

Initiation Report

ZHIBAO TECHNOLOGY INC.



- **Robust Financial Performance and Strategic Growth:** Zhibao Technology Inc. has shown significant financial growth, with revenues increasing by 31% to RMB 142.1 million in FY 2023, driven largely by its digital insurance brokerage segment. Despite a strategic reduction in MGU service fees to boost long-term competitiveness, overall revenue from these services remained stable. The company maintains strong profitability with gross margins above 40%, and after a temporary operating loss due to a one-time share-based compensation expense of RMB 54.7 million (\$7.5 million) for issuance of ordinary shares to a related party in FY2023, it is potentially poised to return to profitability. Following a successful IPO that raised RMB 43.5 million, Zhibao has a strengthened balance sheet with a healthy cash position and manageable debt levels, supporting its capacity for future growth and market expansion.
- **The Future of Insurance Distribution is Embedded:** Zhibao's 2B2C embedded digital brokerage model exemplifies the future of insurance distribution, focusing on embedded insurance that naturally integrates into customers' everyday activities via digital platforms. This approach reduces friction in the insurance buying process, increases the penetration of insurance products, and opens new avenues for customized insurance offerings.

Company Overview

Zhibao Technology Inc. is a leader in the Chinese InsurTech sector, primarily recognized for pioneering the 2B2C ("to-business-to-customer") embedded digital brokerage model through its subsidiary, Zhibao China Group. Established in 2020, the company launched China's first digital insurance brokerage platform, driven by a proprietary Platform as a Service (PaaS). According to the Frost & Sullivan Report, in 2022, Zhibao China Group held a market share of approximately 17.4%, generating revenue of around RMB 140.6 million in a sector valued at RMB 807.4 million. The 2B2C digital insurance brokerage sector is experiencing rapid growth, with a historical compound annual growth rate (CAGR) of about 54.6% from 2018 to 2022, and is projected to reach RMB 6.2 billion by 2027.

Zhibao's business model integrates customized insurance solutions into the digital channels of various business entities, known as B channels, to serve their end customers, or C channels. This approach allows the company to directly address specific insurance needs, such as embedding travel insurance solutions for a travel agency's customers traveling to the U.S. directly through platforms like websites and apps. Zhibao China Group provides a range of services, including insurance brokerage and Managing General Underwriter (MGU) services, where it assists insurance companies in underwriting, claims, and risk control. The company designs and customizes products to fit specific industries and scenarios, supported by technology in big data and AI to continually enhance these solutions.

Zhibao Technology Inc. leads the China InsurTech sector with its pioneering 2B2C digital embedded insurance model and China's first digital insurance brokerage platform, powered by its proprietary PaaS

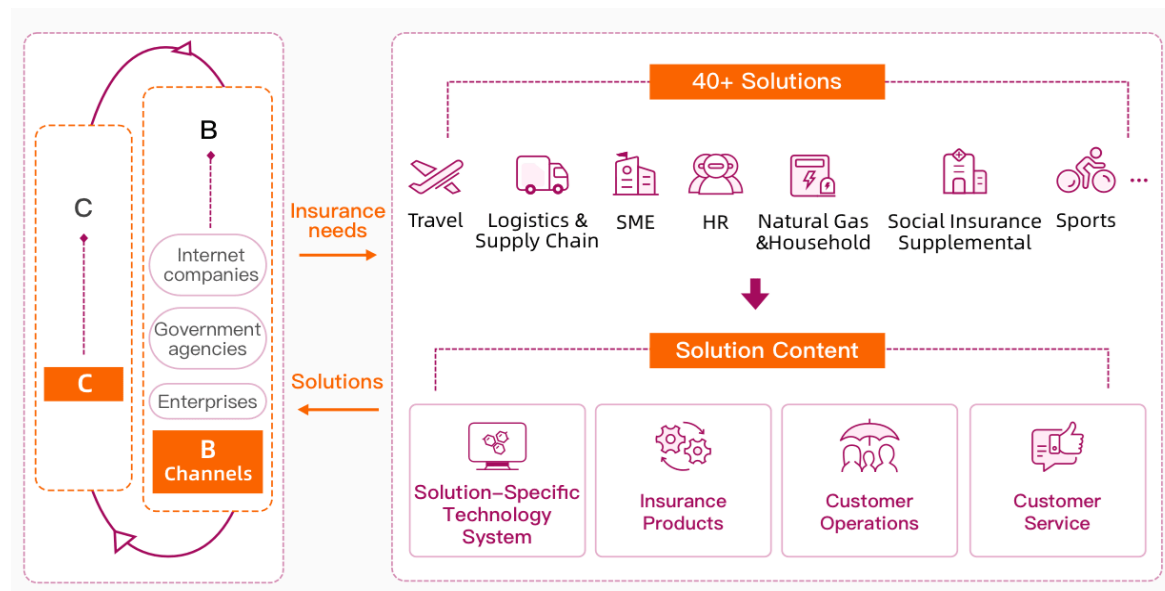


Exhibit 1: Zhibao Technology Digital Insurance Solutions. Source: Company Filings

Corporate Structure

Zhibao Technology Inc. is a Cayman Islands exempted company incorporated in January 2023 and serves as a holding company. It conducts its business in China through a network of PRC subsidiaries. The structure is optimized to support the company's operations in the insurance brokerage industry and to facilitate potential international investment.

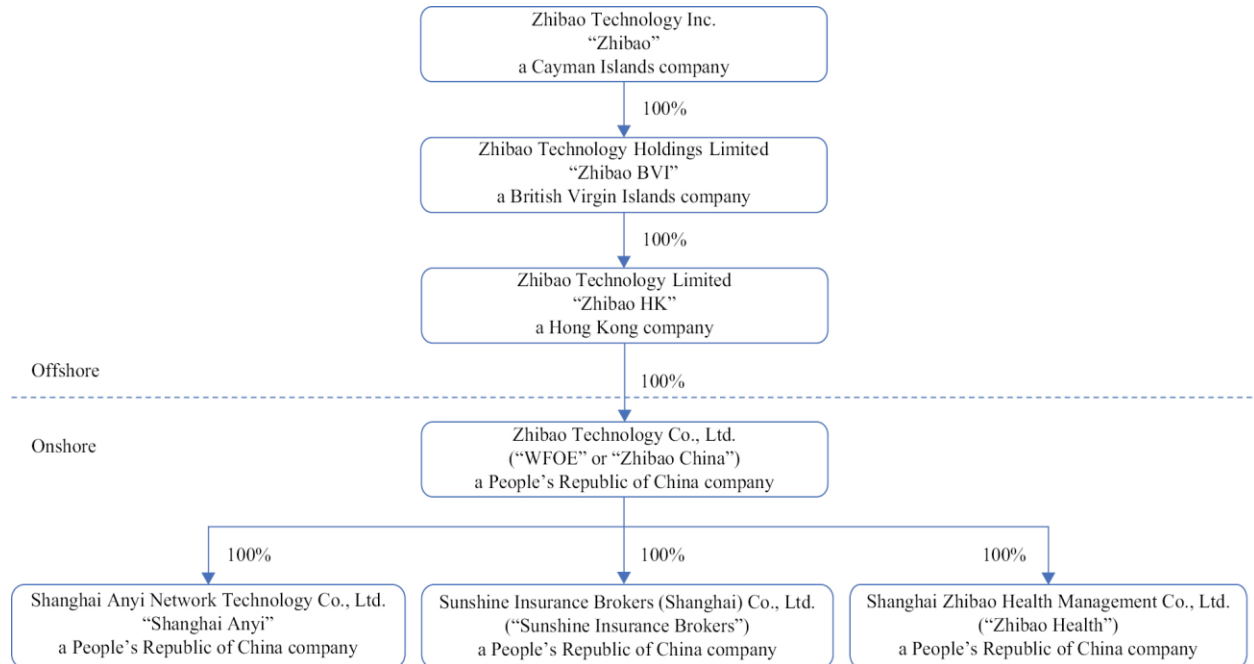


Exhibit 2: Zhibao Group Corporate Structure. Source: Company Prospectus

Zhibao China

Operating under the name Zhibao Technology Co., Ltd. ("Zhibao China" or "WFOE"), it is a wholly foreign-owned enterprise that forms the operational core of the group in China. Zhibao China, which commenced its insurance brokerage operations in 2016, has evolved from Shanghai Julai Investment Management Co., Ltd. and then Zhibao Technology (Shanghai) Co., Ltd. To adapt to its growing business and to streamline capital investment from abroad, the company underwent a reorganization, forming new offshore and onshore entities from December 2022 to March 2023.

Offshore Entities

- Zhibao BVI: Incorporated in January 2023 in the British Virgin Islands (BVI), this entity is a direct, wholly-owned subsidiary of Zhibao Technology Inc. Zhibao BVI, in turn, owns all of Zhibao HK.
- Zhibao HK: Established on January 19, 2023, under Hong Kong law, Zhibao HK holds all equity interest in Zhibao China, acting as an intermediary holding company.

Onshore Subsidiaries

- Shanghai Anyi Network Technology Co., Ltd.: Originally controlled by Shanghai Xinhui, a company linked to CEO Mr. Botao Ma, this subsidiary was transferred to Zhibao China, in 2016. Shanghai Anyi primarily provides R&D services to Sunshine Insurance Brokers and Zhibao China.

- Sunshine Insurance Brokers (Shanghai) Co., Ltd.: Starting as an independent entity, Sunshine Insurance Brokers became a wholly-owned subsidiary of Zhibao China, following a transfer of equity in 2016. The subsidiary's primary function is offering insurance brokerage services.
- Shanghai Zhibao Health Management Co., Ltd.: Incorporated in November 2022, Zhibao Health primarily provides MGU (Managing General Underwriter) Services.

This arrangement allows for efficient management of Zhibao's diverse services, from MGU services and R&D to direct insurance brokerage, while maintaining capacity for future expansion and investment.

