caps of approximately RMB937.3 million, RMB984.2 million and RMB1,033.4 million for the three years ending December 31, 2025, respectively. As such, the Company considers the Existing Ant Group Annual Caps will not be sufficient to meet the Company's requirements.

- (ii) Higher sales are expected to be achieved during the fourth quarter with the Double Eleven and Double Twelve shopping festivals. We have reviewed the management schedule of the Service Fees for the year ended December 31, 2022, and noted that the total Service Fees that have been paid to Ant Group and/or its associates for the first quarter, second quarter, third quarter and fourth quarter of 2022 amounted to approximately RMB257.1 million, RMB176.2 million, RMB196.5 million and RMB247.8 million, respectively, which substantiated the above. We also noted that the total Service Fees of approximately RMB717.2 million that have been paid to Ant Group and/or its associates for the eight months ended August 31, 2023 represents approximately 55.5%, 52.9% and 45.9% of the Revised Ant Group Annual Caps for the three years ending December 31, 2025, respectively, and the Annualised Services Fees of approximately RMB1,075.7 million represents approximately 83.3%, 79.4% and 68.9% of the Revised Ant Group Annual Caps for the three years ending December 31, 2025, respectively. We have discussed with the Management and noted that the target sales for the three years ending December 31, 2025, in particular the fourth quarter sales, are generally in line with the bases and assumptions adopted in computing the historical annual caps. Based on the foregoing and the historical revenue growth as discussed below, we concurred with the Directors' view that the Company has taken a reasonable approach in estimating the Revised Ant Group Annual Caps.

- (iii) the estimated market demand for the insurance products and services from the Latest Practicable Date until December 31, 2025, taking into account (a) of the expansion of portfolio of insurance products under the cooperation between the Group and Ant Group and/or its associates, through which the Company can sell its insurance products to end users and at the same time better serve the insurance needs of ecological Internet users based on mutual cooperation, thus improving the user experience of the platforms; (b) of the positive recovery in the domestic economy and the unleashing pent-up travel demand; (c) of the popularity of the existing Online Platforms established by Ant Group and/or its

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associates through which the Group can sell its insurance products to end users; and (d) of the leverage in the insurance technology and Internet ecological service capabilities accumulated by the Group, which the Group expects to continue to result in the growth in the sales of the Internet insurance products through Ant Group and its partners.

- (iv) We have discussed with the Management and were given to understand that the Revised Ant Group Annual Caps are closely linked to the online insurance products to be sold by the Group using the Online Platforms operated by Ant Group and/or its associates to the end users, which in turn represent the sales target of the Group's business. We would like to emphasise that, the premium to be received by the Group pursuant to the Online Platform Cooperation Framework Agreement (as amended by the Online Platform Cooperation Framework Supplemental Agreement) is a stable and recurring source of income of the Group, hence we are of the view that it is fair and reasonable to determine the Revised Ant Group Annual Caps according to the Group's sales target, so as not to limit the development of the Group's business in the event that it is able to meet its sales target.

- (v) The Revised Ant Group Annual Caps amount to approximately RMB1,291.5 million, RMB1,354.6 million and RMB1,561.9 million for the three years ending December 31, 2025, representing a year-on-year growth rate of approximately 4.9% and 15.3% for the three years ending December 31, 2025, respectively. We have reviewed the annual report of the Company for the year ended December 31, 2022 and the interim report of the Company for the six months ended June 30, 2023, and noted that the gross written premiums of the Group amounted to approximately RMB20,371.2 million and RMB23,651.1 million for the two years ended December 31, 2022, respectively, representing an increase of approximately 16.1%, and the gross written premiums of the Group amounted to approximately RMB10,515.3 million and RMB14,463.2 million for the six months ended June 30, 2022 and 2023, respectively, representing an increase of approximately 37.5%. In view of the historical growth of the gross written premium of the Group, we consider that the growth rate of the Revised Ant Group Annual Caps for the three years ending December 31, 2025 of approximately 4.9% to 15.3% are justifiable.

Based on the aforesaid, we consider the bases of determination of the Revised Ant Group Annual Caps under the Online Platform Cooperation Framework Agreement (as amended by the Online Platform Cooperation Framework Supplemental Agreement) to be fair and reasonable so far as the Ant Group Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

The Revised Ant Group Annual Caps are determined by the Management based on the assumptions, which include but are not limited to the current estimation of the amount of premiums and market conditions. Accordingly, we express no opinion as to how closely the actual amounts contemplated under the continuing connected transactions in comparison to the Revised Ant Group Annual Caps.

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B. PRINCIPAL FACTORS AND REASONS CONSIDERED IN RELATION TO THE AUTO CO-INSURANCE COOPERATION SUPPLEMENTAL AGREEMENT

In arriving at our recommendation, we have considered the following principal factors and reasons:

1. Background Information

Ping An Group

Ping An P&C is a subsidiary of Ping An Insurance, which is the Company's substantial shareholder. The business scope of Ping An P&C covers all statutory property and casualty business and international reinsurance business including insurance for automobile, commercial properties, construction, liability, cargo, short-term accident and health.

2. The Auto Co-insurance Cooperation Supplemental Agreement

2.1. Principal terms

As disclosed in the Letter from the Board, pursuant to the Auto Co-insurance Cooperation Agreement, the Company shall enter into agreements for the provision of auto insurance products to the public, and Ping An P&C shall be responsible for operating the duties (including co-insuring and making payments pursuant to claims) under such auto insurance agreements for a term of two years from January 1, 2023 to December 31, 2024. Payments under such auto insurance agreements shall be made to the Company which will then be settled with Ping An P&C. The Auto Co-insurance Cooperation Supplemental Agreement revises the Existing Ping An Annual Caps to the Revised Ping An Annual Caps, effective upon the approval of the Ping An Independent Shareholders.

