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Equity Research

Huize Holding Limited

Initiation of Coverage

Leading the evolution of online insurance platform to the next generation

Evolving to the Next Gen, initiate with Buy, PT of US\$10.7

The emergence of the Internet has transformed the insurance industry. The online insurance service providers, which normally focus on information service, have first brought short-term and highly standardized products and services to the customers. However, the influence of the Internet is far from over. With the development of cloud computing, big data, and AI, online insurance service providers are able to sell more complex products and services online in a more efficient way through business process reengineering. Huize is such a next-gen online insurance service provider focusing on LT health insurance. We like Huize, because: 1) in NT, it will benefit from a booming demand from the fastest growing segment – health insurance; 2) in LT: it is scalable and able to achieve secular growth by its unique intelligent online platform. We expect Huize's total revenue will grow to RMB2.2bn in FY22E, with a CAGR of 36.0% in FY20E/22E. We initiate Huize with Buy and derive our PT of US\$10.7 by applying 5.0x FY21E P/GP, at a premium over its peers' average of 3.8x FY21E P/GP, as Huize has a higher proportion of commission revenue.

Riding on the tide of the fastest-growing health insurance segment

Driven by improving health awareness and the pursuit of high-quality medical services of the new generation in China, health insurance premium has been growing more than 20% YoY in the past few years, the highest growth rate among all the insurance segments. In contrast to mature life insurance, which is dominated by renewal premiums, higher growth health insurance is currently driven by premiums from new customers. Based on our estimation, first-year premiums accounts for more than 50% of total health premiums in China and Huize had only 0.4% market share of the first-year premium of health insurance in 2019. We see huge growth potential for Huize. With a differentiated product strategy of targeting younger generation in this booming segment, we project Huize will grow its customer base to 8.8mn by the end of FY22E, at the same time, its first-year premium will grow at a two-year CAGR of 42.3% in FY20E/22E to RMB2.8bn with a total GWP reaching RMB7.2bn in FY22E.

High operating efficiency boosted by its intelligent online platform

As a next-gen online insurance service provider, Huize has evolved from the legacy online platform, whose role is basically an information intermediary, to an advanced, intelligent, one-stop, online insurance service provider by reshaping its business processes with the help of cloud, AI and big data. Huize has successfully launched for sale the more complex LT health insurance products online and achieved a higher GWP/per sale agent and lower cost by first-year GWP compared to those traditional insurance companies. Thanks to higher operating efficiency, we project Huize's adj. net profit will reach RMB219mn in FY22E with a two-year CAGR of 68.8% in FY20E/22E.

Risks

Key risks to our PT include: 1) new client acquisition difficulties in a cost-efficient manner; 2) failure to cooperate with registered user traffic channels; 3) uncertainty in regulations and rules applicable to the online insurance industry.

Stock code: HUIZ.US

Rating: Buy

Price target (US\$)	10.7
Current price (US\$, 7 Dec 2020)	7.5
Total upside/downside %	43%
Market cap (US\$ m)	389
Avg daily turnover (US\$ m)	4

Source: Bloomberg, AMTD research estimates

Key forecasts

(RMB m)	2019	2020e	2021e	2022e
Acc. clients (mn)	6.3	6.9	7.8	8.8
yoy %	19%	10%	13%	13%
GWP	2,014	2,817	4,492	7,246
yoy %	114%	40%	59%	61%
Revenue	993	1,201	1,578	2,220
yoy %	95%	21%	31%	41%
Adj. net profit	110	77	132	219
yoy %	2,567%	-30%	72%	66%
Adj. NPM	11%	6%	8%	10%

Source: Company data, AMTD research estimates

Valuation

	FY19	FY20e	FY21e	FY22e
P/S	2.6	2.1	1.6	1.2
P/GP	7.1	5.8	4.3	3.0
P/E (adj.)	70.1	34.9	20.6	11.9
EV/EBITDA	18.3	25.0	14.6	8.6
ROE	-4%	7%	12%	21%

Source: Bloomberg, AMTD research estimates

Share price performance (US\$)



Source: Bloomberg

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Investment risks

New client acquisition difficulties in a cost-efficient manner

Huize generally charges high commission fee from the first-year premiums, accounting for approx. 73% of total GWP in FY19. Therefore, the company future growth heavily relies on the new insurance client's acquisition and new purchases from existing clients. Although long-term insurance products will generate recurring revenue and contribute more to the total brokerage income in following years, as well as a broader products portfolio to diversify operating revenue, there still remains possibilities that Huize may not effectively enhance new clients' organic growth and develop suitable insurance products to cater to the needs of potential or existing clients, which may adversely affect Huize's business and results of GWP.

Failure to cooperate with registered user traffic channels

Apart from organic client growth, Huize also cooperates with online social media channels and financial institutions to convert their user traffic to client base of Huize's platform. If the online channels terminate their partnership with the company, do not renew the agreements with the company, or they require higher rates of service fees, or they have not obtained operating licenses to sell the insurance products, any of which will materially and adversely affect Huize's business and financial condition.

Fiercer competition as more traditional and internet insurers step into the segment

Since online insurance penetration rate is gradually ramping up but still at an early stage, more and more traditional insurance companies as well as internet giants start to step into this booming segment. Despite the fact that Huize was the largest independent online long-term life and health insurance product and service platform in China as measured by total GWP facilitated in 2018, according to Oliver Wyman, the company may fail to compete effectively with other peers and lose market share, as the competitors may have more resources to develop new technologies and cater to changing requirements of clients and insurers in time.

Uncertainty in regulations and rules applicable to the online insurance industry

Online insurance product and service industry is highly supervised and regulated in China by CBIRC. The regulatory authority builds rules and requirements for online insurance business in various aspects, such as registered licenses, IT infrastructure and cybersecurity protection standards, the upper limit for the predetermined interest rate for annuity insurance products, etc. Thus, there are uncertainties with regard to how the changing laws, regulations and regulatory requirements would have an adverse impact on Huize's business scales and prospects.

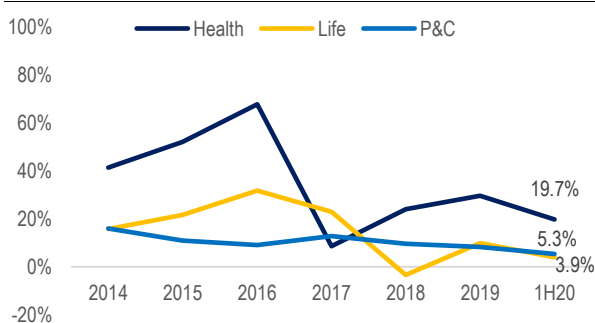
Leading Next-Gen Online Insurance Platform

Riding on the tide of the fastest-growing segment – health insurance

In the past few years, health insurance has been the fastest-growing segment of China’s insurance business. Although the total premium of health insurance growth slowed a bit to 19.7% YoY in 1H20 compared to previous years due to COVID-19, it was much higher than 5.3% YoY of P&C insurance and 3.9% YoY of life insurance in the same period, respectively. Improving health awareness and the pursuit for the high quality medical services of the new generation in China has driven the rapid growth of health insurance, in our view.

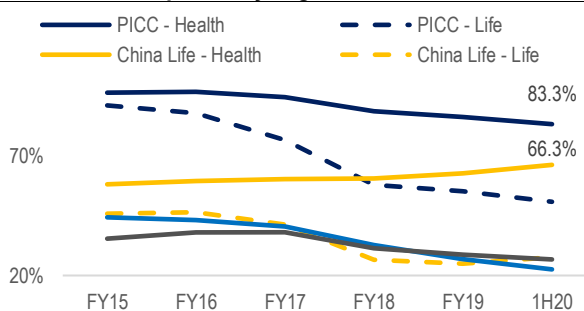
In contrast to the mature life insurance business, which is dominated by renewal premium, high growth health insurance is currently mainly driven by new premium. We found that in health insurance, new premiums of PICC and China Life accounted for 83.3% of 66.3% of their total premiums in 1H20, respectively, while in life insurance, their proportions of new premiums were only 50.8% and 27.7%, about 30ppts lower than that in health insurance respectively. In addition, since Pingan and CPIC have not broken down new premiums for their health insurance, we believe the lower proportions of their new premium in life & health (L&H) insurance were mainly due to the higher proportions of life insurance premiums, which accounted for 74.7% and 70.1% of total L&H insurance premium in 1H20.

Figure 1: Premium growth by segment, YoY



Source: Wind, AMTD Research

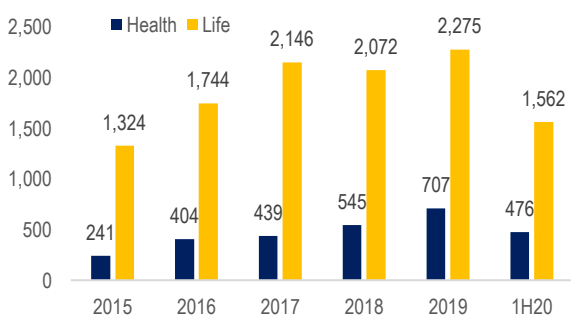
Figure 2: New premium as % of total premium of major insurance companies by segment



Source: Company data, AMTD Research
Note: L&H refers to Life and Health

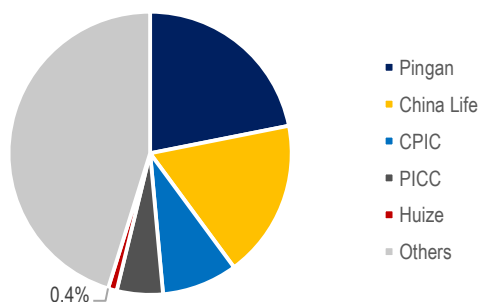
According to Wind, China’s health insurance premium was RMB707bn in 2019, only 31% of the life insurance premium in the same year. On the other hand, based on data from the PICC and China Life above, we assumed the proportion of new premium was around 52% and derived the new premium of China’s health insurance was around RMB367bn in 2019, of which market leader – Pingan and China Life each had about 20% market share. In view of the high growth and relatively fragmented health insurance segment, we believe that Huize, which currently has only 0.4% of the market share, will have a huge room for LT growth.