Leading the Way in Embedded Insurance with a Unique 2B2C Business Model

Zhibao Technology Inc. has established itself as a pioneer in the 2B2C (to-Business-to-Consumer) embedded digital insurance brokerage market in China, leveraging a unique business model that integrates seamlessly into the digital ecosystems of business channels (B channels). This model not only simplifies the insurance purchasing process for end customers but also enhances the service offerings of B channels, thereby creating a symbiotic relationship that drives growth and customer satisfaction.

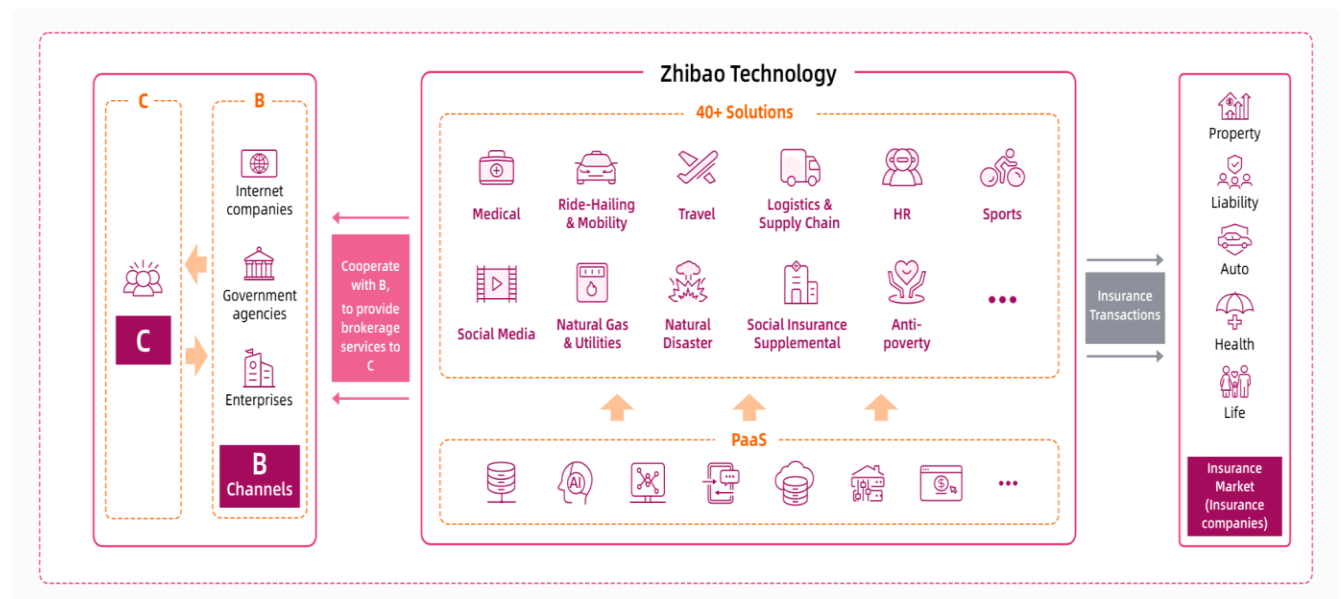


Exhibit 3: Zhibao Technology 2B2C Model. Source: Company Filings

The 2B2C (to-business-to-customer) embedded digital brokerage model employed by Zhibao Technology Inc. is a hybrid business strategy that merges B2B (business-to-business) and B2C (business-to-consumer) approaches into a cohesive framework. This model is specifically designed to leverage relationships with business channels (the 'B' in 2B2C) to reach and serve the

ultimate end customers (the 'C' in 2B2C). Here's a detailed breakdown of how this model functions within Zhibao Technology Inc.:

Structure of the 2B2C Model

1. Zhibao Technology Inc. (First 'B'): Zhibao acts as the central facilitator in this model, connecting insurance providers with business channels and ultimately the end customers. The company provides the technology and platform that supports the embedding of insurance solutions into the B channels' customer engagement systems. This includes the customization of insurance products, management of customer data, and the handling of transactions.
2. Business Channels (Second 'B'): These are intermediary businesses or platforms that Zhibao partners with. They can include a variety of entities such as internet platforms, government agencies, and large to medium-sized enterprises across different sectors and regions. Zhibao's digital insurance solutions are integrated into these B channels' platforms. This integration allows the insurance products to be embedded directly into the digital ecosystems that B channels operate, such as websites, apps, WeChat Mini Programs, and other social media accounts.
3. End Customers ('C'): These are the final recipients of the insurance products, typically individuals, families, or small and medium-sized enterprises (SMEs) who engage with the B channels for various services or products. Through the B channels, end customers gain access to Zhibao's insurance products seamlessly within the existing platforms they already use. This method significantly enhances the customer experience by providing tailored insurance solutions where and when they need them without the need for separate interactions.

Zhibao employs a 2B2C model, embedding its digital insurance solutions into platforms like internet and government channels, enhancing their offerings while extending its reach. This approach connects insurers with channels and delivers tailored insurance directly to end users, optimizing convenience and accessibility

The 2B2C embedded brokerage model is particularly effective because it creates a symbiotic relationship between Zhibao, B channels, and end customers. Each party benefits from the arrangement: B channels enhance their offering and potentially generate additional revenue streams, Zhibao gains access to a broad and targeted customer base without the overhead associated with traditional sales methods, and customers enjoy convenient, tailored insurance solutions integrated into their regular service platforms.

Comprehensive Insurance Brokerage Services

Insurance brokerage services form the core of Zhibao's offerings, contributing approximately 75% of its overall revenue. The company operates through its proprietary Platform as a Service (PaaS), which supports a wide range of digital insurance brokerage services. This platform was first launched in 2020 and represents a significant innovation in the market, being the first of its kind in China. The platform facilitates the embedding of customized insurance solutions directly into the digital interfaces of B channels—ranging from their websites and apps to WeChat Mini Programs and other social media platforms like Douyin, the Chinese equivalent of TikTok.

Each insurance solution provided by Zhibao is carefully tailored to the specific scenario and industry of the B channel, ensuring relevance and added value to the end customers. These solutions encompass various aspects, including product design, insurer selection, technology system interconnection, and comprehensive customer service. For instance, before purchasing, end customers must agree to a Brokerage Agreement, empowering Zhibao to act on their behalf. The insurance premiums are then collected either directly by the insurance company or through Zhibao for later settlement with the insurer, with policies issued electronically and automatically.

Strategic B Channel Partnerships

Zhibao's business model relies heavily on its B channels, which include internet platforms, government agencies, and large and medium-sized enterprises across most provinces and major cities in China such as Shanghai, Beijing, Guangzhou, and Shenzhen. As of the latest filing, Zhibao has partnered with more than 1,000 B channels. These channels integrate Zhibao’s digital insurance solutions into their customer engagement platforms, providing Zhibao with access to a vast and stable customer base. This arrangement not only reduces customer acquisition costs significantly compared to traditional brokerage services but also provides B channels with intermediary fees, which range from 30% to 50% of the insurance brokerage fees collected by Zhibao.

Zhibao's business model leverages over 1,000 B channels, including internet platforms and government agencies across major Chinese cities, to integrate its digital insurance solutions. This setup significantly reduces customer acquisition costs and provides B channels with intermediary fees of 30% to 50% of the brokerage fees Zhibao collects

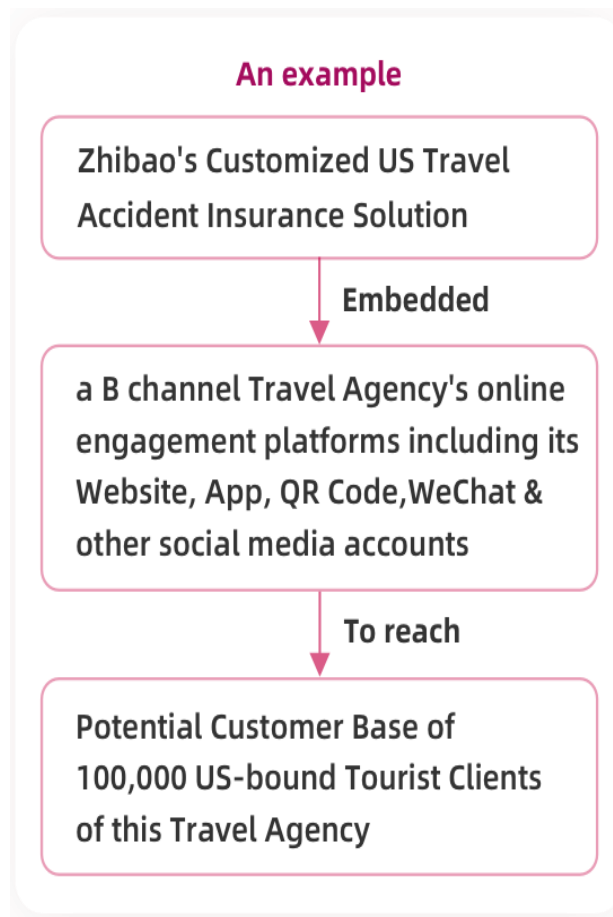


Exhibit 4: An Example of Zhibao Technology 2B2C Embedded Digital Brokerage Model. Source: Company Filings

End Customer Acquisition and Conversion

Zhibao has successfully acquired over 1 million end customers primarily through these B channels. The company's strategy involves converting these end customers into direct customers (2C business), enhancing direct interaction, and offering tailored insurance services through multiple touchpoints, including their own WeChat Mini Program. This conversion process is pivotal for Zhibao's growth in the 2C sector, which started in mid-2022 and includes various 2C solutions tailored to the diverse needs of end customers.