We have reviewed the Auto Co-insurance Cooperation Supplemental Agreement and did not note any abnormal terms or material difference between the terms of the Auto Co-insurance Cooperation Agreement and the terms of the Auto Co-insurance Cooperation Supplemental Agreement, save for the change in annual caps.

2.2. Pricing policies

We have discussed with the Management and were given to understand that auto insurance premiums are heavily regulated in the PRC and the premiums charged under the Auto Co-insurance Cooperation Agreement (as amended by the Auto Co-insurance Cooperation Supplemental Agreement) are determined at a market rate and approved by the NAFR. The Company's business department determines all aspects of the product, including the pricing, according to analysis of prevailing market conditions and various other procedures. These prices must conform with the terms and regulations set by the Company and be approved by other relevant departments of the Company such as the actuary department and the operations management centre. The premium and claim payment sharing ratio between the Company and Ping An Group is agreed by both parties after arm's length negotiations having regard to the fact that Ping An Group will be responsible for the daily operations of the agreements, including receiving reports of claims, investigating the claims and maintaining customer records.

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Pursuant to the Auto Co-insurance Cooperation Agreement, the premiums, claims and all fees and expenses incurred in the provision of auto co-insurance products pursuant to the Auto Co-insurance Cooperation Agreement (as amended by the Auto Co-insurance Cooperation Supplemental Agreement) are to be shared by the Company and Ping An P&C at 50:50 ratio, respectively.

As advised by the Management, the auto insurance products offered by the Group were all under the Ping An Auto Co-insurance Cooperation Agreement (as amended by the Auto Co-insurance Cooperation Supplemental Agreement) and the Group does not have any other co-insurance cooperation arrangement with other independent third parties. The Group also does not offer any auto insurance services on its own. We have reviewed four randomly selected sample agreements for the provision of auto insurance services under the Ping An Auto Co-insurance Cooperation Agreement provided by the Management, and noted that such prices were fixed at 50:50 ratio, which were identical to the said pricing policies. Given that (i) the aforesaid samples are obtained on a random basis, the samples are consistent and did not demonstrate any discrepancy to our understanding on the cooperations between the Group and Ping An P&C; (ii) the transactions under the abovementioned samples were conducted during the term of the Ping An Auto Co-insurance Cooperation Agreement; and (iii) appropriate internal control measures of the Group were in place to govern the conduct of transactions contemplated under the Ping An Auto Co-insurance Cooperation Agreement, we consider such review covering the historical period under the Ping An Auto Co-insurance Cooperation Agreement on a typical case sampling basis on the cooperations between the Group and Ping An P&C to be sufficient and representative from the independent financial adviser's perspective and nothing has come to our attention that causes us to believe that such transactions did not follow the internal control measures.

As advised by the Management, in accordance with the requirements of the CBIRC Measures, the Group has established an inter-departmental Related Party Transaction Management Office, comprising members from the finance, business, compliance, risk control, the office of the Board and other departments. The Related Party Transaction Management Office shall evaluate the pricing fairness and reasonableness of, among others, each individual transaction to be entered into between the Group and Ping An Group under the Auto Co-insurance Cooperation Agreement (as amended by the Auto Co-insurance Cooperation Supplemental Agreement), to ensure that the terms of such transaction are fair and reasonable and in the interests of the Shareholders. At the same time, the transactions contemplated under the Auto Co-insurance Cooperation Agreement (as amended by the Auto Co-insurance Cooperation Supplemental Agreement) constitute major related party transactions under the CBIRC Measures. Accordingly, the Company will file such transactions with the NAFR after approval of the same by the Board.

The Board considers that the methods and procedures in respect of the management of related party transactions adopted, and continuously and diligently adhered to, by the Company pursuant to the requirements of the NAFR, including those set out above, are sufficient in ensuring that the terms of the transactions under the Auto Co-insurance Cooperation Agreement (as amended by the Auto Co-insurance Cooperation Supplemental Agreement) will be on normal commercial terms, fair and reasonable and in the interests of the Shareholders.

Based on the above, we are of the view that the terms of the Auto Co-insurance Cooperation Agreement (as amended by the Auto Co-insurance Cooperation Supplemental Agreement) are on normal commercial terms, fair and reasonable so far as the Ping An Independent Shareholders are concerned.

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3. Reasons for and benefits of entering into transactions with Ping An Group and the Revised Ping An Annual Caps

As disclosed in the Letter from the Board, Ping An Group is one of the largest insurance providers in the PRC. Property and casualty insurance has been the foundation of its business with steady growth since its inception. The increase of the annual caps for the Auto Co-insurance Cooperation Agreement between Ping An P&C and the Company in the provision of auto co-insurance products to the public represents an affirmation by both parties of the results of the existing cooperation, indicating the determination and confidence of both parties to further deepen the cooperation and marking a higher level of cooperation and business exploration between the parties in the area of auto insurance. In addition, the Company believes that its collaboration with Ping An P&C is mutually beneficial. The Auto Co-insurance Cooperation Agreement, as captured by the Revised Ping An Annual Caps, allows the Company to not only share the risk of claims with Ping An Group but also benefit from Ping An P&C's brand name in the PRC market and its expertise in the operation of the provision of auto insurance products, while Ping An P&C benefits from the Company's technological expertise such as using big data analytics in price determination, personalised product design based on the Company's proprietary technologies and its network of platforms from its ecosystem partners as well as its own proprietary platforms to provide the front-line sales channels to Ping An P&C. Moreover, the Directors believe that Ping An Group's online auto co-insurance network will provide the Company with a number of opportunities to conduct a variety of business explorations.

Given that the actual amount of premium shared by the Group for the eight months ended August 31, 2023 was approximately RMB1,037.4 million, which already represented approximately 69.7% of the Existing Ping An Annual Cap, and in light of the favourable government policies in the new energy vehicle (the "NEV") industry, which is expected to encourage young consumers to purchase NEVs in the PRC and thereby drive up the consumption demand for NEVs insurance, the Board expects that the Existing Ping An Annual Cap for the year ending December 31, 2023 will not be sufficient to meet the Company's requirements and proposed to revise the Existing Ping An Annual Caps.

