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Application Proof of

Zhongmiao Innovation Technology (Qingdao) Co., Ltd.
(眾淼創新科技(青島)股份有限公司)

(a joint stock company incorporated in the People's Republic of China with limited liability)

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Zhongmiao Innovation Technology (Qingdao) Co., Ltd.
眾淼創新科技(青島)股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

[REDACTED]

Number of [REDACTED] under the [REDACTED]	:	**[REDACTED] H Shares (subject to the [REDACTED])**
Number of [REDACTED]	:	**[REDACTED] H Shares (subject to [REDACTED])**
Number of [REDACTED]	:	**[REDACTED] H Shares (subject to [REDACTED] and the [REDACTED])**
Maximum [REDACTED]	:	**HK$[REDACTED] per H Share plus brokerage of 1.0%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015% (payable in full on [REDACTED] in Hong Kong dollars and subject to refund)**
Nominal value	:	**RMB1.00 per H Share**
[REDACTED]	:	**[•]**

Joint Sponsors
(in alphabetical order)

CITIC SECURITIES　　中国平安资本(香港) PING AN OF CHINA CAPITAL (HONG KONG)

[REDACTED], [REDACTED], [REDACTED] and [REDACTED]
(in alphabetical order)

[REDACTED]

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The [REDACTED] is expected to be determined by agreement between the [REDACTED] (for themselves and on behalf of the [REDACTED]) and our Company on the [REDACTED], which is expected to be on or about [REDACTED] and, in any event, not later than [REDACTED]. The [REDACTED] will not be more than HK$[REDACTED] per H Share and is expected to be not less than HK$[REDACTED] per H Share, unless otherwise announced.

The [REDACTED] (for themselves and on behalf of the [REDACTED]), may, with our Company's consent, reduce the number of [REDACTED] being [REDACTED] under the [REDACTED] and/or the indicative [REDACTED] range below as stated in this document at any time on or prior to the morning of the last day for lodging [REDACTED] under the [REDACTED]. In such a case, an announcement will be published on the websites of the Stock Exchange at **www.hkexnews.hk** and our Company at **www.haierbx.net** not later than the morning of the day which is the last day for lodging [REDACTED] under the [REDACTED]. Details of the arrangement will then be announced by us as soon as practicable. For more details, please refer to the sections headed "Structure of the [REDACTED]" and "How to Apply for [REDACTED]" in this document.

We are incorporated, and substantially all of our businesses are located, in the PRC. Potential [REDACTED] should be aware of the differences in the legal, economic and financial systems between the mainland of the PRC and Hong Kong and that there are different risk factors relating to investment in PRC-incorporated business. Potential [REDACTED] should also be aware that the regulatory framework in the PRC is different from the regulatory framework in Hong Kong and should take into consideration the different market nature of the H Shares. Such differences and risk factors are set out in "Risk Factors", "Summary of Principal Laws and Regulations" in Appendix IV and "Summary of Articles of Association" in Appendix V.

The obligations of the [REDACTED] under the [REDACTED] are subject to termination by the [REDACTED] (for themselves and on behalf of the [REDACTED]) if certain grounds arise prior to 8:00 a.m. on the [REDACTED]. Such grounds are set out in "[REDACTED]".

The [REDACTED] have not been and will not be registered under the U.S. Securities Act or any state securities laws of the United States and may not be offered, sold, pledged or transferred within the United States. The [REDACTED] may be offered, sold or delivered outside the United States in offshore transactions in accordance with Regulation S under the U.S. Securities Act.

[REDACTED]

IMPORTANT

[REDACTED]

IMPORTANT

[REDACTED]

EXPECTED TIMETABLE[1]

[REDACTED]

EXPECTED TIMETABLE[1]

[REDACTED]

EXPECTED TIMETABLE[1]

[REDACTED]

EXPECTED TIMETABLE[1]

[REDACTED]

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IMPORTANT NOTICE TO [REDACTED]

We have issued this document solely in connection with the [REDACTED] and the [REDACTED], and it does not constitute an offer to sell or a solicitation of an offer to buy any security other than the [REDACTED] offered by this document pursuant to the [REDACTED]. This document may not be used for the purpose of, and does not constitute, an offer or invitation in any other jurisdiction or in any other circumstances. We have taken no action to permit a [REDACTED] of the [REDACTED] in any jurisdiction other than Hong Kong, and we have taken no action to permit the distribution of this document in any jurisdiction other than Hong Kong. The distribution of this document and the [REDACTED] and [REDACTED] of the [REDACTED] in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorisation by the relevant securities regulatory authorities or in reliance of an exemption therefrom.

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SUMMARY

This summary aims to give you an overview of the information contained in this document. Because this is a summary, it does not contain all the information that may be important to you. You should read the entire document before you decide to [REDACTED] in the [REDACTED]. There are risks associated with any investment.

Some of the particular risks in [REDACTED] in the [REDACTED] are set out in "Risk Factors". You should read that section carefully before you decide to [REDACTED] in the [REDACTED]. Various expressions used in this section are defined in sections headed "Definitions" and "Glossary of Technical Terms" in this document.

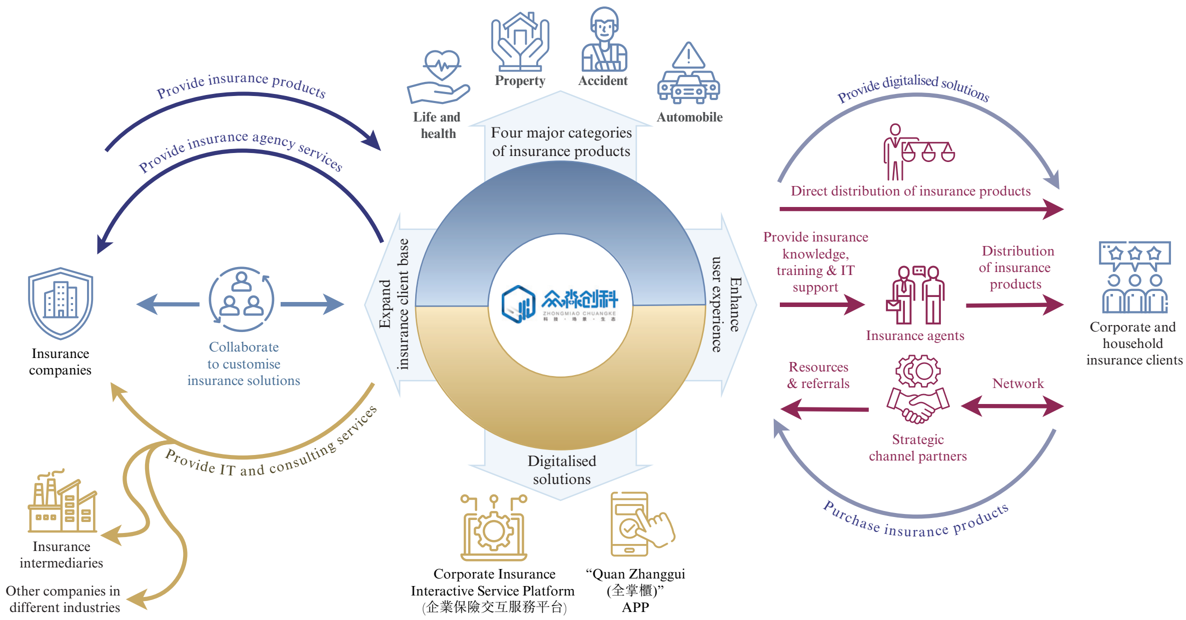
OUR MISSION

Our mission is to continuously enhance our digital capabilities, thereby facilitating the rapid growth of our insurance and related business.

OVERVIEW

We are a fast growing insurance agency service and solution provider in the PRC, dedicated to distributing a wide range of insurance products covering (i) property insurance products, (ii) life and health insurance products, (iii) accident insurance products and (iv) automobile insurance products, to both corporate and household insurance clients. In 2022, according to Frost & Sullivan, we ranked eighth among all insurance agencies in China in terms of net profit reported based on the latest China Insurance Yearbook published by the National Financial Regulatory Administration. According to Frost & Sullivan, the China's insurance intermediary industry has experienced constant growth and will maintain a steady growth trend, and the scale of underwriting premium in the industry is expected to grow at a CAGR of 12.8% between 2024 and 2028, reaching RMB1,505.5 billion in 2028. Our total revenue increased from RMB120.0 million for FY2021 to RMB174.0 million for FY2023, representing a CAGR of 20.4%.

We have an established ecosystem where we collaborate and cooperate with different industry participants including insurance company partners, insurance agents and strategic channel partners to promote and distribute insurance products from our insurance company partners to corporate and household insurance clients. Leveraging our sales channels and online platforms, we promote and distribute insurance products underwritten by insurance companies to insurance clients and receive commission from insurance companies for successful purchase of their insurance products by our insurance clients. Our services cover major stages of insurance business including assistance on risk assessment and product selection, confirmation of insurance policy, premium payment, policy administration and insurance claims. Our sales channels comprise (i) sales through insurance agents (whom we engage to promote and distribute insurance products to mainly our household insurance clients, in return for commissions we paid for successful purchase of insurance products by insurance clients), (ii) referral from strategic channel partners (through whom a large population of corporate and household insurance clients are referred, in return for referral fees we paid for successful purchase of insurance products by insurance clients) and (iii) direct sales. Under our established ecosystem, at the upstream end, we provide insurance agency services to our insurance company partners, expand their insurance client base and collaborate with them to customise insurance solutions, whilst at the downstream end, we distribute insurance products to our corporate and household insurance clients and enhance their user experience with our online platforms. We provide insurance knowledge, training and IT support to our insurance agents, to facilitate their distribution of insurance products to our insurance clients with our online platforms. We also provide IT services and consulting services as an extension of our insurance agency business, to various participants in our ecosystem, including insurance companies, insurance intermediaries and other companies from different industries. During the Track Record Period, our ecosystem had connected with: (i) over 60 insurance companies as our customers, covering the top three insurance groups in the PRC in terms of market capitalisation; (ii) insurance agents across Shandong, Hebei, Henan and Jilin provinces; (iii) 17 strategic channel partners, and (iv) we had distributed insurance products to over 17,400 corporate insurance clients and 336,000 household insurance clients through our ecosystem. The diagram below illustrates our business model and our ecosystem:



Since our establishment in 2017, we have been targeting the trend of digital transformation of the insurance intermediary industry and developed our online platforms, including our "Corporate Insurance Interactive Service Platform (企業保險交互服務平台)", our "Quan Zhanggui (全掌櫃)" APP, our WeChat official account and WeChat mini programme "Quan Zhanggui Claim Centre (全掌櫃理賠中心)", to enhance user experience of our insurance clients and provide comprehensive service support to our insurance agents. Our "Quan Zhanggui (全掌櫃)" APP can provide personalised insurance product solutions by utilising our proprietary data analytics engine to make insurance products recommendation, provide real-time insurance premium quotations, and assist our household insurance clients to manage their insurance products covering the entire life cycle from product selection and application process, confirmation of insurance policy, ongoing management, policy renewals, premium payment and claim settlement. Further, our APP provides managerial supports to our insurance agents, which empower them to manage their team status as well as performance digitally and on a real-time basis. On the other hand, our Corporate Insurance Interactive Service Platform (企業保險交互服務平台), serving mainly our corporate insurance clients, covers the essential stages of insurance transactions and provides a variety of standardised insurance products that we designed with multiple insurance company partners which are commonly purchased by corporate insurance clients in the PRC, including policy interpretation, product purchase and policy management, whilst our WeChat mini programme "Quan Zhanggui Claim Centre (全掌櫃理賠中心)" provides a digitalised tool for household and corporate insurance clients to submit their insurance claims online. These online tools have improved our insurance clients' experience in purchasing insurance products and thus their stickiness to our online platforms. As at 31 December 2023, our online platforms had over 236,000 registered users, among which, more than 106,000 insurance clients had utilised "Palm Insurance Policy" (掌上保單) function on our APP and we maintained more than 266,000 insurance policies that either purchased from us and/or other third parties. For FY2021, FY2022 and FY2023, revenue contributable to our insurance agency business amounted to RMB116.1 million, RMB130.7 million and RMB155.7 million, respectively.

As an insurance agency company with digital capabilities and utilisation of online platforms, insurance-related systems and IT technology to enhance our insurance agency services, we extended and developed our IT services by leveraging on our IT technology and knowhow accumulated over years in view of the inherent commonality between the digitalised solutions we developed for our insurance agency business and that demanded by our customers. We offer IT services to various participants in our ecosystem, including companies in insurance industry and companies from different industries, by designing and developing digitalised solutions based on their needs. For FY2021, FY2022 and FY2023, revenue contributable to our IT services amounted to RMB1.3 million, RMB15.0 million and RMB15.8 million, respectively.

In view of the insurance clients base we gained from insurance agency business, the derived cross-selling opportunities drove us to provide consulting services including HR consulting services and marketing and promotion services, which have gradually become one of our business segments. In particular, we provide advice to our customers on human resource management and recruitment strategies, and provide recruitment services directly to locate, attract and identify suitable talents for our customers. Based on our marketing and promotion capabilities accumulated in the insurance agency business and the insurance client base we have access to, we also provide marketing and promotion services to our customers, including the design of promotional materials and advertisements, etc. For FY2021, FY2022 and FY2023, revenue contributable to our consulting services amounted to RMB2.7 million, RMB2.7 million and RMB2.5 million, respectively.

OUR BUSINESS MODEL

Our Business

Our business mainly consists of three segments: (i) insurance agency business; and (ii) IT and (iii) consulting services.

- **Insurance agency business**. We distribute insurance products underwritten by insurance companies to insurance clients through our sales channels including (i) sales through insurance agents (whom we engage to promote and distribute the insurance products to mainly our household insurance clients), (ii) referral from strategic channel partners (through whom a large population of corporate and household insurance clients are referred) and (iii) direct sales. We have developed our online platforms, which can be accessed on the Internet and mobile internet, including our website and APP, in order to optimise the transaction process and better appeal to participants in our ecosystem.

- **IT services**. We offer IT services to insurance company partners, insurance intermediaries and companies from different industries, by designing and developing digitalised solutions based on their needs.

- **Consulting services**. We also provide consulting services including the provision of human resources consulting services and marketing and promotion services. In particular, we provide advice to our customers on human resource management and recruitment strategies, and provide recruitment services directly to locate, attract and identify suitable talents for our customers. Based on our marketing and promotion capabilities accumulated in the insurance agency business and the insurance client base we have access to, we also provide marketing and promotion services to our customers, including the design of promotional materials and advertisements, etc.

For more details on our business, please refer to the section headed "Business" in this document.

OUR STRENGTHS

We believe the following strengths contribute to our success:

- fast growing insurance agency service and solution provider;

- established ecosystem creating mutual benefits;

- market-proven digital capabilities;

- wide range of insurance products offered to both our corporate and household insurance clients; and

- we have an experienced management team.

For more details, please refer to the section headed "Business — Our Strengths" in this document.

OUR STRATEGIES

Our Company will continue to focus on providing insurance agency services, IT services and consulting services. To continue on the rapid development in our principal business, we intend to adopt the following strategies:

- expand our insurance client coverage, strengthen our relationship with insurance company partners and enhance training support to our insurance agents;
- continue to strengthen our digital capabilities and further develop our IT service offerings;
- promote our brand awareness and market presence; and
- selective investments and acquisitions in insurance intermediary and fintech industry.

For more details, please refer to the section headed "Business — Our Strategies" in this document.

RISK FACTORS

Our business and the [REDACTED] involve certain risks, which are set out in the section headed "Risk Factors" in this document. You should read that section in its entirety carefully before you decide to [REDACTED] in the [REDACTED]. Some of the major risks we face include: (i) we may not be able to provide diversified insurance products and services to effectively address our insurance clients' needs, which could have a material adverse effect on our business, results of operations and financial condition; (ii) if we fail to maintain stable relationships with our business partners, our business, results of operations, financial condition and business prospects could be materially and adversely affected; (iii) we are subject to customer concentration risk. Our growth and revenue could be materially and adversely affected if we lose any significant customer, or if any significant customer fails to cooperate with us at anticipated levels; (iv) our Group had a concentrating of major suppliers during the Track Record Period; (v) our historical business growth and profitability may not be indicative of future performance; and (vi) our businesses are subject to regulation and administration by the insurance regulatory authorities and other government authorities, and failure to comply with any applicable regulations and rules by us could result in financial losses or harm to our business.

SUMMARY OF CONSOLIDATED FINANCIAL INFORMATION

Summary of Consolidated Statements of Profit or Loss and Other Comprehensive Income

The following table sets forth our consolidated statements of profit or loss and other comprehensive income for the years indicated:

	For the year ended 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Revenue	119,974	148,398	174,011
Cost of sales	(71,925)	(81,139)	(99,498)
Gross profit	**48,049**	**67,259**	**74,513**
Other income	7,682	8,176	11,324
Research and development costs	(4,739)	(6,843)	(7,141)
General and administrative expenses	(11,383)	(12,854)	(18,566)
Sales and marketing costs	(6,836)	(9,948)	(11,871)
Reversal of/(provision for) impairment loss	11	(44)	(34)
Profit from operations	**32,784**	**45,746**	**48,225**
Finance costs	(176)	(154)	(206)
Profit before taxation	**32,608**	**45,592**	**48,019**
Income tax	(5,616)	(9,243)	(9,026)
Profit for the year	**26,992**	**36,349**	**38,993**
Attributable to:			
Equity shareholders of our Company	27,047	37,776	40,372
Non-controlling interests	(55)	(1,427)	(1,379)
Profit for the year	**26,992**	**36,349**	**38,993**

Non-IFRS Measure

To supplement our consolidated financial statements, which are presented in accordance with IFRS, we also use adjusted profit for the year (non-IFRS measure) as an additional financial measure. We present this financial measure because it is used by our management to evaluate our financial performance by eliminating the impact of item(s) that we do not consider indicative of the performance of our business. We also believe that this non-IFRS measure provides additional information to [REDACTED] and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management and in comparing financial results across accounting periods and to those of our peer companies.

The term adjusted profit for the year is not defined under IFRS. As a non-IFRS measure, adjusted profit for the year is presented because our management believes such information will be helpful for [REDACTED] in assessing the effect of the [REDACTED] on our profit. The use of the adjusted profit for the year (non-IFRS measure) has material limitations as an analytical tool as it does not include all items that impact our profit for the relevant periods. In light of the foregoing limitations, when assessing our operating and financial performance, you should not view the adjusted profit for the year (non-IFRS measure) in isolation or as a substitute for our profit for the year or any other operating performance measure that is calculated in accordance with IFRS. In addition, because this non-IFRS measure may not be calculated in the same manner by all companies, they may not be comparable to other similarly titled measures used by other companies.

The following table reconciles our adjusted profit for the year (non-IFRS measure) for the years presented to the most directly comparable financial measure calculated and presented in accordance with IFRS, which is profit from our continuing operations:

	For the year ended 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Profit for the year	26,992	36,349	38,993
Add:			
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Adjusted profit for the year (non-IFRS measure)	**26,992**	**36,349**	**43,747**

Selected Consolidated Statements of Profit or Loss Items and Other Comprehensive Income

Revenue, gross profit and gross profit margin by business segments

The following table sets forth a breakdown of revenue, gross profit and gross profit margin by business segments for the years indicated:

	For the year ended 31 December								
	2021			2022			2023		
	Revenue	Gross profit	Gross profit margin	Revenue	Gross profit	Gross profit margin	Revenue	Gross profit	Gross profit margin
	RMB'000	*RMB'000*	*%*	*RMB'000*	*RMB'000*	*%*	*RMB'000*	*RMB'000*	*%*
Insurance Agency business	116,056	45,154	38.9	130,721	58,241	44.6	155,748	64,007	41.1
IT services	1,264	807	63.8	14,953	7,267	48.6	15,782	9,170	58.1
Consulting services *(Note)*	2,654	2,088	78.7	2,724	1,751	64.3	2,481	1,336	53.8
Total	119,974	48,049	40.0	148,398	67,259	45.3	174,011	74,513	42.8

Note: Consulting services mainly include HR consulting services (amounted to RMB1.4 million, RMB2.4 million and RMB1.8 million, representing 1.2%, 1.6% and 1.0% of our total revenue during the years ended 31 December 2021, 2022 and 2023, respectively) and marketing and promotion services (amounted to RMB1.3 million, RMB0.3 million and RMB0.7 million, representing 1.0%, 0.2% and 0.4% of our total revenue during the years ended 31 December 2021, 2022 and 2023, respectively).

The following table sets forth a breakdown of revenue, gross profit and gross profit margin attributable to each type of insurance clients of our insurance agency business for the years indicated:

	For the year ended 31 December								
	2021			2022			2023		
	Revenue	Gross profit	Gross profit margin	Revenue	Gross profit	Gross profit margin	Revenue	Gross profit	Gross profit margin
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Household insurance clients	**74,641**	**20,820**	**27.9**	**80,498**	**23,874**	**29.7**	**91,478**	**21,573**	**23.6**
Corporate insurance clients	**41,415**	**24,334**	**58.8**	**50,223**	**34,367**	**68.4**	**64,270**	**42,434**	**66.0**
— Haier Group insurance clients	18,288	13,377	73.1	23,809	17,923	75.3	24,100	17,681	73.4
— Non-Haier Group insurance clients	23,127	10,957	47.4	26,414	16,444	62.3	40,170	24,753	61.6
Total	116,056	45,154	38.9	130,721	58,241	44.6	155,748	64,007	41.1

Note: The revenue, gross profit and gross profit margin are derived from the commission income generated from insurance companies for distribution of their insurance products to the underlying insurance clients.

The following table sets forth a breakdown of revenue, gross profit and gross profit margin of our IT services by type of customers for the years indicated:

	For the year ended 31 December								
	2021			2022			2023		
	Revenue	Gross profit	Gross profit margin	Revenue	Gross profit	Gross profit margin	Revenue	Gross profit	Gross profit margin
	RMB'000	*RMB'000*	*%*	*RMB'000*	*RMB'000*	*%*	*RMB'000*	*RMB'000*	*%*
Haier Group and its affiliated companies	577	284	49.2	6,042	3,681	60.9	8,732	4,870	55.8
Non-Haier Group	687	523	76.1	8,911	3,586	40.2	7,050	4,300	61.0
Total	1,264	807	63.8	14,953	7,267	48.6	15,782	9,170	58.1

Revenue from insurance agency business by category of insurance products

We offer a comprehensive mix of insurance products, providing insurance clients with broad selections and adequate options to choose from in order to satisfy their protection needs in different scenarios and at different life stages. We primarily distribute four categories of insurance products, namely (i) property insurance products; (ii) life and health insurance products; (iii) accident insurance products; and (iv) automobile insurance products. These insurance products are underwritten by insurance companies directly, and we are not a party to the insurance policy or other insurance agreements with the purchasers of the policies. The table below sets forth the GWP, commission income generated from insurance company partners for distribution of their insurance products and average commission rate for each category of insurance products we offered for the years indicated:

	For the year ended 31 December											
	2021				2022				2023			
	GWP	Commission income	Percentage of commission income	Average commission rate	GWP	Commission income	Percentage of commission income	Average commission rate	GWP	Commission income	Percentage of commission income	Average commission rate
	RMB'000	*RMB'000*	*%*	*%*	*RMB'000*	*RMB'000*	*%*	*%*	*RMB'000*	*RMB'000*	*%*	*%*
Property insurance products	228,554	39,658	34.2	17.4	290,994	47,620	36.4	16.4	334,332	59,806	38.4	17.9
Life and health insurance products	176,086	48,332	41.6	27.4	223,853	36,156	27.7	16.2	228,817	33,757	21.7	14.8
Accident insurance products	55,465	16,171	13.9	29.2	82,116	24,096	18.4	29.3	84,121	27,830	17.9	33.1
Automobile insurance products	206,276	11,895	10.3	5.8	421,411	22,849	17.5	5.4	611,851	34,355	22.1	5.6
Total	**666,381**	**116,056**	**100.0**	**17.4**	**1,018,374**	**130,721**	**100.0**	**12.8**	**1,259,121**	**155,748**	**100.0**	**12.4**

During the Track Record Period, our commission income from the distribution of property insurance products, accident insurance products and automobile insurance products recorded an increasing trend as the GWP we facilitated for such insurance products increased gradually. However, the commission income from the distribution of life and health insurance products recorded a decreasing trend during the Track Record Period mainly as a result of the COVID-19 pandemic and the decline in average commission rates for life and health insurance products.

Revenue from insurance agency business by type of insurance clients

We define our insurance clients as purchasers of the insurance products we distribute, which include (i) corporate insurance clients; and (ii) household insurance clients. Through offering a comprehensive mix of insurance products, we have accumulated a wide base of insurance clients and are able to provide them with various options to choose from in order to serve their protection needs in different scenarios and at different life stages.

The table below sets forth the GWP we facilitated, commission income generated from insurance company partners for distribution of their insurance products and the average commission rate by type of insurance clients for the years indicated:

	For the year ended 31 December											
	2021				2022				2023			
	GWP	Commission income (Note)	Percentage of commission income	Average commission rate	GWP	Commission income (Note)	Percentage of commission income	Average commission rate	GWP	Commission income (Note)	Percentage of commission income	Average commission rate
	RMB'000	*RMB'000*	*%*	*%*	*RMB'000*	*RMB'000*	*%*	*%*	*RMB'000*	*RMB'000*	*%*	*%*
Household insurance clients	**429,127**	**74,641**	**64.3**	**17.4**	**708,461**	**80,498**	**61.6**	**11.4**	**901,435**	**91,478**	**58.7**	**10.1**
Corporate insurance clients	**237,254**	**41,415**	**35.7**	**17.5**	**309,913**	**50,223**	**38.4**	**16.2**	**357,686**	**64,270**	**41.3**	**18.0**
— Haier Group insurance clients	152,484	18,288	15.8	12.0	192,856	23,809	18.2	12.3	190,960	24,100	15.5	12.6
— Non-Haier Group insurance clients	84,770	23,127	19.9	27.3	117,057	26,414	20.2	22.6	166,726	40,170	25.8	24.1
Total	**666,381**	**116,056**	**100.0**	**17.4**	**1,018,374**	**130,721**	**100.0**	**12.8**	**1,259,121**	**155,748**	**100.0**	**12.4**

Note: Commission income represents commission received from insurance company partners for distribution of their insurance products to corporate and household insurance clients.

Our commission income generated from insurance company partners for distributing insurance products to household and corporate insurance clients both recorded an increasing trend during the Track Record Period. The commission income attributable to household insurance clients increased from RMB74.6 million in FY2021 to RMB80.5 million in FY2022 and further to RMB91.5 million in FY2023 while the commission income attributable to corporate insurance clients increased from RMB41.4 million in FY2021 to RMB50.2 million in FY2022 and further to RMB64.3 million in FY2023. In particular, the commission income attributable to non-Haier Group insurance clients increased significantly from RMB23.1 million in 2021 to RMB40.2 million in 2023, representing a CAGR of 31.9%.

Summary of Consolidated Statements of Financial Position

	As at 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Total non-current assets	9,328	9,191	140,665
Total current assets	275,506	317,909	249,287
Total assets	**284,834**	**327,100**	**389,952**
Total non-current liabilities	164	—	—
Total current liabilities	27,992	34,073	26,733
Total liabilities	**28,156**	**34,073**	**26,733**
Net current assets	247,514	283,836	222,554
Total equity	**256,678**	**293,027**	**363,219**

Summary of Consolidated Statements of Cash Flows

During the Track Record Period, we have funded our operations primarily with net cash generated from our operations. The following table summaries for the years indicated, our consolidated statements of cash flows:

	For the year ended 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Cash generated from operations	30,260	34,913	29,651
Income tax paid	(5,674)	(7,711)	(9,672)
Net cash generated from operating activities	24,586	27,202	19,979
Net cash (used in)/generated from investing activities	(151,039)	(19,753)	138,224
Net cash generated from/(used in) financing activities	127,148	(1,891)	21,889
Net increase in cash and cash equivalents	695	5,558	180,092
Cash and cash equivalents at the beginning of the year	17,293	17,988	23,546
Cash and cash equivalents at the end of the year	17,988	23,546	203,638

KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios for the periods/as at the dates indicated:

	For the year ended 31 December		
	2021	**2022**	**2023**
Gross profit margin[(1)]	40.0%	45.3%	42.8%
Net profit margin[(2)]	22.5%	24.5%	22.4%
Return on equity[(3)]	15.0%	13.2%	11.9%
Return on total assets[(4)]	13.0%	11.9%	10.9%

	As at 31 December		
	2021	**2022**	**2023**
Current/quick ratio[(5)]	9.8 times	9.3 times	9.3 times

Notes:

(1) Gross profit margin for the years ended 31 December 2021, 2022 and 2023 was calculated based on gross profit divided by revenue for the respective year.

(2) Net profit margin for the years ended 31 December 2021, 2022 and 2023 was calculated based on net profit divided by revenue for the respective year.

(3) Return on equity for the years ended 31 December 2021, 2022 and 2023 was calculated based on net profit of the respective year, divided by the arithmetic mean of the opening and closing balances of total equity and multiplied by 100%.

(4) Return on total assets for the years ended 31 December 2021, 2022 and 2023 was calculated based on net profit of the respective year, divided by the arithmetic mean of the opening and closing balances of total assets and multiplied by 100%.

(5) Current/quick ratio as at 31 December 2021, 2022 and 2023 was calculated based on the total current assets divided by the total current liabilities.

For more details on our key financial ratios, please refer to the section headed "Financial Information — Key Financial Ratios" in this document.

OUR CUSTOMERS AND SUPPLIERS

Our customers for the insurance agency business are insurance companies in the PRC, which we consider as our "insurance company partners". In the PRC insurance market, local branches of insurance companies generally have the authority to enter into contracts in their own names with insurance intermediaries. In general, we enter into contracts and maintain business relationships with our insurance company partners at the local level primarily in Shandong, the PRC. During the Track Record Period, we had established business relationships with over 60 insurance companies in the PRC. We cooperate with our insurance company partners to offer their standardised or tailor-made insurance products and solutions. We need to keep the growth of our business, brand influence and risk management capabilities so as to strengthen the cooperation with our existing insurance partners while attracting more insurance companies to build cooperative relationships with us. For the years ended 31 December 2021, 2022 and 2023, the aggregate revenue generated from our top five customers amounted to RMB89.4 million, RMB94.4 million and RMB113.3 million, respectively, representing 74.5%, 63.7% and 65.1% of our total revenue, respectively. Our largest customer in terms of revenue contribution accounted for 34.6%, 36.9% and 35.6% of our total revenue for the years ended 31 December 2021, 2022 and 2023, respectively. For more details, please refer to the section headed "Business — Our Customers" in this document.

Our suppliers primarily consist of: (i) insurance agents; (ii) strategic channel providers; (iii) IT services providers; and (iv) other suppliers for insurance and consulting services. We generally enter into legally binding agreements with our suppliers for a term of one year to three years. For the years ended 31 December 2021, 2022 and 2023, purchases from our five largest suppliers amounted to RMB41.8 million, RMB58.2 million and RMB73.9 million, respectively, accounting for 58.1%, 71.7% and 74.3% of our total purchases, respectively, while purchase from our largest supplier amounted to RMB26.5 million, RMB31.9 million and RMB45.3 million, respectively, accounting for 36.8%, 39.3% and 45.6% of our total purchases, respectively. For more details, please refer to the sections headed "Business — Our Suppliers" and "— Subcontracting" in this document.

MARKET AND COMPETITION

The China's insurance intermediary industry has experienced constant growth. According to Frost & Sullivan, the China's insurance intermediary industry will maintain a steady growth trend, and the scale of underwriting premium in the industry is expected to grow at a CAGR of 12.8% between 2024 and 2028, reaching RMB1,505.5 billion in 2028. The insurance intermediary industry in China, as depicted by the end-of-2022 data and insights from the latest "China Insurance Yearbook" published in December 2023, presents a highly competitive and fragmented market landscape. There were 2,215 insurance intermediary companies in China by the end of 2022. At the same time, due to the national nature of the insurance intermediary license, competitors from other provinces have also entered the market to compete for market share. Our Company has distinguished ourselves from traditional insurance agencies in the insurance intermediary industry with a comprehensive mix of insurance products and strong digital operation capabilities, allowing us to thrive in this competitive market environment. In 2022, according to Frost

& Sullivan, we ranked eighth among all insurance agencies in China in terms of net profit reported based on the latest China Insurance Yearbook published by the National Financial Regulatory Administration. We compete with online and offline insurance agencies and insurance companies to distribute insurance products. As competition in the China's insurance intermediary industry intensifies, we believe it is important for us to utilise our technological capabilities to achieve cost reduction and improve efficiency. Notwithstanding the above, it is unlikely that there will be material impact on our Group in terms of competition given the existing major entry barriers of the market as stated in the section headed "Industry Overview" in this document.

SALES AND MARKETING

We promote and distribute insurance products mainly through (i) insurance agents; (ii) strategic channel partners; and (iii) direct sales. We had built a sales network consisting of insurance agents across Shandong, Hebei, Henan and Jilin provinces and 17 strategic channel partners during the Track Record Period. In order to comply with the relevant laws and regulations and better serve our insurance clients, we set up branch offices at locations where we conduct and plan to conduct our insurance agency business.

OUR CONTROLLING SHAREHOLDERS

As at the Latest Practicable Date, by virtue of its direct interest in Qingdao Haichuanghui IoT of 51.20% and the voting right arrangement of the remaining 48.80%, Haier Group controlled 100% of the voting rights of Qingdao Haichuanghui IoT, and as such, held indirectly approximately 60.44% of the voting rights of our Company through Qingdao Haichuanghui IoT. Qingdao Haichuanghui IoT was (i) indirectly interested in approximately 52.88% of our total issued share capital through its indirect shareholding in Qingdao Haiyinghui through Qingdao Haichuanghui Investment; and (ii) indirectly interested in approximately 7.56% of our total issued share capital through (a) its indirect shareholding in Qingdao Haichuanghui Venture, which is the general partner of Qingdao Haichuanghui, through Qingdao Haichuanghui Investment, Haichuanghui Holding, Ningbo Meishan and (b) its direct shareholding in Qingdao Haichuanghui Investment, which owned 49.50% interest in Qingdao Haichuanghui as its limited partner. Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised), Haier Group will hold an aggregate of approximately [REDACTED]% of the voting rights of our Company through Qingdao Haichuanghui IoT. As such, Haier Group, together with Qingdao Haichuanghui IoT, Qingdao Haichuanghui Investment, Haichuanghui Holding, Ningbo Meishan, Qingdao Haichuanghui Venture, Qingdao Haiyinghui and Qingdao Haichuanghui, will constitute a group of Controlling Shareholders of our Company.

For more details, please refer to the sections headed "Relationship with Our Controlling Shareholders" in this document.

CONTINUING CONNECTED TRANSACTIONS

We have entered into following agreements with Haier Group, including (i) Utility Service Framework Agreement, (ii) Comprehensive Services Framework Agreement and (iii) IT and Consulting Services Framework Agreement, and the transactions contemplated under such agreements which will constitute continuing connected transactions under Chapter 14A of the Listing Rules upon the [REDACTED].

During the Track Record Period, we have been procuring comprehensive services, including (i) office and logistics services involving leasing of offices, renovation works for the offices, and procuring office supplies; (ii) administrative services involving travel agency services and catering services; (iii) consulting services; (iv) referral services; and (v) business support services, from Haier Group and its affiliated companies. For the three years ended 31 December 2023, the historical transaction amounts in respect of the fees paid by us in relation to the services provided by Haier Group and its affiliated companies amounted to RMB5.4 million, RMB5.7 million and RMB3.7 million, respectively. Our Directors estimate that the maximum amounts of service fees paid by us to Haier Group in connection with the Comprehensive Services Framework Agreement for the three years ending 31 December 2026 will not exceed RMB5.2 million, RMB6.1 million and RMB6.8 million, respectively.

Further, during the Track Record Period, we have been providing IT services and consulting services in the ordinary and usual course of our business and on normal commercial terms to Haier Group and its affiliated companies. For the three years ended 31 December 2023, the historical transaction amounts in respect of the above amounted to RMB1.4 million, RMB8.4 million and RMB10.2 million, respectively. Our Directors estimate that the maximum amounts of service fees paid by Haier Group and/or its associates to us in connection with the IT and Consulting Services Framework Agreement for the three years ending 31 December 2026 will not exceed RMB13.1 million, RMB14.7 million and RMB16.8 million, respectively.

For details of other continuing connected transactions, please refer to the section headed "Connected Transactions" in this document.

OUR [REDACTED] INVESTORS

Our Company obtained several rounds of investments from the [REDACTED] Investors through subscriptions for new registered capital of our Company between September 2019 and February 2021. For more details on the [REDACTED] Investments and identities and background of the [REDACTED] Investors, please refer to the section headed "History and Development — [REDACTED] Investments" in this document.

DIVIDEND POLICY

No dividends had been declared during the Track Record Period and up to the Latest Practicable Date. Subject to our constitutional documents and the PRC Company Law, any future plan of declarations and payments of dividends will be formulated by our Directors and determined by our Shareholders, and will depend on our actual and expected results of operations, cash flow and financial position, general business conditions and business strategies, expected working capital requirements and future expansion plans, legal, regulatory and other contractual restrictions, and other factors which our Directors and Shareholders consider relevant. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. According to relevant PRC laws, any future net profit that we make will have to be first applied to make up for our historically accumulated losses, after which we will be obliged to allocate 10% of our net profit to our statutory common reserve fund until such fund has reached more than 50% of our registered capital.

FUTURE PLANS AND [REDACTED]

We estimate that the [REDACTED] we will receive from the [REDACTED] (after deducting [REDACTED], fees and anticipated expenses payable by us in connection with the [REDACTED]) will be approximately HK$[REDACTED] million (equivalent to approximately RMB[REDACTED] million), assuming the [REDACTED] is not exercised and an [REDACTED] of HK$[REDACTED] per [REDACTED], being the mid-point of the [REDACTED] range of HK$[REDACTED] to HK$[REDACTED] per [REDACTED] as stated in this document. Our Directors presently intend to apply such [REDACTED] as follows:

- approximately [REDACTED]%, or approximately HK$[REDACTED] million (equivalent to approximately RMB[REDACTED] million), will be used for the development of our insurance agency business in the next three years;

- approximately [REDACTED]%, or approximately HK$[REDACTED] million (equivalent to approximately RMB[REDACTED] million), will be used for enhancing our IT service offerings and research and development capabilities in the next three years;

- approximately [REDACTED]%, or approximately HK$[REDACTED] million (equivalent to approximately RMB[REDACTED] million), will be used for pursuing selective investment and acquisitions of two to three target companies in insurance intermediary and fintech industry that have complementary or synergistic effects on our current business to further accelerate the development of our business and strengthen our competitiveness. We also intend to apply our internal resources (including cash on hand and releases of time deposits upon their maturity) of approximately RMB100 million to finance the abovementioned investment and acquisitions to further allow us for more selections; and

- approximately [REDACTED]%, or approximately HK$[REDACTED] million (equivalent to approximately RMB[REDACTED] million), will be used for our general working capital and general corporate purpose.

The above allocation of the [REDACTED] from the [REDACTED] will be adjusted on a pro rata basis in the event that the [REDACTED] is fixed at a higher or lower level compared to the mid-point of the indicative [REDACTED] range stated in this document. If the [REDACTED] is exercised in full, the [REDACTED] that we will receive will be approximately HK$[REDACTED] million (equivalent to approximately RMB[REDACTED] million), assuming an [REDACTED] of HK$[REDACTED] per [REDACTED] (being the mid-point of the indicative [REDACTED] range). In the event that the [REDACTED] is exercised, we intend to apply the additional [REDACTED] to the above purposes in the proportions stated above. For more details, please refer to "Future Plans and [REDACTED]" in this document.

STATISTICS OF THE [REDACTED]

The statistics below are based on the assumption that [REDACTED] [REDACTED] are [REDACTED] under the [REDACTED]:

	Based on the low end of the indicative [REDACTED] range of HK$[REDACTED] per [REDACTED]	**Based on the high end of the indicative [REDACTED] range of HK$[REDACTED] per [REDACTED]**
Our H Shares market capitalisation[(1)]	HK$[REDACTED] million	HK$[REDACTED] million
Our market capitalisation[(2)]	HK$[REDACTED] million	HK$[REDACTED] million
Unaudited [REDACTED] adjusted consolidated net tangible assets per Share[(3)]	HK$[REDACTED]	HK$[REDACTED]

Notes:

(1) The calculation of market capitalisation is based on the assumption that [REDACTED] H Shares will be [REDACTED] immediately following the completion of the [REDACTED], assuming the [REDACTED] is not exercised.

(2) The calculation of market capitalisation is based on the assumption that [REDACTED] Shares will be [REDACTED] immediately following the completion of the [REDACTED], assuming the [REDACTED] is not exercised.

(3) The unaudited [REDACTED] adjusted consolidated net tangible assets per Share is calculated after the adjustments referred to in the section headed "Appendix II — Unaudited [REDACTED] Financial Information".

LEGAL PROCEEDINGS AND COMPLIANCE

During the Track Record Period and up to the Latest Practicable Date, there was no litigation or arbitration pending or threatened against our Group or any of our Directors which could have a material adverse effect on our Group's financial condition or results of operations.

We are of the view that, we had complied, in all material respects, with all relevant laws and regulations in the PRC during the Track Record Period and up to the Latest Practicable Date. As confirmed by our PRC Legal Advisers, during the Track Record Period, our business operation in the PRC complied with the relevant PRC laws and regulations in all material respects, and no material administrative penalties imposed on us have been found that may have a material adverse effect on our Group's business operations.

[REDACTED]

[REDACTED] represent professional fees, [REDACTED] and other fees incurred in connection with the [REDACTED]. Assuming an [REDACTED] of HK$[REDACTED] per [REDACTED], being the mid-point of the indicative [REDACTED] range of HK$[REDACTED] to HK$[REDACTED] per [REDACTED], the total estimated [REDACTED] in connection with the [REDACTED] (including [REDACTED]) are estimated to be HK$[REDACTED] million (including (i) [REDACTED] of approximately HK$[REDACTED] million, and (ii) non-[REDACTED] related expenses of approximately HK$[REDACTED] million, which consist of fees and expenses of the legal advisors and reporting accountants of our Company of approximately HK$[REDACTED] million and other fees and expenses of approximately HK$[REDACTED] million).

During the Track Record Period, we incurred [REDACTED] of RMB[REDACTED] million (equivalent to approximately HK$[REDACTED] million), of which HK$[REDACTED] million was charged to consolidated statements of profit or loss and comprehensive income and the remaining amount of HK$[REDACTED] million was accounted for as a deduction from equity upon successful [REDACTED] under the relevant accounting standards. We expect to further incur [REDACTED] of HK$[REDACTED] million by the completion of the [REDACTED], of which an estimated amount of HK[REDACTED] million will be charged to consolidated statements of profit or loss and comprehensive income and HK$[REDACTED] million will be accounted for as a deduction from equity upon successful [REDACTED]. The [REDACTED] above are the best estimate as at the Latest Practicable Date and for reference only and the actual amount may differ from this estimate.

RECENT DEVELOPMENTS

Based on our unaudited management accounts for the two months ended 29 February 2024, our revenue increased as compared with the corresponding period in 2023. Our Directors consider that the growth in revenue of the Company is in line with that of the industry.

As we continue our effort in strengthening our digital capabilities, we had successfully registered two patents in connection with a size compression method for insurance policy identification models and SaaS-based insurance automatic question and answer method and system in November 2023 and March 2024, respectively.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, there has been no material adverse change in our business, financial condition and results of operations since 31 December 2023, being the latest balance sheet date of our consolidated financial statements as set out in the Accountants' Report included in Appendix I to this document, and up to the date of this document.

DEFINITIONS

In this document, the following words and expressions shall have the meanings set out below unless the context otherwise requires. Certain other terms are explained in the section headed "Glossary of Technical Terms" in this document.

"affiliate(s)"	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"AFRC"	Accounting and Financial Reporting Council
"Articles of Association" or "Articles"	the amended and restated articles of association of our Company, conditionally adopted by the then Shareholders on 18 May 2023 which will become effective on the [REDACTED], as amended, supplemented or otherwise modified from time to time, a summary of which is set out in Appendix V to this document
"Audit Committee"	the audit committee of our Board
"Beijing Quanzhanggui"	Beijing Quanzhanggui Internet Technology Co., Ltd (北京全掌櫃互聯網科技有限公司), a limited liability company established in the PRC on 28 April 2016, which was owned as to 70% by Mr. Zhang and 30% by Li Jia (李佳), the spouse of Mr. Zhang
"Board"	the board of Directors
"business day(s)"	any day(s) (other than Saturday(s), Sunday(s) or public holiday(s) in Hong Kong) on which licensed banks in Hong Kong are generally open for general banking business throughout their normal business hours
[REDACTED]	[REDACTED]
"CBIRC"	the China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會), the predecessor of NFRA
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
"China" or "PRC"	the People's Republic of China and, except where the context otherwise requires and only for the purpose of this document, references in this document to China or the PRC exclude Hong Kong, the Macao Special Administrative Region and Taiwan Region
"Chinese government" or "PRC government"	the central people's government of the PRC, including all governmental subdivisions (including provincial, municipal and other regional or local government entities) and instrumentalities thereof or, where the context requires, any of them
"CIRC"	China Insurance Regulatory Commission (中國保險監督管理委員會), which was merged with the China Banking Regulatory Commission to form the CBIRC according to the Decision of the First Session of the Thirteenth National People's Congress on the State Council Institutional Reform Plan (《第十三屆全國人民代表大會第一次會議關於國務院機構改革方案的決定》) issued by the National People's Congress on 17 March 2018
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented and otherwise modified from time to time

"Companies (WUMP) Ordinance" or "Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company" or "our Company"	Zhongmiao Innovation Technology (Qingdao) Co., Ltd. (眾淼創新科技(青島)股份有限公司), a limited liability company established in the PRC on 16 March 2017 and subsequently converted into a joint stock company with limited liability on 14 March 2023, whose predecessor was known as Zhongmiao Chuangke (Qingdao) Co., Ltd. (眾淼創新科技(青島)有限公司) (formerly known as Qingdao Quanzhanggui Technology Co., Ltd. (青島全掌櫃科技有限公司))
"Controlling Shareholder(s)"	has the meaning ascribed to it under the Listing Rules and unless the context requires otherwise, refers to Haier Group, Qingdao Haichuanghui IoT, Qingdao Haichuanghui Investment, Haichuanghui Holding, Ningbo Meishan, Qingdao Haichuanghui Venture, Qingdao Haiyinghui and Qingdao Haichuanghui
"Corporate Governance Code" or "CG Code"	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
"CSDC"	China Securities Depository and Clearing Corporation Limited
"CSDC (Hong Kong)"	China Securities Depository and Clearing (Hong Kong) Company Limited
"CSRC"	the China Securities Regulatory Commission (中國證券監督管理委員會)
"Director(s)"	the director(s) of our Company
"Domestic Share(s)"	ordinary share in our capital, with a nominal value of RMB1.0 each, which are subscribed for and paid up in Renminbi, which are not [REDACTED] on any stock exchange
"EIT"	the PRC enterprise income tax
"EIT Law"	the PRC Enterprise Income Tax Law (《中華人民共和國企業所得稅法》), as amended, supplemented or otherwise modified from time to time

DEFINITIONS

"Extreme Conditions"	the occurrence of "extreme conditions" as announced by any government authority of Hong Kong due to serious disruption of public transport services, extensive flooding, major landslides, large-scale power outage or any other adverse conditions before Typhoon Signal No. 8 or above is replaced with Typhoon Signal No. 3 or below
[REDACTED]	[REDACTED]
"Frost & Sullivan"	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., an independent industry consultant commissioned by us to prepare the Frost & Sullivan Report
"Frost & Sullivan Report"	an independent market research report, commissioned by our Company and prepared by Frost & Sullivan
"FY2021"	the financial year ended 31 December 2021
"FY2022"	the financial year ended 31 December 2022
"FY2023"	the financial year ended 31 December 2023
[REDACTED]	[REDACTED]
"Group", "our Group", "we", "us", or "our"	our Company and our subsidiaries, or any one of them as the context may require or, where the context refers to any time prior to its incorporation, the business which its predecessors or the predecessors of its present subsidiaries, or any one of them as the context may require, were or was engaged in and which were subsequently assumed by it
"Guide"	the Guide for New Listing Applicants published by the Stock Exchange
[REDACTED]	[REDACTED]
"H Share(s)"	ordinary share(s) in the share capital of our Company with nominal value of RMB1.0 each, which are to be [REDACTED] for and [REDACTED] in Hong Kong dollars and are to be [REDACTED] on the Stock Exchange
"Haichuanghui Holding"	Haichuanghui Holding Co., Ltd. (海創匯控股有限公司), a company established in the PRC with limited liability on 16 March 2018 which is wholly owned by Qingdao Haichuanghui Investment, and is one of our Controlling Shareholders

"Haier Group"	Haier Group Corporation (海爾集團公司), a collectively-owned enterprise incorporated under the laws of the PRC and is one of our Controlling Shareholders, which includes its subsidiaries where the context requires
"Haier Group insurance clients"	Haier Group, its subsidiaries and their respective affiliated companies which purchase insurance products through our Group as insurance clients
"Haier Insurance Agency"	Qingdao Haier Insurance Agency Co., Ltd. (青島海爾保險代理有限公司), a limited liability company established in the PRC on 17 December 2001 and a wholly-owned subsidiary of our Company
"Hebei Zhongbao"	Hebei Zhongbao Enterprise Management Consulting Partnership (Limited Partnership) (河北眾保企業管理諮詢合夥企業(有限合夥)), a limited partnership established in the PRC on 7 July 2021, a shareholder of Yunhai Lianji Technology, and owned by employees of our Group
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
"HKSCC"	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"HKSCC Nominees"	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
"HK$" or "Hong Kong dollars" or "HK dollars"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the People's Republic of China
[REDACTED]	[REDACTED]

DEFINITIONS

[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
"IFRS"	IFRS Accounting Standards issued by the International Accounting Standards Board (IASB)
"Independent Third Party(ies)"	an individual(s) or a company(ies) who or which, as far as our Directors are aware after having made all reasonable enquiries, is/are not a connected person of our Company
"Insurance Association"	The Insurance Association of China (中國保險行業協會)
"Insurance Intermediary License"	Insurance Intermediary License (保險中介許可證), formerly known as License for Operating Insurance Agency Business (經營保險代理業務許可證)
"Insurance Law"	the PRC Insurance Law (《中華人民共和國保險法》), as amended, supplemented or otherwise modified from time to time
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
"Joint Sponsors *(in alphabetical order)*"	CITIC Securities (Hong Kong) Limited and Ping An of China Capital (Hong Kong) Company Limited, being the joint sponsors to the [REDACTED]
"Latest Practicable Date"	28 March 2024, being the latest practicable date prior to the printing of this document for ascertaining certain information in this document
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"Main Board"	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with GEM of the Stock Exchange
"MOF"	the Ministry of Finance of the PRC (中華人民共和國財政部)
"MOFCOM"	the Ministry of Commerce of the PRC (中華人民共和國商務部)
"Mr. Chung"	Mr. Chung Wai Man (鍾偉文), an independent non-executive Director

"Mr. Lu"	Mr. Lu Yao (鹿遙), chairman of our Board, an executive Director and general manager of our Company
"Mr. Wang"	Mr. Wang Heping (王合平), an executive Director and chief technology officer of our Company
"Mr. Zhang"	Mr. Zhang Zhiquan (張志全), an executive Director and deputy general manager of our Company
"Ms. Fang"	Ms. Fang Qiaoling (房巧玲), an independent non-executive Director
"Ms. Li"	Ms. Li Tian (李甜), an executive Director and chief financial officer of our Company
"Ms. Ng"	Ms. Ng Sin Kiu (吳先僑), an independent non-executive Director
"NDRC"	the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
"NFRA"	the National Financial Regulatory Administration (國家金融監督管理總局)
"Ningbo Meishan"	Ningbo Meishan Free Trade Port Area Haichuanghui Investment Management Co., Ltd. (寧波梅山保稅港區海創匯投資管理有限公司), a company established in the PRC with limited liability on 2 June 2016 which is wholly owned by Haichuanghui Holding, and is one of our Controlling Shareholders
"Nomination Committee"	the nomination committee of our Board
"NPC" or "National People's Congress"	the National People's Congress of the PRC (中華人民共和國全國人民代表大會)
"NPC Standing Committee"	the Standing Committee of National People's Congress (全國人民代表大會常務委員會)
[REDACTED]	[REDACTED]

DEFINITIONS

[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
"Overseas Listing Trial Measures"	the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》)
"PBOC"	the People's Bank of China (中國人民銀行), the central bank of the PRC
"PRC Company Law" or "Company Law"	the Company Law of the PRC《中華人民共和國公司法》, as enacted by the Standing Committee of the Eighth National People's Congress on 29 December 1993 and effective on 1 July 1994, as amended, supplemented or otherwise modified from time to time
"PRC GAAP"	PRC Generally Accepted Accounting Principles
"PRC Legal Advisers"	Fangda Partners, legal advisers to our Company as to PRC Law
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

DEFINITIONS

[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
"document"	this document being issued in connection with the [REDACTED]
"province"	All provincial-level administrative regions of the PRC, including provinces, autonomous regions, municipalities directly under the Central Government and special administrative regions of the PRC
"Qingdao Haichuang"	Qingdao Haichuang Management Consultant Co., Ltd. (青島嗨創管理諮詢有限公司), a limited liability company established in the PRC on 13 October 2017 and is wholly owned by Mr. Lu
"Qingdao Haichuanghui"	Qingdao Haichuanghui Ronghai Venture Capital Center (Limited Partnership) (青島海創匯融海創業投資中心(有限合夥)), a limited partnership established in the PRC on 20 December 2016, owned as to 1.00% by Qingdao Haichuanghui Venture Capital Co., Ltd. (青島海創匯創業投資有限公司) as its general partner, as to 49.50% each by Qingdao Haichuanghui Investment Co., Ltd. (青島海創匯投資有限公司) and Qingdao Ronghai Guotou Equity Investment Fund Co., Ltd. (青島融海國投股權投資基金有限公司) as its limited partners, and one of our Controlling Shareholders
"Qingdao Haichuanghui Investment"	Qingdao Haichuanghui Investment Co., Ltd. (青島海創匯投資有限公司), a company established in the PRC with limited liability on 17 July 2014 which is wholly owned by Qingdao Haichuanghui IoT, and is one of our Controlling Shareholders
"Qingdao Haichuanghui IoT"	Qingdao Haichuanghui IoT Co., Ltd. (青島海創匯物聯有限公司), a company established in the PRC with limited liability on 18 December 2023 which is owned as to 51.2% by Haier Group and 48.8% by Qingdao Haichuangke (the voting rights of which is entrusted to Haier Group), and is one of our Controlling Shareholders

"Qingdao Haichuanghui Venture"	Qingdao Haichuanghui Venture Capital Co., Ltd. (青島海創匯創業投資有限公司), a company established in the PRC with limited liability on 14 December 2016 which is wholly owned by Ningbo Meishan, and is one of our Controlling Shareholders
"Qingdao Haichuangying"	Qingdao Haichuangying Equity Investment Partnership (Limited Partnership) (青島海創贏股權投資合夥企業(有限合夥)), a limited partnership established in the PRC on 3 December 2020, was owned as to 29.61% by Qingdao Haichuangying No. 4 Management Consulting Enterprise (Limited Partnership) (青島海創贏肆管理諮詢企業(有限合夥)), 27.64% by Qingdao Haichuangying No. 1 Management Consulting Enterprise (Limited Partnership) (青島海創贏壹管理諮詢企業(有限合夥)), 21.32% by Qingdao Haichuangying No. 2 Management Consulting Enterprise (Limited Partnership) (青島海創贏貳管理諮詢企業(有限合夥)), 13.03% by Qingdao Haichuangying No. 5 Management Consulting Enterprise (Limited Partnership) (青島海創贏伍管理諮詢企業(有限合夥)), 7.90% by Qingdao Haichuangying No. 3 Management Consulting Enterprise (Limited Partnership) (青島海創贏叁管理諮詢企業(有限合夥)) all being its limited partners, and 0.5% by Qingdao Haizhi Huiying Equity Investment Management Co., Ltd. (青島海智匯贏股權投資管理有限公司) as its general partner, and our [REDACTED] Investor
"Qingdao Haixinsheng"	Qingdao Haixinsheng Management Consulting Enterprise (Limited Partnership) (青島海欣盛管理諮詢企業(有限合夥)), a limited partnership established in the PRC on 16 April 2020 owned as to 99.8% by Yang Yimin (楊宜民) as the limited partner and as to 0.2% by Qingdao Haichuang as its general partner, our [REDACTED] Investor
"Qingdao Haiyinghui"	Qingdao Haiyinghui Management Consulting Co., Ltd. (青島海盈匯管理諮詢有限公司), a limited liability company established in the PRC on 23 February 2017, ultimately controlled by Haier Group, and one of our Controlling Shareholders
"Qingdao Haizhongjie"	Qingdao Haizhongjie Management Consulting Enterprise (Limited Partnership) (青島海眾捷管理諮詢企業(有限合夥)), a limited partnership established in the PRC on 12 April 2017 and owned as to 0.10% by Qingdao Haichuang as its general partner, 46.80% by 29 individuals and 53.10% by Qingdao Yunmiaoyue Management Consulting Partnership (Limited Partnership) (青島雲淼岳管理諮詢合夥企業) (owned as to 0.0021% by Qingdao Haichuang as its general partner and 99.9979% by 33 individuals as its limited partners) as limited partners, and our [REDACTED] Investor

DEFINITIONS

"Qualified Institution Buyer(s)" or "QIB(s)"	a qualified institutional buyer within the meaning of Rule 144A under the U.S. Securities Act
[REDACTED]	[REDACTED]
"Regulation S"	Regulation S under the U.S. Securities Act
"Relevant Persons"	the Joint Sponsors, the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], any of their or our Company's respective directors, advisers, officers, employees, agents or representatives or any other person or party involved in the [REDACTED]
"Reporting Accountants"	KPMG
"Remuneration Committee"	the remuneration committee of our Board
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"SAFE"	the State Administration of Foreign Exchange of the PRC (中華人民共和國外匯管理局)
"SAMR"	the State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理總局)
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented and modified from time to time
"Shanghai Zhaoqi"	Shanghai Zhaoqi Management Consulting Partnership (Limited Partnership) (上海曌奇管理諮詢合夥企業(有限合夥)), a limited partnership established in the PRC on 1 February 2018 and owned as to 0.20% by Qingdao Haichuang as its general partner and Mr. Lu, Mr. Zhang, Ms. Li, Mr. Wang, Zhu Rongwei (朱榮偉), Beijing Quanzhanggui and other 10 employees as its limited partners (as to 27.20%, 31.40%, 2.00%, 5.00%, 0.20%, 28.60% and 5.40%), and our substantial Shareholder
"Share(s)"	ordinary share(s) with nominal value RMB1.0 each in the share capital of our Company, comprising Domestic Shares and H Shares
"Shareholder(s)"	holder(s) of the Share(s)

"STA"	the State Taxation Administration of the PRC (中華人民共和國國家稅務總局)
[REDACTED]	[REDACTED]
"State Council"	the State Council of the PRC (中華人民共和國國務院)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules
"Supervisor(s)"	member(s) of our Supervisory Committee
"Supervisory Committee"	the supervisory committee of our Company
"Takeovers Code"	The Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time
"Track Record Period"	the period comprising the financial years ended 31 December 2021, 2022 and 2023
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
"United States" or "U.S."	the United States of America
"U.S. Securities Act"	the United States Securities Act of 1933, as amended, supplemented or otherwise modified from time to time, and the rules and regulations promulgated thereunder
"VAT"	value-added tax
"Yunhai Lianji Technology"	Qingdao Yunhai Lianji Technology Co., Ltd. (青島雲海聯冀科技有限公司), a limited liability company established in the PRC on 16 August 2021 and a non-wholly owned subsidiary of our Company
"Zhongmiao Caizhi"	Qingdao Zhongmiao Caizhi Human Resource Management Consulting Co., Ltd. (青島眾淼才智人力資源管理諮詢有限公司), a limited liability company established in the PRC on 11 September 2020 and a wholly-owned subsidiary of our Company

"Zhongmiao Shujin"	Qingdao Zhongmiao Shujin Technology Co., Ltd. (青島眾淼數金科技有限公司), formerly known as Qingdao Quanzhanggui Enterprise Consulting Co., Ltd. (青島全掌櫃企業管理諮詢服務有限公司), a limited liability company established in the PRC on 31 December 2021 and a wholly-owned subsidiary of our Company
"sq.m."	square metre(s)
"%"	per cent

Unless otherwise expressly stated or the content otherwise requires, in this document:

- *all times refer to Hong Kong time and references to years in this document are to calendar years;*
- *the terms "associate(s)", "close associate(s)", "connected person(s)", "core connected person(s)", "connected transaction(s)", "subsidiary(ies)" and "substantial shareholder(s)" shall have the meanings ascribed to such terms in the Listing Rules; and*
- *certain amounts and percentage figures included in this document have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of figures preceding them.*

The English names of the PRC entities, laws, rules, regulations, nationals, entities, governmental authorities, institutions, facilities, certificates and titles etc. mentioned in this document, are translations from their Chinese names and are for identification purpose only. If there is any inconsistency between the Chinese names and their English translations, the Chinese names shall prevail.

GLOSSARY OF TECHNICAL TERMS

This glossary contains explanations of certain terms, definitions and abbreviations used in this document in connection with our Group and our business. The terms and their meanings may not correspond to standard industry meaning or usage of those terms.

"AI"	artificial intelligence, intelligence exhibited by machines in the area of computer science that emphasises that creation of intelligent machines that work and react like human or other natural intelligence
"AML"	anti-money laundering
"APP"	a computer program designed to run on a mobile device
"CAGR"	compounded annual growth rate
"corporate insurance client(s)"	company(ies) which purchase insurance products
"COVID-19"	the coronavirus disease
"CV"	Computer vision , a field of AI that uses machine learning and neural networks to teach computers and systems to derive meaningful information from digital images, videos and other visual inputs
"FYP"	First year premium of life insurance products
"GDP"	gross domestic product
"GWP" or "gross written premiums"	total premiums (whether or not earned) for insurance contracts written or assumed during a specific period, without deduction for premiums ceded
"household insurance client(s)"	individual(s) who purchase insurance products
"HR"	human resources
"IT"	information technology
"NLP"	acronym for "natural language processing," a way for computers to analyse, understand and derive meaning from human language in a smart and useful way

GLOSSARY OF TECHNICAL TERMS

"OCR"	the electronic or mechanical conversion of images of typed, handwritten or printed text into machine-encoded text
"R&D"	research and development
"software"	any set of machine-readable instructions that directs a computer's processor to perform specific operations

FORWARD-LOOKING STATEMENTS

This document contains certain statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements may be identified by the use of forward-looking terminology, including the terms "believe(s)", "aim(s)", "estimate(s)", "plan(s)", "project(s)", "anticipate(s)", "expect(s)", "going forward", "intend(s)", "may", "might", "seek(s)", "can", "could", "ought to", "potential", "will" or "should" or similar expressions, or, in each case, their negative or other variations, or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. In particular, references to "estimate(s)" only refer to situations where best estimates have been adopted by the management. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this document and include, but are not limited to, statements regarding our intentions, beliefs or current expectations concerning, among other things, our business, results of operations, financial position, liquidity, prospects, growth, strategies and the industries and markets in which we operate or may operate in the future.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Forward-looking statements are not guarantees of future performance or the actual results of our operations, financial position and liquidity. The development of the markets and the industries in which we operate may differ materially from the description or implication suggested by the forward-looking statements contained in this document. In addition, even if our results of operations, financial position and liquidity as well as the development of the markets and the industries in which we operate are consistent with the forward-looking statements contained in this document, those results or developments may not be indicative of results or developments in subsequent periods. A number of risks, uncertainties and other factors could cause results and developments to differ materially from those expressed or implied by the forward-looking statements including, without limitation:

- our operations and business prospects;
- our ability to maintain and enhance our market position;
- the effects of competition in the industries or markets we operate and its potential impact on our business;
- developments in, or changes to, laws, regulations, governmental policies, taxation or accounting standards or practices affecting our operations, especially those related to the operation of our business;
- global general political and economic conditions;
- our ability to successfully implement any of our business strategies, plans, objectives and goals;
- our ability to expand and manage our business operations;

- our ability to obtain or extend the terms of the licences and leases necessary for the operation of our business;
- changes to our expansion plans and estimated capital expenditures;
- adverse changes or developments in the industries in which we operate;
- fluctuations in inflation, interest rates and exchange rates;
- changes in the availability of, or new requirements, for financing; and
- our success in accurately identifying future risks to our business and managing the risks of the aforementioned factors.

Forward-looking statements may and often do differ materially from actual results. Any forward-looking statement in this document reflect our management's current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions. [REDACTED] should specifically consider the factors identified in this document, which could cause actual results to differ, before making any [REDACTED] decision. Subject to the requirements of the Listing Rules and except as may be required by applicable law, we undertake no obligation to revise any forward-looking statements that appear in this document to reflect any change in our expectations, or any events or circumstances, that may occur or arise after the date of this document. All forward-looking statements in this document are qualified by reference to this cautionary statement.

You should carefully consider all the information in this document, including the risks and uncertainties described below and our historical financial information and the related notes, prior to [REDACTED] in the H Shares. The risk factors relating to our business, industry and the PRC may not typically be associated with investing in equity securities of similar companies from other jurisdictions. Our business, financial condition, results of operations or prospects could be materially and adversely affected by any of these risks. The [REDACTED] of the H Shares could decrease due to any of these risks and you may lose all or part of your investment.

We believe that there are certain risks involved in our operations, some of which are beyond our control. These risks can be broadly categorised into: (i) risks relating to our business; (ii) risks relating to our industry; (iii) risks relating to conducting our business in the PRC; and (iv) risks relating to the [REDACTED].

RISKS RELATING TO OUR BUSINESS

We may not be able to provide diversified insurance products and services to effectively address our insurance clients' needs, which could have a material adverse effect on our business, results of operations and financial condition.

We attract, procure and retain insurance clients by offering a comprehensive mix of insurance products underwritten by our insurance company partners. To continue to grow our insurance client base, we seek to collaborate with more insurance companies located in our existing and new geographical markets, while maintaining comprehensive insurance product choices.

We also strive to continuously enhance our insurance agency services, IT services and consulting services by offering more comprehensive service packages and enhanced experience. However, expansion into new product and service categories involves new risks and challenges. If we fail to respond to the changing and emerging needs and preferences of our customers and insurance clients and offer new products and services that are favored to them, we may lose out on our business volume and/or not be able to continue to attract new customers or maintain existing customers. If any of the foregoing occurs, our business, results of operations and financial condition may be materially and adversely affected.

If we fail to maintain stable relationships with our business partners, our business, results of operations, financial condition and business prospects could be materially and adversely affected.

We cooperate with a variety of business partners in conducting our businesses, including customers and suppliers in our business operation. Our success depends on our ability to, among other things, develop and maintain relationships with our existing business partners and attract new business partners.

Relationships with our customers

We generally provide insurance agency services to our insurance company partners which are major insurance companies in the PRC and receive commissions from them for successful distributions of their insurance products. For more details, please refer to the section headed "Business — Our Business Model — (i) insurance agency business" in this document. Our relationships with these insurance company partners are governed by agreements between the insurance company partners and us. These agreements generally provide, among other things, the scope of our services and our commission rates, and typically have a term of one year and may be terminated with prior written notice. Our insurance company partners may terminate the agreement with cause, including but not limited to our breach of laws and regulations, unauthorised changes of insurance term and forgery of documents and information. There is no assurance that we would be able to renew any such agreements upon their expiry with terms that are comparable to or better than the existing ones, if at all. Any interruption to or discontinuation of our relationships with our insurance company partners may severely and negatively impact our results of operations.

In addition, our insurance company partners and insurance clients' recognition is critical for us to remain competitive. Our ability to maintain and enhance their recognition and reputation depends primarily on the quality of services we offer to them. If we are unable to maintain and further enhance their recognition and our reputation, we may not be able to maintain or continue to expand our insurance client base, and our results of operations may be materially and adversely affected. Furthermore, any negative or malicious publicity relating to our Group and services could harm our reputation and in turn materially and adversely affect our business and results of operations.

Relationships with our suppliers

During the Track Record Period, our revenue was generated through strategic channel partners (to which approximately 38.7%, 53.0% and 60.5% of our commission income was attributable), insurance agents (to which approximately 42.8%, 21.4% and 18.6% of our commission income was attributable) and direct sales (to which approximately 18.5%, 25.7% and 20.9% of our commission income was attributable). As such, we primarily rely on strategic channel partners to expedite our market penetration and broaden our insurance client base. For more details, please refer to the section headed "Business — Sales and Marketing — Strategic Channel Partners" in this document. Failure to establish and maintain stable relationships with our strategic channel partners may materially and adversely affect our exposure to business opportunities, which in turn could adversely affect our results of operations and business prospects.

Our agreements with our strategic channel partners generally have a term of one year to three years. They may choose to cooperate with our competitors or offer competing services themselves after the agreement expires. In addition, there is an increasing trend that major insurance companies build their own Internet or mobile channels and strengthen their in-house capabilities to distribute their insurance products, as well as establishing their own insurance agency arms. In any event, there is no assurance that we will be able to continuously maintain a mutually beneficial relationship with our strategic channel partners, or continue to cooperate with them on terms favorable to us, or at all. If any of the foregoing occurs, our business growth, results of operations and financial condition will be adversely affected.

We are subject to customer concentration risk. Our growth and revenue could be materially and adversely affected if we lose any significant customer, or if any significant customer fails to cooperate with us at anticipated levels.

We derived a significant portion of our revenue from a small number of insurance company partners with respect to our insurance agency services. This concentration of our major customers is mainly due to the fact that the insurance market in the PRC is highly concentrated, where the top 10 insurance providers in the PRC accounted for approximately over 60% of the market share in 2023. For the years ended 31 December 2021, 2022 and 2023, revenue generated from our top five customers, in aggregate, accounted for approximately 74.5%, 63.7% and 65.1% of our total revenue, respectively. For the same periods, revenue generated from our largest customer accounted for 34.6%, 36.9% and 35.6% of our total revenue, respectively. For more details, please refer to the section headed "Business — Our Customers — Reliance on major customers" in this document.

There are a number of factors, other than our performance, that could cause the loss of, or decrease in the volume of business from, a customer. We cannot assure you that we will continue to maintain the business cooperation with these customers at the same level, or at all. The loss of business from any of these significant customers, or any downward adjustment of the commission rates paid to us or the number of products offered to us, could materially adversely affect our revenue and profit. Furthermore, if any significant customer terminates its relationship with us, we cannot assure you that we will be able to secure an alternative arrangement with comparable insurance company partner in a timely manner, or at all.

Our Group had a concentration of major suppliers during the Track Record Period.

Our Group had a concentration of major suppliers during the Track Record Period. We rely on our major suppliers to provide us with referral services for our insurance agency business. For the years ended 31 December 2021, 2022 and 2023, our purchases from our five largest suppliers amounted to approximately RMB41.8 million, RMB58.2 million and RMB73.9 million, respectively, accounting for 58.1%, 71.7% and 74.3% of our total purchases, respectively, while purchase from our largest supplier amounted to RMB26.5 million, RMB31.9 million and RMB45.3 million, respectively, accounting for 36.8%, 39.3% and 45.6% of our total purchases, respectively. As such, our reliance on our five largest suppliers in providing services to us during the Track Record Period was relatively high. We normally enter into collaboration agreements with our insurance agents for a term of three years and strategic channel partners for a term of one year to three years. The termination of cooperation from any of these major suppliers could materially and adversely affect our revenue and profit. Furthermore, if any major supplier terminates its relationship with us, we cannot assure you that we will be able to secure an alternative arrangement with comparable supplier in a timely manner, or at all.

Our historical business growth and profitability may not be indicative of future performance. You should not rely on the results of our operations as an indication of future revenue, profit or growth.

Our Group's operations have grown rapidly and our revenue and profit in turn have grown accordingly. Our total revenue increased from RMB120.0 million in 2021 to RMB148.4 million in 2022 and further to RMB174.0 million in 2023, representing a CAGR of 20.4%. In addition, our net profit increased from RMB27.0 million in 2021, to RMB36.3 million in 2022 and further to RMB39.0 million in 2023, representing a CAGR of 20.2%.

However, our historical performance may not be indicative of our future growth or financial results. We cannot assure you that we will be able to deliver similar growth in the future, or avoid any decline in the future. Our growth may slow down or become negative, and revenue and net profit may decline for a number of possible reasons, including the risk factors set forth in this document. Some of the risks are beyond our control, including declining growth of our overall market or industry, increasing competition, the emergence of alternative business models, decreasing customer base, changes in rules, regulations, government policies or general economic conditions, and we may encounter unforeseen expenses, difficulties, complications, delays and other unknown factors. You should consider our business and prospects in light of these risks, and not unduly rely on our past results of operations or historical growth rate as an indicator of our future performance.

As the commission income we receive from the distribution of insurance products to insurance clients is based on premium and commission rates set by our insurance company partners, any decrease in these commission rates, or any increase in the commissions or referral fees we pay, may have an adverse effect on our results of operation.

We derive a majority of our revenue from our insurance agency business by receiving commissions from our insurance company partners for successful distribution of their insurance products to insurance clients through us. Our commissions are generally calculated based on a percentage of the premiums of insurance policies sold through us. Our revenue and results of operations are thus directly affected by the size of insurance premiums and the commission rates for such policies.

Insurance premiums and commission rates can change based on the prevailing economic, regulatory, taxation-related and competitive factors that affect insurance companies and end consumers. These factors, many of which are not within our control, include insurance companies' expectation on profits, the expected claim ratios, insurance clients' demand for insurance products in the market, the availability and pricing of comparable products from other insurance companies, requirements set by the industry association, regulatory requirements and governmental policies and other factors that affect our insurance company partners at the relevant time.

On the other hand, we engage insurance agents to promote and distribute the insurance products authorised by our insurance company partners and cooperate with strategic channel partners to expand our reach to large population of corporate and household insurance clients, and we pay commissions to insurance agents and referral fees to strategic channel partners for successful purchase of insurance products conducted by them. We may adjust the rates of commissions and referral fees at our discretion, depending on the competitive landscape and market conditions in the respective geographical markets. Accordingly, any increase in such rates would reduce our profit margin.

As we do not determine, and cannot predict, the timing or extent of premium or commission rate changes, we cannot predict the effect any of these changes may have on our operations. Any decrease in the commission rates as set by our insurance company partners, any increase in the rates of commissions we pay to our insurance agents and referral fees we pay to our strategic channel partners, could significantly affect our profitability. In addition, our capital expenditures and other expenditures may be disrupted by unexpected decreases in revenue caused by decreases in premiums or commission rates, thereby adversely affecting our operations and business plans.

Any significant disruption in services on our online platforms, websites or computer systems, including events beyond our control, could materially and adversely affect our business, financial condition and results of operation.

Our business is highly dependent on the ability of our information technology systems to timely process a large number of information across different markets and products at a time when the volume of such transactions is growing rapidly. We are also increasingly relying on our online platforms, including "Quan Zhanggui (全掌櫃)" APP and our website, to facilitate the business operation. Usability and stability of our online platforms as perceived by users can influence insurance clients' satisfaction. The proper functioning and improvement of our online platforms, is critical to our business and to our ability to compete effectively. We cannot assure you that our business activities would not be materially disrupted in the event of a partial or complete failure of functions on our online platforms, which could be caused by, among other things, software malfunction, computer virus attacks or conversion errors due to system upgrading. In addition, a prolonged failure of any of our information technology systems could damage our reputation and materially and adversely affect our operations and profitability.