Insurance Company Collaborations

Collaborating with a diverse array of insurance providers is fundamental to Zhibao Technology Inc.'s operations. Currently, the company works with over 90 insurance firms across various sectors, including property and casualty (P&C), life and pension, health insurance companies, and other specialized insurance institutions. This broad network enables Zhibao to offer an extensive range of insurance products tailored to the specific needs of its end customers. Zhibao's partnerships with these insurance companies are critical, providing the necessary support to offer comprehensive insurance solutions to the customers acquired through the B channels. Each insurance company with which Zhibao partners is rigorously selected to ensure they meet the stringent qualifications required to conduct insurance business under competent jurisdictions, thereby upholding the high standards Zhibao promises its customers.

Going forward, Zhibao plans to not only continue working with its existing insurance company partners but also to identify and secure new partners. This approach is intended to broaden the company's supply base and further cement its position as a leader in the 2B2C embedded digital insurance market in China.

MGU Services: Enhancing Insurance Operations

Managing General Underwriter (MGU) services represent a specialized sector in the insurance industry where Zhibao Technology Inc. excels, particularly in high-end medical insurance. This innovative model allows Zhibao to act as a third-party administrator (TPA), enabling it to assist insurance companies in several critical areas. These areas include product design, underwriting, reinsurance, claims settlement, risk control, and overall supplier management. The MGU services are supported by Zhibao's custom-developed system, integrated into its broader digital insurance brokerage platform.

Zhibao's MGU offerings provide comprehensive support to both domestic insurance companies and overseas reinsurance firms. For international insurers, Zhibao's services offer a strategic entry point into the Chinese market, bypassing the need for substantial local investment and operational scaling. Simultaneously, it allows Chinese insurers to access niche or specialized markets with minimal initial investment, broadening their reach and enhancing their capabilities in the competitive insurance landscape.

Zhibao also specializes in Managed General Underwriter (MGU) services for high-end medical insurance. Zhibao's MGU services can also help insurers to efficiently enter and expand in the Chinese market with minimal investment

The demand for high-end medical insurance in China is expanding, with significant growth in gross written premium (GWP). Zhibao's strategic MGU services are well-positioned to meet this increasing demand by providing tailored solutions that align with the complex requirements of this growing market segment. Currently, Zhibao has established MGU agreements with seven insurance providers, including five domestic insurers and two international reinsurers, highlighting its pivotal role in this sector.

Diverse Channels for Marketing and Sales

Zhibao Technology Inc. employs a multifaceted approach to market and sell its digital insurance services, utilizing multiple channels:

1. B Channels

- **B channels** are integral to Zhibao's marketing strategy. They allow the company's digital brokerage solutions to be embedded within their various platforms, effectively reaching a broad end customer base. To date, Zhibao has established cooperation with over 1,000 business channels, through which it has successfully acquired more than 1 million end customers. This extensive network of B channels not only facilitates widespread customer access but also strengthens Zhibao's market presence and brand recognition across China.
- **Independent Sales Partners:** Zhibao collaborates with approximately 40 independent sales partners who play a crucial role in sourcing B channels on behalf of the company. These partners are compensated with fees ranging from 15% to 50% of the insurance brokerage fees generated through the B channels they secure. Zhibao maintains long-term agreements, typically extending for one year or more, with each of these partners. Approximately 20% of B channels are secured through this network, underscoring the significance of these partnerships in expanding Zhibao's reach and enhancing its market penetration.
- **Own Sales Team:** Zhibao also leverages its internal capabilities with a direct sales team comprising 82 full-time employees as of January 31, 2024. This team is tasked with developing new B channels and enhancing existing relationships. The sales team is based both at the company's headquarters and at various branch offices, receiving regular training to enhance their efficiency and effectiveness. Compensation for the sales team includes a fixed base salary and a commission of up to 10% of the revenue they help generate, incentivizing performance and aligning their interests with the company's growth objectives.

Zhibao Technology Inc. markets and sells its digital insurance services through multiple channels including independent sales partners, business channels (B channels), and its own dedicated sales team

2. End Customers

- **AARRR Customer Acquisition/2C Solutions:** Once B channels engage potential end customers, Zhibao implements its specialized 2C solutions, focusing on Acquisition, Activation, Retention, Referral, and Revenue (AARRR) strategies to convert and retain these individuals as direct consumers.

Comprehensive Customer Services

In addition to its robust marketing and sales operations, Zhibao places a strong emphasis on customer service to support its end customers. The company provides a spectrum of customer services, ranging from basic to value-added services:

- **Basic Customer Services:** These include day-to-day consultation, insurance policy renewal, and claims assistance, ensuring that customers receive timely support and guidance on their insurance products.
- **Value-Added Customer Services:** Zhibao offers specialized services such as health services and family insurance planning, catering to the broader and more specific needs of its customers.

Customers have multiple channels through which they can access these services, including Zhibao's WeChat Official Account, WeChat Mini Program, and a dedicated customer service hotline. For those requiring more personalized assistance, Zhibao provides the option of offline, face-to-face services.

As of the latest reporting period, Zhibao's operations team consists of 49 members, with 30 dedicated to online customer service operations and 19 focused on customer AARRR operation activities. This structured approach ensures that both potential and existing customers experience a seamless and supportive interaction with Zhibao, enhancing customer satisfaction and loyalty.

Revenue Model

Zhibao Technology Inc. derives its revenue through two primary channels: Insurance Brokerage and MGU (Managing General Underwriter) Service Fees, facilitated by Zhibao China Group.

Insurance Brokerage - This stream includes the commissions or fees received from insurance companies for the brokerage services provided to end customers. These customers pay premiums to insurance companies as per the terms of their policies, and Zhibao China Group earns a percentage of the gross written premium per policy. The rates vary based on the type of insurance and the specific products offered, as well as the terms negotiated with each insurance company. For instance, the commission rates are generally between:

- 10% – 35% for property and casualty insurance products,
- 10% – 35% for health insurance products,
- 50% – 80% for life insurance products.

MGU Service Fees - The fees from MGU services represent payments received for assisting insurance companies in underwriting, claims handling, and risk control services. Like brokerage fees, MGU fees are also a percentage of the gross written premium per insurance policy, typically around 15%. These fees are determined based on the type of insurance and the specific agreements with insurance companies.

Zhibao Technology's Platform: China's First Digital Insurance Brokerage Driving Innovation with Advanced Features and Strategic Integrations

In 2020, Zhibao Technology Inc. introduced China's first digital insurance brokerage platform, marking a significant development in the industry. This platform is central to Zhibao's 2B2C embedded digital brokerage business model, facilitating the delivery of insurance services through digital interfaces integrated into the platforms of various B channels. These interfaces include websites, apps, WeChat Mini Programs, and other social media platforms, enabling efficient access to insurance solutions for end customers.

Platform Design and Functionalities

The platform is designed to support a wide array of digital insurance brokerage services tailored to the specific needs and scenarios of each B channel and their end customers. It encompasses several key functionalities:

Zhibao's platform supports a broad range of services tailored to the specific needs of each B channel and their customers, encompassing insurance product design, insurer selection, system integration, marketing, customer service, regulatory compliance, and data analysis



Exhibit 5: Working Mechanism of Zhibao's Platform and Its Technology Infrastructure. Source: Company Filings

- **Insurance Product Design and Customization:** Zhibao tailors insurance products to meet the specific requirements of B channels and their customers, including coverage details, premium pricing, and service options.
- **Insurer Selection:** The platform facilitates the selection of insurers by representing B channels and end customers, setting up bidding processes when necessary to secure the best terms.
- **Technology System Interconnection:** Zhibao establishes one-stop digital insurance service systems that are integrated into the B channels' digital platforms, enhancing customer interaction and engagement.

- **Customer AARRR Operation and Promotion:** The platform conducts marketing and promotional activities across various digital channels to optimize customer acquisition, activation, retention, referral, and revenue.
- **Customer Service:** A dedicated customer service team, supported by AI technology, provides personalized consultation and support, ensuring high customer satisfaction and efficient claim handling.
- **Regulatory Compliance Management:** All operations on the platform comply with relevant PRC regulations, with a rigorous system in place to ensure all transactions are pre-approved and recorded in accordance with regulatory requirements. The company actively monitors potential changes and is poised to adapt to new regulations.
- **Data Analysis:** Leveraging big data and proprietary algorithms, the platform continuously improves its offerings and shares valuable insights with B channels and insurance companies.

Advanced PaaS and SaaS Systems

Zhibao’s Platform as a Service (PaaS) is a cloud-based development platform that provides essential tools for efficiently building the systems required for insurance solutions. This PaaS, developed from eight years of real-world system deployment experience, includes:

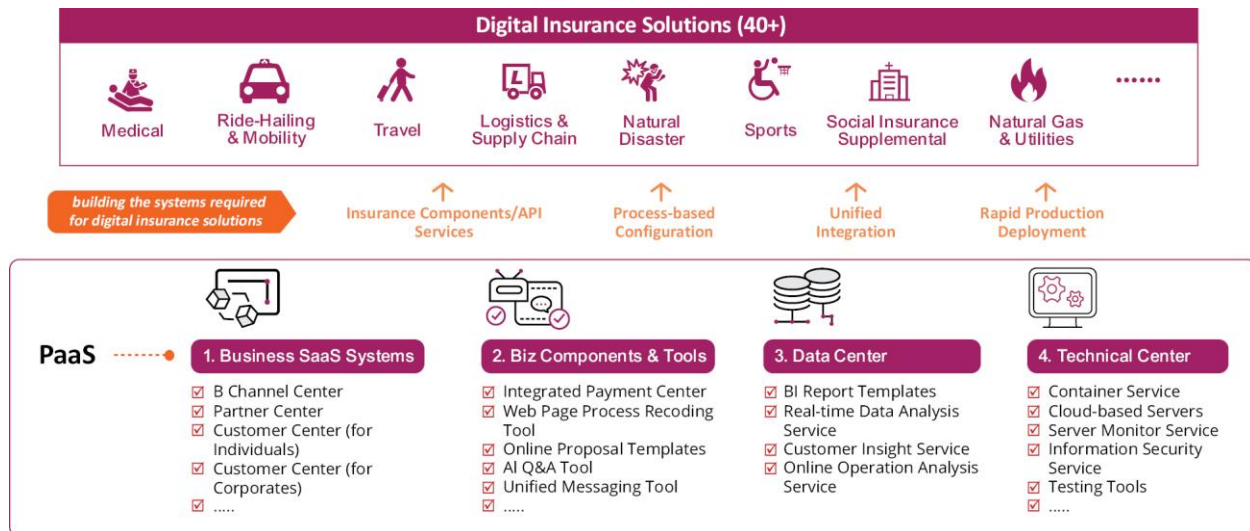


Exhibit 6: Zhibao’s PaaS Solutions. Source: Company Filings

- **Business SaaS Systems Grouping:** Offers specific SaaS functionalities to B channels, such as multi-level distribution and business analytics, facilitating the quick launch of insurance sales.