Taking into consideration (i) that the transactions contemplated under the Auto Co-insurance Cooperation Agreement (as amended by the Auto Co-insurance Cooperation Supplemental Agreement) are conducted in the ordinary and usual course of business of the Company and on normal commercial terms; (ii) that the anticipated transactions with Ping An Group pursuant to the Auto Co-insurance Cooperation Agreement may exceed the original projection for the two years ending December 31, 2024; (iii) that save for the revision of the Existing Ping An Annual Caps, all terms and conditions of the Auto Co-insurance Cooperation Agreement remain unchanged; and (iv) of the bases of determining the Revised Ping An Annual Caps as further discussed below, the Directors (excluding Mr. Liangxun Shi, the non-executive Director and the general manager of Ping An P&C) are of the view, and we concur, that the entering into of the Auto Co-insurance Cooperation Supplemental Agreement and the adoption of the Revised Ping An Annual Caps are fair and reasonable so far as the Ping An Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

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4. The annual caps

4.1. Historical transaction amount

The table below sets out the historical amount of premiums shared by the Group with Ping An Group pursuant to the Auto Co-insurance Cooperation Agreement for each of the three years ended December 31, 2022 and the eight months ended August 31, 2023 and the existing annual caps for the two years ending December 31, 2024.

	For the year ended			For the	For the
	December 31,			eight months	year ending
	2020	2021	2022	ended	December 31,
	2023	2024		August 31,	2024
	<i>in RMB</i>	<i>in RMB</i>	<i>in RMB</i>	<i>in RMB</i>	<i>in RMB</i>
	<i>million</i>	<i>million</i>	<i>million</i>	<i>million</i>	<i>million</i>
Actual amount of premiums shared by the Group	1,328.2	941.9	1,219.9	1,037.4	
Historical/Existing annual caps	1,644.5	2,137.9	2,779.2	1,488.0 ^(Note)	1,786.0
Utilisation rates (%)	80.8	44.1	43.9	69.7	

Note: This figure represents the Existing Ping An Annual Cap for the year ending December 31, 2023.

The amount of premiums shared by the Group decreased from approximately RMB1,328.2 million for the year ended December 31, 2020 to approximately RMB941.9 million for the year ended December 31, 2021, mainly attributable to a general decrease in the growth rate of the auto insurance industry nationwide as a result of a decrease in the average premium per unit of auto insurance products due to the comprehensive reform of auto insurance implemented by the CBIRC on September 19, 2020 (the “**2020 CBIRC Reform**”), with the reform objective of “reducing prices, increasing coverage and improving quality”.

The amount of premiums shared by the Group increased to approximately RMB1,219.9 million for the year ended December 31, 2022, mainly attributable to the more refined business strategy which the Company has formulated based on the post-2020 CBIRC Reform market conditions, which enabled the Company to quickly adapt to the new market environment and lay out the foundation for the development of its NEV insurance business. In particular, this encouraged customers to purchase more comprehensive auto insurance products and products with greater coverage, which resulted in an increase in premiums received from auto insurance policies. In addition, the Company continuously improved customer service capabilities and optimised customer management tools to enhance customer service satisfaction and loyalty, thereby improving the insurance renewal rate. Together, these factors allowed the Company to achieve steady growth in its auto insurance business.

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The amount of premiums shared by the Group increased from approximately RMB900.9 million for the eight months ended August 31, 2022 to approximately RMB1,037.4 million for the eight months ended August 31, 2023, mainly attributable to (i) the cooperation with more online insurance agency platforms to reach more users on auto insurance through online activities; (ii) the strategies, including but not limited to the usage of various operational activities on self-operated online platforms and renewal text messages, to reach and remind existing customers for renewal, thereby driving the significant increase in the renewal rate of auto insurance; and (iii) the favourable government policies in the NEV industry, which encouraged young consumers to purchase NEVs in the PRC and thereby drive up the consumption demand for NEV insurance.

4.2. Basis and assessment of the Revised Ping An Annual Caps

Pursuant to the Auto Co-insurance Cooperation Supplemental Agreement, the Revised Ping An Annual Caps for the years ending December 31, 2023 and 2024 shall be RMB1,600,000,000 and RMB2,150,000,000, respectively, which have been determined principally with reference to the premiums received and expected to be received under the Auto Co-insurance Cooperation Agreement (as amended by the Auto Co-insurance Cooperation Supplemental Agreement) due to the rebound of the domestic PRC passenger car market.

In order to assess the fairness and reasonableness of the Revised Ping An Annual Caps, we have discussed with the Management on the bases and assumptions underlying the determination of the Revised Ping An Annual Caps as below:

- (i) We noted that the total premiums of approximately RMB1,037.4 million that have been shared by the Group for the eight months ended August 31, 2023 already represents approximately 69.7% of the Existing Ping An Annual Cap for the year ending December 31, 2023. The annualised amount of the total premiums receivable by the Group for the year ending December 31, 2023 (which is calculated based on the Group's actual total premiums of approximately RMB1,037.4 million for the eight months ended August 31, 2023) amounts to approximately RMB1,556.1 million (the "**Annualised Premiums**"), which represents approximately 104.6% and 87.1% of the Existing Ping An Annual Caps for the two years ending December 31, 2024, respectively. As such, the Company considers the Existing Ping An Annual Caps will not be sufficient to meet the Company's requirements.
- (ii) We noted that the total premiums of approximately RMB1,037.4 million that have been shared by the Group for the eight months ended August 31, 2023 represents approximately 64.8% and 48.3% of the Revised Ping An Annual Caps for the two years ending December 31, 2024, respectively, and the Annualised Premiums of approximately RMB1,556.1 million represents approximately 97.3% and 72.4% of the Revised Ping An Annual Caps for the two years ending December 31, 2024, respectively. The favourable government policies in the NEV industry, which is expected to encourage young consumers to purchase NEVs in the PRC and thereby drive up the consumption demand for NEV insurance. In recent years, with the in-depth implementation of the New Energy Vehicle Industry Development Plan (2021-2035), the State Council has launched a number of policy measures in 2023 to support the development of the NEV industry, which mainly focus on supporting the purchase and use of NEVs in rural regions, enhancing the NEV charging infrastructure, introducing tax reductions for NEV purchases, and expanding the promotion of new energies. Based on the foregoing as well as the historical growth of the total premiums