Figure 3: Premium by segment (RMB bn)



Source: Wind, AMTD Research

Figure 4: Market share of new premium of health insurance in 2019



Source: Wind, Company data, AMTD Research estimates

More specifically, we believe the growth prospects will be fueled by: 1) differentiated product strategy to attract younger generation with a higher lifetime value; 2) high operating efficiency boosted by its intelligent online platform; 3) independent platform to achieve win-win with small-/mid-sized insurers.

Differentiated product strategy to attract younger generation

In terms of coverage, insurance companies usually offer three types of health insurance:

- 1) critical illness plan: provides enhanced protection and financial support against critical illnesses, such as cancer, heart attack, and stroke, etc., as well as protection against 100+ other serious illnesses;
- 2) medical protection plan: normally a supplementary to the current medical plan offered by employers or government, customers can reimburse charges on doctor consultations and other medical bills, such as surgery, treatment, and hospitalization;
- 3) accident health plan: provides a cash lump sum benefit in case of serious injury through personal accident, which is normally related to the certain scenario. Since most of them are standardized plans, more and more are sold online through different internet platforms.

Along with improvement of health awareness and the pursuit for a high quality of medical services, critical illness plan has become popular, because it addresses the needs that are not well served by the traditional medical plans offered by employer and government. On the other hand, compared to medical protection plan, critical illness plan normally charges higher premium, while compared to accident health plan, critical illness plan has longer period and can generate stable recurring premium income for the insurance company for years. Thus, more and more insurance company begin to offer critical illness plan products.

Figure 5: Comparison of three types of health insurance

Policy terms	Company	Type of insurance		
		Critical illness plan	Medical protection plan	Accident health plan
Premiums	large-sized	> RMB10,000 per year	RMB200 - 1,000 for the 1 st year	RMB100 - 400
	small/mid-sized	RMB3,000 - 6,000 per year		
Protection period	large-sized	to age 70/80/whole life	1 year or 6-20 years	1 year or certain period
	small/mid-sized		1 year	
Maximum sum assures	large-sized	RMB300k - 500k	RMB2mn - 6mn	RMB300k - 1mn
	small/mid-sized			
Plan coverage	large-sized	focus on critical and severe illnesses	no restriction on types of illness, focus on treatment	accident
	small/mid-sized			
Other benefits	large-sized	saving & investment-linked	broader medical resources & other value-added services	other value-added services
	small/mid-sized	protection focused		
Claims	large-sized	1-3 times payment	reimbursement of medical expenses	single payment/reimbursement
	small/mid-sized	single payment		
Channels	large-sized	direct/tele/bank/internet	direct/tele/bank/internet	internet
	small/mid-sized	bank/internet	bank/internet	internet
Popular products	large-sized	PingAn Fu(平安福)	好医保/e生保	
	small/mid-sized	Darwin No.3, Defender No.2	尊享e生/无忧医保	

Source: Company data, AMTD Research

Huize focuses on the critical illness plan. To differentiate itself with the industry leaders, which normally target high-end customers with premium income of each policy more than RMB10k, Huize cooperates with over 70 small/mid-sized insurance companies to provide high quality-to-price plan with premium income of each policy between RMB3,000-6,000 to the mass market customers. We believe this differentiated product strategy targeting the younger generation will benefit Huize in the long term, because:

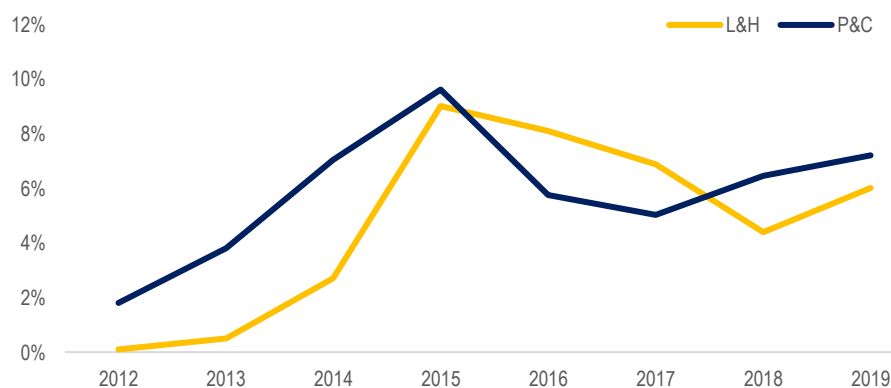
- 1) mass market with a broad customer base will make Huize business easier to be scalable and to achieve operating leverage sooner;
- 2) high quality-to-price plan will be more likely to attract the younger generation, who have longer lifetime value with higher cross-selling potential despite less disposable income at moment;
- 3) more high quality-to-price plans available to Huize, as many small/mid-sized insurance companies are suitable and good at developing this certain type of plans.

As end of Sep 2020, Huize served an accumulated number of 6.7mn insurance clients. It is notable that a substantial portion of Huize's clients are well-educated and tech-savvy younger generation, whose average age just arrived at 32 as of FY19. Therefore, the company can keep them engaged on its platform for 20-30 years through long-term insurance products, thus acquiring high client stickiness and prolonging customer lifetime value. On the product side, Huize has a significant edge in designing and developing tailor-made insurance products together with its insurer partners, to match clients' diversified needs, with approx. 279 life and health insurance products and 1,073 property and casualty insurance products. One of the most popular products - Darwin No.3 (达尔文3号), co-developed by Huize and Sinatay Life Insurance, has recorded more than RMB100mn of total premiums during a single quarter in Q3'20.

High operating efficiency boosted by its intelligent online platform

Online penetration has been rising in insurance over the past few years. In general, due to the complexity, high premiums, and longer customer education time of life & health insurance products, the online sales penetration of life & health insurance has been lower than that of P&C insurance which has more standardized and short-term products. Although the higher online sales penetration of life & health insurance during 2015-2017, it was due to the booming sales of simpler, cheaper, and standardized universal life insurance and the reform of commercial vehicle insurance. Hence, the bottleneck of online sales of life & health insurance is how to reshape the business process to improve customer conversion rate and operating efficiency when selling complex products.

Figure 6: Online penetration of insurance by type



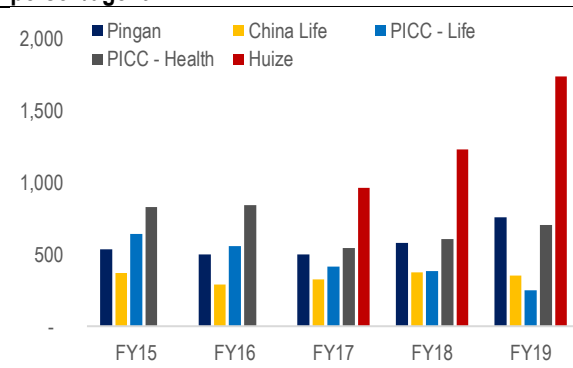
Source: Wind, AMTD Research

Huize has been successfully selling more complex, higher premium, long-term health insurance products online with the help of its unique intelligent underwriting system, which has: 1) one-stop insurance sales platform covering all stages of insurance transactions; 2)

enhanced risk management with big data technologies to better pair suitable clients and policies; 3) product customization capabilities and rich product offerings to better capture evolving customer needs throughout their lifecycle. Huize had 720 consultants, sales & marketing professionals as of FY19, who were assigned to provide high quality online consulting services powered by big data and AI capabilities and knowledge center on its intelligent underwriting system. For customer acquisition, Huize partners closely with online traffic channels, including those social media influencers, or KOLs, from WeChat Official accounts, Zhihu, Weibo and other social media platforms to maximize acquisition efficiency. As of Sep 30, 2019, Huize cooperated with approx. 16,500 social media influencers and 2 financial institutions.

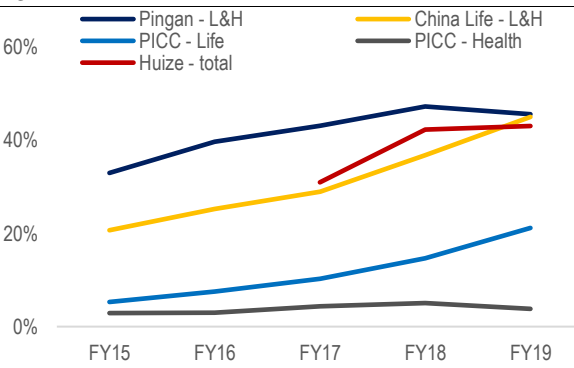
In addition, Huize has achieved a higher operating efficiency with its intelligent online platform. In FY19, Huize’s GWP contributed by each employee reached more than RMB1.7mn, much higher than those of traditional insurance giants. On the cost side, Huize was more cost-efficient than those traditional insurance giants. Its commission by new GWP was 43.0% in FY19, lower than 45.4% of Pingan – L&H and 44.9% of China Life – L&H. Since PICC focuses on standardized products, which are easier to sell, it is not surprising that PICC has the lowest commission rate. Overall, thanks to its unique intelligent online platform, which streamlines processes from customer acquisition & retention, product information presentation, intelligent underwriting to claim application and settlement with the support of AI and big data, we believe Huize can achieve high operating leverage along with revenue growth in the near future.

Figure 7: Comparison of GWP (RMB ‘000) by per sale person/agent



Source: Company data, AMTD Research estimates

Figure 8: Comparison of commission rate by new GWP



Source: Company data, AMTD Research estimates

Independent platform to achieve win-win with small-/mid-sized insurers

China’s health insurance market is still relatively fragmented. Based on our estimation, the market leaders – Pingan and China Life each had about 20% market share and the big 4 only accounted for nearly 54% of total new premium in China’s health insurance market in 2019. Small/mid-sized insurance companies are the backbone of China’s health insurance sector, however, without extensive sales channels and economies of scale, those small/mid-sized insurance companies have been too slow in digitalization transformation to seize these fast-growing opportunities.

Independent insurance product and services platform, which can address the real issues concerning those small/mid-sized insurance companies, is a proven model in U.S., and it accounted for approx. 51% of distribution channels for life insurance products in term of GWP in 2017 (vs. ~1% in China), according to Oliver Wyman. Independent insurance product and services platform is very likely to become mainstream in China, in our view.

