

Company Report

ZA Online (6060 HK)

Positive underwriting profit; Maintain BUY

- Net loss in 1H22 due to capital market and exchange loss
- Positive underwriting profit in 1H22, in line with our expectation
- Maintain “BUY” on long term prospects; Cut TP to HKD31.3

Net loss in 1H22 due to gloomy capital market and exchange loss

ZA Online (“The Company”) recorded a shareholders’ net loss of RMB622 million in 1H22, or a total net loss of RMB680 million in 1H22 in line with its profit alert earlier. The net loss in 1H22 was caused by the gloomy equity market, exchange losses relating to the Company’s USD-denominated bonds, and the transition to IFRS 9 which introduced extra volatility to net profit.

Enhanced combined ratio; ZA Bank progressing

Combined ratio: The Company reported an enhanced combined ratio of 99.2% in 1H22, vs. 99.4% in 1H21. The positive underwriting profit is in line with our expectation: The proportion of renewal premiums and premium through proprietary Channels is increasing, meaning potentially lower average acquisition cost. In addition, although there are increased services to customers, the scale effects might help keep the combined ratio under control.

Health ecosystem: The total premium income of the health ecosystem increased by 10.3% yoy in 1H22. The channel fee ratio of the segment in 1H22 dropped by 13.8 ppt to 14.1%, partly due to the increasing contribution of premiums from its proprietary channels. **Digital life ecosystem:** The total premium income of the digital life ecosystem increased by 14.2% yoy in 1H22 with a diversified structure. The channel fee ratio of the segment slightly dropped in 1H22 vs. in 1H21. **ZA Bank:** ZA bank continued to be the leading HK virtual bank, with its number of customers exceeded 600,000 as of end-1H22, vs. 500,000 as of end-2021. **Overall:** the health and the digital life ecosystems remain promising business areas, evidenced by the Company’s GWP growth in such ecosystems. We maintain our earlier view that the Company’s long term outlook of its core business, namely its underwriting business measured by combined ratio and insurance demand, is still positive.

Development strategy, financial forecasts and valuation

ZA Online is currently trading at 1.13x 22E P/S, or 1.61x 22E P/B. We estimate its total GWPs to grow by ~11% yoy with a stabilized COR of ~99.5% in 2022E. Revised down 22E earnings forecast (Fig. 2). Maintain BUY rating on positive long term outlook, revise P/B based TP from HKD31.6 to HKD31.3 on slower estimated profit growth, representing 2.30x 22E P/B (equal to average P/B of 2019-2021 minus 0.5x S.D.) or 1.6x 22E P/S. **Key catalysts:** better-than-expected premium growth and combined ratios; **key downside risks:** worse-than-expected premium growth and combined ratios.

Financials

Year ended 31 Dec (RMB '000)	2020A	2021A	2022E	2023E	2024E
Gross written premiums	16,708,504	20,480,119	22,646,998	25,044,535	27,667,987
Shareholders' net profit	553,786	1,164,590	220,168	1,182,972	1,388,547
EPS (RMB)	0.38	0.79	0.15	0.80	0.94
BVPS (RMB)	10.69	11.39	11.54	12.35	13.29
P/E (x)	48.9	23.4	124.0	23.1	19.7
P/B (x)	1.74	1.63	1.61	1.50	1.40
P/S (x)	1.48	1.24	1.13	1.00	0.90
ROE (%)	3.6	7.2	1.3	6.7	7.4

Sources: Wind, Company data, CMS (HK) estimates; Note: closing price is as of Aug. 25, 2022

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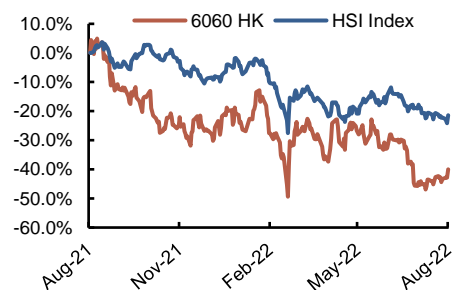
WHAT'S NEW

1H22 results review; cut TP

BUY

Previous	BUY
Price (Aug. 25, 2022)	HKD21.85
12-month Target Price (Potential up/downside)	HKD31.3 (+43%)
Previous	HKD31.6

Price Performance



Source: Wind

%	1m	6m	12m
6060 HK	7.7	(17.3)	(40.1)
HSI	(3.8)	(11.6)	(20.8)

Sector: Insurance

Hang Seng Index (Aug. 25, 2022)	19,968
HSCEI (Aug. 25, 2022)	6,849

Key Data

52-week range (HKD)	18.2-39.0
Market cap (HKD mn)	27,992
Avg. daily volume (mn)	4.7
BVPS (RMB, 2021-end)	11.4