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shared by the Group as discussed below, the Directors (excluding Mr. Liangxun Shi, the non-executive Director and the general manager of Ping An P&C) are of the view, and we concur, that the Company has taken a reasonable approach in estimating the Revised Ping An Annual Caps.

- (iii) We have discussed with the Management and were given to understand that the expected increase in demand for auto insurance is expected to be driven by the prosperity of the electric vehicle industry; insurance costs and premiums are higher for electric vehicles, thereby further increasing the premiums expected to be received by the Group for the two years ending December 31, 2024. The PRC automobile industry had officially accelerated the pace of reform driven by the constant promotion of a new energy security strategy and the establishment of the “dual carbon” goals. In early 2022, the State Council of the PRC promulgated the 14th Five-Year Plan for the Comprehensive Work Plan for Energy Conservation and Emission Reduction (「十四五」節能減排綜合工作方案) in respect of the transportation and logistics energy saving and emission reduction project, which aims to boost the sales of NEVs to around 20% of the total sales of new vehicles by 2025. Moreover, certain divisions, including the National Development and Reform Commission, promulgated the Implementation Plan for Promoting Green Consumption (促進綠色消費實施方案), proposing to develop green transportation consumption vigorously, such as implementing the lifting of traffic restrictions, road rights and other support policies, lifting the restrictions on the purchase of NEVs gradually, and facilitating the construction of infrastructure and hardware including hydrogen refueling, battery swapping stations and new energy storage. Taking into account that the Group is one of the few online Insurtech companies in the PRC to provide online auto insurance, we consider the Group is well-positioned to seize the opportunities and benefit from the growth of the electric vehicles industry.
- (iv) We have discussed with the Management and were given to understand that the Revised Ping An Annual Caps represent the sales targets of the Group’s auto co-insurance business during the corresponding years. We would like to emphasise that, notwithstanding the increasing Revised Ping An Annual Caps as compared to the actual historical premiums received, taking into account that the premiums to be received by the Group under the Auto Co-insurance Cooperation Agreement (as amended by the Auto Co-insurance Cooperation Supplemental Agreement) is a stable and recurring source of income of the Group, we are of the view that it is fair and reasonable to set the Revised Ping An Annual Caps according to the Group’s sales target, so as not to limit the development of the Group’s business in the event that it is able to meet its sales target.
- (v) The Revised Ping An Group Annual Caps amount to approximately RMB1,600 million and RMB2,150 million for the two years ending December 31, 2024, representing a year-on-year growth rate of approximately 34.4% for the two years ending December 31, 2024. Having considered that the total premiums shared by the Group of approximately RMB941.9 million and RMB1,219.9 million for the two years ended December 31, 2022, respectively, and the Annualised Premiums of approximately RMB1,556.1 million for the year ending December 31, 2023, represent a year-on-year growth rate of approximately 29.5% and 27.6% for the three years ending December 31, 2023, we are of the view that the growth rate of the Revised Ping An Annual Caps for the two years ending December 31, 2024 of approximately 34.4% are justifiable and not excessive.

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Based on the aforesaid, we consider the bases of determination of the Revised Ping An Annual Caps under the Auto Co-insurance Cooperation Agreement (as amended by the Auto Co-insurance Cooperation Supplemental Agreement) to be fair and reasonable so far as the Ping An Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

The Revised Ping An Annual Caps are determined by the Management based on the assumptions, which include but are not limited to the current estimation of the amount of premiums and market conditions. Accordingly, we express no opinion as to how closely the actual amounts contemplated under the continuing connected transactions in comparison to the Revised Ping An Annual Caps.

C. ANNUAL REVIEW OF THE CONTINUING CONNECTED TRANSACTIONS

Pursuant to Rules 14A.55 and 14A.56 of the Listing Rules, the continuing connected transactions under the Online Platform Cooperation Framework Agreement (as amended by the Online Platform Cooperation Framework Supplemental Agreement) and the Auto Co-insurance Cooperation Agreement (as amended by the Auto Co-insurance Cooperation Supplemental Agreement) and the transactions contemplated thereunder (including the Revised Annual Caps) are subject to the following requirements:

- (i) the independent non-executive Directors must review the continuing connected transactions every year and confirm in the annual report whether the transactions have been entered into:
 - in the ordinary and usual course of business of the Group;
 - on normal commercial terms or better; and
 - according to the agreement governing them on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole;
- (ii) the Company must engage its auditors to report on the continuing connected transactions for each financial year of the Company and that the Company's auditors must provide a letter to the Board confirming whether anything has come to their attention that causes them to believe that the continuing connected transactions:
 - have not been approved by the Board;
 - were not, in all material respects, in accordance with the pricing policy of the Group if the transactions involve the provision of goods or services by the Group;
 - were not entered into, in all material respects, in accordance with the relevant agreement governing the transaction; and
 - have exceeded the Revised Annual Caps.