Any breaches to our security measures, including unauthorised access to our systems, computer viruses and cyber attacks may adversely affect our database and reduce the use of our services and damage our reputation and brand names.

Breaches to our security measures, including computer viruses and cyber attacks, may result in significant damage to our hardware and software systems and database, disruptions to our business activities, inadvertent disclosure of confidential or sensitive information, interruptions in access to our platforms, and other material adverse effects on our operations. Our security measures to protect systems and database could be breached or compromised as a result of third-party action, employee error, malfeasance or otherwise, during transfer of data or at any time, and result in persons obtaining unauthorised access to our systems and data. If our security measures are breached and unauthorised access to our systems and database is obtained, our services may be perceived as insecure, and customers and end consumers may curtail or stop using our services altogether and we may incur significant legal and financial exposure and liabilities. We may incur significant costs to protect our systems and equipment against the threat of, and to repair any damage caused by computer viruses and "hacking." Moreover, if a computer virus or cyber attack affects our systems and/or our customers or end consumers, or if it is highly publicised, our reputation and brand names could be materially damaged and the use of our services may decrease and materially and adversely affect our business, results of operations and financial condition.

Some landlords have not provided to us relevant title certificates with respect to some of our leased properties in the PRC and some of our lease agreements were not registered with the relevant government authorities.

During the Track Record Period, some of our landlords failed to provide valid title certificates with respect to some of our leased properties in the PRC whilst some of our leased properties are subject to mortgage or are utilised in a way deviated from usage stipulated in the title certificates. We may need to seek alternatives premises and incur additional costs for relocation, if (i) our landlords are not the owner or no longer the owner due to realisation of the aforesaid mortgage or not authorised by the real owner or not permitted to lease the properties to us, (ii) any dispute or claim arises in relation to the rights to use or lease of the properties occupied by us, or (iii) any of our leases is terminated as a result of any challenge by third-parties or any failures of our landlords to renew the leases or obtain their legal titles or the requisite government approval or consent to lease the relevant properties, which could materially and adversely impact our business, financial condition and results of operations.

Pursuant to relevant PRC regulations, parties to a lease agreement are required to file the lease agreements for registration and obtain property leasing filing certificates for their leases. The registration is subject to the cooperation from the landlords of the leased properties as the registration requires the submission of certain documents from the landlords, including their identification documentation and property ownership certificates, to the relevant authorities. As at the Latest Practicable Date, we had not filed some of the lease agreements for our leased properties under which we are the tenants of the leased properties. As advised by our PRC Legal Advisers, the failure to register the lease agreements does not affect the validity of the lease agreements under the relevant PRC laws and regulations. Meanwhile, we may be required by relevant government authorities to complete the registration formalities within the prescribed time limit or otherwise we may be subject to an administrative penalty for non-registration. As further advised by our PRC Legal Advisers, the risk of us being fined is low provided that we will and will be able to carry out rectification in accordance with the laws and regulations in a timely manner if the relevant regulatory authorities so order. However, there can be no assurance that the relevant government authorities would not impose administrative penalties on us as a result of the non-registration of these lease agreements. If we are liable for fines because of the non-registration of lease agreements, our business operation could be adversely affected. For more details, please refer to the section headed "Business — Properties" in this document.

Certain ancillary work of our IT services are subcontracted to subcontractors. Our operations and financial results may be adversely affected by any delay or defects in their work.

We, from time to time, engage subcontractors to carry out certain ancillary work in our provision of IT services. During the Track Record Period, we had engaged two subcontractors for certain software technical services in our provision of IT services. For the years ended 31 December 2021, 2022 and 2023, our subcontracting cost amounted to RMB0.2 million, RMB5.4 million and RMB2.5 million, respectively, which accounted for 0.3%, 6.7%, and 2.5%, respectively, of our total purchase, for the relevant years. For more details, please refer to the section headed "Business — Subcontracting" in this document. If our subcontractors fail to meet our requirements, the quality of our IT infrastructure and programmes may be adversely affected, thereby damaging our business reputation, hindering our opportunity to secure future projects, and potentially exposing us to litigation and damages claims from our clients. In addition, when our needs for outsourcing arise, our subcontractors may not always be readily available. There is no assurance that we would be able to maintain such relationships in the future. Our subcontractors are not obliged to provide services to us on our future projects on similar terms and conditions. We cannot assure that we would be able to find alternative subcontractors with the requisite knowledge, expertise, experience and capability that meet our project needs and work requirements and timely complete our projects in accordance with the project terms with competitive prices. Our ability to complete projects on time and with effective cost could be impaired, thereby damaging our business reputation and adversely affecting our operations and financial results if we are unable to engage such suitable alternative subcontractors.

A certain portion of our gross profit was generated from our insurance agency business for the distribution of insurance products to Haier Group insurance clients. There is no assurance that Haier Group insurance clients will continue to purchase insurance products through us.

For the years ended 31 December 2021, 2022 and 2023, the gross profit from the distribution of insurance products underwritten by our insurance company partners attributable to Haier Group insurance clients was approximately RMB13.4 million, RMB17.9 million and RMB17.7 million, respectively, which amounted to 29.6%, 30.8% and 27.6%, respectively, of the total gross profit generated from our insurance agency business for the distribution for insurance products. We expect that distribution of insurance products to Haier Group insurance clients will continue to contribute a certain portion of our gross profit generated from our insurance agency business for the distribution of insurance products in the foreseeable future. There is no assurance that Haier Group insurance clients will continue to purchase insurance products through us. In the event that Haier Group insurance clients ceases to purchase insurance products through us, our business, results of operations, financial condition and future prospects may be adversely affected.

Our Controlling Shareholder has the ability to exert substantial influence over us and can influence our business in ways which may not act in the best interests of our independent Shareholders.

Immediately following the [REDACTED], our Controlling Shareholder will in aggregate be indirectly interested in approximately [REDACTED]% of the voting rights of our Company. Our Controlling Shareholders will also, through their voting power at the shareholders meetings, have significant influence over our business and affairs, including decisions in respect of mergers or other business combinations, acquisition or disposition of assets, issuance of additional shares or other equity securities, timing and amount of dividend payments, and our management. Our Controlling Shareholders may not act in the best interests of our minority Shareholders. In addition, without the consent of our Controlling Shareholders, we could be prevented from entering into transactions that could be beneficial to us. This concentration of ownership may also discourage, delay or prevent a change in control of our Company.

We face intense competition in the markets we operate in, and some of our competitors may have greater resources or brand recognition than us.

We expect competition to persist and intensify. In our insurance agency business, we face competition from insurance companies that use their in-house sales force, exclusive sales agents, telemarketing, and Internet or mobile channels to distribute their insurance products, and from business entities that distribute insurance products on an ancillary basis, such as commercial banks and postal offices, as well as from other professional insurance intermediaries.

Some of our competitors have greater financial and marketing resources than we do, and may be able to offer products and services that we do not currently offer and may not offer in the future. The disruption of business cooperation with major insurance companies we cooperate with may cause us to lose our competitive advantages in certain areas. If we are unable to compete effectively against and stay ahead of our competitors, we may lose customers and our financial results may be negatively affected.

Our business model and our planned business developments are dependent on the proper function of our IT systems and infrastructure and our ability to continuously improve our IT systems and infrastructure and adopt advancing technologies. Breakdown of any of our major IT systems or failure to keep up with technological developments would materially and adversely affect our business, results of operations and future prospects.

Our proprietary technology and technological capabilities are critical to the development and maintenance of our IT systems and infrastructure underlying our online platforms, which in turn is vital to our business operations and planned developments. We need to continue to develop our IT technology, and continuously invest in significant resources, including financial and human capital resources to maintain, upgrade and expand our IT systems and infrastructure in tandem with our business growth and developments. However, research and development activities are inherently uncertain, and investments in information technologies and development of proprietary technologies may not always lead to commercialisation or monetarisation, or lead to increased business volume and/or profitability. The fast evolving IT developments may also render our existing systems and infrastructure and those that are newly developed and implemented obsolete before we are able to reap sufficient benefits to recover their investment costs, and may lead to substantial impairments which would adversely affect our results of operations. Obsolescence in our proprietary technology, IT systems and infrastructure may also significantly impair our ability to conduct and grow our business and compete effectively, which could materially and adversely impact our results of operations and business prospects. On the other hand, any significant breakdown of our IT systems and infrastructure may materially and adversely affect our business, results of operations, reputation and business prospects, and may even subject us to potential claims or even litigations, particularly as parts of our IT systems and infrastructure are linked to or connected with IT systems and infrastructure of our insurance company partners, who are mostly sizeable and reputable financial institutions whom themselves are subject to stringent regulatory supervision. As we rely heavily on our online platforms and our IT systems and infrastructure to facilitate and conduct our business, any prolonged breakdown of systems and infrastructure could also materially impact our business and results of operations.

Failure to comply with applicable data protection laws and regulations could subject us to regulatory actions and other legal liabilities, negatively impact our reputation and deter insurance clients from using our platforms.

In providing our services, a challenge we face is the secured collection, storage and transmission of confidential information. We acquire certain personal information of our insurance agents, insurance clients and APP registered users, such as name, ID number and telephone number during the course of our business. For more details, please refer to the sections headed " Business — Data Privacy and Data Security" and "Regulatory Overview" in this document.

The interpretation and application of laws, regulations and standards on cybersecurity, data protection and privacy are still evolving. We cannot assure you that the relevant measures we have taken are, and will be, always considered sufficient under applicable laws and regulations related to cybersecurity, data protection and privacy. We may be subject to investigations and inspections by governmental authorities regarding our compliance with such laws and regulations and we cannot assure you that our practices will always fully comply with all applicable rules and satisfy all relevant regulatory requirements. While we have taken steps to protect the personal data that we have access to, our security measures could be breached. Any accidental or willful security breaches or other unauthorised access to our system could cause confidential personal data to be stolen and used for criminal purposes, and could also expose us to liability related to the loss of information, and the risk of litigation and negative publicity. If security measures are breached or if we fail to protect confidentiality of the personal data of end consumers otherwise, our insurance company partners, our butler partners as well as end consumers may be deterred from choosing us, which could result in significant loss of business and we could incur significant liability, and our business and operations could be adversely affected.

We may fail to attract and retain an experienced management team, qualified personnel and insurance agents.

Our continued success depends on our ability to attract and retain an experienced management team, other employees and insurance agents with the requisite expertise and skills. Our ability to do so is influenced by a variety of factors, including the structure of the compensation package that we formulate and the competitive market position of our overall compensation package. Our management team and skilled employees may leave us or we may terminate their employment at any time. We cannot assure you that we will be able to retain our management team, skilled employees and insurance agents or find suitable or comparable replacements on a timely basis. Moreover, if any of our management team, skilled employees or insurance agents leaves us or joins a competitor, we may lose customers or insurance clients. In addition, former employees may request certain compensation arising from their resignation or retirement, which we typically negotiate on a case-by-case basis. However, if we are unable to reach a mutually acceptable resolution with such employees, they may take other actions including, but not limited to, initiating legal proceedings. Such legal proceedings may require us to pay damages, divert our management's attention cause us to incur costs and harm our reputation. Each of these foregoing factors could have a material adverse effect on our business, financial condition and results of operations.

Misconduct of our insurance agents to promote our insurance agency services is difficult to detect and deter and could harm our reputation or lead to regulatory sanctions or litigation costs.

We engage insurance agents to promote and distribute the insurance products authorised by our insurance company partners to expand our reach to large population of corporate and household insurance clients. The activities and regulatory compliance of these insurance agents associated with our insurance agency business are subject to the terms of the agreements we entered into with them and subject to applicable PRC laws. Misconduct of any of them could result in violation of law by us, regulatory sanctions, litigation or serious reputational or financial harm. Misconduct could include:

- making misrepresentation when marketing or selling insurance to insurance clients;
- hindering insurance applicants from making full and accurate mandatory disclosures or inducing applicants to make misrepresentations;
- hiding or falsifying material information in relation to insurance contracts;
- fabricating or altering insurance contracts without authorisation from relevant parties, selling false policies, or providing false documents on behalf of the applicants;
- falsifying insurance agency business or fraudulently returning insurance policies to obtain commissions;
- colluding with applicants, insured persons, or beneficiaries to obtain insurance benefits;

- engaging in false or falsified claims; or
- otherwise not complying with laws and regulations or our control policies, procedures, and undertakings.

We cannot assure you, therefore, that misconduct by any of our insurance agent may not occur, whether unintentional or otherwise, which may negatively impact our business, results of operations or financial condition. In addition, the general increase in misconduct in the industry could potentially harm the reputation of the industry and have an adverse impact on our business.

Acquisition, strategic alliances and investments could be difficult to integrate, disrupt our business and lower our result of operations and the value of your investment.

As part of our business strategy, we will evaluate and make investments in or acquisitions of complementary businesses, joint ventures, services and technologies, or enter into alliances with strategic partners in the future. Acquisitions, alliances and investments involve numerous risks, including the potential failure to achieve the expected benefits of the combination or acquisition; difficulties in, and the cost of, integrating operations, technologies, services and personnel; potential write-offs of acquired assets or investments; and downward effect on our results of operations.

In addition, if we finance acquisitions by issuing equity or convertible debt securities, shareholdings of our existing shareholders may be diluted, which could affect the [REDACTED] of our shares. Further, if we fail to properly evaluate and execute acquisitions or investments, our business and prospects may be adversely affected and the value of your investment may decline.

Furthermore, we may fail to identify or secure suitable acquisition and business partnership opportunities or our competitors may capitalise on such opportunities before we do, which could impair our ability to compete with our competitors and adversely affect our growth prospects and results of operations.

We may not be able to implement our business development strategy as we plan.

Our business development plan include strengthening and expanding our geographical presence in the PRC. For more details, please refer to the sections headed "Business — Our Strategies" and "Future Plans and [REDACTED]" in this document. We may not be able to effectively manage the wider scope of our operations or achieve the desired profitability from such expansion. The challenges that we may face in relation to this may include, but not limited to:

- our Directors' experience or knowledge in the new locations and the regulatory requirements applicable to such new locations;
- the different extent of market development and competitiveness in the cities in which we plan to expand our presence in;

- our ability to obtain necessary regulatory approvals and registrations;
- our ability to obtain capital at reasonable costs to fund pre-opening expenses as well as our ability to control expenses and prevent delays or cost overruns;
- our ability to identify suitable locations to establish our new branches; and
- our ability to negotiate the commercially acceptable rental arrangements for setting up our new branches.

Any of the aforementioned factors could extend the time required to achieve profitability which in turn impacts our business, financial condition, operating results and business prospects. Our expansion into new locations may present competitive and operational challenges that are different from those we currently encounter. Our failure to respond to these challenges could materially and adversely affect our business prospects and may have material adverse impact on our business operations and financial position.

If we are unable to manage our growth or execute our strategies effectively, our business and prospects may be materially and adversely affected.

Our business has grown substantially since our inception, and we expect continued growth in the scale of our business and our operations. As we pursue our business growth and strive to expand our customer base, we endeavor to establish presence in new geographical markets, introduce new insurance products and types of IT services and solutions, and work with a variety of additional business partners, including insurance company partners, insurance agents and strategic channel partners to address the evolving needs of the end consumer market. We may have limited or no experience for certain new product and service offerings, and our expansion into these new product and service offerings may not achieve broad acceptance among our customers or end consumers. These offerings may present new and difficult technological or operational challenges, and we may be subject to claims if end consumers, mainly insurance clients, do not have satisfactory experiences in general. To effectively manage the expected growth of our business and operational scale, we will need to continue improving our transaction processing, technological, operational and financial systems, policies, procedures and controls. All of these endeavours involve risks and will require significant management, financial and human resources. We cannot assure you that we will be able to effectively manage our growth or to implement our strategies successfully. If we are not able to manage our growth effectively, or at all, our business and prospects may be materially and adversely affected.

We may be subject to intellectual property infringement claims or other allegations by third parties, which may materially and adversely affect our business, results of operations and prospects.

We cannot be certain that our operations do not or will not infringe upon or otherwise violate intellectual property rights or other rights held by third parties. We may be from time to time in the future subject to legal proceedings and claims relating to the intellectual property rights or other rights of third parties.

Additionally, there may be third-party intellectual property rights or other rights that are infringed by products underwritten by our insurance company partners, our services or other aspects of our business without our awareness. To the extent that our employees or insurance agents use intellectual property owned by others in their work for us, disputes may arise as to the rights in related know-how and inventions or other proprietary assets. If any third-party infringement claims are brought against us, we may be forced to divert management's time and other resources from our business and operations to defend against these claims, regardless of their merits.

The application and interpretation of China's intellectual property laws and the procedures and standards for granting trademarks, copyrights, proprietary technology or other intellectual property rights in China are still evolving. If we were found to have violated the intellectual property rights of others, we may be subject to liability for our infringement activities or may be prohibited from using such intellectual property or relevant contents, and we may incur licensing or usage fees or be forced to develop alternatives of our own. As a result, our reputation may be harmed and our business and financial performance may be materially and adversely affected.

We may not be able to prevent others from making unauthorised use of our intellectual property.

We regard our software registration, trademarks, domain names, know-how, proprietary technologies and similar intellectual property as critical to our success, and we rely on a combination of intellectual property laws and contractual arrangements, including confidentiality and non-compete arrangements with our key employees and others to protect our intellectual property rights. Despite these measures, any of our intellectual property rights could be challenged, invalidated, circumvented or misappropriated, or such intellectual property may not be sufficient to provide us with competitive advantages. In addition, there can be no assurance that (i) our application for the registration of trademarks and other intellectual property rights will be approved; (ii) any intellectual property rights will be adequately protected; or (iii) such intellectual property rights will not be challenged by third parties or found by a judicial authority to be invalid or unenforceable. If the trademarks or other intellectual property rights we use could not be registered, we may fail to prevent others from using these marks or other intellectual property rights, and our business, financial condition and results of operations may be materially and adversely affected.

Furthermore, preventing any unauthorised use of our intellectual property is difficult and costly and the steps we take may be inadequate to prevent the misappropriation of our intellectual property. In the event that we resort to litigation to enforce our intellectual property rights, such litigation could result in rising costs and a diversion of our managerial and financial resources. We can provide no assurance that we will prevail in such litigation. In addition, our trade secrets may be leaked or otherwise become available to, or be discovered by, our competitors. To the extent that our employees or insurance agents use intellectual property owned by others in their work for us, disputes may arise as to the rights in related know-how and inventions. Any failure in protecting or enforcing our intellectual property rights could have a material adverse effect on our business, financial condition and results of operations.

We may be involved in legal proceedings arising from our operations and may accordingly be subject to material liabilities or incur additional costs, and the regulatory measures and legal procedures against us may have a material adverse effect on our business, financial condition, results of operations and prospects.

We may be involved in legal and administrative proceedings from time to time. As our business expands, we expect we will continue to face litigations and disputes in the ordinary course of our business, which may result in claims for actual damages, freezing of our assets and diversion of our management's attention, as well as legal proceedings against our Directors, officers or employees. We are unable to estimate the outcome of such potential claims, investigations and proceedings. Any event defending against these claims may cost time and legal fees. Therefore, our reserves for such matters may be inadequate, and any unfavourable final resolution of any such litigation or proceedings could have a material adverse effect on our business, results of operations and financial condition. Moreover, even if we eventually prevail in these matters, we could incur legal fees or suffer reputational harm, which could have a material adverse effect on our prospects and future growth.

We may also face regulatory measures actions from time to time. A material legal liability or regulatory measure could have an adverse effect on us or cause damage to our reputation, which may harm our business prospects. We are subject to periodic inspections by PRC regulatory authorities, which may impose fines and other penalties on us if we fail to abide by the applicable laws and regulations. During the Track Record Period, we received an administrative fine from the CBIRC in the amount of RMB10,000 for failing to (i) ensure the accuracy of the education information of an insurance agent; and (ii) present the latest customer notification letter at one of our branch offices. During the Track Record Period, our Group obtained a confirmation from the Rizhao branch of NFRA confirming that the relevant non-compliance had been rectified and that no further regulatory action would be taken against our Group in connection with the aforementioned non-compliance. Save for the above, no other administrative penalties had been imposed against us by any regulatory authorities during the Track Record Period. As at the Latest Practicable Date, our Group has completed the rectification work and settled the administration fine. While the above administrative penalty did not have a material adverse effect on our business, results of operations or financial condition, we cannot assure you that future inspections conducted by regulatory authorities would not result in penalties, fines or other punishments, or the issuance of negative reports or opinions, due to our failure to abide by the relevant laws and regulations, that could materially and adversely affect our reputation, business, results of operations or financial condition.

Our limited insurance coverage could expose us to significant costs and business disruption.

We believe we maintain insurance policies covering risks in line with industry standards. We maintain limited business liability, litigation and property insurance. We do not have any business interruption insurance. Any uninsured occurrence of business disruption, litigation or natural disaster, or significant damages to our uninsured equipment or facilities could have an adverse effect on our results of operations. The insurance companies currently offer limited business-related insurance products. As such, we may not be able to insure certain risks related to our assets or business even if we desire to. If we were to incur substantial losses or liabilities due to natural disaster, disruption in our network infrastructure or business operations, or any material litigation, our results of operations could be materially and adversely affected. Our current insurance coverage may not be sufficient to prevent us from any loss, and we may not be able to successfully claim our losses under our current insurance policies on a timely basis, or at all. If we incur any loss beyond the coverage of our insurance policies, or the amount indemnified is significant less than our actual loss, our business, financial condition and results of operations could be materially affected.

We face risks related to climate change, natural disasters, health epidemics, civil and social disruption and other outbreaks, which could significantly disrupt our operations.

We are vulnerable to social and natural catastrophic events that are beyond our control, such as climate change, natural disasters, health epidemics, and other catastrophes, which may materially and adversely affect our business. Natural disasters may give rise to server interruptions, breakdowns, system failures, technology platform failures or internet failures, which could cause the loss or corruption of data or malfunctions of software or hardware as well as adversely affect our ability to operate our platform and provide services. Climate change may increase the frequency and unpredictability of extreme meteorological disasters in China, making the potential impact of these natural disasters more severe for us. Our business could also be adversely affected if our employees are affected by health epidemics. In addition, our results of operations could be adversely affected to the extent that any health epidemic harms the economy in general. For example, sales activities of our insurance agents may be affected as it became difficult for them to arrange face-to-face meetings with household clients, which to a certain extent has also hindered the business activities of our business partners, and in turn, have a negative impact on our business with these business partners. The frequency and magnitude of effect brought by these risks may be beyond our control and we could not guarantee that our IT infrastructure that allow for remote access of computer systems could adequately support our business operations. Also, natural disasters, health epidemics or other public safety concerns may severely affect and restrict the level of economic activities, which in turn may have a material and adverse effect on our business, financial position and results of operations. Natural disasters, health epidemics or other public safety concerns, regardless of scope and intensity, together with their impact on our business activities and the broader economy are still difficult to assess or predict and pose uncertainties that will be difficult to quantify. Consequently, if any natural disasters, health epidemics or other public safety concerns were to affect our offices. We cannot assure you that we will be able to take adequate steps to mitigate the potential impact of such unforeseeable events, or to effectively respond to them, which may adversely affect our business, results of operations and financial condition.

RISKS RELATING TO OUR INDUSTRY

Our businesses are subject to regulation and administration by the insurance regulatory authorities and other government authorities, and failure to comply with any applicable regulations and rules by us could result in financial losses or harm to our business.

We are subject to Insurance Law, Provisions on the Regulation of Insurance Agents (《保險代理人監管規定》), Measures for the Regulation of Internet Insurance Business (《互聯網保險業務監管辦法》), and related rules and regulations. Our insurance agency business, which involves distribution of property, life and health, accident and automobile insurance products, is regulated by the insurance regulatory authorities, which have been given discretion in its administration of these laws, rules and regulations as well as the authority to impose regulatory sanctions on illegal activities. Under the amendments to the Insurance Law promulgated in 2009, the insurance regulatory authorities have been granted greater regulatory oversight over the PRC insurance industry, to afford policyholders more protection.

The terms and premium rates of the insurance products we carry, the commission rates we earn, as well as the way we operate our insurance agency businesses, are subject to regulations. The legal requirements for the terms and premium rates of the insurance products are stipulated in the Administrative Measures of the Insurance Terms and Premium Rates of Property Insurance Companies (《財產保險公司保險條款和保險費率管理辦法》) promulgated by the CBIRC on 16 August 2021 and the Administrative Measures of the Insurance Terms and Premium Rates of Personal Insurance Companies (《人身保險公司保險條款和保險費率管理辦法》) promulgated by the CIRC, on 19 October 2015. In addition, the Regulatory Provisions on the Insurance Agencies also specify the requirements for the insurance agencies on the way they open the bank accounts and collect the commissions. Developments and changes in these regulations may affect our profitability on the products we distribute. For instance, the Guiding Opinions on the implementation of the Comprehensive Reform of Automobile Insurance (《關於實施車險綜合改革的指導意見》) issued by the CBIRC that came into effect in September 2020 lowered the premium paid to insurance companies leading to a lower average commission rate of automobile insurance products, which has led to a decrease of the average commission rate for the distribution of automobile insurance products since 2021. It could have material adverse impact on the revenue and profitability of our insurance agency business, if we are not able to increase our insurance business volume sufficiently to compensate for the reduced revenue generated from the commissions collected, or pass on any downward impact on our commission rates to our insurance agents and/or referral fees to our strategic channel partners.

Furthermore, the regulatory authorities continuously strengthen the regulation and administration for the sale and information disclosure of insurance products, the informatisation work and internet insurance business of the insurance agencies by releasing (i) the Administrative Measures for Insurance Sales Practices (《保險銷售行為管理辦法》) on 20 September 2023; (ii) the Administrative Measures for the Disclosure of Information on Personal Insurance Products (《人身保險產品信息披露管理辦法》) on 11 November 2022; (iii) the Regulatory Measures for the Informatisation Work of Insurance Intermediaries (《保險中介機構信息化工作監管辦法》) on 5 January 2021; and (iv) the Notice on Commencement of Specific Rectification of Market Chaos in the Internet Insurance Industry (《關於開展互聯網保險亂象專項整治工作的通知》) in August 2021.

Regardless, failure to comply with the relevant laws, rules and regulations to which we are subject could result in fines, restrictions on business expansion, which could materially and adversely affect us. Furthermore, laws, rules and regulations applicable to insurance companies may also indirectly affect us. The laws, rules and regulations under which we are regulated or indirectly affected may be amended from time to time, and we are subject to their interpretation and application. We cannot assure you that future legislative or regulatory evolvements would not have a material adverse effect on our business, results of operations and financial condition.

Failure to obtain, renew, or retain certain licenses, permits or approvals may materially and adversely affect our ability to conduct our business.

We are required by PRC laws and regulations to hold various licenses, permits and approvals issued by relevant regulatory authorities to allow us to conduct our business operations including license for operating insurance agency service. Any infringement of legal or regulatory requirements, or any suspension or revocation of these licenses, permits and approvals may have a material adverse impact on our business. As the relevant regulatory requirements within the insurance and insurance agency industry are constantly developing, we may be subject to more stringent regulatory requirements. We may be required to obtain other licenses, permits or approvals, or otherwise comply with applicable regulatory requirements in the future. We cannot assure you that we will be able to retain, obtain or renew relevant licenses, permits or approvals in the future. This may, in turn, hinder our business operations and materially and adversely affect our business, results of operations and financial condition.

More insurance clients may decide to purchase insurance directly from insurance companies, which would have a material adverse impact on our financial condition, results of operations and prospects.

The advancement of financial technologies and the emergence of Internet insurance products allow insurance companies to directly access to a broader client base at a low cost, and more insurance clients may decide to purchase insurance directly from insurance companies. A rising number of traditional insurance companies have established their own online platforms to sell Internet insurance products directly to insurance clients. The process of eliminating agencies as intermediaries, known as "disintermediation," could place us at a competitive disadvantage and reduce the need for our products and services. Disintermediation could also result in significant decrease in business volume and loss of commission income from our insurance agency business, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

RISKS RELATING TO CONDUCTING OUR BUSINESS IN THE PRC

We conduct our business operations within the PRC. You should therefore be aware that economic conditions in the PRC and regulatory policies could affect our results of operations, financial condition and prospects.

We conduct our business operations within the PRC. Our operating performance has been and will continue to be affected by the PRC economy, which in turn is influenced by the global economy. The uncertainties relating to the global economy and the political environment in various regions of the world will continue to impact PRC's economic growth. We are unable to predict all the risks that we face as a result of current economic developments, and many of these risks are beyond our control. All such factors may adversely affect our business, financial condition and results of operations.

Our business and operations are governed by PRC laws, regulations and rules. Over the past decades, the PRC government has continued to develop and enhance the laws and regulations dealing with foreign investment, enterprise composition and governance, taxes, trade and other economic matters in China, and such laws and regulations will continue to evolve in accordance with the overall economic and social developments. We cannot assure you that our business operations would be deemed to comply with any existing or future PRC laws or regulations on an ongoing basis, and violating relevant laws and regulations may materially and adversely affect our business and operations.

Dividends payable to investors and proceeds from sale of H Shares by investors are subject to PRC income tax.

Under current PRC tax laws, regulations and rules, individuals and enterprises that are not PRC residents are subject to different tax obligations with respect to the dividends paid by us or the gains realised upon the sale or other disposition of H Shares.

Pursuant to the Notice of the State Taxation Administration on Issues Concerning the Levy and Administration of Individual Income Tax After the Repeal of Guo Shui Fa [1993] No. 45 (Guo Shui Han [2011] No. 348) (國家稅務總局關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知(國稅函[2011]348號)) issued by the STA on 28 June 2011, we are required to withhold taxes from dividend payments to non-PRC resident individual holders of H Shares at rates ranging from 5% to 20% (usually 10%), depending on the applicable tax treaty between the PRC and the jurisdiction in which the non-PRC resident individual holder of H Shares resides. Non-PRC resident individual holders of H Shares who reside in jurisdictions that have not entered into tax treaties with the PRC are subject to a 20% withholding tax on dividends received from us.

Under the EIT Law and its implementation rules, for non-PRC resident enterprises that do not have offices or establishments in the PRC, or have offices or establishments in the PRC to which their income is not related, dividends paid by us and the gains realised by such non-PRC resident enterprises upon the sale or other disposition of H Shares are ordinarily subject to EIT at a rate of 10%, subject to a further reduction under a special arrangement or applicable treaty between the PRC and the jurisdiction of the relevant foreign enterprise's residence. In accordance with the Notice of the STA on the Issues

Concerning Withholding the Enterprise Income Tax on the Dividends Paid by Chinese Resident Enterprises to H-Share Holders Which Are Overseas Non-resident Enterprises (Guo Shui Han [2008] No. 897) (國家稅務總局關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知(國稅函[2008]897號)), which became effective on 6 November 2008, 10% withholding tax shall be imposed on dividends paid by Chinese resident enterprises to holders of H Shares that are overseas non-resident enterprises. These holders of H Shares may apply for tax refunds in accordance with applicable tax treaties or arrangements, if any. PRC tax authorities will determine whether and how to collect individual income tax and the EIT on gains realised by non-resident holders of H shares through the sale, or transfer by other means, of H shares in accordance with applicable PRC tax laws and regulations. Non-resident holders of our H Shares should be aware that they may be obligated to pay PRC income tax on the dividends and gains realised through sale or transfers of the H Shares.

Currency conversion policy and fluctuations in the exchange rates of the Renminbi may affect our business and results of operations and our ability to remit dividends.

Substantially all of our revenue and expenses are denominated in Renminbi. At present, the conversion of RMB into foreign currencies is subject to applicable laws and regulations. We may need to convert a portion of our revenue to foreign currencies to meet some of our financial obligations (e.g. to pay out declared dividends on H Shares in the [REDACTED]).

Under existing Chinese foreign exchange regulations, payments of current account items, including dividend payments, interest payments and expenditures from trade-related transactions, can be made in foreign currencies without prior approval from SAFE by complying with certain procedural requirements. Approval from SAFE is required for foreign currency conversions for payment under capital account items such as equity investments. As a result, if we fail to comply with Chinese foreign exchange regulations, we might not be able to pay dividends to the holders of our H Shares in foreign currencies.

Since a significant amount of our future cash flows from operations will be denominated in Renminbi, if we fail to comply with any existing and future regulatory provisions on currency exchange, our ability to purchase goods and services outside of China or otherwise fund our business activities that are conducted in foreign currencies may be limited. This could also affect our ability of to obtain foreign debt or equity financing, including by means of loans or capital contributions from us.

Fluctuation of the exchange rate between Renminbi and Hong Kong dollars may also affect the dividends that we pay to our H Share Shareholders. To the extent that we need to convert Hong Kong dollars that we will receive from the [REDACTED] into Renminbi for our operations, appreciation of Renminbi against the Hong Kong dollar would have an adverse effect on the Renminbi amount that we will receive. Conversely, if we decide to convert our Renminbi into Hong Kong dollars for the purpose of making dividend payments on our H Shares or for other business purposes, appreciation of the Hong Kong dollar against Renminbi would reduce the Hong Kong dollar amount available to us.

It may be difficult to effect service of legal process or enforce judgements against us.

Almost all of our Directors, Supervisors or executive officers domicile in the PRC. You should therefore consider relevant procedure and costs that may be required and incurred by you in serving process against us and the aforementioned individuals domiciling in the PRC. In addition, subject to satisfaction of other requirements, a judgment of a court of another jurisdiction may be reciprocally recognised or enforced in China only if the jurisdiction has a treaty with China or if the jurisdiction has been otherwise deemed by PRC courts to satisfy the requirements for reciprocal recognition. China has not entered into any treaty for reciprocal recognition and enforcement of court judgements with the U.S., the United Kingdom, Japan and many other countries. As a result, [REDACTED] should be aware that a foreign judgement rendered against us or our Directors, our Supervisors or executive officers may not receive recognition and enforcement in PRC courts.

RISKS RELATING TO THE [REDACTED]

Any possible conversion of our Domestic Shares into H Shares in the future could increase the supply of our H Shares in the market and negatively impact the [REDACTED] of our H Shares.

According to applicable PRC laws and regulations, all of our Domestic Shares may be converted into H Shares in the future, and such converted Shares may be [REDACTED] or [REDACTED] on an overseas stock exchange, provided that prior to the conversion and [REDACTED] of such converted Shares any requisite internal approval by our Shareholders in a general meeting shall have been duly obtained and the filing with the CSRC shall have been completed. However, the PRC Company Law provides that in relation to the public offering of a company, the shares of that company which are issued prior to the public offering shall not be transferred within one year from the date of the [REDACTED]. Therefore, upon obtaining the requisite approval and completing the requisite regulatory procedures, our Domestic Shares may be [REDACTED], after the conversion, in the form of H Shares on the Stock Exchange after one year of the [REDACTED], which could further increase the supply of our H Shares in the market and negatively impact the [REDACTED] of our H Shares.

There has been no prior public market for our Shares; the liquidity and [REDACTED] of our H Shares may be volatile.

Prior to the [REDACTED], there has been no public market for our H Shares. The initial [REDACTED] range for our H Shares was the result of negotiations among our Company and the [REDACTED] on behalf of the [REDACTED] and the [REDACTED] may differ significantly from the [REDACTED] for our H Shares following the [REDACTED]. We have applied for [REDACTED] of and [REDACTED] in our H Shares on the Stock Exchange. A [REDACTED] on the Stock Exchange, however, does not guarantee that an active and liquid [REDACTED] market for our H Shares will develop, or if it does develop, will be sustained following the [REDACTED]. The [REDACTED] of our H Shares may also decline following the [REDACTED]. In addition, the [REDACTED] may not result in the development of an active and liquid public [REDACTED] for our H

Shares. Furthermore, the [REDACTED] and [REDACTED] of our H Shares may be volatile. Factors such as the following may affect the [REDACTED] and [REDACTED] at which our H Shares will [REDACTED]:

- actual or anticipated fluctuations in our revenue and results of operations;
- loss of significant customers or material default by our customers;
- news regarding recruitment or departure of key personnel by us or our competitors;
- announcements of new investments, strategic alliances and/or acquisitions in our industry; and
- changes in earnings estimates or recommendations by financial analysts;
- potential litigation or regulatory investigations;
- general market conditions or other developments affecting us or our industry;
- the release of lock-up or other transfer restrictions on our outstanding H Shares, or sales or perceived sales of additional H Shares by us or other shareholders;
- our inability to obtain or maintain regulatory approval for our business operations; and
- the operating and stock price performance of other companies, other industries and other events or factors beyond our control.

Any such developments may result in large and sudden changes in the [REDACTED] and [REDACTED] at which our H Shares will [REDACTED]. We can give no assurance that these developments will not occur in the future.

In addition, in recent years, stock markets in general, and particularly the shares of companies with substantial operations in the PRC, have experienced increasing price and volume fluctuations, some of which have been unrelated or disproportionate to the operating performance of such companies. As a result, [REDACTED] in our H Shares may experience volatility in the [REDACTED] of their H Shares and a decrease in the [REDACTED] of H Shares regardless of our operating performance or prospects.

Future sales or perceived sales of substantial amounts of our H Shares in the [REDACTED] could have a material adverse effect on the prevailing [REDACTED] of our H Shares and our ability to raise capital in the future, or may result in dilution of your shareholding.

The [REDACTED] of our H Shares could decline as a result of future sales of substantial amounts of our H Shares or other securities relating to our H Shares in the [REDACTED] or the [REDACTED] of new H Shares, or the perception that such sales or issuances may occur. Future sales, or perceived sales, of substantial amounts of our H Shares could also materially and adversely affect our ability to raise capital in the future at a time and at a [REDACTED] we deem appropriate. In addition, our Shareholders may experience dilution in their holdings to the extent we [REDACTED] additional H Shares in future [REDACTED].

Since there will be a gap of several days between [REDACTED] and [REDACTED] of our H Shares, holders of our H Shares are subject to the risk that the [REDACTED] of our H Shares could fall during the period before [REDACTED] of our H Shares begins.

The [REDACTED] of our H Shares is expected to be determined on the [REDACTED]. However, our H Shares will not commence [REDACTED] on the Stock Exchange until they are delivered, which is expected to be several business days after the [REDACTED]. As a result, [REDACTED] may not be able to sell or deal in our H Shares during that period. Accordingly, holders of our H Shares are subject to the risk that the [REDACTED] of our H Shares could fall before [REDACTED] begins as a result of adverse market conditions or other adverse developments, that could occur between the time of [REDACTED] and the time [REDACTED] begins.

Our future financing may cause dilution of your shareholding or place restrictions on our operations.

In order to raise capital and expand our business, we may consider [REDACTED] and [REDACTED] additional H Shares or other securities convertible into or exchangeable for the H Shares in the future other than on a pro rata basis to our then existing Shareholders. As a result, the shareholdings of those Shareholders may experience dilution in net asset value per Share. If additional funds are to be raised through debt financing, certain restrictions may be imposed on our operations, which may (i) further limit our ability or discretion to pay dividends; (ii) increase our risks in adverse economic conditions; (iii) adversely affect our cash flows; or (iv) limit our flexibility in business development and strategic plans.

You will experience immediate dilution and may experience further dilution if we issue additional H Shares or convert Domestic Shares into H Shares under the H Share full circulation.

Potential [REDACTED] will pay a price per H Share that substantially exceeds the per H Share value of our Company's tangible assets after subtracting our Company's total liabilities and will therefore experience immediate dilution when purchasing the H Shares [REDACTED] in the [REDACTED]. As a result, if our Company were to distribute its net tangible assets to our Shareholders immediately following the [REDACTED], potential [REDACTED] would receive less than the amount they paid for their H Shares. In addition, if we issue additional H Shares or equity-linked securities at a price lower than the net tangible asset value per H Share at the time of [REDACTED], you and other purchasers of our H Shares may experience further dilution in the net tangible asset value per H Share. Given the promotion of H Share full circulation by the CSRC in November 2019, we may be allowed to convert certain of our Domestic Shares into H Shares after the [REDACTED] if we are qualified pursuant to the relevant CSRC requirements. Such conversion will increase the number of H Shares and your shareholding under the class of holders of our H Shares will be diluted.

We may not be able to pay any dividends or make other distributions on our Shares.

We did not declare or pay any dividend during the Track Record Period. Our Board has discretion in determining the frequency and amount of dividend distributions, which will be subject to the approval of our Shareholders at a general meeting. A decision to declare or to pay any dividends and the amount of any dividends will depend on various factors, including but not limited to our cash flows, financial condition and results of operations, capital adequacy ratios, operating and capital expenditure requirements, distributable profits of our PRC subsidiaries as determined under PRC GAAP or IFRS (whichever is lower), our Articles of Association, regulatory provisions on the payment of dividends and other factors that our Board deems relevant. Although the PRC GAAP are in all material aspects identical with IFRS and the differences between our distributable profits recorded under the PRC GAAP and IFRS are immaterial, the calculation of distributable profits under the PRC GAAP may be different from the calculation under IFRS in certain respects, and our operating subsidiaries may not have distributable profits as determined under the PRC GAAP even if they have profits for that year as determined under IFRS, or vice versa. Accordingly, we may not receive sufficient distributions from our PRC subsidiaries.

We have significant discretion as to how we will use the [REDACTED] of the [REDACTED], and you may not necessarily agree with how we use them.

Our management may spend the [REDACTED] from the [REDACTED] in ways you may not agree with or that do not yield a favourable return. For more details on our intended [REDACTED], please refer to the section headed "Future Plans and [REDACTED]" in this document. However, our management will have discretion as to the actual application of our [REDACTED]. You are entrusting your funds to our management, upon whose judgment you must depend, for the specific uses we will make of the [REDACTED] from this [REDACTED].

We cannot assure you the accuracy of facts, forecasts and other statistics with respect to the industry in which we operate contained in this document.

We have derived certain facts, forecasts and other statistics in this document from information provided by relevant government agencies, industry associations, independent research institutes or other third-party sources. While we have taken reasonable care in the reproduction of the information, it has not been prepared or independently verified by us, the Joint Sponsors, the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED] or any of our or their respective affiliates or advisers, and, therefore, we cannot assure you as to the accuracy and reliability of such facts, forecasts and statistics, which may not be consistent with other information compiled inside or outside the PRC. Such facts, forecasts and statistics include the facts, forecasts and statistics used in "Risk Factors," "Industry Overview" and "Business." Because of possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to statistics produced for other economies, and you should not place undue reliance on them. Furthermore, we cannot assure you that they are stated or compiled on the same basis, or with the same degree of accuracy, as similar statistics presented elsewhere. In all cases, you should consider carefully how much weight or importance you should attach to or place on such facts, forecasts or statistics.

This document contains certain hypothetical information based on changes relative to historical events and analysis based on it, and you should not place undue reliance on this information or analysis.

This document contains certain hypothetical information and analysis based on it, which includes the use of certain accompanying assumptions. Our Company cannot offer assurances that the assumptions would have been true under the hypotheses presented or that the results of these hypothetical changes would have matched the results presented. For more details, please refer to the section headed "Financial Information — Key Factors Affecting Our Results of Operation — Cost of insurance agency business" in this document. Given the hypothetical nature of this information and the uncertainty of the assumptions made, the results that would have resulted under these hypotheses might not have occurred in the way we had expected. Accordingly, you should not place undue reliance on the hypothetical information and related analysis included in this document.

[REDACTED] should read the entire document carefully and should not place any reliance on any information contained in press articles or other media in making your [REDACTED] decision.

Prior or subsequent to the publication of this document, there may have been or be press and media coverage regarding us and the [REDACTED], which includes certain information about us that does not appear in, or is different to what is contained in, this document. We have not authorised the disclosure of any such information in the press or media. Financial information, financial projections, valuation and other information about us contained in such unauthorised press or media coverage may not truly reflect what is disclosed in the document or the actual circumstances. We do not accept any responsibility for such unauthorised press and media coverage or for the accuracy or completeness of any such information. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information. To the extent that any information appearing in the press and media is inconsistent or conflicts with the information contained in this document, we disclaim it. [REDACTED] should rely only on the information contained in this document in making an [REDACTED] decision.

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

[REDACTED]

In preparation for the [REDACTED], our Company has sought the following waivers from strict compliance with the relevant provisions of the Listing Rules:

WAIVER IN RELATION TO MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, a new applicant for [REDACTED] on the Stock Exchange must have sufficient management presence in Hong Kong, which normally means that at least two of the executive Directors must be ordinarily resident in Hong Kong. Rule 19A.15 of the Listing Rules further provides that the requirement in Rule 8.12 may be waived by having regard to, among other considerations, the applicant's arrangements for maintaining regular communication with the Stock Exchange.

Since our headquarters and principal business operations and management of our Group are carried out in mainland China, our executive Directors are based in mainland China to better manage and attend to our Group's business operations. Therefore, we do not and, in the foreseeable future, will not have sufficient management presence in Hong Kong for the purpose of satisfying the requirement under Rule 8.12 of the Listing Rules.

Accordingly, pursuant to Rule 19A.15 of the Listing Rules, we have applied to the Stock Exchange for, and the Stock Exchange has [granted,] a waiver from strict compliance with the requirement under Rule 8.12 and Rule 19A.15 of the Listing Rules. In order to maintain effective communication with the Stock Exchange, we will put in place the following measures in order to ensure that regular communication is maintained between the Stock Exchange and us:

(a) we have appointed two authorised representatives pursuant to Rule 3.05 of the Listing Rules. The two authorised representatives are Mr. Lu, our executive Director, and Mr. Ng Cheuk Kin (吳卓健) ("**Mr. Ng**"), our company secretary. The authorised representatives will act as the principal channel of communication between the Stock Exchange and our Company. The authorised representatives will be available to meet with the Stock Exchange in Hong Kong within a reasonable period of time upon request and will be readily contactable by the Stock Exchange by telephone, facsimile and/or email to deal promptly with any enquiries which may be made by the Stock Exchange. Each of the authorised representatives is authorised to communicate on behalf of our Company with the Stock Exchange;

(b) each of the authorised representatives has means to contact all Directors (including the independent non-executive Directors) promptly at all times as and when the Stock Exchange wishes to contact the Directors on any matters. We will implement a policy whereby:

    (i) each Director will provide his/her mobile phone number, office phone number, residential phone number, email address and facsimile number to the authorised representatives;

    (ii) each Director will provide his/her phone numbers or means of communication to the authorised representatives when he/she is travelling; and

(iii) each Director will provide his/her mobile phone number, office phone number, email address and facsimile number to the Stock Exchange;

(c) in compliance with Rule 3A.19 of the Listing Rules, we have retained Ping An of China Capital (Hong Kong) Company Limited to act as our Compliance Adviser, who will act as an additional channel of communication between the Stock Exchange and our Company for the period commencing on the [REDACTED] and ending on the date that our Company publishes our financial results for the first full financial year after the [REDACTED] pursuant to Rule 13.46 of the Listing Rules;

(d) our Company will inform the Stock Exchange promptly in respect of any change in our Company's authorised representatives and Compliance Adviser;

(e) each Director who is not ordinarily resident in Hong Kong has confirmed that each of them possesses or can apply for valid travel documents to visit Hong Kong and can meet with the Stock Exchange within a reasonable period; and

(f) we will retain a Hong Kong legal adviser to advise us on the application of the Listing Rules and other applicable Hong Kong laws and regulations after our [REDACTED].

WAIVER IN RELATION TO CONTINUING CONNECTED TRANSACTIONS

We have entered into, and expect to continue, certain transactions that will constitute non-exempt continuing connected transactions of our Company under the Listing Rules upon [REDACTED]. Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has [granted], waivers from strict compliance with Chapter 14A of the Listing Rules in respect of the continuing connected transactions as disclosed in "Connected Transactions — Partially Exempt Continuing Connected Transaction — 2. Comprehensive Services Framework Agreement" and "Connected Transactions — Non-Exempt Continuing Connected Transaction — 3. IT and Consulting Services Framework Agreement". For more details, please refer to section headed "Connected Transactions" in this document.

DIRECTORS

Name	Residential Address	Nationality
Executive Directors:		
Mr. Lu Yao (鹿遙)	Room 202, Unit 1, Building 7 No. 22, Jingsong Third Road Shibei District Qingdao, Shandong PRC	Chinese
Mr. Zhang Zhiquan (張志全)	Room 704, Building 5 Jingmao International Apartment Baliqiao South Road Tongzhou District, Beijing PRC	Chinese
Ms. Li Tian (李甜)	Room 702, Unit 3 Building 45, Zuoan Fengdu No. 237 Jinsong 7th Road Laoshan District, Qingdao Shandong, PRC	Chinese
Mr. Wang Heping (王合平)	Room 202, Unit 2, No. 1 Ningan Road Shibei District Qingdao, Shandong PRC	Chinese
Independent non-executive Directors:		
Ms. Fang Qiaoling (房巧玲)	Room 401, Unit 3, No. 48 Yunxi Road Shibei District Qingdao, Shandong PRC	Chinese
Mr. Chung Wai Man (鍾偉文)	Flat G, 13/F, Block 5 Park Central 9 Tong Tak Street Tseung Kwan O New Territories Hong Kong	Chinese
Ms. Ng Sin Kiu (吳先僑)	Flat E, 38/F, Block 16 Ocean Shores Tseung Kwan O New Territories Hong Kong	Chinese

SUPERVISORS

Name	Residential Address	Nationality
Mr. Zhu Rongwei (朱榮偉)	Room 201, Unit 1, Building 2 No. 677, Wenchang Road Licang District Qingdao, Shandong PRC	Chinese
Ms. Wang Jiesi (王杰斯)	Room 602, Unit 2, Building 1 Lyucheng Lanan North Area No. 11, Lingchuan Road Licang District Qingdao, Shandong PRC	Chinese
Ms. Sun Yanlu (孫艷露)	Room 202, Unit 2, Building 12 No. 3184, Heilongjiang Middle Road Licang District Qingdao, Shandong PRC	Chinese

Further information about our Directors, Supervisors and other senior management members are set out in "Directors, Supervisors and Senior Management".

PARTIES INVOLVED

Joint Sponsors ***(in alphabetical order)***	**CITIC Securities (Hong Kong) Limited** *(a licensed corporation under the SFO to engage in type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities)* 18/F, One Pacific Place 88 Queensway Hong Kong
	Ping An of China Capital (Hong Kong) Company Limited *(a licensed corporation under the SFO to engage in type 6 (advising on corporate finance) regulated activity)* Units 3601, 07 & 11–13 36/F The Center 99 Queen's Road Central Hong Kong
[REDACTED]	[REDACTED]

Legal Advisers to our Company	*As to Hong Kong law* **Fangda Partners** 26/F, One Exchange Square 8 Connaught Place Central Hong Kong *As to the PRC law* **Fangda Partners** 27/F, North Tower, Beijing Kerry Centre 1 Guanghua Road, Chaoyang District Beijing PRC
Legal Advisers to the Joint Sponsors and [REDACTED]	*As to Hong Kong law* **Norton Rose Fulbright Hong Kong** 38/F, Jardine House 1 Connaught Place Central, Hong Kong *As to the PRC law* **Grandall Law Firm (Shanghai)** 27/F, Garden Square, 968 West Beijing Road, Shanghai PRC
Auditor and Reporting Accountants	**KPMG** *Certified Public Accountants* *Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance* 8th Floor, Prince's Building 10 Chater Road Central Hong Kong
Industry Consultant	**Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.** Room 2504, Wheelock Square, No. 1717 West Nanjing Road, Shanghai PRC
[REDACTED]	[REDACTED]

CORPORATE INFORMATION

Registered Office	No. 187 Jinshui Road Licang District Qingdao, Shandong PRC
Headquarters	No. 1, Haier Road Laoshan District Qingdao, Shandong PRC
Principal Place of Business in Hong Kong	5/F, Manulife Place 348 Kwun Tong Road Kowloon, Hong Kong
Company's Website	**https://www.haierbx.net** *(Note: the information on this website does not form part of this document)*
Company Secretary	Mr. Ng Cheuk Kin (吳卓健)*(CPA)* 5/F, Manulife Place 348 Kwun Tong Road Kowloon, Hong Kong
Authorised Representatives	Mr. Lu Yao (鹿遙) Room 202, Unit 1, Building 7 No. 22, Jingsong Third Road Shibei District Qingdao, Shandong PRC Mr. Ng Cheuk Kin (吳卓健)*(CPA)* 5/F, Manulife Place 348 Kwun Tong Road Kowloon, Hong Kong
Audit Committee	Mr. Chung Wai Man (鍾偉文) *(Chairman)* Ms. Fang Qiaoling (房巧玲) Ms. Ng Sin Kiu (吳先僑)
Remuneration Committee	Ms. Fang Qiaoling (房巧玲)*(Chairlady)* Mr. Chung Wai Man (鍾偉文) Ms. Li Tian (李甜)

Nomination Committee	Mr. Lu Yao (鹿遙) *(Chairman)* Ms. Ng Sin Kiu (吳先僑) Ms. Fang Qiaoling (房巧玲)
[REDACTED]	[REDACTED]
Compliance Adviser	**Ping An of China Capital (Hong Kong) Company Limited** *(a licensed corporation under the SFO to engage in type 6 (advising on corporate finance) regulated activity)* Units 3601, 07 & 11–13 36/F The Center 99 Queen's Road Central Hong Kong
Principal Bank	**China Construction Bank Corporation** Qingdao Haier Road Branch Zhonghan Street, Haier Road Laoshan District Qingdao, Shandong Province PRC

This and other sections of this document contain information relating to the industry in which we operate. Certain information and statistics set forth in this section have been extracted from the Frost & Sullivan Report issued by Frost & Sullivan, an independent market research agency, which we commissioned, and from various official government publications and other publicly available publications. Information and statistics from official government sources have not been independently verified by us, the Joint Sponsors, the [REDACTED], the [REDACTED], the [REDACTED], and the [REDACTED], any of the [REDACTED], any of our or their respective directors, officers or representatives or any other person involved in the [REDACTED] and no representation is given as to their accuracy.

We have commissioned Frost & Sullivan, an independent market research and consulting company, to conduct an analysis of, and to prepare a report on China's Insurance Intermediary Industry. The report prepared by Frost & Sullivan for us is referred to in the Document as the Frost & Sullivan Report. We have agreed to pay a total fee of RMB650,000 to Frost & Sullivan for the preparation of the report, which our directors believe reflects market rates for reports of this type. Frost & Sullivan is a global consulting company founded in 1961 in New York and has over 40 global offices with more than 2,000 industry consultants, market research analysts, technology analysts and economists.

The Frost & Sullivan Report was undertaken through both primary and secondary research obtained from various sources using intelligence collection methodologies. Primary research involved discussing the status of the industry with certain leading industry participants across the industry value chain and conducting interviews with relevant parties to obtain objective and factual data and prospective predictions. Secondary research involved reviewing information, data and publications from publicly available sources, including official data and announcements from government agencies, and company reports, independent research reports and data based on Frost & Sullivan's own data base.

In compiling and preparing the Frost & Sullivan Report, Frost & Sullivan has adopted the following assumptions: (i) the social, economic and political environment in the globe is likely to remain stable in the forecast period; and (ii) industry key drivers are likely to drive the industry in the forecast period.

Our Directors have confirmed that, after taking reasonable care, Frost & Sullivan is an independent professional market research agency, and the sources of information used in this section, which are extracted from the Frost & Sullivan Report, are reliable and not misleading. There is no adverse change in the market information since the date of the Frost & Sullivan Report which may qualify, contradict or have impact on the information of this section.

OVERVIEW OF CHINA INSURANCE INDUSTRY

Definitions and Classifications of Insurance

Insurance is a contract, represented by a policy, in which a policyholder receives financial protection or reimbursement against losses from specific contingencies or perils. An insurance company provides the insured with financial coverage or reimbursement in return for the payment of a premium. Insurance was originally intended to provide a secure and reliable protection; it has since been extended to become a protection mechanism, a basic means of risk management in a market economy, and an important pillar of the financial and social security systems. Insurance funds constitute a significant source of capital within the financial market. Insurance serves not only as a safety net for social security system, but also as a critical pillar of the social security system. By collecting premiums, insurance companies accumulate substantial funds that can be invested in the financial market, providing financial support to other economic sectors. Furthermore, insurance can compensate for the shortcomings of social security systems, offering individuals a higher level of protection.

Insurance products can be divided into two major categories: (i) life insurance; and (ii) property and casualty insurance.

Life insurance provides comprehensive coverage safeguarding an individual's longevity, physical health, and various life events including death, disability, illness, old age, and accidents that may occur throughout the duration of the insurance policy. Moreover, if the insured individual survives until a specified time, insurance benefits are also granted. Life and health insurance can be further divided into life & annuity insurance (e.g., whole life insurance, term life insurance, annuity insurance, etc.), health insurance (e.g., critical illness insurance, medical insurance, etc.) and accident insurance (e.g., traffic accident insurance, travel insurance, etc.).

Property and casualty insurance provides coverage for the losses and damages caused by natural disasters or accidents to the insured property and related interests as stipulated in the insurance contract. Property and casualty insurance mainly includes property damage insurance (e.g., corporate property insurance, household property insurance, etc.), liability insurance (e.g., employer's liability insurance, product liability insurance, etc.), and credit insurance. In addition, automobile insurance is one of the most representative types of property and casualty insurance. Automobile insurance targets the vehicle itself, third-party liabilities and vehicle passengers, covering compensation responsibilities for personal injury or property damage caused by natural disasters or accidents to the vehicle.

Market Size of China's Insurance Industry

Primary insurance is a type of insurance which the insurance company directly bears the liability for damages against the policyholders' insured risks.

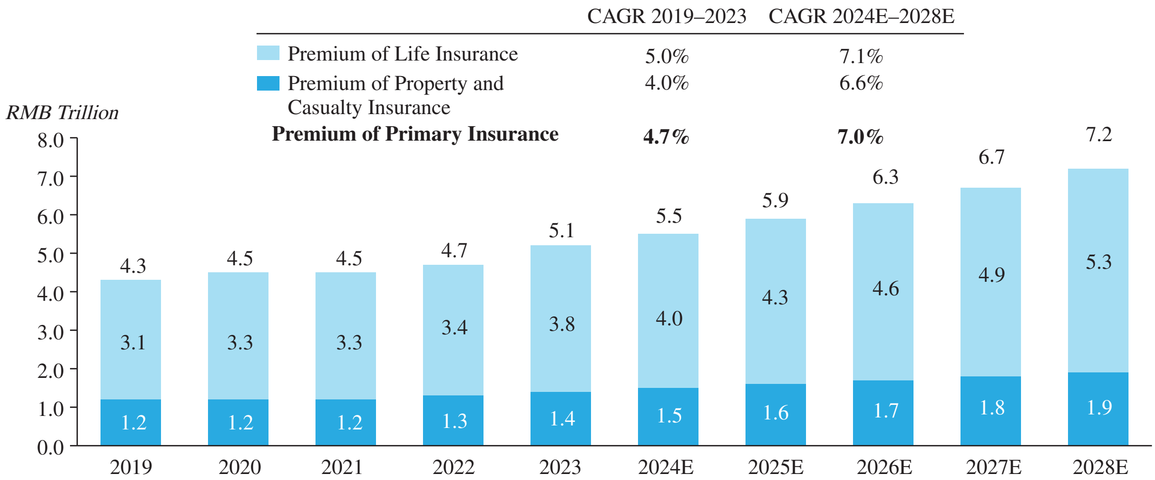
The primary insurance premium in China has experienced a relatively slow growth over the past few years, which is mainly attributed to the impact of COVID-19 pandemic. Signs of the pandemic's impact began to emerge in 2020, with the growth rate in the life insurance sector slowing from a 13.8% year-on-year (YOY) growth rate in 2019 to a 7.5% YOY growth rate in 2020. Similarly, the growth rate in the property and casualty insurance sector also slowed from an 8.2% YOY growth rate in 2019 to a 2.4% YOY growth rate in 2020. This trend continued into 2021, with the life insurance sector experiencing a slowdown. Life premium collected decreased from RMB3,332.9 billion in 2020 to RMB3,322.9 billion in 2021, resulting in a YOY growth rate of -0.3%. Likewise, the property and casualty insurance sector also experienced a slowdown, with property and casualty insurance premium collected decreasing from RMB1,192.9 billion in 2020 to RMB1,167.1 billion in 2021, with a YOY growth rate of -2.2%. The decline in the insurance industry can be attributed to the elastic demand for insurance product in the event of a pandemic. Individuals and families, considering the voluntary nature of life insurance purchases, may have prioritised immediate financial needs, leading to a pause or reduction in insurance payments. The decrease in property and casualty insurance sector was primarily driven by a decline in the automobile insurance segment. In 2020, automobile insurance accounted for 69.1% of the property and casualty insurance sector, but due to reduced travel needs, it accounted for 66.6% in 2021.

However, as the impact of the pandemic subsides and society returns to normal, China's insurance industry exhibited positive growth in 2022 and 2023. The primary insurance premium in China reached RMB5.1 trillion in 2023, representing a CAGR of 4.7% from 2019. The premium of life insurance and property and casualty insurance in China reached RMB3.8 trillion and RMB1.4 trillion in 2023, respectively.

Looking ahead, there are several factors that indicate a positive outlook for future growth in the insurance industry. The insurance industry is expected to experience higher growth due to demographic shifts toward an aging society in China, increased disposable income, and rising demand for insurance coverage in areas such as health insurance, annuity, and retirement planning. On the other hand, China's primary insurance premium collected still lags that of other developed countries. For example, insurance density (i.e. insurance premium per capita) in China in 2022 was US$489, which was significantly lower than the per capita premium collected in Japan, France, the U.K., and the U.S. It was only 18.2% of that of Japan (US$2,690), 13.7% of that of France (US$3,578), 10.2% of that of the U.K. (US$4,781), and 5.5% of that of the U.S. (US$8,885).

As the result of abovementioned factors, it is expected that the primary insurance premium growth rate of insurance companies will continue to improve. The premium of primary insurance in China is expected to reach RMB7.2 trillion in 2028, representing a CAGR of 7.0% from 2024. The premium of life insurance and property and casualty insurance in China in 2028 is expected to increase to RMB5.3 trillion and RMB1.9 trillion, respectively.

Market Size of the Primary Insurance Premium of China's Insurance Industry by Insurance Product Type, 2019–2028E



Source: National Financial Regulatory Administration, Frost & Sullivan

OVERVIEW OF CHINA INSURANCE INTERMEDIARY INDUSTRY

Definitions and Classifications of Insurance Intermediary

Insurance intermediaries play a vital role in the insurance industry by connecting insurance companies and insurance clients. These entities serve as intermediaries between insurance companies and clients, offering a range of services. Insurance intermediaries distribute insurance products to clients, provide insurance consulting, scheme design, and insurance product comparison. They assist clients in insurance applications, claims settlement, and other related processes.

In term of function, insurance intermediaries generally include insurance agency companies, insurance brokerage companies, and insurance adjustment companies. Since insurance adjustment companies usually deal with claims assessment and do not provide advice on insurance policies, insurance intermediaries in the "Industry Overview" section only encompass both insurance agency companies and insurance brokerage companies.

According to the Insurance Law, insurance agency companies are institutions that collect commissions from the insurance companies based on the authorisation of the insurance company and handle insurance business on their behalf within the scope authorised by the insurance companies. On the other hand, insurance brokerage companies are institutions facilitating the conclusion of insurance contracts between policyholders and insurers in the best interest of the policyholders, while also collecting commissions for their services.

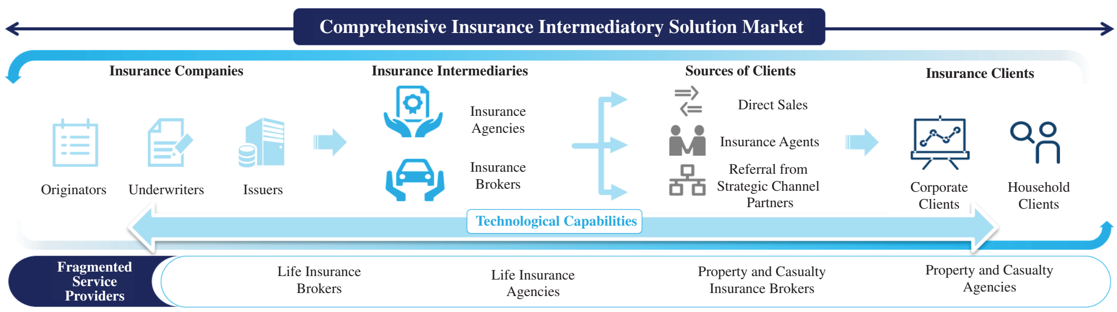
Value Chain Analysis of China's Insurance Intermediary Industry

The value chain of the insurance industry in China mainly consists of insurance companies, insurance intermediaries and insurance clients.

Among the participants, insurance companies provide insurance products directly or through insurance intermediaries to clients. Insurance companies can also be divided into life insurance companies and property and casualty insurance companies based on their products. Insurance intermediaries (including insurance agencies and insurance brokers) play a critical role in the industry by leveraging their unique position to promote industry growth and better serve clients. As a link between insurance companies and clients, insurance intermediaries provide advice and support to clients, helping them choose policies that meet their specific needs and budgets. In addition, they also assist insurance company partners at the upstream in promoting, selling and designing insurance products leveraging their industry experience, ecosystem capacity as well as recognised digital capabilities. Insurance clients are the final component of the insurance industry value chain. They are the end-users of insurance products and require financial protection provided by insurance policies. Insurance clients can be corporate and household clients. They purchase insurance policies directly from insurance companies or through intermediaries.

In order to facilitate the sales of insurance products underwritten by upstream insurance company partners, insurance intermediaries offer insurance products to clients under direct sales and indirect sales through their trained insurance agents and referral from their strategic channel partners. Insurance agents are provided with the insurance knowledge, training and IT support by insurance intermediaries and then communicate with insurance clients to understand their need and suggest suitable insurance products. Commissions will be paid to insurance agents for successful purchase of insurance products by clients. Leveraging the network advantage of strategic channel partners, large population of corporate and household insurance clients will be reached, expanding the overall client base of the insurance intermediaries. Strategic channel partners will be paid referral fees for successful purchase of insurance products by clients. Moreover, with the advancement of technology, innovative insurance intermediaries are using big data analysis, intelligent recommendations and other digital tools to provide personalised and efficient solutions for their clients. By continuously improving their operations and services, insurance intermediaries with strong technological capabilities will help to build an integrated insurance ecosystem, driving the development of the whole insurance industry.

Value Chain of Insurance Intermediary Industry

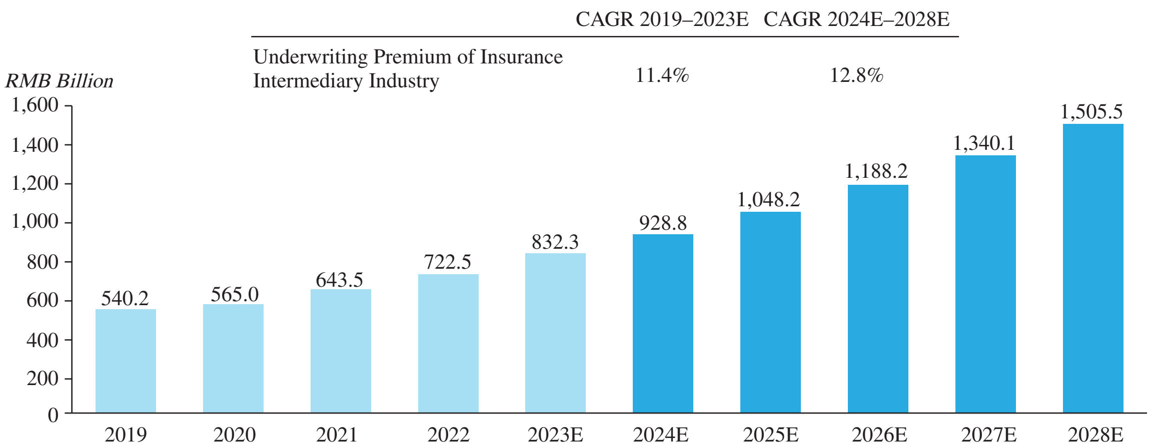


Source: Frost & Sullivan

Market Size of China's Insurance Intermediary Industry

In recent years, China's insurance intermediary industry has experienced a constant growth. In terms of underwriting premium, the market size of China's insurance intermediary industry increased from RMB540.2 billion in 2019 to approximately RMB832.3 billion in 2023, with a CAGR of 11.4%. In contrast to developed countries like the U.S., where insurance intermediaries account for over 50% of total underwriting premiums, in China, their share is less than 20%. This disparity indicates that the insurance intermediary industry in China is still in its nascent stage of development. With the standardised and orderly development of the insurance industry, it is expected that China's insurance intermediary industry will maintain a steady growth trend in the future. It is estimated that by 2028, the scale of underwriting premium in China's insurance intermediary industry will reach RMB1,505.5 billion, representing a CAGR of 12.8% from 2024.

Market Size of China's Insurance Intermediary Industry by Underwriting Premium, 2019–2028E



Source: China Insurance Yearbook, Frost & Sullivan

Note: The "China Insurance Yearbook" is published by the National Financial Regulatory Administration and is generally updated in the fourth quarter of each year. It contains the insurance industry data in China of the previous year. Therefore, the latest available "China Insurance Yearbook" has not yet included the 2023 data.

Market Drivers of China's Insurance Intermediary Industry

Continuously Rising Income Level and Aging Population Improves Insurance Awareness

Due to the effective policies that support the local economy and labor market, the per capita disposable income in China has increased from RMB30.7 thousand in 2019 to RMB39.2 thousand in 2023, indicating a CAGR of 6.3%. It is noteworthy that the middle-income class accounts for around 30% of the total population in China. Compared to other clients, the middle-income class clients have a stronger awareness of insurance and a higher ability to make payments. Furthermore, middle-income class clients also have greater demands for indemnification and diversity of insurance products, which drives the rigid demand for health, accident, pension, and other insurance products, supporting the development of insurance intermediary industry. Also, as people's wealth levels rise and their appetite for risk grows, their attitude towards insurance products has shifted from passive consumption to active consumption, further stimulating the increase in the market size of insurance products and the insurance intermediary industry. Against the backdrop of changing consumer sentiment, China's insurance density (i.e. insurance premium per capita) has reached US$489 in 2022, but it is still lower than other developed countries around the world, such as the U.S. ($8,885), the U.K. (US$4,781), and Japan (US$2,690). In addition, China's insurance depth (i.e. ratio of total insurance premium to GDP) is only 3.9%, far lower than 11.6% in the U.S., 10.5% in the U.K. and 8.2% in Japan. The low insurance penetration and insurance density in China reflect the broad development opportunity of China's insurance industry.

Besides, China has now officially become an aging society, with population growth slowing down. In 2023, more than 216 million people in China were aged 65 or above, which accounted for 15.4% of the total population. Against the backdrop of an aging population, an increasing number of families are paying attention to their risk management strategies and pension security. This provides a broad development space for insurance products and relevant insurance intermediary services. To address the challenge of the elderly being unfamiliar with the purchase process and product selection, insurance companies are expanding their sales channel network and combining it with an intermediary sales mode to reach people who need insurance. Additionally, insurance companies are consistently designing and promoting innovative insurance products, such as annuity insurance, long-term care insurance, disability insurance, based on market demand. These products not only provide protection plans for families in need but also optimise the product structure of insurance companies, promoting the sustainable development of the insurance and insurance intermediary industry.

Improved Regulatory Environment Drives the Orderly and Sustainable Growth in the Industry

With the introduction of policies such as the Guiding Opinions of the China Banking and Insurance Regulatory Commission on Promoting the High-quality Development of the Banking and Insurance Industry (《中國銀保監會關於推動銀行業保險業高質量發展的指導意見》), the government has proposed building a new insurance intermediary industry system that focuses on technology, capabilities, and talents. In addition, the Administrative Measures for Insurance Sales Practices (《保險銷售行為管理辦法》) require full-chain regulation of insurance sales activities from pre-sale, during sale, to post-sale stages for insurance intermediary companies. To realise institutional reform, it is necessary to establish an innovative regulatory system for the entire insurance intermediary industry to ensure the orderly and healthy development of insurance intermediary enterprises. On the other hand, policies such as the Notice on Strengthening the Management of Intermediary Channel Business of Insurance Companies (《關於加強保險公司中介渠道業務管理的通知》) and the Notice of the General Office of the China Banking and Insurance Regulatory Commission on Printing and Distributing the Regulatory Measures for the Informatisation Work of Insurance Intermediaries (《中國銀保監會辦公廳關於印發保險中介機構信息化工作監管辦法的通知》) aim to optimise insurance intermediary channels, establish a qualification, business and file management system with clear rights and responsibilities, strengthen the management of insurance companies with cooperative intermediary channels, pay attention to the compliance and internal audit of the insurance intermediary industry, and improve the informatisation work and management level of insurance intermediary enterprises. With the implementation of these policies and relevant regulations and rules, China's insurance intermediary industry has raised further requirements for insurance intermediary companies in terms of workforces and internal management systems. The above supervisions have accelerated the elimination of unqualified insurance intermediary enterprises and laid a solid foundation for the sustainable development of the insurance intermediary industry.

Increasing Adoption of Internet in China Promoted Development of Insurance Intermediary Industry

The widespread use of the internet has changed the way insurance intermediaries interact with their clients, opening up new opportunities for the provision of insurance services. As of the end of 2023, the number of internet users in China reached 1.092 billion, with an internet penetration rate of 77.5%. One of the primary benefits of China's expanding internet adoption is the heightened accessibility to insurance services. With the proliferation of online platforms, insurance clients now have the convenience of comparing various insurance products and services, thereby facilitating the increased popularity of insurance offerings. Moreover, the growing prevalence of the internet has led to enhanced efficiency and swiftness in insurance services. Insurance intermediaries can now expedite the processing of insurance applications and claims, reducing the time and effort required for clients to secure insurance coverage. This improvement contributes to an enhanced overall client experience, rendering insurance products more appealing to potential clients. Furthermore, the internet presents insurance intermediaries with novel avenues to connect with clients through digital marketing and advertising. Leveraging online platforms and social media channels, insurance intermediaries can engage a broader customer base, promoting their insurance products and services to a larger audience. Consequently, this heightened visibility contributes to the increased awareness and uptake of insurance products among consumers.

Development Trend of China's Insurance Intermediary Industry

Increasing Demand for Insurance Intermediaries to Meet the Needs of Corporate and Household Clients

With extensive digital capabilities, insurance intermediaries can offer cost-effective insurance portfolio, thereby minimising the risk of under-insurance or over-insurance for corporate and household clients in China, as follows:

Corporate Clients: Insurance intermediaries assist insurance companies to meet the needs of businesses of all sizes and industries by offering advice on corporate insurance products. With the expansion and complexity of business, companies are increasingly seeking diverse insurance coverage to address their evolving risk management needs. This is where insurance intermediaries step in, facilitating businesses in finding suitable insurance solutions. By collaborating with insurance companies, insurance intermediaries provide corporate clients with comprehensive coverage. Moreover, the development of industries in China has led to diverse risks, necessitating a wider range of insurance policies. For example, manufacturing companies may need insurance coverage against machine failure, while technology companies may require coverage against cyber risks. To meet the increasing demand for insurance services, insurance intermediaries work with insurance companies in China to offer bespoke corporate insurance products, enabling businesses to mitigate the risk of under or over-insurance.

Household Clients: As the population ages and income levels increase, household clients are increasingly seeking insurance solutions at different stages of their lives. This includes insurance products that address the risks and challenges faced by young families, seniors, and retirees. Also, household insurance clients are increasingly aware of the importance of insurance in protecting themselves and their families from the financial consequences of unexpected events. In order to meet the growing demand for insurance services, China's insurance intermediary companies have begun to introduce insurance packages digitally.