Shareholding Structure

Ant Group	13.37%
Ping An Insurance	10.21%
Shenzhen Jia De Xin Investment Limited	9.53%
Tencent Computer System	7.82%
No. of shares outstanding (mn)	1,470
Free float	59.07%

Sources: Bloomberg, Wind, Company data

Related Research

1. ZA Online (6060 HK) - Long term outlook remains intact (BUY) (Jul. 27, 2022)
2. ZA Online (6060 HK) - Long-term positive view unchanged (BUY) (Jun. 8, 2022)
3. ZA Online (6060 HK) - Positive underwriting profit in 2021; Maintain BUY (BUY) (Mar. 24, 2022)

Focus charts

Figure 1: Key financial results

	2020	2021	1H21	1H22
GWPs (RMB '000)	16,708,504	20,480,119	9,845,471	10,771,374
yoy growth	14.2%	22.6%	45.5%	9.4%
NWPs (RMB '000)	16,185,821	19,325,843	9,227,256	10,585,460
yoy growth	12.4%	19.4%	38.8%	14.7%
Loss ratio	54.1%	57.6%	49.4%	56.2%
Channel fees as % of NWP	26.5%	23.5%	27.9%	21.3%
Combined ratio	102.5%	99.6%	99.4%	99.2%
Shareholders' net profit (RMB '000)	553,786	1,164,590	755,347	(621,943)
yoy growth	n.a.	110.3%	54.0%	n.a.

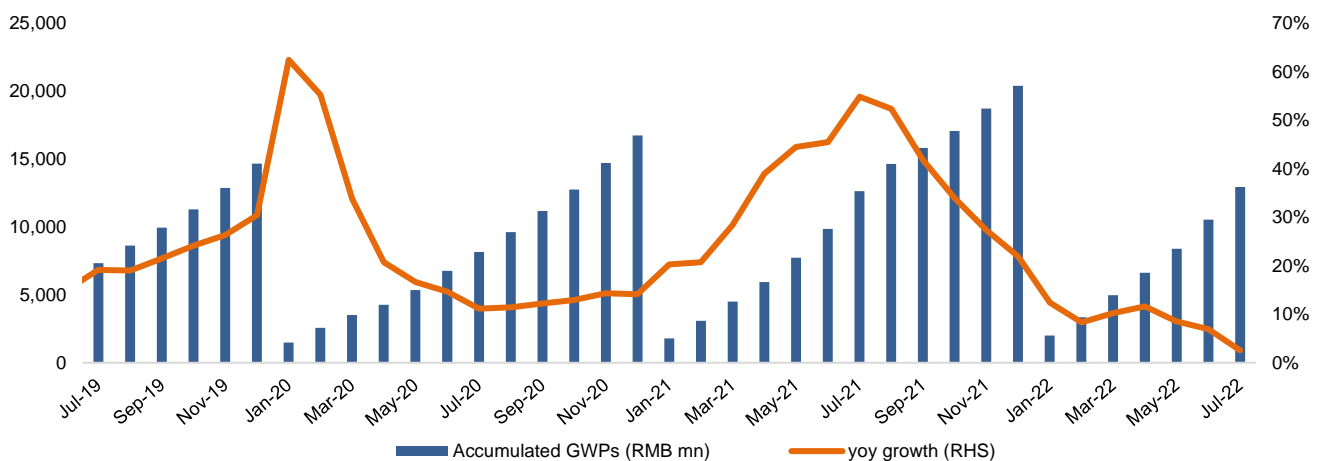
Sources: Company data, CMS(HK)

Figure 2: Forecast revision

(RMB '000)	New			Old		Change	
	2021A	2022E	2023E	2022E	2023E	2022E New/Old	2023E New/Old
Gross written premiums	20,480,119	22,646,998	25,044,535	22,587,921	24,994,892	0.3%	0.2%
Shareholders' net profit for the year	1,164,590	220,168	1,182,972	371,924	1,103,358	-40.8%	7.2%
Gross written premiums growth yoy	22.6%	10.6%	10.6%	10.3%	10.7%	n.a.	n.a.
Combined ratio (%)	99.6	99.5	99.3	99.5	99.2	n.a.	n.a.
ROE (%)	7.2	1.3	6.7	2.2	6.2	n.a.	n.a.
EPS for ordinary shares (RMB)	0.79	0.15	0.80	0.25	0.75	-40.8%	7.2%