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In addition, as confirmed by the Management, the Company has implemented the following internal control measures in order to ensure that the pricing mechanism and the terms of the continuing connected transactions are fair and reasonable and no less favourable than the terms provided by any independent third party:

- a) in accordance with the requirements of the CBIRC Measures, the Group has established an inter-departmental Related Party Transaction Management Office, comprising members from the finance, business, compliance, risk control, the office of the Board and other departments. The Related Party Transaction Management Office shall evaluate the pricing fairness and reasonableness of, among others, each individual transaction to be entered into between the Group, Ant Group and Ping An Group under the Online Platform Cooperation Framework Agreement (as amended by the Online Platform Cooperation Framework Supplemental Agreement) and the Auto Co-insurance Cooperation Agreement (as amended by the Auto Co-insurance Cooperation Supplemental Agreement), to ensure that the terms of such transaction are fair and reasonable and in the interests of the Shareholders. At the same time, the transactions contemplated under the Online Platform Cooperation Framework Agreement (as amended by the Online Platform Cooperation Framework Supplemental Agreement) and the Auto Co-insurance Cooperation Agreement (as amended by the Auto Co-insurance Cooperation Supplemental Agreement) each constitute a major related party transaction under the CBIRC Measures. Accordingly, the Company will file such transactions with the NAFR after approval of the same by the Board. In addition, the Related Party Transaction Management Office has established mechanisms for the continuous monitoring of the actual transaction amounts relating to the continuing connected transactions under each framework agreement to ensure that the annual caps under the framework agreements are complied with. If the actual transaction amount reaches a certain threshold of an annual cap or if the Group expects that the relevant business operations will expand and may use up a substantial part of an annual cap in the short run, the matter shall promptly be raised to the Related Party Transaction Management Office, who will then assess if there is a need to revise any existing annual cap or adjust the volume of transactions to be conducted under the framework agreement for the annual cap period. In the event there is a need to revise an existing annual cap, the Company will do so in accordance with the relevant internal procedures and re-comply with the requirements under the Listing Rules;
- b) the Supervisory Committee, which operates independently of the Board and performs supervisory duties over the Board and the senior management of the Company, is responsible for supervising the establishment and implementation of internal control and conducts review of the Group's connected transactions annually and monitor whether such transactions would damage the interests of the Shareholders. The Risk Management and Related Transaction Control Committee is responsible for reviewing and monitoring the internal control of the Company. The Supervisory Committee and the Risk Management and Related Transaction Control Committee shall perform internal review and control over the continuing connected transactions of the Group, including reviewing contracts signed between the Company and its connected persons, supervising the performance of procedures prior to signing of contracts as well as the fulfilment of transactions thereunder, and inspecting specific terms of the Company's transactions with connected persons and comparing them with the terms of same type of transactions of the Company entered into

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with independent third parties, to ensure that the pricing and other terms for the Group's continuing connected transactions are on normal commercial terms and in the ordinary and usual course of business of the Group, fair and reasonable, and in the interests of the Company and its Shareholders; and

- c) the Company has engaged an external auditor to conduct annual audits and issue its opinion as to the implementation of the continuing connected transactions by the Company and whether such transactions are conducted within the annual caps as approved by the Shareholders.

In view of the above and in particular that the continuing connection transactions under the Online Platform Cooperation Framework Agreement (as amended by the Online Platform Cooperation Framework Supplemental Agreement) and the Auto Co-insurance Cooperation Agreement (as amended by the Auto Co-insurance Cooperation Supplemental Agreement) will be subject to annual review of the independent non-executive Directors and the auditor of the Company, we are of the view that appropriate measures will be in place to govern the conduct of the continuing connected transactions under the Online Platform Cooperation Framework Agreement (as amended by the Online Platform Cooperation Framework Supplemental Agreement) and the Auto Co-insurance Cooperation Agreement (as amended by the Auto Co-insurance Cooperation Supplemental Agreement) and safeguard the interests of the Independent Shareholders.

In assessing the adequacy and effectiveness of the Company's internal control measures, we have reviewed the annual report of the Company for the year ended December 31, 2022 and noted that the independent non-executive Directors and auditor of the Company have confirmed that the continuing connected transactions under the Online Platform Cooperation Framework Agreement (as amended by the Online Platform Cooperation Framework Supplemental Agreement) and the Auto Co-insurance Cooperation Agreement (as amended by the Auto Co-insurance Cooperation Supplemental Agreement) have been entered into on normal commercial terms or better and are fair and reasonable and in the interests of the Shareholders as a whole. We have also reviewed (i) the meeting minutes of the Supervisory Committee and the Risk Management and Related Transaction Control Committee; and (ii) the resolutions of the Related Party Transaction Management Office in relation to the continuing connected transactions of the Company for the year ended December 31, 2022, and noted that the Company had carried out the aforesaid internal control procedures to (a) ascertain the continuing connected transactions are on normal commercial terms or better; and (b) govern that the continuing connected transactions will not exceed the Existing Annual Caps.

Having considered the internal control measures implemented by the Group, among others, (i) reviewing contracts signed between the Company and its connected persons; (ii) supervising the performance of procedures prior to signing of contracts as well as the fulfilment of transactions thereunder; (iii) inspecting specific terms of the Company's transactions with connected persons and comparing them with the terms of same type of transactions of the Company entered into with independent third parties to ensure the terms offered by connected persons shall not be less favourable to the Company than those offered by independent third parties; (iv) established mechanisms for the continuous monitoring of the actual transaction amounts relating to the continuing connected transactions under each framework agreement to ensure that the annual caps under the framework agreements are complied with; and (v) the internal control measures have been executed and operated

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smoothly by the Company in the past, we concur with the Management's view that there are adequate internal control procedures and external supervision measures to ensure that the continuing connected transactions will be conducted on normal commercial terms and not prejudicial to the interests of the Company and the Shareholders as a whole.