Huize built a close relationship with more than 70 insurer companies as of FY19 and empowered them by improving user traffic conversion, creating tailor-made products as well as diversifying distribution channels, which help Huize grab market share as an exclusive distributor in turn. We believe Huize can achieve win-win with those small/mid-sized insurance companies with the help of its unique and scalable intelligent online platform.

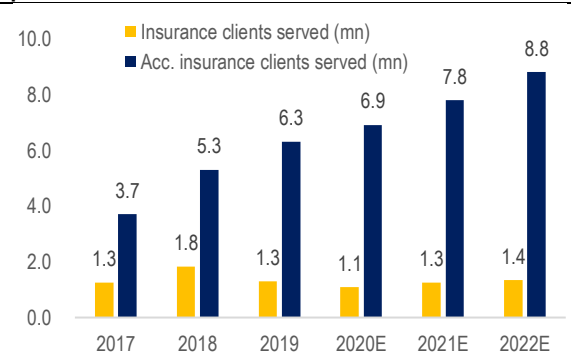
Financial overview

In the near term, given the surging demand for health insurance and a relatively fragmented market competitive landscape, we expect the GWP from new customers will be the major driver of Huize’s revenue. In the long run, we believe Huize’s revenue mix will be more balanced and revenue growth will be more stable and healthier, because the proportion of revenue from LT recurring GWP will gradually increase, and the revenue generated from cross-selling opportunities brought by its expanding customer base will also become a new growth driver.

Insurance clients, premium per client, and GWP

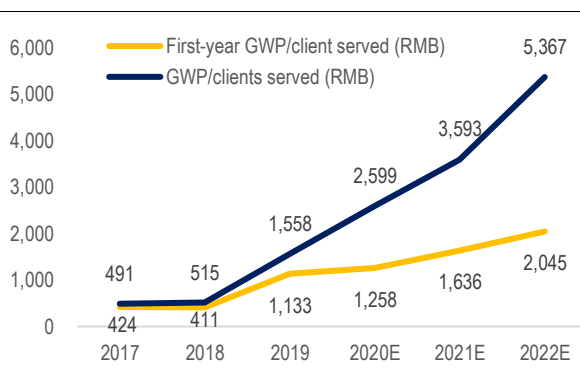
Starting in 2018, Huize has shifted its business focus from providing standardized, short-term insurance products to offering long-term health insurance products. No. of insurance clients served declined in 2019 after reaching its peak in 2018 due to this structure change. We expect Huize will serve around 1.1mn new insurance clients in FY20E, down slightly from 2019, but will return to growth in FY21E/22E, adding another 1.3mn-1.4mn each year. By the end of FY22E, the total no. of accumulated clients served will grow steadily to 8.8mn.

Figure 9: No. of Huize’s insurance clients served per year and No. of accumulated insurance clients served period end



Source: Company data, AMTD Research estimates

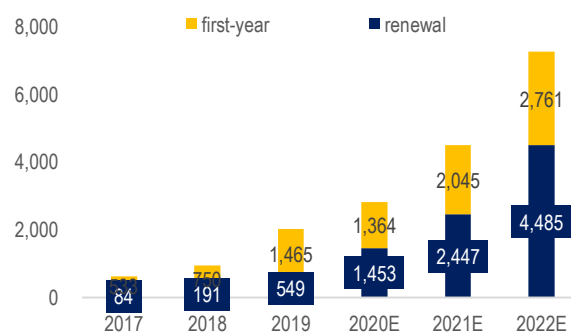
Figure 10: Huize’s first year premium per client and total premium per client



Source: Company data, AMTD Research estimates

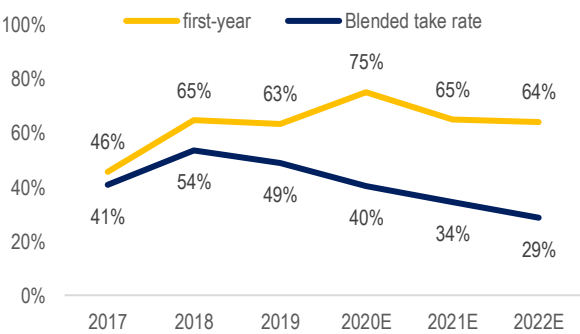
On the other hand, we saw a substantial increase in first-year premium per client as Huize started to offer higher premium long-term health insurance products. In addition, considering that Huize planned to introduce higher premium life annuity products since Q4’20, hence, we project that first-year premium per client will grow by 11% YoY/30% YoY/25% YoY in FY20E/21E/22E to RMB2,045 in FY22E. Due to the increasing proportion of renewal premium, GWP per client served will be much higher than the first-year premium per client in the following years. Based on the estimation above, we derive GWP will grow at a three-year CAGR of 53.2% to RMB7.2bn in FY22E, of which 62% will be from renewal premium, up from 27% in FY19.

Figure 11: Total GWP breakdown (RMB mn)



Source: Company data, AMTD Research estimates

Figure 12: GWP take rate

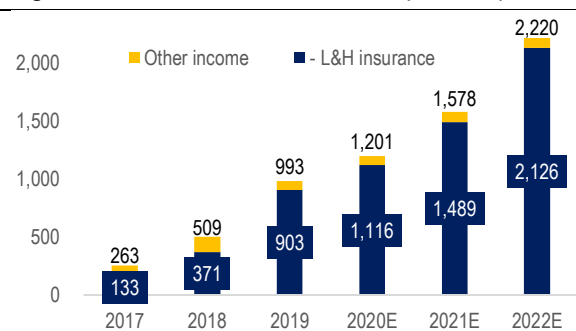


Source: Company data, AMTD Research estimates

GWP take rate, revenue and gross margin

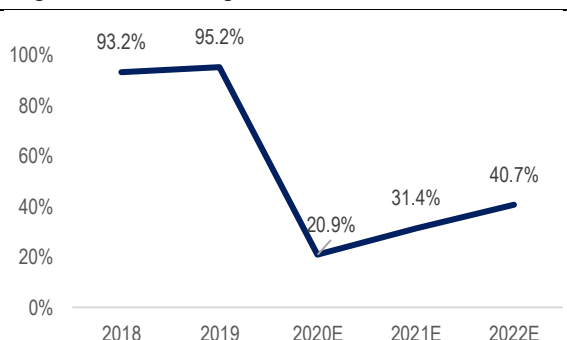
In general, the take rates of P&C products and short-term L&H products are much lower than those of LT L&H products. Given the revenue mix shifting toward higher take rate L&H insurance products due to the shrinking P&C and short-term insurance business caused by COVID-19, we project a higher first-year take rate of 75% for the full year of 2020, and it will gradually return to normal of 64% ~ 65% in FY21E/22E. Based on this take rate assumption, we expect Huize's total revenue will grow 20.9% YoY to RMB1.20bn in FY20E, and 31.4% YoY/40.7% YoY to RMB1.58bn/RMB2.22bn in FY21E/22E, respectively.

Figure 13: Huize' revenue breakdown (RMB mn)



Source: Company data, AMTD Research estimates

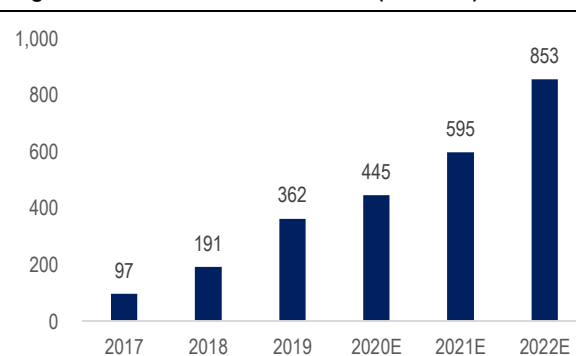
Figure 14: Revenue growth, YoY



Source: Company data, AMTD Research estimates

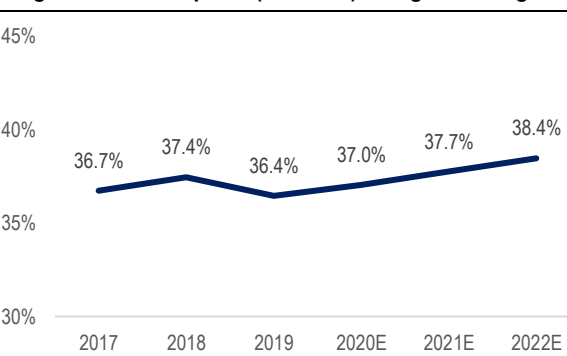
On the cost side, channel cost, which is the service fee paid to the user traffic channels, accounts for nearly 90% of its total cost of sales. As Huize will continue to partner with more social media influencers and financial institutions to attract more user traffic, we think the small improvement in gross margin will primarily come from the increased efficiency of its online insurance consultants backed by AI and big data analysis. Thus, gross profit will reach RMB445mn/RMB595mn in FY20E/21E with a gross margin of 37.0% and 37.7% in FY20E/21E, respectively.

Figure 15: Huize's cost breakdown (RMB mn)



Source: Company data, AMTD Research estimates

Figure 16: Gross profit (RMB mn) and gross margin

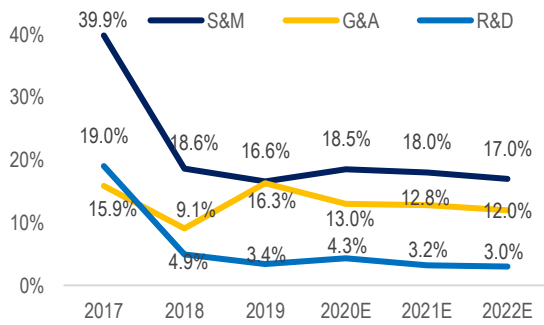


Source: Company data, AMTD Research estimates

Expenses and operating margin

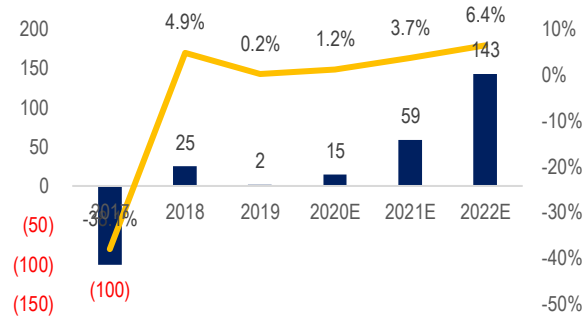
With the scale-up of insurance business in terms of growing client base and expanding insurance product offerings, operating leverage will improve gradually as shown in declining S&M, G&A and R&D to revenue ratios. We project Huize's S&M, G&A, R&D to revenue ratios will be 18.5%/18.0%, 13.0%/12.8%, 4.3%/3.2% in FY20E/21E, respectively. The meager EBIT in FY20E is due to the adverse effect of pandemic and heavy S&M spending on newly launched annuity insurance products, however, we expect EBIT will pick up in FY21E.