Sources: Company data, CMS(HK) estimates

Figure 3: Accumulated GWPs and yoy growth



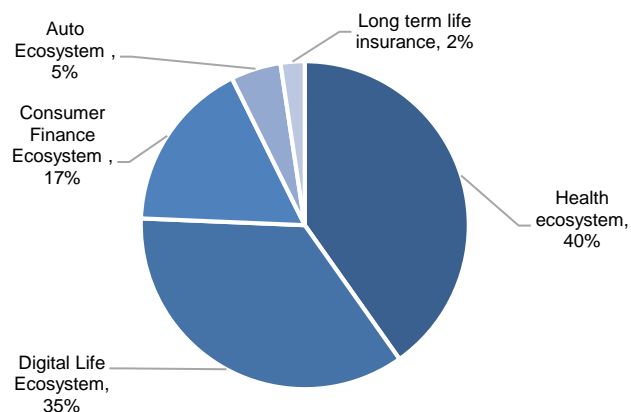
Sources: Company data, CMS(HK)

Figure 4: Composition of onshore insurance investment assets

(RMB mn)	1H22-end		2021-end restated	
	Balance	as % of total	Balance	as % of total
Cash and amounts due from banks and other financial institutions	1,498	4%	1,453	4%
Fixed income investments	26,209	70%	27,242	75%
Term deposits and currency funds	749	2%	726	2%
Bonds and bond funds	19,844	53%	18,162	50%
Other fixed income investments	5,616	15%	8,354	23%
Equity and investment funds	9,735	26%	7,628	21%
Stocks and equity funds	4,119	11%	3,269	9%
Unlisted equities	5,616	15%	4,359	12%
Total onshore insurance investment assets	37,442		36,323	

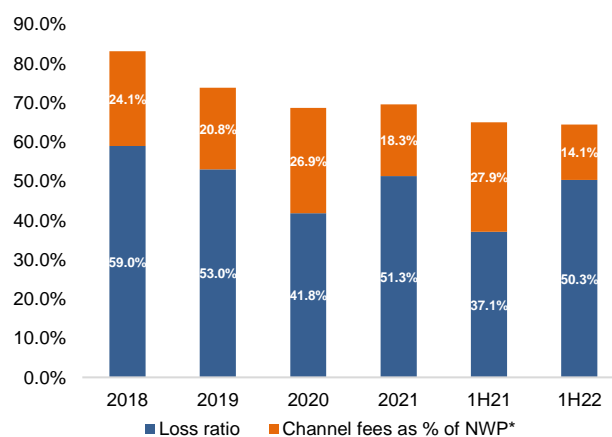
Sources: Company data, CMS(HK)

Figure 5: GWPs structure of ZA Online (1H22)



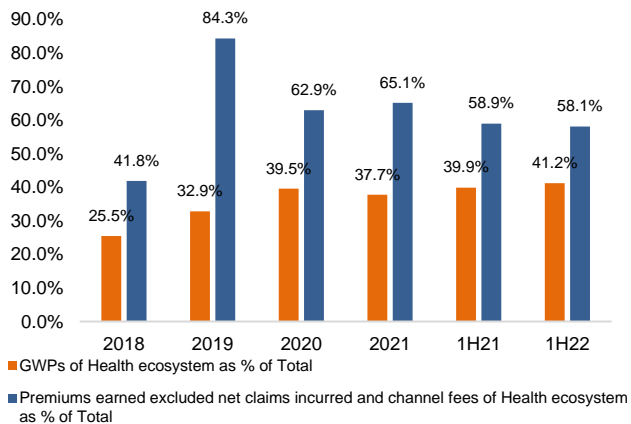
Sources: Company data, CMS(HK)

Figure 6: Loss ratio and Channel fees as % of NWP: Health Ecosystem



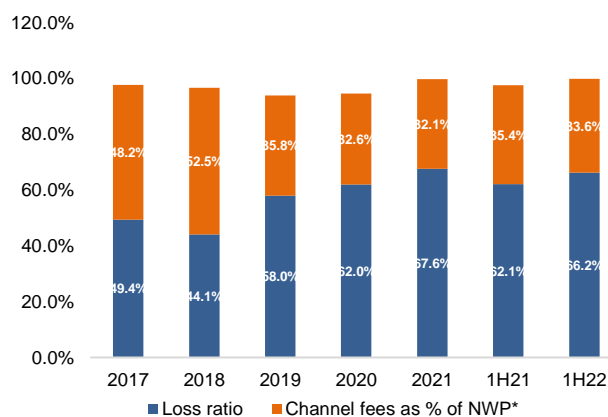
Sources: Company data, CMS(HK); Note: *Channel fees include handling charges and commissions, technology services fees and other channel related fees directly related to premiums

Figure 7: Percentage of GWPs, Premiums earned excluded net claims incurred and channel fees in Health ecosystem