More Insurance Options and Diversification of Insurance Technology

In line with the development of macro-economic environment, insurance options are estimated to increasingly reach out towards wealth management product. The demand for wealth management products is increasingly oriented towards safety, stability, and profitability, with insurance products ideally positioned to meet these requirements. Insurance institutions are distinguished by their focus on generating long-term returns on funds. They excel in offering investment portfolios to diverse customer segments, addressing long-term wealth needs with stability and reliability. Hence, utilising insurance as a wealth management tool will play a proactive role in advancing the development of the insurance intermediary industry. Meanwhile, it will facilitate the steady appreciation of social wealth derived from insurance intermediaries.

In addition, millennials exhibit common characteristics such as a pursuit of high product quality, cost-effectiveness, and purchasing efficiency. Being the predominant cohort raised in the Internet era, they are accustomed to accessing a wide array of information online and are more open to trying various Internet-based services. With millennials increasingly assuming influential roles in society and becoming significant decision-makers, they demonstrate a preference for purchasing insurance products and services through online channels. This trend is driving the rapid growth of internet-based insurance intermediaries.

In contrast to traditional insurance, providers of internet-based insurance swiftly tap into users' security requirements leveraging vast amounts of data. With the ongoing digital transformation of China's insurance industry, insurance companies are poised to expand their offerings beyond traditional products. This evolution entails developing comprehensive services that integrate insurance with finance, health, and pension services, thereby actualising ecological insurance solutions. Within the insurance intermediary industry, participants will persist in consolidating resources from the insurance sector, forging deep partnerships across the industry chain, and striving for innovation in this new era.

Development of Digitally-enabled Insurance Intermediaries

Digitally-enabled insurance intermediaries are increasingly harnessing cutting-edge technologies such as artificial intelligence, big data analytics, cloud computing, and digital process automation (DPA) to facilitate seamless transactions between insurance companies and their clientele. Through integrated systems, these intermediaries offer a unified data perspective, empowering employees to make informed decisions and efficiently execute services across the entire business spectrum, from client onboarding to underwriting and claims processing. Utilising DPA, these intermediaries streamline workflows, expedite claims processing, enhance team productivity through automation, and elevate client satisfaction levels. DPAs ensure compliance with legal obligations throughout the policy management process, track data and risk information, and ensure adherence to external regulations and internal company protocols. Adopting a DPA approach to underwriting enables the coordination of information, eliminating the need for manual searches across various systems, thus boosting efficiency and expediting policy issuance. Digitalisation aids insurance clients in onboarding onto the platform by providing accessible quotes and terms and conditions across multiple devices, laying a robust foundation for enduring relationships. By collecting and securely extracting information from various systems and external sources like IoT devices, these insurance intermediaries assist insurance companies in fraud detection, investigation, and prevention.

Digitally-enabled insurance intermediaries are driving transformative changes in the insurance industry, making it more responsive to client expectations. Compared to traditional counterparts, technologically-driven insurance intermediaries achieve more efficient and thorough supervision through digital means, thereby enhancing business profitability and steering the industry towards heightened operational efficiency and profitability. Consequently, digitally-enabled insurance intermediaries are poised to shape the future of the insurance intermediary industry, leveraging technology to streamline processes, enhance client experiences, and deliver more efficient and cost-effective services, ultimately surpassing competitors within the industry.

Entry Barriers of China's Insurance Intermediary Industry

Technology and Talent Barrier

The insurance intermediary industry is facing significant barriers in leveraging technology and attracting skilled professionals. To enhance their support for insurance companies and clients, insurance intermediaries need to utilise technologies such as big data, artificial intelligence (AI), and facial recognition to improve their operations and services. This requires significant investment in technology and a readiness to embrace new tools and platforms. Additionally, to fully understand the business and the needs of their clients, insurance intermediaries must attract knowledgeable talent with expertise in areas such as risk management, insurance policy analysis, and client servicing. Without investment in technology and talent acquisition, insurance intermediaries may fall behind their competitors and fail to keep pace with the evolving demands of the insurance industry.

Product Innovation Barrier

The comprehensiveness of product coverage and the construction of related product and service systems are important foundations for insurance intermediaries to expand their business. Insurance intermediaries with robust product innovation capability are well-positioned to address the needs of clients, mitigating market risks and demonstrating proactive competitiveness. Companies with sustainable development advantages in the insurance intermediary market can serve clients by providing pre-sales and after-sales services at different stages. New entrants generally find it difficult to cover various types of property and casualty insurance as well as life insurance businesses, hindering their ability to establish a comprehensive system and innovate products effectively. As a result, they face the product innovation barrier within the industry.

Regulatory Barrier

The insurance intermediary industry operates under stringent compliance and regulatory scrutiny. For example, the information systems of insurance intermediary companies which conduct Internet insurance business are mandated to obtain Level 2 cybersecurity certification or higher. In addition, many provisions stipulate that the insurance intermediary industry must possess corresponding business qualifications and capabilities when cooperating with insurance companies. The Administrative Measures for Insurance Sales Practices (《保險銷售行為管理辦法》) outline comprehensive regulations governing insurance sales activities from pre-sale, during sale to post-sale stages, aiming to standardise practices across the industry. The Implementing Measures for Administrative Licensing and Record-filing of Insurance Intermediaries (《保險中介行政許可及備案實施辦法》) concerning the licensing of various types of insurance intermediary businesses, further enhancing regulatory oversight and administrative practices within the insurance intermediary market. Moreover, the Measures for the Regulation of Internet Insurance Business (《互聯網保險業務監管辦法》) impose stringent regulations on the insurance intermediary industry, aiming to uphold industry integrity and safeguard client interests. Therefore, insurance intermediaries must possess security certification qualifications and regulatory capabilities to enter and operate within the market.

Partnership Barrier

The success of insurance intermediaries in the industry depends on their ability to build and maintain strong relationships with upstream insurance companies and downstream insurance clients. This necessitates that intermediaries cultivate a sterling reputation, possess profound industry expertise, and foster extensive professional networks. By leveraging these assets, intermediaries can adeptly guide clients through the intricacies of insurance policies, ensuring they obtain the products that best suit their needs. However, in the absence of these vital resources, insurance intermediaries may encounter barriers in establishing themselves in the industry and competing effectively with established industry leaders.

Threats and Challenges Analysis of China's Insurance Intermediary Industry

Downward Pressure on the Global Economy

The global economic slowdown has directly affected China's export-oriented economy, leading to a decrease in consumer spending. This downturn has had a negative impact on the insurance intermediary industry, especially for insurance products that are closely related to international trade. In addition, the Chinese economy is transforming from an export- and investment-driven economy to a consumption- and service-driven economy. In this transitional phase, insurance intermediaries must adapt their business models to alleviate the downward pressure from the global economy and cater more effectively to a market dominated by individual consumers. This adaptation necessitates a deepened understanding of insurance products and an enhanced ability to anticipate and fulfill customer needs.

Stricter Requirements for the Standardisation of Insurance Intermediaries

The escalating regulatory demands pose numerous challenges for insurance intermediary institutions. Firstly, heightened industry thresholds necessitate increased investment in personnel training and the enhancement of management systems, consequently elevating operational costs. Secondly, as regulatory policies become more stringent, insurance intermediary institutions must continually adjust to new rules and requirements. This not only tests the institution's adaptability but also has the potential to impact the speed and efficiency of its business development. Finally, the mounting regulatory requirements for insurance intermediaries lead to intensified industry competition. Insurance intermediaries capable of swiftly adapting to new regulations and delivering superior quality services are more likely to gain market recognition, while those lagging behind may face the risk of elimination.

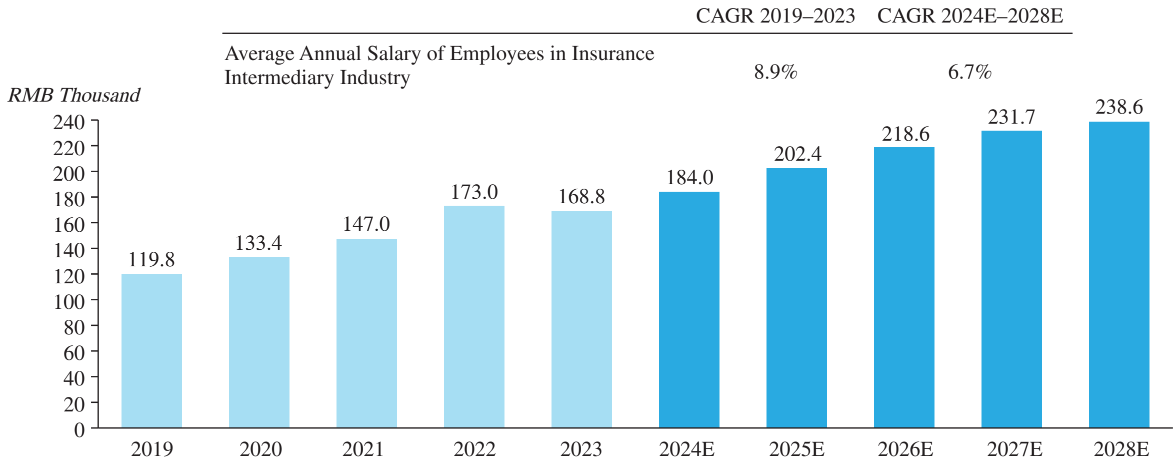
The Uncertainty of Policy Changes

Policy adjustments and reforms can indeed present challenges to the operations of insurance intermediary companies. For instance, the Guiding Opinions on the Implementation of the Comprehensive Reform of Automobile Insurance (《實施車險綜合改革的指導意見》) issued by the CBIRC, which came into effect in September 2020, resulted in a reduction in premiums paid to insurance companies. This, in turn, led to a decrease in the average commission rate of automobile insurance products. Such policies have the potential to impact the revenue and profitability of insurance intermediary companies, causing short-term fluctuations in their businesses.

Average Salary Analysis of Employees in China's Insurance Intermediary Industry

With the development of overall economy and improvements in living standards, China's average annual salary of employees in insurance intermediary industry has kept an upward trend over the past few years. The ongoing optimisation of the insurance intermediary sales force, coupled with reforms aimed at enhancing efficiency through staff reduction, supports the increase in salaries within the industry. Furthermore, as the insurance sector places greater emphasis on professionalism, career-oriented development, and the standardisation of sales personnel, the requirements for individuals working in insurance sales are steadily rising. From 2019 to 2023, the average annual salary of employees in insurance intermediary industry increased from RMB119.8 thousand to RMB168.8 thousand, illustrating a CAGR of 8.9%. The slight drop in average annual salary in 2023 was mainly due to the reduction in high-salary employees with over RMB240 thousand annually and the slowdown in economic recovery. In the future, it is expected that the annual salary of employees in China's insurance intermediary industry will maintain a steady increase and reach RMB238.6 thousand in 2028, representing a CAGR of 6.7% from 2024.

Average Salary of Employees in China's Insurance Intermediary Industry, 2019–2028E



Source: Frost & Sullivan

Competitive Landscape Analysis of China's Insurance Intermediary Industry

The insurance intermediary industry in China, as depicted by the end-of-2022 data and insights from the latest "China Insurance Yearbook" published in December 2023, presents a highly competitive and fragmented market landscape. There were 2,215 insurance intermediary companies in China by the end of 2022, including 1,721 insurance agencies.

In 2022, our company achieved an insurance business income of RMB130.7 million, positioning us 78th among all insurance agencies in China.

Our profitability is further evidenced by our performance in terms of net profit. In 2022, we reported a net profit of RMB36.3 million, ranking us eighth among all insurance agencies in China.

Ranking of Insurance Agencies in China by Net Profit, 2022

Ranking	Company Name	Net Profit *(RMB Million)*
1	Zhongsheng (Tianjin) Insurance Sales Co., Ltd. *Subsidiary of Zhongsheng Group Holdings Limited (HKEX: 0881)*	1,088.8
2	Ant Insurance Agency Limited	393.5
3	Datong Insurance Sales& Services Company Ltd.	357.1
4	Ping An Chuangzhan Insurance Sales and Service Co., Ltd. *Subsidiary of Ping An Insurance (Group) Company of China, Ltd. (HKEX: 2318, SSE: 601318)*	109.2
5	Fanhua Inc. (NASDAQ:FANH)	85.7
6	Sunshine Family Integrated Insurance Sales Service Co., Ltd.	73.2
7	Sheng An Insurance Sales Co., Ltd.	43.1
8	**Our Company**	**36.3**

Source: China Insurance Yearbook, Annual Reports, Frost & Sullivan

Key Successful Factor Analysis of China's Insurance Intermediary Industry

Technological Capabilities

In the dynamic China's insurance intermediary industry, technological capabilities serve as a critical success factor. Advanced technological infrastructure allows for the leveraging of data analytics, artificial intelligence, and digital platforms, enhancing service delivery, risk assessment, and client engagement. The emphasis on technological compliance, driven by regulations such as the Regulatory Measures for the Informatisation Work of Insurance Intermediaries (《保險中介機構信息化工作監管辦法》) introduced in 2021, underscores the industry's shift towards a more technology-driven model. Such capabilities enable companies to streamline operations, offer superior client service, and quickly adapt to market and regulatory changes, securing a competitive edge in a rapidly evolving marketplace.

Full-Cycle Service Capabilities

The ability to provide a comprehensive suite of services throughout the entire insurance value chain is another key to success in the China's insurance intermediary industry. This includes everything from risk assessment and product selection to policy administration and claims management, offering clients a seamless, end-to-end experience. Full-cycle service capabilities, rooted in a deep understanding of client needs and the ability to offer suitable solutions, ensure high levels of client satisfaction and retention. This holistic approach to service provision enhances a company's reputation and client loyalty, setting it apart in a competitive environment.

Distribution Capabilities

Robust distribution capabilities are vital for achieving widespread market access and deep penetration in the China's insurance intermediary sector. An expansive sales network, including strong relationships with insurance companies, insurance agents, and strategic channel partners, enables efficient promotion and distribution of a diversified product portfolio to both corporate and household insurance clients. This network, enhanced by the strategic integration of online platforms, facilitates a broad reach and the cultivation of a large client base, thereby boosting market presence and revenue streams. The ability to cater to a digitally savvy customer base while ensuring convenience and accessibility is a significant advantage.

Operating Under Regulatory Guidance

Strict regulatory compliance is essential for operating successfully in the China's insurance intermediary market. A proactive approach to aligning with regulatory directives, such as those aimed at rectifying the "scattered" problem among insurance intermediaries, mitigates legal risks and reinforces market standing. Adherence to the stringent standards set forth by authorities like the NFRA ensures operational legitimacy and builds trust with clients and partners. This focus on regulatory compliance not only protects companies from potential legal challenges but also establishes a foundation of trust and reliability, crucial for long-term success in the industry.

REGULATIONS RELATED TO FOREIGN INVESTMENT

Pursuant to Foreign Investment Law of PRC (《中華人民共和國外商投資法》), which was promulgated by the NPC and came into effect on 1 January 2020, and the Regulations on Implementing the Foreign Investment Law of PRC (《中華人民共和國外商投資法實施條例》), which were promulgated by the State Council in December 2019 and came into effect on 1 January 2020, the State shall promulgate or approve a list of special administrative measures for access of foreign investments, or the Negative List. The Foreign Investment Law grants national treatment to foreign-invested entities, except for those investing in the industries specified in the Negative List.

Pursuant to the Measures for Information Reporting on Foreign Investment (《外商投資信息報告辦法》), which was jointly promulgated by the MOFCOM and the SAMR on 30 December 2019 and became effective on 1 January 2020, where a foreign investor carries out investment activities in China directly or indirectly, the foreign investor or the foreign-invested enterprise shall submit the investment information to the competent commerce department.

REGULATIONS RELATED TO INSURANCE AGENCY BUSINESS

Principal Regulatory Authority and Related Institution Reform

On 10 March 2023, the First Session of the Fourteenth National People's Congress approved the Decision on Reform Plan for Party and State Institutions (《黨和國家機構改革方案》). The plan stipulates, among others, that the State will establish the NFRA on the basis of the CBIRC, and delegate the PBOC's daily regulatory responsibilities for financial holding companies and other financial groups and financial consumer protection responsibilities as well as the CSRC's investor protection responsibilities into it. Upon the establishment of the NFRA, the CBIRC will no longer be retained. The plan further provides to deepen the reform of local financial supervision system by establishing a local financial supervision system mainly composed of local agencies dispatched by the central financial supervision department. The reform tasks at the central level and the local level aim to be completed by the end of 2023 and by the end of 2024 respectively.

The NFRA was officially established on 18 May 2023 and has replaced the CBIRC to become the new insurance regulatory body in China.

Pursuant to the Provisions on the Functions, Structure, and Staffing of the National Financial Regulatory Administration (《國家金融監督管理總局職能配置、內設機構和人員編製規定》) promulgated by the General Office of the Central Committee of the Communist Party of China, General Office of the State Council and implemented on 29 October 2023, the functions of the National Financial Regulatory Administration include, among others:

- implementing unified supervision and administration of the financial sector except for the securities industry in accordance with laws and strengthening institutional supervision, behavioral supervision, functional supervision, look-through supervision and continuous supervision to maintain the legal and stable operation of the financial sector;

- implementing access management for insurance institutions in accordance with laws and supervising their corporate governance, risk management, internal control, capital adequacy, solvency, business conduct and information disclosure;
- conducting on-site inspections and off-site supervision of insurance institutions, conducting risk and compliance assessments and investigating and imposing punishment on violations of laws and regulations in accordance with laws; and
- carrying out look-through supervision of insurance institutions and formulating an equity supervision system; examining and approving the modification of shareholders, actual controllers and equity in accordance with laws and investing shareholders, actual controllers, persons acting in concert and ultimate beneficiaries in accordance with laws and taking relevant measures or imposing penalties on violations of laws and regulations.

Regulatory and Legal Framework

The Insurance Law is the most important law in the regulatory and legal framework for the PRC insurance industry, which was approved by the NPC Standing Committee on 30 June 1995 and became effective from 1 October 1995, and was most recently amended on 24 April 2015.

The Insurance Law covers general principles, insurance contracts, insurance companies, insurance operational rules, supervision and regulation of the insurance industry, insurance brokers and insurance agencies, legal liabilities and supplementary provisions.

In 2015, the Insurance Law was amended for the fourth time. Major amendments include: (i) the abolishment of the requirement that the individuals engaging in insurance sale for an insurance company, individual insurance agents, practitioners in insurance agencies and insurance brokers shall obtain the qualification certificates issued by the insurance regulatory authorities, and instead stipulating that the aforesaid individuals should be of good character and have the professional competence required for insurance sales or practicing insurance agency or insurance brokerage respectively; and (ii) the abolishment of the requirements that the merger and divisions of corporates and any change of the corporate structure, establishment of branch offices and dissolution of insurance agencies and insurance brokerages shall be subject to the approval of the insurance regulatory authority.

Since the promulgation and implementation of the Insurance Law in 1995, the insurance supervision and regulatory authority has promulgated a series of departmental rules and regulations and other regulatory documents pursuant to the Insurance Law, which covered various aspects of insurance agency operations, including the market admittance, internal governance, market behaviors and Internet insurance agency business.

Market Admittance

Eligibility as a Shareholder in Specialised Insurance Agency (保險專業代理機構)

Pursuant to the Provisions on the Regulation of Insurance Agents (《保險代理人監管規定》), promulgated by the CBIRC on 12 November 2020 and implemented on 1 January 2021, any entity or individual who falls under any of the following circumstances shall not be eligible as a shareholder of a specialised insurance agency:

- whoever is sentenced to a criminal penalty or subject to any major administrative punishment in the past five years;
- whoever is currently undergoing the investigation by the relevant authorities for suspected involvement in a major illegal act or crime;
- whoever has been determined as a target of joint disciplinary action against dishonesty by the relevant authority due to serious dishonesty and shall be subject to corresponding disciplinary action in the field of insurance, or has any other bad record of serious dishonesty in the past five years;
- whoever is prohibited from entry into any enterprise in accordance with laws and administrative regulations; and
- any other circumstance under which whoever is deemed by the insurance regulatory authority of the State Council not suitable to be a shareholder of a specialised insurance agency under the principle of prudent regulation.

The Implementing Measures for Administrative Licensing and Record-filing of Insurance Intermediaries (《保險中介行政許可及備案實施辦法》) promulgated by the CBIRC on 28 October 2021 and implemented on 1 February 2022, further specify the following criteria for the shareholder of specialised insurance agencies that:

- such shareholder shall keep a good financial standing and be able to use its own true and legitimate funds rather than bank loans or any other form of non-self-owned funds to make external investments;
- for corporate shareholder, it shall have sound corporate governance structure or effective organisation management method, and good social reputation, credit records, tax payment record and business management; its net assets as the end of the preceding year from the date of capital contribution or as the end of the preceding month from the date of capital contribution if its period of existence is less than one year shall not be negative, and the net assets and monetary funds as the end of the preceding month from the date of capital contribution shall exceed such contribution amount; and
- any other prudential criteria stipulated by the CBIRC.

Application Requirements for Insurance Agency Business Permit

Based on the Insurance Law, the Provisions on the Regulation of Insurance Agents and the Implementing Measures for Administrative Licensing and Record-filing of Insurance Intermediaries, specialised insurance agencies engaging in insurance agency business within the PRC shall meet various requirements specified by the CBIRC and obtain the relevant business permit.

Specifically, any applicant applying for conducting the insurance agency business shall satisfy the follow requirements:

- it shall obtain a business license in accordance with law and include the wording "insurance agency" in its name and shall not use the same trade name as the other existing specialised insurance intermediary, except for both of which have the same actual controller;
- its registered capital has been fully paid up in cash and under custody in accordance with the relevant provision of the CBIRC; the minimum registered capital of a national specialised insurance agency is RMB50 million and of a regional specialised insurance agency is RMB20 million;
- its business scope specified in the business license is in compliance with the relevant provisions of the CBIRC;
- it has adopted the articles of association that comply with the PRC Company Law and the Insurance Law;
- its senior management personnel meet the corresponding appointment qualification requirements;
- it shall set up the corporate governance structure and internal control system as required by the CBIRC and shall have a scientific, reasonable and feasible business model;
- it has a fixed domicile in line with its scale of business;
- it shall have been equipped with computer hardware and software facilities for its business and finance affairs that conform to the provisions of the CBIRC;
- its risk tests shall meet the requirements; and
- any other requirements stipulated by the laws, administrative regulations and the CBIRC.

Requirements for Establishing New Branches

Pursuant to the Provisions on the Regulation of Insurance Agents, a specialised insurance agency which intends to establish a new branch to operate insurance agency business shall meet the following criteria:

- the specialised insurance agency and its existing branches have not been subject to criminal punishment or material administrative punishment within the past year;
- the specialised insurance agency and its existing branches are not currently subject to investigation by the relevant authorities for alleged illegal act or crime;
- the specialised insurance agency and its existing branches have not been involved in any collective appealing or class action lawsuit event of more than 30 people or any abnormal collective surrender of insurance policies by more than 100 people within the past year;
- the branches established within the past two years have not exited from the market within one year of operation;
- the specialised insurance agency has a proper branch management system;
- the newly established branch shall have business premises, business and financial information management system and other facilities compatible with its businesses which satisfy the requirements;
- the principal of a newly established branch shall satisfy the corresponding appointment qualification requirements; and
- any other conditions stipulated by the insurance regulatory authority under the State Council.

Furthermore, if a specialised insurance agency is identified by the relevant PRC governmental authorities as a subject of joint punishment for dishonesty due to a serious dishonest act and shall be punished in the insurance sector, or has any other bad record of serious dishonesty within the past five years, it shall not establish a new branch to operate insurance agency business.

Internal Governance

Deposit and Vocational Liability Insurance

Pursuant to the Insurance Law, insurance agencies shall make deposits or subscribe to vocational liability insurance in line with provisions specified by the insurance regulatory institution under the State Council.

The Provisions on the Regulation of Insurance Agents further stipulate that specialised insurance agencies shall subscribe to vocational liability insurance or make deposit within 20 days after obtaining business permit. Furthermore, specialised insurance agencies shall submit a copy of vocational liability insurance policy or deposit saving agreement and original voucher for the payment of deposit to the insurance regulatory authority within 10 days after subscribing to vocational liability insurance or making deposit as well as register the relevant information in the regulatory information system stipulated by the insurance regulatory authority under the State Council.

Specialised insurance agencies shall make a deposit equivalent to 5% of registered capital, and the amount should increase with any further increase in their registered capital. Insurance agencies are prohibited from diverting the deposits except for the following circumstances: (i) reduction in registered capital; (ii) revocation of business permit; (iii) subscribing to legitimate vocational liability insurance; or (iv) any other circumstances specified by the CBIRC.

Specialised insurance agencies subscribing to vocational liability insurance shall ensure the policy remains effective and the policy coverage for single incident not less than RMB1 million, any yearly accrued coverage not less than RMB10 million and not less than the operating revenue generated from principal business of the specialised insurance agencies in the immediately preceding year.

Financial Management

The Provisions on the Regulation of Insurance Agents set forth certain requirements of financial management for specialised insurance agencies. For instance, specialised insurance agencies shall set up special ledgers to record income and expenditure of insurance agency business and shall engage an accounting firm at the end of each accounting year to audit the financial status of the companies, such as assets, liabilities, profits, etc., and submit the relevant audit reports to the insurance regulatory authority within four months from the end of each accounting year.

Qualification for Directors, Supervisors and Senior Management

Pursuant to the currently-effective PRC Company Law (《中華人民共和國公司法》), amended on 26 October 2018, person falling under any of the following circumstances may not act as the director, supervisor or senior management: (i) devoid of or with restricted civil conduct ability; (ii) within five years after serving sentence for embezzlement, bribery, infringement or misappropriation of property, or for jeopardising socialist market economic order, or within five years after serving sentence and being deprived of political rights for crime; (iii) within three years after insolvency and liquidation of an enterprise where the person acted as a director, factory manager or manager and has been held accountable for the insolvency; (iv) within three years after an enterprise where the person acted as legal representative is revoked business license and ordered to shut down for violating law on which the person is held accountable; or (v) liable to large amount of unliquidated mature debts. Additionally, pursuant to the latest revised PRC Company Law which was promulgated by the NPC Standing Committee on 29 December 2023 and will take effect on 1 July 2024, the foregoing (ii) is revised to "having been sentenced to any criminal penalty due to an offence of embezzlement, bribery, infringement or misappropriation of property or jeopardising socialist market economic order; or within five years after serving sentence and being deprived of political rights for crime; or within two years since the expiration of the probation period for suspended sentence"; the foregoing (v) is revised to "listed as a dishonest person subject to enforcement by the people's court due to failure to pay off a large amount of unliquidated mature debts".

Pursuant to the Provisions on the Regulation of Insurance Agents and the Implementing Measures for Administrative Licensing and Record-filing of Insurance Intermediaries, senior management of specialised insurance agencies refer to the following personnel: (i) general manager, vice general manager of specialised insurance agency; (ii) principal leader in provincial branch institution of specialised insurance agency; and (iii) other personnel who exercise important powers in the business management of the company.

The senior management of specialised insurance agencies shall generally satisfy the following requirements: (i) holding junior college degree or above, except for personnel who have 10 or more years of financial work experience; (ii) having three or more years of financial work experience or five or more years of economic work experience; (iii) having the business management capacity required in performing duties and being familiar with insurance laws, administrative regulations and the relevant provisions of the insurance regulatory authority under the State Council; and (iv) being honest and trustworthy and having good conduct.

In addition, any person who falls under any of the following circumstances shall not be appointed as a senior management of a specialised insurance agency or the principal leader in charge of the branch other than the provincial branch institution:

- having no capacity for civil conduct or limited capacity for civil conduct;

- having been sentenced to any criminal penalty due to corruption, bribery, encroachment of property, misappropriation of property or disrupting the socialist market order and it is less than five years since the completion of the execution of the penalty; or having been deprived of political rights due to any crime and it is less than five years since the completion of the execution of the penalty;

- serving as a director, factory director or manager of a bankrupt and liquidated company or enterprise and being personally responsible for the bankruptcy of such company or enterprise, where not more than three years have elapsed since the completion of the bankruptcy and liquidation;

- having served as the legal representative of a company or enterprise whose business license has been revoked or which has been ordered to close down due to a violation of law and being personally liable, and it is less than three years since the date of revocation of the business license;

- having served as the director, supervisor or senior officer of an insurance company or insurance intermediary whose permit is revoked as a result of violation of laws and being personally liable or having direct leadership liability for the revocation of the permit, and it is less than three years since the date of revocation of the permit;

- having served as a director, supervisor or senior officer of a financial institution whose appointment qualifications have been revoked by the financial regulatory authorities due to illegal or disciplinary offence and it is less than five years since the date of revocation of appointment qualifications;

- having been barred from the financial industry by the financial regulatory authorities for a certain period of time and such period has not expired yet;

- having been warned or fined less than two years by the financial regulatory authorities;

- having been investigated by the judicial authorities, disciplinary inspection authorities or financial regulatory authorities;

- having failed to repay a relatively large amount of personal debt due;

- having been identified by the relevant State agencies as a subject of joint punishment for dishonesty and shall be punished in the insurance sector due to a serious dishonest conduct, or having other bad records of serious dishonest conduct within the past five years; or

- any other circumstances stipulated by laws, administrative regulations and the provisions of the insurance regulatory authority under the State Council.

Specialised insurance agencies should file faithful application and materials in applying for ratification of the qualifications of senior management by the CBIRC. The CBIRC may investigate or interview such proposed senior management personnel to comprehensively inspect their compliance awareness, risk preference, business capacity and other comprehensive qualities.

Informatisation Management

Pursuant to the Regulatory Measures for the Informatisation Work of Insurance Intermediaries《保險中介機構信息化工作監管辦法》promulgated on 5 January 2021 by the CBIRC and implemented on 1 February 2021, insurance intermediaries including specialised insurance agencies shall apply computers, communications, networks and other modern information technologies to their business processing, operation management and internal control, etc., for the purpose of continuously improving operational efficiency, optimising the allocation of internal resources and improving the level of risk prevention, namely the informatisation work. Such work shall be conducted in conformity with the principles of unifying safety, reliability and effectiveness, consistency of technical routes with the direction of business development and matching the information system with the requirements of management.

Specifically, the duties that insurance intermediaries shall perform on informatisation work including:

- implementing the laws, administrative regulations and technical standards on national cybersecurity and information work as well as the regulatory systems of the CBIRC;

- developing the informatisation work plan to ensure consistency with the overall business plan;
- formulating informatisation work systems, and establishing an informatisation management mechanism with reasonable division of duties, clarified responsibilities and clear reporting relations;
- preparing informatisation budgets and ensuring the funds needed for the informatisation work;
- carrying out the informatisation construction and ensuring the complete control of the management power over the information systems and data;
- formulating the emergency response plans for informatisation emergencies, organising emergency drills, and timely reporting, rapid responding to and handling the informatisation emergencies;
- cooperating with the CBIRC and its local branches in their supervision over and inspection of informatisation work, truthfully providing the relevant documents and materials and making rectification in according to the regulatory opinions;
- carrying out informatisation trainings, and enhancing the staff members' awareness of informatisation, information security and utilising licensed software; and
- other informatisation duties as prescribed by the CBIRC.

In addition, insurance intermediaries with legal person status shall designate one senior manager to be in charge of the informatisation management work; set up informatisation departments or positions with at least one full-time employee and build suitable information system for operation management, financial management and personnel management, etc. in light of their business scale and development needs.

Furthermore, insurance intermediaries shall submit a report on the informatisation work to the local branch of the CBIRC to demonstrate their information management mechanism and system status, the information system procurement contract or the intellectual property certificates and the compliance of the built information system.

Anti-money Laundering

Pursuant to the Notice of Strengthening Anti-money Laundering in Insurance Industry (《關於加強保險業反洗錢工作的通知》) promulgated on 10 August 2010 and Administrative Measures for Anti-money Laundering in Insurance Industry (《保險業反洗錢工作管理辦法》) promulgated on 13 September 2011 by the former China Insurance Regulatory Commission and implemented on 1 October 2011, the PRC insurance regulatory authority shall organise, coordinate and direct anti-money laundering effort and insurance companies, insurance asset management companies, specialised insurance agencies and insurance brokers shall materially improve anti-money laundering related internal control competence on the basis of real-name policy issuance and on the principle of complete and traceable customer data and consistent funds operation.

The Notice of Strengthening Anti-money Laundering in Insurance Industry stipulates that equity investments in insurance intermediaries and equity structure changes therein should be in line with relevant requirements on fund sources in anti-money laundering laws and regulations of the People's Republic of China. Newly established insurance intermediaries and branch institutions and those restructured or reformed shall meet anti-money laundering criteria including but not limited to establishment of system for customer identity recognition, customer identity and transaction record keeping, training and education, auditing, confidentiality, internal control system and operation protocols including those facilitating monitoring and inspection and administrative investigation, dedicated anti-money laundering posts and job descriptions, manning and training for such posts, and other requirements according to regulatory provisions.

Application materials for ratifying qualification of senior management of insurance intermediaries should include statement by application disclaiming major administrative penalty related to anti-money laundering for the past two years; if the applicant has any work experience in an overseas financial institution, statement disclaiming major administrative penalty related to anti-money laundering for the past two years in the place of the financial institution. Senior management of insurance institutions and intermediaries should conscientiously perform their anti-money laundering duties of their purview. Principle leaders of insurance institutions and intermediaries shall take the responsibility for effective implementation of anti-money laundering internal control system. All insurance institutions and intermediaries should periodically collect and consolidate anti-money laundering information, keep track of anti-money laundering initiatives, attach great importance to money laundering risk prevention and mitigation, extend conscientious efforts in anti-money laundering training and education, to improve anti-money laundering awareness and competence.

The Administrative Measures for Anti-money Laundering in Insurance Industry provide that insurance companies carrying out insurance business via specialised insurance agencies should include anti-money laundering provisions into cooperation agreement. Specialised insurance agency and brokers should establish anti-money laundering internal control system and prohibit equity investment with funds of illicit source. Senior management of specialised insurance agencies and brokers should be versed with anti-money laundering laws and regulations.

Specialised insurance agencies and brokers should carry out anti-money laundering training and education, properly manage major money laundering cases involving the company, facilitate anti-money laundering monitoring and inspection, administrative investigation and investigation of criminal activities involving money laundering, and keep confidential any information related to lawful anti-money laundering initiatives.

Market Behaviours

Business Scope of Specialised Insurance Agency

Pursuant to the Provisions on the Regulation of Insurance Agents, the business scope of specialised insurance agencies covers: selling insurance products for the principal; collecting premiums for the principal, conducting loss surveys and handle claims for relevant insurance business for the principal; other businesses specified by the CBIRC.

Any specialised insurance agency operating outside of the relevant province, autonomous region or municipality where it is registered should establish branch institution. No branch institution of any specialised insurance agent should operate outside of the relevant province, autonomous region or municipality where it is registered.

No specialised insurance agency should conduct insurance agency activity beyond the business scope and operation area of the relevant principals (insurance companies), unless other specified by the CBIRC in case of cross region co-insurance, cross-region underwriting or omnibus policy.

Specialised insurance agency should enter into written agent contract with its engaging insurance company specifying rights and obligations of both sides along with other matters before conducting insurance agency activities.

Practice Registration for Practitioners

The Provisions on the Regulation of Insurance Agents provide that a specialised insurance agency shall employ insurance agency practitioners who are of good character. A specialised insurance agency shall strengthen management of recruitment of individual insurance agents and practitioners of insurance agencies, and formulate standardised and unified recruitment policies, standards and processes. A specialised insurance agency may not employ or entrust a person who:

- has been subject to criminal punishment due to corruption, bribery, encroachment of property, misappropriation of property or disruption of the order of the socialist market economy, and a five-year period has not elapsed since the completion of the execution of the sentence;
- is barred from the financial industry by the financial regulatory authority for a certain period of time and such period has not expired yet;
- has been identified by the relevant PRC governmental authorities as a subject of joint punishment for dishonesty due to a serious dishonest conduct and shall be punished in the insurance sector, or whoever has any other bad record of serious dishonest conduct within the past five years; or
- falls under any other circumstances as stipulated by laws, administrative regulations and the provisions of the insurance regulatory authority under the State Council.

Before conducting the insurance agency activities, specialised insurance agencies shall complete practice registration for their practitioners and manage practice registration information by promptly registering personal information and scope of authorisation, recording the information of punishment, termination of engagement or entrustment.

Reward and Incentive

Pursuant to the Provisions on the Regulation of Insurance Agents, specialised insurance agencies may not demand fee or purchase of insurance product as prerequisite for employment, promise unreasonably high reward, or base reward primarily on the number of directly or indirectly developed sales personnel.

Pursuant to the Notice on Strictly Regulating Incentive Measures of Specialised Insurance Intermediaries (《關於嚴格規範保險專業中介機構激勵行為的通知》) promulgated on 15 November 2010 by the CIRC, specialised insurance intermediaries may only implement equity incentive measures for sales personnel of more than two consecutive years of practice experience within organisation, and may not arbitrarily expand the scope of equity incentives for rapid business growth. In implementing incentives, specialised insurance intermediaries shall not conduct deceptive or misleading promotion of incentive program, including exaggeration or arbitrarily promising uncertain earnings from future listing; shall not induce sales personnel to purchase self-insurance or purchase insurance with borrowings for incentives; shall not offer customer equity in name of incentive as consideration for illicit interests. In addition, pursuant to the Notice on Further Regulating Incentive Measures of Specialised Insurance Intermediaries (《關於進一步規範保險專業中介機構激勵行為的通知》) promulgated on 28 February 2012 by the CIRC, specialised insurance intermediaries shall only implement equity incentive measures in strict accordance with relevant laws, regulations, and the Notice on Strictly Regulating Incentive Measures of Specialised Insurance Intermediaries, and shall not induce members of the general public to become salespersons, or induce salespersons or customers to purchase insurance products not matching their actual insurance needs by means such as simply equating equity incentive measures with the listing of a company or exaggerating the benefits of a listing.

Services Provided by Specialised Insurance Agency and its Practitioners

Pursuant to the Basic Service Standard for Specialised Insurance Agencies (《保險專業代理機構基本服務標準》) promulgated by the CIRC on 16 January 2013, specialised insurance agencies should abide by laws, administrative regulations and relevant provisions of the CBIRC in providing service, uphold the rights and interests of customers, demonstrate honesty and goodwill, professional competence and diligence with duty, fulfill informing obligation, sufficiently disclose relevant information and protect customer privacy and business secrets. Practitioners shall possess good professional ethics and competence. The statutory standard covers all the service stages which require that specialised insurance agencies shall fully disclose their legal positioning and business nature and offer customer notifications upon their first contact with customers, be considerate and diligent with pre-sales service, be thorough and detailed with sales services, be responsive and efficient with post-sales service, be instrumental and timely in assisting customers with claim and be timely and efficient with customer complaint.

The Provisions on the Regulation of Insurance Agents list the following actions that insurance agencies and their practitioners shall not commit: (i) deceiving the insurer, policyholder, the insured or beneficiary; (ii) concealing important information relating to the insurance contract; (iii) obstructing the policyholder to perform whose disclosure obligation or inducing whom not to perform his/her disclosure obligation; (iv) offering or promising to offer the policyholder, the insured or the beneficiary benefits other than those stipulated in the insurance contract; (v) coercing, inducing or restricting the policyholder to enter into an insurance contract by taking advantage of whose administrative power, position, professional expediency or any other improper means; (vi) forging or altering an insurance contract without authorisation, or providing false supporting materials for the parties to an insurance contract; (vii) misappropriating, withholding or expropriating insurance premiums or insurance money; (viii) seeking improper benefits for other institutions or individuals by taking advantage of his/her business; (ix) defrauding the insurance benefits by colluding with the policyholder, the insured or beneficiary; or (x) disclosing trade secrets of the insurer, the policyholder or the insured known in the business activities.

Insurance Premium and Commission Collection

Pursuant to the Provisions on the Regulation of Insurance Agents, specialised insurance agencies are allowed to collect insurance premium on the condition that a separate premium collection account for settlement be opened. The requirement for specialised insurance agencies to open a separate account also applies to the collection of insurance commissions. In addition, specialised insurance agencies shall not directly deduct insurance commission from the premiums collected.

On 17 September 2015, the CIRC issued the Opinion of CIRC on Deepening the Reform of the Insurance Intermediary Market (《中國保監會關於深化保險中介市場改革的意見》) to require implementing the registration and filing system for insurance intermediaries' premium collection accounts and commission accounts.

Management of Insurance Sales

Pursuant to the Provisional Measures for Retrospective Administration of Insurance Sales Practices (《保險銷售行為可回溯管理暫行辦法》) promulgated by the CIRC on 28 June 2017 and implemented on 1 November 2017, "retrospective administration of insurance sales practices" means that insurance companies and insurance intermediaries record and retain the key links involved in the insurance sales process through collecting audio-visual materials and electronic data via audio and video recording or other technical means, so as to ensure that sales practices can be replayed, important information can be accessible and liabilities can be identifiable. When selling insurance products with natural persons as the insurance policyholder, insurance intermediaries shall carry out such retrospective administration of insurance sales practices, with the exception of group insurance products.

Pursuant to the Administrative Measures for Insurance Sales Practices (《保險銷售行為管理辦法》) which were promulgated by the National Financial Regulatory Administration on 20 September 2023 and took effect on 1 March 2024, insurance sales practices are divided into three categories based on the stage when the practices are conducted, namely the pre-insurance sales practices, in-process insurance sales practices and post-insurance sales practices. Such division expands the scope of insurance sales practices to include, among others, activities such as creating an environment for the conclusion of insurance contracts, preparing conditions and soliciting insurance contract counterparties. The measures explicitly prohibit any other entities or individuals other than insurance companies, insurance intermediaries or insurance sales personnel from conducting any insurance sales practices. Furthermore, the insurance intermediary shall strengthen its management of all stage of the insurance sales practices. For instance, the insurance sales promotion conducted by insurance intermediaries shall not exceed in form and substance the business scope specified in their business permits. Insurance intermediaries shall not enter into insurance contracts with policyholders using forced tying, default checkboxes on its information systems or web pages. Furthermore, an archives management system shall be established by insurance intermediaries to properly preserve business files, accounting books, personnel files, insurance materials as well as audio-visual materials and other archival materials generated through retrospective management.

Internet Insurance Agency Business

Internet Insurance Agency Qualifications

Pursuant to the Measures for the Regulation of Internet Insurance Business (《互聯網保險業務監管辦法》) promulgated by the CBIRC on 7 December 2020 and implemented on 1 February 2021, internet insurance business shall be carried out by insurance institutions established in accordance with the law and no other organisation or individual may operate internet insurance business. Insurance institutions including specialised insurance agencies operating Internet insurance business, i.e. concluding insurance contracts and providing insurance services based on network, shall observe relevant provisions and may not damage legal rights and interests of insurance consumers or public interests. No insurance institution may carry out internet insurance business beyond the scope of business specified in its insurance business permit. An insurance institution which conducts internet insurance business shall be subject to centralised operation and unified management by its head office by establishing a unified and centralised business platform, business process and management systems.

Insurance institutions including specialised insurance agencies which conduct internet insurance business along with its self-operated network platform shall meet the following conditions:

- its service access place is located within the territory of the PRC. If its self-operated network platform is a website or mobile application, it shall legally go through the formalities for filing of internet information services with the administrative department for the internet industry and obtain a filing number. If its self-operated network platform is not a website or mobile application, it shall comply with relevant laws and regulations and meet the qualification requirements of the competent department for the relevant industry;

- it has an information management system and core business system that can support its internet insurance business operation, which can be effectively isolated from its other unrelated information systems;
- it has refined cybersecurity monitoring, information notification, emergency disposal working mechanisms as well as such cybersecurity protection means as refined perimeter protection, intrusion detection, data protection and disaster recovery;
- it implements the national classified cybersecurity protection system, carries out filing of cybersecurity classification, conducts classified protection evaluation on a regular basis, and implements security protection measures for the corresponding class; in terms of self-operated network platforms with insurance sales or insurance application function, as well as information management systems and core business systems that support their operation, relevant self-operated network platforms and information systems shall be under security protection of Class III or above;
- it has a legal and compliant marketing model, and has established an operation and service system that meets the needs for internet insurance operation, complies with the characteristics of internet insurance users and supports its business coverage regions;
- it has established or designated its internet insurance business management department staffed by appropriate professionals, appointed a senior executive to act as the principal in charge of its internet insurance business, and designated the principal of each self-operated network platform;
- it has a sound internet insurance business management system and operating procedures;
- it shall be a national specialised insurance intermediary with its operating area not limited to the province where the business license of its head office is registered while complying with the relevant provisions of the CBIRC on classified regulation of specialised insurance intermediaries; and
- other conditions prescribed by the CBIRC.

In addition, pursuant to the Notice on Matters Concerning Further Regulating Internet Personal Insurance Business of Insurance Institutions (《關於進一步規範保險機構互聯網人身保險業務有關事項的通知》) promulgated by the General Office of the CBIRC on 12 October 2021, the scope of internet personal insurance products is limited to accident insurance, health insurance (excluding nursing insurance), term life insurance, ordinary life insurance (excluding term life insurance) with an insurance period of over 10 years and ordinary annuity insurance with an insurance period of over 10 years, as well as other personal insurance products specified by the CBIRC.

Information Disclosure

According to the Measures for the Regulation of Internet Insurance Business, insurance institutions operating internet insurance business shall set up on its official website online column dedicated to insurance information disclosure. The sales or details display webpage of internet insurance products shall include the following contents:

- the names of insurance products (clause names and publicity names), approval document number for products subject to examination and approval, record-filing number or product registration number of products subject to record-filing, number of reported documents or clause number;

- the insurance clauses and premiums (or link), with highlights and explanations of the clauses on the exemption of insurance companies from liability, and highlights with the conditions and procedures for claim settlement, as well as the cooling-off period, waiting period, fee deduction, surrender losses, cash value of insurance policies and other key contents in insurance contracts in an appropriate way;

- if an insurance product is a new type of personal insurance product such as unit-linked insurance and universal insurance, the relevant information shall be clearly indicated in accordance with the relevant provisions of the CBIRC on information disclosure for new types of products, and words indicating uncertainties in boldface with a font size not smaller than that of the product name;

- the obligation of truthful disclosure of the insurance applicant, and the consequences of breach of the obligation;

- the statement on whether online services sufficiently covers all stages, and warnings of possible inadequate services as the insurance institution may have no branches in the place where the consumer or the insured matter is located;

- the method of payment of insurance premiums, and method of delivery of insurance certificates and premium invoices;

- other matters that directly affect the rights and interests of consumers and purchase decisions.

Furthermore, the Measures for the Regulation of Insurance Business require that insurance institutions shall, through the special column for disclosure of internet insurance information on the official website of Insurance Association, promptly disclose the information on their self-run network platforms, internet insurance products, cooperative sales channels, etc., so as to facilitate inquiry and supervision by the public.

Pursuant to the Administrative Measures for the Disclosure of Information on Personal Insurance Products (《人身保險產品信息披露管理辦法》), promulgated by the CBIRC on 11 November 2022 and effective on 30 June 2023, no insurance intermediary or any of its practitioners may revise information disclosure materials for insurance products sold on an agency basis. The product information disclosure materials used by any insurance intermediary or any of its practitioners shall be consistent with product information disclosure materials of the insurance company.

REGULATIONS RELATED TO INTERNET INFORMATION SERVICE

Pursuant to the Administrative Measures on Internet Information Services (《互聯網信息服務管理辦法》) promulgated by the State Council on 25 September 2000 and revised on 8 January 2011 and the Administration Measures for the Filing of Not-for-profit Internet Information Services (《非經營性互聯網信息服務備案管理辦法》) released on 8 February 2005 by the former Ministry of Information Industry and effective from 20 March 2005, internet information services are classified into "for-profit internet information services" and "not-for-profit internet information services". The for-profit internet information service refers to service activities to provide information or website design to online users for profit; the not-for-profit internet information service refers to service activities to provide online users open, shared information on internet free of charge. The national government has installed the filing system for not-for-profit internet information service.

Whoever intends to provide not-for-profit internet information service through the websites visited via internet domain names or through the websites which can only be visited via IP address within the territory of the PRC shall go through filing procedures in accordance with law. Such not-for-profit internet information service provider shall, when its website is available, display its filing number at the central part on the bottom of its home page and link the URL of the filing administration system of the Ministry of Industry and Information Technology of the PRC, or the MIIT, below the filing number for consultation and check by the public. Furthermore, an annual review procedure is required for the not-for-profit internet information service provider to go through on the filing administration system of the MIIT at a specified time each year.

Mobile internet application is subject to monitoring by the Administrative Provisions on Mobile Internet Application Information Services (《移動互聯網應用程序信息服務管理規定》) promulgated by the CAC, on 14 June 2022 and effective on 1 August 2022. Under these provisions, the application providers shall establish sound information content review and management mechanism by erecting and improving measures such as user registration, account management, information review, daily inspection and emergency disposal and be staffed with professionals and technical ability appropriate to the service scale. Moreover, the application providers shall not conduct acts such as false advertising and bundled downloading, nor shall they employ machine or manual click farming services for instantly boosting popularity in rankings, increasing quantity and control the ratings or use illegal and unhealthy information to induce users to download.

Pursuant to the Notice on Carrying out the Filing of Mobile Internet Applications (《關於開展移動互聯網應用程序備案工作的通知》) promulgated by the MIIT and effective on 21 July 2023, an APP developer engaged in providing internet information services in the PRC shall go through the filing formalities with the provincial-level communications administration where it is located through its network access service provider or APP distribution platform by means of online submission for application and inspection and review via the National Management System for Fundamental Internet Resources (i.e. ICP/IP address/domain name information filing management system). For apps that have been launched before the issuance of this notice, its developer shall complete such filing formalities from September 2023 to March 2024.

REGULATIONS RELATED TO CYBERSECURITY AND DATA SECURITY

The PRC government has proposed or promulgated a number of new measures and regulations in recent years regarding cybersecurity and data security.

The Administrative Measures for the Hierarchical Protection of Information Security (《信息安全等級保護管理辦法》) promulgated by the Ministry of Public Security, the State Secrecy Bureau, the State Cipher Code Administration and the former Information Office of the State Council on 22 June 2007, divide the security protection of information systems into five grades based on the degree of harm caused by the destruction of the information system to the legitimate rights and interests of citizens, legal persons and other organisations, social public order and public interests and the national security and require the operators of information systems ranking Grade II or above to file an application with the local competent public security authorities within 30 days since the date when its security protection grade is determined or its information system is put into operation.

On 1 July 2015, the NPC Standing Committee issued the National Security Law of the PRC (《中華人民共和國國家安全法》), which came into effect on the same day. The National Security Law provides that the state shall build a network and information security guarantee system and improve network and information security protection capability to realise the controllable security of the network information key technologies and critical infrastructure and the information systems and data in important fields. In addition, a national security review and supervision system is required to be established to review, among other things, foreign investment, key technologies and network information technology products and services and other important activities that impact or are likely to impact the national security of the PRC.

On 7 November 2016, the NPC Standing Committee promulgated the PRC Cybersecurity Law (《中華人民共和國網絡安全法》) which came into effect on 1 June 2017 and applies to the construction, operation, maintenance and use of networks as well as the supervision and administration of cybersecurity in China. Network service providers who do not comply with the PRC Cybersecurity Law may be subject to corrective orders, warnings, fines, suspension of their businesses, shutdown of their websites, and revocation of their business licenses.

On 10 June 2021, the NPC Standing Committee promulgated the PRC Data Security Law (《中華人民共和國數據安全法》), which took effect in September 2021. The PRC Data Security Law provides for data security on entities and individuals carrying out data processing activities. The PRC Data Security Law also introduces a data classification and layered protection system based on the importance of data in economic and social development, as well as the degree of harm it will cause to national security, public interests, or legitimate rights and interests of individuals or organisations when such data is tampered with, destroyed, leaked, or illegally acquired or used. The appropriate level of protection measures is required to be taken for each respective category of data. Violation of the PRC Data Security Law may be subject to an order to cease illegal activities, warnings, fines, suspension of business and revocation of business licenses or operating permits, and the personnel directly in charge or other directly responsible personnel may be imposed with fines.

On 30 July 2021, the State Council promulgated the Regulations on the Protection of the Security of Critical Information Infrastructure (《關鍵信息基礎設施安全保護條例》), effective on 1 September 2021. According to the regulations, a "critical information infrastructure" refers to an important network facility and information system in important industries such as, among others, public communications and information services, as well as other important network facilities and information systems that may seriously endanger national security, the national economy, the people's livelihood, or the public interests in the event of damage, loss of function, or data leakage. The competent authorities shall inform the relevant operators in a timely manner if such operators are determined as the critical information infrastructure operators.

On 28 December 2021, the CAC, together with certain other PRC governmental authorities, promulgated the Cybersecurity Review Measures (《網絡安全審查辦法》) that replaced the previous version and took effect from 15 February 2022. Pursuant to these measures, the purchase of network products and services by a critical information infrastructure operator or the data processing activities of a network platform operator that affect or may affect national security will be subject to a cybersecurity review. In addition, network platform operators with personal information of over one million users shall be subject to cybersecurity review before listing abroad (國外上市). The competent governmental authorities may also initiate a cybersecurity review against the operators if the authorities believe that the network product or service or data processing activities of such operators affect or may affect national security. The Cybersecurity Review Measures provide that the relevant violators shall be subject to legal consequences in accordance with the PRC Cybersecurity Law and the PRC Data Security Law.

On 14 November 2021, the CAC published the Administrative Regulations on Cyber Data Security (Draft for Comments) (《網絡數據安全管理條例(徵求意見稿)》), which provide the circumstances under which data processors shall apply for cybersecurity review, including, among others, when (i) the data processors who process personal information of at least one million users apply for a "foreign" listing (國外上市); and (ii) the data processors' listing in Hong Kong affects or may possibly affect national security. Data processors processing personal information of more than one million individuals shall also comply with the provisions for processor of important data stipulated in the Draft Regulations for important data processors. Data processors dealing with important data or listing overseas (境外上市) should carry out an annual data security assessment by themselves or by entrusting data security service agencies, and each year before 31 January data security assessment report for the previous year shall be submitted to the districted city level cyberspace administration. As at the Latest Practicable Date, this draft has not been formally adopted.

In the meantime, the PRC regulatory authorities have also enhanced the supervision and regulation on cross-border data transfer. On 7 July 2022, the CAC promulgated the Measures for the Security Assessment of Cross-Border Data Transfer (《數據出境安全評估辦法》), which took effect on 1 September 2022. These measures require the data processor providing data overseas and falling under specified circumstances apply for the security assessment of cross-border data transfer by the national cybersecurity authority through its local provincial counterpart. In addition, on 22 February 2023, the Provisions on the Prescribed Agreement on Cross-Border Transfer of Personal Information (《個人信息出境標準合同辦法》) were promulgated by the CAC, which took effect on 1 June, 2023. These Provisions attach the prescribed template for cross-border transfer of personal information that could be used to satisfy one of the conditions for cross-border transfer of personal information under Article 38 of the Personal Information Protection Law and require that personal information processor shall, within 10 working days from the effective date of the prescribed agreement, make filings with the local provincial counterpart of cyberspace administration. On 22 March 2024, the CAC released the Provisions on Promoting and Standardising Cross-Border Data Transfer (《促進和規範數據跨境流動規定》), which set forth the circumstances exempted from performing the security assessment or filing procedures for cross-border data transfer and further clarify the thresholds and scenarios for data processors to go through these procedures as stipulated under the aforementioned measures.

REGULATIONS RELATING TO PRIVACY PROTECTION

In recent years, PRC government authorities have enacted laws and regulations on internet use to protect personal information from any unauthorised disclosure. The PRC Cybersecurity Law imposes certain data protection obligations on network operators, including that network operators may not disclose, tamper with, or damage the personal information that they have collected, or provide the personal information to others without obtaining consent from the persons whose information is collected. Moreover, network operators are obligated to delete unlawfully collected information and to amend incorrect information.

The Several Provisions on Regulating the Market Order of Internet Information Services (《規範互聯網信息服務市場秩序若干規定》), issued by the MIIT on 29 December 2011 and effective on 15 March 2012, stipulate that internet information service providers may not collect any user personal information or provide any such information to third parties without the consent of a user, unless otherwise stipulated by laws and administrative regulations. An internet information service provider is also required to properly store user personal information, and in case of any leak or likely leak of the user personal information, the internet information service provider must take immediate remedial measures and, when serious consequences have been caused or may be caused, make an immediate report to the telecommunications regulatory authority and cooperate with the relevant authorities in investigation.

Pursuant to the Decision on Strengthening the Protection of Online Information (《關於加強網絡信息保護的決定》), issued by the NPC Standing Committee in 2012, and the Order for the Protection of Telecommunication and Internet User Personal Information

(《電信和互聯網用戶個人信息保護規定》), issued by the MIIT in 2013, any collection and use of a user's personal information must abide by the principles of legality, rationality and necessity, explicitly state the purpose, manners and scopes of the information collection and uses, obtain the consent of the user and shall not violate the provisions of laws and regulations and the agreement with the users. Any violation of these laws and regulations may subject the internet information service provider to warnings, fines, confiscation of illegal gains, revocation of licenses, cancelation of filings, closedown of websites or even criminal liabilities.

Pursuant to the Notice of the Supreme People's Court, the Supreme People's Procuratorate and the Ministry of Public Security on Legally Punishing Criminal Activities Infringing upon the Personal Information of Citizens (《最高人民法院、最高人民檢察院、公安部關於依法懲處侵害公民個人信息犯罪活動的通知》) issued and effective on 23 April 2013 and the Interpretation of the Supreme People's Court and the Supreme People's Procuratorate on Several Issues regarding Legal Application in Criminal Cases Infringing upon the Personal Information of Citizens (《最高人民法院、最高人民檢察院關於辦理侵犯公民個人信息刑事案件適用法律若干問題的解釋》) issued on 8 May 2017 and effective on 1 June 2017, the following activities may constitute the crime of infringing upon a citizen's personal information: (i) providing a citizen's personal information to specified persons or releasing a citizen's personal information online or through other methods in violation of relevant national provisions; (ii) providing legitimately collected information relating to a citizen to others without such citizen's consent (unless the information is processed, not traceable to a specific person and not recoverable); (iii) collecting a citizen's personal information in violation of applicable rules and regulations when performing a duty or providing services; or (iv) collecting a citizen's personal information by purchasing, accepting or exchanging such information in violation of applicable rules and regulations. In addition, the Opinions of the Supreme People's Court, the Supreme People's Procuratorate, and the Ministry of Public Security on Several Issues Concerning the Application of Criminal Procedures in Handling of Criminal Cases Involving Information Networks (《最高人民法院最高人民檢察院公安部關於辦理信息網絡犯罪案件適用刑事訴訟程序若干問題的意見》), which took effect on 1 September 2022, further provide detailed procedures on facilitating the handling of criminal cases of (i) refusing to perform the obligation of managing the security of the information networks, (ii) illegally using the information networks, or (iii) assisting in the criminal activities of the information networks.

With respect to the security of information collected and used by mobile apps, pursuant to the Announcement of Conducting Special Supervision against the Illegal Collection and Use of Personal Information by Apps (《關於開展App違法違規收集使用個人信息專項治理的公告》), which was issued by the CAC, the MIIT, the Ministry of Public Security, and the SAMR on 23 January 2019, app operators shall collect and use personal information in compliance with the PRC Cybersecurity Law and shall be responsible for the security of personal information obtained from users and take effective measures to strengthen personal information protection. Furthermore, app operators shall not force their users to make authorisation by means of default, bundling, suspending installation or use of the app or other similar means and shall not collect personal information in violation of laws and regulations or breach of user agreements. Such regulatory requirements were emphasised by the Notice on the Special Rectification of Apps Infringing upon User's Personal Rights and Interests (《關於開展APP侵害用戶權益專項整治工作的通知》) issued by MIIT on 31 October 2019. On 28 November 2019, the CAC, the MIIT, the Ministry of Public Security and the SAMR jointly issued the Methods of Identifying Illegal Acts of Apps to Collect and Use Personal Information (《App違法違規收集使用個人信息行為認定方法》). This regulation further illustrates certain common illegal practices of app operators in terms of personal information protection and specifies acts of app operators that will be considered as "collection and use of personal information without users' consent".

On 28 May 2020, the National People's Congress adopted the Civil Code (《民法典》), which came into effect on 1 January 2021. Pursuant to the Civil Code, the personal information of a natural person shall be protected by the law. Any organisation or individual shall legally obtain such personal information of others when necessary and ensure the safety of such information, and shall not illegally collect, store, use, process or transmit personal information of others, or illegally buy or sell, provide or make public personal information of others.

On 20 August 2021, the NPC Standing Committee promulgated the PRC Personal Information Protection Law (《中華人民共和國個人信息保護法》), which took effect on 1 November 2021. Pursuant to the Personal Information Protection Law, "personal information" refers to any kind of information related to an identified or identifiable individual as electronically or otherwise recorded but excluding the anonymised information. The processing of personal information includes the collection, storage, use, processing, transmission, provision, disclosure and deletion of personal information. The Personal Information Protection Law applies to the processing of personal information of natural persons within the territory of the PRC, as well as personal information processing activities outside the territory of PRC, for the purpose of providing products or services to natural persons located within China, for analysing or evaluating the behaviors of natural persons located within China, or for other circumstances as prescribed by laws and administrative regulations. A personal information processor may process the personal information of this individual only under the following circumstances: (i) where consent is obtained from the individual; (ii) where it is necessary for the execution or performance of a contract to which the individual is a party, or where it is necessary for carrying out human resource management pursuant to employment rules legally adopted or a collective contract legally concluded; (iii) where it is necessary for performing a statutory responsibility or statutory obligation; (iv) where it is necessary in response to a public health emergency, or for protecting the life, health or property safety of a natural person in the case of an emergency; (v) where the personal information is processed within a reasonable scope to carry out any news reporting, supervision by public opinions or any other activity for public interest purposes; (vi) where the personal information, which has already been disclosed by an individual or otherwise legally disclosed, is processed within a reasonable scope; or (vii) any other circumstance as provided by laws or administrative regulations. In principle, the consent of an individual must be obtained for the processing of his or her personal information, except under the circumstances of the aforementioned items (ii) to (vii). Where personal information is to be processed based on the consent of an individual, such consent shall be a voluntary and explicit indication of intent given by such individual on a fully informed basis. If laws or administrative regulations provide that the processing of personal information shall be subject to the separate consent or written consent of the individual concerned, such provisions shall prevail.

REGULATIONS RELATED TO ALGORITHMS

On 31 December 2021, the CAC and certain other PRC governmental authorities promulgated the Provisions on the Administration of Algorithm Recommendation for Internet Information Services (《互聯網信息服務算法推薦管理規定》), which took effect on 1 March 2022. These provisions require that algorithmic recommendation service providers shall inform users in a conspicuous manner of their provision of algorithmic recommendation services, and publicise the basic principles, purposes, and main operating mechanisms of algorithmic recommendation services in an appropriate manner. Where algorithm recommendation service providers sell goods or provide services to consumers, they shall protect consumers' rights to fair transactions, and shall not use algorithms to implement unreasonably differential treatment in transaction prices and other transaction conditions based on consumers' preferences, transaction habits, and other characteristics and other illegal acts.

REGULATIONS RELATED TO INTELLECTUAL PROPERTY

Patent

Patents in the PRC are principally protected under the Patent Law of the PRC (《中華人民共和國專利法》) promulgated by the NPC Standing Committee on 12 March 1984 and most recently amended on 17 October 2020 and effective as at 1 June 2021. The Chinese patent system adopts a first-to-file principle. To be patentable, an invention or a utility model must meet three criteria: novelty, inventiveness and practicability. The duration of a patent right is 10 years, 15 years or 20 years from the date of application, depending on the type of patent right.

Copyright

Copyright in the PRC, including copyrighted software, is principally protected under the Copyright Law of the PRC (《中華人民共和國著作權法》) promulgated by the NPC Standing Committee on 7 September 1990 and most recently amended on 11 November 2020 and effective as at 1 June 2021 and related rules and regulations. Under the Copyright Law, the term of protection for copyrighted software is 50 years. The Regulation on the Protection of the Right to Communicate Works to the Public over Information Networks (《信息網絡傳播權保護條例》), as most recently amended by the State Council on 30 January 2013, provides specific rules on fair use, statutory license, and a safe harbour for use of copyrights and copyright management technology and specifies the liabilities of various entities for violations, including libraries and Internet service providers.

The Computer Software Copyright Registration Measures (《計算機軟件著作權登記辦法》), promulgated by the National Copyright Administration on 20 February 2002, regulate registrations of software copyrights, exclusive licensing contracts for software copyrights and assignment agreements. The National Copyright Administration administers software copyright registration and the Copyright Protection Centre of China is designated as the software registration authority. The Copyright Protection Centre of China grants registration certificates to the computer software copyrights applicants which meet the relevant requirements.

Trademark

Registered trademarks are protected under the Trademark Law of the PRC (《中華人民共和國商標法》) promulgated by the NPC Standing Committee on 23 August 1982 and most recently revised on 23 April 2019 and effective as at 1 November 2019 and related rules and regulations. Trademarks are registered with the State Intellectual Property Office. Where registration is sought for a trademark that is identical or similar to another trademark which has already been registered or given preliminary examination and approval for use in the same or similar category of commodities or services, the application for registration of this trademark may be rejected. Trademark registrations are effective for a renewable ten-year period, unless otherwise revoked.

Domain Name

Domain names are protected under the Administrative Measures on Internet Domain Names (《互聯網域名管理辦法》) promulgated by the MIIT on 24 August 2017 and effective as at 1 November 2017. Domain name registrations are handled through domain name service agencies established under the relevant regulations, and applicants become domain name holders upon successful registration.

REGULATIONS RELATED TO TAXATION AND FOREIGN EXCHANGE

For more details, please refer to the section headed "Appendix III — Taxation and Foreign Exchange" in this document.

REGULATIONS RELATED TO ANTI-UNFAIR COMPETITION

Competition among business operators is generally governed by the Anti-unfair Competition Law of the PRC (《中華人民共和國反不正當競爭法》), or the Anti-unfair Competition Law, which was promulgated by the NPC Standing Committee on 2 September 1993, and most recently amended on 23 April 2019. Pursuant to the Anti-unfair Competition Law, when trading on the market, operators must abide by the principles of voluntariness, equality, fairness, and honesty and observe laws and business ethics. Acts of operators constitute unfair competition where they contravene the provisions of the Anti-unfair Competition Law and disturb market competition with a result of damaging the lawful rights and interests of other operators or consumers. Furthermore, improper market activities including infringing on the business secrets of others, conducting false or misleading publicity through advertising or other means are in violation of the law and may result in imposition of fines, confiscation of gains derived from such violation, and in severe circumstances, revocation of business licenses.

REGULATIONS RELATED TO EMPLOYMENT, SOCIAL INSURANCE AND HOUSING FUND

Regulations on Employment

The major PRC laws and regulations that govern employment relationship are the Labour Law of the PRC (《中華人民共和國勞動法》) promulgated by the NPC Standing Committee on 5 July 1994 and latest amended and effective on 29 December 2018, the Labour Contract Law of the PRC (《中華人民共和國勞動合同法》) promulgated by the NPC Standing Committee on 29 June 2007 and latest amended on 28 December 2012 and effective on 1 July 2013, and the Implementation Rules of the Labor Contract Law of the PRC (《中華人民共和國勞動合同法實施條例》) promulgated by the State Council and effective on 18 September 2008. Pursuant to the aforementioned laws and regulations, labour relationships between employers and employees must be executed in written form. The laws and regulations above impose stringent requirements on the employers in relation to entering into fixed-term employment contracts, hiring of temporary employees and dismissal of employees. As prescribed under the laws and regulations, employers shall ensure their employees have the right to rest and the right to receive wages no lower than the local minimum wages. Employers must establish a system for labor safety and sanitation that strictly abides by state standards and provide relevant education to its employees. Violations of the Labour Contract Law and the Labour Law may result in the imposition of fines and other administrative liabilities and/or incur criminal liabilities in the case of serious violations.

Regulations on Social Insurance

Pursuant to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》), which was promulgated by the NPC Standing Committee on 28 October 2010 and amended on 29 December 2018, enterprises and institutions in the PRC shall provide their employees with welfare schemes covering pension insurance, unemployment insurance, maternity insurance, occupational injury insurance, medical insurance and other welfare plans. The employer shall apply to the local social insurance agency for social insurance registration within 30 days from the date of its establishment. And it shall, within 30 days from the date of employment, apply to the social insurance agency for social insurance registration for the employee. Any employer who violates the regulations above shall be ordered to make correction within a prescribed time limit; if the employer fails to rectify within the time limit, the employer and the person(s)-in-charge who is/are directly liable and other directly liable personnel will be fined. Meanwhile, the Interim Regulation on the Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》) promulgated by the State Council on 22 January 1999 and revised on 24 March 2019 prescribes the details concerning the collection and payment of social insurance.

Regulations on Housing Provident Fund

According to the Regulation on the Administration of Housing Provident Fund (《住房公積金管理條例》), which was implemented on 3 April 1999 and latest revised on 24 March 2019, any newly established entity shall make deposit registration at the housing accumulation fund management center within 30 days as at its establishment. After that, the entity shall open a housing accumulation fund account for its employees in an entrusted bank. Within 30 days as at the date an employee is recruited, the entity shall make deposit registration at the housing accumulation fund management center and go through the formalities of opening housing provident fund accounts on behalf of its employees. Any entity that fails to make deposit registration of the housing accumulation fund or fails to open a housing accumulation fund account for its employees shall be ordered to complete the relevant procedures within a prescribed time limit. Any entity failing to complete the relevant procedure within the time limit will be fined RMB10,000 to RMB50,000. Any entity that fails to make payment of housing provident fund within the time limit or has a shortfall in payment of housing provident fund will be ordered to make the payment or make up the shortfall within the prescribed time limit, otherwise, the housing provident management center is entitled to apply for compulsory enforcement with the People's Court.

REGULATIONS RELATED TO OVERSEAS SECURITIES OFFERING AND LISTING AND FULL CIRCULATION

On 17 February 2023, the CSRC promulgated the Overseas Listing Trial Measures, which took effect from 31 March 2023. The Overseas Listing Trial Measures reformed the regulatory regime for overseas securities offering and listing by domestic companies, into a filing-based system.

Pursuant to the Overseas Listing Trial Measures, no overseas offering and listing shall be made under any of the following circumstances: (i) where such securities offering and listing is explicitly prohibited by provisions in laws, administrative regulations and relevant state rules; (ii) where the intended securities offering and listing may endanger national security as reviewed and determined by competent authorities under the State Council in accordance with law; (iii) where the domestic company intending to make the securities offering and listing, or its controlling shareholders and the actual controller, have committed crimes such as corruption, bribery, embezzlement, misappropriation of property or undermining the order of socialist market economy during the latest three years; (iv) where the domestic company intending to make the securities offering and listing is suspected of committing crimes or major violations of laws and regulations, and is under investigation according to law, and no conclusion has yet been made thereof; and (v) where there are material ownership disputes over equity held by the domestic company's controlling shareholder or by other shareholders that are controlled by the controlling shareholder and/or actual controller.

Initial public offerings or listings in overseas markets shall be filed with the CSRC within three business days after the relevant application is submitted overseas. The Overseas Listing Trial Measures also require subsequent reports to be filed with the CSRC upon the occurrence of any of the material events after an issuer has offered and listed securities in an overseas market, such as (i) change of control; (ii) investigations or sanctions imposed by overseas securities regulatory agencies or other relevant competent authorities; (iii) change of listing status or transfer of listing segment; (iv) voluntary or mandatory delisting. Where an issuer's main business undergoes material changes after overseas offering and listing, and is therefore beyond the scope of business stated in the filing documents, such issuer shall submit to the CSRC an ad hoc report and a relevant legal opinion issued by a domestic law firm within three business days after occurrence of the changes.

Furthermore, according to the Overseas Listing Trial Measures and their related guidelines, "Full circulation" represents the shareholders of domestic unlisted shares of domestic companies, which directly offer and list securities in overseas markets, converting its domestic unlisted shares into shares listed and traded on an overseas trading venue. The term "domestic unlisted shares" refers to shares offered by a domestic company but not listed or quoted for trading on any domestic trading venues. "Full circulation" shall comply with relevant regulations of the CSRC and the shareholders of domestic unlisted shares shall entrust the domestic company to report the "Full circulation" with CSRC by filing materials on certain key issues, including whether the "Full circulation" has fulfilled adequate internal decision-making procedures, necessary internal approvals and authorisations, and whether the "Full circulation" involves approval or filing procedures set out in the laws and regulations and policies for state-owned asset administration, industry supervision and foreign investment, and if so, whether such approval or filing procedures have been performed.

Failure to fulfill filing procedures or offering and listing securities in an overseas market in violation of the forgoing prohibitive provisions may subject PRC domestic companies to order rectification, warnings and a fine of RMB1 million to RMB10 million. Controlling shareholders and actual controllers of the domestic company that organise or instruct the aforementioned violations shall be imposed a fine of RMB1 million to RMB10 million. Directly liable persons-in-charge and other directly liable persons shall be each imposed a fine of RMB0.5 million to RMB5 million.

Furthermore, on 24 February 2023, the CSRC, together with certain other PRC governmental authorities, promulgated the Provisions on Strengthening Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies (the "**Confidentiality and Archives Administration Provisions**") (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》), which came into effect on 31 March 2023. According to the Confidentiality and Archives Administration Provisions, PRC domestic companies that directly or indirectly conduct overseas offerings and listings, shall strictly abide by applicable PRC laws and regulations on confidentiality when providing or publicly disclosing, either directly or through their overseas listed entities, documents and materials to securities services providers such as securities companies and accounting firms or overseas regulators in the process of their overseas offering and listing. In the event such documents or materials contain state secrets or working secrets of government agencies, the PRC domestic companies shall first obtain approval from competent authorities according to law, and file with the secrecy administrative department at the same level; in the event that such documents or materials, if leaked, will jeopardise national security or public interest, the PRC domestic companies shall strictly fulfill relevant procedures stipulated by applicable national regulations. The PRC domestic companies shall also provide a written statement of the specific state secrets and sensitive information provided when providing documents and materials to securities companies and securities service providers, and the securities companies and securities service providers shall properly retain such written statements for inspection. Furthermore, the Confidentiality and Archives Administration Provisions also provide where overseas securities regulators and relevant competent overseas authorities request to inspect, investigate or collect evidence from PRC domestic companies concerning their overseas offering and listing or their securities firms and securities service providers that undertake securities business for such PRC domestic companies, such inspection, investigation and evidence collection must be conducted under a cross-border regulatory cooperation mechanism, and the CSRC or other competent authorities of the PRC government will provide necessary assistance pursuant to bilateral and multilateral cooperation mechanism. Domestic companies, securities firms and securities service providers shall first obtain approval from the CSRC or other competent PRC authorities before cooperating with the inspection and investigation by the overseas securities regulators or competent overseas authority or providing documents and materials requested in such inspection and investigation.

OUR HISTORY

Overview

Our Company was established in March 2017. We acquired Haier Insurance Agency which has been engaging in the provision of insurance agency services in 2017. Haier Insurance Agency was permitted to engage in insurance agency business in Shandong province by CIRC since its establishment in 2001 and was approved to conduct insurance agency business nationwide in September 2017. In November 2019, our Company was accredited as a "High-tech Enterprise" (高新技術企業) by Science Technology Department of Qingdao (青島市科學技術局), Qingdao Department of Finance (青島市財政局) and Qingdao Tax Service of STA (國家稅務總局青島市稅務局).