- **Biz Components & Tools Grouping:** Provides fundamental tools like integrated payment centers and unified messaging tools, which support various payment methods and communication strategies essential for engaging customers effectively.
- **Data Center:** Equipped with advanced data analytics capabilities, the center enhances customer insights and digital operations, improving overall service quality and operational efficiency.
- **Technical Center:** Operates on robust cloud infrastructure with top-tier data security certifications, ensuring high reliability, scalability, and security.

Zhibao's Platform as a Service (PaaS) is a cloud-based development platform refined over eight years to provide comprehensive tools for building efficient insurance systems

Delivery System

Zhibao's delivery system adheres to the best practices in digital insurance brokerage. It segments business opportunities by industry, maps them to specific solutions, and customizes workflows according to the needs of B channels. This system standardizes processes, ensuring high-quality deliverables and enhancing the efficiency and satisfaction of B channels. In summary, Zhibao Technology Inc.'s platform not only represents a significant technological advancement but also supports a complex ecosystem that enhances the relationships between insurance companies, B channels, and end customers. Its role in pioneering digital insurance brokerage in China positions Zhibao as a key player in the industry.

Growth Momentum Using a Comprehensive Strategic Approach

Zhibao's innovative 2B2C embedded digital brokerage model has been proven efficient and effective, allowing the company to provide value-added services to B channels and their customers, thereby creating additional revenue streams for both parties. By embedding customized insurance solutions into the online engagement platforms of B channels, Zhibao ensures a sustainable and stable source of end customers at minimal cost. Moreover, the company's first-mover advantage in launching China's first 2B2C embedded digital insurance brokerage platform positions it well to capitalize on the expanding market. The company plans to further expand its B channel base, deepen existing relationships, and continue developing innovative insurance solutions that cater to the evolving needs of customers across all sectors. With strategic initiatives aimed at enhancing technological capabilities and expanding globally, Zhibao is poised for continued growth and success in the dynamic digital insurance market:

- **Technological Advancements and AI Integration:** In an effort to stay at the forefront of the InsurTech industry, Zhibao is committed to continuously upgrading its technology platform. The company plans to incorporate advanced technologies such as Generative AI to enhance the personalization and efficiency of its insurance solutions. This technological enhancement will not only improve the user experience but also streamline operations and increase the precision of data analysis, which is crucial for tailoring insurance products to specific customer needs.
- **Deepening 2C Customer Engagement:** To ensure long-term growth and customer retention, Zhibao intends to enrich the relationships with its existing end customers by offering more

comprehensive insurance plans and consulting services. These initiatives are designed to transition more customers to the company’s 2C platform, thereby increasing direct interactions and fostering higher customer loyalty. Additionally, Zhibao aims to enhance its service offerings to include more interactive and on-demand customer service options, which will potentially help in addressing customer queries and claims more efficiently.

- **Expanding Insurance Product Range and Services:** As part of its growth strategy, Zhibao will continue to develop and introduce new insurance products and services that cater to the changing demands of the market. This includes expanding into new insurance categories such as cyber insurance, environmental, social, and governance (ESG) related insurance products, and other innovative areas that are currently underserved. By doing so, Zhibao aims to not only meet the diverse needs of its customers but also to stay ahead of industry trends.
- **Extending MGU Business Scope:** Zhibao China Group is expanding its Managing General Underwriter (MGU) operations, aiming to increase its MGU partners from five to 15 by the end of 2024 and broaden its product offerings to include mid-end medical and personal accident lines, in addition to its current high-end medical insurance and long-term disability lines. This expansion will enable Zhibao to enhance its service capabilities and market reach, further establishing its leadership in the MGU sector and diversifying its revenue streams.
- **Strategic Partnerships and M&A Activities:** To support its expansion efforts and to enhance its service capabilities, Zhibao may seek strategic partnerships and could consider mergers and acquisitions with other tech-savvy insurance providers and brokerage firms. These partnerships will enable Zhibao to access new markets, share expertise, and leverage synergies to enhance overall service delivery. Additionally, collaborating with leading insurance carriers and integrating more deeply with insurance company platforms will strengthen Zhibao’s position in the industry and provide a more robust offering to B channels and end customers.
- **Future Strategic Initiatives and Expansion Plans:** Zhibao Technology Inc. is not only focused on consolidating and expanding its presence in the Chinese market but is also looking towards international horizons. The company’s pioneering 2B2C embedded digital insurance brokerage model presents significant opportunities for global market penetration. Zhibao plans to leverage its first-mover advantage to establish a foothold in other Asian markets and eventually expand to global markets where digital insurance solutions are still nascent but promising.
- **Establishment of a Captive (Re)Insurer:** As part of its growth initiatives, Zhibao plans to take a significant step beyond traditional digital insurance brokerage by establishing a captive (re)insurer. This strategic move will enable Zhibao to underwrite a small portion of its business directly. By doing so, the company aims to demonstrate confidence in its business model and services. Additionally, this initiative is expected to foster deeper and higher-quality relationships with insurance partners and B channels, enhancing trust and collaboration.

The company plans to expand by enhancing technology, deepening customer engagement, and broadening its insurance offerings. Key initiatives include expanding its MGU business, establishing a captive (re)insurer, and extending into international markets to leverage global opportunities

China's Insurance Brokerage Service Industry

China is recognized as the second largest insurance market in the world, yet it remains largely underserved, with a low penetration rate. According to the Swiss Re Institute, the insurance density in advanced markets stood at USD 3,737, with an insurance penetration rate of 7.8% as of 2018.¹ In contrast, data from the National Financial Regulatory Administration (NFRA) in 2021 indicates that China's insurance density was significantly lower at CNY 3,360 (approximately USD 470), and the insurance penetration rate was only about 3.9%.¹ This comparison underscores the substantial gap between China and more developed insurance markets, highlighting the considerable potential for growth in China's insurance sector. Given the current low levels of insurance uptake, there is a significant opportunity for the industry to expand, suggesting a promising future for market development and increased insurance adoption within the country. According to a 2022 forecast by the Swiss Re Institute, China's proportion of the global insurance market in terms of written premiums is expected to increase from 11% in 2018 to 20% by 2029. In contrast, the United States is anticipated to see a decrease in its market share from 28% to 25% over the same period. Swiss Re also predicts that the Chinese insurance market will continue its rapid growth trajectory and is poised to overtake the U.S. as the world's largest insurance market by the mid-2030s. Insurance brokers are the key stakeholders in the insurance industry, serving as the crucial intermediaries between insurance providers and policyholders, and they stand to be major beneficiaries of this market expansion.

China's insurance market, while second largest globally, has low penetration rates, offering significant growth potential for brokers, especially with projections indicating of it becoming the largest market by mid-2030s

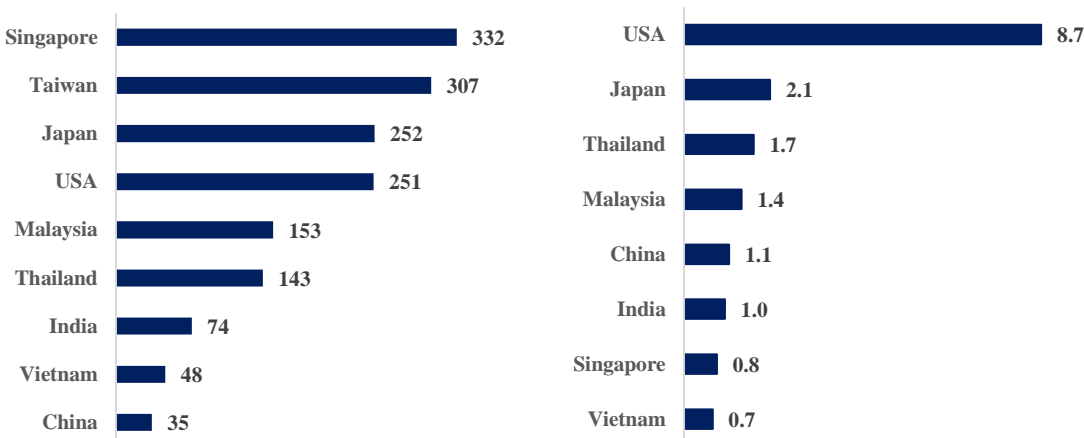


Exhibit 7: Chinese Population Remains Largely Uninsured and Underserved Compared to Asian Counterparts. Life Insurance Ratio of Sum Assured to GDP in FY 2020, % (Left), Nonlife Insurance Ratio of Gross Written Premium to GDP in FY 2021, % (Right). Source: McKinsey & Co.