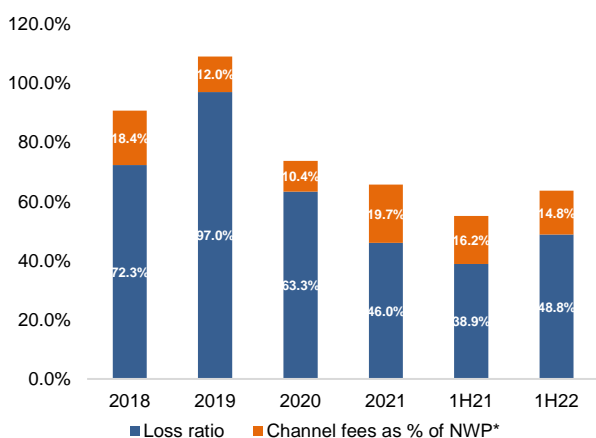
Sources: Company data, CMS(HK)

Figure 8: Loss ratio and Channel fees as % of NWP: Digital Life Ecosystem



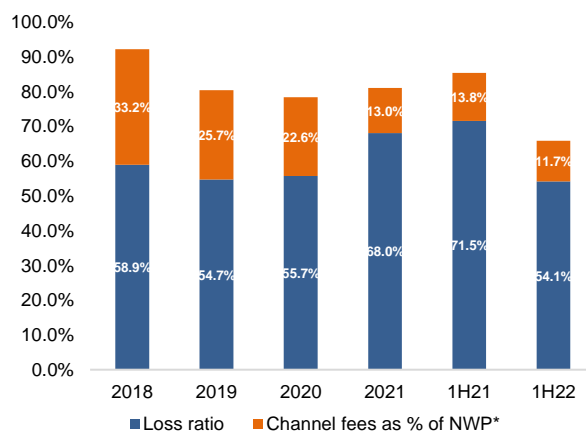
Sources: Company data, CMS(HK); Note: Figures of 2017 and 2018 are estimated data, including original lifestyle consumption ecosystem and travel ecosystem; *Channel fees include handling charges and commissions, technology services fees and other channel related fees directly related to premiums

Figure 9: Loss ratio and Channel fees as % of NWP: Consumer Finance Ecosystem



Sources: Company data, CMS(HK); Note: *Channel fees include handling charges and commissions, technology services fees and other channel related fees directly related to premiums

Figure 10: Loss ratio and Channel fees as % of NWP: Auto Ecosystem



Sources: Company data, CMS(HK); Note: *Channel fees include handling charges and commissions, technology services fees and other channel related fees directly related to premiums

Figure 11: R&D investments, Technology staff and Applications of patents

	2016	2017	2018	2019	2020	1H21	2021	1H22
R&D investments (RMB mn)	214	518	852	977	905	480	1,127	656
R&D investments as % of GWPs	6.3%	8.7%	7.6%	6.7%	5.4%	4.9%	5.5%	6.1%
Staff - Technology	n.a.	n.a.	1,618	1,248	1,426	1,556	1,836	2,104
Staff - Total	n.a.	n.a.	3,090	2,898	3,033	3,294	3,791	4,260
Technology staff as % of total	n.a.	n.a.	52.4%	43.1%	47.0%	47.2%	48.4%	49.4%
Accumulated applications of patents	n.a.	49	230	478	503	511	531	545
Of which: Overseas applications	n.a.	n.a.	n.a.	167	174	n.a.	174	174

Sources: ZA Online, CMS(HK)

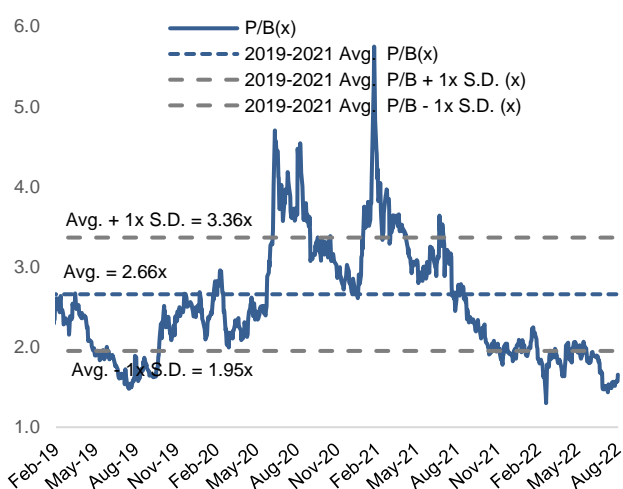
Figure 12: Comparisons among virtual banks in Hong Kong

(HKD mn)