Over our course of development and leveraging on our established ecosystem, market-proven digital capabilities, diverse insurance client base and insurance products offering and experienced management team, we have grown into a fast growing insurance agency service and solution provider in the PRC, dedicated to distributing a wide range of insurance products covering (i) property insurance products, (ii) life and health insurance products, (iii) accident insurance products and (iv) automobile insurance products, to both corporate and household insurance clients. In 2022, according to Frost & Sullivan, we ranked eighth among all insurance agencies in China in terms of net profit reported based on the latest China Insurance Yearbook published by the National Financial Regulatory Administration. During the Track Record Period, our revenue increased from RMB120.0 million in 2021 to RMB174.0 million in 2023, representing CAGR of 20.4% during the same period and our net profit increased from RMB27.0 million in 2021 to RMB39.0 million in 2023, representing a CAGR of 20.2%. During the Track Record Period, our ecosystem had connected with: (i) over 60 insurance companies as our customers, covering the top three insurance groups in the PRC in terms of market capitalisation; (ii) insurance agents across Shandong, Hebei, Henan and Jilin provinces; and (iii) 17 strategic channel partners, and we had distributed insurance products to over 17,400 corporate insurance clients and 336,000 household insurance clients through our ecosystem. Since establishment, our Group has gradually built up our digital capabilities and developed our business to provide IT services to insurance company partners, insurance intermediaries and other companies. In view of the insurance clients base we gained from insurance agency business, the derived cross-selling opportunities drove us to provide consulting services including HR consulting services and marketing and promotion service.

OUR BUSINESS MILESTONES

The following is a summary of our Group's key business development milestones:

Year	Milestone
2017	We acquired Haier Insurance Agency Haier Insurance Agency was granted the nationwide Insurance Intermediary License issued by the CBIRC and has been authorised to conduct insurance agency business in all areas of the PRC.

Year	Milestone
	We began providing insurance agency services to insurance clients other than Haier Group insurance clients and expanded our insurance product portfolio to cover life and health insurance products and accident and automobile insurance products.
	We introduced our online platforms, including our "Quan Zhanggui (全掌櫃)" APP and our WeChat official account.
2018	We completed financing from Qingdao Haichuanghui and raised an aggregate amount of RMB10.0 million.
	We launched our mini programme "Quan Zhanggui Claim Centre (全掌櫃理賠中心)" on the WeChat platform.
2019	The number of registered users of our online platforms exceeded 100,000.
	We were accredited "High-tech Enterprise" (高新技術企業) by Science Technology Department of Qingdao (青島市科學技術局), Qingdao Department of Finance (青島市財政局) and Qingdao Tax Service of STA (國家税務總局青島市税務局).
	We completed our series A financing from Qingdao Haizhongjie and raised an aggregate amount of RMB10.0 million (the "**Series A Financing**").
2020	We introduced the "Online Signing" (在線簽約) that has the function for recruitment of insurance agents and the "Palm Insurance Policy" (掌上保單) that has function for management of insurance policies on our online platforms.
	Zhongmiao Caizhi was established and engaged in the provision of HR consulting services.
	We were awarded "2020 Qingdao High-tech High-growth Enterprises" (2020 青島高科技高成長企業) by Qingdao Civil Economics Development Bureau (青島民營經濟發展局), Qingdao Haichuanghui Technology Co., Ltd. (青島海創匯科技有限公司) and Beijing Greatwall Institute for Enterprise Strategy (北京市長城企業戰略研究所).

Year	Milestone
2021	We completed our series B financing from Qingdao Haixinsheng and Qingdao Haichuangying and raised an aggregate amount of RMB131.6 million (the "**Series B Financing**").
	We were awarded "Shandong Province Gazelle Enterprise" (山東省瞪羚企業) by Ministry of Industry and Information Technology of Shandong Province (山東省工業和信息化廳), Shandong Local Financial Regulatory Bureau (山東省地方金融監督管理局) and Jinan Branch of the People's Bank of China (中國人民銀行濟南分行) and named on the "List of 2020 GEI China's Potential Unicorn Enterprise" (2020年GEI中國潛在獨角獸企業名單) by Greatwall Enterprise Institute (長城戰略諮詢).
2022	We introduced our Corporate Insurance Interactive Service Platform (企業保險交互服務平台).
2023	We were awarded "2022 Qingdao New Economic Potential Enterprises" (2022年青島市新經濟潛力企業) and "2023 Municipal Service Industry Innovative Demonstration Enterprise" (2023年市級服務業創新型示範企業) by the Development and Reform Commission of Qingdao (青島市發展和改革委員會).
	The number of registered users of our online platforms exceeded 236,000.

OUR GROUP COMPANIES

Our Company

Establishment of our Company in March 2017

Our Company was established under its former name, Qingdao Quanzhanggui Technology Co., Ltd. (青島全掌櫃科技有限公司), by Qingdao Haiyinghui as a limited liability company in the PRC on 16 March 2017 with an initial registered capital of RMB50,000, and was wholly owned by Qingdao Haiyinghui. Our Company has been primarily engaged in the provision of IT services upon establishment and expanded into the business of insurance agency business following our acquisition of Haier Insurance Agency in December 2017 and the business of consulting services over the course of our development.

Qingdao Haiyinghui was established as a limited liability company in the PRC on 23 February 2017, with its principal business being investment holding. As at the Latest Practicable Date, it was wholly-owned by Qingdao Haichuanghui Investment, which was ultimately controlled by Haier Group through Qingdao Haichuanghui IoT.

Capital Increase in December 2017

On 14 December 2017, the registered capital of our Company was increased from RMB50,000 to RMB56.0 million, which was contributed by Qingdao Haiyinghui at a consideration of RMB58.9 million and for the purpose of the acquisition of Haier Insurance Agency. For more details, please refer to the paragraph headed "Acquisition of Haier Insurance Agency" in this section. Upon completion of the aforesaid capital increase, our Company remained wholly owned by Qingdao Haiyinghui.

Capital Increase in May 2018

On 10 May 2018, the registered capital of our Company was increased by RMB24.0 million from RMB56.0 million to RMB80.0 million, which was contributed by Shanghai Zhaoqi at a consideration of RMB25.2 million with reference to, among others, the agreed valuation of RMB84 million based on the price-to-earnings ratio of our Company agreed between us and Shanghai Zhaoqi and the revenue of our Group recorded for the year ended 31 December 2017, and future prospects of our Company. Upon completion of the aforesaid capital increase, our Company was owned as to 70.00% by Qingdao Haiyinghui and 30.00% by Shanghai Zhaoqi.

Shanghai Zhaoqi was established as a limited partnership in the PRC on 1 February 2018 by employees of our Group as a platform to promote our Group's long-term sustainable development by better aligning the employees' interests with our Group's interest. Details on Shanghai Zhaoqi, its partners and the capital contributions attributable to the partners as at the Latest Practicable Date are set out below:

Partners of Shanghai Zhaoqi	**Role**	**Capital contributions subscribed for** *(RMB '000)*	**% of interest**
Qingdao Haichuang(1)	General partner	10.0	0.20
Mr. Zhang(2)	Limited partner	1,570.0	31.40
Beijing Quanzhanggui(3)	Limited partner	1,430.0	28.60
Mr. Lu(2)	Limited partner	1,360.0	27.20
Mr. Wang(2)	Limited partner	250.0	5.00
Ms. Li(2)	Limited partner	100.0	2.00
Mr. Zhu Rongwei (朱榮偉)(4)	Limited partner	10.0	0.20
Other 10 employees(5)	Limited partner	270.0	5.40
Total		5,000.0	100.00

Notes:

1. Qingdao Haichuang is a company established as a limited liability company in the PRC on 13 October 2017 and is wholly owned by Mr. Lu as at the Latest Practicable Date.

2. Mr. Zhang, Mr. Lu, Mr. Wang and Ms. Li are our Directors. For more details, please refer to the section headed "Directors, Supervisors and Senior Management" in this document.

3. Beijing Quanzhanggui is a company established as a limited liability company in the PRC on 28 April 2016 and is owned as to 70% by Mr. Zhang and 30% by Li Jia (李佳), spouse of Mr. Zhang, as at the Latest Practicable Date.

4. Mr. Zhu Rongwei (朱榮偉) is our Supervisor.

5. Each of these employees owns not more than 5% of the interest of Shanghai Zhaoqi.

Capital Increase in October 2018

On 24 October 2018, the registered capital of our Company was increased by RMB8.0 million from RMB80.0 million to RMB88.0 million, which was contributed by Qingdao Haichuanghui at a consideration of RMB10.0 million with reference to, among others, the then net assets value and future prospects of our Company. Upon completion of the aforesaid capital increase, our Company was owned as to 63.64% by Qingdao Haiyinghui, 27.27% by Shanghai Zhaoqi and 9.09% by Qingdao Haichuanghui.

Qingdao Haichuanghui was established as a limited partnership in the PRC on 20 December 2016 and was primarily engaged in investment management. As at the Last Practicable Date, Qingdao Haichuanghui was owned as to 1.00% by Qingdao Haichuanghui Venture as the general partner, which is controlled by Haier Group; as to 49.50% by Qingdao Haichuanghui Investment as a limited partner which is controlled by Haier Group; and as to 49.50% by Qingdao Ronghai Guotou Equity Investment Fund Co., Ltd. (青島融海國投股權投資基金有限公司) ("**Qingdao Ronghai**") as a limited partner which is ultimately controlled by Qingdao Li Cang District State-owned Enterprise Service Centre (青島市李滄區國有企業服務中心) ("**Qingdao Li Cang**") (an Independent Third Party). Therefore, Qingdao Haichuanghui is ultimately controlled by Haier Group, both of which are our Controlling Shareholder.

Series A Financing

On 19 September 2019, the registered capital of our Company was increased by RMB2.9 million from RMB88.0 million to RMB90.9 million, which was contributed by Qingdao Haizhongjie at a consideration of RMB10.0 million with reference to, among others, the agreed valuation of RMB300 million based on the price-to-earnings ratio of our Company agreed between us and Qingdao Haizhongjie and the revenue of our Group recorded for the year ended 31 December 2018, future prospects of our Company, including the rapid business growth in 2018, and the proposed strategic benefits of motivating the employees and insurance agents by aligning their interest with our Company through equity.

Qingdao Haizhongjie was established as a limited partnership in the PRC on 12 April 2017 by our employees and insurance agents. As at the Latest Practicable Date, the general partner of Qingdao Haizhongjie is Qingdao Haichuang. For more details on the background of Qingdao Haizhongjie, please refer to the paragraph headed "[REDACTED] Investments" in this section.

Upon completion of the capital increase on 24 October 2018 and the aforementioned Series A Financing on 19 September 2019, the shareholding structure of our Company was as follows:

Shareholders	**Registered capital subscribed for** *(RMB)*	**Equity interest in our Company** *(%)*
Qingdao Haiyinghui	56,000,000	61.58
Shanghai Zhaoqi	24,000,000	26.39
Qingdao Haichuanghui	8,000,000	8.80
Qingdao Haizhongjie	2,933,300	3.23
Total	90,933,300	100.00

Series B Financing

On 4 January 2021, the registered capital of our Company was increased by RMB0.6 million from RMB90.9 million to RMB91.5 million, which was contributed by Qingdao Haixinsheng at a consideration of RMB5.0 million with reference to the valuation of our Group as at 30 April 2020 based on a valuation report prepared by an independent valuer based on the approach, the valuation approach of which is considered to be the more appropriate by the independent valuer in view of our Group's business nature and our future business prospects.

On 5 February 2021, the registered capital of our Company was increased by RMB14.4 million from RMB91.5 million to RMB105.9 million, which was contributed by Qingdao Haichuangying at a consideration of RMB126.6 million with reference to the valuation of our Group as at 30 April 2020 based on a valuation report prepared by an independent valuer based on the approach, the valuation approach of which is considered to be the more appropriate by the independent valuer in view of our Group's business nature and our future business prospects. For more details on the background of Qingdao Haixinsheng and Qingdao Haichuangying, please refer to the paragraph headed "[REDACTED] Investments" in this section.

Upon completion of the Series B Financing on 5 February 2021, the shareholding structure of our Company was as follows:

Shareholders	Registered capital subscribed for *(RMB)*	Equity interest in our Company *(%)*
Qingdao Haiyinghui	56,000,000	52.88
Shanghai Zhaoqi	24,000,000	22.66
Qingdao Haichuangying	14,394,000	13.59
Qingdao Haichuanghui	8,000,000	7.56
Qingdao Haizhongjie	2,933,300	2.77
Qingdao Haixinsheng	568,300	0.54
Total	105,895,600	100.00

Our Subsidiaries

Since the establishment of our Company in 2017, we have sought to expand our presence in the PRC and further our business development. We have acquired or established various subsidiaries to (i) manage and expand our sales network; and (ii) explore new insurance-related business.

The details of our subsidiaries are set out as follows:

No.	Company Name	Date of Establishment	Place of Establishment	Principal Activity
1.	Haier Insurance Agency	17 December 2001	PRC	Insurance agency services
2.	Zhongmiao Caizhi	11 September 2020	PRC	HR consulting services
3.	Yunhai Lianji Technology	16 August 2021	PRC	Advisory services
4.	Zhongmiao Shujin	31 December 2021	PRC	Investment holding

OUR CORPORATE HISTORY AND DEVELOPMENT

Acquisition of Haier Insurance Agency

Haier Insurance Agency was established as a limited liability company in the PRC on 17 December 2001 with an initial registered capital of RMB6.0 million. Upon its establishment, Haier Insurance Agency was an indirect wholly-own subsidiary of Haier Group. Haier Insurance Agency primarily engages in providing insurance agency services.

It was permitted to engage in insurance agency business in Shandong province by CIRC since its establishment and obtained its nationwide Insurance Intermediary License on 15 September 2017, pursuant to which it has been approved to conduct insurance agency business nationwide. On 11 May 2017, Mr. Lu was approved by the Qingdao Regulatory Bureau of the CIRC to serve as the general manager of Haier Insurance Agency.

On 22 December 2017, our Company acquired the entire equity interest of Haier Insurance Agency from Qingdao Haier Venture Capital Consulting Co., Ltd. (青島海爾創業投資諮詢有限公司), a wholly-owned subsidiary of Haier Group, at a consideration of RMB58.8 million, which was determined with reference to a valuation report of Haier Insurance Agency and the additional registered capital of RMB44.0 million issued by Haier Insurance Agency in April 2017. The consideration was fully settled on 20 December 2017, and Haier Insurance Agency has been our wholly-owned subsidiary since the completion of the aforesaid acquisition.

Establishment of Zhongmiao Caizhi

Zhongmiao Caizhi was established as a limited liability company in the PRC on 11 September 2020 with a registered capital of RMB2.0 million. Since its establishment, Zhongmiao Caizhi has been wholly owned by our Company and has been principally engaged in providing HR consulting services.

Establishment of Yunhai Lianji Technology

During the Track Record Period, we started to expand our insurance agency business by setting up branch offices in Hebei province under Haier Insurance Agency and explore business opportunities including provision of corporate management and training services. Over the course of development of our Hebei business, we recognised the importance of local expertise and connections in effectively penetrating new markets and therefore decided to set up Yunhai Lianji Technology with Hebei Zhongbao in order to capture the business opportunities in Hebei province. Hebei Zhongbao is a limited partnership established in the PRC on 7 July 2021, which is owned as to 28.00% by Yuan Hailian (袁海蓮) as general partner and 15.00% by each of Yang Baowei (楊寶偉) and Zhao Cuihong (趙翠紅) (Yuan Hailian, Yang Baowei and Zhao Cuihong, collectively the "**Core Heibei Partners**"), 12.00% by each of Liu Chenguang (劉晨光), Liu Tonggang (劉銅鋼) and Gao Qun (高群) and 6.00% by Wang Yanqiu (王艷秋) as limited partners. Each of the Core Hebei Partners has over 15 years of experience in the insurance industry in Hebei province, and we considered that the expertise, experience and business network of the Core Hebei Partners, combined with their deep understanding of the local market dynamics, allow them to provide valuable insights and advice to our Group in order to capture the business opportunities in Hebei province. By leveraging their advisory services, we may identify growth opportunities and navigate challenges and barriers arising from our business expansion in Hebei province. The Core Hebei Partners subsequently became employees of our Group and are responsible for the business development of our insurance agency business in Hebei province. We believe that they can actively contribute to our business operation in Hebei province and work closely with our management team to develop and implement effective business strategies.

Moreover, the joint venture can fully align their interests and efforts with our business plans, and the alignment of interest and expertise creates a strong foundation for the joint venture and enhances the chances of achieving mutual success.

Under this background, Yunhai Lianji Technology was established as a limited liability company in the PRC on 16 August 2021 with an initial registered capital of RMB3.0 million and was held as to 51.00% by our Company and 49.00% by Hebei Zhongbao. While it was initially anticipated that Yunhai Lianji Technology would provide intra group advisory services to Hebei branch offices of Haier Insurance Agency and other advisory services to other third party companies in Hebei province, Yunhai Lianji Technology experienced delay in the development of advisory services to other third party companies, primarily due to the impact of the COVID-19 pandemic, which had disrupted many businesses globally and caused us to re-evaluate the market conditions and the development plans of Yunhai Lianji Technology in light of the post-pandemic market situation. As a result, Yunhai Lianji Technology had only commenced a limited scope of business on the provision of advisory services to our branch offices in Hebei province during the Track Record Period. As at the Latest Practicable Date, Yunhai Lianji Technology's assets mainly included the capital contribution made by our Group and Hebei Zhongbao and did not have liabilities other than amount due to Haier Insurance Agency.

On 11 March 2022, our Company transferred our entire equity interest in Yunhai Lianji Technology to Zhongmiao Shujin. Upon completion of the aforesaid transfer, Yunhai Lianji Technology has become an indirect non-wholly owned subsidiary of our Company and was owned as to 51.00% by Zhongmiao Shujin and 49.00% by Hebei Zhongbao.

Establishment of Zhongmiao Shujin

Zhongmiao Shujin was established as a limited liability company in the PRC on 31 December 2021 with a registered capital of RMB10.0 million. Zhongmiao Shujin is primarily engaged in the investment holding and has been wholly owned by our Company since its establishment.

Conversion into a Joint Stock Company with Limited Liability

Pursuant to the shareholders' resolution and the promoters' agreement dated 6 March 2023, the then shareholders of our Company agreed to convert our Company into a joint stock company with limited liability with a registered capital of RMB105,895,600 (105,895,600 shares with a nominal value of RMB1.0 each).

Upon completion of the registration with the Qingdao Municipal Administration for Market Regulation (青島市市場監督管理局) on 14 March 2023, our Company was renamed as Zhongmiao Innovation Technology (Qingdao) Co., Ltd. (眾淼創新科技(青島)股份有限公司). The then shareholders and their respective equity interest in our Company remained unchanged immediately before and after the conversion of our Company into a joint stock company with limited liability.

[REDACTED] INVESTMENTS

Overview of the [REDACTED] Investments

Our Company obtained several rounds of investments from the [REDACTED] Investors through subscriptions for new registered capital of our Company between September 2019 and February 2021. For more details, please refer to the paragraph headed "Our Group Companies — Our Company — Series A Financing" and "— Series B Financing" in this section.

The principal terms and details of the [REDACTED] Investments are set out below:

	Series A Financing	**Series B Financing**	
Investors	**Qingdao Haizhongjie**	**Qingdao Haixinsheng**	**Qingdao Haichuangying**
Date of agreement (and supplemental agreement):	6 September 2019 (as supplemented by supplemental agreements dated 6 September 2019 and 17 March 2023)	20 May 2020 (as supplemented by supplemental agreements dated 20 May 2020 and 17 March 2023)	16 January 2021 (as supplemented by a supplemental agreement dated 17 March 2023)
Consideration:	RMB10.0 million	RMB5.0 million	RMB126.6 million
Date of full settlement of consideration:	18 January 2023 (Note 1)	23 December 2020	28 January 2021
Basis of determination of consideration:	The consideration was determined with reference to, among others, the agreed valuation based on the price-to-earnings ratio of our Company agreed between us and Qingdao Haizhongjie and the revenue of our Group recorded for the year ended 31 December 2018, the future prospects of our Company including the rapid business growth in 2018, and the proposed strategic benefits of motivating the employees and insurance agents by aligning their interest with our Company through equity.	The consideration was determined with reference to the valuation of our Group as at 30 April 2020 based on a valuation report prepared by an independent valuer, which was considered to be the more appropriate by the independent valuer in view of our Group's business nature and our future business prospects.	

	Series A Financing	Series B Financing	
Investors	**Qingdao Haizhongjie**	**Qingdao Haixinsheng**	**Qingdao Haichuangying**
Cost per Share:	Approximately RMB3.41 (equivalent to HK$3.76)	Approximately RMB8.80 (equivalent to HK$9.70)	Approximately RMB8.80 (equivalent to HK$9.70)
[REDACTED] to the mid-point of the indicative [REDACTED] range:	Approximately [REDACTED]% (Note 2)	Approximately [REDACTED]% (Note 2)	Approximately [REDACTED]% (Note 2)
Shareholding in our Company immediately after the [REDACTED] Investment but before the [REDACTED]:	Approximately 2.77%	Approximately 0.54%	Approximately 13.59%
Shareholding in our Company immediately after completion of the [REDACTED]:	Approximately [REDACTED]%	Approximately [REDACTED]%	Approximately [REDACTED]%

Notes:

1. Having considered that the investment by Qingdao Haizhongjie involved a large number of employees and insurance agents, more time was given to Qingdao Haizhongjie for collection of fund for the investment.

2. Consideration for Series A Financing was determined with reference to the then valuation based on, among others, the revenue of our Group recorded for the year ended 31 December 2018, whilst the consideration for Series B Financing was determined with reference to (i) the net profits of the Group, (ii) the business prospects of the Group and (iii) the then valuation of our Group as at 30 April 2020. In view of the substantial revenue growth in 2019 as compared with that in 2018, [REDACTED] to the mid-point of the indicative [REDACTED] range of Qingdao Haizhongjie under Series A Financing and Qingdao Haixinsheng and Qingdao Haichuangying under Series B Financing is [REDACTED]% and [REDACTED]%, respectively.

Strategic benefits to our Company:	At the time of the [REDACTED] Investments, our Directors were of the view that (i) our Company would benefit from the additional capital provided by the [REDACTED] Investors and their knowledge and experience; and (ii) the [REDACTED] Investments demonstrated the [REDACTED] Investors' confidence in the operation and development of our Group.
Lock-up:	All existing Shareholders (including the [REDACTED] Investors) shall not dispose of any of the Shares held by them within the 12 months following the [REDACTED] as required under the applicable PRC law.
Use of proceeds:	The proceeds are intended to be used to support the working capital needs of our Group. As at the Latest Practicable Date, the net proceeds received by us from the [REDACTED] Investments had not been fully utilised.
Public float:	All Shares held by the [REDACTED] Investors will not be counted towards the public float for the purpose of the Listing Rules, as (i) Qingdao Haichuang, which is wholly owned by Mr. Lu, our executive Director, is the general partner of each of Qingdao Haizhongjie and Qingdao Haixinsheng, and (ii) Qingdao Haichuangying is expected to be a substantial shareholder immediately after completion of the [REDACTED].

Each of the [REDACTED] Investors had been granted certain special rights relating to our Company by our Company and/or certain Shareholders, including but not limited to pre-emption rights and repurchase rights, all of which ceased to be effective on 17 March 2023 when we entered into supplemental agreements with each of the [REDACTED] Investors.

Information about the [REDACTED] Investors

Qingdao Haizhongjie

Qingdao Haizhongjie was established as a limited partnership in the PRC on 12 April 2017. As at the Latest Practicable Date, Qingdao Haizhongjie was owned as to 0.10% by Qingdao Haichuang as its general partner, as to 53.10% by Qingdao Yunmiaoyue Management Consulting Partnership (Limited Partnership) (青島雲淼岳管理諮詢合夥企業) ("**Qingdao Yunmiaoyue**") (owned as to 0.0021% by Qingdao Haichuang as its general partner and 99.9979% by 33 employees of our Group at the material time as its limited partners) and 46.80% by 29 individuals as its limited partners. These individual partners of Qingdao Haizhongjie and Qingdao Yunmiaoyue include our employees and insurance agents at the material time, and each of them ultimately owns less than 10% of the partnership interest of Qingdao Haizhongjie. Qingdao Haizhongjie decided to invest in our Group as Qingdao Haizhongjie was optimistic in our growth potential and future business prospects. Our Directors believe that the investment from Qingdao Haizhongjie has contributed greater motivation for the employees and insurance agents by aligning their interest with us through equity and the materialisation of such benefits can be proved by the stable relationship maintained by our Group with these employees and insurance agents. In addition, our Company would benefit from the additional capital from their investment and it could also help to promote our Group's long-term sustainable development by better aligning selected individuals' interests with our interest. Details on Qingdao Haizhongjie, its partners and the capital contributions attributable to the partners as at the Latest Practicable Date are set out below:

Partners of Qingdao Haizhongjie	**Role**	**Capital contributions subscribed for** *(RMB '000)*	**% of interest**
Qingdao Haichuang[(1)]	General partner	10.0	0.10
Qingdao Yunmiaoyue[(2)]	Limited Partner	5,310.0	53.10
Other 23 employees[(3)]	Limited partner	2,950.0	29.50
Fei Hongxia (費紅霞)[(4)]	Limited partner	900.0	9.00
Yuan Hailian (袁海蓮)[(5)]	Limited partner	200.0	2.00
Zhao Cuihong (趙翠紅)[(5)]	Limited partner	200.0	2.00
Liu Tonggang (劉銅鋼)[(5)]	Limited partner	200.0	2.00
Yang Baowei (楊寶偉)[(5)]	Limited partner	150.0	1.50
Wang Yanqiu (王艷秋)[(5)]	Limited partner	80.0	0.80
Total		10,000.0	100.00

Notes:

1. Qingdao Haichuang is a company established as a limited liability company in the PRC on 13 October 2017 and is wholly owned by Mr. Lu as at the Latest Practicable Date.

2. Qingdao Yunmiaoyue is a limited partnership established in the PRC on 20 April 2023 and is owned by Qingdao Haichuang as to 0.0021% as its general partner. As at Latest Practicable Date, the limited partners of Qingdao Yunmiaoyue are 33 individuals, among which 11.30%, 9.42%, 7.34% and 5.64% of the partnership interest were held by Gao Hui (高暉), Zhang Yanxin (張艷新), Wang Heping (王合平) and Zhang Chunjian (張春劍), respectively, and other 29 individuals including employees and insurance agents at the material time, each of whom owns not more than 5% of the partnership interest of Qingdao Yunmiaoyue, including Zhu Rongwei holding 1.88% of the partnership interest.

3. Each of these individuals are our employees at the material time who owns not more than 5% of the partnership interest of Qingdao Haizhongjie.

4. Fei Hongxia (費紅霞) is our employee.

5. Yuan Hailian (袁海蓮), Zhao Cuihong (趙翠紅), Liu Tonggang (劉銅鋼), Yang Baowei (楊寶偉) and Wang Yanqiu (王艷秋) owns 28.00%, 15.00%, 12.00%, 15.00% and 6.00% equity interest in Hebei Zhongbao, respectively, which in turn owns 49% equity interest in Yunhai Lianji Technology, all of who are employees of our Group.

Qingdao Haixinsheng

Qingdao Haixinsheng was established as a limited partnership in the PRC on 16 April 2020 and was owned as to 99.80% by Yang Yimin (楊宜民) ("**Mr. Yang**") as its limited partner and 0.20% by Qingdao Haichuang as its general partner as at the Latest Practicable Date. Mr. Yang decided to invest in our Group as he is optimistic in our growth potential and future business prospects. Our Directors believe that Mr. Yang's over 15 years of experience in the insurance adjustment industry can provide us with valuable experience and insights and may assist our Group in expanding our reach to larger population of insurance clients. To the best knowledge and belief of our Directors and having made all reasonable enquiries, Mr. Yang is an Independent Third Party.

Qingdao Haichuangying

Qingdao Haichuangying was established by employees of Haier Group at the material time as a limited partnership in the PRC on 3 December 2020 and is principally engaged in investment in equity investment. Qingdao Haichuangying decided to invest in our Group as Qingdao Haichuangying was optimistic in our growth potential and future business prospects. Our Directors believe that the investment amount made by Qingdao Haichuangying allows our Group to carry out selective investments and acquisitions in insurance intermediary and finance technology industry to further accelerate the development of our Group's business and strengthen our competitiveness. Due to the outbreak of COVID-19, such benefit has not been materialised and is expected to be materialised after [REDACTED].

The table below sets forth the shareholding of Qingdao Haichuangying as at the Latest Practicable Date:

Shareholders of Qingdao Haichuangying	Role	% of interest
Qingdao Haizhi Huiying Equity Investment Management Co., Ltd. (青島海智匯贏股權投資管理有限公司) ("**Qingdao Haizhi Huiying**")(1)	General Partner	0.50
Qingdao Haichuangying No. 4 Management Consulting Enterprise (Limited Partnership) (青島海創贏肆管理諮詢企業(有限合夥)) ("**Haichuangying No. 4**")(2)	Limited Partner	29.61
Qingdao Haichuangying No. 1 Management Consulting Enterprise (Limited Partnership) (青島海創贏壹管理諮詢企業(有限合夥)) ("**Haichuangying No. 1**")(2)	Limited Partner	27.64
Qingdao Haichuangying No. 2 Management Consulting Enterprise (Limited Partnership) (青島海創贏貳管理諮詢企業(有限合夥)) ("**Haichuangying No. 2**")(2)	Limited Partner	21.32
Qingdao Haichuangying No. 5 Management Consulting Enterprise (Limited Partnership) (青島海創贏伍管理諮詢企業(有限合夥)) ("**Haichuangying No. 5**")(2)	Limited Partner	13.03
Qingdao Haichuangying No. 3 Management Consulting Enterprise (Limited Partnership) (青島海創贏叁管理諮詢企業(有限合夥)) ("**Haichuangying No. 3**")(2)	Limited Partner	7.90
Total		100.00

Notes:

1. Qingdao Haizhi Huiying is a limited liability company established in the PRC on 18 July 2017 and is owned by Zhang Ruimin (張瑞敏), who is one of the founders of Haier Group, as to 51.10% and owned by each of three individuals as to 16.30%, all of which are employees of Haier Group.

2. Each of Haichuangying No. 1, Haichuangying No. 2, Haichuangying No. 3, Haichuangying No. 4 and Haichuangying No. 5 is limited partnership established in the PRC in 2020 with Qingdao Haichuangying Management Consulting Co., Ltd. (青島海創贏管理諮詢有限公司) as the general partner, which is in turn controlled by Zhang Ruimin (張瑞敏) as at the Latest Practicable Date.

Our Directors were also of the view that our Company could benefit from the [REDACTED] Investors' commitment to our Company as their investment demonstrates their confidence and endorsement of the performance, management and prospects of our Group.

Compliance with [REDACTED] Investment Guidance

Based on (i) the documents provided by our Company relating to the [REDACTED] Investments; (ii) the consideration for the [REDACTED] Investments has been settled more than 28 clear days before the date of our commission of the [REDACTED] to the Stock Exchange; and (iii) all the special rights granted to the [REDACTED] Investors have been terminated with immediate effect, the Joint Sponsors confirm that the [REDACTED] Investments are in compliance with Chapter 4.2 of the Guide for New Listing Applicants.

COMPLIANCE WITH PRC LAWS AND REGULATIONS

All the abovementioned capital increases and equity transfers of our Company and our subsidiaries are effective, legally completed, duly settled and in compliance with the PRC laws and regulations, and all permits, authorisations, approvals and consents necessary for the above transactions have been obtained from the relevant PRC governmental authorities.

PUBLIC FLOAT

So far as our Directors are aware, immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised), the Shares held by our core connected persons will not be counted towards the public float for the purpose of Rule 8.08 of the Listing Rules after the [REDACTED]. Details of these core connected persons are set out below:

- Qingdao Haiyinghui and Qingdao Haichuanghui, being our Controlling Shareholders, are core connected persons of our Company, holding approximately [REDACTED]% and [REDACTED]% of the total issued share capital of our Company;

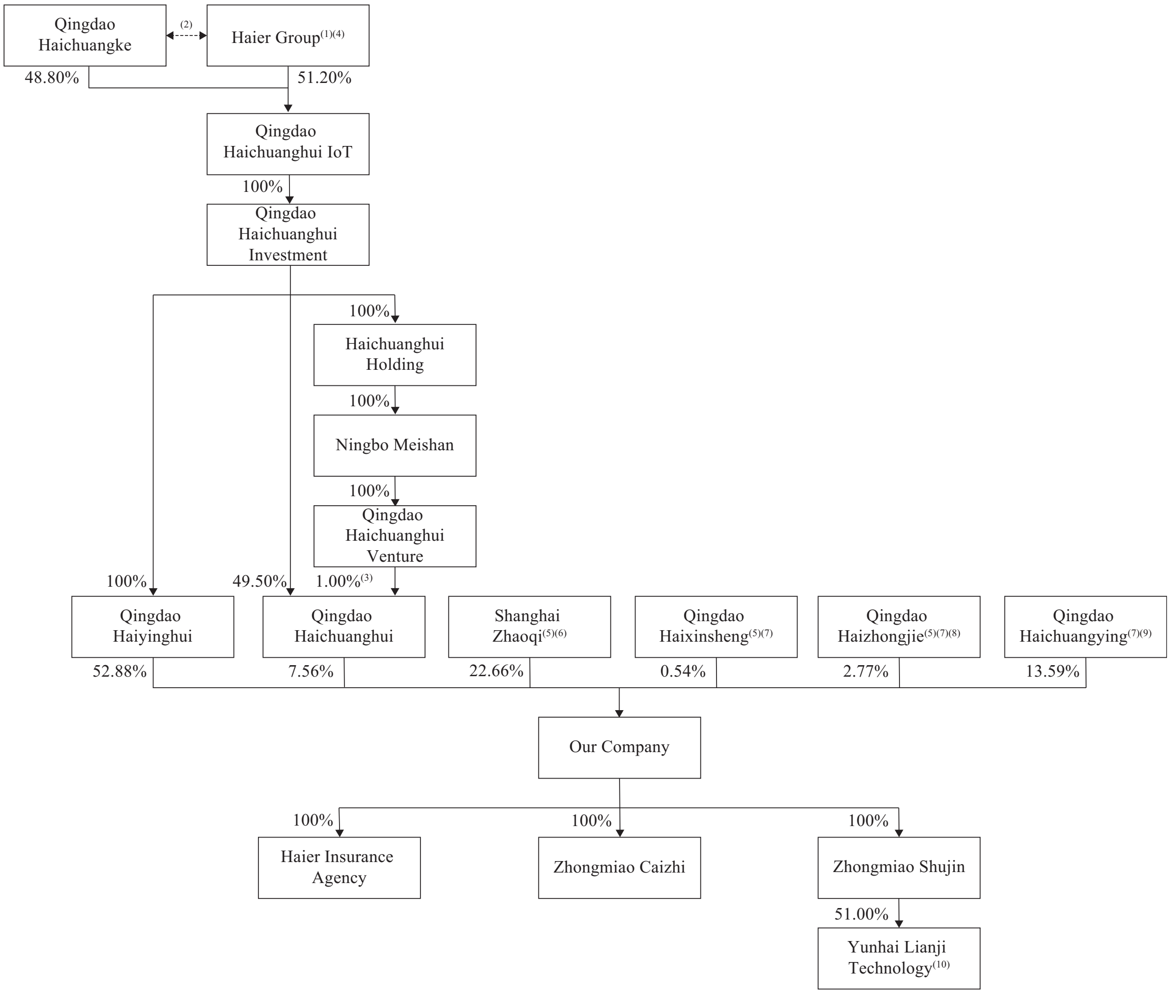
- Shanghai Zhaoqi and Qingdao Haichuangying, being our substantial shareholders, are core connected persons of our Company, holding approximately [REDACTED]% and [REDACTED]% of the total issued share capital of our Company; and

- Qingdao Haizhongjie and Qingdao Haixinsheng, being the close associates of Mr. Lu, our executive Director, by virtue of Qingdao Haichuang, which is wholly owned by Mr. Lu, being the general partner of each of Qingdao Haizhongjie and Qingdao Haixinsheng. Qingdao Haizhongjie and Qingdao Haixinsheng are core connected persons of our Company, holding approximately [REDACTED]% and [REDACTED]% of the total issued share capital of our Company.

CORPORATE STRUCTURE

Corporate Structure as at the Latest Practicable Date

The following chart sets forth our corporate structure as at the Latest Practicable Date:



Notes:

1. According to the articles of association of Haier Group, the nature of Haier Group is an urban collectively-owned enterprise. In accordance with the articles of association of Haier Group and the Regulation of the People's Republic of China on Urban Collectively-Owned Enterprises (2016 Revision) (《中華人民共和國城鎮集體所有制企業條例(2016修訂)》), Haier Group is a socialist economic organisation, of which the property is collectively owned by the working masses, subject to joint work, with distribution according to work as the principal distribution method. In light of its enterprise nature, Haier Group has no shareholder.

2. On 18 December 2023 (i.e. date of incorporation of Qingdao Haichuanghui IoT), Haier Group and Qingdao Haichuangke Management Consulting Enterprise (Limited Partnership) (青島海創客管理諮詢企業(有限合夥)) ("**Qingdao Haichuangke**") entered into a voting rights entrustment agreement whereby the entire voting rights of Qingdao Haichuanghui IoT has been entrusted to Haier Group. As at the Latest Practicable Date, Haier Group holds 51.20% of the equity interest of Qingdao Haichuanghui IoT, and is also entitled to exercise the remaining 48.80% voting rights in Qingdao Haichuanghui IoT through an irrevocable voting rights entrustment arrangement. As at the Latest Practicable Date, Qingdao Haichuanghui IoT holds 100% of Qingdao Haichuanghui Investment and in turn holds 100% of Qingdao Haiyinghui.

3. As at the Latest Practicable Date, Qingdao Haichuanghui is owned as to 1.00% by Qingdao Haichuanghui Venture as the general partner and 49.5% by Qingdao Haichuanghui Investment as a limited partner. Therefore, as at the Latest Practicable Date, Qingdao Haichuanghui Investment in aggregate holds 50.50% of equity interests of Qingdao Haichuanghui.

4. As at the Latest Practicable Date, Haier Group was entitled to exercise the voting rights attached to approximately 60.44% of the total issued share capital of our Company through Qingdao Haichuanghui IoT, Qingdao Haichuanghui Investment, Haichuanghui Holding, Ningbo Meishan, Qingdao Haichuanghui Venture, Qingdao Haiyinghui and Qingdao Haichuanghui.

5. As at the Latest Practicable Date, Shanghai Zhaoqi, Qingdao Haizhongjie and Qingdao Haixinsheng were owned as to 0.20%, 0.10% and 0.20% by Qingdao Haichuang, respectively, being their general partner. Qingdao Haichuang is a company established as a limited liability company in the PRC on 13 October 2017 and is wholly owned by Mr. Lu as at the Latest Practicable Date.

6. Shanghai Zhaoqi is a limited partnership which is ultimately owned by our employees and with its general partner being Qingdao Haichuang, a limited liability company wholly owned by Mr. Lu. For the purpose of handling the administrative works of Shanghai Zhaoqi, the equity interest of Shanghai Zhaoqi was held on trust by Mr. Lu on behalf of other employees of our Group. Such trust arrangement was terminated in April 2023.

7. Qingdao Haichuangying, Qingdao Haizhongjie and Qingdao Haixinsheng are our [REDACTED] Investors. For more details, please refer to the paragraph headed "[REDACTED] Investments" in this section.

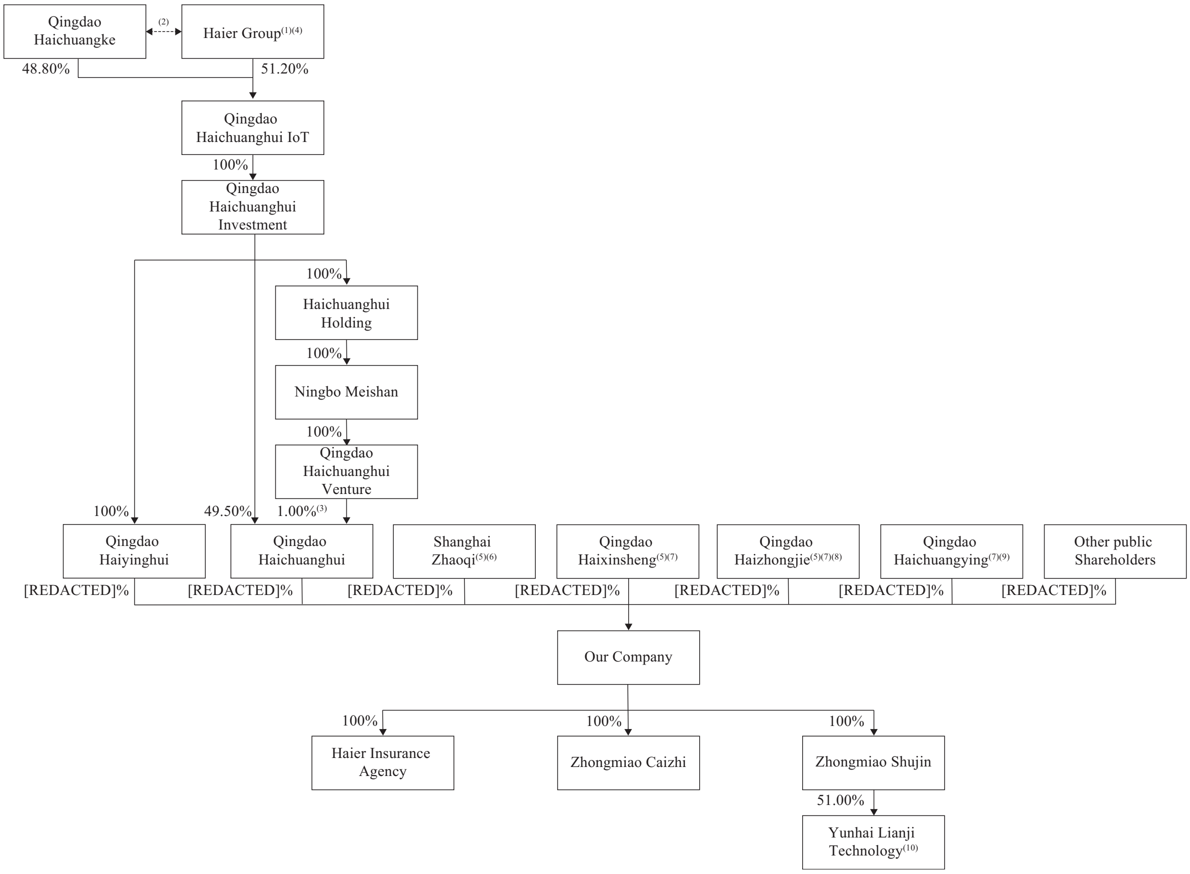
8. Qingdao Haizhongjie was established as a limited partnership which is ultimately owned by our employees and insurance agents, with its general partner being Qingdao Haichuang, a limited liability company wholly owned by Mr. Lu. For the purpose of handling the administrative works of Qingdao Haizhongjie, the equity interest of Qingdao Haizhongjie was held on trust by Mr. Lu on behalf of other employees and insurance agents. Such trust arrangement was terminated in April 2023.

9. Qingdao Haizhi Huiying is the general partner of Qingdao Haichuangying and owns 0.50% equity interest in Qingdao Haichuangying as at the Latest Practicable Date.

10. Yunhai Lianji Technology is owned as to 51.00% by Zhongmiao Shujin and 49.00% by Hebei Zhongbao, which is a limited partnership wholly owned by our employees. For more details, please refer to the paragraph headed "Our Corporate History and Development — Establishment of Yunhai Lianji Technology" in this section.

Corporate Structure Immediately Following the [REDACTED]

The following chart sets forth our corporate structure immediately after completion of the [REDACTED], assuming the [REDACTED] is not exercised:



Note: For more details, please refer to the notes under the paragraph headed "Corporate Structure — Corporate Structure as at the Latest Practicable Date" in this section.

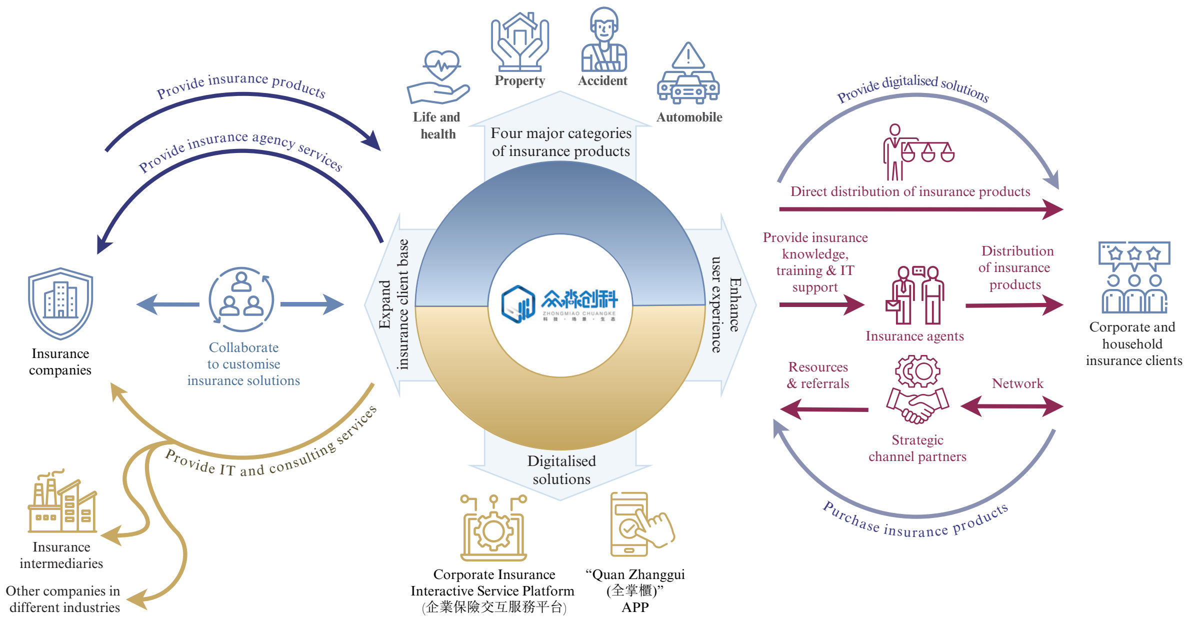
OUR MISSION

Our mission is to continuously enhance our digital capabilities, thereby facilitating the rapid growth of our insurance and related business.

OVERVIEW

We are a fast growing insurance agency service and solution provider in the PRC, dedicated to distributing a wide range of insurance products covering (i) property insurance products, (ii) life and health insurance products, (iii) accident insurance products and (iv) automobile insurance products, to both corporate and household insurance clients. In 2022, according to Frost & Sullivan, we ranked eighth among all insurance agencies in China in terms of net profit reported based on the latest China Insurance Yearbook published by the National Financial Regulatory Administration. According to Frost & Sullivan, the China's insurance intermediary industry has experienced constant growth and will maintain a steady growth trend, and the scale of underwriting premium in the industry is expected to grow at a CAGR of 12.8% between 2024 and 2028, reaching RMB1,505.5 billion in 2028. Our total revenue increased from RMB120.0 million for FY2021 to RMB174.0 million for FY2023, representing a CAGR of 20.4%.

We have an established ecosystem where we collaborate and cooperate with different industry participants including insurance company partners, insurance agents and strategic channel partners to promote and distribute insurance products from our insurance company partners to corporate and household insurance clients. Leveraging our sales channels and online platforms, we promote and distribute insurance products underwritten by insurance companies to insurance clients and receive commission from insurance companies for successful purchase of their insurance products by our insurance clients. Our services cover major stages of insurance business including assistance on risk assessment and product selection, confirmation of insurance policy, premium payment, policy administration and insurance claims. Our sales channels comprise (i) sales through insurance agents (whom we engage to promote and distribute insurance products to mainly our household insurance clients, in return for commissions we paid for successful purchase of insurance products by insurance clients), (ii) referral from strategic channel partners (through whom a large population of corporate and household insurance clients are referred, in return for referral fees we paid for successful purchase of insurance products by insurance clients) and (iii) direct sales. Under our established ecosystem, at the upstream end, we provide insurance agency services to our insurance company partners, expand their insurance client base and collaborate with them to customise insurance solutions, whilst at the downstream end, we distribute insurance products to our corporate and household insurance clients and enhance their user experience with our online platforms. We provide insurance knowledge, training and IT support to our insurance agents, to facilitate their distribution of insurance products to our insurance clients with our online platforms. We also provide IT services and consulting services as an extension of our insurance agency business, to various participants in our ecosystem, including insurance companies, insurance intermediaries and other companies from different industries. During the Track Record Period, our ecosystem had connected with: (i) over 60 insurance companies as our customers, covering the top three insurance groups in the PRC in terms of market capitalisation; (ii) insurance agents across Shandong, Hebei, Henan and Jilin provinces; (iii) 17 strategic channel partners, and (iv) we had distributed insurance products to over 17,400 corporate insurance clients and 336,000 household insurance clients through our ecosystem. The diagram below illustrates our business model and our ecosystem:



Since our establishment in 2017, we have been targeting the trend of digital transformation of the insurance intermediary industry and developed our online platforms, including our "Corporate Insurance Interactive Service Platform (企業保險交互服務平台)", our "Quan Zhanggui (全掌櫃)" APP, our WeChat official account and WeChat mini programme "Quan Zhanggui Claim Centre (全掌櫃理賠中心)", to enhance user experience of our insurance clients and provide comprehensive service support to our insurance agents. Our "Quan Zhanggui (全掌櫃)" APP can provide personalised insurance product solutions by utilising our proprietary data analytics engine to make insurance products recommendation, provide real-time insurance premium quotations, and assist our household insurance clients to manage their insurance products covering the entire life cycle from product selection and application process, confirmation of insurance policy, ongoing management, policy renewals, premium payment and claim settlement. Further, our APP provides managerial supports to our insurance agents, which empower them to manage their team status as well as performance digitally and on a real-time basis. On the other hand, our Corporate Insurance Interactive Service Platform (企業保險交互服務平台), serving mainly our corporate insurance clients, covers the essential stages of insurance transactions and provides a variety of standardised insurance products that we designed with multiple insurance company partners which are commonly purchased by corporate insurance clients in the PRC, including policy interpretation, product purchase and policy management, whilst our WeChat mini programme "Quan Zhanggui Claim Centre (全掌櫃理賠中心)" provides a digitalised tool for household and corporate insurance clients to submit their insurance claims online. These online tools have improved our insurance clients' experience in purchasing insurance products and thus their stickiness to our online platforms. As at 31 December 2023, our online platforms had over 236,000 registered users, among which, more than 106,000 insurance clients had utilised "Palm Insurance Policy" (掌上保單) function on our APP and we maintained more than 266,000 insurance policies that either purchased from us and/or other third parties. For FY2021, FY2022 and FY2023, revenue contributable to our insurance agency business amounted to RMB116.1 million, RMB130.7 million and RMB155.7 million, respectively.

As an insurance agency company with digital capabilities and utilisation of online platforms, insurance-related systems and IT technology to enhance our insurance agency services, we extended and developed our IT services by leveraging on our IT technology and knowhow accumulated over years in view of the inherent commonality between the digitalised solutions we developed for our insurance agency business and that demanded by our customers. We offer IT services to various participants in our ecosystem, including companies in insurance industry and companies from different industries, by designing and developing digitalised solutions based on their needs. For FY2021, FY2022 and FY2023, revenue contributable to our IT services amounted to RMB1.3 million, RMB15.0 million and RMB15.8 million, respectively.

In view of the insurance clients base we gained from our insurance agency business, the derived cross-selling opportunities drove us to provide consulting services including HR consulting services and marketing and promotion services, which have gradually become one of our business segments. In particular, we provide advice to our customers on human resource management and recruitment strategies, and provide recruitment services directly to locate, attract and identify suitable talents for our customers. Based on our marketing and promotion capabilities accumulated in the insurance agency business and the insurance client base we have access to, we also provide marketing and promotion services to our customers, including the design of promotional materials and advertisements, etc. For FY2021, FY2022 and FY2023, revenue contributable to our consulting services amounted to RMB2.7 million, RMB2.7 million and RMB2.5 million, respectively.

The following table sets out the breakdown of our Group's total revenue by business segments for the years indicated:

	For the year ended 31 December					
	2021		**2022**		**2023**	
	RMB'000	*% of revenue*	*RMB'000*	*% of revenue*	*RMB'000*	*% of revenue*
Insurance agency business	116,056	96.7	130,721	88.1	155,748	89.5
IT services	1,264	1.1	14,953	10.1	15,782	9.1
Consulting services*(Note)*	2,654	2.2	2,724	1.8	2,481	1.4
Total	119,974	100.0	148,398	100.0	174,011	100.0

Note: Consulting services mainly include HR consulting services (amounting to RMB1.4 million, RMB2.4 million and RMB1.8 million, representing 1.2%, 1.6% and 1.0% of our total revenue during the years ended 31 December 2021, 2022 and 2023, respectively) and marketing and promotion services (amounting to RMB1.3 million, RMB0.3 million and RMB0.7 million, representing 1.0%, 0.2% and 0.4% of our total revenue during the years ended 31 December 2021, 2022 and 2023, respectively).

OUR STRENGTHS

We believe the following strengths contribute to our success:

Fast growing insurance agency service and solution provider

We are a fast growing insurance agency service and solution provider and we recorded rapid growth in our insurance agency business during the Track Record Period. In particular, the GWP that we facilitated increased from RMB666.4 million in 2021 to RMB1,018.4 million in 2022, and further to RMB1,259.1 million in 2023, with a CAGR of 37.5%. Our total revenue increased from RMB120.0 million in 2021 to RMB148.4 million in 2022, and further to RMB174.0 in 2023, with a CAGR of 20.4%, whilst we recorded an increase of net profit from RMB27.0 million in 2021 to RMB36.3 million in 2022, and further to RMB39.0 million in 2023, at a CAGR of 20.2%. In particular, our premium persistency ratio of life and health insurance products was over 96% for FY2023. In 2022, according to Frost & Sullivan, we ranked eighth among all insurance agencies in China in terms of net profit reported based on the latest China Insurance Yearbook published by the National Financial Regulatory Administration.

According to Frost & Sullivan, the Chinese insurance intermediary industry is still in its nascent stage of development compared with other developed countries. Coupled with the continuously rising income level and aging population which improves insurance awareness, the insurance intermediary industry in China has experienced constant growth and is expected to maintain a steady growth trend, with the scale of underwriting premium in the industry expected to grow at a CAGR of 12.8% between 2024 and 2028, reaching RMB1,505.5 billion in 2028. We believe we are well-positioned to seize substantial market opportunities in this fast growing industry leveraging on our established ecosystem with a stable relationship with our insurance company partners and strategic cooperation with insurance agents and strategic channel partners, market-proven digital capabilities, wide range of insurance products offering to both corporate and household insurance clients and experienced management team.

Established ecosystem creating mutual benefits

We have an established ecosystem based on the concept of "Collaboration and Creating Mutual Benefits". Leveraging our professional knowledge and market-proven digital capabilities, we have connected a large number of insurance companies, insurance agents, strategic channel partners and insurance clients. With stable cooperative relationships with over 60 insurance companies, we can provide corporate and household insurance clients with a wide range of insurance product portfolio and customised insurance solutions. Through cooperation with insurance agents and strategic channel partners and their sales network, we can reach a larger base of insurance clients at a relatively lower cost, allowing insurance clients to purchase a variety of insurance products at relatively better terms with better user experience.

With the broadening of our insurance client base and established trust and relationship, we expect an increasing number of insurance companies, insurance agents and strategic channel partners will join our ecosystem to enjoy mutual benefits created therein and all participants will be able to enjoy their respective values and benefits created by our ecosystem (including insurance premiums obtained by insurance companies, diversified insurance products available to insurance clients, commissions and referral fees earned by insurance agents and strategic channel partners, respectively), leading to a more robust ecosystem.

Market-proven digital capabilities

Our mission is to continuously enhance our digital capabilities, thereby facilitating the rapid growth of our insurance and related business.

Since our establishment in 2017, we have been targeting the trend of digital transformation of the insurance intermediary industry and developed, leveraging on our experience in the insurance industry and our digital capabilities, our online platforms, including our "Corporate Insurance Interactive Service Platform (企業保險交互服務平台)", our "Quan Zhanggui (全掌櫃)" APP, our WeChat official account and WeChat mini programme "Quan Zhanggui Claim Centre (全掌櫃理賠中心)", to enhance user experience of our insurance clients and provide comprehensive service support our insurance agents.

With our "Quan Zhanggui (全掌櫃)" APP, it can provide personalised insurance product solutions with utilisation of an data analytics engine for insurance products recommendation, provide real-time insurance premium quotations with product comparison function side-by-side, and assist our household insurance clients to manage their insurance products covering the entire life cycle from product selection and application process, confirmation of insurance policy, ongoing management, policy renewals, premium payment and claim settlement. Further, our APP provides managerial supports to our insurance agents, which empower them to manage their team status as well as performance digitally and on a real-time basis. Furthermore, our insurance agents can also benefit from the online training programmes to keep abreast of the industry trends and best practices and the "Online Signing" function on our APP to sign their agency contract with our Group electronically. Through our WeChat official account, users can access the same interface of and enjoy the same functions as our "Quan Zhanggui (全掌櫃)" APP.

On the other hand, our Corporate Insurance Interactive Service Platform (企業保險交互服務平台), serving mainly our corporate insurance clients, covers the essential stages of insurance transactions, including policy interpretation, product purchase and policy management. Our platform offers a variety of standardised insurance products that we designed with multiple insurance company partners which are commonly required by the corporate insurance clients in the PRC, particularly the employer's liability and accident insurance products. Corporate insurance clients can select insurance companies and insurance proposal on the platform, fill in the relevant information and purchase the insurance policy online, and they can submit their requests and basic information through our platform should they require tailor-made insurance products according to their corporate profiles and business scenarios. In view of the relatively low insurance premium amount of the individual corporate insurance clients and therefore weak bargaining power and the high communication cost involved, our Directors believe our platform is able to provide better insurance purchase experience with the aforesaid features. Further, our mini programme "Quan Zhanggui Claim Centre (全掌櫃理賠中心)" WeChat provides a digitalised tool for household and corporate insurance clients to submit their insurance claims online.

Our digitalised online tools have improved our insurance clients' experience in purchasing insurance products and thus their stickiness to our online platforms. As at 31 December 2023, our online platforms had over 236,000 registered users (including both insurance agents and insurance client), among which, more than 106,000 insurance clients had utilised "Palm Insurance Policy" (掌上保單) function on our APP and we maintained more than 266,000 insurance policies that either purchased from us and/or other third parties. Since we introduced our online platforms and up to 31 December 2023, our online platforms had processed or submitted more than 35,000 insurance claims and had successfully sent more than 134,000 notifications to household insurance clients to renew their insurance policies.

In addition to the above, our Company has demonstrated outstanding digital management capabilities with its advanced digital operation platform. The platform integrates personnel management, business management, and financial management, not only achieving full process digitalisation of enterprise operations, but also refining management to various branches and business lines. Through the platform, we can real-time monitor personnel dynamics, optimise resource allocation, and ensure efficient team collaboration. Meanwhile, the digitisation of business management enables more systematic and refined presentation of performance across various business lines, improving work efficiency and management quality. In terms of financial management, the platform provides precise data support to help us achieve precise financial analysis and decision-making. This digital operation platform not only improves the overall operational efficiency of our Company, but also lays a solid foundation for our long-term development.

Our reputation as an innovative insurance agency service and solution provider is market-proven, as evidenced by our invitation from the Insurance Association of Qingdao (青島市保險行業協會) to demonstrate our insurance business related digitalised solutions in 2022, the accreditation as "High-tech Enterprise" (高新技術企業) in 2019 and "Shandong Province Gazelle Enterprise" (山東省瞪羚企業) in 2021, the recognition by Shandong Bigdata Association (山東省大數據協會) of our developed IT system (i.e. Automatic Identification Platform for Car Insurance Policies (車險保單自動識別平台)) for its leading position in China in May 2023 and the selection by Shandong Provincial Department of Industry and Information Technology (山東省工業和信息化廳) of the same system (i.e. Automatic Identification Platform for Car Insurance Policies (車險保單自動識別平台)) as one of the high-end software products under The 7th Batch of Shandong Province's First Version of High-End Software Product List (第七批山東省首版次高端軟件產品名單公示) in November 2023, and experience in developing online platforms have enabled us to provide insurance company partners and insurance intermediaries with insurance business related digitalised solutions.

As an insurance agency company with digital capabilities and utilisation of online platforms, insurance-related systems and IT technology to enhance our insurance agency services, we further extended and developed our IT services business by leveraging on our IT technology and knowhow accumulated over years in view of the inherent commonality between the digitalised solutions we developed for our insurance agency business and that demanded by our customers. As such, we offer IT services to insurance-related companies initially and subsequently to companies from different industries, by designing and developing digitalised solutions based on their needs. Our IT services offering includes insurance related systems such as insurance claims system and insurance intermediary core business system and AI service system providing certificate recognition and document processing services.

Wide range of insurance products offered to both our corporate and household insurance clients

Our insurance agency services strategically target both corporate and household insurance client markets, as contrasted with most of the insurance intermediary companies in the PRC which mainly focus on household insurance clients. During the Track Record Period, our insurance products were distributed to over 17,400 corporate insurance clients and 336,000 household insurance clients, contributing approximately 35.7%, 38.4% and 41.3% (in respect of corporate insurance clients) and 64.3%, 61.6% and 58.7% (in respect of household insurance clients) of the revenue generated from our insurance agency business respectively. Such strategy allows us to strengthen our insurance client base and diversify our business by broadening our income stream. In particular, we expect to (i) seize the growing market opportunities from corporate insurance clients, the demand of which is rapidly growing according to Frost & Sullivan as the risk management awareness of corporations has been increasing, (ii) derive a steady income stream attributable to household insurance clients in relation to life and health insurance products purchased by them in the future, and (iii) reduce the risk of our performance volatility in the event of business downturn of either segment.

Further, we are able to build and maintain a rich insurance product portfolio offered to insurance clients. During the Track Record Period, our insurance products covered four major categories including property, life and health, accident and automobile insurance products, covering mainstream insurance products in the market according to Frost & Sullivan. Besides standardised insurance products, we collaborate with our insurance company partners to customise insurance solutions that meet insurance clients' specific needs and budget when needed. For example, during the Track Record Period, we had introduced scenario-based insurance solutions covering nearly 70 scenarios designed based on the needs of our corporate insurance clients taken into account the category of insurance that is relevant to the risk exposure faced by corporates, the legal or regulatory requirements that mandates minimum coverage limits and their budgets.

Our Directors consider it critical for us to have access to a wide range of insurance products in order to provide better options to our insurance clients and maintain our competitiveness and growth in the market.

We have an experienced management team

We have an experienced management team with a diversified background in different industries including business management, insurance, IT and accounting. Mr. Lu, our Chairman, executive Director and general manager, has over 15 years of experience in corporate and business management and human resources and over five years of experience in the insurance intermediary industry. Mr. Zhang, our executive Director and deputy general manager, has over 20 years of experience in the insurance industry and has rich practical experience in scalable insurance companies. Mr. Wang, our executive Director and chief technology officer, has over 15 years of experience in software research and development. Ms. Li, our executive Director and chief financial officer, has over 10 years of experience in accounting. Led by Mr. Lu, our management team has facilitated our Company to seize the opportunities arising from the development of a digitally-enabled insurance intermediary industry and achieve rapid growth in our insurance agency business, by continuously improving our digital capabilities.

OUR STRATEGIES

We intend to strengthen and expand our business by implementing the following strategies:

Expand our insurance client coverage, strengthen our relationship with insurance company partners and enhance training support to our insurance agents

The China's insurance intermediary industry has experienced constant growth. According to Frost & Sullivan, the China's insurance intermediary industry will maintain a steady growth trend, and the scale of underwriting premium in the industry is expected to grow at a CAGR of 12.8% between 2024 and 2028, reaching RMB1,505.5 billion in 2028. To capitalise on the anticipated growth in China, we strive to expand our geographical coverage by setting up 30 to 36 branch offices in locations such as Hebei, Henan, Anhui, Hubei, Shanghai and Beijing and engage, among others, additional quality insurance agents to expand our insurance client coverage in these locations.

In accordance with relevant laws and regulations, our offline sales activities are limited to the geographical locations of our branches as filed with the NFRA. In particular, we are first required to set up a provincial-level branch in the relevant province before setting up branches in cities under such province. In formulating our geographical expansion strategy, we adopt a holistic approach in assessing the market demand of the target locations, taking into account various factors, including population size, GDP, purchasing power of the population, insurance market size, and market dynamics of the target locations.

We consider having multiple local branch offices allows us to expand our insurance client base, establish stronger relationships with insurance company partners, provide localised services, tailored to the specific needs and preference of insurance clients in each location and enhance our visibility and recognition as an insurance agency company, thereby increasing our market presence and credibility. As we generally enter into contracts with our insurance company partners primarily in Shandong during the Track Record Period, our Directors believe that the aforesaid geographical expansion would strengthen our relationship with insurance company partners in the expanded regions.

We believe that the rapid growth of our insurance agency business in Shandong province serves as a strong foundation for our business expansion in other locations in the PRC. Since our establishment, we have accumulated industry knowhow, deep understanding of the insurance clients' markets and market-proven digital capabilities, all of which can be leveraged to penetrate into other locations in the PRC as we are expected to replicate our successful business model and adapt it to suit the specific needs and preferences of each location. Moreover, our Directors believe that some of our insurance company partners and strategic channel partners which have business presence in other locations are interested in exploring business opportunities with our Group. While we generated most of our revenue from Shandong province during the Track Record Period, the expansion into these regions is well supported by the expected continuous growth of the overall insurance market in China, the regional market demand as identified, and our aforesaid ability to seize the business opportunity to capture market share in those provinces and cities.

In addition, in view of our anticipated geographical expansion and our aim to maintain good quality of our services, we intend to provide systematic trainings to our insurance agents by establishing training centre(s) and organising regular trainings for our insurance agents. In particular, we plan to systematically organise training on a regular basis and prepare the relevant training materials on topics, such as insurance product knowledge, insurance claims knowledge and processing, techniques in effective communication, marketing and promotion and our business process and after-sales and claims processing procedures. Such training centre(s) is expected to differentiate from and supplement the online training provided via our APP, particularly on specific skills as sales and communication, which are harder to train via non face-to-face channel and are crucial for insurance agents to effectively engage with insurance clients, understand their needs and convey the value of insurance products distributed by us. Our Directors believe that by training centre(s), we can provide comprehensive and interactive training programs for our insurance agents.

Continue to strengthen our digital capabilities and further develop our IT services offerings

According to Frost & Sullivan, in view of the potential enhancement and transformation technological capabilities brought to insurance intermediary companies, it is a market trend for insurance intermediaries to increasingly leverage technologies to facilitate transactions between insurance companies and insurance clients. Technological capabilities is considered a key successful factor for insurance agency services providers as more and more insurance clients tend to seek higher quality services, which necessitates the use of advanced technologies and intelligent service systems. Advanced technological infrastructure can enhance service delivery, risk assessment, and client engagement, which in turn enables insurance agency service providers to streamline operations, offer superior client services, and quickly adapt to market and regulatory changes, securing a competitive edge in a rapidly evolving marketplace.

In light of the aforesaid market trend and building upon on our market-proven digital capabilities, we will continue to invest in upgrading the core business system as a fully functional business system which supports centralised operations, upgrading our Corporate Insurance Interactive Service Platform (企業保險交互服務平台) by strengthening the AI functions, and upgrading the insurance claims system, the AI service system, intelligent contract management system, insurance policy management system, the online training system and insurance marketing and sales system gradually, and further introduce AI-based tools covering the main stages of the insurance life cycle to increase user efficiency and improve the intelligence level of our online platforms. For example, we plan to introduce AI-based customer support tools which empower us to accurately identify suitable insurance products based on the requirements of our insurance clients and upgrade the user interface of our APP and website to further improve the overall user experience.

In addition, we intend to develop more new IT service products, some of which leverage on the inherent commonality between the digitalised solutions we developed for our insurance agency business and that demanded by our customers, allowing us to streamline the development process and ensure consistent quality of our IT service products. Development of new IT service products also allows us to reach out to customers in new industries sharing similarity with the insurance related business and meet their different needs, to deepen our understanding of different industry business scenarios, and then continuously improve our technological product capabilities, and ultimately achieve rapid and high-quality development of our IT service business.

Promote our brand awareness and market presence

It is our plan to continue to promote our brand awareness and our online platforms through advertising effort.

Our marketing and promotional campaign include placing of online advertisements through mainstream traditional media platforms, as well as marketing campaigns through emerging online user traffic portals, reputable internet terminals and media platforms to promote our brand image. Specifically, we plan to initiate a series of marketing campaigns on user traffic portals like WeChat, Weibo, Xiaohongshu (小紅書) and Douyin (抖音) to increase daily interaction with insurance clients through these social media platforms. We will also study the ever-changing trends and preferences of our potential insurance clients to tailor our promotional initiatives to better attract them to purchase insurance products from us.

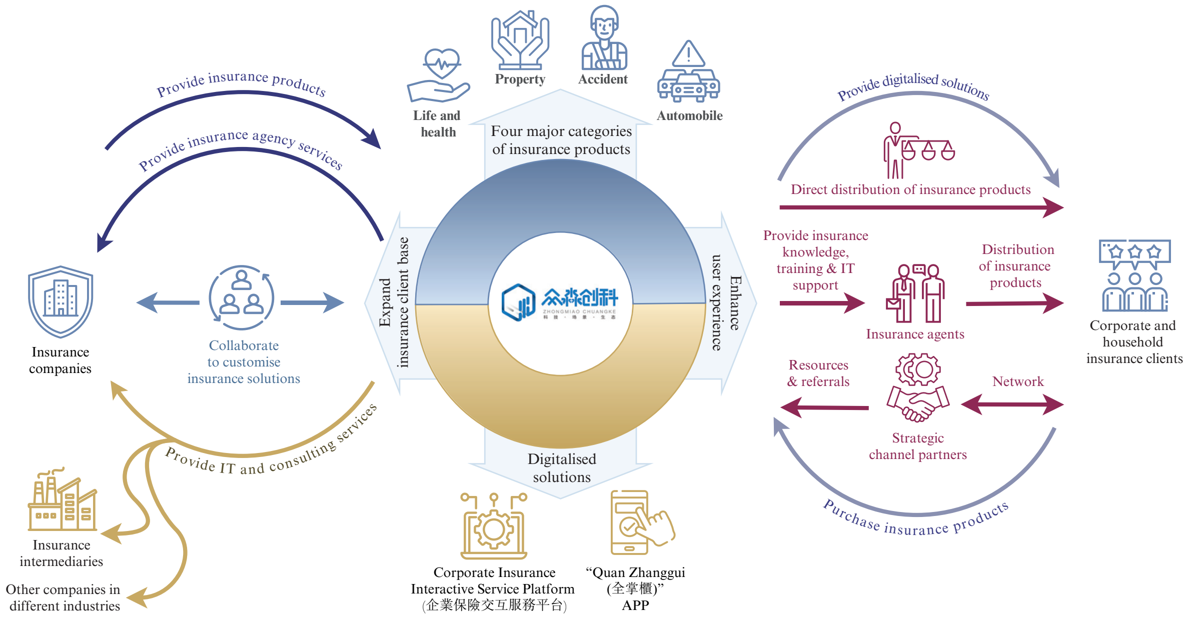
Selective investments and acquisitions in insurance intermediary and fintech industry

We intend to carry out selective investments and acquisitions in insurance intermediary and fintech industry to further accelerate the development of our business and strengthen our competitiveness. When selecting the investment and acquisition targets, we will mainly consider whether they can complement our business in terms of technical capabilities, resource channels or talent teams. In particular, when selecting insurance intermediary companies, we will consider their potential synergies with our existing business, the locations of their branch offices, their financial performance and growth potentials and the experience and background of their management team. When selecting fintech companies, we will consider their R&D capabilities, their commercialised products, their financial performance and growth potentials and the background of their management team. We intend to invest in (i) insurance intermediary companies with professional insurance capabilities, client network and/or Internet marketing capabilities; and/or (ii) fintech platforms which offer compatible functions to users that may be incorporated into our online platforms to provide better user experience. According to Frost & Sullivan, China had an estimated of over 2,000 insurance intermediary companies and 8,000 fintech companies in 2022. We intend to finance the investments and acquisitions with the [REDACTED] from the [REDACTED] and our existing financial resources. For more details on our use of the [REDACTED] from the [REDACTED] in carrying out selective investments and acquisitions in the insurance intermediary and the fintech industry and selection criteria, please refer to the section headed "Future Plans and [REDACTED] — [REDACTED]" in this document. As at the Latest Practicable Date, we had not identified any potential investment or acquisition target nor entered into any binding commitment for any strategic investments and acquisitions.

OUR BUSINESS MODEL

Our Ecosystem

We have an established ecosystem where we collaborate and cooperate with different industry participants including insurance company partners, insurance agents and strategic channel partners to promote and distribute insurance products from our insurance company partners to corporate and household insurance clients. Leveraging our sales channels and online platforms, we promote and distribute insurance products underwritten by insurance companies to insurance clients and receive commission from insurance companies for successful purchase of their insurance products by our insurance clients. Our sales channels comprise (i) sales through insurance agents (whom we engage to promote and distribute the insurance products to mainly our household insurance clients, in return for commissions we paid for successful purchase of insurance products by insurance clients), (ii) referral from strategic channel partners (through whom a large population of corporate and household insurance clients are referred, in return for referral fees we paid for successful purchase of insurance products by insurance clients) and (iii) direct sales. The diagram below illustrates our business model and our ecosystem:



Value Proposition for our Ecosystem

Our ecosystem is established based on the concept of "Collaboration and Creating Mutual Benefits". Leveraging our professional knowledge and Market-proven digital capabilities, we have connected a large number of insurance companies, insurance agents, strategic channel partners and insurance clients. We expect that with the expansion of our insurance client base and the increased trust in us, there will be more insurance companies, insurance agents and strategic channel partners joining our ecosystem in the future. They will enjoy their respective values and benefits created by our ecosystem and ultimately optimising and expanding our ecosystem.

We are dedicated to provide the following value propositions to our ecosystem participants:

- ***Insurance company partners.*** At the upstream end, we provide the insurance agency services to our insurance company partners by promoting and distributing insurance products underwritten by them to insurance clients and receive commission from them for successful purchase of their insurance products by our insurance clients, thereby expanding their insurance client base. We also provide supports on product customisation when needed in order to meet insurance clients' specific needs and budget, thereby further diversifying the product mix and improving the operational efficiency of our insurance company partners. In addition, we also provide IT services to them where we design and develop insurance business related digitalised solutions based on the digitalised solutions utilised in our insurance agency business, thereby facilitating the digital transformation of our insurance company partners and improving their operational efficiency.

- ***Insurance agents.*** We engage individual insurance agents to promote and distribute the insurance products (mainly life and health insurance products) underwritten by our insurance company partners to mainly our household insurance clients, and we pay commissions to insurance agents for successful purchase of insurance products conducted by them. Insurance knowledge, training and IT support are provided to our insurance agents to facilitate their distribution of insurance products to our insurance clients with our online platforms. In particular, our online platforms improve the service efficiency of the insurance agents and facilitate their management function, with a real-time overview of their team members' status and performance assessment. Our insurance agents are able to have access to a wide range of the insurance product offerings offered by our insurance company partners which they can provide to the insurance clients. Our insurance agents proactively communicate with insurance clients to understand their needs and identify insurance products that are suitable to them.