The insurance brokerage sector in China is witnessing a pivotal transformation, underscored by its provision of professional risk management, innovative insurance plan design, and proficient claims settlement support, all under the oversight of the national insurance regulatory authorities. The industry is divided into two principal segments: traditional and digital insurance brokerage. The digital segment, in particular, is capitalizing on advanced technological integration to redefine interactions between brokers, customers, and insurance providers. This technological adoption is

¹ NBER WORKING PAPER SERIES, https://www.nber.org/system/files/working_papers/w31292/w31292.pdf

not merely about staying relevant; it represents a strategic move to enhance operational efficiencies and expand market reach in response to changing consumer preferences. Detailed market analysis from Frost & Sullivan reveals significant growth within the sector, with revenues increasing from approximately RMB 19.8 billion in 2018 to RMB 42.7 billion in 2022, yielding a compound annual growth rate (CAGR) of 21.1%. This trajectory is expected to continue, with projections indicating an increase to RMB 81.8 billion by 2027.

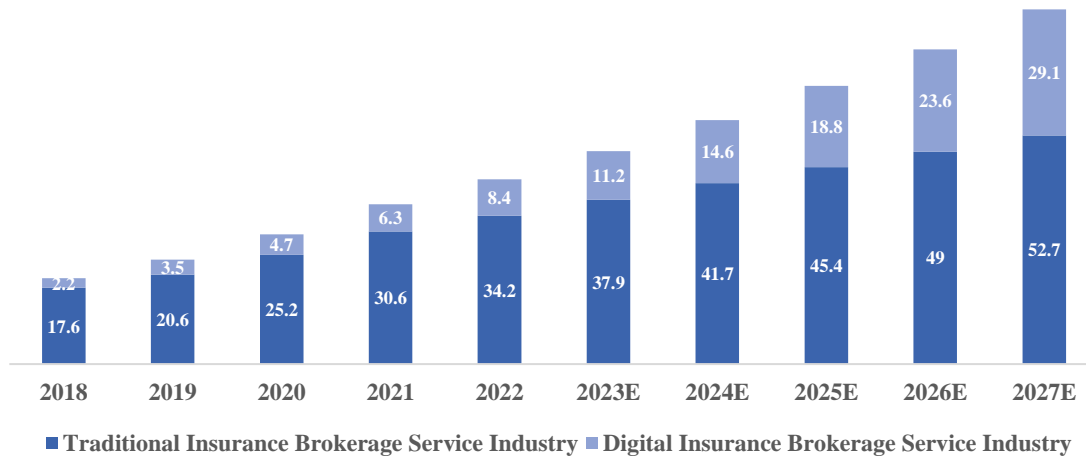


Exhibit 8: Market Size of Insurance Brokerage Service Industry in the PRC Breakdown by Digital and Traditional Insurance Brokerage Services, by Revenue (2018-2027E) (in RMB billion). Source: Frost & Sullivan

The traditional brokerage segment saw its revenues grow from RMB 17.6 billion in 2018 to RMB 34.2 billion in 2022, at a CAGR of 18.2%, and is anticipated to reach RMB 52.7 billion by 2027. On the other hand, the digital brokerage segment, which expanded from RMB 2.2 billion in 2018 to RMB 8.4 billion in 2022 at a CAGR of 39.2%, is projected to continue its rapid ascent, reaching RMB 29.1 billion by 2027. This significant expansion highlights a market trend toward digital platforms driven by a supportive regulatory environment, technological advancements, and shifts in consumer behavior within the insurance brokerage industry.











The digital insurance brokerage segment surged from RMB 2.2 billion in 2018 to RMB 8.4 billion in 2022, growing at a CAGR of 39.2%, and is forecasted to reach RMB 29.1 billion by 2027

Digital Scenario Embedded (2B2C) Insurance Brokerage Services Market

The digital scenario-embedded 2B2C insurance brokerage model is an emerging and innovative business strategy that provides integrated insurance solutions to business entities like corporations or government sectors (the '2B' or Business-to-Business aspect). These solutions are not just standard offerings; they are tailored to the unique scenarios, industries, and characteristics of each business channel. After crafting these specialized insurance solutions, the business entities act as intermediaries, extending these products and associated customer services to their clientele—the end consumers (the '2C' or Business-to-Consumer aspect). A 2B2C insurance brokerage firm acts as a one-stop shop for digital brokerage needs. It assists with designing insurance products for specific scenarios, implements the necessary technical systems, aids in underwriting, provides operational services, and facilitates claims settlement. By tapping into the substantial customer base of the '2B' platforms, 2B2C providers are able to forge a robust connection with '2C' customers through dedicated customer service. This strategy not only improves service delivery but also enlarges the pool of '2C' customers, fostering increased user engagement and conversion.

Moreover, the versatility of the 2B2C model allows for potential integration with other business frameworks, such as the Third Party Administrator (TPA) and Managing General Underwriter (MGU) models. This expands the breadth of services that 2B2C providers can offer, enabling them to cater to a wider array of customer needs and industry demands. Such adaptability and customer-oriented focus make the 2B2C model a formidable force in shaping the future landscape of insurance brokerage services.

In a survey conducted by Chubb targeting executives from 200 financial institutions across Asia, a significant 62% foresee embedded insurance contributing to more than a tenth of their revenue stream within a three-year span. This projection aligns with current trends, as embedded insurance accounted for 16% of Asian insurers’ revenues in 2023.² The embedded model is increasingly favored in the industry for its ability to enhance customer engagement through regular touchpoints, fostering opportunities for cross-selling while optimizing the customer journey.

Applicable Scenarios		Applicable Products and Services	Types of Clients	
Corporate Solutions	 STAFF	<ul style="list-style-type: none"> Human resource Employee benefits 	<ul style="list-style-type: none"> Enterprise property insurance Employer’s liability insurance Group medical insurance 	<ul style="list-style-type: none"> Corporations Employees
Government Solutions		<ul style="list-style-type: none"> Medicare 	<ul style="list-style-type: none"> Medical liability insurance 	<ul style="list-style-type: none"> Consumers Medical institutions
		<ul style="list-style-type: none"> Emergency management 	<ul style="list-style-type: none"> Catastrophe insurance Work safety liability insurance 	<ul style="list-style-type: none"> Provincial emergency departments
		<ul style="list-style-type: none"> Anti-poverty 	<ul style="list-style-type: none"> Anti-poverty insurance Consulting services Publicity and promotion services 	<ul style="list-style-type: none"> Government departments Insurance companies
Applicable Scenarios		Applicable Products and Services	Types of Clients	
Industry Solutions		<ul style="list-style-type: none"> Medical Healthcare 	<ul style="list-style-type: none"> Medical liability insurance Accident insurance Health insurance 	<ul style="list-style-type: none"> Public hospitals Practitioners Patients
		<ul style="list-style-type: none"> Travel Outdoor activity 	<ul style="list-style-type: none"> Travel insurance Accident insurance 	<ul style="list-style-type: none"> Travel agencies Visa companies
		<ul style="list-style-type: none"> Ride-hailing Designated driving service 	<ul style="list-style-type: none"> Liability insurance Vehicle insurance 	<ul style="list-style-type: none"> Ride-hailing platforms Designated driver platforms
		<ul style="list-style-type: none"> Urban utility 	<ul style="list-style-type: none"> Comprehensive insurance Gas insurance 	<ul style="list-style-type: none"> Business service centres Telemarketing service centres
		<ul style="list-style-type: none"> Freight transport Cross-border e-commerce 	<ul style="list-style-type: none"> Liability insurance Cargo insurance 	<ul style="list-style-type: none"> E-commerce platforms Logistics platforms
		<ul style="list-style-type: none"> Self-media Traditional insurance 	<ul style="list-style-type: none"> Exclusive platform services Branding and IP services 	<ul style="list-style-type: none"> Social media influencers Insurance agents

Note: Applicable scenarios, applicable products and services, and types of clients are non-exhaustive.

Source: Frost & Sullivan

Exhibit 9: Overview of 2B2C Digital Insurance Brokerage Service Industry in the PRC Source: Company Filings

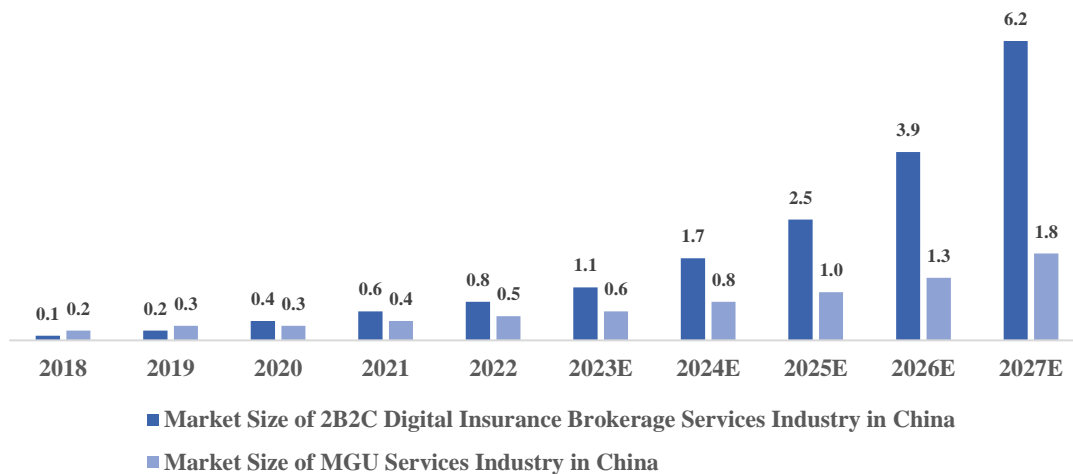
² <https://insuranceasia.com/insurance/exclusive/why-embedded-insurance-must-have>

According to Frost & Sullivan, the market for digital scenario-embedded insurance brokerage services in China has shown rapid growth, expanding from RMB 0.1 billion in 2018 to RMB 0.8 billion in 2022. This growth represents a compound annual growth rate (CAGR) of 54.6% over the four-year period. The significant expansion is attributed to several key drivers, including supportive government policies, advancements in insurance technology, and shifts in consumer behavior. These factors are expected to continue propelling the industry forward, with projections indicating that the market could reach approximately RMB 6.2 billion by 2027. This forecast suggests a continued high growth rate, with an estimated CAGR of about 50.1% from 2022 to 2027. This trajectory underscores the robust potential of the digital scenario-embedded insurance brokerage services market in China, reflecting both technological evolution and a favorable regulatory environment.