Company	Company background	Total assets *	Net assets *	Deposits	Personal Loans	Transfer/Payment	SMEs Loans	Insurance	Online account opening for visitors in HK
ZA Bank	ZA Online	9,804	2,480	Y	Y	Y	Y	Y	Y
Airstar Bank	Xiaomi Group, AMTD Group	3,228	961	Y	Y	Y	Y	N	N
Ant Bank (HK)	Ant Group	1,989	1,197	Y	Y	Y	Y	N	N
Fusion Bank	Tencent Group, ICBC Asia, HKEX	4,407	990	Y	Y	Y	N	N	N
LIVI BANK	BOCHK, JD, Jardine Group	4,351	1,194	Y	Y	Y	N	N	N
MOX BANK	Standard Chartered Bank, PCCW, HKT, Trip.com	6,763	1,045	Y	Y	Y	N	N	N
PAOB (HK)	OneConnect Group, PingAn Group	2,484	698	Y	N	Y	Y	N	N
WeLab Bank	WeLab Group, CK Hutchison Holdings Limited, TOM Group, International Finance Corporation	2,918	511	Y	Y	Y	N	N	N

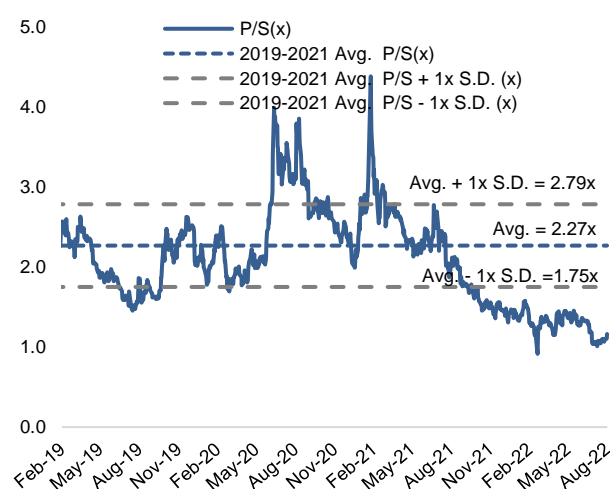
Sources: Official websites of companies, CMS(HK); Note:* Data as of 2021-end

Figure 13: Forward P/B of ZA Online



Sources: Wind, Company data, CMS(HK) estimates

Figure 14: Forward P/S of ZA Online



Sources: Wind, Company data, CMS(HK) estimates

Valuation comparison

Company	Ticker	Rating	Price Local ccy	TP (HKD)	Mkt Cap (USD mn)	P/S (x)		P/E (x)		P/B (x)		ROE (%)		Dividend Yield (%)	
						2022E	2023E	2022E	2023E	2022E	2023E	2022E	2023E	2022E	2023E
Online Insurance Peers															
ZA Online	6060 HK	BUY	21.9	31.3	4,084	1.1	1.0	124.0	23.1	1.61	1.50	1.3	6.7	0.0	0.0
Lemonade *	LMND US	NR	24.4	n.a.	1,681	7.1	4.4	n.a.	n.a.	2.34	2.69	(42.4)	(70.2)	n.a.	n.a.
SELECT QUOTE *	SLQT US	NR	1.9	n.a.	307	0.4	0.3	n.a.	n.a.	0.66	0.75	(38.0)	(4.4)	0.0	0.0
GoHealth *	GOCO US	NR	0.5	n.a.	167	0.2	0.2	n.a.	n.a.	0.21	0.24	2.1	9.5	n.a.	n.a.
Water Drop *	WDH US	NR	1.1	n.a.	441	0.9	0.8	n.a.	16.6	0.78	1.03	5.5	3.6	0.0	0.0
eHealth *	EHTH US	NR	7.7	n.a.	210	0.5	0.5	n.a.	n.a.	0.28	0.34	(14.5)	(11.6)	0.0	0.0
EVER QUOTE *	EVER US	NR	9.1	n.a.	290	0.7	0.6	n.a.	n.a.	4.72	5.22	(5.0)	3.3	n.a.	n.a.
HUIZE *	HUIZ US	NR	1.1	n.a.	55	0.2	0.1	n.a.	13.1	0.86	0.70	(6.7)	0.4	0.0	0.0
Average						1.4	1.0	124.0	17.6	1.43	1.56	(12.2)	(7.8)	0.0	0.0