- ***Strategic channel partners.*** We cooperate with strategic channel partners to expand our reach to large population of corporate and household insurance clients, and we pay referral fees to strategic channel partners for successful purchase of insurance products underwritten by our insurance company partners by insurance clients through us. Through these cooperations, we can leverage their networks and increase our insurance client base.

- ***Insurance clients.*** Our insurance clients include both household and corporate insurance clients. In order to better serve our insurance clients, we provide a wide range of insurance products offering, collaborate with our insurance company partners to customise insurance solutions that meet insurance clients' specific needs and budget when needed, assist our insurance clients on major stages of insurance business including risk assessment and product selection, confirmation of insurance policy, premium payment, policy administration and insurance claims and enhance their user experience with our online platforms. We offer insurance products to our household insurance clients mainly through our insurance agents and referral from our strategic channel partners and we offer insurance products to our corporate insurance clients mainly under direct sales and referral from our strategic channel partners.

- ***Insurance intermediaries and other companies from different industries.*** We provide IT services to insurance intermediaries and other companies from different industries where we design and develop digitalised solutions based on their needs. We also provide HR consulting services and marketing and promotion service to companies from different industries, these services include recruitment related process and strategies and design promotional materials and advertise.

Our Business

Our business mainly consists of three segments: (i) insurance agency business; (ii) IT services and (iii) consulting services.

The following table sets forth a breakdown of revenue, gross profit and gross profit margin by business segments for the years indicated:

	For the year ended 31 December								
	2021			2022			2023		
	Revenue	Gross profit	Gross profit margin	Revenue	Gross profit	Gross profit margin	Revenue	Gross profit	Gross profit margin
	RMB'000	*RMB'000*	*%*	*RMB'000*	*RMB'000*	*%*	*RMB'000*	*RMB'000*	*%*
Insurance Agency business	116,056	45,154	38.9	130,721	58,241	44.6	155,748	64,007	41.1
IT services	1,264	807	63.8	14,953	7,267	48.6	15,782	9,170	58.1
Consulting services *(Note)*	2,654	2,088	78.7	2,724	1,751	64.3	2,481	1,336	53.8
Total	119,974	48,049	40.0	148,398	67,259	45.3	174,011	74,513	42.8

Note: Consulting services mainly include (a) HR consulting services (amounted to RMB1.4 million, RMB2.4 million and RMB1.8 million, representing 1.2%, 1.6% and 1.0% of our total revenue during the years ended 31 December 2021, 2022 and 2023, respectively) and (b) marketing and promotion services (amounted to RMB1.3 million, RMB0.3 million and RMB0.7 million, representing 1.0%, 0.2% and 0.4% of our total revenue during the years ended 31 December 2021, 2022 and 2023, respectively).

The following table sets forth a breakdown of revenue, gross profit and gross profit margin attributable to each type of insurance clients of our insurance agency business for the years indicated:

	For the year ended 31 December								
	2021			2022			2023		
	Revenue	Gross profit	Gross profit margin	Revenue	Gross profit	Gross profit margin	Revenue	Gross profit	Gross profit margin
	RMB'000	*RMB'000*	*%*	*RMB'000*	*RMB'000*	*%*	*RMB'000*	*RMB'000*	*%*
Household insurance clients	**74,641**	**20,820**	**27.9**	**80,498**	**23,874**	**29.7**	**91,478**	**21,573**	**23.6**
Corporate insurance clients	**41,415**	**24,334**	**58.8**	**50,223**	**34,367**	**68.4**	**64,270**	**42,434**	**66.0**
— Haier Group insurance clients	18,288	13,377	73.1	23,809	17,923	75.3	24,100	17,681	73.4
— Non-Haier Group insurance clients	23,127	10,957	47.4	26,414	16,444	62.3	40,170	24,753	61.6
Total	116,056	45,154	38.9	130,721	58,241	44.6	155,748	64,007	41.1

Note: The revenue, gross profit and gross profit margin are derived from the commission income generated from insurance companies for distribution of their insurance products to the underlying insurance clients.

The following table sets forth a breakdown of revenue, gross profit and gross profit margin of our IT services by type of customers for the years indicated:

	For the year ended 31 December								
	2021			2022			2023		
	Revenue	Gross profit	Gross profit margin	Revenue	Gross profit	Gross profit margin	Revenue	Gross profit	Gross profit margin
	RMB'000	*RMB'000*	*%*	*RMB'000*	*RMB'000*	*%*	*RMB'000*	*RMB'000*	*%*
Haier Group and its affiliated companies	577	284	49.2	6,042	3,681	60.9	8,732	4,870	55.8
Non-Haier Group	687	523	76.1	8,911	3,586	40.2	7,050	4,300	61.0
Total	1,264	807	63.8	14,953	7,267	48.6	15,782	9,170	58.1

(i) insurance agency business

We are an insurance agency service and solution provider. Leveraging our sales channels and online platforms, we promote and distribute a wide range of insurance products covering (i) property insurance products, (ii) life and health insurance products, (iii) accident insurance products, and (iv) automobile insurance products, which are underwritten by insurance companies to both household and corporate insurance clients and receive commission from insurance companies for successful purchase of their insurance products by our insurance clients. Our commissions are generally calculated based on a percentage of the premium of insurance products distributed by us. The commission rates differ for each insurance company partner and vary depending on the type of insurance products. For details of our commission rates, please refer to the paragraph headed "Insurance Products that We Distribute — Commission rates for insurance products we distributed" in this section.

Our services cover major stages of insurance business including assistance on risk assessment and product selection, confirmation of insurance policy, premium payment, policy administration and insurance claims. For details of our operation flow and processes for our insurance agency business, please refer to the paragraph headed "Our Insurance Agency Business Operation" in this section.

Our sales channels comprise (i) sales through insurance agents (whom we engage to promote and distribute the insurance products to mainly our household insurance clients, in return for commissions we paid for successful purchase of insurance products by insurance clients), (ii) referral from strategic channel partners (through whom a large population of corporate and household insurance clients are referred, in return for referral fees we paid for successful purchase of insurance products by insurance clients) and (iii) direct sales. At the upstream end, we provide the insurance agency services to our insurance company partners, expand the insurance client base for them and collaborate with them to customise insurance solutions, whilst at the downstream end, we distribute insurance products to our corporate and household insurance clients and enhance their user experience with our online platforms.

We enhance user experience of our insurance clients and improve service efficiency of our insurance agents with our digitalised online tools, including our "Corporate Insurance Interactive Service Platform (企業保險交互服務平台)", our "Quan Zhanggui (全掌櫃)" APP, our WeChat official account and WeChat mini programme "Quan Zhanggui Claim Centre (全掌櫃理賠中心)". For details of their functionalities, please refer to the paragraph headed "Our Online Platforms" in this section.

(ii) IT services

As a recognised insurance agency service and solution provider with digital capabilities, we have successfully introduced digitalised solutions that cover the main processes of insurance business. Having recognised the demand for digitalised solutions among participants in our ecosystem and leveraging our accumulated IT technology and knowhow developed in the course of our insurance business, we extended our services to offer IT services to insurance company partners, insurance intermediaries and companies from different industries such as financial institutions by designing and developing digitalised solutions based on their needs. During the software/system development stage, we closely communicate with our customers to ensure that the design and specifications are satisfactory and conduct software/system testing to ensure proper functionality. Once the software/system is completed, we will conduct a final review and testing phase and deliver the accomplished software/system upon confirmation by the customer. After delivery, we may, depending on the terms of the agreement, offer ongoing support and provide warranty for a specified period of time to ensure that the software/system continues to function properly and meet the customer's requirements. If the customers request for software/system upgrade(s), we will prepare a new project plan and provide them with our quotation for additional works.

The major software/systems we developed include insurance marketing and sales system, insurance claims system, online training system, insurance intermediary core business system and AI service system. For details of our digitalised solutions and their key functions, please refer to the paragraph headed "IT Services" in this section. By offering such digitalised solutions, we helped our customers improve their operation efficiency as well as promote the digital transformation of the insurance intermediary industry together with the industry participants. Our reputation as an innovative insurance agency service and solution provider in Shandong, as evidenced by our invitation from the Insurance Association of Qingdao (青島市保險行業協會) to demonstrate our insurance business related digitalised solutions in 2022, the accreditation as "High-tech Enterprise" (高新技術企業) in 2019 and "Shandong Province Gazelle Enterprise" (山東省瞪羚企業) in 2021, the recognition by Shandong Bigdata Association (山東省大數據協會) of our developed IT system (i.e. Automatic Identification Platform for Car Insurance Policies (車險保單自動識別平台)) for its leading position in China in May 2023 and the selection by Shandong Provincial Department of Industry and Information Technology (山東省工業和信息化廳) of the same system (i.e. Automatic Identification Platform for Car Insurance Policies (車險保單自動識別平台)) as one of the high-end software products under The 7th Batch of Shandong Province's First Version of High-End Software Product List (第七批山東省首版次高端軟件產品名單公示) in November 2023, and experience in developing online platforms have enabled us to expand our IT service offerings by providing insurance business related digitalised solutions to insurance company partners and insurance intermediaries during the Track Record Period. We believe that the provision of IT services helps our Group attain business diversification through deployment of our available resources and, by building closer relationships with players in the relevant industries, which may provide further business opportunities to our insurance agency business in the future, increases our market penetration and foster our further development in insurance agency business. We generally provide our IT services on the project basis for a fixed service fee or fixed daily rate (for IT projects which we assign our R&D staff on site), taking into account the complexity of the software/system developed, allocation of staff (including the seniority of staff assigned on site), duration of the agreement, ownership of the IP right and other costs such as server fees. Our service fee is usually paid by progress instalments with reference to the payment schedule as set out in agreements.

(iii) Consulting services

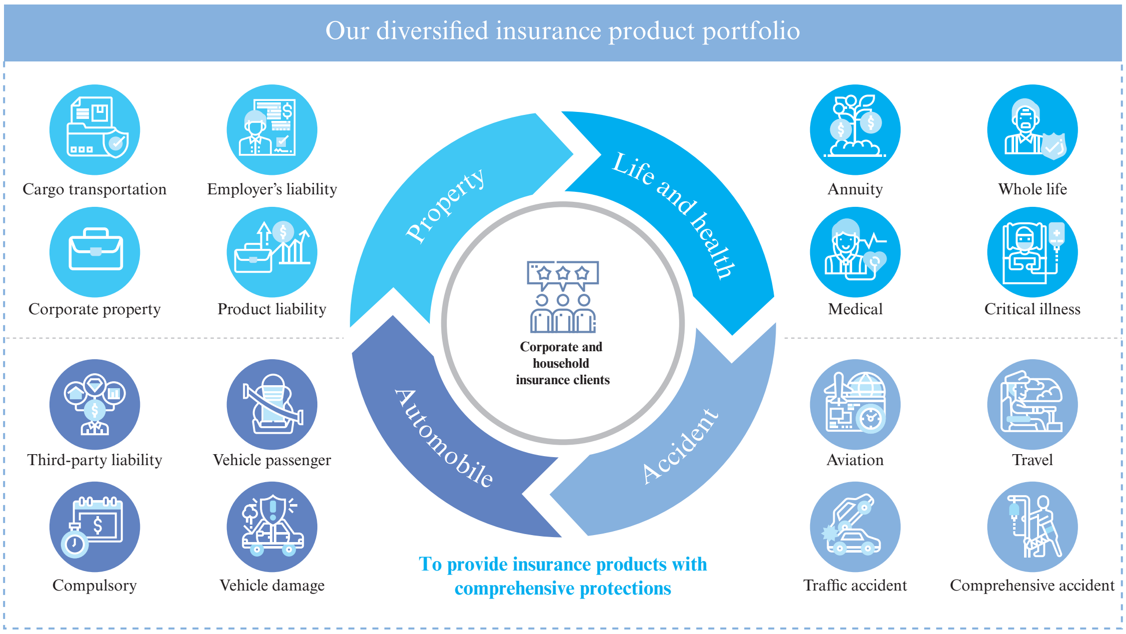
To further expand our reach to larger population of household and corporate clients that have needs for the insurance products distributed by us and to enhance the cross-selling opportunities (whether from corporates which engaged us in provision of HR consulting services or their employees), we provide HR consulting services to corporate customers, including provision of advice on human resource management and recruitment strategies, and recruitment services. We source candidates from our growing talent pool and attract other job applicants through providing HR solutions covering the main process of recruitment including talent sourcing, job posting, resume screening, interview and selection process. Based on industry-specific skills and qualifications, recruitment timeline and skill set required for a job position, we will locate, attract and identify the right talent for our customers.

Based on our marketing and promotion capabilities accumulated in the insurance agency business and the insurance client base we have access to, we also provide marketing and promotion service to corporate customers include insurance company partners as ancillary and value-added services. In the ordinary and usual course of our insurance agency business, we are required to promote insurance products underwritten by our insurance company partners through provision of marketing and promotion services to increase their brand awareness and the recognition and understanding of their insurance products.

INSURANCE PRODUCTS THAT WE DISTRIBUTE

We cooperate with major insurance companies in the PRC to promote and distribute a wide range of insurance products underwritten by them. Besides, we also collaborate with our insurance company partners to design insurance solutions and help them customise insurance solutions that meet insurance clients' specific needs and budget. We had cooperation with over 60 insurance companies covering the top three insurance groups in the PRC in terms of market capitalisation during the Track Record Period, allowing us to build and maintain a rich insurance product portfolio that we can distribute to insurance clients. Through offering a comprehensive mix of insurance products, we have accumulated a large base of insurance clients and are able to provide them with broad selections and adequate options to choose from in order to serve their protection needs in different scenarios and at different life stages.

We primarily distribute four categories of insurance products: (i) property insurance products; (ii) life and health insurance products; (iii) accident insurance products; and (iv) automobile insurance products. These insurance products are underwritten by insurance company partners directly, and we are not a party to the insurance policy or other agreements with the purchasers of the policies. The diagram below sets forth our diversified insurance product portfolio:



The table below sets forth the categories of insurance products we offered and the GWP and commission income received from our insurance company partners for the years indicated:

	For the year ended 31 December											
	2021				2022				2023			
	GWP	Commission income	Percentage of commission income	Average commission rate	GWP	Commission income	Percentage of commission income	Average commission rate	GWP	Commission income	Percentage of commission income	Average commission rate
	RMB'000	*RMB'000*	*%*	*%*	*RMB'000*	*RMB'000*	*%*	*%*	*RMB'000*	*RMB'000*	*%*	*%*
Property insurance products	228,554	39,658	34.2	17.4	290,994	47,620	36.4	16.4	334,332	59,806	38.4	17.9
Life and health insurance products	176,086	48,332	41.6	27.4	223,853	36,156	27.7	16.2	228,817	33,757	21.7	14.8
Accident insurance products	55,465	16,171	13.9	29.2	82,116	24,096	18.4	29.3	84,121	27,830	17.9	33.1
Automobile insurance products	206,276	11,895	10.3	5.8	421,411	22,849	17.5	5.4	611,851	34,355	22.1	5.6
Total	**666,381**	**116,056**	**100.0**	**17.4**	**1,018,374**	**130,721**	**100.0**	**12.8**	**1,259,121**	**155,748**	**100.0**	**12.4**

(i) Property insurance products

The property insurance products we distribute can mainly be divided into three types: (a) liability insurance products; (b) cargo transportation insurance products; and (c) corporate property insurance products, details of which are as follows:

(a) Liability insurance products are primarily (i) product liability and (ii) employer's liability insurance products. Product liability insurance covers the risk of third-party property damage or personal injury caused by accidents during the use of the insured's products due to defects in design, manufacturing, and other factors. Employer's liability insurance is a type of liability insurance that covers the risk of economic compensation liability that the insured, i.e. the employer, should bear according to law or employment contracts for injuries, disabilities, deaths, or occupational diseases suffered by employees during their employment when engaged in business activities. The insurance liability of employer's liability insurance includes the economic compensation liability that the employer should bear according to law for employees and related legal expenses in accidents. The main causes of such compensation include various accidental work-related injuries and occupational diseases.

(b) Cargo transportation insurance products we distribute refer to the insurance that covers the loss of goods caused by natural disasters or accidents during transportation. Cargo transportation insurance can be divided into two categories: (i) foreign marine cargo transportation insurance and (ii) domestic cargo transportation insurance.

(c) Corporate property insurance products refer to the property insurance that is applicable to various enterprises, associations, government agencies and public institutions and covers the insured's property losses caused by fire, other natural disasters, and accidents.

Our insurance clients of property insurance products mainly consist of corporate insurance clients.

(ii) Life and health insurance products

The life and health insurance products we distribute can mainly be divided into two types: (a) life insurance products; and (b) health insurance products, details of which are as follows:

(a) Life insurance products mainly include (i) whole life insurance; and (ii) annuity insurance. For whole life insurance, it refers to an insurance that the insurer shall settle the insurance benefits whenever the insured passes away, upon the execution of the insurance contract. Annuity insurance refers to a type of life insurance that pays survival insurance benefits in installments according to the time interval specified in the insurance policy, with the survival of the insured as the payment condition. Annuity insurance can be divided into many types according to different standards, and the premium can be paid by lump-sum payment and annual payment.

(b) Health insurance products mainly include (i) critical illness insurance; and (ii) medical insurance. Critical illness insurance refers to insurance in which insurance companies pay the insured amount according to the insurance contract for major illnesses (such as malignant tumors, severe sequelae of cerebral infarction, etc.) or when the insured reaches a certain disease state or undergoes a certain surgery as defined in the insurance policy during the insurance period. Medical insurance is a type of insurance in which the insurance companies compensate for the reasonable and necessary medical expenses incurred by the insured for the treatment of illness.

Unlike other categories of insurance products, life and health insurance products generally require periodic payment of premiums, typically annually, during a pre-determined payment period ranging from three to 30 years in general. Short-term life and health insurance products generally provide for lower commission rates as they generate revenue stream for insurance companies for a shorter period of time as compared with long-term life and health insurance products. Meanwhile, we receive commission income within the premium payment period in accordance with the terms of the contracts between the insurance company partners and us. Once we distribute a life and health insurance policy with periodic payment schedule, it can bring us a steady flow of commission revenue throughout the renewal term as long as the insurance client fulfils his or her premium payment commitment and continuously renews the policy. Since the life and health insurance products are primarily long-term, which require more effort to be sold and distributed, and that they are able to bring a steady flow of revenue to insurance companies throughout the term under the normal circumstances that the insurance policy is renewed, to incentivise insurance agency companies to distribute life and health insurance products, the first-year commission rate for life and health insurance products, as agreed by us and our insurance company partners, is in line with the industry practice, typically higher than other years throughout the payment period of the insurance clients, and the average commission rates for renewing existing policies for long-term life and health insurance products are generally lower than the first-year commission rates.

Our insurance clients of life and health insurance products mainly consist of household insurance clients.

(iii) Accident insurance products

The accident insurance products we distribute provide guaranteed benefit in the event of injury, death or disability of the insured as a results of an accident, or a reimbursement of medical expenses to the insured in connection with an accident, during the coverage period, which usually is one year or a shorter period. The accident insurance products we distribute include: (a) comprehensive accident insurance products mainly cover various accidents; (b) aviation accident insurance products mainly cover aviation accidents; (c) travel accident insurance products mainly cover accidents that occur during travel; and (d) traffic accident insurance products mainly cover traffic accidents.

Our insurance clients of accident insurance products consist of household and corporate insurance clients.

(iv) Automobile insurance products

The automobile insurance products we distribute can mainly be divided into four categories: (a) compulsory insurance, (b) vehicle damage insurance, (c) third-party liability insurance, and (d) vehicle passenger insurance. Details of which are as follows:

(a) Compulsory insurance is an insurance under mandatory responsibility which requires the insurance company partners to indemnify for any personal injury and property damage of the vehicle's passengers and victims other than the insured in the event of a road traffic accident of the insured vehicle within the liability limit.

(b) Vehicle damage insurance covers the insured vehicle's damages, within the liability limit, due to collision, overturning, and other natural disasters (not including earthquakes) or accidents during the use of the insured vehicle by the insured or qualified drivers authorised by the insured. It is an insurance that indemnifies any damages on the insured's vehicle.

(c) Third-party liability insurance covers the amount that exceeded the liability limit for each sub-item of the compulsory insurance for a vehicle traffic accident, which the insured should pay, according to law for personal injury or property damage suffered by third parties due to occurrence of accidents that occur during the use of the insured vehicle by the insured or qualified drivers authorised by the insured.

(d) Vehicle passenger insurance, also known as vehicle seat insurance, is related to the passenger and covers the liability of the insured, according to law for any personal injury due to occurrence accidents during the use of the insured vehicle by the insured or qualified drivers authorised by the insured.

Our insurance clients of automobile insurance products mainly consist of household insurance clients.

Commission rates for insurance products we distributed

We receive commissions from our insurance company partners for successful distributions of their insurance products to insurance clients through us. The commission rates for the various categories of insurance products charged by our Group and the market rate during the Track Record Period are as follows:

Category of insurance products	Range of commission rate of insurance products		
	Based on the agreements entered into with insurance company partners	Average commission rate during Track Record Period(Note)	Average market commission rate
Property	0%–70%	16%–18%	10%–40%
Life and health	0%–141%	14%–28%	10%–50%
Accident	0%–80%	29%–34%	10%–35%
Automobile	0%–30%	5%–6%	5%–20%

Note: The average commission rate during the Track Record Period is calculated on the basis of commission income of the type of insurance product of a financial year divided by GWP of such type of insurance product of the same period.

The commission rates charged by our Group are determined between us and our insurance company partners based on the type of insurance products concerned, the insurance period to which the commission rate related to (for example, the first-year commission rates of long-term life and health insurance products are generally higher), the expectation of the insurance company partners on profits taking into account the expected claim ratios, insurance clients' demand for insurance products in the market, requirements set by the industry association, regulatory requirements and governmental policies and other factors that affect our insurance company partners at the relevant time. We also compare the commission rates with that offered by other insurance company partners to ensure that the commission rates are fair and represent the market price.

The wide range of commission rates are mainly determined based on the internal underwriting policy requirements of the insurance companies. Frost & Sullivan is of the view that the wide range of commission rates is in line with the industry norms. For insurance products with higher claim ratios that may result in losses for insurance companies, the commission rates are generally lower, and may be even zero for certain ancillary insurance products with minimal insurance premium. We may agree to a zero commission rate for such insurance products having considered (i) the ancillary nature of such insurance products and that we are able to earn commission from other insurance products sold along with such ancillary one, and (ii) the importance of providing comprehensive insurance products to insurance clients and maintaining good relationships with insurance company partners. On the other hand, insurance products such as life and health insurance products that require more efforts to be distributed or with lower claim ratios that insurance companies are keen on developing due to their profitability and ability to bring a steady flow of revenue to insurance companies throughout the term as long as the insurance policy is renewed, the first-year commission rates are generally higher and, in some occasions, even over 100% for the first year. For instance, the commission rate we charged for long-term health insurance products generally consists of mainly first-year handling fee, sales bonus, business promotion and cooperation bonus, the combination of which could exceed 100% for the first year. We may be required to return a portion of the commission received from the insurance company partners if we fail to maintain the required percentage of renewal at the 13th month during the term of insurance policies. For details of our historical return of commission received from the insurance company partners, please refer to the paragraph headed "Our Customers — Salient terms of agreements with insurance company partners" in this section.

OUR INSURANCE CLIENTS

We define our insurance clients as purchasers of the insurance products that are underwritten by our insurance company partners and distributed by us, which include (i) corporate insurance clients and (ii) household insurance clients.

The table below sets forth the GWP we facilitated, commission income we generated from our insurance company partners for distribution of their insurance products and the average commission rate by type of insurance clients for the years indicated:

	For the year ended 31 December											
	2021				2022				2023			
	GWP	Commission income	Percentage of commission income	Average commission rate	GWP	Commission income	Percentage of commission income	Average commission rate	GWP	Commission income	Percentage of commission income	Average commission rate
	RMB'000	*RMB'000*	*%*	*%*	*RMB'000*	*RMB'000*	*%*	*%*	*RMB'000*	*RMB'000*	*%*	*%*
Household insurance clients	**429,127**	**74,641**	**64.3**	**17.4**	**708,461**	**80,498**	**61.6**	**11.4**	**901,435**	**91,478**	**58.7**	**10.1**
Corporate insurance clients	**237,254**	**41,415**	**35.7**	**17.5**	**309,913**	**50,223**	**38.4**	**16.2**	**357,686**	**64,270**	**41.3**	**18.0**
— Haier Group insurance clients	152,484	18,288	15.8	12.0	192,856	23,809	18.2	12.3	190,960	24,100	15.5	12.6
— Non-Haier Group insurance clients	84,770	23,127	19.9	27.3	117,057	26,414	20.2	22.6	166,726	40,170	25.8	24.1
Total	**666,381**	**116,056**	**100.0**	**17.4**	**1,018,374**	**130,721**	**100.0**	**12.8**	**1,259,121**	**155,748**	**100.0**	**12.4**

Notes: Commission income represents commission received from insurance company partners for distribution of their insurance products to corporate and household insurance clients.

(i) Household insurance clients

Our target household insurance clients are high net worth individuals, middle class and/or their respective family members. We believe that we can provide them with one-stop insurance experience that will retain them to be our household insurance clients so that we can serve them for their life-long insurance needs.

Our "Quan Zhanggui (全掌櫃)" APP offers digitalised insurance purchase experience and services efficiently and effectively, attracting our target household insurance clients and meeting the growing trend for online insurance purchase. Through our "Quan Zhanggui (全掌櫃)" APP, we offer easy interpretation and presentation of insurance policy terms to help our insurance agents promote and distribute insurance products and assist household insurance clients in making informed decisions when purchasing insurance products. Occasionally, we collaborate with our insurance company partners to design and develop tailor-made insurance solution to these household insurance clients upon their request.

During the Track Record Period, commission income generated from distribution of insurance products to our household insurance clients were RMB74.6 million, RMB80.5 million and RMB91.5 million , respectively, representing approximately 64.3%, 61.6% and 58.7% of the revenue generated from our insurance agency business during the same periods.

(ii) Corporate insurance clients

Our target corporate insurance clients are small and medium-sized enterprises that are principally engaged in the manufacturing, construction engineering, logistics and transportation, trading and/or human resources industry. These corporate insurance clients usually require tailor-made insurance policies covering a wide range of insurance products according to their corporate profiles and business scenarios. As their businesses generally have different risk exposures, they often encounter difficulties in sourcing cost-effective and suitable off-the-shelf insurance products for their business operations. In order to offer suitable insurance products, we proactively communicate with them to understand their business operations and industry and select a list of suggested insurance products, which are suitable for their business needs and requirements. We also collaborate with our insurance company partners to design insurance products and help them customise insurance solutions. Leveraging our experience in providing insurance agency services for enterprises in these industries, we propose product design ideas and pricing range suggestions that we believe are in demand and suitable to serve the needs in the market to our insurance company partners, to assist them in selecting the insurance products suitable to them.

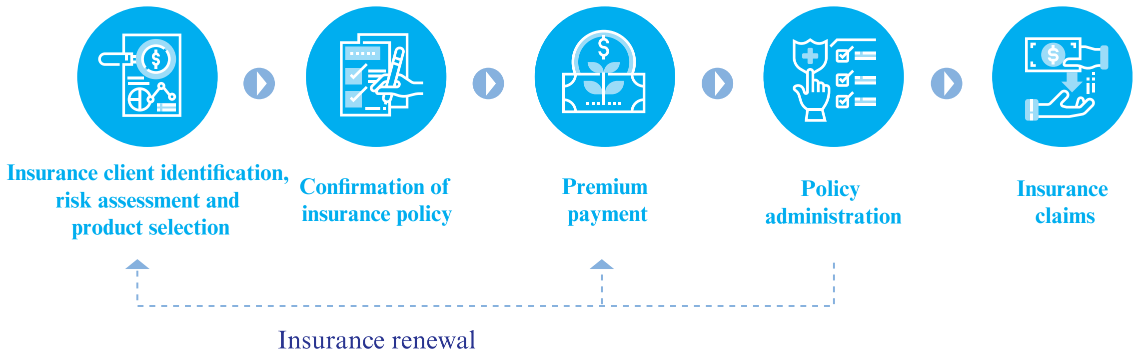
For the years ended 31 December 2021, 2022 and 2023, commission income generated from distribution of insurance products to our corporate insurance clients were RMB41.4 million, RMB50.2 million and RMB64.3 million , respectively, representing approximately 35.7%, 38.4% and 41.3% of the total revenue generated from our insurance agency business during the same periods, respectively.

We are the designated insurance agency service and solution provider to handle all insurance related matters for Haier Group in the PRC. With stable commission income derived from insurance company partners attributable to Haier Group insurance clients, our business relationship with Haier Group insurance clients has contributed to the stable growth of our Group. During the Track Record Period, commission income attributable to Haier Group insurance clients represented approximately 15.8%, 18.2% and 15.5% of our total commission income respectively.

For more details on our relationship with Haier Group, please refer to the sections headed "Relationship with Our Controlling Shareholders — Business relationship with Haier Group" and "Connected Transactions" in this document.

OUR INSURANCE AGENCY BUSINESS OPERATION

The below diagram sets forth the operation flow and processes for our insurance agency business:



- ***Insurance client identification, risk assessment and product selection.*** Our sales channels comprise (i) sales through insurance agents, where our insurance agents approach the insurance clients and facilitate them on the transaction process, (ii) referral from strategic channel partners, where insurance clients are referred to us and (iii) direct sales where our corporate insurance clients directly approach us to purchase insurance products, including Haier Group insurance clients.

  Our cooperation with a large number of insurance company partners allows us to build and maintain a rich insurance product portfolio that we can offer to insurance clients. With our rich insurance product portfolio, we can provide insurance products with comprehensive protection according to the needs of our insurance clients. Unlike purchasing insurance product directly from the insurance company, we are able to offer to our insurance clients on mix of insurance underwritten by multiple insurance company partners, which broaden the choices of insurance products for insurance clients and meet the needs of our insurance clients. In order to optimise our transaction process, we have also developed our online platforms, which provide product information that is reader-friendly and easy to interpret to facilitate insurance clients' understanding of the relevant insurance products to facilitate their product selection. Our online platforms can be accessed on the internet and mobile internet, including our website, APP and WeChat official account and mini programmes. For more details, please refer to the paragraph headed "Our Online Platforms" in this section. We also carry out risk assessment to ensure that they can obtain the right coverage.

  For household insurance clients, we mainly engage individual insurance agents to facilitate household insurance clients to make informed decisions when selecting insurance products. Each insurance agent is required to complete mandatory trainings on subjects, such as insurance products knowledge and other industry compliance requirements such as the Insurance Law. If the household insurance clients have questions after reading the product information or require tailor-made insurance policies, they can seek advice from our insurance agents before selecting an insurance product. Our insurance agents are capable of not only answering basic questions on insurance products, but also analysing clients' risk profile and insurance needs, providing recommendations with respect to insurance products, and assisting insurance clients with insurance planning. After conducting a thorough assessment on the risks of the household insurance clients, our insurance agents recommend insurance products or insurance portfolio that provide comprehensive protection to the household insurance clients.

- ***Confirmation of insurance policy.*** After selecting a particular insurance product, insurance clients are required to complete an order form, which requires them to fill in information such as name, address, e-mail address and other contact details and details of the beneficiaries; and confirm the terms and starting date of the insurance policies. We have self-developed an insurance system that digitalises the underwriting process with data analytical technology. Our system checks the completeness of the information by verifying that each required field of the form is completed with proper information and transfers the information to the insurance companies for verification. For each insurance product, we include the underwriting criteria set by our insurance company partners into our system, which allows the system to automatically evaluate whether an insurance client is eligible for the insurance product based on a list of conditions. As an insurance intermediary, we do not make underwriting decisions or bear underwriting risks. Our system optimises the insurance experience for the insurance clients as it reduces the amount of paperwork involved in purchasing insurance products and the time required to communicate with a human insurance consultant, and offers much faster digitalised policy processing. In addition, the codified criteria enables the assessment of a wide variety of pre-existing conditions, resulting in more accurate evaluation of an insurance client's eligibility and reducing the rate of rejection by our insurance company partners. We will also conduct a manual check on the information provided by the insurance clients on the system and ensure that they are eligible to purchase the relevant insurance products.

  Upon receiving the information, our insurance company partners' systems automatically analyse the eligibility of the insurance application according to their pre-set criteria. The insurance companies' systems generally revert with underwriting decisions within minutes. Such approval from our insurance company partners also act as an authorisation for us to finalise the insurance policy on their behalf.

- ***Premium Payment.*** Insurance clients either pay the insurance premium directly to our insurance company partners, or upon the authorisation of our insurance company partners to us, pay the insurance premium to us, which are deposited in a separate premium collection account, on an agency basis, for our onward payment to our insurance company partners to settle the outstanding premium without any charges in accordance with the relevant laws and regulations in the PRC. Pursuant to the Provisions on the Regulation of Insurance Agents (《保險代理人監管規定》), our Group as a specialised insurance agency which has obtained the Insurance Intermediary License with business scope covering "collection of insurance premiums on an agency basis" is permitted to collect insurance premiums on an agency basis. With our "Quan Zhanggui (全掌櫃)" APP, we notify insurance clients and/or insurance agents regarding premium due dates on a timely basis.

- ***Policy administration.*** Our online platforms offer policy management tools that enable users to view and manage their insurance policies through our online platforms. For more details on the management tools, please refer to the paragraph headed "Our Online Platforms" in this section.

- ***Insurance claims.*** We act as the insurance clients' trusted point of contact when risks covered by insurance policies realise. We assist insurance clients in the insurance claim and settlement process but do not make claim decisions as an insurance intermediary. We have self-developed a claim system that automates the whole insurance claim and settlement process. After receiving an insurance claim application from an insurance client, our system lists out the documents and information required to be provided by the insurance client to support the claim. Upon receipt of the documents and information, our system checks the completeness of the application by verifying that all required documents and information are provided properly and completely. Our system then submits the claim to our insurance company partners on behalf of the insurance client, and we handle communications with our insurance company partners. Our expertise in the insurance industry equips us with a clear understanding in the claim requirements set by our insurance company partners, thus allowing us to effectively help insurance clients prepare all necessary documents and information. Our insurance clients can track the claim settlement progress through our online platforms. For more details on our claim system, please refer to the paragraph headed "Our Online Platforms — Claim application and settlement system" in this section.

- ***Insurance renewal.*** We will send out renewal notices to insurance clients, reminding them that their policy is set to expire soon. The insurance clients will then review their policy and decide whether they want to renew it or make any changes to their coverage. If they decide to renew, they will typically need to provide updated information and make premium payment. For life and health insurance products, the renewal process is slightly different than other categories of insurance as the life and health insurance products we distributed are purchased for a specific term ranging from three to 30 years in general. If they decide to renew, they will typically need to make premium payment according to the payment schedule.

OUR ONLINE PLATFORMS

We are able to optimise our transaction process and to better appeal to all the participants in our ecosystem via the use of our online platforms. Our online platforms can be accessed on the internet and mobile internet, including our website, APP, WeChat official account and WeChat mini programmes. As at 31 December 2023, our online platforms had over 236,000 registered users (including both insurance agents and insurance clients).

Corporate Insurance Interactive Service Platform (企業保險交互服務平台)

We operate our Corporate Insurance Interactive Service Platform (企業保險交互服務平台) at **partner.haierbx.net**, through which we offer different types of insurance products mainly for corporate insurance clients. Our platform covers the essential stages of insurance transactions for corporate insurance clients, including policy interpretation, product purchase and policy management.

Our platform provides a variety of standardised insurance products that we designed with multiple insurance company partners which are commonly purchased by corporate insurance clients in the PRC, particularly the employee's liability and accident insurance products. Corporate insurance clients can select insurance companies and insurance proposal on the website, fill in the relevant information and purchase the insurance policy online. If corporate insurance clients require tailor-made insurance products according to their corporate profiles and business scenarios, they can submit their requests and basic information through our website, and our sales executive will communicate with them to understand their business operations and industry and provide a range of suitable insurance portfolios and products for corporate insurance clients to choose from, based on their business needs and requirements. We also collaborate with our insurance company partners to design insurance solutions and help them customise insurance solutions and provide offline services to corporate insurance clients when needed. In view of the relatively low insurance premium amount of the individual corporate insurance clients and therefore weak bargaining power and the high communication cost involved, our Directors believe our platform are able to provide better insurance purchase experience with the aforesaid features.

Our "Quan Zhanggui (全掌櫃)" APP

In response to the prevalence of usage of smartphone and the growing preference of obtaining information and conducting transactions on mobile devices and to better serve our insurance agents and household insurance clients, we have developed our "Quan Zhanggui (全掌櫃)" APP and established our official account on the WeChat platform since 2017. Our two mini programmes on the WeChat platform were launched in 2018 and 2021, respectively. Through our WeChat official account, users can access the same interface of and enjoy the same functions as our "Quan Zhanggui (全掌櫃)" APP while our mini programmes on the WeChat platform cover specific features such as management of insurance policies and claims application and settlement.

Our APP provides insurance related content aimed at enhancing users' awareness of insurance needs and deepening their understanding of the types of insurance policies that are available and the level of coverage that they require. Leveraging the insurance client base we developed and accumulated, we utilise data analysis engines to analyse our users' system usage and purchasing behaviors to enhance our ability to accurately identify potential insurance users, recommend insurance products and reach key performance indicators such as insurance retention rate as requested by insurance companies in order to provide personalised insurance product solutions. It also allows insurance clients and insurance agents to obtain real-time insurance premium quotations and allows our insurance agents to serve household insurance clients conveniently throughout the transaction process. Our insurance agents guide household insurance clients through the selection and application process via our APP. They can obtain insurance premium quotes, submit insurance applications and receive the relevant insurance company partner's underwriting decisions via our APP, which automatically interacts with the systems of the insurance company partners that we collaborate with. Below are screenshots of our APP, illustrating the key functions and features:

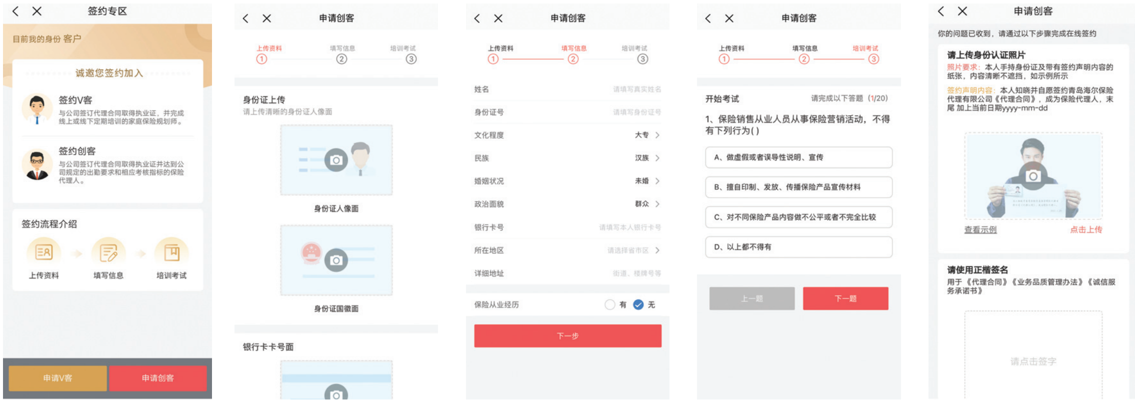
Functions designed for insurance agents

Our APP provides a variety of functions to facilitate the transaction process of insurance agents, including a product comparison function which aggregates insurance products from multiple providers and allow users to compare them side-by-side. This can help them find the most suitable products for their clients based on their specific situation. The screenshots below illustrate the key functions and features:

Product comparison

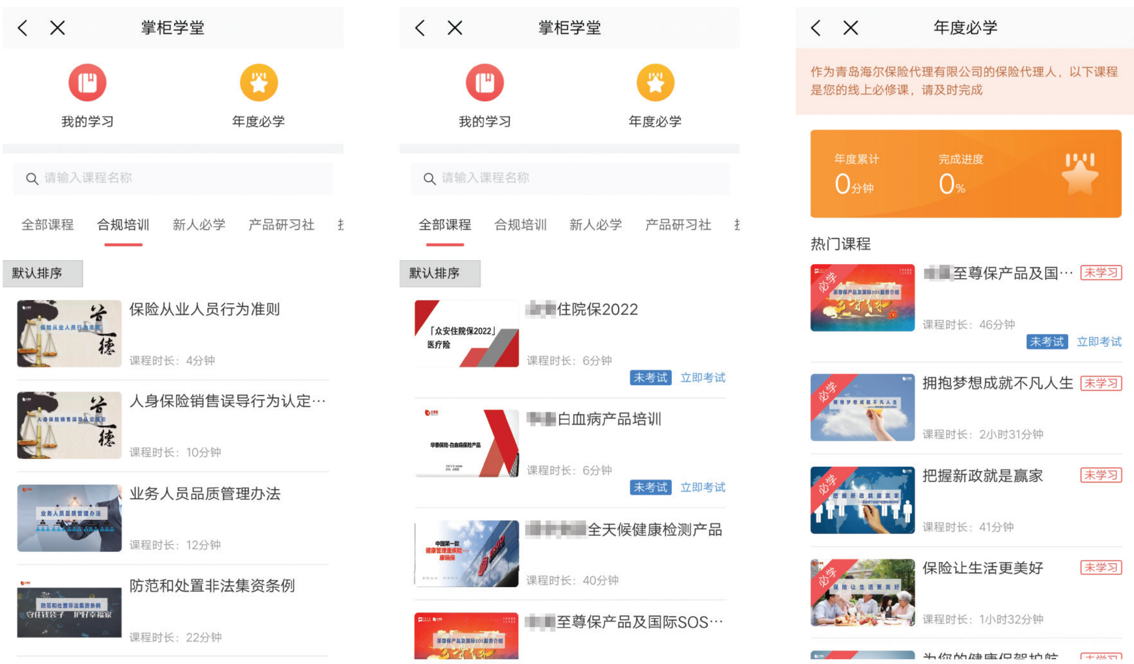
BUSINESS

Our insurance agents can also benefit greatly from the "Online Signing" (在線簽約) function on our APP to sign their agency contract with us electronically, which is cost-effective as the signing is independent of location and time. The screenshots below illustrate the key functions and features:



E-contracting for insurance agents

In addition, we provide regular training to our insurance agents and from time to time require them to take tests or read our recommended articles through our APP to enhance their awareness of the insurance products we distribute, related laws and policies and marketing techniques and to ensure that they have a solid understanding of insurance products and provide high quality insurance agency services to insurance clients, and the screenshots below illustrate the training offered on our mobile application:

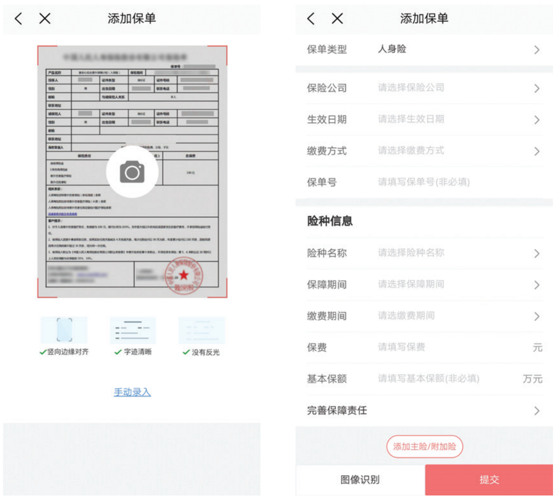


E-learning and training materials

Management of insurance policies

The "Palm Insurance Policy" (掌上保單) function on our APP provides a practical tool for users to consolidate and managing all the existing insurance policies of household insurance clients and their families. Insurance clients and their insurance agents can import insurance policies (whether the insurance products are purchased via our Group or not) into the system. Leveraging AI technologies such as computer vision (CV), optical character recognition (OCR) and natural language processing (NLP), our system can extract and import the major terms such as policy numbers, coverage details and claim information from the insurance policies. After successful upload of the insurance policies, they can manage all the insurance policies over our platform, and our system will send reminders for premium payments and policy renewals. Since we introduced our online platforms and up to 31 December 2023, more than 106,000 insurance clients had utilised the "Palm Insurance Policy" (掌上保單) function on our APP and we maintained more than 266,000 insurance policies that either purchased from us and/or other third parties. In addition, since we introduced our online platforms and up to 31 December 2023, our online platforms had successfully sent more than 134,000 notifications to household insurance clients to renew their insurance policies. The screenshots below illustrate the key functions and features:

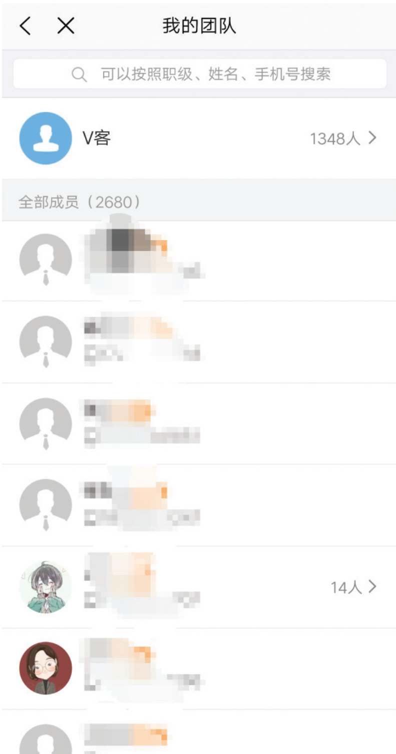
Insurance policy information

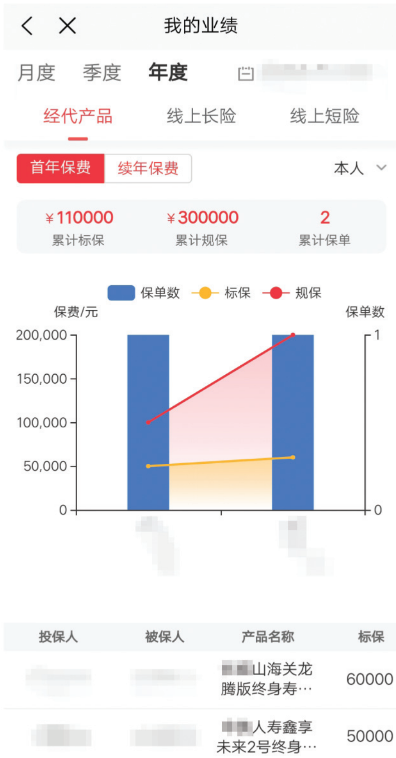


Importing insurance policy

Management of an insurance agent team

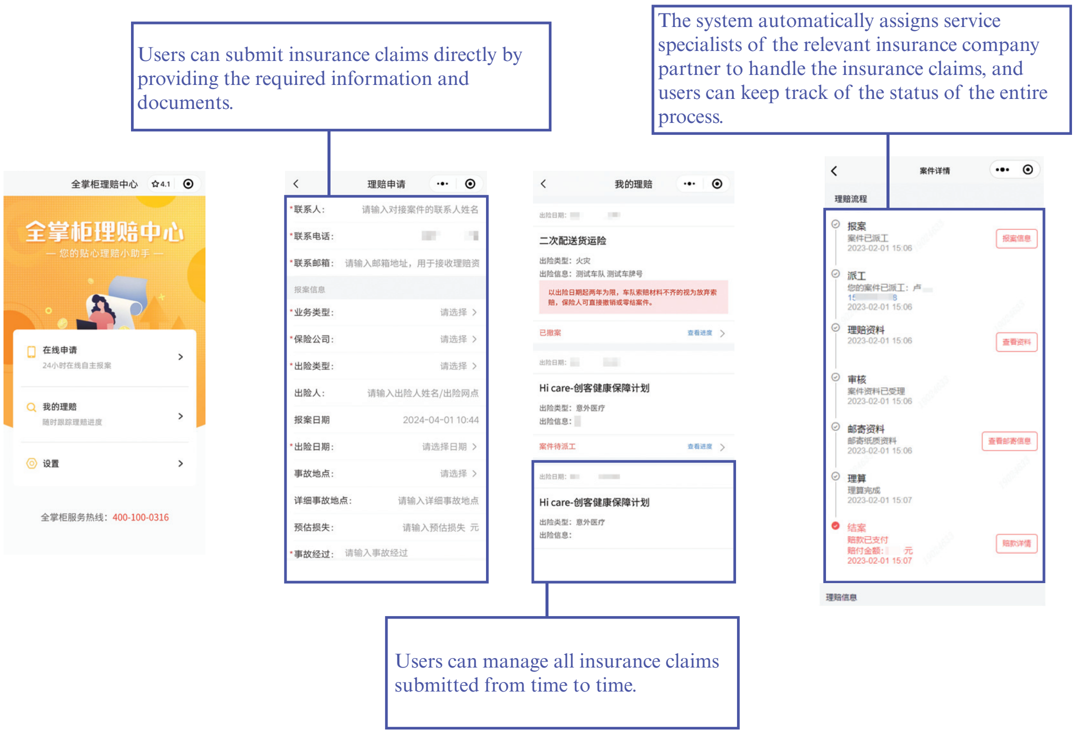
In order to provide our insurance agents with comprehensive and efficient management system, our APP offers management functions to empower them to manage their team status as well as performance digitally and on a real-time basis. Moreover, our insurance agents can review their own performance, achieving a self-monitoring mechanism. The screenshots below illustrate the key functions and features:





Claim application and settlement system

Our mini programme "Quan Zhanggui Claim Centre (全掌櫃理賠中心)" provides a digitalised tool for household and corporate insurance clients to submit their insurance claims online. Insurance clients and their insurance agents can submit insurance claims directly through the system by providing the required information and documents. Leveraging AI technologies such as CV, OCR and NLP, our system analyses large amounts of data related to the claim, such as photos and other documentation, which help the system to determine the validity of the claim and identify potential fraud. After the claim is submitted, the system automatically assigns a service specialist of the relevant insurance company partners to handle the claim, and insurance clients and their insurance agents can manage and keep track of the status of insurance claims through visiting our system in a timely manner. Since we introduced our online platforms and up to 31 December 2023, our online platforms had processed or submitted more than 35,000 insurance claims. The screenshots below illustrate the features and functions of the mini programme:



Digitalised insurance claim system

IT SERVICES

As an insurance agency company with digital capabilities and utilisation of online platforms, insurance-related systems and IT technology to enhance our insurance agency services, we extended and developed our IT services business by leveraging on our IT technology and knowhow accumulated over years in view of the inherent commonality between the digitalised solutions we developed for our insurance agency business and that demanded by our customers. We offer IT services to insurance-related companies initially and subsequently to companies from different industries, by designing and developing digitalised solutions based on their needs. Our IT services offering includes insurance related systems such as insurance claims system and insurance intermediary core business system and AI service system providing certificate recognition and document processing services.

Our reputation as an innovative insurance agency service and solution provider and experience in developing online platforms have enabled us to provide insurance company partners and insurance intermediaries with insurance business related digitalised solutions during the Track Record Period. Notably, we were invited to an information system exhibition seminar (信息系統演示交流會) held by the Insurance Association of Qingdao (青島市保險行業協會) in 2022 where we demonstrated our insurance business related digitalised solutions with various insurance intermediaries to show the advantages of insurance technology, including service improvement and operational efficiency. The seminar has allowed us to promote the development of a digitally-enabled insurance intermediary industry in the PRC and meet with potential customers that had demand for our IT services. By offering such digitalised solutions, we helped our customers improve their operation efficiency in order to better serve their insurance clients efficiently.

As we expanded our IT services business, we extended our IT services offering, such as online training system, certificate recognition service, document processing service and computer visual recognition services, to companies from different industries. For example, in 2022, a non-banking financial institution of Haier Group selected our Group for the provision of IT services to in relation to the development of a finance related marketing and business system having considered the regulated nature of both industries and the perceived similarity between the insurance related marketing and business system utilised and developed by our Group for its insurance agency business and the system required to be developed by the customer for its business operations.

During the Track Record Period, we had developed for customers various software/systems to support their business operations. The table below sets forth the key functions of major software/system we have developed:

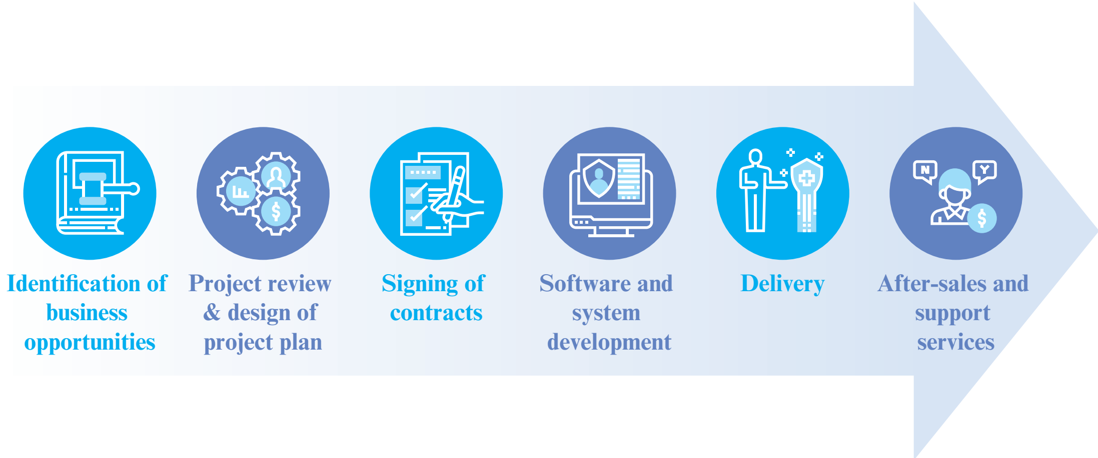
Software/System	Key functions	Target customers
Insurance marketing and sales system	A system which supports sale of online products and general insurance services and provides tools for business and provision of services including policy management, policy renewal notifications, insurance premium quotations etc.	Insurance companies, insurance agency companies, insurance brokerage companies and online insurance companies
Insurance claims system	A system designated for insurance claims and arbitration services, including professional insurance claims, tracking of the full insurance claims process and online closed-loop reporting and claims process. The platform utilises AI-OCR technology to quickly collect and automatically identify claims materials, improving the speed of claims process and operational efficiency	Insurance companies and insurance intermediaries
Online training system	A training and examination platform that is suitable for various scenarios such as on-the-job training, qualification certification and knowledge learning and supports personalised training plans and examination question bank. The platform provides diversified training and examination modes, full tracking of the training process, training effectiveness dashboard and analysis of learning time, which provide data support for the quality and teaching results of the courses for employees, save training time and improve training results	Companies or organisations which require online training services for employees

Software/System	Key functions	Target customers
Insurance intermediary core business system	A cloud-based core system for insurance providers that comprehensively covers the three areas as required by industry regulatory measures: personnel management, business management and financial management and provides support for the insurance intermediary industry to strengthen compliance, improve business efficiency and accumulate data	Insurance intermediaries
AI service system	A system which provides AI based services, including the following functions: ● certificate recognition service which, combined with AI-OCR technology, supports different types of cards and certificates, such as ID cards, bank cards, driving licenses and passports ● document processing service which, utilising OCR and NLP technologies, provides content recognition, information extraction and text comparison of complex document such as insurance policies and contracts ● computer visual recognition services which, based on computer vision technology, combined with deep learning algorithms and algorithm modules, provides visual detection, 3D measurement and defect detection services	Companies and organisations that require certificate and document recognition, document management and AI testing

We will continue to expand our IT service offerings going forward.

Our Project Cycle and Operation Flow

The below diagram sets forth the typical project cycle and operation flow and processes for our provision of IT services:



- ***Identification of business opportunities.*** We identify potential customers and understand their needs, business objectives and challenges before we can formulate and customise digitalised solutions to them. In particular, our sales and marketing team approaches insurance companies, insurance intermediaries and companies from different industries to identify their needs. For IT services projects of Haier Group, we submit solutions and quotations through Haier Group's IT service procurement platform, which is open to approved suppliers, and we have to compete with other independent service providers. For FY2021, FY2022 and FY2023, we submitted 20, 37 and 15 solutions and quotations for provision of IT services to Haier Group, with tender success rate of 35%, 19% and 27%, respectively.

- ***Project review and design of project plan.*** Once we identify a potential project, we will commence preliminary work and perform technical and assessment on the specifications and requirements of the projects, such as the estimated time required, the availability of our workforce and the complexity of software/system to be developed. If we consider that a project is commercially viable, we will prepare a project plan based on the specification and requirements of the potential customers and provide them with our quotation.

- ***Signing of contracts.*** If our quotation is accepted, we will enter into formal contract with the customers.

- ***Software and system development.*** We design and develop digitalised solutions based on our customers' requirements. During the software/system development stage, we closely communicate with our customers from time to time to ensure that the design and specifications are satisfactory, and conduct software/system testing, during which small testable parts of an application will be individually and independently scrutinised to ensure proper functionality.

- ***Delivery.*** Once the software/system is complete, we will conduct a final review and testing phase and, upon confirmation with the customer, will deliver the accomplished software/system on-site or via electronic means.

- ***After-sales services.*** After delivery, we may, depending on the terms of the agreement, offer ongoing support and provide warranty for a specified period of time (usually ranging from six months to two years) to ensure that the software/system continues to function properly and meet the customer's requirements. If the customers request for software/system upgrade(s), we will prepare a new project plan and provide them with our quotation for additional works.

Terms of Agreements with Customers

As a general practice, we entered into agreements with our customers on a project-by-project basis during the Track Record Period. The salient terms of such agreements typically included:

Scope	:	We design and develop software/system on a project basis. We generally set out the details of our scope of services or particular deliverables to be provided by us. For certain IT projects, we assign our R&D staff on site to provide IT services, and the nature of these IT services may vary and include software/system development, technical support and other IT related tasks.
Terms	:	Depending on the complexity of the software/system to be developed.
Service fee	:	A fixed amount or fixed daily rate (for IT projects which we assign our R&D staff on site) as mutually agreed having considered the complexity of the software/system developed, allocation of staff (including the seniority of staff assigned on site), duration of the agreement, ownership of the IP right and other costs such as server fees, generally payable by instalments upon signing of the agreement and after confirmation of acceptance of the software/system by our customers.

Intellectual property	:	The IP right of the software/system is generally set out in the agreement and varies depending on the type of software/system.
After sales services	:	We may, depending on the terms of the agreement, provide warranty for a specified period of time (usually ranging from six months to two years).

The following table sets forth the number of IT projects by band of revenue recognised during the Track Record Period:

	For the year ended 31 December		
Band of revenue recognised	**2021**	**2022**	**2023**
Less than RMB100,000	1	9	12
RMB100,000 or above to less than RMB500,000	1	13	10
RMB500,000 or above to less than RMB1,000,000	1	—	5
More than RMB1,000,000	—	6	5
Total	**3**	**28**	**32**

For the years ended 31 December 2021, 2022 and 2023, the average service fees received per IT project were approximately RMB0.4 million, RMB0.5 million and RMB0.5 million, respectively.

CONSULTING SERVICES

We offer consulting services which include HR consulting services and marketing and promotion services.

We provide HR consulting services to corporate customers, including provision of advice on human resource management and recruitment strategies, and recruitment services. We source candidates from our growing talent pool and attract other job applicants through providing comprehensive HR solutions covering the main process of recruitment including talent sourcing, job posting, resume screening, interview and selection process. According to the customers' industry, recruitment timeline and skill set required for a job position, we will locate, attract and identify the right talent for our customers. During the Track Record Period, revenue contributable to our HR consulting services amounted to RMB1.4 million, RMB2.4 million and RMB1.8 million, representing 1.2%, 1.6% and 1.0% of our total revenue for the years ended 31 December 2021, 2022 and 2023, respectively.

We provide marketing and promotion services to corporate customers which include insurance company partners as value-added services. In the ordinary and usual course of our insurance agency business, we are required to promote insurance products underwritten by our insurance company partners through provision of marketing and promotion services to increase their brand awareness and the recognition and understanding of their insurance products. During the Track Record Period, revenue contributable to our marketing and promotion services amounted to RMB1.3 million, RMB0.3 million and RMB0.7 million, representing 1.0%, 0.2% and 0.4% of our total revenue for the years ended 31 December 2021, 2022 and 2023, respectively.

OUR DIGITAL CAPABILITIES AND RESEARCH AND DEVELOPMENT

We believe that the success of our business is dependent on our strong digital capabilities which support us in delivering superior user experience, safeguarding information on our platforms, increasing operational efficiency and enabling innovations. Our IT system is an essential component of our operations and supports our entire transaction processes. We developed our IT systems and relevant software and applications on our own, which include our online platforms. The following sets out the key components of our technology systems:

- ***Automated systems.*** We maintain the following automated management process and systems throughout the provision of insurance agency business:

  — Our insurance client system is fully integrated with our "Quan Zhanggui (全掌櫃)" APP. The system comprises functions including online training, contracting, personnel management, marketing and business development, insurance mall, insurance policy management, performance management, management measures and other functions and tools. We imbedded modules with functions including premium calculation implementation and underwriting rule verification that automatically interact with insurance company partners we collaborate with into our APP and our system. Our advanced image recognition technology provides us with a unique competitive advantage in improving the efficiency of the underwriting process. In addition, we also developed artificial intelligence capabilities such as machine learning, deep learning, and natural language processing (NLP) to optimise product features quickly to increase customer acceptance.

  — Our insurance interaction system connects our insurance company partners with insurance clients and achieve product standardisation, scenario customisation and system digitalisation based on the experience accumulated on our platform.

  — Our claims system carries out efficient time-based review and calculation, which shortens the entire insurance claim process. The system conducts business analysis of the information provided for insurance claims from multiple dimensions such as the identity of the insured, category of insurance products, insurance company partners and time, and output multi-dimensional statistical visualisation dashboards to further quantify risk control. During the process of insurance claims, our AI technologies such as computer vision (CV), optical character recognition (OCR) and natural language processing (NLP) enhanced the entire interaction process to be faster and more efficient, which significantly improved the user satisfaction rate.

- ***Data analytics capabilities.*** Leveraging our insurance client base, we utilise a data analytics engine to analyse the behavior and insurance data of our insurance clients. Our data analytics capabilities enhances our ability to accurately identify potential insurance purchasers, recommend insurance products and reach other key performance indicators as requested by the insurance company partners:

  — Our risk control system identifies potential risks from big business data through big data analysis and provide effective risk control strategies for risk judgement and business quality enhancement. Prior to accepting a potential insurance client's purchase of insurance products, we utilise the risk control system to check whether the potential insurance client is named on any blacklist, which allows us to protect the interest of our insurance company partners against fraud risk.

  — Our digitalised operational platform enhance our management capabilities. Based on the big data assets accumulated by us, the platform provides an accurate data support capability, such as visualised configuration of indicator libraries, visualisation dashboards, and multidimensional report, for operational management. By leveraging the power of big data and AI technologies, the platform provides a comprehensive and accurate view of our business operations, enabling us to make informed decisions and take proactive measures to mitigate risks and improve performance.

- ***Data security.*** We maintain an effective cyber security system to monitor and manage the traffic to our system on a real-time basis. For our daily operation, we collect and store certain personal information of our insurance clients. We retrieve such information only upon user's consent and store all data in an encrypted format. We also implement multiple layers of security measures to insulate our data from unauthorised access and use sophisticated security protocols for communications among applications. Data collected in the course of our business is stored on our database secured by firewall subject to additional encryption and decryption procedures.

- ***Stability.*** We have adopted various IT safety measures to enhance our information safety management, including firewalls, data encryption and intrusion detection. We utilise data centres and maintain data redundancy through a real-time multi-layer data backup system to ensure the reliability of our network. We have implemented a disaster recovery program which enables us to react appropriately in an emergency and instantly transfer our data to a back-up data centre if needed. We manage our IT and network system risks by strengthening the security of our IT system through establishing dual-system operation.

Technology is at the core of our operations and is critical to our ecosystem, platform, network and product and service offerings. During the Track Record Period, we have been continuously increasing our research and development expenses. Our research and development efforts mainly focus on developing digital solutions for insurance industry using advanced technologies in areas such as AI and data analytics. As at the Latest Practicable Date, we (i) were granted three invention patents in the PRC; (ii) had 49 computer software copyrights in the PRC, and (iii) was in the progress of registering six patents in the PRC. Our research and development capabilities is evidenced by the recognition by Shandong Bigdata Association (山東省大數據協會) of our developed IT system (i.e. Automatic Identification Platform for Car Insurance Policies (車險保單自動識別平台)) for its leading position in China in May 2023 and the selection by Shandong Provincial Department of Industry and Information Technology (山東省工業和信息化廳) of the same system (i.e. Automatic Identification Platform for Car Insurance Policies (車險保單自動識別平台)) as one of the high-end software products under The 7th Batch of Shandong Province's First Version of High-End Software Product List (第七批山東省首版次高端軟件產品名單公示) in November 2023. During the Track Record Period, our research and development costs amounted to approximately RMB4.7 million, RMB6.8 million and RMB7.1 million, representing approximately 3.9%, 4.6% and 4.1% of our revenue respectively, the portion of which is in line with that of comparable insurance intermediary companies with digital capabilities according to Frost & Sullivan. We have a team of experienced engineers dedicated to research and development. As at 31 December 2023, we had 48 R&D staff, representing approximately 36.1% of our total number of employees. Such employees have an average of over five years of experience in the IT industry, covering areas such as internet information technology, mobile applications technology and big data computing technology, over 70% of them obtained bachelor's or higher degrees. Our research and development department is led by Mr. Wang, our executive director and chief technology officer, who has over 15 years of experience in software research and development. For more details on biographical details of Mr. Wang, please refer to the section headed "Directors, Supervisors and Senior Management — Board of Directors — Executive Directors" in this document.

SALES AND MARKETING

We promote and distribute insurance products mainly through (i) insurance agents; (ii) strategic channel partners; and (iii) direct sales. We had built a sales network consisting of insurance agents across Shandong, Hebei, Henan and Jilin provinces and 17 strategic channel partners during the Track Record Period. In order to comply with the relevant laws and regulations and better serve our insurance clients, we set up branch offices at locations where we conduct and plan to conduct our insurance agency business.

The table below sets forth the breakdown of GWP and the commission income we generated by sales channel for our insurance agency business for the years indicated:

	For the year ended 31 December								
	2021			2022			2023		
	GWP	Commission income	Percentage of commission income	GWP	Commission income	Percentage of commission income	GWP	Commission income	Percentage of commission income
	RMB'000	*RMB'000*	*%*	*RMB'000*	*RMB'000*	*%*	*RMB'000*	*RMB'000*	*%*
Insurance agents	164,650	49,709	42.8	166,304	27,930	21.4	195,327	28,962	18.6
Strategic channel partners	318,986	44,892	38.7	588,729	69,254	53.0	823,721	94,232	60.5
Direct sales	182,745	21,455	18.5	263,341	33,537	25.7	240,073	32,554	20.9
Total	**666,381**	**116,056**	**100.0**	**1,018,374**	**130,721**	**100.0**	**1,259,121**	**155,748**	**100.0**

The following table sets forth the number of participants in our sales network as at the dates indicated:

	As at 31 December		
	2021	**2022**	**2023**
Insurance agents	11,435	8,634	6,730
Strategic channel partners	10	10	12
In-house sales executives	51	64	53

The following table sets forth the movements in the number of our (i) insurance agents; (ii) strategic channel partners; and (iii) in-house sales executives during the Track Record Period:

	(i) Insurance agents	(ii) Strategic channel partners	(iii) In-house sales executives
As at 1 January 2021	12,137	10	39
Addition during the year	1,845	2	18
Reduction during the year	(2,547)	(2)	(6)
As at 1 January 2022	11,435	10	51
Addition during the year	1,157	3	24
Reduction during the year	(3,958)	(3)	(11)
As at 1 January 2023	8,634	10	64
Addition during the year	3,262	2	11
Reduction during the year	(5,166)	(—)	(22)
As at 31 December 2023	6,730	12	53

During the Track Record Period, the number of our strategic channel partners remained stable with moderate change in compositions, including the addition of three top five suppliers, Supplier B (commenced collaboration in 2021), Supplier E (commenced collaboration in 2022) and Supplier G (commenced collaboration in 2022), which referred insurance clients to us to purchase insurance products. As a result, our referral fees to strategic channel partners increased from RMB31.9 million in 2021, to RMB50.1 million in 2022, and further to RMB68.2 million in 2023 primarily due to the overall higher referral fees paid by our Group to Supplier B, Supplier E and Supplier G.

The number of our insurance agents, on the other hand, experienced fluctuations during the Track Record Period primarily because we had ceased our business relationship with insurance agents who did not meet our requirements from time to time having considered (i) their performance; (ii) our business needs; (iii) the relevant market conditions (including the impact by the COVID-19); and (iv) the relevant requirements imposed by the insurance industry association. In July 2023, the Insurance Association of Qingdao issued the Qingdao Insurance Sales Practitioners Self-Discipline Code (青島市保險銷售從業人員自律公約) (the "**Code**"), which aims to maintain order in the insurance market, regulate the business practices of member units, protect the interests of insurance clients and promote the healthy development of the insurance industry in Qingdao. As a result of the introduction of the Code, insurance agents are required to undergo specific training and sign certain undertakings to qualify as insurance agents in Qingdao. As some of our insurance agents confirmed that they would not be able to meet these requirements, we ceased our business relationship with them, leading to the reduction of the number of our insurance agents from 8,634 as at 31 December 2022 to 6,614 as at the Latest Practicable Date, which is in line with the decreasing trend in the market. As advised by Frost & Sullivan, there has been a notable decline in the overall number of insurance agents within the industry as a consequence of standardisation and optimisation efforts. Specifically, the number of insurance agents within the industry decreased from 5.9 million in 2021 to 5.2 million by the first half of 2022, and further decreased to below 3.0 million in 2023. For insurance agents that expressed intention to comply with the relevant requirements, we are providing them with additional time to complete the necessary requirements as set out under the Code and will cease business relationship with them if they fail to do so. While we expect our number of insurance agents will continue to decrease in 2024 in view of the ongoing optimisation of our insurance agents pool conducted in compliance with the Code, we do not expect such reduction in number will have any material financial and operational impact on our Group as the key factor affecting our financial and operational performance remains the performance of the remaining insurance agents who can generate revenue for our insurance agency business. Despite the decrease in the number of insurance agents, our overall financial performance had not been significantly affected during the Track Record Period as our overall revenue reached RMB120.0 million in 2021, RMB148.4 million in 2022 and RMB174.0 million in 2023, representing a CAGR of 20.4%. This is mainly contributed by our diversified product portfolio and sales channels, which allow us to respond to changing market and mitigate risk by reducing reliance on any single category of insurance products or sales channel.

Our in-house sales executives expanded substantially during the Track Record Period in order to support the business growth of our Group. As at 31 December 2023, our Group had 53 in-house sales executives, 42 of which are individual insurance sales practitioners registered with the NFRA under our Group. The remaining in-house sales executives are responsible for other administrative work that does not require selling insurance products directly.

Insurance Agents

Our insurance agents are individual insurance sales practitioners with professional knowledge and experience in different insurance products. During the Track Record Period, our insurance agents primarily distributed life and health insurance products. The following table sets the number of our insurance agents by geographical areas as at 31 December 2023:

	Number of insurance agents	
Location	**As at 31 December 2023**	**As at the Latest Practicable Date**
Shandong	5,103	4,972
Hebei	1,179	1,197
Jilin	401	399
Henan	47	46
Total	**6,730**	**6,614**

Our insurance agents are individual insurance sales practitioners registered with the NFRA under us and are engaged by us on an exclusive basis. By virtue of their registration status, they are subject to the governance of relevant regulations of the NFRA and are eligible to and may engage in the sales of insurance products we distribute. We select our insurance agents based on various criteria, including their reputation, industry experience, operational track record and previous relationship with us. We monitor the services provided by our insurance agents through reviewing: (i) the rate of insurance clients who subsequently terminate the insurance policy unilaterally; and (ii) the attendance of our training and completion of our test on our APP. For details on the fluctuation of the number of our insurance agents and the impact of the Code on our Group, please refer to the paragraph headed "Sales and Marketing" in this section. During the Track Record Period, our insurance agents had distributed insurance products to more than 12,000 insurance clients each year.

In addition, we enter into insurance representative agreements with all our external insurance agents and register them with the NFRA. Salient terms of the insurance agent agreements include:

Services	:	Our insurance agents shall promote and distribute insurance products we carry to potential insurance clients in the name of us and on behalf of us within the scope of authorisation on an exclusive basis.
Location	:	Our insurance agents may only promote and distribute insurance products in cities where our Group has completed the establishment procedures in accordance with the relevant laws and regulations.
Fees and payment	:	We pay commissions to our insurance agents for successful purchase of insurance products by insurance clients. We generally pay them commissions on a monthly basis.
Terms	:	Our insurance representative agreements generally have a term of three years.
Termination	:	The agreement may be terminated by mutual agreement between our Group and insurance agents. We may terminate the agreement unilaterally with cause, including material breach of the agreement, loss of qualification, illegal behavior, fraud or otherwise failure to meet our assessments and standards. The insurance agents may terminate the agreement unilaterally if our breach of agreement has caused significant impact on them to the extent that the purpose of the agreements cannot be achieved.

The commission rates paid by us to our insurance agents are usually positively correlated with the commission rates received by us from our insurance company partners to ensure that our Group retains a sufficient and acceptable spread as profit margin for our insurance agency business. For the years ended 31 December 2021, 2022 and 2023, the average commission rates we paid to insurance agents were approximately 52.8%, 51.1% and 50.0%, respectively, which were relatively stable.

Strategic Channel Partners

Our strategic channel partners generally have network with access to large number of potential insurance clients that may be introduced to us. Since 2017, we have commenced collaboration with strategic channel partners to expand our insurance client base. Some of our strategic channel partners have network in the human resources and corporate consulting industry, which often work closely with corporates and individuals to provide a range of services and have day-to-day access with large number of potential insurance clients. For example, our strategic channel partners which are engaged in the human resources industry have access to companies which have demand for insurance such as employer's liability insurance products given the nature of their business. We occasionally collaborate with our strategic channel partners to organise marketing events for potential insurance clients to attend. By leveraging their experience, resources, network and event organised, we are able to expand our reach to large population of corporate and household insurance clients in different industries. During the Track Record Period, we had cooperation with 17 strategic channel partners, which referred insurance clients to purchase different types of insurance products distributed by us, including property, accident and automobile insurance products. For the years ended 31 December 2021, 2022 and 2023, our strategic channel partners had referred more than 6,000, 9,000 and 11,000 corporate insurance clients and 81,000, 145,000 and 206,000 household insurance clients, respectively, to purchase insurance products from us.

In selecting our strategic channel partners, we mainly take into account their business nature, understanding of the industry, operational scale and geographical presence. We require our strategic channel partners to obtain business license required to conduct their relevant business.

We enter into collaboration agreements with our strategic channel partners. The salient terms and conditions of such agreements are generally as follows:

Services	:	Our strategic channel partners shall provide referral services and introduce insurance clients to purchase insurance products through us, and/or organise seminars and trainings, and we shall provide insurance products.
Fees and payment	:	We pay referral fees to our strategic channel partners for successful purchase of insurance products by insurance clients and service fees for marketing activities such as the organisation of marketing events.
Terms	:	Our collaboration agreements generally have a term of one to three years.
Confidentiality	:	Both parties have the obligation to keep confidential of all business secrets obtained from the other party during the cooperation.
Liability for breach	:	Either party is obligated to indemnify the other party for any losses resulting from breach of the agreement.