The Chinese market for digital scenario-embedded insurance brokerage services has surged from RMB 0.1B in 2018 to RMB 0.8B in 2022, and is expected to reach RMB 6.2 billion by 2027

Growth and Integration of MGU Services in the Embedded Insurance Landscape

Managing General Underwriter (MGU) services are emerging as a pivotal component within the Chinese insurance landscape, particularly in the 2B2C insurance brokerage model. MGUs are specialized intermediaries that assist insurers in managing and underwriting insurance products, focusing on specific market segments like mid-to-high-end medical insurance, which remains the most mature sub-segment of MGUs in China. MGUs assist insurers in key tasks such as risk evaluation, marketing, product design, claim settlement, and risk control. Many leading 2B2C insurance brokerage firms have expanded their capabilities to include both brokerage and MGU services. They can effectively provide complete, turnkey solutions that cater to the needs of both the insurance firms they represent and the end customers they serve. This dual capacity enables them to streamline processes and offer more efficient and comprehensive insurance solutions. Looking ahead, it is anticipated that the MGU business model will increasingly integrate with the 2B2C business model, facilitating the provision of both standardized and tailored insurance solutions across various sectors, including other industries, businesses, and government entities.



The MGU services market in China has experienced an increase from RMB 0.2 billion in 2018 to RMB 0.5 billion in 2022, with forecasts indicating growth to RMB 1.8 billion by 2027

Exhibit 10: Market Size of 2B2C Insurance Brokerage and Managing General Underwriter Services Industry in China, by Revenue (2018-2027E) (in RMB billion). Source: Frost and Sullivan

According to Frost & Sullivan, the MGU services market in China is still in its infancy but is actively being supported by government initiatives aimed at fostering its growth. The MGU market in China has expanded from RMB 0.2 billion in 2018 to about RMB 0.5 billion in 2022, with a compounded annual growth rate (CAGR) of 21.9%. As the sector matures and further innovates, the MGU services market is projected to grow to approximately RMB 1.8 billion by 2027, reflecting a CAGR of around 30.2% from 2022 to 2027.

Key Drivers Enhancing the 2B2C Digital Insurance Brokerage Market in China

The 2B2C digital insurance brokerage service industry in China is experiencing significant growth, driven by a combination of governmental support, technological advancements, and shifts in consumer behavior. These factors are collaboratively shaping the landscape, propelling the industry towards a more digitalized and customer-centric future.

- **Government Initiatives Boosting Digital Transformation:** The China Insurance Industry Association's issuance of the "Notice of Opinions on the 14th Five-Year Plan for the Development of Insurance Technology" in 2021 is a potentially positive development for the sector. This directive mandates a transition to over 90% digitalization of insurance services by 2025, compelling traditional brokerage firms to adopt digital models, thereby catalyzing growth within the digital insurance brokerage industry. Furthermore, the "Healthy China 2030" initiative aims to refine the existing medical insurance framework by integrating basic medical insurance with critical illness, commercial health, and medical assistance plans. This integration is designed to culminate in a comprehensive, efficient universal medical insurance system by 2030, which may significantly bolster the insurance industry.
- **Technological Advancements Streamlining Operations:** The digital insurance sector's evolution is being fueled by breakthroughs in several key technologies, including artificial intelligence, big data, blockchain, cloud computing, and the Internet of Things. These technologies are instrumental in enhancing operational efficiency and reducing costs, facilitating scenario-based insurance, and allowing for product customization and optimized service delivery. Technologies such as cloud computing reduce operational costs by enabling dynamic resource allocation, while AI and automation technologies streamline labor-intensive processes such as customer service and claims processing.
- **Evolving Consumer Dynamics:** Consumer behavior and demographics in the insurance market are undergoing significant transformations, with an increasing demand for transparency, customization, and personalization in insurance products. Millennials, rapidly becoming the dominant consumer group, prefer online platforms for their convenience and quick access to information. This preference extends to digital insurance products, where they value diversity and customization. These trends are boosting the growth prospects for digital scenario-embedded insurance brokerage services, which are well-suited to the capabilities of digital platforms. Furthermore, as of December 2023, the adoption rate of mobile payment among mobile internet users in China was over [87.3 percent](#), representing a user base of 954 million, indicating a robust market for digital financial transactions and services.

Key drivers such as governmental initiatives, technological advancements, and evolving consumer dynamics are propelling significant growth in China's 2B2C digital insurance brokerage market, shaping a more digitalized and customer-centric future

Each of these drivers not only supports the current growth but also sets the stage for sustained expansion and innovation within the 2B2C digital insurance brokerage industry in China, meeting both current and future consumer and market needs.

Competitive Overview

Zhibao Technology has solidified its position in the Chinese insurance brokerage industry, particularly within the 2B2C embedded digital brokerage segment. By pioneering the 2B2C digital embedded insurance model in 2016 and developing China’s first digital insurance brokerage platform powered by proprietary PaaS technology, Zhibao has differentiated itself from competitors. The company’s innovative approach and technological advancements have earned it the leading position in terms of revenue and market share, as reported by Frost & Sullivan. Zhibao’s first-mover advantage in this niche positions it well to leverage China’s growing insurance market. The company’s direct competitors are other 2B2C insurance brokerage firms that entered the market following Zhibao’s lead. These companies operate on a smaller scale, often specializing in niche areas like short-term homestay rental insurance. Zhibao also faces competition from in-house brokerage firms of large internet companies and other independent digital insurance brokerage firms. These in-house firms are typically subsidiaries that serve the specific needs of their parent companies’ industries and customer bases, limiting their operational scope compared to Zhibao’s broader market approach. On the other hand, independent digital insurance brokers compete by investing heavily in direct marketing and customer acquisition, differing fundamentally from Zhibao’s embedded 2B2C model, which focuses on integrating insurance solutions within 2B2C frameworks, thereby minimizing acquisition costs and enhancing efficiency.

Zhibao Technology has established itself as a leader in China's insurance brokerage industry, particularly within the 2B2C embedded digital segment, leveraging its pioneering embedded insurance model and proprietary technology to capture significant

Top 3 2B2C Digital Insurance Brokerage Service Providers in the PRC (2022)	
Company	Market Share
Zhibao Technology	17.4%
Zhongce Insurance Brokers Co. Ltd.	9.6%
Guangrun Insurance Brokers Co., Ltd	7.4%
Top 3 Managing General Underwriter Services Providers in the PRC (2022)	
Company	Market Share
MSH China	16.5%
Zhibao Technology	5.4%
Nanyan Group	1.7%

Exhibit 11: China’s 2B2C Digital Insurance Brokerage and MGU Market Share Source: Frost & Sullivan

The 2B2C embedded insurance brokerage services industry is still in its early stages, with over 20 participants. Despite its nascent state, the market in China shows high concentration, with the top three firms accounting for about 34.4% of the market share in 2022. Among these, the company holds a leading position with a 17.4% market share, indicating its dominance and a strong foothold in this emerging segment. Within China’s Managing General Underwriter (MGU) sector, a multitude of firms totaling over 700 collaborates with premier health insurance entities to address specialized market niches. The market landscape is fragmented, with the top 3 MGU firms collectively holding 23.6% market share. Of these, the company ranks second, with a market share of approximately 5.4%.

Management Overview

Zhibao Technology Inc. is managed by a team of highly qualified professionals, each bringing a wealth of experience and specialized knowledge from across the financial and technology sectors. Their combined experience supports the company's goals of innovation and efficiency in the InsurTech sector.

Botao Ma — Chief Executive Officer and Chairman of the Board of Directors

Mr. Botao Ma has been leading Zhibao Technology Inc. as the Chief Executive Officer and Chairman of the Board of Directors since June 2023, bringing to the table over 25 years of insurance industry experience with a focus on operations and management. He has held the position of CEO and chairman at Zhibao China since April 2018. Prior to joining Zhibao, Mr. Ma led Wills Insurance Brokers Co. Ltd as its chairman and general manager from June 2001 until November 2016, where he directed insurance brokerage services in Shanghai. His experience is further accentuated by managerial positions at Shanghai Dong Da Insurance Brokers Ltd and Everlasting Insurance Consulting Ltd, along with strategic business development and management at Ping An Property & Casualty Insurance Co of China Ltd. His educational qualifications include a bachelor's degree in International Shipping and a master's degree in Maritime Law, both from Shanghai Maritime University.

Yuanwen Xia — Chief Financial Officer and Director

Mr. Yuanwen Xia has held the position of Chief Financial Officer at Zhibao Technology Inc. since June 2023 and has been the CFO of Sunshine Insurance Brokers since January 2020. He broadened his role by joining the board of directors in March 2024. Mr. Xia's 16 years in finance and investment includes time as an investment manager at Chenhui Venture Partners, and earlier, he managed business control and planning at Louis Vuitton China. His audit experience was honed at Coca-Cola Beverages Shanghai and as a senior associate with PricewaterhouseCoopers in Shenzhen. A member of The Chinese Institute of Certified Public Accountants and a CFA charterholder, Mr. Xia also has a bachelor's degree in Japanese from Shanghai Jiao Tong University and a master's in Financial Management from Shanghai University of Finance and Economics, reflecting a solid foundation in financial acumen aligned with his executive duties at Zhibao.