Company	Ticker	Rating	Price Local ccy	TP (HKD)	Mkt Cap (USD mn)	P/EV (x)		P/E (x)		P/B (x)		ROE (%)		Dividend Yield (%)	
						2022E	2023E	2022E	2023E	2022E	2023E	2022E	2023E	2022E	2023E
HK Listed Peers															
Ping An	2318 HK	BUY	46.4	71.4	111,752	0.47	0.43	6.5	5.7	0.80	0.74	12.5	12.9	4.6	5.3
China Life	2628 HK	BUY	11.5	17.7	100,755	0.21	0.18	6.4	5.8	0.55	0.52	8.8	9.1	5.6	6.2
China Pacific	2601 HK	BUY	16.4	24.3	26,051	0.23	0.22	5.1	4.6	0.55	0.51	11.2	11.6	7.1	7.9
New China Life	1336 HK	BUY	18.5	26.5	11,026	0.17	0.16	3.6	3.2	0.42	0.38	12.2	12.6	8.4	9.5
ZA Online	6060 HK	BUY	21.9	31.3	4,084	n.a.	n.a.	124.0	23.1	1.61	1.50	1.3	6.7	0.0	0.0
China Taiping *	966 HK	NR	8.0	n.a.	3,683	n.a.	n.a.	4.1	3.3	0.31	0.28	8.0	8.9	6.0	6.4
PICC Group *	1339 HK	NR	2.3	n.a.	27,295	n.a.	n.a.	3.9	3.4	0.39	0.35	10.3	10.8	8.2	9.2
PICC P&C *	2328 HK	NR	7.8	n.a.	22,000	n.a.	n.a.	5.8	5.1	0.68	0.62	12.1	12.8	6.8	7.6
China Re *	1508 HK	NR	0.6	n.a.	3,140	n.a.	n.a.	3.6	2.9	0.22	0.21	6.4	7.9	8.5	10.1
AIA *	1299 HK	NR	77.7	n.a.	119,414	n.a.	n.a.	19.0	14.7	1.96	1.77	10.4	12.2	2.0	2.2
Arithmetic Average						0.27	0.25	18.2	7.2	0.75	0.69	9.3	10.6	5.7	6.4
Weighted Average						0.32	0.29	10.7	8.0	1.00	0.92	10.6	11.5	4.7	5.3

Company	Ticker	Rating	Price Local ccy	TP (HKD)	Mkt Cap (USD mn)	P/EV (x)		P/E (x)		P/B (x)		ROE (%)		Dividend Yield (%)	
						2022E	2023E	2022E	2023E	2022E	2023E	2022E	2023E	2022E	2023E
China A-share Listed Peers *															
Ping An	601318 CH	NR	43.1	n.a.	111,751	n.a.	n.a.	6.8	5.6	0.87	0.78	13.7	14.9	5.7	6.1
China Life	601628 CH	NR	29.2	n.a.	100,754	n.a.	n.a.	17.9	14.5	1.66	1.52	9.3	10.7	2.0	2.4
China Pacific	601601 CH	NR	20.3	n.a.	26,010	n.a.	n.a.	7.8	6.5	0.82	0.76	10.4	12.0	4.7	5.6
New China Life	601336 CH	NR	28.5	n.a.	11,026	n.a.	n.a.	7.3	5.5	0.77	0.69	11.2	13.2	3.8	5.2
PICC Group	601319 CH	NR	4.8	n.a.	27,295	n.a.	n.a.	8.7	7.6	0.90	0.83	10.5	10.9	3.6	3.9
Arithmetic Average								9.7	7.9	1.01	0.92	11.0	12.3	4.0	4.7
Weighted Average								11.2	9.1	1.15	1.05	11.3	12.6	4.0	4.5
Global Peers *															
GREAT-WEST LIFEC	GWO CN	NR	33.0	n.a.	23,726	n.a.	n.a.	9.2	8.6	1.28	1.25	14.0	14.9	6.0	6.4
MUENCHENER RUE-R	MUV2 GR	NR	237.1	n.a.	33,089	n.a.	n.a.	10.3	8.4	1.28	1.17	11.1	14.2	4.9	5.1
HANNOVER RUECK S	HNR1 GR	NR	149.5	n.a.	17,928	n.a.	n.a.	12.2	10.1	1.71	1.54	13.1	16.2	4.1	4.3
METLIFE INC	MET US	NR	67.3	n.a.	53,656	n.a.	n.a.	9.1	8.1	1.58	1.48	10.9	13.1	2.9	3.1
PRUDENTIAL PLC	PRU LN	NR	916.4	n.a.	29,805	n.a.	n.a.	10.6	8.5	1.65	1.43	13.7	16.7	1.7	1.9
AFLAC INC	AFL US	NR	62.2	n.a.	39,330	n.a.	n.a.	11.7	11.5	1.47	1.40	12.3	12.2	2.6	2.8
MANULIFE FIN	MFC CN	NR	23.5	n.a.	34,648	n.a.	n.a.	7.4	6.9	0.88	0.84	12.1	12.1	5.6	6.0
ALLIANZ SE-VINK	ALV GR	NR	174.1	n.a.	70,911	n.a.	n.a.	9.9	7.3	1.00	0.94	10.4	14.1	6.5	7.0
SAMSUNG LIFE INS	032830 KS	NR	62,200.0	n.a.	9,343	n.a.	n.a.	10.1	8.2	0.40	0.35	3.3	4.7	4.6	5.5
AEGON NV	AGN NA	NR	4.6	n.a.	9,670	n.a.	n.a.	8.1	5.8	0.42	0.40	4.1	6.9	5.0	5.9
AXA SA	CS FP	NR	23.6	n.a.	55,040	n.a.	n.a.	7.9	7.4	0.92	0.87	10.7	12.4	7.0	7.5
DAI-ICHI LIFE	8750 JP	NR	2,418.0	n.a.	18,164	n.a.	n.a.	6.6	8.7	0.49	0.54	7.2	5.8	3.4	3.6
Average								9.4	8.3	1.09	1.02	10.3	12.0	4.5	4.9