We generally make reference to the type of insurance products, the number and type of insurance clients and the synergy brought to our Group in determining the referral fees rates we provide to our strategic channel partners to ensure that our Group retains a sufficient and acceptable spread as profit margin for our insurance agency business. For the year ended 31 December 2021, 2022 and 2023, the average referral fee rates we paid to strategic channel partners were approximately 71.1%, 72.4% and 72.3%, respectively, which were relatively stable. The referral fees rates we paid to strategic channel partners for automobile insurance products and traffic accident related accident insurance products are significantly higher than other insurance products because these are standardised products with lower level of customisation, and the market for such products are more competitive, resulting in higher referral fees paid to strategic channel partners to incentivise them to make referral of insurance clients to purchase such products.

Direct Sales

We also distribute insurance products directly to our corporate insurance clients through our in-house sales executives without the need to liaise with our insurance agents or strategic channel partners. Our in-house sales executives are primarily responsible for handling our corporate insurance clients who directly approach us to purchase insurance products, which mainly include Haier Group insurance clients.

OUR CUSTOMERS

Our customers for our insurance agency business are insurance companies in the PRC, which we consider as our "insurance company partners". In the PRC insurance market, local branches of insurance companies generally have the authority to enter into contracts in their own names with insurance intermediaries. In general, we enter into contracts and maintain business relationships with our insurance company partners at the local level primarily in Shandong, the PRC. We may also enter into contracts with our insurance company partners in the PRC with regard to certain domestic reinsurance purchased by overseas insurance companies in relation to property insurance products of overseas operation of Haier Group, with RMB as the settlement currency. During the Track Record Period, we had established business relationships with over 60 insurance companies in the PRC. As at 31 December 2021, 2022 and 2023, our Group had cooperation with 45, 41 and 46 insurance company partners, respectively. The changes in the number of insurance company partners did not have any material financial and operational impact on our Group as (i) we recorded an increase of revenue generated from our top five customers from RMB89.4 million in 2021 to RMB94.4 million in 2022 and further to RMB113.3 million in 2023; and (ii) the number of insurance company partners during the Track Record Period remained relatively stable. For the detailed analysis on the relationship with our major customers, please refer to the paragraph headed "Our Customers — Reliance on Major Customers" in this section.

The table below sets forth the movement in the number of our insurance company partners during the Track Record Period:

	FY2021	**FY2022**	**FY2023**
Balance as at the beginning of the year	43	45	41
Addition during the year	9	3	16
Reduction during the year	(7)	(7)	(11)
Balance as at the end of the year	45	41	46

We cooperate with our insurance company partners to offer their standardised or tailor-made insurance products and solutions. We need to keep the growth of our business, brand influence and risk management capabilities so as to strengthen the cooperation with our existing insurance partners while attracting more insurance companies to build cooperative relationships with us. Our top five insurance company partners in terms of revenue contribution accounted for 74.5%, 63.7% and 65.1% of our total revenue for the years ended 31 December 2021, 2022 and 2023, respectively. We consider that given our role as an insurance agency service and solution provider is to facilitate insurance company partners to promote market penetration of their products, and that insurance company partners only incur costs in the form of commissions to us upon successful distributions of their insurance policies to insurance clients, and in view of our established market positioning and sales coverage network, we had not experienced any material difficulties in promoting our insurance agency services and expanding our insurance client base during the Track Record Period.

Salient terms of agreements with insurance company partners

Type of insurance products and scope	:	The insurance company partner entrusts us to distribute insurance products, collect insurance premiums and carry out other business as approved by the NFRA, and generally specifies the types of insurance products we are authorised to distribute on their behalf.
Location	:	We distribute the insurance products in the regions or cities as set out in the agreement.
Services	:	We promote and distribute the insurance products that we are authorised to distribute and promote. We are required to perform our duties, including the duty to disclose relevant provisions of the insurance policy to the insurance clients. We instruct insurance clients to fill in relevant information correctly and collect the documents required by insurance company partners, and pass on completed information and required documents to the insurance company partner. We may be authorised by our insurance company partners to collect the insurance premium from the insurance clients, which are deposited in a separate premium collection account, on an agency basis for the onward payment to our insurance company partners, in which case, insurance clients either pay the insurance premium directly to our insurance company partners or, upon the authorisation of our insurance company partners to us, pay the insurance premium to us for our onward payment to our insurance company partners in accordance with the relevant laws and regulations in the PRC.
Fees and payment	:	The commission rates are generally set out in the agreements and vary depending on the type of insurance products.

Qualification	:	We shall be qualified to conduct business as an insurance agency.
Anti-Money Laundering	:	We shall identify the insurance client and provide identity information in accordance with relevant anti-money laundering laws and regulations.
Terms	:	Our insurance agency agreements generally have a term of one year.
Termination	:	Either party may terminate the agreement with prior written notice generally. The insurance company partners may terminate the agreement with cause, including but not limited to our breach of laws and regulations, unauthorised changes of insurance term and forgery of documents and information.

The amounts of premium collected from insurance clients on an agency basis were approximately RMB206.3 million, RMB253.6 million and RMB279.0 million for the years ended 31 December 2021, 2022 and 2023, respectively. We had not charged any additional fee for the collection and payment of premium services during the Track Record Period. As advised by Frost & Sullivan, such collection and payment of premium arrangement is not uncommon in the insurance intermediary industry, which can facilitate the process of insurance purchase between insurance companies and insurance clients.

The commission rates charged by our Group are determined between us and our insurance company partners based on the type of insurance products concerned, the insurance period to which the commission rate related to (for example, the first-year commission rates of long-term life and health insurance products are generally higher), the expectation of the insurance company partners on profits taking into account the expected claim ratios, insurance clients' demand for insurance products in the market, requirements set by the industry association, regulatory requirements and governmental policies and other factors that affect our insurance company partners at the relevant time. For life and health insurance products, some of our insurance company partners may require us to maintain a certain percentage of renewal rate at the 13th month during the term of the insurance policy, and if we fail to meet such requirement, we may be required to return a portion of the commission we received from the insurance company partners based on the terms of the agreements. During the Track Record Period and from 1 January 2024 up to the Latest Practicable Date, our Group had returned nil, nil, RMB0.1 million and nil of commission received as a result of any failure to maintain the required percentage of renewal at the 13th month during the term of insurance policies, respectively.

Top Customers

Our customers are the insurance companies in the PRC. For the years ended 31 December 2021, 2022 and 2023, the aggregate revenue generated from our top five customers amounted to RMB89.4 million, RMB94.4 million and RMB113.3 million, respectively, representing 74.5%, 63.7% and 65.1% of our total revenue, respectively. For the same periods, revenue generated from our largest customer amounted to RMB41.5 million, RMB54.8 million and RMB62.0 million, respectively, representing 34.6%, 36.9% and 35.6% of our total revenue for the same periods, respectively. For more details, please refer to the section headed "Risk Factors — Risks Relating to Our Business — We are subject to customer concentration risk. Our growth and revenue could be materially and adversely affected if we lose any significant customer, or if any significant customer fails to cooperate with us at anticipated levels" in this document for further details of customer concentration risks. The credit period we granted to our top five customers during the Track Record Period are generally within three months.

The following table sets forth the details of our top five customers during the Track Record Period:

For the year ended 31 December 2021

Rank	Customer	Background of the customer	Year of commencement of business relationship	Major services provided by us	Major categories of insurance products distributed	Approximate amount of revenue *(RMB'000)*	Approximate percentage of our total revenue *(%)*	Range of commission rate of insurance agency services	Average commission rate of insurance agency services *(%)*
1	Ping An Property & Casualty Insurance Company of China, Ltd. (中國平安財產保險股份有限公司)	One of the largest property and casualty insurance companies covering more than 30 provinces in the PRC with registered capital of RMB21 billion, whose parent company is listed on the Stock Exchange (Stock code: 2318) and Shanghai Stock Exchange (Stock code: 601318); registered in Shenzhen, the PRC in 2002	2017	Insurance agency services and marketing and promotion services	Property insurance products, accident insurance products and automobile insurance products	41,517	34.6	1.0%–70.0%	14.5
2	Customer A	A life and health insurance company covering more than 10 provinces and municipalities in the PRC with registered capital of RMB5 billion; registered in Hangzhou, the PRC in 2007	2018	Insurance agency services	Life and health insurance products and accident insurance products	18,364	15.3	6.8%–126.0%	29.8
3	Customer B	The largest property and casualty insurance company covering more than 30 provinces in the PRC with registered capital of RMB22.2 billion, which is listed on the Stock Exchange; registered in Beijing, the PRC in 2003	2018	Insurance agency services	Property insurance products, accident insurance products and automobile insurance products	11,853	9.9	0.0%–40.0%	22.8
4	Customer C	A comprehensive insurance company covering more than 15 provinces and municipalities in the PRC with registered capital of RMB2.9 billion; registered in Beijing, the PRC in 2002	2017	Insurance agency services	Life and health insurance products and accident insurance products	10,720	8.9	12.1%–135.3%	39.9
5	Sunshine Property and Casualty Insurance Co., Ltd. (陽光財產保險股份有限公司)	A subsidiary of one of the largest insurance companies covering more than 30 provinces in the PRC with registered capital of RMB5.7 billion, which is listed on the Stock Exchange (Stock code: 6963); registered in Beijing, the PRC in 2005	2018	Insurance agency services	Property insurance products, accident insurance products, automobile insurance products and life and health insurance products	6,944	5.8	0.0%–48.0%	13.6

For the year ended 31 December 2022

Rank	Customer	Background of the customer	Year of commencement of business relationship	Major services provided by us	Major categories of insurance products distributed	Approximate amount of revenue *(RMB'000)*	Approximate percentage of our total revenue *(%)*	Range of commission rate of insurance agency services	Average commission rate of insurance agency services *(%)*
1	Ping An Property & Casualty Insurance Company of China, Ltd. (中國平安財產保險股份有限公司)	One of the largest property and casualty insurance companies covering more than 30 provinces in the PRC with registered capital of RMB21 billion, whose parent company is listed on the Stock Exchange (Stock code: 2318) and Shanghai Stock Exchange (Stock code: 601318); registered in Shenzhen, the PRC in 2002	2017	Insurance agency services and IT services	Accident insurance products, property insurance products, automobile insurance products and life and health insurance products	54,798	36.9	0.8%–80.0%	12.5
2	AXA Tianping Property & Casualty Insurance Co., Ltd. (安盛天平財產保險有限公司)	A PRC subsidiary of a global insurance company covering more than 15 provinces in the PRC with registered capital of RMB846.2 million; registered in Shanghai, the PRC in 2004	2021	Insurance agency services and IT services	Automobile insurance products, property insurance products, accident insurance products and life and health insurance products	13,616	9.2	3.0%–49.0%	8.9
3	Customer A	A life and health insurance company covering more than 10 provinces and municipalities in the PRC with registered capital of RMB5 billion; registered in Hangzhou, the PRC in 2007	2018	Insurance agency services	Life and health insurance products and accident insurance products	9,601	6.5	7.0%–133.0%	14.3
4	Customer B	The largest property and casualty insurance company covering more than 30 provinces in the PRC with registered capital of RMB22.2 billion, which is listed on the Stock Exchange; registered in Beijing, the PRC in 2003	2018	Insurance agency services	Property insurance products, accident insurance products and automobile insurance products	8,834	6.0	2.0%–35.0%	24.6
5	Customer D*(Note)*	A life and health insurance company covering more than 10 provinces and municipalities in the PRC with registered capital of RMB2.9 billion; registered in Shanghai, the PRC in 2002	2017	Insurance agency services	Life and health insurance products, accident insurance products and property insurance products	7,558	5.1	10.0%–25.0%	15.1

For the year ended 31 December 2023

Rank	Customer	Background of the customer	Year of commencement of business relationship	Major services provided by us	Major categories of insurance products distributed	Approximate amount of revenue *(RMB'000)*	Approximate percentage of our total revenue *(%)*	Range of commission rate of insurance agency services	Average commission rate of insurance agency services *(%)*
1	Ping An Property & Casualty Insurance Company of China, Ltd. (中國平安財產保險股份有限公司)	One of the largest property and casualty insurance companies covering more than 30 provinces in the PRC with registered capital of RMB21 billion, whose parent company is listed on the Stock Exchange (Stock code: 2318) and Shanghai Stock Exchange (Stock code: 601318); registered in Shenzhen, the PRC in 2002	2017	Insurance agency services and IT services	Accident insurance products, automobile insurance products, property insurance products and life and health insurance products	61,997	35.6	0.0%–85.0%	12.7
2	AXA Tianping Property & Casualty Insurance Co., Ltd. (安盛天平財產保險有限公司)	A PRC subsidiary of a global insurance company covering more than 15 provinces in the PRC with registered capital of RMB846.2 million; registered in Shanghai, the PRC in 2004	2021	Insurance agency services and IT services	Automobile insurance products, accident insurance products, property insurance products and life and health insurance products	15,342	8.8	1.0%–42.0%	8.3
3	Customer E	A subsidiary of one of the largest property and life insurance companies in the PRC whose parent company is listed on the Stock Exchange, Shanghai Stock Exchange and London Stock Exchange; with registered capital of RMB19.9 billion, registered in Shanghai, the PRC in 2001	2017	Insurance agency services	Property insurance products, automobile insurance products, life and health insurance products and accident insurance products	12,544	7.2	0.0%–50.0%	9.5
4	Customer F	A subsidiary of one of the largest insurance companies in the PRC whose parent company is listed on the Stock Exchange, Shanghai Stock Exchange; with registered capital of RMB18.8 billion, registered in Beijing, the PRC in 2006	2017	Insurance agency services and IT services	Property insurance products, accident insurance products, life and health insurance products and automobile insurance products	12,483	7.2	0.0%–42.0%	28.8
5	Sunshine Property and Casualty Insurance Co., Ltd. (陽光財產保險股份有限公司)	A subsidiary of one of the largest insurance companies covering more than 30 provinces in the PRC with registered capital of RMB5.7 billion, which is listed on the Stock Exchange (Stock code: 6963); registered in Beijing, the PRC in 2005	2018	Insurance agency services, IT services and marketing and promotion services	Property insurance products, accident insurance products, automobile insurance products and life and health insurance products	10,904	6.3	0.0%–69.0%	17.3

Note: As at the Latest Practicable Date, Haier Group indirectly held 19.76% equity interest in Customer D and had nominated a director to the board of directors of Customer D.

Our Directors confirmed that save for Haier Group's investment in Customer D, (i) all of our top five customers during the Track Record Period do not have other past or present relationships with our Group, our Shareholders, Directors, Supervisors or senior management or any of their respective associates and (ii) none of our Directors, Supervisors, their respective close associates or any Shareholders (which to the best knowledge of our Directors owns more than 5% of the issued share capital of our Company) had any interest in any of our five largest customers during the Track Record Period.

During the Track Record Period and up to the Latest Practicable Date, there were no litigations or arbitration or disputes between us and our major customers which have a material and adverse impact on our business operation or financial condition.

Reliance on major customers

We derived a significant portion of our revenue from a small number of insurance company partners, including, in particular, Ping An Property & Casualty Insurance Company of China, Ltd. (中國平安財產保險股份有限公司) ("**Ping An**"), which was our top customer during the Track Record Period, with respect to our insurance agency services. For the years ended 31 December 2021, 2022 and 2023, our revenue attributable to Ping An amounted to approximately RMB41.5 million, RMB54.8 million and RMB62.0 million, respectively, which accounted for approximately 34.6%, 36.9% and 35.6% of our total revenue for the corresponding period, respectively. This concentration of our major customers is mainly due to the fact that the insurance market in the PRC is highly concentrated, where the top 10 insurance providers in the PRC accounted for approximately over 60% of the market share in 2023. Therefore, as advised by Frost & Sullivan, it is common that an insurance agency company in the PRC would have certain degree of customer concertation as they prefer to provide insurance agency services to a few top insurance company partners.

As at the Latest Practicable Date, we had maintained over five years of business relationship with most of our top five customers. In particular, Ping An has been an insurance company partner of Haier Insurance Agency prior to the establishment of our Company, and our Group has maintained business relationship with Ping An since the incorporation of our Company.

We generally enter into agreement with insurance company partners each year during the Track Record Period with terms as set out the paragraph headed "Customers — Salient terms of agreements with insurance company partners" in this section, and there has been no material change in the terms with insurance company partners since the commencement of business relationship and the terms of which are of normal commercial terms. Despite such customer concentration, our Directors are of the view that there is no material reliance on our existing major customers and we are capable of sustaining our services in the future, primarily because:

- according to Frost & Sullivan, in contrast to insurance intermediary industry, the insurance industry in China is highly concentrated, with top ten insurance companies accounting for over 60% of the insurance industry in terms of premium collected in 2023. Thus, it is not uncommon for insurance agency services providers like us in the PRC to generate major proportion of revenues from one or a few sizeable and reputable insurance company partners due to high concentration of the insurance market in the PRC and the potential preferences of our insurance clients towards the brand perception and product offerings of the few sizeable insurance company partners; while we distribute insurance products of a relatively large number of insurance companies, the composition and contribution of our major insurance company partners towards our revenue are inevitably ultimately affected by the choices and preferences of our insurance clients towards the brand perception, pricing and product offerings of different insurance companies; and

- as an insurance agency service provider, a stable relationship with our existing major insurance company partners is critical for providing better options to our insurance clients, ensuring access to a wide range of insurance products and maintaining our competitiveness and growth in the market. As such, our Directors consider our stable relationship with the insurance company partners as our strength as an insurance agency service provider to obtain better terms for the insurance products we distribute on their behalves.

In addition, our Directors are of the view that it is highly unlikely for our business relationship with our existing insurance company partners to materially adversely change or terminate in the foreseeable future because we do not consider there to be reasonable grounds for our insurance company partners to do so. Cooperation with our Group increases the potential for our insurance company partners to reach out to a broader insurance client base and to sell more insurance policies, and consistent revenue brought to the insurance companies. Moreover, our Group had been providing high-quality insurance agency services and solutions, which was proved by the growth of our business during the Track Record Period, and there had not been any disagreement or termination of business between us and our major insurance company partners during the Track Record Period. In the worst and very unlikely scenario that our relationship may be changed, we are still able to mitigate such exposure taking account of our abilities to diverse our customer bases and explore new marketing opportunities as mentioned above.

OUR SUPPLIERS

Our suppliers primarily consist of: (i) insurance agents; (ii) strategic channel providers; (iii) IT services providers; and (iv) other suppliers for insurance and consulting services. We generally enter into legally binding agreements with our suppliers for a term of one year to three years, and we typically settle payment with our suppliers through bank transfer on a periodic basis.

Top Suppliers

For the years ended 31 December 2021, 2022 and 2023, purchases from our five largest suppliers amounted to RMB41.8 million, RMB58.2 million and RMB73.9 million, respectively, accounting for 58.1%, 71.7% and 74.3% of our total purchases, respectively, while purchase from our largest supplier amounted to RMB26.5 million, RMB31.9 million and RMB45.3 million, respectively, accounting for 36.8%, 39.3% and 45.6% of our total purchases, respectively. The credit term granted to us by our top five suppliers during the Track Record Period are generally within one month.

The tables below set forth a summary of our five largest suppliers during the Track Record Period:

For the year ended 31 December 2021

Rank	Supplier	Background of the supplier	Year of commencement of business relationship	Background of commencement of business relationship	Major services/ products provided to us	Approximate amount of purchase (RMB'000)	Approximate percentage of our total purchase (%)	Approximate amount of commission income attributable to the strategic channel partner through referral (RMB'000)	Approximate amount of referral fees (RMB'000)	Average rate of referral fees (%)	Major type(s) of insurance products purchased by insurance clients referred
1	Supplier A	A comprehensive human resource service company for small and medium-sized enterprises with registered capital of RMB2 million; registered in Qingdao, the PRC in 2015	2020	A strategic channel partner that we connected with through participation in a HR association	Referral services and other services	26,482	36.8	28,406	20,574	72.4	Automobile insurance products, property insurance products and accident insurance products
2	Supplier B	A state-owned company principally engaged in human resources services and training services with registered capital of RMB5 million; registered in Qingdao, the PRC in 2017	2021	To the best knowledge of our Directors, we approached this strategic channel partner to commence our cooperation leveraging its business network in the HR industry	Referral services	7,176	10.0	7,173	7,001	97.6	Automobile insurance products and accident insurance products
3	Supplier C[(1)]	A company principally engaged in provision of supply chain management solution and logistic service with registered capital of RMB590.6 million; registered in Qingdao, the PRC in 2000	2018	This strategic channel partner is a subsidiary of Haier Group, which purchased insurance products through us and decided to cooperate with us leveraging its business network	Referral services	3,908	5.4	8,321	3,908	47.0	Property insurance products
4	Ping An Property & Casualty Insurance Company of China, Ltd. (中國平安財產保險股份有限公司)	One of the largest property and casualty insurance companies covering more than 30 provinces in the PRC with registered capital of RMB21 billion, whose parent company is listed on the Stock Exchange (Stock code: 2318) and Shanghai Stock Exchange (Stock code: 601318); registered in Shenzhen, the PRC in 2002	2017	This supplier has been an insurance company partner of Haier Insurance Agency prior to the establishment of our Company	Insurance products	3,370	4.7	N/A	N/A	N/A	N/A
5	Supplier D[(2)]	A company principally engaged in business management consulting, occupational training and operation of PaaS-based platform with registered capital of RMB390.3 million; registered in Beijing, the PRC in 2011	2020	A strategic channel partner referred by a former employee	Risk management and referral services[(4)]	865	1.2	2	1	66.1	Property insurance products

For the year ended 31 December 2022

Rank	Supplier	Background of the supplier	Year of commencement of business relationship	Background of commencement of business relationship	Major services provided to us	Approximate amount of purchase (RMB'000)	Approximate percentage of our total purchase (%)	Approximate amount of commission income attributable to the strategic channel partner through referral (RMB'000)	Approximate amount of referral fees (RMB'000)	Average rate of referral fees (%)	Major type(s) of insurance products purchased by insurance clients referred
1	Supplier A	A comprehensive human resource service company for small and medium-sized enterprises with registered capital of RMB2 million; registered in Qingdao, the PRC in 2015	2020	A strategic channel partner that we connected with through participation in a HR association	Referral services, IT services and other services[3]	31,870	39.3	38,888	26,513	68.2	Automobile insurance products, property insurance products and accident insurance products
2	Supplier B	A state-owned company principally engaged in human resources services and training services with registered capital of RMB5 million; registered in Qingdao, the PRC in 2017	2021	To the best knowledge of our Directors, we approached this strategic channel partner to commence our cooperation leveraging its business network in the HR industry	Referral services, IT services and other services[3]	19,583	24.1	17,449	16,152	92.6	Automobile insurance products and accident insurance products
3	Supplier C[1]	A company principally engaged in logistics services provision of supply chain management solution and logistic service with registered capital of RMB590.6 million; registered in Qingdao, the PRC in 2000	2018	This strategic channel partner is a subsidiary of Haier Group, which purchased insurance products through us and decided to cooperate with us leveraging its business network	Referral services	3,390	4.2	7,585	3,390	44.7	Property insurance products
4	Supplier E	A company principally engaged in labour services with six branches with registered capital of RMB10 million; registered in Qingdao, the PRC in 2014	2022	A strategic channel partner that we connected with through participation in a HR association	Referral services	2,064	2.5	2,230	2,064	92.6	Automobile insurance products and accident insurance products
5	Supplier F	A company principally engaged in labour dispatch services and human resources services with registered capital of RMB2 million; registered in Qingdao, the PRC in 2015	2022	Through tendering submitted to us	Risk management and training services[5]	1,325	1.6	N/A	N/A	N/A	N/A

For the year ended 31 December 2023

Rank	Supplier	Background of the supplier	Year of commencement of business relationship	Background of commencement of business relationship	Major services provided to us	Approximate amount of purchase (RMB'000)	Approximate percentage of our total purchase (%)	Approximate amount of commission income attributable to the strategic channel partner through referral (RMB'000)	Approximate amount of referral fees (RMB'000)	Average rate of referral fees (%)	Major type(s) of insurance products purchased by insurance clients referred
1	Supplier A	A comprehensive human resource service company for small and medium-sized enterprises with registered capital of RMB2 million; registered in Qingdao, the PRC in 2015	2020	A strategic channel partner that we connected with through participation in a HR association	Referral services, IT services and other services[3]	45,322	45.6	56,332	38,292	68.0	Automobile insurance products, property insurance products and accident insurance products
2	Supplier B	A state-owned company principally engaged in human resources services and training services with registered capital of RMB5 million; registered in Qingdao, the PRC in 2017	2021	To the best knowledge of our Directors, we approached this strategic channel partner to commence our cooperation leveraging its business network in the HR industry	Referral services	13,868	13.9	14,906	13,868	93.0	Accident insurance products and automobile insurance products
3	Supplier E	A company principally engaged in labour services with six branches with registered capital of RMB10 million; registered in Qingdao, the PRC in 2014	2022	A strategic channel partner that we connected with through participation in a HR association	Referral services	12,873	12.9	13,714	12,873	93.9	Accident insurance products and automobile insurance products
4	Supplier C[1]	A company principally engaged in logistics services provision of supply chain management solution and logistic service with registered capital of RMB590.6 million; registered in Qingdao, the PRC in 2000	2018	This strategic channel partner is a subsidiary of Haier Group, which purchased insurance products through us and decided to cooperate with us leveraging its business network	Referral services	1,043	1.1	5,710	1,043	18.3	Property insurance products
5	Supplier G	A company principally engaged in consulting services with registered capital of RMB10 million; registered in Yantai, the PRC in 2021	2022	A strategic channel partner that we connected with referral by a business contact in the industry	Referral services	810	0.8	865	810	93.6	Accident insurance products and automobile insurance products

Notes:

(1) This supplier is a subsidiary of Haier Group.

(2) As at the Latest Practicable Date, Haier Group held 0.0124% equity interest in Supplier D.

(3) The nature of IT services provided by Supplier A and Supplier B mainly included IT services for certain ancillary work in our provision of IT services. For details, please refer to the paragraph headed "Subcontracting" in this section.

(4) The nature of risk management services provided by Supplier D mainly included assistance on risk management with an aim to enhance their safety awareness and reduce the possibility of insurance claims or accidents.

(5) The nature of risk management and training services provided by Supplier F mainly included assistance on risk management and provision of training to insurance clients with an aim to enhance their safety awareness and reduce the possibility of insurance claims or accidents.

Save for Supplier C which is a subsidiary of Haier Group and the equity interest of Haier Group in Supplier D, none of the top five suppliers have any past or present relationships with our Company and subsidiaries, their shareholders, directors, supervisors or senior management, or any of their respective associates.

Save as disclosed above, none of our Directors, Supervisors, their respective close associates or any Shareholders (which to the best knowledge of our Directors owns more than 5% of the issued share capital of our Company) had any interest in any of our five largest suppliers during the Track Record Period.

During the Track Record Period and up to the Latest Practicable Date, our Group had not experienced any major disruption in business due to material delays or defaulting payments.

Reliance on supplier

Supplier A is a strategic channel partner of our Group. During the Track Record Period, we had established a strong and strategic relationship with Supplier A. Supplier A was our largest supplier in each of the years ended 31 December 2021, 2022 and 2023. Purchases from Supplier A accounted for approximately 36.8%, 39.3% and 45.6% of our total purchases for the years ended 31 December 2021, 2022 and 2023.

Relationship with Supplier A

We were acquainted with Supplier A through participation in a human resources association and first cooperated with Supplier A in 2020 to expand our reach to larger population of corporate and household insurance clients. Supplier A has network in the HR industry, which often works closely with corporates and individuals to provide a range of services and has day-to-day access with large number of potential insurance clients. Moreover, Supplier A has many branch offices in Shandong province and is able to reach out to different types of insurance client base, including but not limited to construction companies, financial institutions and other large enterprises and universities.

During the Track Record Period, Supplier A referred insurance clients to us to purchase different types of insurance products including property insurance products, accident and automobile insurance products. Through accumulation of experience and understanding of the needs of insurance clients referred by Supplier A, we collaborated with our insurance company partners to provide standardised and customised insurance solutions to these insurance clients. Majority of these insurance clients continued to purchase insurance products from us on an annual basis during the Track Record Period while Supplier A continued to refer new insurance clients to us to purchase insurance products, leading to the significant increase in our referral fees to Supplier A during the Track Record Period.

Despite our reliance on Supplier A, our Directors are of the view that our business is sustainable for the following reasons:

(i) we entered into collaboration agreement with Supplier A in 2020 for a term of three years and have maintained good business relationship with Supplier A since then, and there has not been any disagreement or termination of cooperation between us. In August 2023, we renewed the collaboration agreement with Supplier A for a further term of three years;

(ii) our Directors are of the view that it would not be in line with the Supplier A's business interest to terminate the business relationship with us since we provide a wide range of insurance products to insurance clients referred by Supplier A including employer's liability insurance products, which can be complex due to the diverse risks and coverage options where insurance clients often rely on us in assessing the risks associated with their business scenarios and providing customised solutions. With the established trust and long-term business relationship with the insurance company partners and our transaction volume, we are able to locate and distribute suitable employer's liability insurance products to insurance clients referred to by Supplier A at their acceptable insurance premium;

(iii) we have successfully maintained our strategic channel partners base and entered into collaboration agreements of terms ranging from two to three years with new strategic channel partners, including Supplier E in 2022 (with purchases accounting for approximately 2.5% and 12.9% of our total purchases for the year ended 31 December 2022 and 2023) we will make efforts to reduce our supplier concentration by seeking cooperation with more strategic channel partners; and

(iv) we will make efforts to strengthen the retention and stickiness of the insurance clients by enhancing their user experience in purchasing insurance products (through provision of insurance support services such as online insurance claims assistance and management of insurance policies) so as to decrease our reliance on strategic channel partners in general. Our Directors believe that, with a more diverse base of strategic channel partners and a reduced reliance on strategic partners in general, the proportions of our purchases from each of our major suppliers to our total revenue are expected to decrease in the future.

SUBCONTRACTING

Whilst we have a team of experienced in-house technical staff, we may from time to time subcontract certain ancillary work in our provision of IT services, such as coding and testing. During the Track Record Period, we had engaged two subcontractors, both are our top five suppliers during the Track Record Period. For the years ended 31 December 2021, 2022 and 2023, our subcontracting cost amounted to approximately RMB0.2 million, RMB5.4 million and RMB2.5 million, respectively, which accounted for approximately 0.3%, 6.7%, 2.5%, respectively, of our total purchase, for the relevant year.

We subcontract such ancillary work to our subcontractors because we consider that (a) the subcontracting allows us to focus on core areas that we are experienced in; and (b) increase our flexibility and capacity in carrying out our insurance agency services, IT and consulting services, thereby enabling us to operate more efficiently and cost-effectively. Depending on the contractual terms, prior written approval from our IT services customers may be required before subcontracting part of our work. Further, our subcontractors are subject to confidentiality obligation and shall work on our premises with our computers upon request to prevent leakage.

We select our subcontractor based on various conditions including registered capital, length of incorporation and the relevant qualifications and experience. During the Track Record Period, we entered into formal written agreement with our subcontractors in relation to the subcontracting arrangement.

The general terms of our subcontracting arrangements typically include:

Basis of determination of subcontracting fee:	Depending on the market price depending on length of experience and expertise of the relevant technical personnel required for individual projects
Term of agreement:	Generally three years, with auto-renewal for one year upon expiry
Scope of services:	Provision of IT services such as raw data processing and entry and providing software technical services, depending on the requirements of individual project
Aftersales service and warranty:	Within one year from the delivery of the service, if there are problems arising from the service provided, the subcontractor will provide ratification and remedial measures for free
Termination:	We have the right to terminate the agreement (1) with 30 days prior notice to the subcontractor, or (2) if the subcontractor breaches the agreement and fails to rectify such breach

Our Group has implemented the following measures to supervise and ensure the quality of the performance of our subcontractors: (i) maintaining relationships with a number of subcontractors so that we do not have to rely on any particular subcontractor and can find alternatives within a short period of time; (ii) closely monitoring whether our subcontractors' performance meet our standards; (iii) evaluating our subcontractors' performance in terms of their performance quality, efficiency, cost charged, responsiveness to our requests and follow-up work after completion of the projects; and (iv) continuously exploring potential new subcontractors.

OVERLAPPING OF MAJOR CUSTOMERS AND SUPPLIERS

During the Track Record Period, among our top five customers and suppliers, we had one overlapping customer and supplier. The following sets forth our revenue and purchase amount from this overlapping customer-supplier for the periods indicated:

Customer	Period	Revenue derived from such customer/supplier *RMB'000*	Approximate percentage of our total revenue *(%)*	Purchase amount *RMB'000*	Approximate percentage of our total purchase *(%)*	Reasons for overlapping
Ping An Property & Casualty Insurance Company of China, Ltd. (中國平安財產保險股份有限公司)	FY2021	41,517	34.6	3,370	4.7	In FY2021, we purchased insurance products from this customer for certain employees of Haier Group at our cost as a marketing campaign.
	FY2022	54,798	36.9	nil	nil	
	FY2023	61,997	35.6	nil	nil	

Our Directors confirmed that negotiations of the terms of our sales to and purchases from the above overlapping customer-supplier were conducted independently, and these sales and purchases were independent from one another. The terms of transactions with the overlapping customer–supplier are of normal commercial terms and similar to those transactions with our other customers and suppliers.

SEASONALITY

Our business operation is generally not subject to seasonality changes.

INSURANCE CLIENTS' SERVICES AND QUALITY CONTROL

We believe that our emphasis on superior end customer service is a significant contributor to our growth. Insurance products can be complex, and it is important for us and our insurance agents to have a thorough understanding of the products they sell in order to provide accurate and helpful information to insurance clients. To better serve our insurance clients, we provide professional training to our insurance agents and require them to take test from time to time to ensure that they have a solid understanding of insurance products and provide high quality insurance agency services to insurance clients. We receive feedbacks directly from our insurance clients, and also deal with their complaints directed to us from insurance company partners we collaborate with. During the Track Record Period, we had not experienced any material complaint from our insurance clients.

MARKET AND COMPETITION

The China's insurance intermediary industry has experienced constant growth. According to Frost & Sullivan, the China's insurance intermediary industry will maintain a steady growth trend, and the scale of underwriting premium in the industry is expected to grow at a CAGR of 12.8% between 2024 and 2028, reaching RMB1,505.5 billion in 2028. The insurance intermediary industry in China, as depicted by the end-of-2022 data and insights from the latest "China Insurance Yearbook" published in December 2023, presents a highly competitive and fragmented market landscape. There were 2,215 insurance intermediary companies in China by the end of 2022, including 1,721 insurance agencies. At the same time, due to the national nature of the insurance intermediary license, competitors from other provinces have also entered the market to compete for market share. Our Company has distinguished ourselves from traditional insurance agencies in the insurance intermediary industry in Shandong province with a comprehensive mix of insurance products and strong digital operation capabilities, allowing us to thrive in this competitive market environment. In 2022, according to Frost & Sullivan, we ranked eighth among all insurance agencies in China in terms of net profit reported based on the latest China Insurance Yearbook published by the National Financial Regulatory Administration. We compete with online and offline insurance agencies and insurance companies to distribute insurance products. As competition in the China's insurance intermediary industry intensifies, we believe it is important for us to utilise our technological capabilities to achieve cost reduction and improve efficiency. Notwithstanding the above, it is unlikely that there will be material impact on our Group in terms of competition given the existing major entry barriers of the market as stated in the section headed "Industry Overview" in this document.

LICENCES AND PERMITS

We are subject to various regulatory licensing requirements governing our business. During the Track Record Period and up to the Latest Practicable Date, we had obtained all material licenses and permits that are required for our operations. The following table sets forth our material licenses as at the Latest Practicable Date:

Licence	Holder	Issuing Authority	Date of grant	Expiry date
Insurance Intermediary License (Nationwide) (保險中介許可證 (全國)) Note 1	Haier Insurance Agency	Qingdao Supervision Bureau of China Baking and Insurance Regulatory Commission (中國銀行保險監督委員會青島監管局)	28 December 2021	N/A
Level 3 Filing Certification of Information System Security Protection (信息系統安全等級保護第三級備案證明)	Haier Insurance Agency	Qingdao Municipal Public Security Bureau (青島市公安局)	8 January 2021	N/A
Human Resources Service License (人力資源服務許可證) Note 2	Zhongmiao Caizhi	Qingdao Municipal Shibei District Bureau of Administrative Services (青島市市北區行政審批服務局)	24 March 2022	20 May 2026

Notes:
1. The license for operating insurance agency business was initially obtained by Haier Insurance Agency on 15 September 2017.
2. The license for operating human resources service business was initially obtained by Zhongmiao Caizhi on 21 May 2021.

We will apply to the relevant government authorities to renew our licenses, permits and qualification certificates prior to their expiry (if applicable). Our Directors believe that there will be no material legal impediment to renew the relevant qualification certificates.

AWARDS AND CERTIFICATES

After years of development, our operations have accomplished a number of milestones and we have obtained a number of awards and certificates, a summary of which is set out below:

Certificates	Award/Issuing Organisation	Year of Issue	Expiry Date
High and New Technology Enterprise Certificate (高新技術企業證書)	Science Technology Department of Qingdao (青島市科學技術局), Qingdao Department of Finance (青島市財政局), Qingdao Tax Service, State Taxation Administration (國家稅務總局青島市稅務局)	2022	13 December 2025

Awards	Award/Issuing Organisation	Year of Issue
2023 Municipal Service Industry Innovative Demonstration Enterprise (2023年市級服務業創新型示範企業)	The Development and Reform Commission of Qingdao (青島市發展與改革委員會)	2023
InsurStar30–2023 Annual Outstanding Insurance Technology Company (InsurStar30–2023年度優秀保險科技公司)	Insur View (保觀)	2023
Qingdao New Economic Potential Enterprises of 2022 (2022年青島市新經濟潛力企業)	The Development and Reform Commission of Qingdao (青島市發展與改革委員會)	2023
Qingdao "Specialised, Refinement, Differential and Innovation" Enterprise (青島市「專精特新」企業)	Qingdao Municipal Private Economy Development Bureau (青島市民營經濟發展局) and Qingdao Municipal Small and Medium Enterprises Bureau (青島市中小企業局)	2021
Shandong Province Gazelle Enterprise (山東省瞪羚企業)	Ministry of Industry and Information Technology of Shandong Province (山東省工業和信息化廳)	2021
China's Potential Unicorn enterprise (中國潛在獨角獸企業)	Great Wall Enterprise Institute (長城戰略諮詢)	2021
2021 Qingdao New Economic Potential Enterprises and 2021 Qingdao Enterprises Favored by Venture Capital Institutions (2021年度青島市新經濟潛力企業和2021年度青島市創投機構青睞企業)	The Development and Reform Commission of Qingdao (青島市發展與改革委員會)	2021
Top 50 New-economy High-growth Enterprises in Qingdao (青島市新經濟高成長企業50強)	Qingdao Civil Economic Development Bureau (青島市民營經濟發展局) and the People's Government of Laoshan district (嶗山區人民政府)	2021
2019 Best Enterprise Service Provider of the Year (2019年度最佳企業服務商)	Chandashi (蟬大師)	2020

EMPLOYEES

As at 31 December 2023, we had 133 employees in the PRC who were directly employed by us. The table below sets out a breakdown of our employees by business functions as at 31 December 2023:

Department	Total number of employees	Percentage of total (%)
Sales and marketing		
— Household insurance business	33	24.8
— Corporate insurance business	20	15.0
— HR consulting services	11	8.3
Marketing and promotion services	4	3.0
Research and development	48	36.1
Management and administrative	10	7.5
Finance	7	5.3
Total	**133**	**100.0**
Age		
51 or above	1	0.8
41 to 50	15	11.3
31 to 40	68	51.1
18 to 30	49	36.8
Total	**133**	**100.0**
Gender		
Female	61	45.9
Male	72	54.1
Total	**133**	**100.0**

The remuneration packages for our employees include salary, bonuses and allowances. For our in-house sales executives who are individual insurance sales practitioners registered with the NFRA under us, their remuneration packages will include salary and incentives for successful sales of insurance products. As required by the PRC regulations, we participate in social insurance schemes operated by the relevant local government authorities and maintain mandatory pension contribution plans, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance for some of our employees. We also contribute to housing accumulation funds for some of our employees. Further, Shanghai Zhaoqi and Qingdao Haizhongjie served as the shareholding platforms of, among others, employees of our Group, to better align the employees' interests with our Group's interest, and will hold approximately [REDACTED]% and [REDACTED]% of the total issued share capital of our Company respectively, immediately after completion of the [REDACTED], assuming the [REDACTED] is not exercised.

When we make hiring decisions, we take into account factors such as our business strategies, our development plans, industry trends and the competitive environment. We recruit our employees based on a number of factors such as their work experience, educational background and vacancy needs. We endeavour to attract and retain appropriate and suitable personnel to serve our Group and we treat our employees fairly and ensure that they enjoy fair opportunities and conditions.

We enter into standard contracts and agreements with our employees. These contracts typically include a confidentiality provision effective during and after their employment with us. Our standard employment contract also includes specific intellectual property rights provisions such that all intellectual property created or developed during the course of employment are owned by and will belong solely to us.

We provide continuing education and training programmes to our employees to improve their skills and develop their potential. We also adopt evaluation programmes through which our employees can receive feedback. We foster strong employee relations by offering various staff benefits and personal development support. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material labour disputes or claims and had maintained a turnover rate of approximately ranging from 17% to 26% during the Track Record Period. There was no labour union established by our employees.

During the Track Record Period, we occasionally engaged employment agent to provide us with recruitment services for hiring some staff to support our business operations. We paid service fees to the employment agent for hiring such staff, and the benefit expenses and other applicable costs such as social insurance and housing funds shall be borne by the employment agent.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

We understand that environmental, social and governance (ESG) issues have become key to measuring corporate sustainability and long-term value. We recognise potential impacts of ESG and climate change on our Group's business. By proactively identifying and confirming our Group's responsibilities in relation to environmental, social and governance (ESG) matters, we strive to identify, evaluate, manage and mitigate ESG-related risks through adoption of comprehensive and effective measures. We are committed to complying with environmental, social and governance reporting requirements upon our [REDACTED] and proactively engaging with our stakeholders on our ESG practices and performance.

We have integrated ESG with our mission, vision and set of values, recognising that all our business and non-business activities should be dedicated to advancing the social development. We have formulated key ESG-related policies and institutional documents covering ESG-related management principles, organisational structure, training and assessment requirements, etc., and set out specific practice guidelines in three dimensions of environment, society and governance (including but not limited to responsible products, fair treatment of customers, protection of customer privacy, resource usage and emissions, etc.) to ensure that we carry out ESG-related practices in a standardised and effective manner in all aspects.

ESG GOVERNANCE STRUCTURE

We attach great importance to ESG work and have established a comprehensive ESG governance structure with clear delineation of authority and responsibility at all levels. The Board, as the highest decision-making body, is responsible for formulating ESG strategies, objectives and policies, supervising the effective operation of the ESG management structure, and comprehensively scrutinising the ESG work on an annual basis, so as to ensure compliance with the relevant laws and regulations, proactively fulfill its social responsibilities and advance sustainable development. The Board conducts comprehensive and in-depth evaluation and supervision of the progress and effectiveness of ESG work through various means, such as regularly considering ESG reports, listening to the ESG leadership group' report, and reviewing ESG performance indicators. The Board pays great attention to the realisation of ESG objectives, the effectiveness of risk management and the continuity of performance improvement to ensure that ESG efforts are coordinated with the Company's overall strategy and business development.

The ESG leadership group and the ESG working group are respectively responsible for formulating implementation plans and carrying out specific tasks, and reporting regularly on the progress of ESG work and the assessment of major issues to ensure the effective implementation of ESG work. Each department actively implements ESG strategies and enhances ESG performance in its daily work. For major ESG issues, we have established a rigorous assessment process to ensure that potential risks are addressed in a timely manner. The ESG working group reports on the progress of its work on a monthly basis, while the ESG leadership group reports on the overall situation to the Board on a quarterly basis to ensure transparency of information and timely communication.

Environmental Responsibilities

We strictly comply with Chinese environmental laws and regulations and have established a comprehensive environmentally-friendly system. Through scientific classification, cooperative recycling, green procurement and technological innovation, we strive to achieve the reduction, recycling and harmlessness of waste. At the same time, we have set clear environmental-friendly targets and continue to promote energy conservation and emission reduction through comprehensive energy audits and the implementation of energy conservation measures. During the Track Record Period, there were no incidents of material environmental non-compliance, nor have we been involved in any environmental-related penalties or litigation.

We have taken environmentally-friendly measures, including but not limited to:

- Paperless office: implementing paperless office and online approval, reducing paper waste and promoting the use of electronic documents.

- Resources sharing: advocating the sharing of resources such as meeting rooms and printers to achieve efficient use of resources.

- Energy conservation and emission reduction: encouraging employees to conserve water and electricity, reasonably regulate temperature and lighting in the office area, and use low-energy appliances to help protect the environment.

- Green commutes: promoting the use of public transport, cycling and walking as green modes of travel for employees, and reducing the use of private cars to alleviate traffic pressure and air pollution.

- Online products: developing a Palm Insurance Policy System (掌上保單系統) to unify policy management, facilitate online operation by users, enhance management convenience and reduce the use of paper documents.

Energy Conservation and Emission Reduction

We adhere to the development concept of green, low-carbon and recycle. Through the formulation and implementation of an energy resource management system, we have comprehensively promoted the management of energy resources, proactively identified potential space for energy conservation and formulated detailed energy conservation plans.

We insist on giving priority to the procurement of energy-efficient and environmental-friendly products and have established a comprehensive maintenance system to ensure the efficient operation of facilities and equipment and reduce energy wastage. We strive to achieve energy conservation and emission reduction in all aspects by adopting various energy conservation measures, such as optimising the office environment, promoting energy conservation electrical appliances and lighting, and strengthening energy conservation management of high-power equipment. In addition, we also focus on energy conservation publicity and training, popularising energy conservation knowledge through internal meetings, new media and other channels, and organising employees to participate in energy conservation training, so as to enhance the energy conservation awareness and capability of all employees.

We have set an energy management target with 2023 as the base year and plan to reduce energy consumption by 2025 by 10%.

A breakdown of our major energy consumption during the Track Record Period is set out below:

	For the year ended 31 December		
	2021	2022	2023
Purchased electricity consumption (MWh)	169.6	178.2	175.3
Purchased heat consumption (GJ)	207.9	232.2	250.6
Energy consumption (MWh)	227.4	242.8	245.0
Energy consumption intensity (MWh/per employee)	2.21	1.76	1.84
GHG emission(1) (Scope 1 and Scope 2) (tonnes of CO_2e)	121.4	129.1	127.5
GHG emission intensity (Scope 1 and Scope 2) (tonnes of CO_2e/per employee)	1.18	0.94	0.96
Water consumption (cubic meters)	1,716.0	1,953.7	1,897.7
Water consumption intensity (cubic meters/per employee)	16.66	14.16	14.27

Note:

(1) During the Track Record Period, we only consumed electricity and heat in the office without consumption of petrol, diesel and natural gas, and the GHG emissions generated were all indirect (Scope 2) GHG emissions due to purchased electricity.

(2) The above statistics cover our headquarters office. We have only few employees working in branch offices.

Waste Management

Given the nature of our business operations, we do not involve the emission of exhaust gases, wastewater or hazardous waste in our manufacturing processes, and only generate some non-hazardous waste in our office operations. Fully recognising the importance of waste management to environmental protection and sustainable development, we have developed a waste management system to regulate in detail the classification, collection, transportation, treatment and discharge of waste to ensure safe, efficient and environmentally friendly handling of waste. During the year ended 31 December 2023, we generated approximately 5.33 tonnes of general solid waste by weight, which mainly consisted of domestic waste and paper used in daily office operations.

We scientifically classify waste according to its nature and disposal method and set up special collection stations to ensure that all types of waste are accurately deposited and disposed of. Waste generated from office operations is disposed of by the operator of the office space. We also conduct regular environmental publicity and training programs to raise the environmental awareness of our staff and encourage them to actively participate in waste management and resource recovery.

With 2023 as the base year, we have set waste management targets and plan to ensure that the rate of separate collection of non-hazardous waste reaches more than 80% by 2024, and that the recycling rate of non-hazardous waste reaches more than 95% by 2028. In addition, we are implementing a fully digitalised office to achieve a significant reduction in the amount of non-hazardous waste generated in the future, aiming to reduce the current level to less than 50% within the next five years.

Climate Resilience

Global climate change is likely to trigger an increase in the frequency of extreme weather and natural disasters, which in turn will affect economic and social development and the day-to-day operations of businesses. In response, we proactively identify and analyse the potential impacts of climate-related risk factors and have begun to plan accordingly to enhance our climate risk response capabilities. The main climate risk and opportunity factors we have identified include:

- Natural disaster risk: climate change has led to a high incidence of extreme weather events, such as heavy rains, floods, hurricanes, droughts and heat waves. Such extreme weather events may cause disruptions to our operations, impact our business continuity and put pressure on our underwriters to pay claims. For example, heavy rainfall and flooding can lead to damage to houses, infrastructure and goods. Also, extreme hot weather events may start fires leading to injuries and property damage.

- Climate effects on health: climate change has a negative impact on human health, such as heat waves, which may lead to increased rates of heat stroke, pyrexia and cardiovascular diseases, and floods, which may lead to contamination of water sources and spread of infectious diseases, and related health problems, which may also threaten the lives of insurance subscribers, thereby increasing the risk of health insurance claims.

- Technology and market risks: in the face of climate change, governments may encourage or mandate the promotion of green industry development and the introduction of relevant policies and regulations, which will lead to the rapid development of new technologies such as clean energy technologies that can promote green development, and the increasing demand for green products and services, and the need for insurance companies to expand new insurance products and services.

- Climate-related opportunities: related products such as life insurance and accident insurance can help insurance users avoid or reduce catastrophic losses, and climate risk variability may lead to increased awareness of risk protection among insurance clients and increased demand for insurance product allocations.

We plan to set up a dedicated assessment team for climate risk factors, gradually make use of the existing data and models in the future to enhance our ability to assess and identify climate risks, and establish a comprehensive risk management system and emergency plans to ensure a prompt and effective response to climate change risks. In addition, we have carried out science popularisation for insurance users to disseminate knowledge on climate change risks through online and offline channels to raise their awareness of the risks.

SOCIAL RESPONSIBILITY

We attach great importance to supply chain management to ensure efficiency, transparency and stability. We select our suppliers strictly and focus on green certification. Meanwhile, we respect labour rights, protest against discrimination and provide a fair and safe working environment for them. We value staff training and development, provide extensive and professional development space, and are committed to sustainable development to create greater value.

Responsible Supply Chain

We are fully aware of the importance of supply chain management to enterprises' long-term development, as such, we establish and optimise actively our supply chain management system with efficiency, transparency and stability as its core. We follow the principles of unified platform, unified standards, and unified pathways to form an efficient and collaborative supply chain system through the integration of internal and external resources.

In terms of supplier selection, we insist on stringent screening to ensure that suppliers possess legal business qualifications, good business reputation and stable product quality, and give priority to suppliers with green product or service certifications. In terms of procurement management, we implement a combination of centralised procurement and bidding procurement to ensure that the procurement process is open, fair and equitable. At the same time, we have established a comprehensive procurement process and quality control system to ensure the regularity and effectiveness of procurement activities.

Labour Rights

We pay great attention to labour rights and are committed to creating a fair, safe and healthy working environment for our employees. We strictly abide by national laws and regulations to ensure that the legitimate rights and interests of our employees are fully protected. We firmly oppose all forms of discrimination in the recruitment process and are committed to providing a fair, equitable and inclusive working environment for our employees, candidates, business partners and clients. Therefore, we have formulated a comprehensive anti-discrimination policy that explicitly prohibits discrimination on the basis of race, gender, religious beliefs, and other factors that are not performance-related. We focus on equal opportunities in recruitment and selection, encourage diversified training and development, and establish fair performance appraisal and promotion systems.

We have established an effective complaint mechanism, publicised staff reporting telephone numbers, mailboxes and other channels to encourage them to actively report any form of discrimination, so as to ensure that our staff can report to our Group in a timely manner and have their cases dealt with fairly when they are discriminated against or harassed. Complaints involving discriminatory behavior will be investigated and dealt with in a timely and impartial manner, and the confidentiality of the whistleblower will be maintained.

Diversity and Inclusion

We understand that respecting diversity is an important cornerstone of the Company's sustainable development. We have formulated an Employee Diversity Policy to create a working environment that is inclusive and respectful of the differences of all employees, and to promote diversity in terms of race, gender, age, religious beliefs, sexual orientation, educational background, work experience, etc. We provide equal opportunities for candidates and employees in the areas of recruitment and selection, training and development, performance evaluation and promotion, and take into account their diverse backgrounds and contributions. Our human resources department will regularly monitor and evaluate the implementation of our Employee Diversity Policy, and will collect feedback and opinions from employees to identify problems and make improvements in a timely manner.

Staff Training and Development

We have always regarded staff training and development as a key element to enhance our core competitiveness, and are committed to providing an equal and inclusive growth environment for employees from different backgrounds through our diversity policy. We pay attention to the skills training for our staff and improve their professional ability and management level through technical and management training. In addition, we also encourage our employees to participate in cross-departmental and cross-field co-operation projects, so as to promote communication and integration among employees and enhance teamwork.

In terms of career development, we have set up a clear staff development plan and career progression channels to provide our staff with a broad career development space. We value the diverse backgrounds and contributions of our staff, and fully consider these factors in our promotion decisions to ensure that staff from different backgrounds are given equal opportunities for promotion. Through the implementation of our Employee Diversity Policy, our training system has become more comprehensive and our career progression channels have become more accessible, providing our employees with a broad career development space.

DATA PRIVACY AND DATA SECURITY

Our services involve possession, processing and analysis of data provided by insurance clients during the course of our business. As such, we have established and implemented policies and procedures to safeguard data privacy and data security and to ensure our compliance with the relevant laws and regulations. Set forth below are the summary of our related policies and procedures:

Data access and usage

To prevent any unauthorised access to or illegitimate use of data, we only grant access to employees holding specific positions at certain levels to data on a need-to-know basis and maintain records of such employees and we do not need to access or use any sensitive personal data (i.e. data relating to an individual and can be used to identify such individual) during our course of business.

Data security system and infrastructure

To reinforce data protection, we deploy different encryption methods at both software or APP and infrastructure levels. Data collected in the course of our business is stored on our database secured by firewall subject to additional encryption and decryption procedures.

Data security policies

To mitigate the risks of misusing of data, we provide data security and protection training to our employees on a regular basis. According to our internal policies, our employees would be penalised for breaching of our data security policies, the level of penalty depend on the severity and frequency of the breach. We also maintain contingency plans and conduct regular data backup and recovery tests to enhance the resilience, reliability and stability of our systems. For more details, please refer to the paragraph headed "Technology" in this section.

Our employees are required to report any data security incident (e.g. leakage or loss of confidential data) to our data security team which will then investigate the causes of the incident, monitor the implementation of any rectification measures and any follow up measures to be taken by the responsible department or team to prevent recurrences of similar incidents.

During the Track Record Period, we did not experience any material data leakage or loss of data and we were not subject to any administrative investigation, or punishment in relation to network security, data protection or other similar incidents. We believe we had complied with the applicable laws and regulations on the collection, possession, use and disclosure of data in all material respects during the Track Record Period and up to the Latest Practicable Date.

Data privacy and protection laws and regulations

In terms of data collection, the PRC Cybersecurity Law provides that network operators shall abide by the principles of legitimacy, fairness and necessity to collect and use personal information by announcing rules for collection and use, expressly notifying the purpose, methods and scope of such collection and use, and obtain the consent of the person whose personal information is to be collected. Network operators shall not disclose such information to others without prior consent of the person whose personal information has been collected. If we fail to meet the aforesaid requirements, we could be subject to rectification orders and one or combination of the following actions, depending on the severity of the circumstance: warning, confiscation of illegal earnings, a fine equivalent to more than one but less than 10 times the illegal earnings, or a fine less than RMB1.0 million where no illegal earnings are made.

In terms of data management and data security, PRC Data Security Law stipulates that whoever carries out data processing activities shall establish a sound data security management system throughout the whole process, organise data security education and training, and take corresponding technical measures and other necessary measures to ensure data security, in accordance with the provisions of laws and regulations. If we fail to perform the said data security and protection obligations, we may be subject to the authorities' rectification orders and warning, and may be concurrently fined not less than RMB50,000 but not more than RMB500,000.

Our Directors confirm that our Group has never been subject to any penalties or claims for violating applicable data security or cybersecurity laws and has adopted the relevant measures to satisfy the said data security and cybersecurity requirements.

INSURANCE

We maintain insurance policies covering risks in line with industry standards. Furthermore, we (i) maintain social welfare insurance for our employees as required by applicable PRC laws and regulations, and (ii) paid the security deposit of 5% of the registered capital in lieu of the purchase of professional liability insurance as required by the Provisions on the Regulation of Insurance Agents (保險代理人監管規定) published by the CBIRC (now known as NFRA). During the Track Record Period and up to the Latest Practicable Date, we had not made nor had been the subject of any material insurance claims. We believe that our insurance coverage is consistent with that of other insurance agency companies in the PRC.

LEGAL PROCEEDINGS AND COMPLIANCE

During the Track Record Period and up to the Latest Practicable Date, there was no litigation or arbitration pending or threatened against our Group or any of our Directors which could have a material adverse effect on our Group's financial condition or results of operations.

We are of the view that, we had complied, in all material respects, with all relevant laws and regulations in the PRC during the Track Record Period and up to the Latest Practicable Date. As confirmed by our PRC Legal Advisers, during the Track Record Period, our business operations in the PRC complied with the relevant PRC laws and regulations in all material respects, and no material administrative penalties imposed on us have been found that may have a material adverse effect on our Group's business operations.

PROPERTIES

Our headquarters is located on leased premises comprising approximately 1,577 sq.m. located in Qingdao. As at the Latest Practicable Date, we leased 6 properties from certain Independent Third Parties and two properties from Haier Group's associates. Our leased properties in the PRC had a total gross floor area of approximately 2,429.17 sq. m., and each leased property ranged from a gross floor area of approximately 52 sq. m. to 1,577 sq. m. The leased properties are principally used as our principal office and branch offices. None of these properties is individually material to our operations.

Pursuant to relevant PRC regulations, parties to a lease agreement are required to file the lease agreements for registration and obtain property leasing filing certificates for their leases. The registration is subject to the cooperation from the landlords of the leased properties as the registration requires the submission of certain documents from the landlords, including their identification documentation and property ownership certificates, to the relevant authorities. As at the Latest Practicable Date, we had not filed some of the lease agreements for our leased properties under which we are the tenants of the leased properties. As advised by our PRC Legal Advisers, the failure to register the lease agreements does not affect the validity of the lease agreements under the relevant PRC laws and regulations. However, we may be required by relevant government authorities to complete the registration formalities within the prescribed time limit or otherwise we may be subject to an administrative penalty for non-registration. As further advised by our PRC Legal Advisers, the risk of us being fined is low provided that we will and will be able to carry out rectification in accordance with the laws and regulations in a timely manner if the relevant regulatory authorities so order.

For more details, please refer to the section headed "Risk Factors — Risks Relating to Our Business — Some landlords have not provided to us relevant title certificates with respect to some of our leased properties in the PRC and some of our lease agreements were not registered with the relevant government authorities" in this document.

We had no single property with a carrying amount of 15% or more of our total assets as at 31 December 2023 and, therefore, we did not need to prepare a valuation report with respect to our property interests in reliance upon the exemption provided by section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

INTELLECTUAL PROPERTY RIGHTS

As at the Latest Practicable Date, we (i) registered 20 trademarks and three trademarks in the PRC and Hong Kong, respectively; (ii) were granted three invention patents in the PRC; (iii) had 49 computer software copyrights in the PRC, and (iv) was in the progress of registering six patents in the PRC. These trademarks have a validity period of ten years and our granted invention patent has a validity period of 20 years from the date of its application and these copyrights have a validity period of 50 years from their first publication, respectively. The trademarks, patent and copyrights are important to our Group and therefore applications have been and will be made to the relevant authority for the renewal of the trademarks and patents in the PRC.

Our Directors are of the view that there is no legal impediment for the renewal of the aforesaid trademarks and patents in the PRC upon their relevant dates of expiry. For more details, please refer to the section headed "Appendix VI — Statutory and General Information — B. Further Information about our Business — 2. Our Material Intellectual Property Rights" in this document.

During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any intellectual property infringement claims which had any material adverse impact on our Group.

RISK MANAGEMENT, AML AND INTERNAL CONTROL SYSTEMS

Risk Management

With the growth and expansion of our operations, potential risks to our business increase as well. In order to identify, assess and control the risks that may create impediments to the growth of our business, we have designed and implemented risk management policies to address various potential risks identified in relation to our operations, including operational risks, credit risks, market risks, financial risks and legal risks. Our risk management policies set forth procedures to identify, analyse, categorise, mitigate and monitor various risks as well as the reporting hierarchy of risks identified in our operations. Each of our business departments and functions is responsible for identifying and evaluating the risks relating to its area of operations and implementing our risk management and internal control systems.

Our Audit Committee is responsible for overseeing our management in the implementation of our overall risk management and internal control systems and assessing our risk management and internal control systems. For more details on the qualifications and experiences of the members of our Audit Committee, please refer to the section headed "Directors, Supervisors and Senior Management — Board Committees — Audit Committee" in this document.

Anti-Money Laundering

We have adopted various anti-money laundering measures in accordance with the Notice of Strengthening Anti-money Laundering in Insurance Industry (《關於加強保險業反洗錢工作的通知》) and Administrative Measures for Anti-money Laundering in Insurance Industry (《保險業反洗錢工作管理辦法》). For more details on the laws and regulations, please refer to the section headed "Regulatory Overview — Regulations Related to Insurance Agency Business — Internal Governance — Anti-money Laundering" in this document. We have established an anti-money laundering committee which is vested with the responsibility to supervise our internal business procedures to prohibit the illegal sources of funds. Our anti-money laundering committee is composed of four members, who are led by Mr. Lu, our Chairman, executive Director and general manager. We have also implemented anti-money laundering policies, including customer/insurance client identification, record keeping on customer/insurance client information covering their identification, transaction records as well as source of funds. We have further established an anti-money laundering information reporting system, as part of the policies and procedures aimed at preventing money laundering activities. Our employees collect, analyse, monitor and preserve customer/insurance client information and transaction records, and are required to report any suspicious transactions detected up to our anti-money laundering committee. We deal with any suspicious activities on a timely basis to mitigate the risk of money laundering. We also actively carry out training on anti-money laundering to enhance the awareness of anti-money laundering among our employees.

Internal Control

It is responsibility of the Board to ensure that our Company maintains sound and effective internal controls to safeguard the Shareholders' investment and our Group's assets at all times. We would adopt the following measures to safeguard good corporate governance standards and to avoid potential conflict of interests:

- as part of our preparation for the [REDACTED], we have amended our Articles of Association to comply with the Hong Kong Listing Rules. In particular, our Articles of Association provide that a Director shall not vote on any resolution in which such Director have a material interest in the company involved, and if the laws and regulations and the rules of the stock exchange where our Shares are [REDACTED] imposed any further restrictions on directors' attendance at board meetings and voting, such laws, regulation and rules shall be complied with.

- we will establish internal control mechanisms to identify connected transactions. Upon the [REDACTED], if we enter into connected transactions with any of our Controlling Shareholders or their respective associates, our Company will comply with the applicable Listing Rules.

- we will establish anti-fraud policies to identify, prevent and punish unethical and illegal conducts, as well as whistle-blowing procedures to encourage our employees to bring those conducts to the attention of our senior management and Board of Directors and ensure the protection of whistle-blowers.

- we are committed that our Board should include a balanced composition of executive and non-executive Directors (including independent non-executive Directors). We have appointed three (3) independent non-executive Directors and we believe our independent non-executive Directors possess sufficient experience and they are free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgment and will be able to provide an impartial and external opinion to protect the interests of our public Shareholders. Details of our independent non-executive Directors are set out in "Directors, Supervisors and Senior Management — Board of Directors — Independent Non-executive Directors".

- in the event that the independent non-executive Directors are requested to review any conflicts of interests circumstances between our Group on the one hand and our Controlling Shareholders and/or our Directors on the other hand, our Controlling Shareholders and/or our Directors shall provide the independent non-executive Directors with all necessary information and our Company shall disclose the decisions of the independent non-executive Directors either through our annual report or by way of announcements.

- Our code of conduct explicitly communicates to each employee our values, acceptable criteria for decision-making and our ground rules for behaviour.

- Our internal audit team regularly monitors key controls and procedures in order to assure our management and the Board that the internal control system is functioning as intended. The Audit Committee is responsible for supervising our internal audit function.

- We regularly provide training to our Directors, senior management and employees with respect to our internal control policies and the duties and responsibilities of directors and management of [REDACTED] companies under the Listing Rules and other applicable laws and regulations.

- Our various policies aim to ensure compliance with the Listing Rules, including but not limited to aspects related to corporate governance, connected transactions and securities transactions by our Directors.

- We have appointed Ping An of China Capital (Hong Kong) Company Limited as our compliance adviser to advise on ongoing compliance with the Listing Rules and other applicable securities laws and regulations in Hong Kong.

Our Directors are of the view that our current internal control measures are adequate and effective.

OVERVIEW

Our Board consists of seven Directors, comprising four executive Directors and three independent non-executive Directors. Our Board is responsible and has the general authority for the management and operation of our Company. Our Directors are appointed for a term of three years and are eligible for re-election upon expiry of their term of office.

Our Supervisory Committee consists of three Supervisors, including two shareholder representative Supervisors and one employee representative Supervisor. Our Supervisors are appointed for a term of three years and are eligible for re-election upon expiry of their term of office.

Our senior management is responsible for the management of day-to-day operations of our Group.

BOARD OF DIRECTORS

The following table shows certain information of our Directors as at the Latest Practicable Date.

Name	Age	Date of joining our Group	Position	Date of appointment as a Director	Roles and Responsibilities	Relationship with other Directors, Supervisors and senior management members
Executive directors						
Mr. Lu Yao (鹿遙)	39	16 March 2017	Chairman, executive Director and general manager	10 May 2018	Overall business management and corporate development of our Group	None
Mr. Zhang Zhiquan (張志全)	45	1 May 2017	Executive Director and deputy general manager	10 May 2018	Formulating and executing strategies of household insurance business of our Group	None
Ms. Li Tian (李甜)	38	1 January 2019	Executive Director and chief financial officer	14 March 2023	Overall financial management of our Group	None
Mr. Wang Heping (王合平)	39	18 April 2017	Executive Director and chief technology officer	14 March 2023	Overall development and operation of the technology platform of our Group	None

Name	Age	Date of joining our Group	Position	Date of appointment as a Director	Roles and Responsibilities	Relationship with other Directors, Supervisors and senior management members
Independent non-executive directors						
Ms. Fang Qiaoling (房巧玲)	48	14 March 2023	Independent non-executive Director	14 March 2023	Supervising and providing independent judgement and opinion to our Board on issues material to our Group and where otherwise required	None
Mr. Chung Wai Man (鍾偉文)	60	[•]	Independent non-executive Director	[•]	Supervising and providing independent judgement and opinion to our Board on issues material to our Group and where otherwise required	None
Ms. Ng Sin Kiu (吳先僑)	50	[•]	Independent non-executive Director	[•]	Supervising and providing independent judgement and opinion to our Board on issues material to our Group and where otherwise required	None

Executive Directors

Mr. Lu Yao (鹿遙), aged 39, is our chairman of the Board, executive Director and general manager. He has been appointed as our general manager and Director since March 2017 and May 2018, respectively. Mr. Lu was re-designated as an executive Director on 14 March 2023. Mr. Lu is primarily responsible for the overall business management and corporate development of our Group. Mr. Lu is the chairman of our Nomination Committee. He is also the director and general manager of Zhongmiao Shujin, Zhongmiao Caizhi and Haier Insurance Agency, and serves as a director of Yunhai Lianji Technology.

Mr. Lu has over 15 years of experience in the field of corporate, business management and human resources and over five years of experience in the insurance intermediary industry. Mr. Lu began his career as a manager of the human resources department of Qingdao Haikeda Electronics Co., Ltd. (青島海科達電子有限公司) (formerly known as Qingdao Haier Electronics Co., Ltd. (青島海爾電子有限公司)), principally engaged in the production and sales of household electrical appliances from August 2007 to May 2011, where he was primarily responsible for staff training and human resources management. From June 2011 to January 2017, he joined at Chongqing New Ririshun Home Appliance Sales Co. Ltd. (重慶新日日順家電銷售有限公司), a company primarily engaged in the sales of household electrical appliances, served as the director of the human resources department from June 2011 to August 2016 and as general manager of its Shanghai branch since from September 2016 to January 2017. Both companies are under the Haier Group.

Mr. Lu obtained a bachelor's degree in electronic information science and technology from Qingdao University, the PRC (青島大學) in June 2007.

Mr. Zhang Zhiquan (張志全先生), aged 45, is our executive Director and deputy general manager. He was appointed as a Director on 10 May 2018 and re-designated as an executive Director on 14 March 2023. Mr. Zhang is primarily responsible for formulating and executing strategic of household insurance business of our Group. He has served as our deputy general manager since May 2017. He also serves as a director of Yunhai Lianji Technology.

Mr. Zhang has over 20 years of experience in the insurance industry in the PRC. He was an audit commissioner of Ping An Insurance (Group) Company of China, Ltd. (中國平安保險(集團)股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 601318) and the Stock Exchange (stock code: 2318) which is principally engaged in the provision of insurance services, and was primarily responsible for auditing from July 2002 to March 2006. From March 2006 to May 2016, he successively served as an officer of the audit department, a deputy general manager of comprehensive service department of telemarketing division and internet business department of telemarketing division, and assistant to the general manager of strategic development department in Sunshine Property and Casualty Insurance Company Limited (陽光財產保險股份有限公司) a subsidiary of Sunshine Insurance Group Company Limited (陽光保險集團股份有限公司), a company listed on the Stock Exchange (stock code: 6963) which is principally engaged in insurance businesses and was primarily responsible for financial affairs, strategy and administration.

Mr. Zhang obtained a bachelor's degree in auditing from Tianjin Finance and Economics Institute, the PRC (天津財經學院) (now known as Tianjin University of Finance Economics (天津財經大學)) in June 2002.

Ms. Li Tian (李甜女士) (formerly known as Li Tian Tian (李甜甜)), aged 38, is our executive Director and chief financial officer. She was appointed as an executive Director on 14 March 2023. Ms. Li joined our Group as our chief financial officer in January 2019 and is primarily responsible for the overall financial management of our Group. Ms. Li is a member of our Remuneration Committee and serves as supervisors at certain subsidiaries of our Group, including Zhongmiao Shujin, Zhongmiao Caizhi and Haier Insurance Agency. She also served as a supervisor of our Company from May 2020 to March 2023.

Ms. Li has over 10 years of experience in accounting and auditing. Prior to joining our Group, from October 2011 to October 2014, Ms. Li served as an auditor in PricewaterhouseCoopers Zhong Tian Qingdao Branch (普華永道中天會計師事務所有限公司青島分所), and she was primarily responsible for auditing work. Subsequently, she served as head of financial department and was primarily responsible for the management of financial and accounting activities at several companies under the Haier Group, including (i) Qingdao Ririxin Information Service Co., Ltd (青島日日新信息服務有限公司), a company principally engaged in information consulting service from January 2015 to February 2017; (ii) Qingdao Ririshun Lejia Trading Co., Ltd (青島日日順樂家貿易有限公司), a company principally engaged in the operation of trading platform from February 2017 to September 2018; and (iii) Qingdao Ririshun Chuangzhi Investment Management Co., Ltd (青島日日順創智投資管理有限公司) (now known as Qingdao Haishang Chuangzhi Investment Co., Ltd (青島海尚創智投資有限公司)), a company principally engaged in investment management from September 2018 to December 2018.

Ms. Li obtained her bachelor's degree in international economic and trade from Qingdao University, the PRC (青島大學) in June 2008 and obtained her dual master's degree in finance and logistics management from the University of Sydney, Australia in April 2010. She is a non-practicing member of the Chinese Institute of Certificated Public Accountants (中國註冊會計師協會).

Mr. Wang Heping (王合平先生), aged 39, is our executive Director and chief technology officer. He was appointed as an executive Director on 14 March 2023. Mr. Wang joined our Group as our chief technology officer in April 2017 and is primarily responsible for the overall development and operation of the technology platform of our Group.

Mr. Wang has over 15 years of experience in software research and development. Prior to joining our Group, Mr. Wang worked at Computer Mind Co., Ltd., a company principally engaged in IT system development, Astroway Technology Development (Qingdao) Co., Ltd (宇威科技發展(青島)有限公司), a company principally engaged in the development and sales of technology for use in areas of education and training and administrative digitalisation, and Qingdao Zhonglianheli Information Technology Co., Ltd. (青島中聯合力信息技術有限公司) (now known as Shandong Yakailin Environmental Protection Technology Co., Ltd. (山東亞凱林環保科技有限公司)), a company principally engaged in the development and sales of technology. From April 2011 to March 2014, Mr. Wang worked as a software development engineer at Qingdao Hisense Media Network Technology Co., Ltd. (青島海信傳媒網絡技術有限公司), a company principally engaged in the provision of network technology services and a subsidiary of Hisense Visual Technology Co., Ltd. (海信視像科技股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600060), and was primarily responsible for software development and technical management.

Mr. Wang obtained a bachelor's degree in computer science and technology from Ocean University of China, the PRC (中國海洋大學) in June 2006.

Independent Non-executive Directors

Ms. Fang Qiaoling (房巧玲女士), aged 48, was appointed as an independent non-executive Director on 14 March 2023. She is responsible for supervising and providing independent judgement and opinion to our Board on issues material to our Group and where otherwise required. Ms. Fang is the chairlady of our Remuneration Committee and a member of our Audit Committee and Nomination Committee.

Ms. Fang has been teaching in the accounting faculty of Management College of Ocean University of China (中國海洋大學管理學院) since July 1999, where she served as a teaching assistant, lecturer and associate professor, and is currently a professor, PhD tutor and the head of accounting faculty. Ms. Fang has also served as an independent non-executive director of Bank of Qingdao Co., Ltd. (青島銀行股份有限公司), a company listed on the Stock Exchange (stock code: 3866) and Shenzhen Stock Exchange (stock code: 002948), since June 2018 and as an independent director of Chendu Landtop Technology Co., Ltd. (成都能通科技股份有限公司) (principally engaged in development and production of electronic equipment) since August 2021. From June 2017 to June 2023, Ms. Fang had also served as an independent director of Triangle Tire Co., Ltd. (三角輪胎股份有限公司) (listed on the Shanghai Stock Exchange (stock code: 601163) and principally engaged in the production and sales of tires).

Ms. Fang obtained a bachelor's degree in economics in Zhejiang Silk Technology College, the PRC (浙江絲綢工學院) (now known as Tianjin University of Zhejiang Sci-tech University (浙江理工大學)) in July 1996. She also received a master's degree and a doctorate degree in management from Renmin University of China (中國人民大學), the PRC in July 1999 and June 2005, respectively. She is a non-practicing member of the Chinese Institute of Certified Public Accountants. She is currently a council member of the audit education division of the Chinese Audit Society (中國審計學會審計教育分會), an executive council member (常務理事) of Shandong Accounting Society (山東省會計學會), a council member (理事) of Accounting Society of China (中國會計學會), the president (會長) of Qingdao Business Accounting Society (青島市商貿會計學會) and the vice-president (副會長) of Qingdao Auditing Society (青島市審計學會). Ms. Fang was selected as a National Accounting Leading (back-up) Talents (academics) (全國會計領軍(後備)人才(學術類)) in 2009 and received a certificate of "National Accounting Leading Talents" (全國會計領軍人才證書) issued by Ministry of Finance of the PRC in 2016.