RECOMMENDATION

Having considered the principal factors and reasons as discussed above, we are of the opinion that the transactions contemplated under the Online Platform Cooperation Framework Agreement (as amended by the Online Platform Cooperation Framework Supplemental Agreement) and the Auto Co-insurance Cooperation Agreement (as amended by the Auto Co-insurance Cooperation Supplemental Agreement) are entered into in the ordinary and usual course of business of the Group. The terms of the Online Platform Cooperation Framework Agreement (as amended by the Online Platform Cooperation Framework Supplemental Agreement) and the Auto Co-insurance Cooperation Agreement (as amended by the Auto Co-insurance Cooperation Supplemental Agreement) and the transactions contemplated thereunder (including the Revised Annual Caps) are on normal commercial terms, and fair and reasonable so far as the Independent Shareholders are concerned, and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders, and advise the Independent Board Committee to recommend the Independent Shareholders, to vote in favour of the relevant resolutions at the EGM to approve the Online Platform Cooperation Framework Supplemental Agreement and the Auto Co-insurance Cooperation Supplemental Agreement and the transactions contemplated thereunder (including the Revised Annual Caps).

Yours faithfully,
For and on behalf of
Lego Corporate Finance Limited
Ms. Kristie Ho
Managing Director

Ms. Kristie Ho is a licensed person registered with the Securities and Futures Commission and a responsible officer of Lego Corporate Finance Limited to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong). She has over 20 years of experience in the finance and investment banking industry.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable inquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors and Chief Executives

As at the Latest Practicable Date and in accordance with the records of the Company maintained in accordance with the SFO and the Listing Rules, the interests and short positions of the Directors or Chief Executives of the Company in the Shares, underlying Shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, including interests and short positions which the Directors and Chief Executives of the Company are taken and deemed to have under such provisions of the SFO, or which are required to be and are recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code are as follows:

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

Notes:

- (1) The shareholding percentages are calculated on the basis of 50,000,000 Domestic Shares and 1,419,812,900 H Shares as at the Latest Practicable Date.
- (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 which is listed on the Stock Exchange (stock code: 1168) and is owned by Asia Pacific Promotion Limited (a company wholly owned by Mr. Yaping Ou) and his associate as to approximately 51.54%. As such, Timeway Holdings Limited (中宇集團有限公司), Sinolink, Asia Pacific Promotion Limited and Mr. Yaping Ou are deemed to be interested in the Shares held by Cnhooray Internet Technology Co. Ltd. (深圳日訊網絡科技股份有限公司).

Save as disclosed above, as at the Latest Practicable Date, so far as is known to any Director or Chief Executive of the Company, none of the Directors and Chief Executives 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 Stock Exchange pursuant to Part XV of the SFO (including the interests and short positions which the Director or Chief Executive 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 Stock Exchange.

As at the Latest Practicable Date, the following Directors were directors or employees of companies which had an interest in the shares and underlying shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO:

- (a) Mr. Yaping Ou is a non-executive director of Sinolink and the chairman of Cnhooray Internet Technology Co. Ltd. Sinolink is deemed to be interested in, for the purpose of the SFO, 81,000,000 H Shares, representing approximately 5.51% of the total number of issued shares of the Company. All of such 81,000,000 H Shares are held by Cnhooray Internet Technology Co. Ltd., a subsidiary of Timeway Holdings Limited, which in turn is entirely owned by Sinolink;
- (b) Mr. Gang Ji is the vice president and head of the strategic investment and corporate development department of Ant Group. Ant Group is interested in 152,462,937 H Shares, representing approximately 10.37% of the total number of issued shares of the Company;
- (c) Mr. Hugo Jin Yi Ou is a non-executive director of Sinolink. Sinolink is deemed to be interested in, for the purpose of the SFO, 81,000,000 H Shares, representing approximately 5.51% of the total number of issued shares of the Company. All of such 81,000,000 H Shares are held by Cnhooray Internet Technology Co. Ltd., a subsidiary of Timeway Holdings Limited, which in turn is entirely owned by Sinolink; and
- (d) Mr. Liangxun Shi is the general manager of Ping An P&C. Ping An P&C is a subsidiary of Ping An Insurance, which is interested in 150,000,000 H Shares, representing approximately 10.21% of the total number of issued shares of the Company.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any other Director who was a director or employee of a company which had an interest in the shares and underlying shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

(b) Substantial Shareholders

As at the Latest Practicable Date, so far as the Directors are aware, the following persons (other than the Directors or Chief Executives of the Company) have an interest or short position in the Shares or underlying Shares which are required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of Shareholder	Class of Shares	Nature of interest	Number of Shares⁽¹⁾	Approximate percentage in Shares of the same class⁽²⁾	Approximate percentage of the Company's total issued share capital⁽²⁾
Ant Group	H Shares	Beneficial interest	152,462,937	10.74%	10.37%
Ping An Insurance	H Shares	Beneficial interest	150,000,000	10.56%	10.21%
Shenzhen Jia De Xin Investment Limited ⁽³⁾	H Shares	Beneficial interest	133,615,251	9.41%	9.09%
Shenzhen Huaxinlian Investment Limited ⁽³⁾	H Shares	Interest of controlled corporation	133,615,251	9.41%	9.09%
Yafei Ou ⁽³⁾	H Shares	Interest of controlled corporation	133,615,251	9.41%	9.09%
Tencent Computer System ⁽⁴⁾	H Shares	Beneficial interest	114,921,812	8.09%	7.82%
Huateng Ma ⁽⁴⁾	H Shares	Interest of controlled corporation	114,921,812	8.09%	7.82%
Tencent ⁽⁴⁾	H Shares	Interest of controlled corporation	114,921,812	8.09%	7.82%
Unifront Holding Limited ⁽⁵⁾	H Shares	Beneficial interest	90,000,000	6.33%	6.12%