Sources: Bloomberg, Company data, CMS (HK) estimates; Price is as of Aug. 25, 2022; * forecast is based on Bloomberg consensus

Financial Summary

Balance Sheet

Year ended 31 Dec (RMB '000)	2020A	2021A	2022E	2023E	2024E
Cash and amounts due from banks and other financial institutions	8,418,374	4,300,693	3,450,398	3,916,366	4,430,865
Financial assets at fair value through profit or loss	6,120,366	11,812,588	24,537,469	27,851,202	31,510,057
Financial assets at amortized cost	0	0	1,782,953	2,023,737	2,289,598
Debt financial assets at fair value through other comprehensive income	0	0	12,521,650	14,212,672	16,079,812
Equity financial assets at fair value through other comprehensive income	0	0	56,436	64,057	72,472
Securities purchased under agreements to resell	93,000	9,900	480,802	545,733	617,427
Interest receivables	341,395	283,144	0	0	0
Premium receivables	4,477,914	5,014,317	5,265,033	5,528,284	5,804,699
Reinsurance receivables	319,525	746,982	301,566	346,860	392,747
Reinsurers' share of insurance contract liabilities	348,313	376,421	151,966	174,790	197,914
Available-for-sale financial assets	19,047,363	21,979,140	0	0	0
Loans and advances to customers	623,744	2,054,699	4,682,250	6,282,019	7,740,344
Investments classified as loans and receivables	1,146,493	930,600	0	0	0
Term deposits	330,090	330,000	442,359	502,098	568,060
Restricted statutory deposits	294,338	298,500	340,138	386,072	436,791
Held-to-maturity financial assets	686,690	665,736	0	0	0
Investments in associates and joint ventures	315,289	559,659	566,643	643,167	727,661
Right-of-use assets	277,749	178,226	311,896	255,957	248,693
Property and equipment	66,023	61,640	52,394	44,535	37,855
Intangible assets	481,477	477,493	709,077	1,052,980	1,563,675
Goodwill	3,189	3,189	3,189	3,189	3,189
Other assets	2,282,104	1,689,402	3,324,938	3,112,716	3,019,431
Total assets	45,673,436	51,772,329	58,981,154	66,946,433	75,741,289
Customer deposits	5,061,122	5,696,792	7,803,750	8,974,312	10,320,459
Securities sold under agreements to repurchase	4,093,822	5,548,348	8,318,492	9,441,886	10,682,281
Premiums received in advance	126,714	173,513	191,871	212,184	234,411
Reinsurance payables	452,442	851,384	343,715	395,338	447,639
Income tax payable	4,995	7	14	28	56
Insurance contract liabilities	8,547,233	9,304,217	10,784,461	11,913,967	13,152,678
Bonds payable	6,467,591	6,325,021	7,590,025	9,108,030	10,929,636
Lease liabilities	318,556	203,100	243,720	292,464	350,957
Borrowings	0	117,232	0	0	0
Deferred income tax liabilities	1	61,946	0	0	0
Contract liabilities	74,893	80,596	96,715	116,058	139,270
Other liabilities	3,132,732	4,279,976	3,673,523	4,789,822	5,808,510
Total liabilities	28,280,101	32,642,132	39,046,286	45,244,091	52,065,897
Share capital	1,469,813	1,469,813	1,469,813	1,469,813	1,469,813
Reserves and accumulated losses	14,235,537	15,278,589	15,498,757	16,681,729	18,070,277
Equity attributable to owners of the parent	15,705,350	16,748,402	16,968,570	18,151,542	19,540,090
Non-controlling interests	1,687,985	2,381,795	2,966,297	3,550,800	4,135,302
Total equity	17,393,335	19,130,197	19,934,868	21,702,342	23,675,392