Mr. Chung Wai Man (鍾偉文先生), aged 60, was appointed as an independent non-executive Director on [•]. He is responsible for supervising and providing independent judgement and opinion to our Board on issues material to our Group and where otherwise required. Mr. Chung is the chairman of our Audit Committee and a member of our Remuneration Committee.

Mr. Chung has over 25 years of experience in accounting, taxation and finance. From August 1993 to August 2000, Mr. Chung worked in Deloitte Touche Tohmatsu with his last position as a tax manager, and was primarily responsible for the tax services. From August 2000 to August 2002, he served as the chief financial officer at Artel Solutions Group Holdings Limited (currently known as China HK Power Smart Energy Group Limited), a company listed on the Stock Exchange (stock code: 0931) and principally engaged in the provision of computing, multimedia and networking solutions and digital products, and was primarily responsible for the management of financial and accounting activities. From August 2002 to September 2003, he worked as the chief financial officer and company secretary at Venturepharm Laboratories Limited (currently known as China Health Group Inc.), a company listed on the Stock Exchange (stock code: 8225) and principally engaged in the provision of integrated pharmaceutical service and terminal medical service, and was primarily responsible for the management of financial and accounting activities. From September 2007 to September 2010, he served as the executive director and chief financial officer of Silver Base Group Holdings Limited, a company which had been listed on the Stock Exchange (stock code: 0886) and delisted on 4 December 2023 and primarily engaged in distribution and sale of high-end liquors, and was primarily responsible for the management of financial and accounting activities. From December 2010 to January 2012, he served as the chief financial officer of Yongkai International Holding Limited, a company principally engaged in the manufacturing and sales of sugar and paper products in China, and was primarily responsible for the management of financial and accounting activities. From June 2012 to January 2013, he was a corporate finance director of KVB Kunlun International (HK) Limited (now known as CLSA Premium International (HK) Limited), a subsidiary of CLSA Premium Limited, a company listed on the Stock Exchange (stock code: 6877) which is primarily engaged in the provision of diversified financial products to overseas Asian community. From June 2015 to November 2017, he joined Legend Strategy International Holdings Group Company Limited, a company listed on the Stock Exchange (stock code: 1355) and primarily engaged in the provision of hotel management and served, as an independent non-executive director from June 2015 to November 2016, as chief financial officer, company secretary, authorised representative and process agent from November 2016 to February 2017 and as a non-executive director from February 2017 to November 2017. From February 2017 to May 2019, he was a vice general manager and chief financial officer of China Taihe Group Limited, and was primarily responsible for the management of financial and accounting activities. From June 2019 to March 2023, he worked as a vice general manager and chief financial officer of Huapei Global Capital Limited, and was primarily responsible for the management of financial and accounting activities. He had also been the general manager of Yipei Global Capital Limited, a company primarily engaged in asset management business, from June 2021 to January 2024, before transferring to position of the consultant since January 2024.

Mr. Chung has served as an independent non-executive director of Net Pacific Financial Holdings Limited (listed on the Singapore Exchange Limited (stock code: 5QY) and principally engaged in provision of financing services) since June 2018, E Lighting Group Holdings Limited (listed on the Stock Exchange (stock code: 8222) and principally engaged in retail chain business in lighting and household products) since September 2014 and Shandong Fengxiang Co., Ltd (listed on the Stock Exchange (stock code: 9977) and principally engaged in production of white-feathered broiler) since August 2019.

Mr. Chung obtained a bachelor's degree in social sciences from University of Hong Kong in December 1989 and a master's degree in international business management from City University of Hong Kong in November 1998. Mr. Chung has been an associate member of the Hong Kong Institute of Certified Public Accountants since April 1995 and a fellow of The Association of Chartered Certified Accountants in the United Kingdom since November 1999.

Ms. Ng Sin Kiu (吳先僑女士), aged 50, was appointed as an independent non-executive Director on [•]. She is responsible for supervising and providing independent judgement and opinion to our Board on issues material to our Group and where otherwise required. Ms. Ng is a member of our Audit Committee and Nomination Committee.

Ms. Ng has over 20 years of experience in legal practice and, in particular, substantial experience in corporate finance matters, and has advised on a broad spectrum of matters, including initial public offerings, secondary equity and equity-linked offerings, mergers and acquisitions, transactional and compliance matters, and other commercial matters. She has been a partner of Watson Farley & Williams LLP since December 2015. From August 1998 to March 1999, Ms. Ng last served as an assistant solicitor of Chiu & Partners. From April 1999 to August 1999, she was an assistant solicitor of Siao, Wen & Leung. From August 1999 to February 2000, she was an assistant solicitor of Pun & Associates. From February 2000 to April 2001, she was an assistant solicitor of Gallant (formerly known as Gallant Y. T. Ho & Co.). From May 2001 to December 2007, she was an assistant solicitor of Sidley Austin. From January 2008 to October 2008, she was an assistant solicitor of Paul Hastings. From October 2008 to December 2009, she was an assistant solicitor of Sidley Austin. From January 2010 to March 2012, Ms. Ng was a consultant of Sidley Austin. From April 2012 to December 2015, she was a partner of Squire Patton Boggs. Ms. Ng has served as an independent non-executive director of Palasino Holdings Limited (listed on the Stock Exchange (stock code: 2536) and principally engaged in gaming and leisure business) since March 2024.

Ms. Ng obtained her bachelor's degree, postgraduate certificate and master's degree in laws from the University of Hong Kong in November 1995, June 1996 and December 1999, respectively. She has been a solicitor of the High Court of Hong Kong and of the Greater Bay Area since August 1998 and May 2023, respectively.

Ms. Ng was a director of the following company, which had been dissolved at the Latest Practicable Date:

Name of the company	Place of incorporation	Date of dissolution	Mean of dissolution	Reasons of dissolution
Gain Pacific Investment Limited	Hong Kong	8 May 2020	Strike-off	Cessation of business

Ms. Ng confirmed that (i) the above company was solvent immediately prior to its dissolution; (ii) there was no wrongful act on her part leading to dissolutions of the above company and was not aware of any actual or potential claim that had been or would be made against her as a result of dissolution; and (iii) no misconduct or misfeasance had been involved in the dissolution of the above company.

SUPERVISORY COMMITTEE

The following table shows the key information of our Supervisors. All of our Supervisors meet the qualification requirements under relevant PRC laws and regulations for their positions.

Name	Age	Date of joining our Group	Position	Date of appointment as a Supervisor	Responsibilities	Relationship with other Directors, Supervisors and senior management members
Mr. Zhu Rongwei (朱榮偉)	31	1 July 2018	Employee representative Supervisor	14 March 2023	Supervising the operating of our Company	None
Ms. Wang Jiesi (王杰斯)	37	14 March 2023	Shareholder representative Supervisor	14 March 2023	Supervising the operating of our Company	None
Ms. Sun Yanlu (孫艷露)	34	24 April 2022	Shareholder representative Supervisor	14 March 2023	Supervising the operating and financial activities of our Company	None

Mr. Zhu Rongwei (朱榮偉先生), aged 31, was appointed as a Supervisor and the chairman of Supervisory Committee on 14 March 2023. He is responsible for supervising the operating of our Group, supervising the performance of our Directors and senior management and performing other supervisory duties as a Supervisor. Mr. Zhu has been our strategic director since July 2018 and has been responsible for the strategic affairs of our Company. He also serves as the supervisor of Yunhai Lianji Technology.

Prior to joining our Group, from March 2016 to June 2018, Mr. Zhu served as an accountant in Ririshun Internet of Things Co. Ltd. (日日順物聯網有限公司), which was under Haier Group and was principally engaged in the research and development of Internet of Things technology, and he was primarily responsible for financial affairs. Mr. Zhu obtained his bachelor's degree in finance management in Qingdao Agricultural University (青島農業大學), the PRC in July 2015. Mr. Zhu obtained his qualification as Certified Management Accountant issued by the Institute of Management Accountants of USA in January 2020.

Ms. Wang Jiesi (王杰斯女士), aged 37, was appointed as a Supervisor on 14 March 2023. She is responsible for supervising the operating of our Group, supervising the performance of our Directors and senior management and performing other supervisory duties as a Supervisor.

From August 2011, Ms. Wang joined Haier Group. From August 2011 to September 2014, she worked as an IP manager of the IP department of Haier Group, and was responsible for the IP-related legal affairs. From October 2014 to July 2016, she worked as an overseas legal manager of Haier Group and was primarily responsible for legal affairs of overseas business. From July 2016 to May 2020, she worked as an overseas legal director, and was primarily responsible for the overall compliance system of the overseas business. From June 2020 to August 2023, she has been a legal director of corporate department of Haier Group, and was primarily responsible for overseas legal affairs, corporate governance, investment, and acquisition. Since September 2023, she has been a senior manager of the risk control and compliance department of Qingdao Haizhi Huiying, the general partner of Qingdao Haichuangying. Ms. Wang graduated as an undergraduate in law in Xi'an University of Architecture and Technology, the PRC (西安建築科技大學) in July 2006, and obtained a masters of law degree in international commercial law from the University of Glasgow, the United Kingdom in April 2008. Ms. Wang obtained the Legal Profession Qualification Certificate issued by the Ministry of Justice of the PRC (中華人民共和國司法部) in March 2010.

Ms. Sun Yanlu (孫艷露女士), aged 34, was appointed as a Supervisor on 14 March 2023. She is responsible for supervising the operating and financial affairs of our Group, supervising the performance of our Directors and senior management and performing other supervisory duties as a Supervisor. Ms. Sun joined our Company as our financial manager in April 2022 and has been responsible for the financial affairs of our Company.

Prior to joining our Group, Ms. Sun served as an audit manager in Hexin Certified Public Accountants LLP (Special General Partnership) Qingdao Branch (和信會計師事務所(特殊普通合夥)青島分所) from March 2014 to February 2022, and was primarily responsible for audit work. Ms. Sun is a non-practicing member of the Chinese Institute of Certificated Public Accountants (中國註冊會計師協會), and she obtained her bachelor's degree in information and computer science from North Minzu University, the PRC (北方民族大學) in July 2013.

Ms. Sun was a supervisor of the following company immediately prior to its revocation:

Name of the company	Place of establishment	Date of revocation	Status of the company
Qingdao Chuangsheng Huijin Trading Co., Ltd. (青島創勝匯金商貿有限責任公司)	PRC	25 June 2023	Revocation of business licence as the company did not undergo the regulatory annual inspection

Ms. Sun confirmed that (i) the above company was solvent immediately prior to its revocation; (ii) there was no wrongful act on her part leading to revocation of the above company and was not aware of any actual or potential claim that had been or would be made against her as a result of revocation; and (iii) no misconduct or misfeasance had been involved in the revocation of the above company.

SENIOR MANAGEMENT

Mr. Lu, Mr. Zhang, Ms. Li and Mr. Wang are also the senior management of our Group. For more details on their biographical details, please refer to the paragraph headed "Executive Directors" in this section.

GENERAL

Save as disclosed above and in "Statutory and General Information — C. Further Information about our Directors, Supervisors and Substantial Shareholders" in Appendix VI to this document, each of our Directors and Supervisors confirms with respect to him/her that:

(i) did not hold other long positions or short positions in the Shares, underlying Shares, debentures of our Company or any associated corporation (within the meaning of Part XV of the SFO) as at the Latest Practicable Date;

(ii) had no other relationship with any Directors, Supervisors, senior management or substantial shareholders of our Company as at the Latest Practicable Date;

(iii) did not hold any other directorships in the three years prior to the Latest Practicable Date in any public companies of which the securities are listed on any securities market in Hong Kong and/or overseas;

(iv) there are no other matters concerning our Director's and Supervisors' appointment that need to be brought to the attention of our Shareholders and the Stock Exchange or shall be disclosed pursuant to Rules 13.51(2) of the Listing Rules; and

(v) to the best of the knowledge, information and belief of our Directors and Supervisors having made all reasonable enquiries, there are no other matters with respect to the appointment of our Directors and Supervisors that needs to be brought to the attention of our Shareholders.

Further, since all of the executive Directors were full-time employees of our Group and that all of our independent non-executive Directors were serving not more than three listed companies as independent non-executive directors, our Directors are of the view that our Board members are able to devote sufficient time and attention to our Company's affairs against their commitments to other companies or organisations.

COMPANY SECRETARY

Mr. Ng Cheuk Kin (吳卓健), age 37 was appointed as our company secretary on [•]. Mr. Ng is a senior manager of corporate services of Tricor Services Limited, a global professional services provider specialising in integrated business, corporate and investor services.

Mr. Ng has over 10 years of experience in company secretary, auditing and financial reporting. He is familiar with the Listing Rules, the Companies Ordinance as well as compliance work for offshore companies.

Mr. Ng is a member of The Hong Kong Institute of Certified Public Accountants. He obtained his bachelor degree in professional accountancy from The Chinese University of Hong Kong in 2010.

BOARD COMMITTEES

Audit Committee

Our Group has established an audit committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph D.3 of part 2 of the CG Code as set out in Appendix C1 to the Listing Rules. The primary duties of our Audit Committee are to assist our Board in providing an independent view of the effectiveness of the financial reporting process, the internal control and risk management system of our Group, to oversee the audit process and to perform other duties and responsibilities as assigned by our Board. Our Audit Committee consists of three members, namely, Mr. Chung, Ms. Fang and Ms. Ng. Mr. Chung is the chairman of our Audit Committee and possesses the appropriate accounting or related financial management expertise in compliance with the requirements under Rules 3.10(2) and 3.21 of the Listing Rules. The primary duties of our Audit Committee are to (i) monitor and evaluate the work of the external auditor; (ii) evaluate the implementation of the internal audit system of our Company; (iii) responsible for the communications among the management level of our Company, the internal and external audit; (iv) review and comment on the financial reports of our Company; (v) examine the financial reporting system, risk management and internal control systems of our Company; (vi) make recommendations to our Company on the appointment, re-appointment and removal of the external auditor; (vii) perform daily management duties and implementing control on connected transactions; and (viii) perform such other duties determined by our Board.

Remuneration Committee

Our Group has established a remuneration committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and paragraph E.1.2 of part 2 of the CG Code as set out in Appendix C1 to the Listing Rules. Our Remuneration Committee consists of three members, namely, Ms. Fang, Mr. Chung and Ms. Li. Ms. Fang is the chairlady of our Remuneration Committee.

The primary duties of our Remuneration Committee include, but not limited to (i) establishing, reviewing and providing advices to our Board on our policy and structure concerning remuneration of our Directors, Supervisors and senior management and on the establishment of a formal and transparent procedure for developing policies concerning such remuneration; (ii) determining the terms of the specific remuneration package of each Director and senior management; and (iii) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by our Directors from time to time.

Nomination Committee

Our Group has established a nomination committee with written terms of reference in compliance with paragraph B.3.1 of part 2 of the CG Code as set out in Appendix C1 to the Listing Rules. Our Nomination Committee consists of three members, namely Mr. Lu, Ms. Ng and Ms. Fang. Mr. Lu is the chairman of our Nomination Committee.

The primary duties of our Nomination Committee are to (i) review the structure, size and composition of our Board on a regular basis and make recommendations to our Board regarding any proposed changes to the composition of our Board; (ii) identify, select or make recommendations to our Board on the selection of individuals nominated for directorship, and ensure the diversity of our Board members; (iii) assess the independence of our independent non-executive Directors; and (iv) make recommendations to our Board on relevant matters relating to the appointment, re-appointment and removal of our Directors and succession planning for our Directors.

MANAGEMENT PRESENCE IN HONG KONG

Since our headquarters and principal business operations and management of our Group are carried out in mainland China, our executive Directors are based in mainland China to better manage and attend to our Group's business operations. Therefore, we do not and, in the foreseeable future, will not have sufficient management presence in Hong Kong for the purpose of satisfying the requirement under Rule 8.12 of the Listing Rules. Pursuant to Rule 19A.15 of the Listing Rules, we have applied to the Stock Exchange for, and the Stock Exchange has [granted,] a waiver from strict compliance with the requirement under Rule 8.12 and Rule 19A.15 of the Listing Rules. For details, please refer to the section headed "Waiver From Strict Compliance with the Listing Rules — Waiver in Relation to Management Presence in Hong Kong" in this document.

CORPORATE GOVERNANCE

Our Directors recognise the importance of incorporating elements of good corporate governance in the management structures and internal procedures of our Group so as to achieve effective accountability and are committed to ensure the lawful, ethical and responsible operation of our Group's businesses. Our Company has adopted the code provisions stated in the CG Code, with internal compliance policies in place which set out our compliance requirements so as to ensure consistency with the code provisions stated in the CG Code of Appendix C1 to the Listing Rules. Our Directors have also delegated the responsibility of supervising internal compliance matters of our Company to our risk management committee, in which a compliance officer is appointed to specifically monitor the daily implementation of our internal compliance policies and conduct regular internal compliance reviews. In addition, our Company provides regular and ad hoc trainings to our employees in order to familiarise them with our internal compliance policies and equip them with the necessary knowledge for the effective and consistent implementation of our internal compliance policies.

Our Company is also committed to the view that our Board should include a balanced composition of executive Directors and independent non-executive Directors so that there is a strong independent element on our Board, which can effectively exercise independent judgment.

As at the Latest Practicable Date, to the best of the knowledge, information and belief of our Directors having made all reasonable enquiries, save as disclosed below, our Directors were not aware of any deviation from the code provisions of the CG Code as set out in Appendix C1 to the Listing Rules, as well as the Guidance for Boards and Directors.

Deviation from the CG Code

Pursuant to code provision C.2.1 of the CG Code, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from the requirement that the responsibilities between the chairman and the chief executive should be segregated and should not be performed by the same individual. Mr. Lu currently serves as both the chairman of the Board and the general manager of our Company. While this will constitute a deviation from code provision C.2.1 of the CG Code, our Board believes that this structure will not impair the balance of power and authority between our Board and the management of our Company, given that (i) our Board comprises three independent non-executive Directors, and we believe there is sufficient check and balance in our Board to protect the interests of our Group and the Shareholders; (ii) Mr. Lu is involved with our day to day operations, our Directors are of the view that vesting both roles on him helps to maintain the continuity of the policies and the stability of the operations of our Company. Our Board will continue to review the effectiveness of the corporate governance structure of our Group in order to assess whether separation of the roles of chairman and general manager is necessary.

Board Diversity Policy

Our Board has adopted a board diversity policy which sets out the approach to achieve diversity on our Board. Our Company recognises and embraces the benefits of having a diverse Board and sees increasing diversity at our Board level as an essential element in supporting the attainment of our Company's strategic objectives and sustainable development. Our Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to talents, skills, gender, age, cultural and educational background, ethnicity, experience (professional or otherwise), independence, knowledge and length of service and any other factors that our Board may consider relevant and applicable from time to time. We will continue to implement measures and steps to promote and enhance gender diversity at all levels of our Company. We will select potential Board candidates based on merit and his/her potential contribution to our Board while taking into consideration our own business model and specific needs from time to time. All Board appointments will be based on meritocracy and candidates will be considered against objective criteria, having due regard to the benefits of diversity on our Board.

Our Directors also have a balanced mix of knowledge, skills and experience. They obtained degrees in various majors and possessed various working experience. Furthermore, our Board has a wide range of age. The presence of female members in our management, namely Ms. Li, Ms. Fang and Ms. Ng, contributes to the gender diversity of our management team and offers us valuable strategic, management and operational insights from a female perspective. We have taken and will continue to take steps to promote gender diversity at all levels of our Company, including but without limitation at our Board and senior management levels. Taking into account our business model and specific needs as well as the presence of female Directors, we consider that the composition of our Board satisfies our board diversity policy.

Our Nomination Committee is responsible for ensuring the diversity of our Board members. After [REDACTED], our Nomination Committee will review our board diversity policy from time to time to ensure its continued effectiveness and we will disclose the implementation of our board diversity policy in our corporate governance report on an annual basis.

Taking into account our existing business model and specific needs as well as the different background and abilities of our Directors, our Directors are of the view that the current composition of our Board satisfies the principles under our board diversity policy.

CONFIRMATION UNDER LISTING RULES

Each of the Directors has obtained the legal advice in accordance with Rule 3.09D of the Listing Rules from Fangda Partners by March 2024 and that each of the Directors has confirmed he/she understood his/her obligations as a director of a listed issuer.

Further, each of the independent non-executive Directors has confirmed:

(a) his/her independence as regards each of the factors referred to in Rule 3.13(1) to (8) of the Listing Rules;

(b) he/she has no past or present financial or other interest in the business of our Group or any connection with any core connected person of our Company, if any; and

(c) that there are no other factors that may affect the independent non-executive Director's independence at the time of his/her appointment.

COMPENSATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Our Directors, Supervisors and members of our senior management receive compensation from our Group in the form of fees, salaries, allowances, benefits in kind, discretionary bonuses and retirement scheme contributions. The aggregate remuneration (including salaries, allowances, benefits in kind and discretionary bonuses) paid to our Directors and Supervisors for each of the three years ended 31 December 2021, 2022 and 2023 was approximately RMB2.5 million, RMB2.5 million and RMB4.1 million, respectively. Save as disclosed above, no other amounts have been paid or are payable by any member of our Group to our Directors and Supervisors during the Track Record Period.

The aggregate amount of salaries, allowance, benefits in kind and discretionary bonuses paid to our five highest paid individuals, including three, two and three Directors or Supervisors, in respect of each of the three years ended 31 December 2021, 2022 and 2023 was approximately RMB3.5 million, RMB3.9 million and RMB4.1 million, respectively.

No remuneration was paid by us to our Directors, Supervisors or the five highest paid individuals as an inducement to join or upon joining us or as a compensation for loss of office in respect of each of the three years ended 31 December 2021, 2022 and 2023. The emoluments of Mr. Zhan Bo and Ms. Wang Jiesi were waived with their authorisation. There was no other arrangement under which our Directors and Supervisors had waived or agreed to waive any remuneration during the same periods.

Under the arrangement currently in force, the aggregate remuneration (including directors' fees, salaries, allowances, benefits in kind, discretionary bonuses and retirement scheme contributions) of our Directors and Supervisors for the year ending 31 December 2024 is estimated to be no more than RMB5.0 million.

Our Board will review and determine the remuneration and compensation packages of our Directors, Supervisors and senior management which, following the [REDACTED], will receive recommendation from our Remuneration Committee which will take into account salaries paid by comparable companies, time commitment and responsibilities of our Directors, Supervisors and senior management, employment conditions of other positions in our company, the desirability of performance-based remuneration, and performance of our Group.

COMPETITION

Each of our Directors confirms that as at the Latest Practicable Date, he or she did not have any interest in a business which competes or is likely to compete, directly or indirectly, with our business and requires disclosure under Rule 8.10(2) of the Listing Rules.

COMPLIANCE ADVISER

In compliance with Rule 3A.19 of the Listing Rules, we have appointed Ping An of China Capital (Hong Kong) Company Limited as our compliance adviser to provide advisory services to our Company. Pursuant to Rule 3A.23 of the Listing Rules, it is expected that the compliance adviser will, amongst other things, advise our Company with due care and skill in the following circumstances:

- before the publication of any regulatory announcement, circular and financial report;
- where a transaction, which might be notifiable or connected transaction, is contemplated including shares issues and share repurchases;
- where we propose to use the [REDACTED] from the [REDACTED] in a manner different from that detailed in this document or where our business activities, developments or results of our Group deviate from any forecast, estimate, or other information in this document; and
- where the Stock Exchange makes an inquiry of us regarding unusual movements in the [REDACTED] or [REDACTED] of the Share securities, the possible development of a false market in this Shares, or any other matters in accordance with Rule 13.10 of the Listing Rules.

The term of the appointment shall commence on the [REDACTED] and end on the date on which we distribute our annual report in respect of our financial results for the first full financial year commencing after the [REDACTED] and such appointment may be subject to extension by mutual agreement.

OUR CONTROLLING SHAREHOLDERS

As at the Latest Practicable Date, by virtue of its direct interest in Qingdao Haichuanghui IoT of 51.20% and the voting right arrangement of the remaining 48.80%, Haier Group controlled 100% of the voting rights of Qingdao Haichuanghui IoT, and as such, held indirectly approximately 60.44% of the voting rights of our Company through Qingdao Haichuanghui IoT. Qingdao Haichuanghui IoT was (i) indirectly interested in approximately 52.88% of our total issued share capital through its indirect shareholding in Qingdao Haiyinghui through Qingdao Haichuanghui Investment; and (ii) indirectly interested in approximately 7.56% of our total issued share capital through (a) its indirect shareholding in Qingdao Haichuanghui Venture, which is the general partner of Qingdao Haichuanghui, through Qingdao Haichuanghui Investment, Haichuanghui Holding, Ningbo Meishan and (b) its direct shareholding in Qingdao Haichuanghui Investment, which owned 49.50% interest in Qingdao Haichuanghui as its limited partner. Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised), Haier Group will hold an aggregate of approximately [REDACTED]% of the voting rights of our Company through Qingdao Haichuanghui IoT. As such, Haier Group, together with Qingdao Haichuanghui IoT, Qingdao Haichuanghui Investment, Haichuanghui Holding, Ningbo Meishan, Qingdao Haichuanghui Venture, Qingdao Haiyinghui and Qingdao Haichuanghui, will constitute a group of Controlling Shareholders of our Company.

CONFIRMATION OF NO COMPETING INTEREST

Haier Group, apart from its interests in our Group, is engaged in, among others, (i) production, sourcing and sales of home appliances; (ii) enterprise production upgrade services; (iii) medical services; (iv) manufacturing of medical equipment; (v) real estates; and (vi) financial services. Qingdao Haichuanghui is primarily engaged in equity investment. Qingdao Haichuanghui Venture is primarily engaged in investment management business, and each of Qingdao Haichuanghui IoT, Qingdao Haichuanghui Investment, Haichuanghui Holding, Ningbo Meishan and Qingdao Haiyinghui is primarily engaged in investment holding. As at the Latest Practicable Date, Haier Group has equity interests in several listed companies in different stock exchanges, which are primarily engaged in the abovementioned industries. Such listed companies do not compete with our Group.

Save for their respective interests in our Company and our subsidiaries, none of the Controlling Shareholders, the Directors and Supervisors or any of their respective close associates had any interest in any other company which competes, or is likely to compete, either directly or indirectly, with the business of our Group and would require disclosure pursuant to Rule 8.10 of the Listing Rules as at the Latest Practicable Date.

BUSINESS RELATIONSHIP WITH HAIER GROUP

During the Track Record Period, Haier Group insurance clients purchased insurance products through us and we receive commission income from insurance company partners for successful distribution of insurance products to them. We also provided IT and consulting services to Haier Group. On the other hand, we procure comprehensive services and utility services from Haier Group. We will continue the aforementioned business relationship with Haier Group after [REDACTED]. For more details, please refer to the section headed "Connected Transactions" in the document.

The table below sets forth commission income generated from insurance company partners for distribution of their insurance products to Haier Group insurance clients and non-Haier Group insurance clients for the years indicated:

	For the year ended 31 December											
	2021				2022				2023			
	GWP	Commission income (1)	Percentage of commission income	Average commission rate	GWP	Commission income (1)	Percentage of commission income	Average commission rate	GWP	Commission income (1)	Percentage of commission income	Average commission rate
	RMB'000	*RMB'000*	*%*	*%*	*RMB'000*	*RMB'000*	*%*	*%*	*RMB'000*	*RMB'000*	*%*	*%*
Household insurance clients	**429,127**	**74,641**	**64.3**	**17.4**	**708,461**	**80,498**	**61.6**	**11.4**	**901,435**	**91,478**	**58.7**	**10.1**
Corporate insurance clients	**237,254**	**41,415**	**35.7**	**17.5**	**309,913**	**50,223**	**38.4**	**16.2**	**357,686**	**64,270**	**41.3**	**18.0**
— Haier Group insurance clients	152,484	18,288	15.8	12.0	192,856	23,809	18.2	12.3	190,960	24,100	15.5	12.6
— Non-Haier Group insurance clients	84,770	23,127	19.9	27.3	117,057	26,414	20.2	22.6	166,726	40,170	25.8	24.1
Total	**666,381**	**116,056**	**100.0**	**17.4**	**1,018,374**	**130,721**	**100.0**	**12.8**	**1,259,121**	**155,748**	**100.0**	**12.4**

Note: Commission income represents commission received from insurance company partners for distribution of their insurance products to corporate and household insurance clients.

The following table sets forth a breakdown of revenue, gross profit and gross profit margin of our IT services by type of customers for the years indicated:

	For the year ended 31 December								
	2021			2022			2023		
	Revenue	Gross profit	Gross profit margin	Revenue	Gross profit	Gross profit margin	Revenue	Gross profit	Gross profit margin
	RMB'000	*RMB'000*	*%*	*RMB'000*	*RMB'000*	*%*	*RMB'000*	*RMB'000*	*%*
Haier Group and its affiliated companies	577	284	49.2	6,042	3,681	60.9	8,732	4,870	55.8
Non-Haier Group	687	523	76.1	8,911	3,586	40.2	7,050	4,300	61.0
Total	1,264	807	63.8	14,953	7,267	48.6	15,782	9,170	58.1

We are of the view that there are mutual benefits between our Group and Haier Group for the following reasons:

- *Deep understanding of Haier Group* — through years of distributing insurance products to Haier Group, we are familiar with their preferences and requirements in purchasing insurance products. By consolidating the purchase through us, we believe that it reduces the time needed for Haier Group to accurately identify suitable insurance products from multiple insurance company partners to meet their needs;

- *Cost Saving for Haier Group* — we are the designated insurance agency service provider to handle and manage all insurance related for Haier Group in the PRC. This centralised procurement arrangement allowed Haier Group to (i) reduce time and resources in coordinating with multiple insurance companies and insurance intermediaries; and (ii) reduce management effort to maintain an in-house insurance team to handle and manage their insurance products;

- *Better Risk Management* — we are a licensed insurance agency service provider in the PRC and we have in place the industry regulated risk management and corporate governance measures. We believe that by consolidating purchases with us, the risk of Haier Group in purchasing from unapproved or unqualified insurance companies or intermediaries and the risk of non-compliance of regulatory requirements can be reduced; and

- *Exposure to the Haier Group network* — our relationship with Haier Group has allowed us to leverage on their network to reach out to a larger group of potential insurance clients, such as their customers, suppliers and business partners. This offers us the opportunity for future growth and allows us to reach out potential insurance clients in industries and locations that we have not yet covered which is beneficial for the development of our insurance agency business.

Based on the above factors, our Directors consider there are mutual benefits between our Group and Haier Group, and it is in the interests of our Company and Shareholders as a whole to collaborate with Haier Group. Our Directors believe that the business relationship with Haier Group will not cause any business dependence or reliance issue between our Company and Haier Group. While stable commission income has been derived from insurance company partners attributable to Haier Group insurance clients, we have diversified our insurance client base to cover over 336,000 household insurance clients and over 17,000 non-Haier Group corporate insurance clients during the Track Record Period whilst we served only Haier Group in our early years. Further, the commission income attributable to Haier Group insurance clients decreased from 18.2% in 2022 to 15.5% in 2023. Going forward, we plan to expand our geographical coverage by setting up 30 to 36 branch offices in locations such as Hebei, Henan, Anhui, Hubei, Shanghai and Beijing and promote our brand awareness and our online platforms through online advertising effort to expand our non-Haier Group insurance client coverage. For details, please refer to the paragraph headed "Business — Our Strategies" in this document.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Our Directors consider that we are capable of carrying out our business independently from our Controlling Shareholders and their respective close associates after the [REDACTED], taking into account the following factors:

Management Independence

Our Board comprises four executive Directors and three independent non-executive Directors upon [REDACTED]. We believe that our management and operational decisions are made by our Board and senior management, all of whom have substantial experience in the industry in which we are engaged and/or in their respective fields of expertise. Also, Mr. Lu, Mr. Zhang, Ms. Li and Mr. Wang have a track record of devoting sufficient time and energy to discharge their duty as our Directors and senior management and they will continue to focus on our Group's business. For more details, please refer to the section headed "Directors, Supervisors and Senior Management" in this document.

We consider that our Board, who are also members of our senior management team, will function independently from our Controlling Shareholders for the following reasons:

- each of our Directors is aware of his/her fiduciary duties as a Director which require, among others, that he/she must act for the benefit of and in the best interests of our Company and not allow any conflict between his/her duties as a Director and his/her personal interests;

- three out of our seven Directors are independent non-executive Directors upon [REDACTED] who have extensive experience in different professions and they are independent from our Controlling Shareholders or their respective associate. They have been appointed pursuant to the requirements under the Listing Rules to ensure that the decisions of our Board are made only after due consideration of independent and impartial opinions. We believe our independent non-executive Directors will bring independent judgment to the decision-making process of our Board. Further, when considering connected transactions, our independent non-executive Directors will review the relevant transaction;

- our Directors shall not vote in any Board resolution approving any contract or arrangement or any other proposal in which he/she or any of his/her close associates have a material interest and shall not be counted in the quorum present at the particular Board meeting; and

- we have adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Group and our Controlling Shareholders which would support our independent management. For more details, please refer to the paragraph headed "Directors, Supervisors and Senior Management — Corporate Governance" in this document.

Based on the above, our Directors are satisfied that our Board as a whole are able to perform the managerial role in our Group independently and are of the view that we are capable of managing our business independently from the Controlling Shareholders after the [REDACTED].

Operational Independence

We have established a functional and organisational structure independent from our Controlling Shareholders, with major departments including individual business department, corporate business department, strategic management department, information technology department, financial management department, human resources department, internal control and audit department, brand marketing department, recruitment services department and securities and compliance department. We have designed clearly-delineated responsibilities and functions for each department which are tailor-made for our business, and each department is under the management of our Company and independent from our Controlling Shareholders. Further, each department is capable of making professional decisions and implementations efficiently and independently.

We entered into (i) the Utility Services Framework Agreement with COSMO Energy Technology Co., Ltd. (卡奥斯能源科技有限公司) ("**COSMO Energy Technology**") pursuant to which our Group will continue to procure electricity, water supply and other energy supplies from COSMO Energy Technology; (ii) the Comprehensive Service Framework Agreement with Haier Group, pursuant to which Haier Group and/or its associates will provide office and logistics services involving leasing of offices, renovation works for offices, procuring office supplies, administrative services, consulting services, referral services and business support services to us; and (iii) the IT and Consulting Services Framework Agreement pursuant to which we will provide IT and consulting services to Haier Group and/or its associates. Upon [REDACTED], we will continue with the abovementioned services and business relationship with Haier Group and/or its associates. For more details, see the section headed "Connected Transactions" in this document.

Taking into account our previous experience with Haier Group and/or its associates, we consider Haier Group is well suited in terms of resources and cost efficiency to provide stable and quality services to us and vice versa. Further, the services provided by Haier Group and/or its associates to us are ancillary in nature, and such services are readily available from Independent Third Parties in the market.

As such, our Directors believe that entering into the abovementioned arrangements will not give rise to any business dependence or reliance issue for our Group and is in the interest of the Company and the Shareholders as a whole. Based on the above, our Directors believe that we are able to operate our business independent from Haier Group and/or its associates.

In addition, we have sufficient capital, facilities, equipment and employees to operate our business independently from our Controlling Shareholders. We have independent access to suppliers and customers and an independent management team to handle our day-to-day operations. We are also in possession of all material licenses, certificates, facilities and intellectual property rights necessary to carry on and operate our principal businesses. Based on the foregoing, our Directors believe that we are able to operate independently of the Controlling Shareholders and their respective close associates.

Financial Independence

We have independent internal control, accounting and financial management systems. We also have an independent finance department responsible for discharging the treasury function. We make financial decisions according to our own business needs.

We do not expect to rely on our Controlling Shareholders and their respective close associates for financing after the [REDACTED] and we believe we are capable of obtaining financing from external sources without reliance on our Controlling Shareholders.

We are capable of making financial decisions independently according to our own needs, and our Controlling Shareholders do not and will not interfere with our use of funds. We maintain and manage bank accounts independently and do not share any bank accounts with our Controlling Shareholders and/or their respective associates. We are registered independently for tax in accordance with applicable laws and we pay tax independently pursuant to applicable PRC tax laws and regulations, rather than on a combined basis with our Controlling Shareholders or other enterprises under their control.

Our Directors confirmed that, as at the Latest Practicable Date, none of our Controlling Shareholders or their respective associates had provided any loans, guarantees or pledges to our Group. Our Directors also confirmed that, as at the Latest Practicable Date, our Group did not provide any loans, guarantees or pledges to our Controlling Shareholders or their respective associates.

Based on the above analysis, our Directors are of the view that they and our senior management are capable of carrying on our business independently of, and do not place undue reliance, on our Controlling Shareholders and their respective close associates after [REDACTED].

OVERVIEW

We have entered into certain agreements with parties which will be our connected persons (as defined under Chapter 14A of the Listing Rules) upon the [REDACTED], and the transactions contemplated under such agreements will constitute continuing connected transactions under Chapter 14A of the Listing Rules.

CONNECTED PERSONS

As at the Latest Practicable Date, our Company was owned by Haier Group indirectly through its subsidiaries and voting rights arrangements, holds approximately 60.44% of the voting rights of our Company (as to approximately 52.88% through Qingdao Haiyinghui and as to approximately 7.56% through Qingdao Haichuanghui). Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised), Haier Group will hold an aggregate of approximately [REDACTED]% of the voting rights of our Company. Haier Group, together with its associates as defined under Rule 14A.13 of the Listing Rules, are therefore our connected persons by virtue of Rules 14A.07(1) and 14A.07(4) of the Listing Rules.

SUMMARY OF OUR CONTINUING CONNECTED TRANSACTIONS

No.	Nature of Transactions	Relevant Listing Rules	Applicable exemptions under the Listing Rules	Proposed Annual Cap for the Year Ending 31 December		
				2024	2025	2026
					(RMB'000)	
Fully-exempt continuing connected transaction						
1.	Utility Service Framework Agreement	14A.24(8)	14A.97	330	460	510
Partially exempt continuing connected transaction						
2.	Comprehensive Services Framework Agreement	14A.24(7)	14A.76(2)	5,160	6,110	6,820
Non-exempt continuing connected transaction						
3.	IT and Consulting Services Framework Agreement	14A.24(7)	N/A	13,100	14,700	16,800

FULLY-EXEMPT CONTINUING CONNECTED TRANSACTION

1. Utility Services Framework Agreement

During the Track Record Period, our Group has been procuring electricity, water supply and other energy supplies from COSMO Energy Technology. On 23 May 2023, our Company and COSMO Energy Technology entered into a utility service framework agreement, as supplemented by a supplemental agreement dated [•] 2024, (collectively, the "**Utility Services Framework Agreement**"), pursuant to which our Company agreed to continue to procure electricity, water supply and other energy supplies from COSMO Energy Technology. COSMO Energy Technology is a non-wholly owned subsidiary of Haier Group and is one of the energy suppliers located near our offices in Qingdao.

Historical transaction amounts

The historical transaction amounts in respect of the fees paid by us to COSMO Energy Technology amounted to approximately RMB0.2 million, RMB0.2 million and RMB0.2 million for the three years ended 31 December 2023, respectively.

Annual caps

Our Directors estimate that the maximum amounts of fees paid by us to COSMO Energy Technology in connection with the Utility Services Framework Agreement for the three years ending 31 December 2026 will not exceed RMB330,000, RMB460,000 and RMB510,000, respectively. Our Directors considers that the proposed annual caps are fair and reasonable.

Basis of annual caps

The above proposed annual caps are determined with reference to the following factors:

— the historical transaction amounts for the Track Record Period for the utilities we procured from COSMO Energy Technology; and

— our expected demand for utility services in the next three years ending 31 December 2026 in view of the anticipated growth in labour force as a result of our business expansion.

Listing Rules implications

Haier Group is our Controlling Shareholder upon [REDACTED]. Accordingly, the transactions under the Utility Services Framework Agreement will constitute continuing connected transactions for our Company under Chapter 14A of the Listing Rules upon [REDACTED]. However, since the electricity, water and other energy supplies purchased from COSMO Energy Technology is for our Group's own consumption and use, not processed into our products or for resale, and that there is an open market and transparency in the pricing of electricity, water and other energy supplies procured by our Group, the transactions with COSMO Energy Technology are fully exempted from the independent shareholders' approval, annual review and all disclosure requirements under Rule 14A.97 of the Listing Rules.

PARTIALLY EXEMPT CONTINUING CONNECTED TRANSACTION

2. Comprehensive Services Framework Agreement

Principal terms

We entered into a comprehensive services framework agreement with Haier Group on 19 May 2023 (as supplemented by a supplemental agreement dated [•] 2024) (collectively, the "**Comprehensive Services Framework Agreement**"), pursuant to which Haier Group and/or its associates agreed to provide (i) office and logistics services involving leasing of offices, renovation works for the offices, and procuring office supplies; (ii) administrative services involving travel agency services and catering services; (iii) consulting services; (iv) referral services; and (v) business support services.

The initial term of the Comprehensive Services Framework Agreement will commence on the [REDACTED] and has an initial term of three years. Relevant subsidiaries or associated companies of both parties will enter into separate underlying agreements which will set out the specific terms and conditions according to the principles provided in the Comprehensive Services Framework Agreement.

Pricing policy

Taking into consideration the estimated transaction amount, the services fees to be paid by us to Haier Group and/or its associates under the Comprehensive Services Framework Agreement will be determined through arm's length negotiations between the parties, taking into account:

- ***In respect of office and logistics services:*** (i) location of the offices; (ii) size of the offices; (iii) gross floor area of the offices; (iv) operation costs, such as cost of raw materials and labour and administration expenses; and (v) the prevailing market price of similar services.

- ***In respect of administrative services:*** (i) the anticipated administrative costs including labour costs; and (ii) the prevailing market price of similar services.

- ***In respect of consulting services:*** (i) the different service and standards required; (ii) the anticipated costs to be incurred for rendering the services, including but not limited to labour, consumables and administrative costs; and (iii) the prevailing market price of similar services.

- ***In respect of referral services:*** (i) the historical fees of such services; (ii) the type of insurance products; (iii) the number and type of insurance clients referred; (iv) the synergy brought to our Group; and (v) the prevailing marketing price of similar services.

- ***In respect of business support services:*** (i) the anticipated costs including labour costs and administrative costs; and (ii) the prevailing market price of similar services.

The pricing terms under the Comprehensive Services Framework Agreement will be no less favourable to our Company than terms of services available to Independent Third Parties, and the service fees are in line with or lower than market rates and is in the best interests of our Company and our Shareholders as a whole.

Reasons for the transaction

Our Group historically procured a variety of services from Haier Group to satisfy our business and operational needs. Taking into consideration that Haier Group has provided such services to us historically and the stability and quality of the services provided, we believe that it is in the best interest of our Group to continue to procure such services from Haier Group, which is capable of fulfilling our demands with a stable and quality supply of services on terms which are similar to or better than those offered by Independent Third Parties.

Historical transaction amounts

For the three years ended 31 December 2023, the historical transaction amounts in respect of the fees paid by us to Haier Group and its affiliated companies in relation to the comprehensive services provided by Haier Group and its affiliated companies amounted to RMB5.4 million, RMB5.7 million and RMB3.7 million, respectively. The decrease in historical transaction amount in relation to comprehensive services for the year ended 31 December 2023 was due to the decrease in referral fee to certain strategic channel partners.

Annual caps

Our Directors estimate that the maximum amounts of service fees paid by us to Haier Group and/or its associates in connection with the Comprehensive Services Framework Agreement for the three years ending 31 December 2026 will not exceed RMB5.2 million, RMB6.1 million and RMB6.8 million, respectively. Our Directors considers that the proposed annual caps are fair and reasonable.

Basis of annual caps

The above proposed annual caps are determined with reference to the following factors:

- the historical transaction amounts for the Track Record Period for the comprehensive service we procured from Haier Group and its affiliated companies and the prevailing market price of similar services;

- the existing lease arrangement between our Group and Haier Group and the expected signing of new office leases and renewal of existing leases to meet our business needs and expansion plan;

- the type of insurance products and the number of insurance clients expected to be referred by Haier Group and/or its associates;

- the expected increase in our operational needs for administrative services, consulting services and business support services due to our continuous business expansion; and

- the existing business cooperation between our Group and Haier Group as strategic channel partner and the existing and new insurance clients expected to be referred by Haier Group and/or its associates for our insurance agency business.

Listing Rules implications

As the highest applicable percentage ratio of the transaction contemplated under the Comprehensive Services Framework Agreement for each of the three years ending 31 December 2026 calculated for the purpose of Chapter 14A of the Listing Rules is more than 0.1% but less than 5% on an annual basis, such transaction will, upon [REDACTED], constitute continuing connected transactions of our Company subject to reporting, annual review, announcement requirement but exempt from the circular and the independent Shareholders' approval requirement under Rules 14A.76(2) of the Listing Rules.

NON-EXEMPT CONTINUING CONNECTED TRANSACTION

3. IT and Consulting Services Framework Agreement

Principal terms

We entered into a IT and consulting services provision agreement with Haier Group on 19 May 2023, as supplemented by a supplemental agreement dated [•] 2024 (collectively, the "**IT and Consulting Services Framework Agreement**") pursuant to which we will provide IT and consulting services to Haier Group and/or its associates. During the Track Record Period, we have been providing IT and consulting services in the ordinary and usual course of our business and on normal commercial terms to

Haier Group and/or its associates. The provision of IT and consulting services by us to Haier Group and/or its associates is expected to continue after [REDACTED]. The initial term of the IT and Consulting Services Framework Agreement will commence on the [REDACTED] and has an initial term of three years. Relevant subsidiaries or associated companies of both parties will enter into separate underlying agreements which will set out the specific terms and conditions according to the principles provided in the IT and Consulting Services Framework Agreement.

Pricing policy

Taking into consideration the estimated transaction amount, the service fees to be paid by Haier Group and/or its associates under the IT and Consulting Services Framework Agreement will be determined through arm's length negotiations between the parties, taking into account (i) in respect of IT services, the complexity of the software/system developed, allocation of staff (including the seniority of staff assigned on site), duration of the agreement, ownership of the IP right and other costs such as server fees, and (ii) in respect of consulting services, the scope of services requested and prevailing market price of such requested services. The pricing terms under the IT and Consulting Services Framework Agreement will be no less favourable to us than terms of services offered to Independent Third Parties and is in the best interest of our Company and our Shareholders as a whole.

Reasons for the transaction

Since our establishment, our Group has had close business relationship with Haier Group and/or its associates. We have acquired a deep understanding of the business and operational requirements of Haier Group and/or its associates and are able to provide the IT and consulting services needed by Haier Group. Taking into consideration our previous experience with Haier Group and/or its associates, we believe that maintaining a stable and quality business relationship with Haier Group will facilitate our current and future business operations and our Group is capable of effectively satisfying the demands of Haier Group and/or its associates for providing IT and consulting services at prices and terms no less favourable to those we offered to Independent Third Parties, which is in the interests of our Group and the Shareholders as a whole.

Historical transaction amounts

For the three years ended 31 December 2023, the historical transaction amounts in respect of the provision of IT and consulting services by us to Haier Group and its affiliated companies amounted to RMB1.4 million, RMB8.4 million and RMB10.2 million, respectively. The increase in the historical transaction amounts is mainly due to the increase in the number of IT projects for Haier Group engaged by our Group in FY2022 and FY2023, evidencing the successful commercialisation of the IT services of our Group. For details, please refer to the section headed "Financial Information — Year to Year Comparison of Results of Operations — Year ended 31 December 2023 compared to year ended 31 December 2022."

Annual caps

Our Directors estimate that the maximum amounts of service fees paid by Haier Group and/or its associates to us in connection with the IT and Consulting Services Framework Agreement for the three years ending 31 December 2026 will not exceed RMB13.1 million, RMB14.7 million and RMB16.8 million, respectively. Our Directors considers that the proposed annual caps are fair and reasonable.

Basis of annual caps

The above proposed annual caps are determined with reference to the following factors:

- the historical transaction amounts for the Track Record Period regarding the provision of IT and consulting services to Haier Group and its affiliated companies during the Track Record Period;
- the continual growth of Haier Group leading to the expected increase in Haier Group's demand for our IT and consulting services in the three years ending 31 December 2026;
- the expected cost to be incurred for provision of IT and consulting services;
- we have become more competent to provide IT and consulting services to Haier Group through accumulation of experience and understanding of the needs of Haier Group, and we were recently selected as an approved supplier for ten additional subsidiaries of Haier Group;
- the projected growth rate of the overall corporate demand for IT services in the PRC; and
- the expected increase of service fees to be charged by our Group considering the expected inflation and increase in our operational costs.

Listing Rules implications

As the highest applicable percentage ratio of the transactions contemplated under the IT and Consulting Services Framework Agreement for each of the three years ending 31 December 2026 calculated for the purpose of Chapter 14A of the Listing Rules is expected to exceed 5% on an annual basis, such transactions will, upon [REDACTED], constitute continuing connected transaction of our Company subject to reporting, annual review, announcement, circular and the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

PROPOSED ARRANGEMENTS TO MONITOR THE NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

To ensure the terms under the relevant framework agreements for the continuing connected transactions are fair and reasonable, and no less favourable to our Company than terms and conditions available for Independent Third Parties, the following arrangements are proposed to monitor the non-exempt continuing connected transactions of our Company after [REDACTED]:

(1) the finance department of our Company will review the transaction amounts of the relevant continuing connected transactions and conduct analysis of the data at least half-yearly to manage the continuing connected transactions;

(2) the independent non-executive Directors will consider the continuing connected transactions requiring approval from the Board and/or Shareholders' general meeting, and provide their opinions to the Board;

(3) the independent non-executive Directors and our Company's auditors will conduct annual review of the non-exempt continuing connected transactions and provide annual confirmations in accordance with Rules 14A.55 and 14A.56 of the Listing Rules;

(4) our Company will follow the approval procedures for connected transactions including:

   (a) in respect of connected transactions not governed by the existing framework agreements, our Company will communicate with the independent non-executive Directors in advance and provide the necessary documents to facilitate decision-making and disclosure process;

   (b) our Company will seek the necessary approvals in advance for continuing connected transactions exceeding the proposed annual caps;

   (c) according to the pricing policy of our Company, our Company's financial management department, together with the individual and corporate business departments, the information technology department, and other relevant departments will determine the transaction price for continuing connected transactions through arm's length negotiation between parties based on the comparable market rates from Independent Third Parties, cost-plus pricing, or agreed price. The transaction price will be submitted to the chief financial officer for approval after the revision by the department head of the relevant departments; and

   (d) the financial management department, together with the individual and corporate business departments, the information technology department, and other relevant departments will review any price adjustment requests for connected transactions. The adjusted transaction price will be submitted to the chief financial officer for approval after the revision by the department head of the relevant departments.

(5) in respect of acquisition of products and services from our connected persons, our Company will periodically (and in any event not less frequent than twice every year) survey the applicable market rates in respect of such products and services procured under the relevant framework agreement (where applicable).

APPLICATION FOR WAIVERS

The transaction described in the paragraph headed "Partially Exempt Continuing Connected Transaction — 2. Comprehensive Services Framework Agreement" in this section constitutes our continuing connected transaction under the Listing Rules, which is subject to the reporting, annual review and announcement requirements but exempt from the circular and independent Shareholders' approval requirements of the Listing Rules.

The transaction described in the paragraph headed "Non-Exempt Continuing Connected Transaction — 3. IT and Consulting Services Framework Agreement" in this section constitute our continuing connected transactions under the Listing Rules which are subject to the reporting, annual review, announcement, circular and independent Shareholders' approval requirements of the Listing Rules.

In respect of these continuing connected transactions, pursuant to Rule 14A.105 of the Listing Rules, we have applied for, and the Stock Exchange [has granted], waivers exempting us from strict compliance with the announcement requirement under Chapter 14A of the Listing Rules in respect of the continuing connected transaction as disclosed in "Partially Exempt Continuing Connected Transaction — 2. Comprehensive Services Framework Agreement"; and the announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the continuing connected transactions as disclosed in "Non-Exempt Continuing Connected Transaction — 3. IT and Consulting Services Framework Agreement" in this section for the period commencing from the [REDACTED] up to 31 December 2026, subject to the condition that the relevant annual transaction amounts shall not exceed the applicable annual caps as set out above.

In addition, we will comply with other applicable provisions under Chapter 14A of the Listing Rules after [REDACTED]. We will also comply with the applicable requirements under the Listing Rules if any of the applicable proposed annual caps set out above are exceeded, or if any of the framework agreements in relation to the non-exempt continuing connected transactions are renewed or where there is a material change under the terms of such agreements. After expiry of the waivers granted, we will comply with the applicable provisions of Chapter 14A of the Listing Rules as amended from time to time and/or apply for the relevant waivers (where required).

In the event of any future amendments to the Listing Rules imposing more stringent requirements than those applicable under Chapter 14A of the Listing Rules as at the Latest Practicable Date on the continuing connected transactions, our Company will take immediate steps to ensure compliance with such requirements within a reasonable time.

If any of the terms of the transaction contemplated under the agreements mentioned above are altered or if our Company enters into any new agreements with any connected person in the future, we will fully comply with the relevant provisions under Chapter 14A of the Listing Rules, when we apply for and separate waiver is obtained from, the Stock Exchange.

CONFIRMATION FROM THE DIRECTORS

The Directors (including the independent non-executive Directors) consider that the continuing connected transactions under (1) the Comprehensive Services Framework Agreement; and (2) the IT and Consulting Services Framework Agreement (i) have been and will be entered into in the ordinary and usual course of our Company's business; (ii) are on normal commercial terms or better which are fair and reasonable and in the interests of our Company and its Shareholders as a whole; and (iii) the proposed annual caps for the continuing connected transactions are fair and reasonable and in the interests of our Company and the Shareholders as a whole. Apart from the announcement, circular and/or independent shareholders' approval requirements of which waiver [has been] sought, our Company will comply with the relevant requirements under Chapter 14A of the Listing Rules.

CONFIRMATION FROM THE JOINT SPONSORS

Based on the above, and the documentation and data provided by our Company and the participation in due diligence and discussion with our Company, the Joint Sponsors are of the view that the above non-exempt continuing connected transactions (i) have been entered into in the ordinary and usual course of business of our Group; (ii) are on normal commercial terms or better, and are fair and reasonable and in the interests of our Company and its shareholders as a whole; and (iii) the proposed annual caps under the above non-exempt continuing connected transactions are fair and reasonable and in the interests of our Company and its Shareholders as a whole.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the [REDACTED] without taking into account any Shares which may be [REDACTED] pursuant to the exercise of the [REDACTED], the following persons will have an interest or a short position in our Shares or underlying Shares which will be required to be disclosed to our Company and the Stock Exchange pursuant to the provisions of Division 2 and 3 of Part XV of the SFO or will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company or any of our subsidiaries:

		As at the Latest Practicable Date		Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised)[2]	
Name of Shareholder	**Nature of Interest**	**Number of Shares[1]**	**Approximate percentage of interest in our Company**	**Number of Shares[1][3]**	**Approximate percentage of interest in our Company**
			(%)		*(%)*
Haier Group[4]	Interest in controlled corporation/ interest of a party to an agreement	64,000,000	60.44	64,000,000	[REDACTED]
Qingdao Haichuanghui IoT[5]	Interest in controlled corporation	64,000,000	60.44	64,000,000	[REDACTED]
Qingdao Haichuanghui Investment[5]	Interest in controlled corporation	64,000,000	60.44	64,000,000	[REDACTED]
Haichuanghui Holding[6]	Interest in controlled corporation	8,000,000	7.56	8,000,000	[REDACTED]
Ningbo Meishan[6]	Interest in controlled corporation	8,000,000	7.56	8,000,000	[REDACTED]
Qingdao Haichuanghui Venture[6]	Interest in controlled corporation	8,000,000	7.56	8,000,000	[REDACTED]
Qingdao Li Cang[7]	Interest in controlled corporation	3,960,000	3.74	3,960,000	[REDACTED]
Qingdao Ronghai State-Owned Capital Investment Operations Co., Ltd (青島融海國有資本投資運營有限公司) ("**Qingdao Ronghai Capital**")[7]	Interest in controlled corporation	3,960,000	3.74	3,960,000	[REDACTED]
Qingdao Ronghai[7]	Interest in controlled corporation	3,960,000	3.74	3,960,000	[REDACTED]
Qingdao Haichuanghui[5][7]	Beneficial interest	8,000,000	7.56	8,000,000	[REDACTED]
Qingdao Haiyinghui[5]	Beneficial interest	56,000,000	52.88	56,000,000	[REDACTED]
Shanghai Zhaoqi[8]	Beneficial interest	24,000,000	22.66	24,000,000	[REDACTED]
Qingdao Haichuangying[9]	Beneficial interest	14,394,000	13.59	14,394,000	[REDACTED]

Notes:

1. All interests stated are long positions.

2. The calculation is based on the total number of [REDACTED] Shares in issue immediately following the completion of the [REDACTED] and without taking into account any Shares which may be [REDACTED] pursuant to the exercise of the [REDACTED].

3. For the avoidance of doubt, both Domestic Shares and H Shares are ordinary Shares in the share capital of our Company, and are considered as one class of Shares.

4. As at the Latest Practicable Date, Haier Group was entitled to exercise the voting rights attached to approximately 60.44% of the total issued share capital of our Company through Qingdao Haichuanghui IoT, Qingdao Haichuanghui Investment, Haichuanghui Holding, Ningbo Meishan, Qingdao Haichuanghui Venture, Qingdao Haiyinghui and Qingdao Haichuanghui. On 18 December 2023 (i.e. date of incorporation of Qingdao Haichuanghui IoT), Haier Group and Qingdao Haichuangke entered into a voting rights entrustment agreement whereby the entire voting rights of Qingdao Haichuanghui IoT has been entrusted to Haier Group. Therefore, Haier Group is deemed to control the entire voting rights of Qingdao Haichuanghui IoT and, in turn, Qingdao Haichuanghui Investment, Qingdao Haiyinghui and Qingdao Haichuanghui pursuant to the SFO.

5. As at the Latest Practicable Date, Qingdao Haichuanghui IoT directly holds 100% of Qingdao Haichuanghui Investment and in turn indirectly holds 100% of Haichuanghui Holding; Haichuanghui Holding directly holds 100% of Ningbo Meishan, which in turn directly holds Qingdao Haichuanghui Venture. As at the Latest Practicable Date, Qingdao Haichuanghui is owned as to 1.00% by Qingdao Haichuanghui Venture being its general partner, and as to 49.50% by Qingdao Haichuanghui Investment. As at the Latest Practicable Date, Qingdao Haichuanghui Investment holds (i) 100% of Qingdao Haiyinghui which holds 52.88% of the issued Shares; and (ii) directly 49.50% as equity interests and indirectly 1.00% of Qingdao Haichuanghui (with Qingdao Haichuanghui Venture as the general partner) which holds 7.56% of the issued Shares. Therefore, Qingdao Haichuanghui IoT and Qingdao Haichuanghui Investment are deemed to be interested in the Shares held by Qingdao Haiyinghui and Qingdao Haichuanghui pursuant to the SFO.

6. As at the Latest Practicable Date, Qingdao Haichuanghui Venture, the general partner of Qingdao Haichuanghui, was owned as to 100% by Ningbo Meishan, which was in turn wholly owned by Qingdao Haichuanghui Holding. Therefore Haichuanghui Holding, Ningbo Meishan and Qingdao Haichuanghui Venture are deemed to be interested in the Shares held by Qingdao Haichuanghui pursuant to the SFO.

7. As at the Latest Practicable Date, Qingdao Haichuanghui is owned as to 49.50% by Qingdao Ronghai which is entirely owned by Qingdao Ronghai Capital and in turn entirely owned by Qingdao Li Cang. Qingdao Ronghai is the limited partner of Qingdao Haichuanghui.

8. Shanghai Zhaoqi was established as a limited partnership in the PRC on 1 February 2018 by employees of our Group and with Qingdao Haichuang (wholly owned by Mr. Lu) as the general partner. For more details on Shanghai Zhaoqi, please refer to the section headed "History and Development — Capital Increase in May 2018" in this document.

9. Qingdao Haichuangying is one of our [REDACTED] Investors. For more details, please refer to the section headed "History and Development — [REDACTED] Investments" in this document.

SUBSTANTIAL SHAREHOLDERS

Save as disclosed above and in "Statutory and General Information — C. Further Information about Our Directors, Supervisors and Substantial Shareholders — 1. Disclosure of Interests" in Appendix VI, our Directors are not aware of any person who will, immediately following the completion of the [REDACTED] and assuming that the [REDACTED] is not exercised, have an interest or a short position in the Shares or underlying Shares which will be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group.

SHARE CAPITAL OF OUR COMPANY

As at the Latest Practicable Date, the registered share capital of our Company was RMB105,895,600, comprising 105,895,600 Shares with a nominal value of RMB1.0 each.

Immediately after the [REDACTED] (assuming that the [REDACTED] is not exercised), the share capital of our Company will be as follows.

Description of Shares	Number of Shares	Approximate % of the Enlarged Issued Share Capital after the [REDACTED]
Domestic Shares	105,895,600	[REDACTED]%
H Shares to be [REDACTED] pursuant to the [REDACTED]	[REDACTED]	[REDACTED]%
Total	**[REDACTED]**	**100%**

Immediately after the [REDACTED] (assuming that the [REDACTED] is fully exercised), the share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate % of the Enlarged Issued Share Capital after the [REDACTED]
Domestic Shares	105,895,600	[REDACTED]%
H Shares to be [REDACTED] pursuant to the [REDACTED]	[REDACTED]	[REDACTED]%
Total	**[REDACTED]**	**100%**

OUR SHARES

The H Shares in issue following the completion of the [REDACTED] and the Domestic Shares are ordinary Shares in the share capital of our Company, and are considered as one class of Shares. However, apart from certain qualified domestic institutional [REDACTED] in the PRC, qualified PRC [REDACTED] under the Shanghai-Hong Kong stock exchanges connectivity mechanism ("**Shanghai-Hong Kong Stock Connect**") and the Shenzhen-Hong Kong stock exchanges connectivity mechanism ("**Shenzhen-Hong Kong Stock Connect**") and other persons entitled to hold H Shares pursuant to the relevant PRC laws and regulations or upon approval or filing with any competent authorities, including our existing Shareholders who may convert their Domestic Shares into H shares upon completion of filing with the CSRC, H Shares generally may not be [REDACTED] for by, or [REDACTED] between, legal or natural persons of the PRC.

RANKING

Domestic Shares and H Shares are regarded as one class of Shares under our Articles of Association and will rank *pari passu* with each other in all other respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this document. Dividends in respect of our Shares may be paid by us in Hong Kong dollars or Renminbi. In addition to cash, dividends may be distributed in the form of Shares.

CONVERSION OF DOMESTIC SHARES INTO H SHARES

Pursuant to the regulations prescribed by the securities regulatory authorities of the State Council and the Articles of Association, the [REDACTED] Shares may be converted into overseas-listed Shares. Such converted Shares could be listed or traded on an overseas stock exchange, provided that prior to the conversion and trading of such converted Shares, any requisite internal approval process and the filing with the CSRC have been duly completed. In addition, such conversion and trading shall comply with the regulations prescribed by the securities regulatory authorities of the State Council and the regulations, requirements and procedures prescribed by the relevant overseas stock exchange including the approval of the Stock Exchange.

[REDACTED] Approval by the Stock Exchange

We have [REDACTED] to the Stock Exchange for the granting of [REDACTED] of, and permission to [REDACTED] in, our H Shares to be [REDACTED] pursuant to the [REDACTED] (including any H Shares which may be [REDACTED] pursuant to the exercise of the [REDACTED]), which is subject to the approval by the Stock Exchange.

REGISTRATION OF SHARES NOT LISTED ON AN OVERSEAS STOCK EXCHANGE

According to the Notice of Centralised Registration and Deposit of Non-overseas Listed Shares of Companies Listed on an Overseas Stock Exchange (《關於境外上市公司非境外上市股份集中登記存管有關事宜的通知》) issued by the CSRC, our Company is required to register the Domestic Shares with CSDC within 15 business days upon the [REDACTED] and provide a written report to the CSRC regarding the results of centralised registration and deposit of the Domestic Shares as well as the [REDACTED] and [REDACTED] of the H Shares.

SHAREHOLDERS' APPROVAL FOR THE [REDACTED]

Approval from holders of the Shares is required for our Company to [REDACTED] H Shares and seek the [REDACTED] of H Shares on the Stock Exchange. Our Company has obtained such approval at the Shareholders' general meeting held on [•]. For more details on Shareholders' approval and circumstances under which our Shareholders' general meeting is required, please refer to the sections headed "Statutory and General Information — A. Further Information about our Group — 4. Resolutions in Writing of the Shareholders of Our Company Passed on [•]" in Appendix VI and "Summary of Articles of Association" in Appendix V to this document.

LOCK-UP PERIODS

In accordance with the PRC Company Law, the shares issued prior to any public offering of shares by a company cannot be transferred within one year from the date on which such publicly offered shares are listed and traded on the relevant stock exchange. As such, the Shares issued by our Company prior to the [REDACTED] of H Shares will be subject to such statutory restriction on transfer within a period of one year from the [REDACTED]. Our Directors, Supervisors and members of the senior management of our Company shall declare their shareholdings in our Company and any changes in their shareholdings. Shares transferred by our Directors, Supervisors and such members of the senior management each year during their term of office shall not exceed 25% of their total respective shareholdings in our Company. The Shares that the aforementioned persons held in our Company cannot be transferred within one year from the date on which the shares are [REDACTED] and [REDACTED], nor within half a year after they leave their positions in our Company. The Articles of Association may contain other restrictions or conditions on the transfer of the Shares held by our Directors, Supervisors, members of senior management of our Company and other Shareholders. For more details, please refer to the section headed "Summary of Articles of Association" in Appendix V this document.

You should read this section in conjunction with our historical financial information as set out in Appendix I to this document. The historical financial information has been prepared in accordance with the IFRS, which may differ in material aspects from generally accepted accounting principles in other jurisdictions. You should read the entire Accountants' Report and not merely rely on the information contained in this section.

The following discussion and analysis contains forward-looking statements that involve risks and uncertainties. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, our actual results may differ significantly from those projected in the forward-looking statements. Factors that might cause future results to differ significantly from those projected in the forward-looking statements include those discussed in "Risk Factors" in this document.

In addition, the following discussion and analysis contains certain amounts and percentage figures that have been subject to rounding adjustments, Accordingly, figures shown as totals in certain tables may not be arithmetic aggregation of the figures preceding them, and all monetary amounts and percentages shown are approximate amounts only.

OVERVIEW

We are a fast growing insurance agency service and solution provider in the PRC, dedicated to distributing a wide range of insurance products covering (i) property insurance products, (ii) life and health insurance products, (iii) accident insurance products and (iv) automobile insurance products, to both corporate and household insurance clients. We have an established ecosystem where we collaborate and cooperate with different industry participants including insurance company partners, insurance agents and strategic channel partners to promote and distribute insurance products from our insurance company partners to corporate and household insurance clients. Leveraging our sales channels and online platforms, we promote and distribute insurance products underwritten by insurance companies to insurance clients and receive commission from insurance companies for successful purchase of their insurance products by our insurance clients. Our services cover major stages of insurance business including assistance on risk assessment and product selection, confirmation of insurance policy, premium payment, policy administration and insurance claims. Our sales channels comprise (i) sales through insurance agents (whom we engage to promote and distribute insurance products to mainly our household insurance clients, in return for commissions we paid for successful purchase of insurance products by insurance clients), (ii) referral from strategic channel partners (through whom a large population of corporate and household insurance clients are referred, in return for referral fees we paid for successful purchase of insurance products by insurance clients) and (iii) direct sales. We also provide IT services and consulting services as an extension of our insurance agency business, to various participants in our ecosystem, including insurance companies, insurance intermediaries and other companies from different industries.

We achieved continued growth during the Track Record Period. Our total revenue increased from RMB120.0 million for FY2021 to RMB148.4 million for FY2022 and further to RMB174.0 million for FY2023, representing a CAGR of 20.4% during the Track Record Period. Our revenue from our insurance agency business was RMB116.1 million, RMB130.7 million and RMB155.7 million for FY2021, FY2022 and FY2023, representing 96.7%, 88.1% and 89.5% of our total revenue, respectively. Our revenue from IT services business was RMB1.3 million, RMB15.0 million and RMB15.8 million for FY2021, FY2022 and FY2023, representing 1.1%, 10.1% and 9.1% of our total revenue, respectively. Our revenue from consulting services business was RMB2.7 million, RMB2.7 million and RMB2.5 million for FY2021, FY2022 and FY2023, representing 2.2%, 1.8% and 1.4% of our total revenue, respectively.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our business, results of operations and financial condition have been and will continue to be affected by a number of factors, which primarily include the following:

Our business and results of operations are significantly affected by China's overall economic conditions

We are established, and our operations are located, in the PRC. Accordingly, our financial condition and results of operations are subject to the economic, legal developments and other factors in China. While China's economy has experienced significant growth in the past few decades, growth may vary across different regions. These variations may impact the purchasing power and willingness of insurance clients to purchase insurance products. For more details, please refer to the section headed "Risk Factors — Risks Relating to Conducting Our Business in the PRC" in this document.

Insurance premiums and commission rates

We derive a majority of our revenue from our insurance agency business. We provide agency services for insurance companies in China by distributing primarily property, life and health, accident and automobile insurance products, underwritten by our insurance company partners and receive commissions from them after successful distributions of their insurance products to insurance clients. Our commission income is generally based on commission rate which is a percentage of the premiums of insurance products distributed by us. Our revenue and results of operations are thus affected by the premiums and commission rates for insurance products that we distribute.

Insurance premiums for our insurance agency business refer to the GWP we facilitated for our insurance company partners. Commission rates for our insurance agency business fluctuate based on a number of factors and are determined between us and our insurance company partners based on the type of insurance products concerned, the insurance period to which the commission rate related to (for example, the first-year commission rates of long-term life and health insurance products are generally higher), the expectation of the insurance company partners on profits taking into account the expected claim ratios of the particular insurance products, insurance clients' demand for insurance products in the market, the availability and pricing of comparable products from other insurance companies, requirements set by the industry association, regulatory requirements and governmental policies and other factors that affect our insurance company partners at the relevant time. We face intense competition in China's insurance agency market from insurance agencies, individual insurance agents, insurance intermediaries, Internet insurance platforms, and in-house sales force of insurance companies. If the commission rates for our insurance agency business decrease and we fail to manage or reduce the commission paid to our insurance agents, our gross profit margin might decrease and our results of operations and financial performance might be adversely affected.

Our ability to maintain and expand insurance client base

Business prospects for our insurance agency business depend, to a large extent, on our ability to maintain existing and expand new insurance client base. We engage insurance agents to promote and distribute the insurance products authorised by our insurance company partners and strengthen our cooperation with strategic channel partners to expand our reach to both corporate and household insurance clients. We had built a sales network consisting of insurance agents covering across Shandong, Hebei, Henan and Jilin and 17 strategic channel partners during the Track Record Period. On the other hand, we strive to provide insurance clients with satisfactory experience, which to a large extent influences our ability to maintain and establish relationships with our insurance company partners.

Cost of insurance agency business

Cost of sales for our insurance agency business primarily comprises referral fees and commissions. We cooperate with strategic channel partners to expand our reach to large population of corporate and household insurance clients, and we pay referral fees to strategic channel partners for successful purchase of insurance products underwritten by our insurance company partners by insurance clients through us. We also engage insurance agents to promote and distribute the insurance products underwritten by our insurance company partners to mainly our household insurance clients, and we pay commissions to insurance agents for successful purchase of insurance products by insurance clients through us. The rates of referral fees to our strategic channel partners and commissions to our insurance agents fluctuate depending on the competitive landscape and the market conditions and our target gross profit margin. For FY2021, FY2022 and FY2023, referral fees to our strategic channel partners and commissions to insurance agents amounted to RMB58.2 million, RMB64.4 million and RMB82.6 million, accounting for 48.5%, 43.4% and 47.5% of our revenue generated for the same period, respectively. We expect our referral fees and commissions to increase in the future as we expand. To maintain our anticipated level of growth in gross profit and operating profit, we must manage the rate of growth in referral and commissions.

Our ability to maintain trusted relationship with our business partners

We cooperate with a variety of business partners in conducting our businesses, including insurance company partners, insurance agents and strategic channel partners. In our insurance agency business, we primarily act as agent for our insurance company partners, which are our customers. We earn commission income by distributing insurance products underwritten by them to insurance clients. We also collaborate with our insurance agents and strategic channel partners, who are our suppliers, to expedite our market penetration and broaden our end consumer reach. Our relationships with business partners are crucial for us to continue our business growth and deliver satisfactory experience to insurance clients. Any significant changes to our relationships with these business partners could have a material adverse impact on our results of operations. For more details, please refer to the section headed "Risk Factors — Risks Relating to Our Business — If we fail to maintain stable relationships with our business partners, our business, results of operations, financial condition and business prospects could be materially and adversely affected" in this document.

Regulatory environment

We are subject to regulation and administration by the insurance regulatory authorities and other government authorities as described in the section headed "Regulatory Overview" in this document, including certifying the eligibility for us to provide insurance agency services, authorising the geographical area in which we operate, establishment of branch institutions and prescribing prohibited acts for professional insurance agencies and their practitioners. In addition, the regulatory framework for the insurance intermediary industry in the PRC is constantly evolving. If the interpretation or implementation of the existing laws and regulations further changes or new regulations come into effect, we may be required to obtain additional permits, licences or certificates. There is no assurance that we will respond successfully to such changes in a timely manner. Such changes may also result in increased compliance costs. For instance, the Notice of the General Office of the China Banking and Insurance Regulatory Commission on Printing and Distributing the Measures for the Supervision of Informatisation Work of Insurance Intermediaries (《中國銀保監會辦公廳關於印發保險中介機構信息化工作監管辦法的通知》) issued by the CBIRC requires insurance intermediaries to establish a technical connection with insurance company partners and generate data files that comply with regulatory requirements. While this measure has raised industry standards an improved the industry environment, it has also increased the operational costs for insurance intermediaries.

IMPACTS OF THE COVID-19 OUTBREAK

In 2022, there was a resurgence of COVID-19 pandemic including the highly transmissible Delta and Omicron variant across the world, which has adversely affected the economy. As a result, certain of our business operations and financial performance were negatively affected, primarily because (i) consumers' consumption confidence for certain non-necessity products or services was weakened due to the increased uncertainty in global economic outlook; and (ii) sales activities of our insurance agents were affected. In particular, revenue generated from the distribution of life and health insurance products was reduced in 2022 as compared to 2021 as it became difficult for our insurance agents to arrange face-to-face meetings with household insurance clients. Despite the challenges posed by COVID-19 pandemic, our business had not been significantly affected during the Track Record Period as our overall revenue reached RMB120.0 million in 2021, RMB148.4 million in 2022 and RMB174.0 million in 2023, representing a CAGR of 20.4%. This is mainly contributed by our diversified product portfolio and sales channels, which allow us to respond to changing market and mitigate risk by reducing reliance on any single category of insurance products or sales channel. While we recorded rapid growth during the Track Record Period, we cannot assure you that we will be able to deliver similar growth in the future, or avoid any decline in the future. For more details, please refer to the section headed "Risk Factors—If we are unable to manage our growth or execute our strategies effectively, our business and prospects may be materially and adversely affected" in this document.