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⁾
Shanghai Songlu Investment Management Co., Ltd. ⁽⁵⁾	H Shares	Interest of controlled corporation	90,000,000	6.33%	6.12%
Shanghai Jiangu Investment Management Co., Ltd. ⁽⁵⁾	H Shares	Interest of controlled corporation	90,000,000	6.33%	6.12%
Shanghai Xinlu Investment Management Co., Ltd. ⁽⁵⁾	H Shares	Interest of controlled corporation	90,000,000	6.33%	6.12%
Shanghai Youlu Investment Management Co., Ltd. ⁽⁵⁾	H Shares	Interest of controlled corporation	90,000,000	6.33%	6.12%
Zhen Zhang ⁽⁵⁾	H Shares	Interest of controlled corporation	90,000,000	6.33%	6.12%
Cnhooray Internet Technology Co. Ltd. ⁽⁶⁾	H Shares	Beneficial interest	81,000,000	5.70%	5.51%
Timeway Holdings Limited ⁽⁶⁾	H Shares	Interest of controlled corporation	81,000,000	5.70%	5.51%
Sinolink ⁽⁶⁾	H Shares	Interest of controlled corporation	81,000,000	5.70%	5.51%
Asia Pacific Promotion Limited ⁽⁶⁾	H Shares	Interest of controlled corporation	81,000,000	5.70%	5.51%

Name of Shareholder	Class of Shares	Nature of interest	Number of Shares ⁽¹⁾	Approximate percentage in the same class ⁽²⁾	Approximate percentage of the Company's total issued share capital ⁽²⁾
Shanghai Yuanqiang Investment Company Limited ⁽⁷⁾	Domestic Shares	Beneficial interest	50,000,000	100%	3.40%
Song Zou ⁽⁷⁾	Domestic Shares	Interest of controlled corporation	50,000,000	100%	3.40%

Notes:

- (1) All the Shares are held in long position (as defined under Part XV of the SFO) unless otherwise specified.
- (2) The shareholding percentages are calculated on the basis of 50,000,000 Domestic Shares and 1,419,812,900 H Shares as at the Latest Practicable Date.
- (3) Shenzhen Jia De Xin Investment Limited (深圳市加德信投資有限公司) is a subsidiary of Shenzhen Huaxinlian Investment Limited (深圳市華信聯投資有限公司). As such, Shenzhen Huaxinlian Investment Limited is deemed to be interested in the Shares held by Shenzhen Jia De Xin Investment Limited. Shenzhen Huaxinlian Investment Limited is controlled by Mr. Yafei Ou (歐亞非). As such, Mr. Yafei Ou is deemed to be interested in the Shares held by Shenzhen Jia De Xin Investment Limited.
- (4) Tencent Computer System is a consolidated affiliated entity (through contractual arrangements) of Tencent, a company listed on the Stock Exchange (stock code: 0700), and is one of its principal PRC domestic operating entities. Tencent Computer System is a leading provider of Internet value-added services in the PRC and a clear holder of the Company's Shares. As such, Tencent is deemed to be interested in the Shares held by Tencent Computer System. Mr. Huateng Ma (馬化騰) holds 54.29% shares in Tencent Computer System.
- (5) Unifront Holding Limited (優孚控股有限公司) is owned by Shanghai Songlu Investment Management Co., Ltd. (上海松鹿投資管理有限公司) as to 25.00%, Shanghai Jianglu Investment Management Co., Ltd. (上海江鹿投資管理有限公司) as to 16.88% and Shanghai Xinlu Investment Management Co., Ltd. (上海鑫鹿投資管理有限公司) as to 13.12%. The entire interest of Shanghai Songlu Investment Management Co., Ltd., Shanghai Jianglu Investment Management Co., Ltd. and Shanghai Xinlu Investment Management Co., Ltd. are held by Shanghai Youlu Investment Management Co., Ltd. (上海游鹿投資管理有限公司), which in turn is controlled by Zhen Zhang (張真). As such, Shanghai Youlu Investment Management Co., Ltd., Shanghai Songlu Investment Management Co., Ltd., Shanghai Jianglu Investment Management Co., Ltd. and Shanghai Xinlu Investment Management Co., Ltd. are deemed to be interested in the Shares held by Unifront Holding Limited. As such, Zhen Zhang is deemed to be interested in the Shares held by Unifront Holding Limited.

- (6) 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. Sinolink is held by Asia Pacific Promotion Limited (a company wholly owned by Mr. Yaping Ou) and his associate as to approximately 51.54%. As such, Timeway Holdings Limited (中宇集團有限公司), Sinolink, 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).
- (7) Shanghai Yuanqiang Investment Company Limited (上海遠強投資有限公司) is owned by Mr. Song Zou (鄒松) as to 80.00%. As such, Mr. Song Zou (鄒松) is deemed to be interested in the Shares held by Shanghai Yuanqiang Investment Company Limited (上海遠強投資有限公司).

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

3. FURTHER INFORMATION CONCERNING THE DIRECTORS

(a) Directors' service contracts

As at the Latest Practicable Date, none of the Directors had entered, or was proposing to enter, into any service contract with any member of the Group (excluding contracts expiring or determinable by such member of the Group within one year without payment of compensation (other than statutory compensation)).

(b) Directors' interest in competing business

As at the Latest Practicable Date, none of the Directors or their respective close associate is or was interested in any business apart from the Group's business, that competes or is likely to compete, either directly or indirectly, with the Group's business.

(c) Directors' interest in assets

None of the Directors had any direct or indirect interest in any assets which had been acquired or disposed of or leased to any member of the Group or proposed to be so acquired, disposed of or leased since December 31, 2022, being the date to which the latest published audited accounts of the Company were made up, and up to the Latest Practicable Date.

(d) Directors' interest in contracts

As at the Latest Practicable Date, there is no contract or arrangement subsisting in which any of the Directors is materially interested and which is significant in relation to the business of the Group.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial position or trading prospects of the Group since December 31, 2022, the date to which the latest published audited financial statements of the Company were made up.

5. QUALIFICATION AND CONSENT OF EXPERT

The following is the qualification of the expert or professional adviser who has given opinion or advice contained in this circular:

Name	Qualification
Lego Corporate Finance Limited	A licensed corporation to carry out type 6 (advising on corporate finance) regulated activity under the SFO

Lego Corporate Finance Limited has given, and has not withdrawn its written consent to, the issue of this circular with the inclusion of its letter and references to its name in the form and context in which they respectively appear.