Xiao Luo - Co-founder and Chief Operating Officer

Mr. Xiao Luo, co-founder and Chief Operating Officer at Zhibao Technology Inc., brings over 15 years of dedicated experience in the insurance brokerage industry. His innovative approach led to the creation of the "risk consulting + insurance trading" model, which he developed during his tenure as the head of the Risk Management and Consulting Department at Willis China. Mr. Luo's robust background is complemented by his academic achievements; he holds a dual degree from Shanghai Jiaotong University, including an MBA from the Shanghai Advanced Institute of Finance.

Yugang Wang — Chief Technology Officer

Mr. Yugang Wang has been serving as the Chief Technology Officer at Zhibao Technology Inc. since June 2023, a role he has filled since January 2021 at Sunshine Insurance Brokers. Before this, he progressed through leadership positions at Shanghai Anyi, where he was the CTO and later became the managing director and general manager. Bringing over 20 years of experience in information technology and a decade in insurance, Mr. Wang has previously led IT operations at Fosun United Health Insurance and served as IT director at Allianz China Life Insurance Company, overseeing technological strategies and advancements. His earlier career was marked by a significant tenure as the head of the software development department at eBaoTech Co. Ltd., after starting as a software engineer in the IT sector. Mr. Wang's technical acumen is backed by a bachelor's degree in Chemical Engineering and a minor in Computer Science and Application, both from Zhejiang University, acquired in 2000.

Guangtong Ren - Executive Director & Chief Actuary

Mr. Guangtong Ren serves as the Executive Director and Chief Actuary at Zhibao Technology Inc., where he brings a wealth of experience with nearly three decades in the insurance and financial services industries. His multifaceted career includes notable positions such as Chief Financial Officer, Chief Actuary, and Chief Risk Officer at AIG China, alongside being a Regional Chief Actuary for AIG Greater China. Prior to AIG, Mr. Ren was a management consultant with the Boston Consulting Group and began his career at Ping An Insurance, where he gained foundational experience in corporate finance, strategic planning, risk management, as well as pricing and reserving in various sectors including insurance, investment management, and startups. He is a qualified actuary in China and was a member of the first Council of the China Association of Actuaries. His educational qualifications include a Bachelor's Degree in Mathematics and a Master's Degree in Actuarial Science from Nankai University, along with an MBA from the London Business School.

Xiaowei Le - Chief Growth Officer

Mr. Xiaowei Le currently serves as the Chief Growth Officer at Zhibao Technology Inc., leveraging over 25 years of extensive experience in the insurance industry. His career includes significant roles such as Deputy General Manager at Bohai Property Insurance. He also held multiple positions at Alltrust Property Insurance, where he was the General Manager of various departments including the Shenzhen Branch and the Sales Subsidiary, showcasing his leadership and ability to drive business growth. Mr. Le holds a Bachelor's degree from Sun Yat-sen University.

Financial Highlights: Consistent Growth, Financial Stability and Expansion Outlook

Zhibao Technology has showcased robust financial performance, adeptly balancing growth and profitability. The company achieved significant revenue increases, particularly through its digital insurance brokerage services, while maintaining a solid balance sheet, strengthened by a successful IPO. Zhibao's strategic investments in technology and its scalable PaaS business model have positioned it well for continued expansion and enhanced market presence, both domestically and internationally.

- **Significant Revenue Growth Aided By Market Leadership and Continuous Product Expansion** - Zhibao Technology's fiscal performance for the year ending June 30, 2023, demonstrated robust revenue growth, primarily driven by substantial gains in its digital insurance brokerage services. The company's revenues increased by approximately RMB 33.9 million or 31%, reaching RMB 142.1 million, compared to RMB 108.2 million in the prior fiscal year. This growth was notably supported by the digital insurance brokerage segment, which saw a 42% growth in revenues. The primary catalyst for this surge was a significant increase in the commission rate from approximately 5.6% in FY 2022 to 13.9% in FY 2023. Conversely, revenues from MGU service fees, which formed 16% of total revenue in 2023, reported a de-growth of approximately 6%. This decrease was strategic, aiming to bolster Zhibao's competitiveness in the MGU service market by reducing the fee rate, which in turn facilitated increased engagement with insurance companies for these services. This adjustment reflects a deliberate focus on long-term growth over immediate revenue maximization. The Gross Written Premium (GWP) for the MGU services reported marginal growth, indicating stability in this business segment. Looking ahead, Zhibao's strategic focus on expanding its product portfolio and reinforcing its market leadership is poised to drive future growth. As the market for embedded insurance solutions continues to expand, Zhibao's early investments in technology and innovation strategically position it to capture an increased market share in the evolving Chinese insurance market while potentially extending these services to other geographies

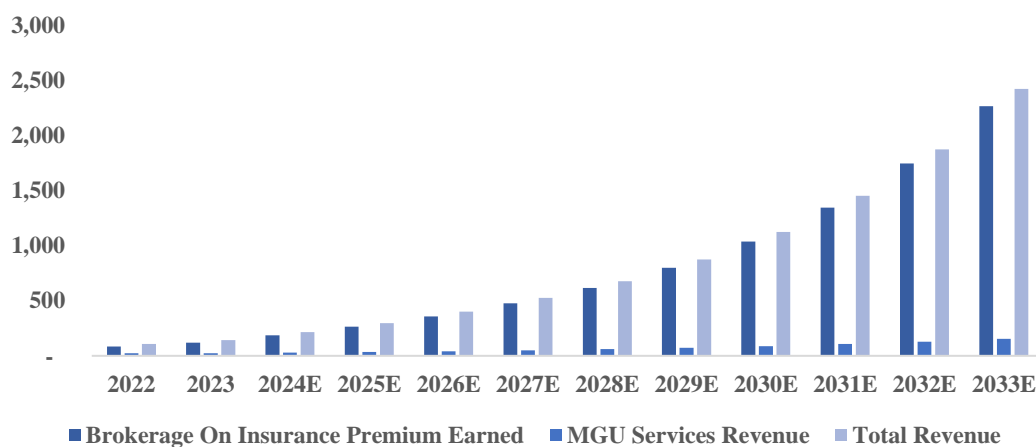


Exhibit 12: Revenue Profile and Projections. (in RMB million) Source: Company Filings, Diamond Equity Research

- **Profitable Business Model Amidst Significant Growth** - Operating in an emerging and competitive industry, Zhibao has maintained a crucial balance between growth and profitability. The company reported a gross profit of RMB 47.17 million and RMB 58.62 million for the year ended June 2022 and June, 2023, respectively, translating to gross margins at 44% and 41%. Although Zhibao achieved an operating profit of RMB 12.6 million in the fiscal year 2022, a one-time share-based compensation expense of RMB 54.7 million (\$7.5 million) for issuance of ordinary shares to a related party resulted in operating losses the following year. With operating expenses returning back to their normal level, Zhibao is poised for a return to profitability. Furthermore, its PaaS business model allows for scalability and rapid deployment of additional product offerings, enabling Zhibao to expand services and enhance product offerings with minimal additional overhead. This not only facilitates service expansion and product enhancement but also provides the potential for improved operating margins as the company continues to leverage its innovative platform to capture market opportunities.

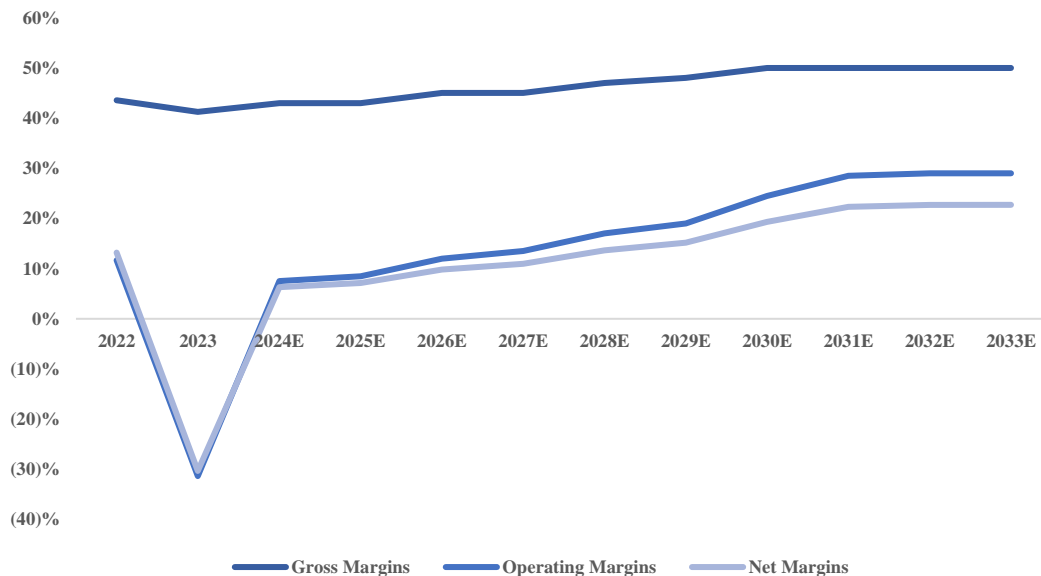


Exhibit 13: Zhibao Technology Margin Profile. Source: Company Filings, Diamond Equity Research

- **Balance Sheet Strength** - As of June 2023, the company reported cash and cash equivalents totaling RMB 19.9 million. Additionally, Zhibao successfully completed an initial public offering (IPO), raising \$6 million, equivalent to RMB 43.5 million, before accounting for underwriting discounts and offering expenses. The company also carries interest-bearing debt, which amounts to RMB 27.27 million on its balance sheet. Despite being profitable, Zhibao maintains a minimal cash burn rate of approximately RMB 1 million, which we anticipate won't impact its financial stability, given the enhanced balance sheet strength after the initial public offering. Moreover, given Zhibao's profitability and strengthened balance sheet post-IPO, the current debt levels, and the associated interest expenses are expected to be well within manageable limits, supporting sustained financial health and operational stability.