Figure 17: S&M, G&A and R&D to revenue ratios



Source: Company data, AMTD Research estimates

Figure 18: EBIT (RMB mn) and EBIT margin

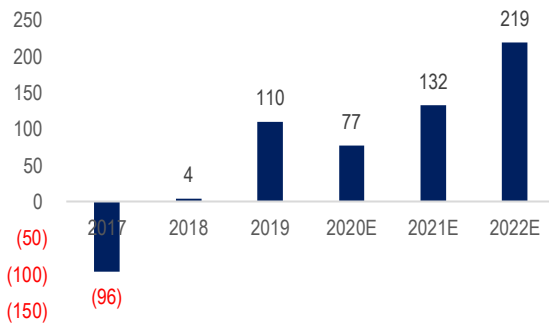


Source: Company data, AMTD Research estimates

Adjusted net profit and ROE

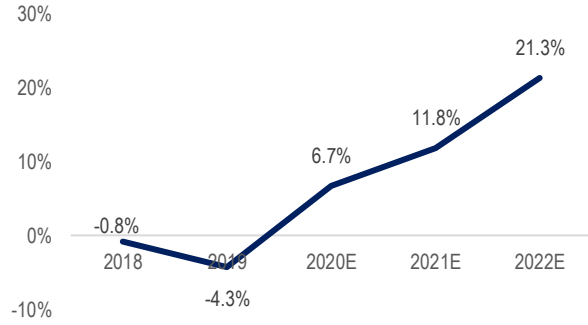
In order to better track the performance of the insurance brokerage business, we calculate Huize’s adjusted net profit by adding back SBC from its reported net profit. Adjusted net profit is expected to decline by 30.0% YoY to RMB76.9mn in FY20E, mainly due to sluggish spending on insurance caused by COVID-19, and will rebound by 72.1% YoY/65.6% YoY to RMB132mn/RMB219mn in FY21E/22E, respectively. Adjusted EPS will be expected to be RMB1.498/share and RMB2.579/share in FY21/22E. ROE will rise to 21.3% in FY22E.

Figure 19: Huize’s adjusted net profit (RMB mn)



Source: Company data, AMTD Research estimates

Figure 20: Huize’s ROE

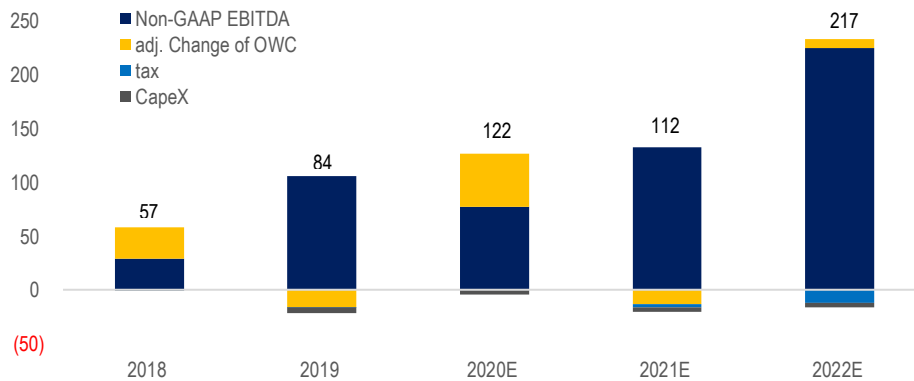


Source: Company data, AMTD Research estimates

Cash flow

Since Huize distributes on its platform insurance platforms underwritten by its insurer partners and generates revenue from the insurance brokerage income paid by its insurer partners, it does not bear underwriting risks and essentially have a positive cash flow. We expect Non-GAAP EBITDA will contribute stable growing cash inflow to the company with the help of expanding operating margin. Huize will remain a decent FCF growth.

Figure 21: Huize’s adj. FCF (RMB mn)

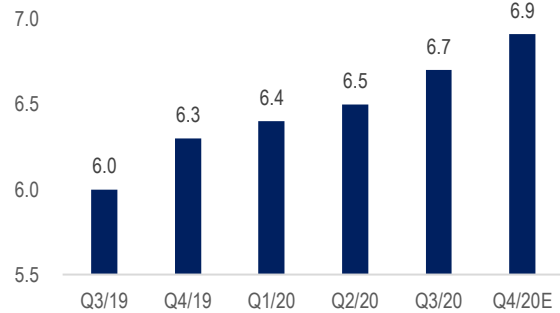


Source: Company data, AMTD Research estimates

Q3 results recap

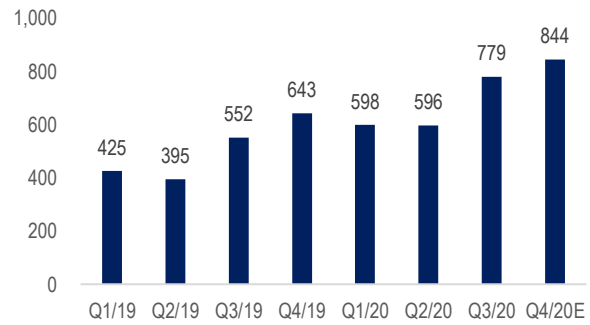
Huize reported strong Q3 results on 19 Nov 2020. Cumulative number of insurance clients served was approximately 6.7mn, and cumulative number of insured clients was approximately 56.0mn as of September 30, 2020. Total GWP grew by 41.2% YoY to RMB779mn in Q3, mainly driven by recovery demand from pandemic and the launch of life annuity products.

Figure 22: No. of accumulated insurance clients served period end (mn)



Source: Company data, AMTD Research estimates

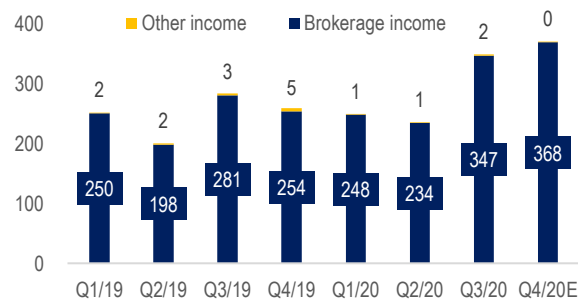
Figure 23: Total GWP (RMB mn)



Source: Company data, AMTD Research estimates

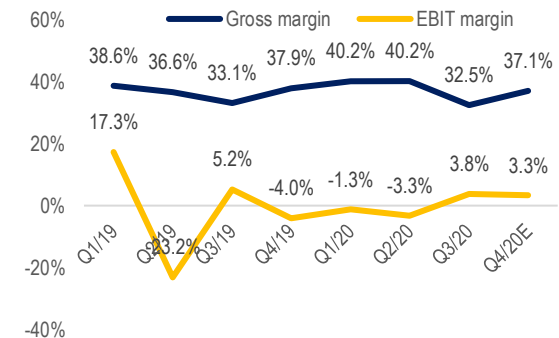
Total operating revenue came in at RMB348.5mn (brokerage income RMB347mn), up 22.9% YoY. Gross margin was 32.5%, down 7.7 pts sequentially, mainly due to increased service fees paid to user traffic channels. Adj.net profit was RMB20.4mn, up 44.8% QoQ.

Figure 24: Total revenue breakdown (RMB mn)



Source: Company data, AMTD Research estimates

Figure 25: Total revenue breakdown (RMB mn)



Source: Company data, AMTD Research estimates

Financials

Figure 26: Huize's operating data

Operating data	2017	2018	2019	2020E	2021E	2022E	19-22E CAGR
Insurance clients served (mn)	1.3	1.8	1.3	1.1	1.3	1.4	1.5%
Acc. insurance clients served (mn)	3.7	5.3	6.3	6.9	7.8	8.8	11.8%
First-year GWP/client served (RMB)	424	411	1,133	1,258	1,636	2,045	21.7%
GWP/clients served (RMB)	491	515	1,558	2,599	3,593	5,367	51.0%
GWP (RMB '000)							
first-year	533,200	749,800	1,465,400	1,363,635	2,044,892	2,760,605	23.5%
renewal	84,300	191,200	548,900	1,453,178	2,446,636	4,484,968	101.4%
Total	617,500	941,000	2,014,300	2,816,812	4,491,529	7,245,572	53.2%
GWP mix %							
first-year	86%	80%	73%	48%	46%	38%	
renewal	14%	20%	27%	52%	54%	62%	
Take rate %							
first-year	46%	65%	63%	75%	65%	64%	
renewal	10%	10%	10%	12%	10%	10%	
Blended take rate	41%	54%	49%	42%	35%	31%	

Source: Company data, AMTD Research estimates

Figure 27: Huize's P&L (RMB' 000)