6. INTERESTS OF EXPERT

As at the Latest Practicable Date, Lego Corporate Finance Limited:

- (a) did not have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and
- (b) was not interested, directly or indirectly, in any assets which have been or are proposed to be acquired or disposed of by or leased to any member of the Group since December 31, 2022, being the date to which the latest published audited accounts of the Company were made up.

7. DOCUMENTS ON DISPLAY

A copy of the Online Platform Cooperation Framework Agreement (as amended by the Online Platform Cooperation Framework Supplemental Agreement) and the Auto Co-insurance Cooperation Agreement (as amended by the Auto Co-insurance Cooperation Supplemental Agreement) will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.zhongan.com) from the date of this circular up to and including the date of the EGM.

NOTICE OF THE EXTRAORDINARY GENERAL MEETING



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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

Capitalised terms in this notice of the extraordinary general meeting (the "EGM") shall have the same meanings as defined in the circular of ZhongAn Online P & C Insurance Co., Ltd. (the "Company") dated November 20, 2023 unless the context otherwise specified.

NOTICE IS HEREBY GIVEN that the EGM of the Company will be held at Conference Room Xin Pu Zhu Lin, 2/F, 219 Yuanmingyuan Road, Huangpu District, Shanghai, the PRC on Friday, December 8, 2023 at 10:00 a.m. for the purpose of considering, and if thought fit, passing the following resolutions, with or without modification, as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

"THAT

- (a) the Online Platform Cooperation Framework Agreement (as amended by the Online Platform Cooperation Framework Supplemental Agreement) (as defined in the Circular) and the transactions contemplated thereunder (including the Revised Ant Group Annual Caps) be and are hereby approved, confirmed and ratified;
- (b) the Auto Co-insurance Cooperation Agreement (as amended by the Auto Co-insurance Cooperation Supplemental Agreement) (as defined in the Circular) and the transactions contemplated thereunder (including the Revised Ping An Annual Caps) be and are hereby approved, confirmed and ratified; and
- (c) any one director of the Company be and are hereby generally and unconditionally authorized to do all such further acts and things and to sign and execute all such other or further documents and to take all such steps as he/she may consider necessary, desirable, appropriate or expedient to implement and/or give effect to or otherwise in connection with

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

NOTICE OF THE EXTRAORDINARY GENERAL MEETING

(i) the Online Platform Cooperation Framework Agreement (as amended by the Online Platform Cooperation Framework Supplemental Agreement) and the transactions contemplated thereunder, and (ii) the Auto Co-insurance Cooperation Agreement (as amended by the Auto Co-insurance Cooperation Supplemental Agreement).”

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

Shanghai, the PRC
November 20, 2023

Notes:

- (1) In order to determine the list of shareholders of the Company (the “**Shareholders**”) who are entitled to attend the EGM, the register of members of the Company will be closed from Tuesday, December 5, 2023 to Friday, December 8, 2023, both days inclusive, during which period no transfer of shares of the Company (the “**Shares**”) will be registered. Unregistered holders of Shares who wish to attend the EGM must lodge the share certificates accompanied by transfer documents with the Company’s H share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong (for holders of H shares of the Company) or the Company’s office of the Board at 4-5/F, Associate Mission Building, 169 Yuanmingyuan Road, Shanghai, the PRC (for holders of domestic shares of the Company) no later than 4:30 p.m. on Monday, December 4, 2023 for registration. Shareholders whose names appear on the register of members of the Company on Friday, December 8, 2023 shall be entitled to attend and vote at the EGM.
- (2) A Shareholder entitled to attend and vote at the EGM may appoint one or more proxies to attend and vote in his/her stead. A proxy need not be a Shareholder but must attend the EGM in person to represent the relevant Shareholder.

The instrument appointing a proxy must be in writing under the hand of a Shareholder or a representative authorised in writing by such Shareholder. If the Shareholder is a corporation, the instrument must bear the official stamp or the signatures of its directors, or representatives duly authorised. If that instrument is signed by another person authorised by the shareholder, the power of attorney authorising the signature or other authorisation document must be notarised.

- (3) In order to be valid, the proxy form together with the notarised power of attorney or other authorisation document (if any) must be deposited at the Company’s H share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong (for holders of H shares of the Company) or the Company’s office of the Board at 4-5/F, Associate Mission Building, 169 Yuanmingyuan Road, Shanghai, the PRC (for holders of domestic shares of the Company) not less than 24 hours before the time fixed for the holding of the EGM (i.e. before 10:00 a.m. on Thursday, December 7, 2023) or any adjournment thereof (as the case may be). Completion and return of a proxy form will not preclude a Shareholder from attending and voting in person at the EGM or any adjournment thereof if he so wishes.
- (4) According to the provisions of the articles of association of the Company, any vote of Shareholders at a general meeting must be taken by poll except where the chairman of the general meeting, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. As such, the resolutions set out in this notice of the EGM will be voted on by way of poll.

NOTICE OF THE EXTRAORDINARY GENERAL MEETING

- (5) The EGM is expected to last for half a day. Shareholders or their proxies attending the EGM (or any adjournment thereof) shall produce their identity documents. Shareholders or their proxies attending the EGM shall be responsible for their own travelling and accommodation expenses.
- (6) For details of the ordinary resolutions, please refer to the circular of the Company dated November 20, 2023.
- (7) If the attending Shareholder is a corporation, its legal representative shall present his/her own identity card, valid certificates and valid documents evidencing his/her capacity as legal representative, whereas the proxy authorised by the legal representative shall present his/her identity card and written proxy form legally issued by the relevant Shareholder.
- (8) References to time and dates in this notice are to Hong Kong time and dates.

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