Year-end June (in RMB mm)	2022A	2023A	2024E	2025E	2026E
INCOME STATEMENT					
Revenue	108,224,804	142,102,834	214,187,962	297,259,045	399,122,696
Gross Profit	(61,051,878)	(83,485,203)	(122,087,138)	(169,437,656)	(219,517,483)
EBITDA	47,172,926	58,617,631	92,100,823	127,821,389	179,605,213
Depreciation & Amortization	(34,531,577)	(103,170,372)	(76,036,726)	(102,554,370)	(131,710,490)
EBIT	12,641,349	(44,552,741)	16,064,097	25,267,019	47,894,724
Interest Income/Expense	(492,578)	1,995,421	1,901,524	3,006,108	4,360,573
Profit Before Tax (PBT)	12,148,771	(42,557,320)	17,965,622	28,273,127	52,255,296
Profit After Tax (PAT)	14,259,406	(43,098,780)	13,474,216	21,204,845	39,191,472
Basic Shares Outstanding (M)	26,338,878	26,710,005	33,387,506	33,721,381	34,058,595
EPS - basic	0.54	(1.61)	0.40	0.63	1.15
BALANCE SHEET					
Cash and cash equivalents	2,593,997	9,873,678	59,784,659	66,628,760	83,522,524
Other current assets	81,617,541	103,832,334	136,088,604	180,944,971	236,169,651
Total current assets	84,211,538	113,706,012	195,873,263	247,573,731	319,692,175
Non-current assets	11,685,992	14,330,155	14,352,934	14,535,345	14,878,883
Total Assets	95,897,530	128,036,167	210,226,197	262,109,075	334,571,057
Short-term borrowing	28,000,000	27,267,797	27,267,797	27,267,797	27,267,797
Other current liabilities	48,464,032	67,032,379	91,061,783	119,659,003	150,235,435
Total current liabilities	76,464,032	94,300,176	118,329,580	146,926,800	177,503,232
Long-term borrowing	-	-	-	-	-
Other non-current liabilities	750,707	2,280,852	2,280,852	2,280,852	2,280,852
Total liabilities	77,214,739	96,581,028	120,610,432	149,207,652	179,784,084
Total Equity	18,682,791	31,455,139	89,615,765	112,901,423	154,786,974
Total Liabilities & Equity	95,897,530	128,036,167	210,226,197	262,109,075	334,571,057

Exhibit 14: Income Statement Snapshot. Source: Diamond Equity Research

Valuation

Zhibao Technology has solidified its position as a leader in the 2B2C embedded insurance market in China through innovative business strategies and advanced technological platform. The company leverages its pioneering 2B2C model to acquire customers at minimal costs, and embeds customized digital insurance solutions into the online matrices of B channels, enhancing precision and efficiency in customer reach. Zhibao is aggressively pursuing growth through a multifaceted strategy that involves expanding its network of B channels, enhancing its sales force, and increasing service offerings in the digital insurance sector. The company is focused on growing its MGU business, developing proprietary digital insurance solutions, and broadening its reach with a PaaS that is continually upgraded with the latest AI and BI functionalities. Internationally, Zhibao can potentially expand its PaaS model into new markets in Southeast Asia and the U.S. by partnering with established local players. The company also plans to strategically establish a captive reinsurance entity to underwrite a portion of its business. These strategic expansion initiatives are designed to solidify Zhibao Technology's leadership in the digital insurance market, both domestically and internationally. By leveraging advanced technologies, expanding its business model globally, and enhancing its service capabilities, Zhibao is well-positioned to attract a broader customer base and enter new markets, ensuring sustained revenue growth. These strategies are expected to deliver enhanced shareholder value through increased market share, diversified revenue streams, and stronger financial performance in a rapidly evolving industry.

The market may currently be undervaluing Zhibao Technology's intrinsic potential, potentially overlooking the strategic measures the company has implemented to enhance its market presence and operational efficiencies. As these strategic elements translate into higher revenue and improved margins, there is a compelling case for a potential valuation uplift.

We have appraised Zhibao Technology by employing a hybrid valuation method combining discounted cash flow (DCF) and comparable company analysis. For DCF, we have assumed a terminal growth rate of 1.5% and discounted the cash flows using a cost of capital at 12.0%. For comparable company analysis, we have used the average TTM EV/Revenue multiple of InsureTech and PaaS companies. Combining these approaches yielded a valuation of \$7.05 per share, contingent on successful execution by the company.

		Approaches (in \$ mm)	Value (USD)	Weight	Wtd. Value (USD)
Calculated Equity Value (\$mm)		DCF	252.62	75%	189.47
Enterprise Value	249.68	GPCM	138.28	25%	34.57
- Debt and Preferred Stock	4.43	GTM	-	0%	-
+ Cash	7.38	Wtd. Avg. Equity Value (USD)			224.04
Net Debt	2.94	No of Shares Outstanding			31.73
Equity Value	252.62	Intrinsic Value Per Share			7.05

Company Name	Ticker	Price	Currency	Country	Mkt Cap.	LTM EV/Sales
Agent Insurance Group, Inc.	5836	1439.00	JPY	JP	3,342	0.7x
PB Fintech Limited	POLICYBZR	1191.65	INR	IN	533,211	15.40x
SelectQuote, Inc.	SLQT	1.66	USD	US	280.53	0.8x
GoHealth, Inc.	GOCO	10.14	USD	US	98.34	1.10x
Shopify Inc.	SHOP	71.72	USD	CA	92,360	12.50
Snowflake Inc.	SNOW	152.37	USD	US	50,890	16.50x
Twilio Inc.	TWLO	59.91	USD	US	10,910	1.90x
ServiceNow, Inc.	NOW	740.18	USD	US	151,940	16.30x
Amplitude Inc.	AMPL	9.87	USD	US	1200	3.2x
Roadzen, Inc.	RDZN	4.51	USD	US	309	7.6x
Lemonade, Inc.	LMND	17.34	USD	US	1220	2.3x
CCC Intelligent Solutions Holdings Inc.	CCCS	11.28	USD	US	6930	8.7x
Hippo Holdings Inc.	HIPO	21.52	USD	US	525	1.9x
Median						3.20x
Mean						6.84x

Exhibit 15: Valuation Snapshot (values in \$ million). Source: Diamond Equity Research

Risks Profile

- **Regulatory and Economic Environment Risk** - As a Cayman Islands holding company, Zhibao Technology Inc. conducts most of its operations through its PRC subsidiaries, making its financial health heavily dependent on China's regulatory and economic environment. Changes in trade policies, government regulations, and diplomatic relations, especially between China and the United States, could significantly impact the company's operations and growth.
- **Data Security and Compliance Risk** - Zhibao Technology Inc. processes significant amounts of personal and sensitive data, necessitating strict adherence to cybersecurity and data protection laws. With increased oversight from the Cyberspace Administration of China (CAC), particularly for companies aiming for foreign exchange listings like on Nasdaq, Zhibao must navigate stringent regulations. Non-compliance could negatively impact its business operations, financial condition, and Nasdaq listing application. Any data security breach could damage Zhibao's reputation, deter customers, and lead to legal liabilities.
- **Dependency on Dividends from PRC Subsidiaries** - Zhibao Technology Inc. depends on dividends from its PRC subsidiaries to meet liquidity needs, including servicing debts and paying shareholder dividends. PRC regulations mandate that dividends can only be paid from accumulated profits after reserving at least 10% annually for statutory funds until these reserves equal 50% of registered capital. Any future debts of the PRC subsidiaries could also restrict dividend payments due to debt covenants. These restrictions could significantly impact Zhibao's ability to manage its liquidity and affect its overall operations.
- **Challenges in the Emerging Digital Insurance Market** - Zhibao Technology Inc. operates in China's rapidly evolving and competitive digital insurance brokerage industry. The sector's novelty and ongoing regulatory changes add uncertainty, making it difficult to accurately predict the company's future performance. Zhibao must continuously innovate and adapt its offerings to meet shifting market demands and customer needs. However, significant changes to the company's business model may not yield the expected results and could negatively impact its financial and operational outcomes. Additionally, if the company fails to effectively communicate the value of its services or meet market expectations, its growth could be limited, adversely affecting its operations.
- **Reliance on Key Insurance Companies and Business Channels** - Zhibao Technology Inc. is heavily reliant on key insurance companies and business channels for its operations. One major insurance provider contributed significantly to Zhibao's revenues in recent fiscal years, but such contributions are not guaranteed annually due to potential shifts in industry conditions or competitive pressures. Additionally, Zhibao's business model depends on B channels to reach end customers through its integrated PaaS. Although Zhibao has established partnerships with over 1,000 business channels, securing more than 1 million end customers, the loss of these channels or failure to attract new ones could adversely impact the company's financial condition and operational performance.

- **Dependence on MGU Partner for Compliance and Operations** - Zhibao Technology Inc.'s subsidiary, Zhibao China, significantly relies on a third-party MGU Partner and its affiliates to conduct MGU (Managing General Underwriter) services. While Zhibao's MGU Partner is currently qualified to operate with the required insurance agency business permit, there are no guarantees regarding the stability of this business model or the continuous compliance with relevant PRC laws and regulations. Any failure to maintain or renew licenses, permits, and approvals, or to adhere to regulatory requirements, could adversely affect Zhibao's business operations, financial condition, and results.
- **Challenges in Scaling 2B2C and transitioning to 2C Business** - Zhibao Technology Inc.'s growth depends on effectively expanding its 2B2C model and converting these relationships into direct 2C engagements. As a leader in embedded insurance brokerage, Zhibao aims to broaden its B channel base and convert end customers to direct clients through personalized consultations and targeted services. However, if Zhibao's offerings fail to meet customer expectations for value, pricing, or satisfaction, customers may switch to competitors. This could significantly affect Zhibao's business operations, financial condition, and growth prospects.

This list of risk factors is not comprehensive. For a full list, please refer to Zhibao Technology Inc.'s latest prospectus and/or annual filings.

Disclosures

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