P&L	2017	2018	2019	2020E	2021E	2022E	19-22E CAGR
Brokerage income	251,556	503,547	982,124	1,197,107	1,573,844	2,215,284	31.1%
- L&H insurance	132,816	371,011	902,596	1,115,989	1,488,669	2,125,851	33.0%
- P&C insurance	118,740	132,536	79,528	81,119	85,174	89,433	4.0%
Other income	11,776	5,281	11,195	3,918	4,310	4,655	-25.4%
Total operating revenue	263,332	508,828	993,319	1,201,026	1,578,154	2,219,939	30.7%
Revenue mix %							
Brokerage income	95.5%	99.0%	98.9%	99.7%	99.7%	99.8%	0.3%
- L&H insurance	50.4%	72.9%	90.9%	92.9%	94.3%	95.8%	1.8%
- P&C insurance	45.1%	26.0%	8.0%	6.8%	5.4%	4.0%	-20.5%
Other income	4.5%	1.0%	1.1%	0.3%	0.3%	0.2%	-42.9%
Cost of revenue	(164,750)	(316,397)	(629,531)	(753,646)	(979,820)	(1,363,467)	29.4%
Other cost	(1,919)	(1,905)	(1,837)	(2,833)	(2,975)	(3,123)	19.4%
Operating costs	(166,669)	(318,302)	(631,368)	(756,479)	(982,794)	(1,366,591)	29.4%
Gross Profit	96,663	190,526	361,951	444,546	595,359	853,348	33.1%
Gross margin	36.7%	37.4%	36.4%	37.0%	37.7%	38.4%	1.8%
S&M	(104,980)	(94,613)	(164,665)	(222,190)	(284,068)	(377,390)	31.8%
as % of rev	39.9%	18.6%	16.6%	18.5%	18.0%	17.0%	0.8%
G&A	(41,877)	(46,177)	(161,816)	(156,133)	(202,004)	(266,393)	18.1%
as % of rev	15.9%	9.1%	16.3%	13.0%	12.8%	12.0%	-9.7%
R&D	(50,107)	(24,944)	(33,831)	(51,644)	(50,501)	(66,598)	25.3%
as % of rev	19.0%	4.9%	3.4%	4.3%	3.2%	3.0%	-4.1%
Operating expenses	(196,964)	(165,734)	(360,312)	(429,967)	(536,572)	(710,380)	25.4%
EBIT	(100,301)	24,792	1,639	14,579	58,787	142,968	343.5%
EBIT margin	-38.1%	4.9%	0.2%	1.2%	3.7%	6.4%	
Total Financial Costs	655	(27,111)	(190)	(1,200)	(1,200)	(1,200)	84.8%
Profit Before Income Taxes	(97,628)	1,896	15,205	23,319	69,527	153,708	116.2%
Income Tax Expense (Benefit)	(406)	(278)	(57)	(466)	(3,476)	(12,297)	499.7%
Net Income	(97,173)	3,152	14,902	22,853	66,051	141,411	111.7%
Adj. net profit	(96,362)	4,119	109,860	76,899	132,333	219,109	25.9%
Adj. NPM	-36.6%	0.8%	11.1%	6.4%	8.4%	9.9%	-3.7%
Adj. EPS (RMB) - ADS			4.933	1.498	2.541	4.144	-5.6%
Adj. EPS (USD) - ADS			0.705	0.214	0.363	0.592	-5.6%
ROE	50.3%	-0.8%	-4.3%	6.7%	11.8%	21.3%	

Source: Company data, AMTD Research estimates

Figure 28: Huize's P&L, YoY

YoY %	2018	2019	2020E	2021E	2022E
Insurance clients served (mn)	45.1%	-29.2%	-16.2%	15.4%	8.0%
Acc. insurance clients served (mn)	43.2%	18.9%	9.7%	12.9%	12.8%
First-year GWP/client served (RMB)	-3.1%	176.0%	11.0%	30.0%	25.0%
GWP/clients served (RMB)	5.1%	202.3%	66.8%	38.2%	49.4%
GWP (RMB '000)					
first-year	40.6%	95.4%	-6.9%	50.0%	35.0%
renewal	126.8%	187.1%	164.7%	68.4%	83.3%
Total	52.4%	114.1%	39.8%	59.5%	61.3%
Brokerage income	100.2%	95.0%	21.9%	31.5%	40.8%
- L&H insurance	179.3%	143.3%	23.6%	33.4%	42.8%
- P&C insurance	11.6%	-40.0%	2.0%	5.0%	5.0%
Other income	-55.2%	112.0%	-65.0%	10.0%	8.0%
Total operating revenue	93.2%	95.2%	20.9%	31.4%	40.7%
Cost of revenue	92.0%	99.0%	19.7%	30.0%	39.2%
Other cost	-0.7%	-3.6%	54.2%	5.0%	5.0%
Operating costs	91.0%	98.4%	19.8%	29.9%	39.1%
Gross Profit	97.1%	90.0%	22.8%	33.9%	43.3%
S&M	-9.9%	74.0%	34.9%	27.8%	32.9%
G&A	10.3%	250.4%	-3.5%	29.4%	31.9%
R&D	-50.2%	35.6%	52.7%	-2.2%	31.9%
Operating expenses	-15.9%	117.4%	19.3%	24.8%	32.4%
EBIT	-124.7%	-93.4%	789.5%	303.2%	143.2%
Total Financial Costs	-4239.1%	-99.3%	531.6%	0.0%	0.0%
Profit Before Income Taxes	-101.9%	702.0%	53.4%	198.2%	121.1%
Income Tax Expense (Benefit)	-31.5%	-79.5%	718.2%	645.4%	253.7%
Net Income	-103.2%	372.8%	53.4%	189.0%	114.1%
Adj. net profit	-104.3%	2567.2%	-30.0%	72.1%	65.6%
Adj. EPS (RMB) - ADS			-69.6%	69.5%	63.1%
Adj. EPS (USD) - ADS			-69.6%	69.5%	63.1%

Source: Company data, AMTD Research estimates

Figure 29: Huize's balance sheet (RMB' 000)

B&S	2017	2018	2019	2020E	2021E	2022E
Cash and Equivalents	12,261	6,640	88,141	552,051	604,805	754,857
Restricted cash	28,019	145,631	161,186	169,204	169,204	169,204
Account receivables	70,690	108,434	180,393	174,396	222,671	304,101
Insurance premium receivables	3,010	9,143	2,329	2,329	2,329	2,329
Prepayments and other assets	15,487	20,596	29,196	39,378	48,467	63,649
Current assets	138,433	300,990	461,525	937,540	1,047,659	1,294,324
Property Plant & Equipment	8,373	6,354	8,006	8,805	9,016	8,912
Intangible asset, net	1,206	1,197	1,652	1,470	1,470	1,470
LT investments	17,765	21,575	23,395	24,195	24,195	24,195
Deferred Tax Asset & others	0	3,968	14,227	8,731	5,731	5,731
Non-current assets	27,344	33,094	47,280	43,201	40,412	40,308
Total assets	165,777	334,084	508,805	980,742	1,088,071	1,334,632
Amount due to related parties	0	0	465	0	0	0
Account payables	15,453	73,448	124,441	161,026	202,305	307,454
Other payables and accruals	26,036	36,908	30,211	19,502	19,502	19,502
Payroll & welfare payables	17,017	31,850	43,993	47,452	47,452	47,452
Income tax payable & others	445	250	206	9,831	9,831	9,831
Current liabilities	160,645	281,170	361,783	441,125	482,404	587,553
LT borrowings	23,026	15,804	0	2,308	2,308	2,308
Deferred tax liability	248	575	1,048	10,713	10,713	10,713
Non-current liabilities	23,274	16,379	1,048	13,021	13,021	13,021
Total Share Capital	31	31	33	72	72	72
Additional paid-in capital	5,901	2,778	64,882	873,744	873,744	873,744
Retained Earnings (Accumulated Deficit)	(392,036)	(388,884)	(373,982)	(351,129)	(285,079)	(143,668)
Other Reserves	0	295	414	3,909	3,909	3,909
Attributable shareholders' equity	(386,104)	(385,780)	(308,653)	526,596	592,646	734,057
Minority/Non Controlling Int (Stckhldrs Eqty)	734	542	0	0	0	0
Total Shareholders Equity	(385,370)	(385,238)	(308,653)	526,596	592,646	734,057

Source: Company data, AMTD Research estimates

Valuation

We derive our PT of US\$10.7 by applying 5.0x FY21E P/GP, at a premium on peers' average 3.8x FY21E P/GP, as: 1) Huize only focuses on LT insurance products; 2) Huize generates revenue mainly from insurance commission. For third-party insurance platforms, we think P/GP (gross profit) is a more appropriate metric, because: 1) Considering that the platform is in a stage of rapid expansion, it is difficult to achieve a perfect balance between high profitability and high growth, and P/E doesn't take into account the future growth potential of the company; 2) using gross profit instead of revenue is to deduct the impact of different commission rates between different insurance types from different insurance companies, and gross profit more accurately describes the company's ability obtain income by deducting the direct channel costs.

Figure 30: Huize's valuation summary

('000 RMB)	
2021E total revenue	1,578,154
Gross margin	38%
Gross profit	595,359
EV/21E gross profit multiple	5.0x
FY20E-21E gross profit growth	34%
Enterprise value	2,976,796
(+) Cash and short-term investments	774,009
(-) Noncontrolling interests	0
(-) Total debt	80,035
Implied equity value- Dec 2021 ('000 RMB)	3,670,771
Implied equity value - Dec 2021 ('000 USD)	556,177
No. of shares (thousands)	52,088
Valuation per share (USD)	10.7

Source: AMTD Research estimates, assuming USD/CNY of 6.60

Comparables

Figure 31: Comparables

Date	12/7/2020	Price (LC)	Mkt cap (USD mn)	Sales growth				P/GP			P/E			
				FY19	FY20E	FY21E	'20-21	FY19	FY20E	FY21E	FY19	FY20E	FY21E	'20-21
HUIZ US*	HUIZE HOLDIN-ADR	7.48	389	2.6x	2.1x	1.6x	38%	7.1x	5.8x	4.3x	70.1x	34.9x	20.6x	0.3x
GOCO US	GOHEALTH INC-A	12.04	3,867	7.2x	4.5x	3.3x	36%	n.a.	6.0x	4.3x	n.a.	38.5x	15.1x	0.1x
SLQT US	SELECTQUOTE INC	23.64	3,845	7.2x	4.4x	3.3x	33%	10.6x	6.4x	4.7x	28.2x	28.3x	20.1x	0.5x
EVER US	EVERQUOTE INC-A	33.23	923	3.7x	2.7x	2.2x	22%	4.0x	2.9x	2.4x	n.a.	n.a.	n.a.	n.a.
Mean:				6.0x	3.9x	2.9x	30%	7.3x	5.1x	3.8x	28.2x	33.4x	17.6x	0.3x
Median:				7.2x	4.4x	3.3x	33%	7.3x	6.0x	4.3x	28.2x	33.4x	17.6x	0.3x

Priced as of 7 Dec 2020; Source: Bloomberg, *AMTD Research Estimates for AMTD Coverage Stocks

DCF

We cross check with 9-year DCF to value Huize. We think DCF is appropriate as it take into account the cash flow. We derive Huize's equity value of US\$10.7 per share, in line with our PT from P/GP multiple. Key business assumptions are: 1) revenue will grow at a 9-year CAGR of 18% in FY19-28E; 2) adj. EBITDA margin will grow steadily to 12.6% in FY28E; 3) FCF will grow rapidly at a 9-year CAGR of 21% in FY19-28E; 4) long-term growth rate of 3.0%; 5) WACC of 14.1%.