Cash Flow Statement

Year ended 31 Dec (RMB '000)	2020A	2021A	2022E	2023E	2024E
Net cash inflow/(outflow) from operating activities	4,858,856	(602,953)	10,426,589	4,368,385	4,657,670
Net cash outflow from investing activities	(6,271,850)	(5,941,883)	(6,304,243)	(5,204,712)	(5,807,289)
Net cash inflow from financing activities	7,106,584	2,194,949	(4,283,344)	1,518,005	1,821,606
Effects of exchange rate changes on cash and cash equivalents	(390,373)	(103,121)	(153,634)	(215,709)	(157,488)
Net increase in cash and cash equivalents	5,303,217	(4,453,008)	(314,631)	465,969	514,499
Cash and cash equivalents at the beginning of year	2,914,820	8,218,037	3,765,029	3,450,398	3,916,366
Cash and cash equivalents at the end of year	8,218,037	3,765,029	3,450,398	3,916,366	4,430,865

Income Statement

Year ended 31 Dec (RMB '000)	2020A	2021A	2022E	2023E	2024E
Gross written premiums	16,708,504	20,480,119	22,646,998	25,044,535	27,667,987
Less: Premiums ceded to reinsurers	(522,683)	(1,154,276)	(465,996)	(535,986)	(606,893)
Net written premiums	16,185,821	19,325,843	22,181,001	24,508,550	27,061,095
Less: Net change in unearned premium reserves	29,383	(440,749)	(291,404)	(326,355)	(364,644)
Net premiums earned	16,215,204	18,885,094	21,889,598	24,182,194	26,696,451
Net investment income	1,527,498	2,067,920	1,437,666	1,757,344	1,988,209
Net fair value changes through profit or loss	(25,517)	126,760	(292,295)	167,107	189,060
Other income	775,978	860,586	1,059,310	1,252,310	1,421,622
Total income	18,493,163	21,940,360	24,094,278	27,358,956	30,295,342
Net claims incurred	(8,773,904)	(10,934,682)	(12,603,526)	(13,868,442)	(15,273,326)
Handling charges & commissions	(1,406,867)	(1,770,947)	(1,890,274)	(2,059,890)	(2,238,966)
Foreign exchange gains	200,874	147,490	(300,000)	16,121	(45,463)
Finance costs	(232,869)	(388,342)	(427,176)	(469,894)	(516,883)
General and admin. expenses	(7,168,487)	(7,292,692)	(8,272,265)	(9,118,415)	(10,097,571)
Net impairment losses on financial assets	0	0	(65,094)	(71,603)	(78,764)
Other expenses	(931,668)	(834,435)	(880,609)	(982,931)	(1,098,741)
Total expenses	(18,312,921)	(21,073,608)	(24,438,944)	(26,555,055)	(29,349,714)
Share of net profit/(loss) of associates accounted for using the equity method	(33,712)	(37,635)	(38,431)	(36,593)	(37,553)
Profit/(Loss) before income tax	146,530	829,117	(383,097)	767,308	908,075
Income tax	107,850	(72,018)	95,774	(191,827)	(227,019)
Net profit/(loss) for the year	254,380	757,099	(287,323)	575,481	681,056
Attributable to:					
Owners of the parent	553,786	1,164,590	220,168	1,182,972	1,388,547

Key Financial Ratio

	2020A	2021A	2022E	2023E	2024E
EPS for ordinary shares(RMB)	0.38	0.79	0.15	0.80	0.94
BVPS (RMB)	10.7	11.4	11.5	12.3	13.3
ROE (%)	3.6	7.2	1.3	6.7	7.4
Gross written premiums yoy growth	14.2%	22.6%	10.6%	10.6%	10.5%
Combined ratio (%)	102.5	99.6	99.5	99.3	99.0
Group Total investment yield (%)	5.30	6.60	3.25	3.50	3.50

Sources: Company data, CMS(HK) estimates

Investment Ratings

Industry Rating	Definition
OVERWEIGHT	Expect sector to outperform the market over the next 12 months
NEUTRAL	Expect sector to perform in-line with the market over the next 12 months
UNDERWEIGHT	Expect sector to underperform the market over the next 12 months

Company Rating	Definition
BUY	Expect stock to generate 10%+ return over the next 12 months
HOLD	Expect stock to generate +10% to -10% over the next 12 months
SELL	Expect stock to generate loss of 10%+ over the next 12 months

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