Figure 32: DCF valuation

DCF	2018	2019	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E
('000 RMB)											
revenue	508,828	993,319	1,201,026	1,578,154	2,219,939	2,663,926	3,063,515	3,431,137	3,774,251	4,076,191	4,320,762
YoY %		95.2%	20.9%	31.4%	40.7%	20.0%	15.0%	12.0%	10.0%	8.0%	6.0%
Gross profit	190,526	361,951	444,546	595,359	853,348	1,024,018	1,177,620	1,318,935	1,450,828	1,566,894	1,660,908
EBITDA	28,832	105,333	76,865	132,271	224,380	293,032	343,114	394,581	445,362	497,295	544,416
<i>EBITDA margin</i>				8.4%	10.1%	11.0%	11.2%	11.5%	11.8%	12.2%	12.6%
(-) tax	(278)	(57)	(466)	(3,476)	(12,297)	(29,303)	(41,174)	(59,187)	(66,804)	(74,594)	(81,662)
Change of OWC	29,298	(16,405)	49,568	(13,085)	8,537	8,963	9,322	9,602	9,794	9,892	9,941
(-) Capex	(771)	(5,093)	(4,204)	(3,945)	(3,996)	(4,196)	(4,405)	(4,582)	(4,765)	(4,908)	(5,055)
Free cash flow	57,081	83,778	121,763	111,764	216,624	268,496	306,857	340,414	383,586	427,685	467,640
('000 RMB)											
Terminal value			4,226,600								
Long-term growth rate			3.0%								
WACC			14.1%								
Total present value of free cash flows			1,308,767								
Present value of terminal value			1,682,463								
Enterprise value			2,991,230								
(+) Cash and short-term investments			774,009								
(-) Noncontrolling interests			0								
(-) Total debt			80,035								
Implied equity value- Dec 2021 ('000 RMB)			3,685,204								
Implied equity value - Dec 2021 ('000 USD)			558,364								
No. of shares (thousands)			52,088								
Valuation per share (USD)			10.7								

Source: AMTD Research estimates, assuming USD/CNY of 6.6

Appendix

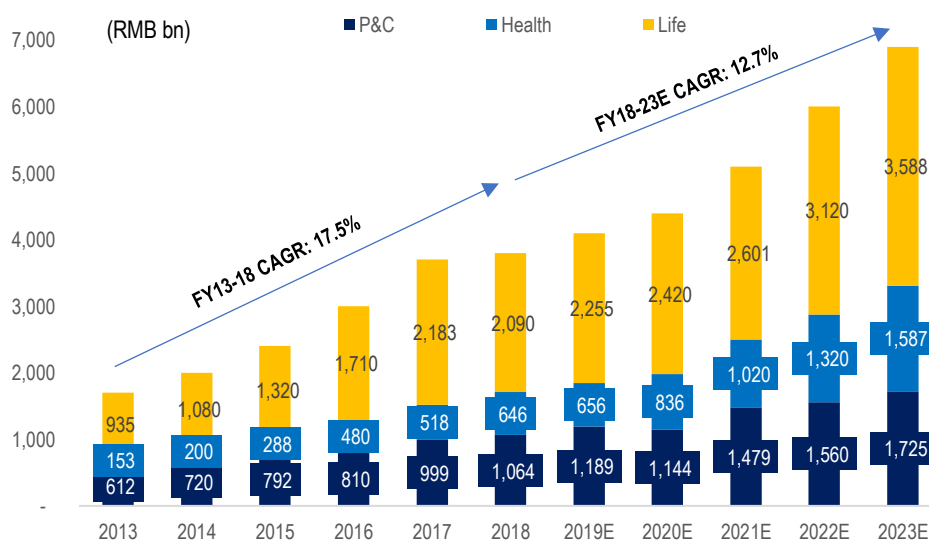
Industry overview

China’s insurance market - Health insurance outpaced the whole industry

China insurance market has experienced a strong momentum for years, and has become the second largest insurance market in the world since 2015 as measured by GWP, according to Oliver Wyman. The size of China’s insurance market increased rapidly in recent years, and is expected to further grow from RMB3.8 trillion in 2018 to RMB6.9 trillion in 2023E at a CAGR of 13%. The strengths come in: 1) rising disposable income to pay for customers’ financial and insurance needs; 2) the increasing awareness to supplement insufficient coverage of social insurance system; 3) the government support for the development of a protection-oriented insurance market.

In particular, according to Oliver Wyman, health insurance recorded the fastest growth potential with a projected CAGR of 20% from 2018 to 2023E, where long-term health insurance is expected to contribute to 65% market share of health insurance in terms of GWP in 2023. In other words, long-term life and health insurance GWP is expected to ramp up from RMB2.4 trillion in 2018 to RMB4.5 trillion in 2023E, accounting for 65% of GWP of China’s insurance industry.

Figure 33: Premiums of China’s insurance market by product



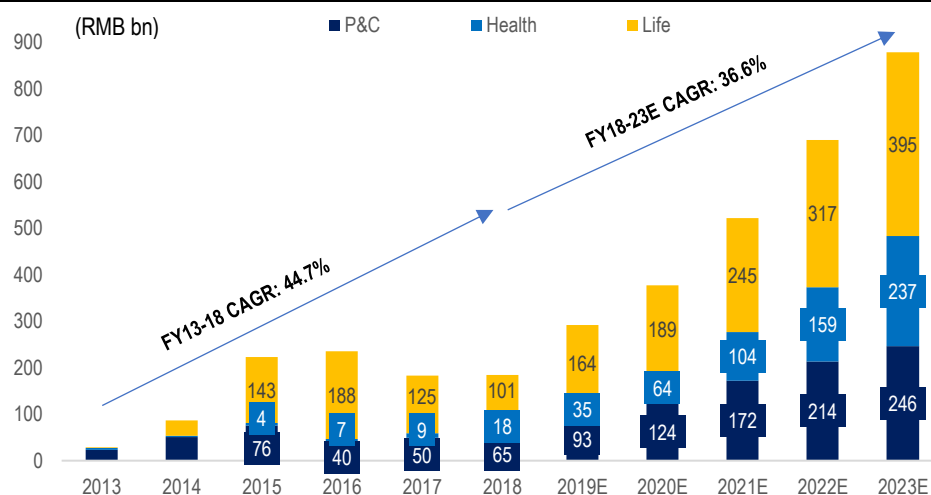
Source: CBIRC, BMI, Oliver Wyman

China’s online insurance market – online health insurance led the penetration ratio

Since the tech-savvy younger generation has accustomed to purchase products online, China online insurance market has developed rapidly, supported by the development of mobile internet and technology infrastructure. China’s online insurance market, measured by GWP, has increased significantly to RMB184.5 billion in 2018, and is expected to keep going to RMB877.4 billion in 2023E, representing a CAGR of 37%. Penetration rate of online insurance will further expand to 13% in 2023E, according to Oliver Wyman.

Online health insurance segment contributes to the highest CAGR among the general market. The total size of online health insurance market will grow from RMB18.5 billion in 2018 to RMB236.9 billion in 2023E, indicating a CAGR of 76.5%.

Figure 34: Premiums of China’s online insurance market by product

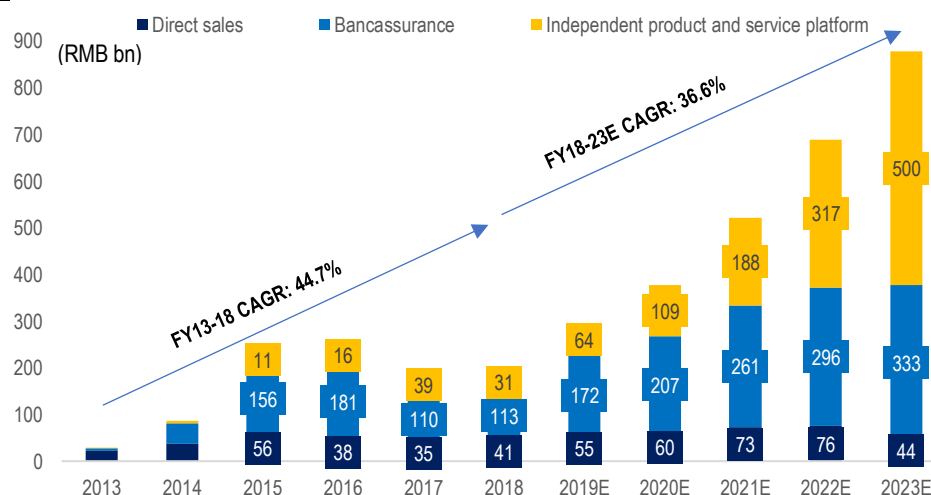


Source: CBIRC, Oliver Wyman

Online independent insurance service platform – a proven model to show potentials

It is notably that separation between production and distribution of insurance products, a proven model in U.S. and Europe, has been greatly promoted, thus carving an emerging growth space for online independent insurance product and service platform. Coupled with close cooperation with insurance companies, various client-centric products and competitive operating efficiency, the platform intermediary attained exponential growth for years. GWP through this platform channel expanded to RMB32.1 billion in 2018, and is expected to further extend to RMB499.3 billion in 2023E, accounting for 57% of China’s online insurance market in 2023E, according to Oliver Wyman.

Figure 35: Premiums of China’s online insurance market by channel



Source: CBIRC, Oliver Wyman

Long-term insurance through independent platform

Online independent insurance platforms provide both long-term and short-term products, in which the market segment for long-term life and health insurance products purchased by younger generation in China is expected to expand at a 2018-2023E CAGR of 151% to RMB184.9 billion in 2023E, according to Oliver Wyman.

Besides, China regulatory authorities also released a series of regulations to standardize the development of health insurance market and step up the growth of long-term health insurance business.

Figure 36: Regulations to boost the long-term health insurance business (Since Mid-2019)

Date	Regulation	Content
2020.01	Notice on Regulating Issues Related to Short-term Health Insurance Business (Draft for Solicitation of Comments)	Regulating the operation of short-term health insurance products, and the renewal, suspension of sales, pricing, sales, claims and surrender of short-term health insurance
2019.12	Notice on The Cancele of Joint Venture Life Insurance Companies' Shareholding Limit of Foreign Investment	Since January 2020, the restriction on the proportion of foreign investment in joint venture insurance companies operating life insurance business has been officially lifted, and the proportion of foreign investment in joint venture life insurance companies can reach 100%.
2019.12	Proposal on promoting the development of commercial insurance in the field of social services	Improve health insurance products and services; study and expand the scope of tax-based health insurance products. Encourage insurance institutions to provide comprehensive protection services such as medical treatment, disease, care, and maternity. Support commercial insurance institutions to participate in medical insurance services and medical insurance fee control, and improve critical illness insurance operation and supervision mechanisms. Explore the docking of health insurance with the national medical insurance information platform. Accelerate the development of commercial long-term care insurance, and establish a life insurance compensation liability and care payment liability conversion mechanism. Promote the integrated development of health insurance and health management.
2019.11	Management Measures of Health Insurance	Clarifying the requirements for the adjustment of long-term medical insurance rates, supervising and issue short-term health insurance for soliciting opinions. The original momentum of using short-term health insurance to radically promote the growth of large-scale premiums will be suppressed, and improve the construction of the health insurance system.
2019.06	Proposal on Promoting the Sustainable Development of Social Medical Service	Inspiring and commerce insurance, social insurance, social insurance, medical insurance, personalized health insurance products, basic medical insurance, insurance, basic medical insurance, and basic medical insurance. Supporting commercial insurance system information system management Social medical insurance system information system contact, expedient business insurance patient medical treatment provided by one-sided direct attachment service.

Source: AMTD Research

Business overview

As a nation-wide licensed insurance intermediary operating an online platform, Huize, deeply rooted in long-term health insurance segment, cooperates with more than 70 insurer partners to design and distribute a wide variety of tailor-made insurance products, underwritten by insurer partners, to a large insurer clients base. On the other hand, leveraging the growing client data accumulation collected through its online platform, Huize provides better services to address clients' diversified protection needs.

Huize was the largest independent online long-term life and health insurance product and service platform in China as measured by total GWP facilitated in 2018, according to Oliver Wyman, with more than 6.5 million clients as of 1H20 and 1,352 insurance products in FY19.

Figure 37: Huize's dual-engine business model



Source: Company Data, AMTD Research

Fee model

Huize charges brokerage commission fees from insurer partners, ranging from 7% to 110% of the premium selling through its platform. In particular, for short-term life and health insurance products, the company collects one-off revenue at 7%-54% of premiums at single payment, while Huize generates revenue at 19%-110% of first-year premiums for regular payment and records recurring revenue in next 4 years.

Figure 38: Huize's fee model

	Type of products	Year 1	Year 2	Year 3	Year 4	Year 5
L&H insurance	regular payment	19%-110%	2%-30%	1%-20%	1%-10%	1%-8.5%
	single payment	7%-54%				
P&C insurance		10%-98%				

Source: Company Data, AMTD Research

Product offerings

- Long-term health insurance products

The long-term health insurance products, mainly consisting for critical illness plans, typically offer a lump-sum payment to the insured if the insured is diagnosed with one of the conditions or a major life-threatening illness as defined in the policy. In 2019, GWP for long-term insurance products accounted for 87.4% of total GWP. Leveraging its actuarial capabilities and tailor-made strength, Huize designed and developed a wide variety of long-term health products such as Darwin No. 1 (达尔文一号) underwritten by Fosun United Health Insurance Co., Ltd., Hui Xin An (慧馨安) underwritten by Hexie Health Insurance Co., Ltd. and Defender No. 2 (守卫者二号) underwritten by Fosun United Health Insurance Co., Ltd.

- Short-term health insurance products

Short-term health insurance products Huize offered provide illness and disease insurance protections and medical benefits during a period that is usually shorter than one year since the policy is effective. Popular products include 2019 included Ping An E Health Insurance (平安 e 生医疗保险) underwritten by PingAn Health Insurance, and Joy Life Health Insurance (乐享一生医疗保险) underwritten by Fosun Health Insurance.

- Life & annuity Insurance Products

Apart from health insurance, Huize offers term & whole life insurance products and annuity insurance products on its platform as well. The term life products protect the insured for a premiums for a specific time period or until the attainment of a certain age, with a return of periodic payment or fixed premiums. Rui He Term Life Insurance (瑞和定期寿险) underwritten by Old Mutual-Guodian Life Insurance is the representative one.

The whole life insurance products provide life insurance for the insured's entire life in exchange for the periodic payment of fixed premiums, or until the insured reaches a certain age. The face amount of the policy is paid upon the death of the insured. Currently, the Hongli Xiangchuan Whole Life Insurance (弘利相传终身寿险) is the only one in Huize's portfolio.

Besides, the company started to launch annuity insurance products since Oct 2019. The products pay annuity to the insured according to the time period as specified in the insurance policy and the amount received during the policy term.

- Property & Casualty Insurance Products

Huize provides travel insurance products, individual casualty insurance products and corporate liability insurance, which are all typically less than one year and relative lower premiums. Total property and casualty insurance products reached 1,073 products in FY19.

Company background

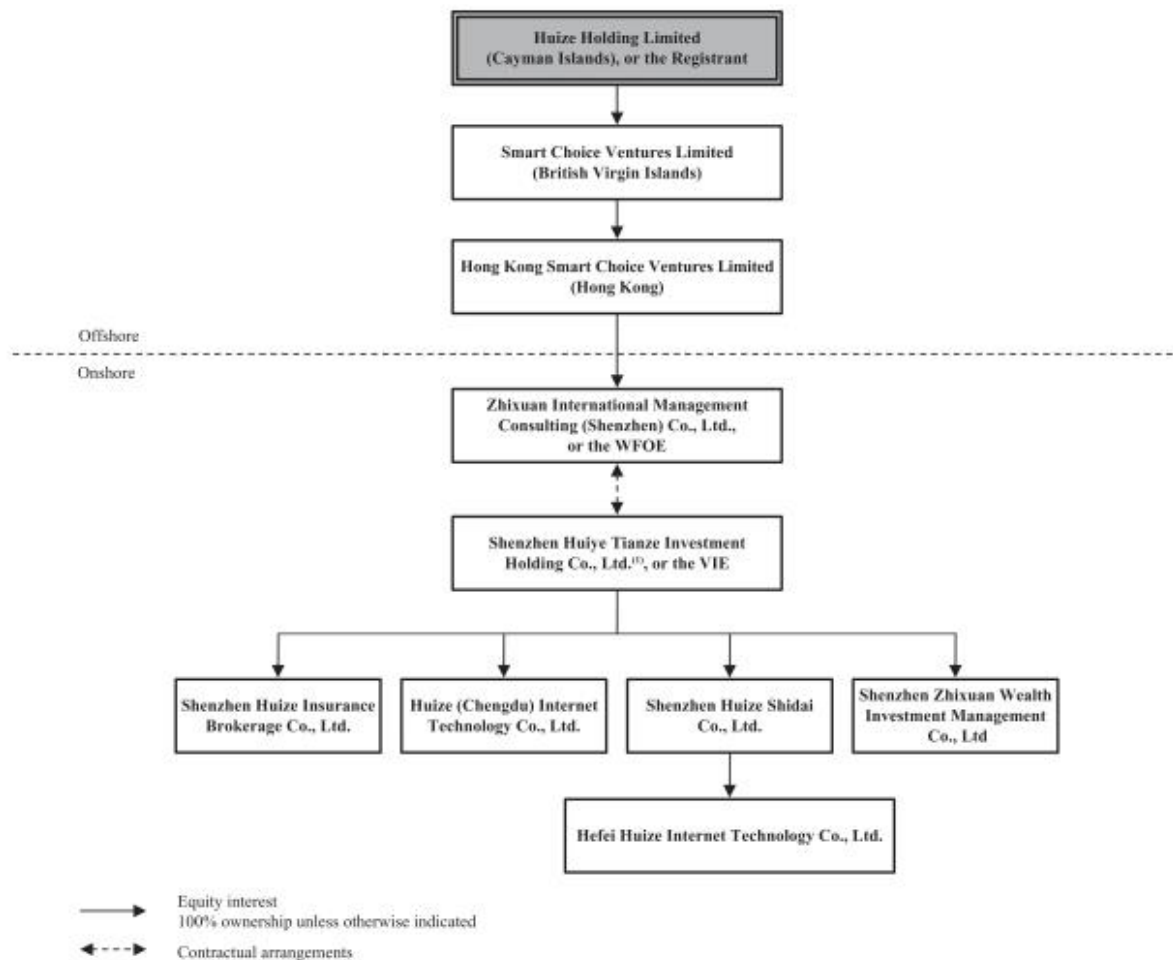
Focusing on online insurance business since 2006 and headquartered in Shenzhen, Huize is the leading independent online insurance product and service platform in China, with a national license approved by the China Banking and Insurance Regulatory Commission. Connecting the insurer companies and a large client base, Huize provides long-term health insurance, which is the main contributor to its business growth, and short-term health insurance, life insurance and property & casualty insurance products, amounting 1,352 products in total.

Key milestones

2008	<ul style="list-style-type: none"> Launched the support service center and online customer service system
2009	<ul style="list-style-type: none"> Won the "2009 Satisfied Brand Award for China Insurance E-commerce Users"
2012	<ul style="list-style-type: none"> Exceeded 1 million insured users
2013	<ul style="list-style-type: none"> Launch the first online bird flu special insurance
2014	<ul style="list-style-type: none"> Cooperated with insurance companies to establish the industry's first public insurance blacklist platform-Insurance Fraud Prevention Alliance Database
2015	<ul style="list-style-type: none"> Provided 10,000 claims assistance cases
2016	<ul style="list-style-type: none"> Disclosed the service record backtracking
2017	<ul style="list-style-type: none"> The founder Cunjun Ma was elected as the chairman of the Internet Insurance Third Party Platform Expert Alliance of China Insurance Association
2018	<ul style="list-style-type: none"> Awarded the "2018 Hurun New Finance Best User Experience Platform"
2019	<ul style="list-style-type: none"> won the "Trustworthy Insurance Intermediary of the Year" award from "Insurance Today"
2020	<ul style="list-style-type: none"> Listed on NASDAQ Global Market

Shareholding structure

Figure 39: Huize shareholding structure



Source: Company Data, AMTD Research

Board of directors and management team

Figure 40: Board of directors and management team profile

Name	Age	Position	Date of Joining	Experience
Mr. Cunjun Ma	48	Founder, Chairman and Chief Executive Officer	2006	Mr. Cunjun Ma is the founder and has been chairman of the board of directors and chief executive officer since the inception. Mr. Cunjun Ma has over 23 years of insurance related experience, and holds exceptional insurance expertise and insights that have considerably contributed to a fast growth and unique corporate culture. He founded Shenzhen Huize Internet Insurance Agent Co., Ltd. in 2006 and worked as its general manager until June 2011. Prior to that, he worked as the head of a subsidiary of Hua An Property Insurance Co., Ltd. for two years. Prior to that, Mr. Ma worked in Shenzhen branch of Ping An Property Insurance Co., Ltd. from August 1995 to February 2004. Mr. Ma obtained an MBA degree from Nankai University.
Mr. Li Jiang	48	Director and Chief Operating Officer	2015	Mr. Jiang has been working in the insurance industry since 2003. Prior to joining the company, Mr. Jiang worked as senior manager in Starr Insurance (China) from 2009 to 2015. Prior to that, Mr. Jiang worked as senior manager in AIG Insurance from 2003 to 2009. Before entering the insurance industry, Mr. Jiang worked as marketing manager for AirChina from 1993 to 2003. Mr. Jiang obtained his Master's degree in Marketing from Hong Kong University in 2013.
Mr. Minghan Xiao	46	Co-Chief Financial Officer	Nov 2016	Prior to joining the company, Mr. Xiao worked in his capacity as chief financial officer, senior accountant or secretary of board of directors in several companies from October 2007 to May 2016. Mr. Xiao worked in his capacity as assistant manager for Klynveld Peat Marwick Goerdeler from November 2006 to August 2007, and as senior accountant for Deloitte Touche Tohmatsu Limited from December 2004 to October 2006. Prior to that, Mr. Xiao worked for five years in a PRC accounting firm. Mr. Xiao obtained his Bachelor's degree in Logic from the Department of Philosophy, Peking University in 1995, and his Master's degree in Logic from the Department of Philosophy, Sun Yat-sen University in 1998.
Mr. Ronald Tam	38	Co-Chief Financial Officer and Chief Strategy Officer	Mar 2020	Mr. Ronald Tam has served as our Chief Strategy Officer since April 2020 and our Co-Chief Financial Officer since August 2020. Mr. Tam has over 15 years of experience in driving and executing corporate strategy, strategic investments, mergers and acquisitions and capital markets transactions. Prior to joining our company, Mr. Tam served as the Chief Financial Officer of Chong Sing Holdings FinTech Group Limited, a Hong Kong-listed fintech group, from 2016 to 2019, and Vice President of Corporate Finance from 2014 to 2016. Prior to that, Mr. Tam was an executive director and head of general industries investment banking for Greater China at Daiwa Capital Markets Hong Kong Limited from 2011 to 2013. Mr. Tam was a director at Crosby Capital Partners with a focus on private equity and special situations investments from 2010 to 2011. Mr. Tam commenced his career in investment banking at Goldman Sachs (Asia) L.L.C. in Hong Kong from 2002 to 2008 in its Equity Capital Markets and Corporate Finance groups, and advised corporate clients and financial sponsors on equity, equity-linked and M&A transactions across industries in Asia. Mr. Tam graduated magna cum laude with a Bachelor of Arts degree in Economics and Computer Science from Yale University in 2002, and is currently a Finance EMBA candidate at Tsinghua PBC School of Finance.
Ms. Xuchun Luo	50	Director and Secretary of the Board of Directors	2006	Ms. Luo has over 13 years of insurance related experience, and 18 years of accounting and financing related experience. Before joining the company, Ms. Luo worked as a department manager in Shenzhen Huize Internet Insurance Agent Co., Ltd. from March 2007 to November 2011. Ms. Luo also worked in Hua An Property Insurance Co., Ltd. for two years. Prior to that, Ms. Luo worked as an accountant in Industrial and Commercial Bank of China for 15 years, and as a department manager in an industrial company for two years. Ms. Luo obtained a Specialist's degree in Financial Accounting from Jiangxi Radio and Television University in 2001, and a Bachelor's degree in Law from The Open University of China in 2009.
Mr. Kai Ouyang	42	Chief Technology Officer	2014	Dr. Kai Ouyang has served as chief technology officer since September 2014. Prior to joining the company, he worked as technical director of Fangduoduo Internet Technology Co., Ltd. from October 2011 to August 2014. Dr. Ouyang worked as the technology architect in Tencent Technology Co., Ltd. from August 2008 to October 2011. Before that, he worked as a doctoral lecturer in School of Computer Science of Wuhan University of Science and Technology from June 2006 to July 2007, and as a postdoctoral researcher in School of Computer Science of Hong Kong Baptist University from July 2007 to August 2008. Dr. Ouyang obtained his Bachelor's degree in Material Science and Engineering, minor in Computer Science in 1999, his Master's degree in Computer Science in 2002, and his PhD degree in 2006, all from Huazhong University of Science and Technology.
Mr. Haosheng Song	37	Chief Content Officer	2015	Mr. Haosheng Song has served as chief content officer since 2015, and has been in charge of branding, marketing and public relations since then. Mr. Song has rich experience in content provision and communication. Prior to joining the company, he worked as a reporter and chief editor in China Central Television from July 2007 to December 2014. Mr. Song obtained his Bachelor's degree in Chinese Literature in 2004 from Shandong University. He obtained his Master's degree in advertising from Communication University of China in 2007.
Mr. Yongsheng Wang	46	Chief Human Resources Officer	2016	Mr. Yongsheng Wang has served as chief human resources officer since 2016. Mr. Wang has rich experience in human resource management. Prior to joining the company, Mr. Wang worked in his capacity as senior consulting director and partner at two management consulting companies for eight years. Prior to that, Mr. Wang worked in the human resource departments of China National Accord Medicines Co., Ltd., Jindi Group Co., Ltd., and Huawei Technologies Co., Ltd., respectively, from 2000 to 2008. Mr. Wang obtained both his Bachelor's degree and Master's degree from Tianjin University.
Mr. Bin Wei	50	Independent Director	Feb 2020	Wei has over 25 years of accounting and finance related experience. Mr. Wei has served as an asset management partner of CDH Investments Management (Hong Kong) Limited since April 2019. Prior to that, he served as a partner at Hillhouse Capital Group from April 2018 to March 2019. Prior to that, Mr. Wei worked in China Resources (Holdings) Co., Ltd. for 16 years from 2001 to 2017 in his capacities as director of finance, chief accountant and chief financial officer. From 1996 to 2001, Mr. Wei worked as the head of the accounting department in Nanguang (Group) Co., Ltd. Prior to that, Mr. Wei worked in the Audit Office of the Ministry of Foreign Trade and Economic Cooperation as a civil servant from 1992 to 1996. Mr. Wei serves as directors of various companies listed on Hong Kong Stock Exchange and Shenzhen Stock Exchange, including six affiliates of China Resources (Holdings) Co., Ltd. and China Vanke Co., Ltd. (HKSE: 02202; Shenzhen Stock Exchange: 000002) Mr. Wei has become qualified as a Chinese CPA since 1993, a Senior Auditor in China since 2003 and a Senior Accountant in China since 2003. Mr. Wei obtained his bachelor's degree in Auditing from Zhongnan University of Finance and Economics in 1992, and his master's degree in Finance from Jinan University in 2001.

Name (Cont'd)	Age	Position	Date of Joining	Experience
Mr. Jun Ge	48	Independent Director	Feb 2020	Mr. Jun Ge has served as the independent director upon the effectiveness of the registration statement on Form F-1. Mr. Ge has served as the associate dean of Shanghai Institute of Advanced Finance at Shanghai Jiaotong University since February 2017. Prior to that, Mr. Ge served as the dean of Pudong Innovation Institute from 2015 to 2017. From 1996 to 2015, Mr. Ge worked in China Europe International Business School in various capacities, including director of the office, secretary general of the foundation and assistant of the dean. From 1993 to 1996, Mr. Ge served as an assistant engineer of Shanghai Academy of Building Research. Mr. Ge is currently a standing director of the National Innovation and Development Strategy Research Association, a member of the Independent Board Committee of the China Association of Listed Companies, a director of the China Electric Vehicle 100-member Association, and a member of the Shanghai International Equity Investment Fund Association. He also serves as an independent director of Focus Media Information Technology Co Ltd. (Shenzhen Stock Exchange: 002027), Meinian Onehealth Healthcare Holdings Co., Ltd. (Shenzhen Stock Exchange: 002044) and CIFI Holdings (Group) Co., Ltd. (HKSE: 00884). Mr. Ge obtained his bachelor's degree in Chemistry from Xiamen University in 1993.

Source: Company data, AMTD Research

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Buy	Stock with potential return of over 20% over the next 12 months
Hold	Stock with potential return of -20% to +20% over the next 12 months
Sell	Stock with potential loss of over 20% over the next 12 months

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