BASIS OF PRESENTATION

The historical financial information has been prepared in accordance with IFRS. For more details on the accounting policies that have been applied, please refer to note 2 to the section headed "Appendix I — Accountants' Report" in this document.

MATERIAL ACCOUNTING POLICY INFORMATION

Our consolidated financial information has been prepared in accordance with IFRS. The financial information is presented in RMB, which is the same as our Company's functional currency and all values are rounded to the nearest thousand unless otherwise indicated. Our most critical accounting policies, judgments and estimates are summarised below. For more details on the description of our material accounting policy information, judgments and estimates, please refer to note 2 and note 3 to the section headed "Appendix I — Accountants' Report" in this document.

Revenue recognition

(i) Revenue from contracts with customers

Income is classified by our Group as revenue when it arises from the provision of services in the ordinary course of our Group's business. Our Group derives agency revenue serving as an insurance agency to distribute insurance products on behalf of insurance companies by which our Group is entitled to receive commissions from the insurance companies based on the premium paid by the policyholders for the related insurance policy sold. For long-term insurance products, our Group is also entitled to receive trailing commissions when our Group completes the post-sales services. Our Group also derives revenue by providing IT and consulting services to certain customers.

Revenue is the gross inflow of economic benefits arising in the course of our Group's ordinary activities when the inflows result in increases in shareholders' equity, other than increases relating to contributions from shareholders.

Revenue is recognised when our Group satisfies the performance obligation in a contract by transferring control over relevant goods or services to the customers.

Where a contract has two or more performance obligations, our Group determines the stand-alone selling price at contract inception of the distinct service underlying each performance obligation in the contract and allocates the transaction price in proportion to those stand-alone selling prices. Our Group recognises as revenue the amount of the transaction price that is allocated to each performance obligation. The stand-alone selling price is the price at which our Group would sell a promised service separately to a customer. If a stand-alone selling price is not directly observable, our Group considers all information that is reasonably available to our Group and maximises the use of observable inputs to estimate the stand-alone selling price.

The transaction price is the amount of consideration to which our Group expects to be entitled in exchange for transferring promised services to a customer, excluding amounts collected on behalf of third parties. Our Group recognises the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

Our Group satisfies a performance obligation over time if one of the following criteria is met; otherwise, the performance obligation is satisfied at a point in time:

— the customer simultaneously receives and consumes the benefits provided by our Group's performance as our Group performs;

— the customer can control the asset created or enhanced during our Group's performance; or

— our Group's performance does not create an asset with an alternative use to it and our Group has an enforceable right to payment for performance completed to date.

For a performance obligation satisfied over time, our Group recognises revenue over time by measuring the progress towards complete satisfaction of that performance obligation. When the outcome of that performance obligation cannot be measured reasonably, but our Group expects to recover the costs incurred in satisfying the performance obligation, our Group recognises revenue only to the extent of the costs incurred until such time that it can reasonably measure the outcome of the performance obligation.

For a performance obligation satisfied at a point in time, our Group recognises revenue at the point in time at which the customer obtains control of the relevant products or services. To determine whether a customer has obtained control of goods or services, our Group considers the following indicators:

— our Group has a present right to payment for the goods or services;

— our Group has transferred physical possession of the goods to the customer;

— our Group has transferred the legal title of the goods or the significant risks and rewards of ownership of the goods to the customer; and

— the customer has accepted the goods or services.

Our Group determines whether it is a principal or an agent, based on whether it obtains control of the specified goods or service before that good or service is transferred to a customer. Our Group is a principal if it controls the specified good or service before that good or service is transferred to a customer and recognises revenue in the gross amount of consideration which it has received (or which is receivable). Otherwise, our Group is an agent, and recognises revenue in the amount of any fee or commission to which it expects to be entitled. The fee or commission is the net amount of consideration that our Group retains after paying the other party the consideration or is determined according to the established amount or proportion.

(ii) Revenue from other sources and other income

— *Interest income*

Interest income is recognised as it accrues under the effective interest method using the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. For financial assets measured at amortised cost or FVOCI (recycling) that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset.

— *Government grants*

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that our Group will comply with the conditions attaching to them. Grants that compensate our Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate our Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

Accounts and other receivables

A receivable is recognised when our Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before our Group has an unconditional right to receive consideration, the amount is presented as a contract asset.

Accounts receivables that do not contain a significant financing component are initially measured at their transaction price. Accounts receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortised cost, using the effective interest method and including an allowance for credit losses.

Trade and other payables

Trade and other payables are initially recognised at fair value. Subsequent to initial recognition, trade and other payables are stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

Contract costs

Contract costs are either the incremental costs of obtaining a contract with a customer or the costs to fulfill a contract with a customer.

Incremental costs of obtaining a contract are those costs that our Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Our Group recognises as an asset the incremental costs of obtaining a contract with a customer if it expects to recover those costs. Other costs of obtaining a contract are expensed when incurred.

If the costs to fulfill a contract with a customer are not within the scope of inventories or other accounting standards, our Group recognises an asset from the costs incurred to fulfill a contract only if those costs meet all of the following criteria:

— the costs relate directly to an existing contract or to a specifically identifiable anticipated contract, including direct labour, direct materials, allocations of overheads (or similar costs), costs that are explicitly chargeable to the customer and other costs that are incurred only because our Group entered into the contract;

— the costs generate or enhance resources of our Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and

— the costs are expected to be recovered.

Assets recognised for the incremental costs of obtaining a contract and assets recognised for the costs to fulfill a contract are amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate and recognised in profit or loss for the current period.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The following table summarises our Company's consolidated statements of profit or loss and other comprehensive income for the years indicated, details of which are set out in the Accountants' Report in Appendix I to this document.

	For the year ended 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Revenue	119,974	148,398	174,011
Cost of sales	(71,925)	(81,139)	(99,498)
Gross profit	**48,049**	**67,259**	**74,513**
Other income	7,682	8,176	11,324
Research and development costs	(4,739)	(6,843)	(7,141)
General and administrative expenses	(11,383)	(12,854)	(18,566)
Sales and marketing costs	(6,836)	(9,948)	(11,871)
Reversal of/(provision for) impairment loss	11	(44)	(34)
Profit from operations	**32,784**	**45,746**	**48,225**
Finance costs	(176)	(154)	(206)
Profit before taxation	**32,608**	**45,592**	**48,019**
Income tax	(5,616)	(9,243)	(9,026)
Profit for the year	**26,992**	**36,349**	**38,993**
Attributable to:			
Equity shareholders of the Company	27,047	37,776	40,372
Non-controlling interests	(55)	(1,427)	(1,379)
Profit for the year	**26,992**	**36,349**	**38,993**
Total comprehensive income for the year	26,992	36,349	38,993
Basic and diluted earnings per share *(RMB)*	0.33	0.46	0.39

Non-IFRS Measure

To supplement our consolidated financial statements of profit or profit and other comprehensive income, which are presented in accordance with IFRS, we also use adjusted profit for the year (non-IFRS measure) as an additional financial measure. We present this financial measure because it is used by our management to evaluate our financial performance by eliminating the impact of item(s) that we do not consider indicative of the performance of our business. We also believe that this non-IFRS measure provides additional information to [REDACTED] and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management and in comparing financial results across accounting periods and to those of our peer companies.

The term adjusted profit for the year is not defined under IFRS. As a non-IFRS measure, adjusted profit for the year is presented because our management believes such information will be helpful for [REDACTED] in assessing the effect of the [REDACTED] on our profit. The use of the adjusted profit for the year (non-IFRS measure) has material limitations as an analytical tool as it does not include all items that impact our profit for the relevant periods. In light of the foregoing limitations, when assessing our operating and financial performance, you should not view the adjusted profit for the year (non-IFRS measure) in isolation or as a substitute for our profit for the year or any other operating performance measure that is calculated in accordance with IFRS. In addition, because this non-IFRS measure may not be calculated in the same manner by all companies, they may not be comparable to other similarly titled measures used by other companies.

The following table reconciles our adjusted profit for the year (non-IFRS measure) for the years presented to the most directly comparable financial measure calculated and presented in accordance with IFRS, which is profit from our continuing operations:

	For the year ended 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Profit for the year	26,992	36,349	38,993
Add:			
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Adjusted profit for the year (non-IFRS measure)	**26,992**	**36,349**	**43,747**

DESCRIPTION OF SELECTED ITEMS IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Revenue

Revenue by business segments

The following table sets forth the breakdown of our revenue by business segments for the years indicated:

	For the year ended 31 December					
	2021		2022		2023	
	RMB'000	*% of revenue*	*RMB'000*	*% of revenue*	*RMB'000*	*% of revenue*
Insurance agency business	116,056	96.7	130,721	88.1	155,748	89.5
IT services	1,264	1.1	14,953	10.1	15,782	9.1
Consulting services*(Note)*	2,654	2.2	2,724	1.8	2,481	1.4
Total	119,974	100.0	148,398	100.0	174,011	100.0

Note: Consulting services mainly include HR consulting services (amounted to RMB1.4 million, RMB2.4 million and RMB1.8 million, representing 1.2%, 1.6% and 1.0% of our total revenue during the years ended 31 December 2021, 2022 and 2023, respectively) and marketing and promotion services (amounted to RMB1.3 million, RMB0.3 million and RMB0.7 million, representing 1.0%, 0.2% and 0.4% of our total revenue during the years ended 31 December 2021, 2022 and 2023, respectively).

During the Track Record Period, we generated revenue from three segments: (i) insurance agency business; (ii) IT services; and (iii) consulting services. We generated revenue from our insurance agency business mainly through receiving commissions from insurance company partners for distribution of their insurance products to insurance clients. We also generated revenue from providing IT services and consulting services as an extension of our insurance agency business.

Our revenue from insurance agency business was RMB116.1 million, RMB130.7 million and RMB155.7 million, representing 96.7%, 88.1% and 89.5% of our total revenue for the years ended 31 December 2021, 2022 and 2023, respectively. Our revenue from IT services was RMB1.3 million, RMB15.0 million and RMB15.8 million for the years ended 31 December 2021, 2022 and 2023, respectively. Our revenue from consulting services was RMB2.7 million, RMB2.7 million and RMB2.5 million for the years ended 31 December 2021, 2022 and 2023, respectively.

Revenue from insurance agency business by category of insurance products

We offer a comprehensive mix of insurance products, providing insurance clients with broad selections and adequate options to choose from in order to satisfy their protection needs in different scenarios and at different life stages. We primarily distribute four categories of insurance products, namely (i) property insurance products; (ii) life and health insurance products; (iii) accident insurance products; and (iv) automobile insurance products.

The table below sets forth the GWP, commission income generated from insurance company partners for distribution of their insurance products and average commission rate for each category of insurance products we offered for the years indicated:

	For the year ended 31 December											
	2021				2022				2023			
	GWP	Commission income	Percentage of commission income	Average commission rate	GWP	Commission income	Percentage of commission income	Average commission rate	GWP	Commission income	Percentage of commission income	Average commission rate
	RMB'000	*RMB'000*	*%*	*%*	*RMB'000*	*RMB'000*	*%*	*%*	*RMB'000*	*RMB'000*	*%*	*%*
Property insurance products	228,554	39,658	34.2	17.4	290,994	47,620	36.4	16.4	334,332	59,806	38.4	17.9
Life and health insurance products	176,086	48,332	41.6	27.4	223,853	36,156	27.7	16.2	228,817	33,757	21.7	14.8
Accident insurance products	55,465	16,171	13.9	29.2	82,116	24,096	18.4	29.3	84,121	27,830	17.9	33.1
Automobile insurance products	206,276	11,895	10.3	5.8	421,411	22,849	17.5	5.4	611,851	34,355	22.1	5.6
Total	**666,381**	**116,056**	**100.0**	**17.4**	**1,018,374**	**130,721**	**100.0**	**12.8**	**1,259,121**	**155,748**	**100.0**	**12.4**

During the Track Record Period, our commission income from the distribution of property insurance products, accident insurance products and automobile insurance products recorded an increasing trend as the GWP we facilitated for such insurance products increased gradually. However, the commission income from the distribution of life and health insurance products recorded a decreasing trend during the Track Record Period mainly as a result of the COVID-19 pandemic and the decline in average commission rates for life and health insurance products.

The decrease in average commission rate of life and health insurance products from 27.4% in FY2021 to 16.2% in FY2022 was mainly due to the resurgence of COVID-19, resulting in the decrease in distribution of new policies for long-term life and health insurance products that offer higher commission rates. The further decrease in average commission rate of life and health insurance products from 16.2% in FY2022 to 14.8% in FY2023 was mainly due to the increase in distribution of new policies for life and health insurance products with shorter term that offer lower commission rates. For details of the commission rates for different types of life and health insurance products, please refer the section headed “Business — Insurance Products that we distribute” in this document.

Revenue from insurance agency business by type of insurance clients

We define our insurance clients as purchasers of the insurance policies we distribute, which include (i) corporate insurance clients; and (ii) household insurance clients. Through offering a comprehensive mix of insurance products, we have accumulated a wide base of insurance clients and are able to provide them with various options to choose from in order to serve their protection needs in different scenarios and at different life stages.

The table below sets forth the GWP we facilitated, commission income generated from insurance company partners for distribution of their insurance products and the average commission rate by type of insurance clients for the years indicated:

	For the year ended 31 December											
	2021				2022				2023			
	GWP	Commission income *(Note)*	Percentage of commission income	Average commission rate	GWP	Commission income *(Note)*	Percentage of commission income	Average commission rate	GWP	Commission income *(Note)*	Percentage of commission income	Average commission rate
	RMB'000	*RMB'000*	*%*	*%*	*RMB'000*	*RMB'000*	*%*	*%*	*RMB'000*	*RMB'000*	*%*	*%*
Household insurance clients	**429,127**	**74,641**	**64.3**	**17.4**	**708,461**	**80,498**	**61.6**	**11.4**	**901,435**	**91,478**	**58.7**	**10.1**
Corporate insurance clients	**237,254**	**41,415**	**35.7**	**17.5**	**309,913**	**50,223**	**38.4**	**16.2**	**357,686**	**64,270**	**41.3**	**18.0**
— Haier Group insurance clients	152,484	18,288	15.8	12.0	192,856	23,809	18.2	12.3	190,960	24,100	15.5	12.6
— Non-Haier Group insurance clients	84,770	23,127	19.9	27.3	117,057	26,414	20.2	22.6	166,726	40,170	25.8	24.1
Total	**666,381**	**116,056**	**100.0**	**17.4**	**1,018,374**	**130,721**	**100.0**	**12.8**	**1,259,121**	**155,748**	**100.0**	**12.4**

Note: Commission income represents commission received from insurance company partners for distribution of their insurance products to corporate and household insurance clients.

Our commission income generated from insurance company partners for distributing insurance products to household and corporate insurance clients both recorded an increasing trend during the Track Record Period. The commission income attributable to household insurance clients increased from RMB74.6 million in FY2021 to RMB80.5 million in FY2022 and further to RMB91.5 million in FY2023 while the commission income attributable to corporate insurance clients increased from RMB41.4 million in FY2021 to RMB50.2 million in FY2022 and further to RMB64.3 million in FY2023. In particular, the commission income attributable to non-Haier Group insurance clients increased significantly from RMB23.1 million in 2021 to RMB40.2 million in 2023, representing a CAGR of 31.9%.

The average commission rates attributable to each type of insurance clients generally varies depending on the types of insurance products purchased by the relevant insurance clients. During the Track Record Period, household insurance clients primarily purchased life and health insurance products, accident insurance products and automobile insurance products while corporate insurance clients primarily purchased property insurance products and accident insurance products. As such, the decrease in average commission rates attributable to household insurance clients during the Track Record Period was mainly due to (i) the decrease in the average commission rates of life and health insurance products (from 27.4% in FY2021 to 16.2% in FY2022, and further to 14.8% in FY2023) and (ii) the increase in commission income generated from the distribution of automobile insurance products, which offer substantially lower average commission rates compared with other categories of insurance products (5.8% in FY2021, 5.4% in FY2022 and 5.6% in FY2023); meanwhile, the average commission rates attributable to corporate insurance clients remained relatively stable at 17.5% in FY2021, 16.2% in FY2022 and 18.0% in FY2023, which were in line with the average commission rates of property insurance products (17.4% in FY2021, 16.4% in FY2022 and 17.9% in FY2023). For the average commission rate of each product category, please refer to the paragraph headed "Revenue from insurance agency business by category of insurance products" in this section.

Revenue from IT services by type of customers

The table below sets forth the revenue generated from our IT services by type of customers for the years indicated:

	For the year ended 31 December					
	2021		2022		2023	
Revenue from IT services	**Revenue**		**Revenue**		**Revenue**	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Haier Group and its affiliated companies	577	45.6	6,042	40.4	8,732	55.3
Non-Haier Group	687	54.4	8,911	59.6	7,050	44.7
Total	1,264	100.0	14,953	100.0	15,782	100.0

During the Track Record Period, our Group experienced revenue growth in our IT services, which amounted to RMB1.3 million for FY2021, RMB15.0 million for FY2022 and RMB15.8 million for FY2023, as a result of the increase in the number of IT projects engaged by our Group.

Revenue from consulting services by type of customers

The table below sets forth the revenue generated from our consulting services by type of customers for the years indicated:

	For the year ended 31 December					
	2021		2022		2023	
Revenue from consulting services	**Revenue**		**Revenue**		**Revenue**	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Haier Group and its affiliated companies	790	29.8	2,346	86.1	1,460	58.8
Non-Haier Group	1,864	70.2	378	13.9	1,021	41.2
Total	2,654	100.0	2,724	100.0	2,481	100.0

During the Track Record Period, our overall revenue generated from consulting services remained stable at RMB2.7 million for FY2021, RMB2.7 million for FY2022 and RMB2.5 million for FY2023. The significant increase in revenue contribution from Haier Group and its affiliated companies in FY2022 was mainly due to the increase in demand for HR consulting services.

Cost of sales

The following table sets forth the breakdown of our cost of sales by nature for the years indicated:

	Year ended 31 December					
	2021		2022		2023	
	Cost of sales	Percentage of cost of sales	Cost of sales	Percentage of cost of sales	Cost of sales	Percentage of cost of sales
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Referral fees and service fees	**42,902**	**59.6**	**60,832**	**75.0**	**76,678**	**77.1**
— Referral fees	31,936	44.4	50,138	61.8	68,170	68.5
— Service fees	10,798	15.0	5,336	6.6	6,004	6.1
— IT subcontracting fees	168	0.2	5,358	6.6	2,504	2.5
Commission	**26,234**	**36.5**	**14,286**	**17.6**	**14,470**	**14.5**
Wages and salaries	**2,789**	**3.9**	**6,021**	**7.4**	**8,350**	**8.4**
Total	**71,925**	**100.0**	**81,139**	**100.0**	**99,498**	**100.0**

During the Track Record Period, our cost of sales comprised (i) referral and service fees, which included referral fees to strategic channel partners for referral of insurance clients, service fees to strategic channel partners and other suppliers for our insurance agency business, and IT subcontracting fees for our IT services; (ii) commission to insurance agents; and (iii) wages and salaries of our staff. The overall increase in referral fees was primarily attributed to our continuous efforts to strengthen our cooperation with major strategic channel partners to expand our insurance client base. In particular, the commission income attributable to strategic channel partners increased from RMB44.9 million in FY2021, to RMB69.3 million in FY2022 and further to RMB94.2 million in FY2023. On the other hand, the decrease in commission in FY2022 as compared to FY2021 was primarily due to the decrease in the commission income attributable to insurance agents from RMB49.7 million in FY2021 to RMB27.9 million in FY2022, and in particular, the decrease in the distribution of life and health insurance products through our insurance agents as a result of the COVID-19 pandemic. The overall increase in wages and salaries during the Track Record Period was primarily attributed to the expansion of our business. The increase in IT subcontracting fees in FY2022 was primarily due to the increase in subcontracting of certain ancillary work to IT service providers to support our expansion in IT services business.

The following sensitivity analysis illustrates the impact of hypothetical fluctuations in our referral fees and commission on our profit before taxation for the years indicated, assuming all other factors affecting our profitability had remained unchanged.

Increase/decrease in referral fees and commission:

	Increase/ Decrease by 5%	Increase/ Decrease by 10%	Increase/ Decrease by 15%
	RMB'000	*RMB'000*	*RMB'000*
Corresponding change in profit before taxation			
For the year ended 31 December 2021	2,909	5,817	8,726
For the year ended 31 December 2022	3,221	6,442	9,664
For the year ended 31 December 2023	4,132	8,264	12,396

Gross profit and gross profit margin

Gross profit and gross profit margin by business segments

The following table sets forth a breakdown of gross profit and gross profit margin by business segments for the years indicated:

	For the year ended 31 December					
	2021		2022		2023	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Insurance agency business	45,154	38.9	58,241	44.6	64,007	41.1
IT services	807	63.8	7,267	48.6	9,170	58.1
Consulting services*(Note)*	2,088	78.7	1,751	64.3	1,336	53.8
Total	48,049	40.0	67,259	45.3	74,513	42.8

Note: Consulting services mainly include human resources consulting services and marketing and promotion services.

For the years ended 31 December 2021, 2022 and 2023, we experienced an overall growth in gross profit and recorded gross profit margin of 40.0%, 45.3% and 42.8%, respectively.

Gross profit and gross profit margin of our insurance agency business

The gross profit for our insurance agency business increased from RMB45.2 million for FY2021 to RMB58.2 million for FY2022 and further increased to RMB64.0 million for FY2023. The gross profit margin for our insurance agency business increased from 38.9% for FY2021 to 44.6% for FY2022, and decreased to 41.1% for FY2023.

The following table sets forth a breakdown of our gross profit and gross profit margin of our insurance agency business by insurance products for the years indicated:

	For the year ended 31 December					
	2021		2022		2023	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Property insurance products	23,180	58.4	32,181	67.6	40,488	67.7
Life and health insurance products	20,169	41.7	21,465	59.4	18,492	54.8
Accident insurance products	1,627	10.1	2,905	12.1	2,812	10.1
Automobile insurance products	178	1.5	1,690	7.4	2,215	6.4
Total	45,154	38.9	58,241	44.6	64,007	41.1

During the Track Record Period, we recorded higher gross profit margin for property insurance products and life and health insurance products as these products are usually non-standardised due to the higher level of complexity involved, which require our in-depth industry and product knowledge to navigate these complexities and identify suitable insurance products for insurance clients. In addition, the distribution of these products involved our direct sales channel without paying any referral fee to strategic channel partners or commission to insurance agents, leading to the overall higher gross profit margins. On the other hand, accident insurance products and automobile products typically have a higher degree of standardisation and are highly competitive in the market, leading to the overall lower gross profit margins.

Despite the decrease in commission income from insurance company partners for distribution of life and health insurance products for FY2022, the gross profit margin of life and health insurance products increased from 41.7% for FY2021 to 59.4% for FY2022, mainly due to the increase in proportion of commission income contributed by (i) the increase in distribution of life and health insurance products through our direct sales channel without paying any referral fee or commission; and (ii) the successful renewal of existing policies for life and health insurance products, which generally incur a comparatively lower cost to insurance agents.

The following table sets forth a breakdown of our gross profit and gross profit margin attributable to each type of insurance clients of our insurance agency business for the years indicated:

	For the year ended 31 December					
	2021		2022		2023	
	Gross profit	**Gross profit margin**	**Gross profit**	**Gross profit margin**	**Gross profit**	**Gross profit margin**
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Household insurance clients	**20,820**	**27.9**	**23,874**	**29.7**	**21,573**	**23.6**
Corporate insurance clients	**24,334**	**58.8**	**34,367**	**68.4**	**42,434**	**66.0**
— Haier Group insurance clients	13,377	73.1	17,923	75.3	17,681	73.4
— Non-Haier Group insurance clients	10,957	47.4	16,444	62.3	24,753	61.6
Total	45,154	38.9	58,241	44.6	64,007	41.1

Note: The gross profit and gross profit margin are derived from the commission income generated from insurance companies for distribution of their insurance products to the underlying insurance clients.

The gross profit margin attributable to each type of insurance clients generally varies depending on the types of insurance products purchased by the relevant insurance clients. During the Track Record Period, household insurance clients primarily purchased life and health insurance products, automobile insurance products and accident insurance products while corporate insurance clients primarily purchased property insurance products and accident insurance products. As the gross profit margin of property insurance products was generally higher than that of other insurance products, the gross profit margin attributable to corporate insurance clients is higher than that of household insurance clients. In particular, the gross profit margin attributable to Haier Group insurance clients was generally higher than that of non-Haier Group insurance clients as (i) insurance products distributed to Haier Group insurance clients were through our direct sales channel without paying any referral fee or commission; and (ii) the major category of insurance products purchased by Haier Group was property insurance products. For the gross profit margin of each product category, please refer to the paragraph headed "Gross profit and gross profit margin of our insurance agency business" in this section.

Gross profit and gross profit margin of our IT services

The following table sets forth a breakdown of gross profit and gross profit margin of our IT services by type of customers for the years indicated:

	For the year ended 31 December					
	2021		2022		2023	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Haier Group and its affiliated companies	284	49.2	3,681	60.9	4,870	55.8
Non-Haier Group	523	76.1	3,586	40.2	4,300	61.0
Total	807	63.8	7,267	48.6	9,170	58.1

The increase in gross profit earned from rendering IT services from RMB0.8 million for FY2021 to RMB7.3 million for FY2022 and further to RMB9.2 million for FY2023 was mainly due to the overall increase in revenue generated from IT services during the Track Record Period.

In view of the different functions and features of the software and system we developed for our customers under IT services, gross profit margin of our Group fluctuated depending on, among others, (i) the nature and complexity of the relevant IT services (including the extent to which our Group has to modify the software/system based on its developed products), (ii) the subcontracting service we required from our subcontractors (e.g. the gross profit margin of our IT services decreased from 63.8% for FY2021 to 48.6% for FY2022 mainly due to the increase in IT subcontracting fees for FY2022); and (iii) pricing model we adopted in the particular projects. We generally provide our IT services on the project basis for a fixed service fee or fixed daily rate (for IT projects which we assign our R&D staff on site). As such, any material deviation of our initial cost estimation against the actual execution may negatively affect our gross profit margin of customers charged under fixed amount pricing model.

Other income

The following table sets forth the breakdown of our other income for the years indicated:

	Year ended 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Realised gains from financial investments measured at fair value through profit or loss	5,636	3,871	—
Government grants	1,156	649	2,063
Unrealised gains/(loss) from financial assets measured at fair value through profit or loss	120	(830)	—
Interest income	729	4,444	9,292
Others	41	42	(31)
Total	**7,682**	**8,176**	**11,324**

Our other income mainly consists of (i) realised gains from financial investments measured at fair value through profit or loss; (ii) government grants mainly in relation to the subsidies received to support our research and development and business development for our principal business and in the ordinary course of our business; (iii) unrealised gains/(loss) from financial assets measured at fair value through profit or loss; (iv) interest income mainly derived from time deposit; and (v) others. For FY2021, FY2022 and FY2023, we recorded other income of RMB7.7 million, RMB8.2 million and RMB11.3 million, respectively.

The following table sets forth a breakdown of our government grants by nature during the Track Record Period:

	For the year ended 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
General support from government*(Note 1)*	1,146	600	2,007
Subsidies for employment*(Note 2)*	2	38	41
Subsidies related to individual tax*(Note 3)*	8	11	15
Total	**1,156**	**649**	**2,063**

Notes:

1. General support from government, including rewards for recognition as a "High and New Technology Enterprise" (高新技術企業), contribution to the local economic growth and meeting certain level of tax contribution and incentives to encourage R&D investments, represents both recurring and non-recurring subsidies from local government after meeting certain requirements imposed by various policies or for engaging in certain specific industries.

2. Subsidies for employment are ongoing subsidies from local government during the Track Record Period for creating jobs.

3. Subsidies provided for withholding of individual income tax.

Research and development costs

Our research and development costs mainly comprise of staff cost incurred in conducting research and development activities.

Our research and development costs were RMB4.7 million, RMB6.8 million and RMB7.1 million for the years ended 31 December 2021, 2022 and 2023, respectively. The increase in our research and development costs was mainly attributable to the continuing enhancement for the development of our insurance agency business.

General and administrative expenses

Our general and administrative expenses mainly represent staff costs, office expenses, depreciation and amortisation, [REDACTED] and others.

The following table sets forth the breakdown of our administrative expenses for the years indicated:

	Year ended 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Staff costs	6,966	7,531	8,609
Office expenses	3,124	3,927	3,282
Depreciation and amortisation	691	938	1,428
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Others	602	458	493
Total	**11,383**	**12,854**	**18,566**

Sales and marketing costs

Our sales and marketing costs consist primarily of staff costs for our sales and marketing team, marketing fees and depreciation of right-of-use assets.

The following table sets forth a breakdown of our sales and marketing costs for the years indicated:

	Year ended 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Staff costs	6,034	8,414	9,523
Marketing fees	502	854	1,469
Depreciation of right-of-use assets	300	680	879
Total	**6,836**	**9,948**	**11,871**

Finance costs

Our finance costs mainly represented interest on lease liabilities. Our finance costs remained stable at RMB0.2 million during the Track Record Period.

Income tax

(i) Hong Kong profits tax

No Hong Kong profits tax has been provided for as our Group did not have any assessable profit in Hong Kong during the Track Record Period.

(ii) PRC corporate income tax

During the Track Record Period, we were subject to a statutory rate of 25% determined in accordance with the PRC Enterprise Income Tax Law except for the preferential tax rates mentioned below.

Our income tax amounted to RMB5.6 million, RMB9.2 million and RMB9.0 million for the years ended 31 December 2021, 2022 and 2023, respectively. Our effective tax rate was 17.2%, 20.3% and 18.8% for the years ended 31 December 2021, 2022 and 2023, respectively. Our effective tax rate was lower than the statutory tax rate of 25% as our Group benefited from a series of preferential tax treatment. Our Company was qualified as "High and New Technology Enterprise" since 2019 and enjoyed a preferential income tax rate of 15% during the Track Record Period. The High and New Technology Enterprise certificate was renewed in 2022. During the Track Record Period, Haier Insurance Agency was subject to an income tax rate of 25% determined in accordance with the PRC Enterprise Income Tax Law. During the Track Record Period, as our other subsidiaries are recognised as small low-profit enterprises. According to the relevant tax relief policy, the income tax provision for small-low profit enterprises with annual taxable income of less than RMB1 million is calculated at an enterprise income tax rate of 20% on 12.5% of the amount of the annual taxable income for FY2021 and FY2022 and on 25% of the amount of the annual taxable income for FY2023. For more details, please refer to note 7 to the section headed "Appendix I — Accountants' Report" in this document.

As at the Latest Practicable Date and during the Track Record Period, we had fulfilled all our tax obligations and did not have any unresolved tax disputes.

YEAR TO YEAR COMPARISON OF RESULTS OF OPERATIONS

Year ended 31 December 2023 compared to year ended 31 December 2022

Revenue

Our total revenue increased from RMB148.4 million in FY2022 to RMB174.0 million in 2023 mainly due to the increase in revenue generated from our insurance agency business.

Our revenue generated from insurance agency business increased from RMB130.7 million in FY2022 to RMB155.7 million in FY2023, primarily attributable to the increase in commission income generated from insurance company partners for distribution of property insurance products, accident insurance products and automobile insurance products as the GWP we facilitated for such insurance products increased gradually. In particular, the increase was mainly due to (i) the distribution of new types of property insurance products through collaboration with our insurance company partners and our Corporate Insurance Interactive Service Platform (企業保險交互服務平台); (ii) the strengthened cooperation with our major strategic channel partners, which referred large number of insurance clients to purchase property, accident and automobile insurance products from us; and (iii) our sales efforts, including recruiting additional sales and marketing staff to support the growth of our insurance agency business.

Our revenue generated from IT services slightly increased from RMB15.0 million for FY2022 to RMB15.8 million for FY2023 mainly due to the increase in the number of IT projects engaged by us from 28 projects to 32 projects.

Our revenue generated from consulting services business remained stable at RMB2.7 million and RMB2.5 million for FY2022 and FY2023, respectively.

Cost of sales

Our cost of sales increased from RMB81.1 million for FY2022 to RMB99.5 million for FY2023, primarily attributable to the increase in referral fees to strategic channel partners as they expanded our reach to new insurance clients, which was in line with our growth in insurance agency business during the year.

Gross profit and gross profit margin

Our overall gross profit increased from RMB67.3 million for FY2022 to RMB74.5 million for FY2023 mainly due to the increase in gross profit from our insurance agency business from RMB58.2 million for FY2022 to RMB64.0 million for FY2023 resulting from the increase in the distribution of property insurance products during the year.

Our overall gross profit margin decreased from 45.3% in 2022 to 42.8% in 2023, mainly due to the decrease in gross profit margin of our insurance agency business from 44.6% for FY2022 to 41.1% for FY2023, which was partially offset by the increase in gross profit margin of our IT services from 48.6% for FY2022 to 58.1% for FY2023.

The decrease in the gross profit margin of our insurance agency business was mainly due to the increase in distribution of new policies for long-term life and health insurance products, which generally incur a comparatively higher cost to insurance agents.

The increase in the gross profit margin of our IT services was mainly due to the decrease in subcontracting cost incurred for FY2023 as we recruited more R&D staff to support our IT services.

Other income

Our other income increased from RMB8.2 million for FY2022 to RMB11.3 million for FY2023 mainly due to an increase in interest income generated from bank deposit and government grants.

Research and development costs

Our research and development costs increased from RMB6.8 million for FY2022 to RMB7.1 million for FY2023 mainly due to an increase in staff costs as there was an increase in demand for R&D activities to support our business development.

General and administrative expenses

Our general and administrative expenses increased from RMB12.9 million for FY2022 to RMB18.6 million for FY2023 mainly due to (i) an increase in the [REDACTED] of RMB4.8 million for FY2023; and (ii) an increase in staff costs of RMB1.1 million resulting from the increase of staff to support our business growth.

Sales and marketing costs

Our sales and marketing costs increased from RMB9.9 million for FY2022 to RMB11.9 million for FY2023, mainly due to the increase in staff costs of RMB1.1 million and increase in marketing fees of RMB0.6 million.

Finance costs

Our finance costs remained stable at RMB0.2 million for FY2022 and FY2023.

Income tax

Our income tax remained stable at RMB9.2 million and RMB9.0 million for FY2022 and FY2023, respectively.

Profit for the year

As a result of the foregoing, our profit for the year increased by RMB2.7 million from RMB36.3 million for FY2022 to RMB39.0 million for FY2023. Our net profit margin decreased from 24.5% for FY2022 to 22.4% for FY2023.

Year ended 31 December 2022 compared to year ended 31 December 2021

Revenue

Our total revenue increased from RMB120.0 million in 2021 to RMB148.4 million in 2022 was mainly due to the increase in revenue generated from both insurance agency business and IT services.

Our commission income generated from insurance agency business increased from RMB116.1 million in 2021 to RMB130.7 million in 2022, primarily attributable to the increase in commission income generated from insurance company partners for distribution of property insurance products, accident insurance products and automobile insurance products, which was partially offset by the decrease in commission income from insurance company partners for distribution of new policies for life and health insurance products mainly due to the impact of COVID-19. In particular, the increase was mainly due to (i) the strengthened cooperation with our major strategic channel partners, which referred large number of insurance clients to purchase property, accident and automobile insurance products from us; (ii) the cooperation with new strategic channel partners in 2022, which referred insurance clients to purchase automobile and accident insurance products from us; and (iii) our sales efforts, including recruiting additional sales and marketing staff to support the growth of our insurance agency business.

Our revenue generated from IT services significantly increased from RMB1.3 million in 2021 to RMB15.0 million in 2022 mainly due to the increase in the number of IT projects engaged by us from three projects in 2021 to 28 projects in 2022 through accumulation of experience and understanding of the needs of customers for IT services.

During the Track Record Period, we further extended and developed our IT services by leveraging on our IT technology and knowhow accumulated over years in view of the inherent commonality between the digitalised solutions we developed for our insurance agency business and that demanded by our customers. As such, we offer IT services to various participants in our ecosystem, including companies in insurance industry and companies from different industries, by designing and developing digitalised solutions based on their needs. In addition, we submitted solutions and quotations on Haier Group's IT service procurement platform for providing IT services to Haier Group, which is generally open to approved suppliers, and we have to compete with other independent service providers. Before submitting such solutions and quotations, we identified the needs for IT services of Haier Group and assessed whether we had the capability to provide such IT services. As we became more competent to provide IT services to Haier Group, we submitted more solutions and quotations for providing IT services through Haier Group's online platform. In 2022, we were selected as the service provider for two projects of two subsidiaries of Haier Group, which generated revenue of more than RMB4 million in total.

Our revenue generated from consulting services remained relatively stable at RMB2.7 million for the years ended 31 December 2021 and 2022.

Cost of sales

Our cost of sales increased from RMB71.9 million in 2021 to RMB81.1 million in 2022, primarily attributable to (i) the increase in referral fees to our strategic channel partners as they expanded our reach to new insurance clients, which was in line with our growth in insurance agency business during the year; and (ii) subcontracting fees to IT services providers to support our expansion in IT services business. The increase was partially offset by the decrease in commission to our insurance agents due to the decrease in the distribution of life and health insurance products amid the COVID-19 pandemic.

Gross profit and gross profit margin

Our overall gross profit increased from RMB48.0 million in 2021 to RMB67.3 million in 2022 mainly due to the increase in gross profit from our insurance agency business from RMB45.2 million in 2021 to RMB58.2 million in 2022 as a result of the increase in the distribution of property insurance products during the year, which generally offered higher gross profit.

Our overall gross profit margin increased from 40.0% in 2021 to 45.3% in 2022, mainly due to the increase in gross profit margin of our insurance agency business. The gross profit margin of our insurance agency business increased from 38.9% in 2021 to 44.6% in 2022. The increase was mainly due to (i) the increase in gross profit margin of property insurance products as a result of (a) the reduction of the average referral fee rates to our major strategic channel partners through strengthening our cooperation with them and (b) the increase in distribution of property insurance products through our direct sales channel, which offer a higher gross profit margin.

The gross profit margin of our IT services decreased from 63.8% for FY2021 to 48.6% for FY2022 mainly due to the increase in subcontracting fees incurred for our IT services.

Other income

Our other income remained stable at RMB7.7 million for the year ended 31 December 2021 and RMB8.2 million for the year ended 31 December 2022.

Research and development costs

Our research and development costs increased from RMB4.7 million in 2021 to RMB6.8 million in 2022 mainly due to an increase in staff costs as there was an increase in the number of our R&D staff primarily for supporting our business development.

General and administrative expenses

Our general and administrative expenses increased from RMB11.4 million for the year ended 31 December 2021 to RMB12.9 million for the year ended 31 December 2022 mainly due to (i) an increase in office expenses and depreciation and amortisation of RMB1.1 million; and (ii) an increase in staff costs of RMB0.6 million resulting from the increase in our general and administrative staff to support our business growth.

Sales and marketing costs

Our sales and marketing costs increased from RMB6.8 million for the year ended 31 December 2021 to RMB9.9 million for the year ended 31 December 2022, mainly due to the increase in staff costs of RMB2.4 million resulting from the increase in headcount of our sales and marketing team.

Finance costs

Our finance costs remained stable at RMB0.2 million for the year ended 31 December 2021 and 2022.

Income tax

Our income tax increased from RMB5.6 million for the year ended 31 December 2021 to RMB9.2 million for the year ended 31 December 2022, primarily attributable to an increase in profit before taxation during the year as a result of our business growth. Our effective tax rate increased from 17.2% in 2021 to 20.3% in 2022, mainly due to the increase in commission income attributable to Haier Insurance Agency, which was subject to an income tax rate of 25%.

Profit for the year

As a result of the foregoing, our profit for the year increased by RMB9.3 million from RMB27.0 million for the year ended 31 December 2021 to RMB36.3 million for the year ended 31 December 2022. Our net profit margin increased from 22.5% for the year ended 31 December 2021 to 24.5% for the year ended 31 December 2022.

DESCRIPTION OF CERTAIN ITEMS OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The following table sets forth the components of our consolidated statements of financial position as at the dates indicated:

	As at 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Non-current assets			
Property, plant and equipment	380	341	324
Intangible assets	429	143	—
Right-of-use assets	682	558	461
Deferred tax assets	—	14	15
Contract costs and other assets	3	33	43
Time deposits	—	—	132,277
Restricted cash	7,834	8,102	7,545
Total non-current assets	9,328	9,191	140,665
Current assets			
Financial assets at fair value through profit or loss	238,730	—	—
Accounts receivables	11,988	21,132	30,806
Contract costs and other assets	2,607	2,049	10,635
Cash and cash equivalents	17,988	23,546	203,638
Time deposits	—	265,283	—
Restricted cash	4,193	5,899	4,208
Total current assets	275,506	317,909	249,287
Current liabilities			
Accounts and other payables	19,640	25,337	17,689
Contract liabilities	2,160	1,054	1,226
Lease liabilities	1,083	250	244
Accrued expenses	2,672	3,310	4,097
Current taxation payables	2,437	4,122	3,477
Total current liabilities	27,992	34,073	26,733
Net current assets	247,514	283,836	222,554
Total assets less current liabilities	256,842	293,027	363,219
Non-current liabilities			
Lease liabilities	26	—	—
Deferred tax liabilities	138	—	—
NET ASSETS	256,678	293,027	363,219
Equity			
Paid-in capital/share capital	83,007	83,007	105,896
Reserves	172,856	210,632	259,314
Total equity attributable to equity shareholders of the Company	255,863	293,639	365,210
Non-controlling interests	815	(612)	(1,991)
Total Equity	256,678	293,027	363,219

Property, plant and equipment

As at 31 December 2021, 2022 and 2023, our property, plant and equipment were RMB0.4 million, RMB0.3 million and RMB0.3 million, respectively, primarily representing our electronic and office equipment, which was procured to support our daily operation.

Intangible assets

Our intangible assets mainly consist of a software for supporting the distribution of insurance policies.

As at 31 December 2021, 2022 and 2023, our intangible assets were RMB0.4 million, RMB0.1 million and nil, respectively. The decrease in our intangible assets during the Track Record Period was primarily due to amortisation of intangible assets.

Financial assets at fair value through profit or loss

Our financial assets at fair value through profit or loss primarily consist of the structured notes issued by a PRC securities company.

The following table sets forth a summary of our financial assets at fair value through profit or loss as at the dates indicated:

	As at 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Current			
Structured notes (Note)	238,730	—	—
	238,730	—	—

Note: These structured notes were short-term in nature and generally had annualised rate of return ranging from 2.40% to 2.55%.

Our financial assets at fair value through profit or loss decreased from RMB238.7 million as at 31 December 2021 to nil as at 31 December 2022 and 2023, mainly due to the change in our investment portfolio.

We manage and evaluate the performance of investments on a fair value basis in accordance with its risk management and investment strategy. To monitor and control the investment risks associated with such product portfolio, we will adopt, before [REDACTED], a comprehensive set of internal policies and guidelines to manage our investment in such products and set up investment committee led by the chief financial officer of our Group. The investment strategy related to such products focuses on minimising the financial risks by reasonably and conservatively matching the maturities of the portfolio to anticipated operating cash needs, while generating desirable investment returns for the benefits of the Shareholders. We primarily invest in wealth management products and time deposit issued by major commercial banks with low risks. We make investment decisions related to wealth management products after thoroughly considering a number of factors, including but not limited to macro-economic environment, general market conditions, risk control and credit of issuing banks, working capital conditions and the expected profit or potential loss of the investment.

Accounts receivables

Our accounts receivables comprised primarily commissions receivable from insurance company partners of our insurance agency business for our services provided.

The following table sets forth the breakdown of our accounts receivables as at the dates indicated:

	As at 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Accounts receivables	12,001	21,189	30,897
Less: loss allowance	(13)	(57)	(91)
	11,988	21,132	30,806

Our net accounts receivables increased from RMB12.0 million as at 31 December 2021 to RMB21.1 million as at 31 December 2022, and further increased to RMB30.8 million as at 31 December 2023. The increasing trend was mainly due to our business growth.

The payment terms are stipulated in relevant contracts. Our Group's trading terms with our customers are mainly on credit. The credit period offered by our Group is generally within three months. Our Group seeks to maintain strict control over our outstanding receivables. Overdue balances are reviewed regularly by the management of respective business segment. Our Group does not hold any collateral or other credit enhancements over our accounts receivable balances. Accounts receivables are non-interest-bearing.

The following table sets forth the ageing analysis of our accounts receivables based on the invoice date as at the dates indicated:

	As at 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Within 3 months (inclusive)	11,851	20,723	28,966
3 months to 6 months (inclusive)	137	338	455
Over 6 months	—	71	1,385
	11,988	21,132	30,806

The following table sets forth a summary of average turnover days of accounts receivables for the years indicated:

	For the year ended 31 December		
	2021	**2022**	**2023**
Average turnover days of accounts receivables*(Note)*	34.6 days	40.7 days	54.5 days

Note: Average turnover days of accounts receivables is derived from dividing the arithmetic mean of the opening and closing balances of accounts receivables (after impairment) by our total revenue in the respective year and multiplying by 365 days.

Our average accounts receivables turnover days increased from 34.6 days for FY2021 to 40.7 days for FY2022, and further to 54.5 days for FY2023, which was in line with our credit policy.

As at 29 February 2024, RMB25.2 million or 81.6% of our accounts receivables outstanding as at 31 December 2023 were settled.

Contract costs and other assets

Our contract costs and other assets mainly represented VAT input tax to be deducted, costs to fulfill contracts and others.

The following table sets forth the breakdown of our contract costs and other assets as at the dates indicated:

	As at 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Costs to fulfill contracts	2,183	1,528	1,263
Input value-added tax to be deducted	333	406	1,582
Prepaid [REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Others	94	148	151
	2,610	2,082	10,678

Our contract costs and other assets was RMB2.6 million, RMB2.1 million and RMB10.7 million as at 31 December 2021, 2022 and 2023. The fluctuation was mainly due to costs to fulfill contracts incurred for the engagement of external IT service providers to support our IT services and [REDACTED] incurred in FY2023.

Accounts and other payables

Our accounts and other payables mainly represented amounts payable due to suppliers, insurance premium payable and others.

The following table sets forth our accounts and other payables as at the dates indicated:

	As at 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Amounts payable to suppliers	15,092	18,239	13,383
Insurance premium payable	4,090	5,783	1,628
Others	458	1,315	2,678
Total	19,640	25,337	17,689

Our accounts and other payables increased from RMB19.6 million as at 31 December 2021 to RMB25.3 million as at 31 December 2022 and then decreased to RMB17.7 million as at 31 December 2023.

The following table sets forth the ageing analysis of our amounts payable to suppliers based on the invoice date as at the dates indicated:

	As at 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Within 3 months	15,092	18,239	12,178
3 months to 1 year	—	—	1,152
1 to 2 years	—	—	53
Total	15,092	18,239	13,383

The following table sets forth a summary of average turnover days of amounts payable to suppliers for the years indicated:

	For the year ended 31 December		
	2021	**2022**	**2023**
Average turnover days of amounts payable to suppliers[(Note)]	65.6 days	75.0 days	58.0 days

Note: Average turnover days of amounts payable to suppliers is derived from dividing the arithmetic mean of the opening and closing balances of amounts payable to suppliers by cost of sales in the respective year and multiplying by 365 days.

Trade payables are non-interest bearing and are normally settled within one to three months.

Our average amounts payable to supplier turnover days were 65.6 days, 75.0 days and 58.0 days for the years ended 31 December 2021, 2022 and 2023, respectively, which were in line with our normal settlement days.

As at 29 February 2024, RMB8.5 million or 63.4% of our amounts payable to supplier outstanding as at 31 December 2023 were settled.

Accrued expenses

The following table sets forth the breakdown of accrued expenses as at the date indicated:

	As at 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Accrued staff costs	2,542	3,071	3,840
Value-added tax and surcharge payable	94	188	224
Others	36	51	33
	2,672	3,310	4,097

The accrued expenses was RMB2.7 million, RMB3.3 million and RMB4.1 million as at 31 December 2021, 2022 and 2023. The increasing trend was mainly due to our accrued payroll increased from RMB2.5 million as at 31 December 2021 to RMB3.1 million as at 31 December 2022, and further increased to RMB3.8 million as at 31 December 2023, as a result of the overall increase in staff costs to support our business growth.

Contract liabilities

Our contract liabilities mainly arise from advances received from our IT services business and insurance agency services which shall be subsequently recognised as revenue when we satisfy the performance obligation under the contract. Our contract liabilities decreased from RMB2.2 million as at 31 December 2021 to RMB1.1 million as at 31 December 2022, and increased to RMB1.2 million as at 31 December 2023 due to the services delivery and the respective contract liabilities was recognised as revenue.

LIQUIDITY AND CAPITAL RESOURCES

During the Track Record Period, we have funded our operations primarily with net cash generated from our operations. The following table summaries for the years indicated, our consolidated statements of cash flows:

	For the year ended 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Cash generated from operations	30,260	34,913	29,651
Income tax paid	(5,674)	(7,711)	(9,672)
Net cash generated from operating activities	24,586	27,202	19,979
Net cash generated from/(used in) investing activities	(151,039)	(19,753)	138,224
Net cash generated from/(used in) financing activities	127,148	(1,891)	21,889
Net increase in cash and cash equivalents	695	5,558	180,092
Cash and cash equivalents at the beginning of the year	17,293	17,988	23,546
Cash and cash equivalents at the end of the year	17,988	23,546	203,638

The increase in our cash and cash equivalents from RMB23.5 million as at 31 December 2022 to RMB203.6 million as at 31 December 2023 was mainly due to withdrawal of time deposit in FY2023.

Net cash generated from operating activities

During the Track Record Period, our cash inflow from operating activities was principally from the receipt of revenue from the provision of our insurance agency services IT services and consulting services. Our cash outflow used in operating activities was principally for the referral and services fee, commission and wages and salaries paid to our staff and other operating expenses.

For the year ended 31 December 2023, our Group had net cash generated from operating activities of RMB20.0 million, which was primarily attributable to our operating profit before changes in working capital of RMB45.0 million, adjusted by the increase in accounts receivables of RMB9.7 million due to increase in commission income from our insurance agency business during the year; and decrease in accounts and other payables of RMB6.2 million.

For the year ended 31 December 2022, our Group had net cash generated from operating activities of RMB27.2 million, which was primarily attributable to our operating profit before changes in working capital of RMB40.3 million, adjusted by the increase of RMB4.0 million in accounts and other payables and offset by (i) the increase in accounts receivables of RMB9.2 million due to increase in commission income from our insurance agency business during the year; (ii) decrease in contract liabilities of RMB1.1 million as we had delivered certain IT services performance; (iii) income tax paid of RMB7.7 million.

For the year ended 31 December 2021, our Group had net cash generated from operating activities of RMB24.6 million, which was primarily attributable to our operating profit before changes in working capital of RMB27.9 million, adjusted by the increase in contract liabilities of RMB2.1 million due to our project progress and the prepayment and increase in accounts and other payable of RMB3.9 million due to the increase in amounts payable to suppliers arising from the insurance agency business and offset by (i) the increase in accounts receivables and contract costs and other assets of RMB1.2 million and RMB2.4 million, respectively; and (ii) income tax paid of RMB5.7 million.

Net cash generated/(used in) investing activities

During the Track Record Period, our cash inflow from investing activities was principally from retrieving financial assets measured at fair value through profit or loss and time deposits. Our cash outflow used in investing activities was principally for purchasing deposits and financial assets measured at fair value through profit or loss.

For the year ended 31 December 2023, our Group had net cash generated from investing activities of RMB138.2 million primarily attributable to the cash generated from retrieving deposits of RMB265.0 million and partially net off by the payment for the purchase of time deposits of RMB130.0 million.

For the year ended 31 December 2022, our Group had net cash used in investing activities of RMB19.8 million primarily attributable to cash used in purchasing time deposits of RMB265.0 million and partially net off by cash generated from retrieving financial assets measured at fair value through profit or loss of RMB241.8 million.

For the year ended 31 December 2021, our Group had net cash used in investing activities of RMB151.0 million primarily attributable to cash used in purchasing financial assets measured at fair value through profit or loss of RMB237.9 million and partially net off by cash generated from retrieving financial assets measured at fair value through profit or loss of RMB87.0 million.

Net cash generated from/(used in) financing activities

During the Track Record Period, our cash inflow from financing activities was principally from capital contribution by our shareholders. Our cash outflow used in financing activities was principally for capital and interest elements of lease rentals and [REDACTED] paid.

For the year ended 31 December 2023, our Group had net cash flows from financing activities of RMB21.9 million primarily attributable to the capital contribution by our shareholders of RMB31.2 million and partially net off by the payment of [REDACTED] of RMB[REDACTED] million.

For the year ended 31 December 2022, our Group had net cash flows used in financing activities of RMB1.9 million primarily attributable to capital and interest elements of lease rental paid arising from our operating leases.

For the year ended 31 December 2021, our Group had net cash inflow from financing activities of RMB127.1 million primarily attributable to capital injection by our shareholders of RMB126.6 million.

NET CURRENT ASSETS

The following table sets forth our current assets and current liabilities as at the dates indicated, respectively:

	As at 31 December			As at 29 February
	2021	**2022**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*
CURRENT ASSETS				
Financial assets at fair value through profit or loss	238,730	—	—	—
Accounts receivables	11,988	21,132	30,806	28,396
Contract costs and other assets	2,607	2,049	10,635	7,346
Cash and cash equivalents	17,988	23,546	203,638	65,670
Time deposits	—	265,283	—	150,397
Restricted cash	4,193	5,899	4,208	15,762
Total current assets	275,506	317,909	249,287	267,571
CURRENT LIABILITIES				
Accounts and other payables	19,640	25,337	17,689	13,930
Contract liabilities	2,160	1,054	1,226	782
Lease liabilities	1,083	250	244	1,245
Accrued expenses	2,672	3,310	4,097	2,452
Current taxation payables	2,437	4,122	3,477	4,548
Total current liabilities	27,992	34,073	26,733	22,956
NET CURRENT ASSETS	247,514	283,836	222,554	244,615

Our current assets mainly represented financial assets at fair value through profit or loss, accounts receivables, contract costs and other assets, cash and cash equivalents, time deposits and restricted cash. Our current liabilities mainly represented accounts and other payables, contract liabilities, lease liabilities, accrued expenses and current taxation payables.

Our net current assets increased from RMB222.6 million as at 31 December 2023 to RMB244.6 million as at 29 February 2024 primarily due to decrease in accounts and other payables.

Our net current assets decreased from RMB283.8 million as at 31 December 2022 to RMB222.6 million as at 31 December 2023 primarily due to the decrease in time deposits, and net off by an increase in cash and cash equivalents.

Our net current assets increased from RMB247.5 million as at 31 December 2021 to RMB283.8 million as at 31 December 2022 primarily due to the increases in accounts receivables and time deposits, and net off by a decrease in financial assets at fair value through profit or loss and increase in account and other payables.

WORKING CAPITAL SUFFICIENCY

Our Directors confirm that, taking into consideration of the financial resources presently available to us, which is primarily our internal resources and the estimated [REDACTED] from the [REDACTED], we have sufficient working capital for our present requirements and for at least the next 12 months commencing from the date of this document.

Our Directors are not aware of any other factors that would have a material impact on our Group's liquidity. For more details on the funds necessary to meet our existing operations and to fund our future plans, please refer to the section headed "Future Plans and [REDACTED]" in the document.

CAPITAL EXPENDITURES

During the Track Record Period, our Group incurred capital expenditures of RMB0.2 million, RMB0.2 million and RMB0.2 million for the years ended 31 December 2021, 2022 and 2023, respectively, majority of which are related to the purchase of electronic equipment to support our business operation.

CONTRACTUAL AND CAPITAL COMMITMENTS

As at 31 December 2021, 2022 and 2023, our Group did not have any significant contractual and capital commitments. During the Track Record Period, there was no material change to our indebtedness and capital commitments.

INDEBTEDNESS

As at the latest practicable date for the purpose of this indebtedness statement, being 29 February 2024, our Group had outstanding indebtedness representing lease liabilities of RMB1.2 million. As at 29 February 2024, we did not have banking facilities.

Save as disclosed above, as at the Latest Practicable Date, our Group did not have any mortgages or charges, bank overdrafts or other similar indebtedness, hire purchase commitments, guarantees or other material contingent liabilities, or outstanding debentures.

Lease liabilities

As we adopted IFRS 16, leases have been recognised in the form of an asset (for the right of use) and a financial liability (for the payment obligation) in our Group's consolidated statement of financial position. As at 29 February 2024, our total lease liabilities were RMB1.2 million.

Bank borrowings

Our bank borrowings amounted to nil as at 31 December 2021, 2022 and 2023 and 29 February 2024.

Contingent liabilities

As at 29 February 2024, being the latest practicable date for the purpose of the indebtedness statement, we did not have any material contingent liabilities.

KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios for the years/as at the dates indicated:

	For the year ended 31 December		
	2021	**2022**	**2023**
Gross profit margin(1)	40.0%	45.3%	42.8%
Net profit margin(2)	22.5%	24.5%	22.4%
Return on equity(3)	15.0%	13.2%	11.9%
Return on total assets(4)	13.0%	11.9%	10.9%

	As at 31 December		
	2021	**2022**	**2023**
Current/quick ratio(5)	9.8 times	9.3 times	9.3 times

Notes:

(1) Gross profit margin for the years ended 31 December 2021, 2022 and 2023 was calculated based on gross profit divided by revenue for the respective year.

(2) Net profit margin for the years ended 31 December 2021, 2022 and 2023 was calculated based on net profit divided by revenue for the respective year.

(3) Return on equity for the years ended 31 December 2021, 2022 and 2023 was calculated based on net profit of the respective year, divided by the average of the opening and closing balances of total equity and multiplied by 100%.

(4) Return on total assets for the years ended 31 December 2021, 2022 and 2023 was calculated based on net profit of the respective year, divided by the average of the opening and closing balances of total assets and multiplied by 100%.

(5) Current/quick ratio as at 31 December 2021, 2022 and 2023 was calculated based on the total current assets divided by the total current liabilities.

Return on equity

Our return on equity slightly decreased from 15.0% for the year ended 31 December 2021 to 13.2% for the year ended 31 December 2022 and further decreased to 11.9% for the year ended 31 December 2023, primarily due to the increase in total equity attributable to owners of the Company mainly driven by the increase in shareholders' contribution and retained earnings resulting from profit generated from our business operation during the Track Record Period.

Return on total assets

Our return on total assets slightly decreased from 13.0% for the year ended 31 December 2021 to 11.9% for the year ended 31 December 2022 and further decreased to 10.9% for the year ended 31 December 2023 due to the increase in shareholders' contribution.

Current/quick ratio

As our Group did not hold any inventory during the Track Record Period, the current ratio of our Group is identical to our quick ratio for the respective year. Our current/quick ratio remained stable at 9.8, 9.3 and 9.3 times as at 31 December 2021, 2022 and 2023.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

We are exposed to market risks from changes in market, such as credit risk, liquidity risk and currency risk.

Credit risk

Our Group's credit risk is primarily attributable to accounts receivables. Our Group's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks and financial institutions, of which our Group considers to have low credit risk.

For more details on the credit quality and the credit risk we are exposed, please refer to note 24 to the section headed "Appendix I — Accountants' Report" in this document.

Liquidity risk

Our Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient cash to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to our Group's reputation. Our Group's policy is to regularly monitor current and expected liquidity requirements, and to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

For more details on the maturity profile of our financial liabilities, please refer to note 24 to the section headed "Appendix I — Accountants' Report" in this document.

Currency Risk

The functional currency of our subsidiaries is RMB. Our operating activities are carried out in the PRC with most of the transactions denominated in RMB. We consider the risk of movements in exchange rates to be insignificant.

[REDACTED]

[REDACTED] represent professional fees, [REDACTED] and other fees incurred in connection with the [REDACTED]. Assuming an [REDACTED] of HK$[REDACTED] per [REDACTED], being the mid-point of the indicative [REDACTED] range of HK$[REDACTED] to HK$[REDACTED] per [REDACTED], the total estimated [REDACTED] in connection with the [REDACTED] (including [REDACTED]) are estimated to be HK$[REDACTED] million (including (i) [REDACTED] of approximately HK$[REDACTED] million, and (ii) non-[REDACTED] related expenses of approximately HK$[REDACTED] million, which consist of fees and expenses of the legal advisors and reporting accountants of our Company of approximately HK$[REDACTED] million and other fees and expenses of approximately HK$[REDACTED] million).

During the Track Record Period, we incurred [REDACTED] of RMB[REDACTED] million (equivalent to approximately HK$[REDACTED] million), of which HK$[REDACTED] million was charged to consolidated statements of profit or loss and comprehensive income and the remaining amount of HK$[REDACTED] million was accounted for as a deduction from equity upon successful [REDACTED] under the relevant accounting standards. We expect to further incur [REDACTED] of HK$[REDACTED] million by the completion of the [REDACTED], of which an estimated amount of HK[REDACTED] million will be charged to consolidated statements of profit or loss and comprehensive income and HK$[REDACTED] million will be accounted for as a deduction from equity upon successful [REDACTED]. The [REDACTED] above are the best estimate as at the Latest Practicable Date and for reference only and the actual amount may differ from this estimate.

DIVIDENDS

No dividends had been declared during the Track Record Period and up to the Latest Practicable Date. Subject to our constitutional documents and the PRC Company Law, any future plan of declarations and payments of dividends will be formulated by our Directors and determined by our Shareholders, and will depend on our actual and expected results of operations, cash flow and financial position, general business conditions and business strategies, expected working capital requirements and future expansion plans, legal, regulatory and other contractual restrictions, and other factors which our Directors and Shareholders consider relevant. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. According to relevant PRC laws, any future net profit that we make will have to be first applied to make up for our historically accumulated losses, after which we will be obliged to allocate 10% of our net profit to our statutory common reserve fund until such fund has reached more than 50% of our registered capital.

DISTRIBUTABLE RESERVES

As at 31 December 2023, our Group had retained profits of RMB125.5 million, as reserves available for distribution to our equity shareholders.

OFF-BALANCE SHEET ARRANGEMENT

During the Track Record Period, we did not have any material off-balance sheet arrangements or any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support for us. As at the Latest Practicable Date, we had not entered into any off-balance sheet transactions.

MATERIAL RELATED PARTY TRANSACTIONS

The following table sets forth the transactions we had with related parties for the periods indicated:

Related Party Transactions

	For the year ended 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Revenue from IT and consulting services	1,367	8,388	10,192
Referral and service fees	(4,204)	(3,776)	(1,529)
Interest Income	460	4,172	3,253
Finance costs	(36)	(43)	(22)
Sales and marketing expenses	—	(20)	(35)
General and administrative expenses and others	(1,607)	(2,437)	(2,338)

Revenue from IT and consulting services

During the Track Record Period, we provided IT services and consulting services to Haier Group and its affiliated companies in exchange for service fees. The pricing policy for IT services is generally based on a fixed amount or fixed daily rate (for IT projects which we assign our R&D staff on site) as mutually agreed having considered the complexity of the software/system developed, allocation of staff (including the seniority of staff assigned on site), duration of the agreement, ownership of the IP right and other costs such as server fees. The pricing terms were no less favourable to us than terms of services offered to Independent Third Parties. For details of the ongoing transactions between us and Haier Group, please refer to the section headed "Connected Transactions — Non-Exempt Continuing Connected Transactions — 3. IT and Consulting Services Framework Agreement" in this document.

Referral and service fees

For FY2021, FY2022 and FY2023, Haier Group (including Supplier C) were our strategic channel partners, which referred insurance clients to us to purchase insurance products, and we paid referral fees to them for successful purchase of insurance products by insurance clients. We made reference to the type of insurance products, the number and type of insurance clients and the synergy brought to our Group in determining the referral fees rates to ensure that our Group retains a sufficient and acceptable spread as profit margin for our insurance agency business. For more details, please refer to the section headed "Business — Our Suppliers" in this document. The average fees to each of these companies were on normal commercial terms or on terms no more favourable than those provided to other independent strategic channel partners during the Track Record Period. For details of the ongoing transactions between us and Haier Group, please refer to the section headed "Connected Transactions — Non-Exempt Continuing Connected Transactions — 2. Comprehensive Services Framework Agreement" in this document.

Interest Income

During the Track Record Period, we generated interest income from the deposit with Haier Finance Co., Ltd. ("**Haier Finance**"), a finance company of Haier Group. Haier Finance is a non-banking financial institution established in the PRC in 2002 and holds a finance license (金融許可證) granted by the CBIRC. Haier Finance as an enterprise group finance company can provide deposit and other services to our Group, subject to the supervision of the financial regulatory authorities. During the Track Record Period, we placed deposit of cash and cash equivalents at Haier Finance having considered that Haier Finance as an licensed finance company under the Haier Group which understands our operation and development needs, can provide deposit and other financial services to our Group in a more efficient and flexible manner than independent commercial banks in the PRC. The interest rate for deposit saving provided by Haier Finance ranged from approximately 0.2% to 0.3%, which is comparable to the interest rates provided by the independent commercial banks of approximately 0.3% during the Track Record Period while the 7-day call deposit interest rates provided by Haier Finance during the Track Record Period ranged from approximately 0.8% to 1.4%, which are no less favourable than the interest rates of approximately 0.8% to 1.1% offered by independent commercial banks.

To the best knowledge and belief of our Company, Haier Finance maintained our deposits in a segregated account, and such deposits had not been utilised to fund the operations of other entities under Haier Group through the operations of Haier Finance.

Finance costs

Finance costs mainly represented interest on lease liabilities arising from the lease of properties from Haier Group during the Track Record Period.

Sales and marketing expenses

During the Track Record Period, we engaged a subsidiary of Haier Group for provision of leasing of office for our sales and marketing team and incurred a small amount of sales and marketing expenses in FY2022 and FY2023.

General and administrative expenses and others

During the Track Record Period, we paid to Haier Group and its affiliated companies for procurement of services, including (i) office and logistics services involving leasing of offices, renovation works for the offices, and procuring office supplies; (ii) administrative services involving travel agency services and catering services; (iii) consulting services; and (iv) business support services. We paid Haier Group and its affiliated companies the actual costs incurred during the service process. The range of prices payable by our Group for the purchase of such services were within the range of quotations obtained from the Independent Third Party suppliers. For details of the ongoing transactions between us and Haier Group, please refer to the section headed "Connected Transactions — Non-Exempt Continuing Connected Transactions — 2. Comprehensive Services Framework Agreement" in this document.

Based on the above, our Directors believe that our transactions with the related parties during the Track Record Period were conducted in the normal course of business and on an arm's length basis, and they did not distort our results of operations or make our historical results not reflective of our future performance.

The below tables set forth our Group's outstanding balances with its related parties as at the dates indicated:

Balance with Related Parties

	As at 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Trade related			
Accounts receivable	303	3,335	3,958
Cash and cash equivalents and restricted cash kept in related parties(1)	22,055	29,206	4,814
Lease Liabilities(2)	(763)	—	—
Account and other payables	(3,893)	(5,985)	(2,505)
Non-trade related			
Time deposits(1)	—	265,283	—

Notes:

(1) Such amounts represent the deposit with Haier Finance, a finance company of Haier Group, as at the respective dates.

(2) Such amounts represent the balance arising from the lease contract with an associate of Haier Group.

UNAUDITED [REDACTED] ADJUSTED NET TANGIBLE ASSETS

For more details, please refer to the section headed "Appendix II — Unaudited [REDACTED] Financial information" in this document.

NO MATERIAL AND ADVERSE CHANGE

Our Directors have confirmed, after due and careful consideration, that as at the date of this Document, there has been no material adverse change in our financial or trading position or prospects of our Group since 31 December 2023, and there is no event since 31 December 2023 that would materially and adversely affect the information shown in the Accountants' Report set out in Appendix I to this document.

DISCLOSURE PURSUANT TO RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirm that, except as otherwise disclosed in this document, as at the Latest Practicable Date, there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

RECENT DEVELOPMENTS

For more details on recent developments of our Group, please refer to the sections headed "Summary — Recent Developments" and "Summary — No Material Adverse Change" and note 28 to "Appendix I — Accountants' Report" in this document.

FUTURE PLANS

For more details on our future plans, please refer to the section headed "Business — Our Strategies" in this document.

[REDACTED]

We estimate that the [REDACTED] we will receive from the [REDACTED] (after deducting [REDACTED], fees and anticipated expenses payable by us in connection with the [REDACTED]) will be approximately HK$[REDACTED] million (equivalent to approximately RMB[REDACTED] million), assuming the [REDACTED] is not exercised and an [REDACTED] of HK$[REDACTED] per [REDACTED], being the mid-point of the [REDACTED] range of HK$[REDACTED] to HK$[REDACTED] per [REDACTED] as stated in this document. Our Directors presently intend to apply such [REDACTED] as follows:

- approximately [REDACTED]%, or approximately HK$[REDACTED] million (equivalent to approximately RMB[REDACTED] million), will be used for the development of our insurance agency business in the next three years, as allocated below:

  (i) approximately [REDACTED]%, or approximately HK$[REDACTED] million (equivalent to approximately RMB[REDACTED] million), will be used for strengthening and expanding our geographical coverage by setting up 30 to 36 branch offices in locations such as Hebei, Henan, Anhui, Hubei, Shanghai and Beijing, and achieving a penetration into major developed provinces near Shandong. In addition, we also expect to increase more sales staff in support of our planned geographical expansion;

  (ii) approximately [REDACTED]%, or approximately HK$[REDACTED] million (equivalent to approximately RMB[REDACTED] million), will be used for launching of online marketing and promotional campaign in order to promote the awareness of both our brand and online platforms. We plan to place online advertisements on social media such as short video platforms; and

  (iii) approximately [REDACTED]%, or approximately HK$[REDACTED] million (equivalent to approximately RMB[REDACTED] million), will be used for setting up training centre(s) and strengthening our capacity to provide systematic trainings to our insurance agents to improve service quality.

The following table sets forth the breakdown of the use of [REDACTED] for the development of our insurance agency business for the three years upon [REDACTED]:

	Expected periods of allocation of [REDACTED]			
	First year upon [REDACTED]	**Second year upon [REDACTED]**	**Third year upon [REDACTED]**	**Total**
	(RMB million)	*(RMB million)*	*(RMB million)*	*(RMB million)*
Setting up branch offices	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
— Staff remuneration	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
— Rent of office, property management fee and utility fee	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Launching marketing and promotional campaign	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Setting up training centre(s)	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
— Staff remuneration	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
— Rent of office, property management fee and utility fee	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total capital requirement	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**

For more details, please refer to the section headed "Business — Our Strategies — Expand our insurance client coverage, strengthen our relationship with insurance company partners and enhance training support to our insurance agents" in this document.

- approximately [REDACTED]%, or approximately HK$[REDACTED] million (equivalent to approximately RMB[REDACTED] million), will be used for developing and delivering our IT service offerings in the next five years, allocated as below:

  (i) approximately [REDACTED]%, or approximately HK$[REDACTED] million (equivalent to approximately RMB[REDACTED] million), will be used for enhancing our technological ability and enhancing our IT service offerings as detailed below:

  (a) Insurance related systems

  As an insurance agency company with digital capabilities utilising online platforms, insurance-related systems and IT technology to enhance our insurance agency services, we further extended and developed its IT services business by leveraging on its IT technology and knowhow accumulated over years in view of the relevant inherent commonality between the digitalised solutions we developed for our insurance agency business and that demanded by our customers. We plan to standardise the IT software and systems we used in our insurance agency business and transform these software and systems into IT service products for companies engaging in the insurance and finance related industries in order to capture their demand for digitalised solutions.

(b) AI service system

Developing AI technologies for our IT services offering is crucial in staying competitive and meeting the evolving needs of our customers. According to Frost & Sullivan, as the field of AI continues to advance, more businesses are leveraging AI technologies, including certificate recognition, document processing and computer visual recognition, to upgrade their operations and services. We plan to dedicate resources to further enhance our AI service system to capture the growing demand for AI technologies.

(c) Online training system

Our current online training system has been successful in providing training for the insurance industry. We plan to dedicate resources to further develop our online training system to meet the growing demand for high-quality training in insurance and finance related industries.

We expect to (i) recruit additional R&D staff for designing our developing digitalisation solutions; (ii) recruit other staff as sales and after-sales supporting for our IT services; and (iii) purchase hardware and equipment and upgrading our software system. We plan to recruit 20–40 talents to support our expansion plans for IT service business. We believe that our IT service staff is important strategic resources for our success and development, and their skills, experience and commitment would assist us in realising our expansion plan. During the Track Record Period, the size of our IT service staff had increased from 26 employees as at 31 December 2021 to 40 employees as at 31 December 2022 and further increased to 48 employees as at 31 December 2023. The following table sets out forth the details of IT service staff that we intend to recruit in the next five years:

Function	**Estimated number of recruits**
Software development	15–25
Sales and marketing	5–15
Total	20–40

The following table sets forth the breakdown of the use of the [REDACTED] for recruitment of R&D staff for enhancing our technological ability and continuously optimising and innovating our digitalised solutions:

	Primary role of the staff	Expected average annual salary *(Note)*	Expected periods of allocation of [REDACTED] First year upon [REDACTED]	Second year upon [REDACTED]	Third year upon [REDACTED]	Fourth year upon [REDACTED]	Fifth year upon [REDACTED]	Total
					(RMB million)			
Staff to be recruited after [REDACTED] by functions								
Software development	Design and operating customised digitalisation solution	[0.4]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Sales and marketing	Promotion and marketing of IT services	[0.3]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Sub-total			**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Purchasing hardware and equipment and upgrading our software system			[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total capital requirement			**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**

Note: According to Frost & Sullivan, the expected annual salary of staff to be recruited by function is in line with the range of annual salary of staff performing similar corresponding function in the IT services industry.

(ii) approximately [REDACTED]%, or approximately HK$[REDACTED] million (equivalent to approximately RMB[REDACTED] million), will be used for strengthening our online platforms by recruiting additional R&D staff, purchasing hardware and equipment and upgrading our software system as detailed below:

(i) Insurance intermediary core business system

Our insurance intermediary core business system is a crucial system for us to manage our business and operations more efficiently. To support the business expansion of our Group, we plan to establish a more comprehensive insurance intermediary core business system that supports centralised operations.

(ii) Corporate Insurance Interactive Service Platform (企業保險交互服務平台)

Our Corporate Insurance Interactive Service Platform offers a variety of standardised insurance products that are commonly required by corporate insurance clients. To upgrade its ability to customise insurance solutions, we plan to strengthen the AI functions on the platform, which aims to enhance its ability to recommend suitable insurance solutions for corporate insurance clients and provides them with suitable insurance coverage through AI.

(iii) Insurance claims system

According to Frost & Sullivan, there is a lack of mature and efficient insurance claims platforms as many insurance companies still rely on traditional offline insurance claims processes, which can be time-consuming and inefficient. Our insurance claims system currently provides a digitalised tool for household and corporate insurance clients to submit their insurance claims electronically by providing the required information and documents. We plan to further upgrade our insurance claims system to provide a more streamlined and accessible platform for our insurance clients and insurance company partners. We aim to provide a unified process and optimise the functionality of the system with an aim to provide a more efficient and user-friendly insurance claims platform.

(iv) Insurance marketing and sales system

Our insurance marketing and sales system primarily supports sale of online products and general insurance services; provides tools for business and provision of services including policy management, policy renewal notifications, insurance premium quotations, etc. As Internet-based insurance channels continue to rapidly develop, we plan to further upgrade our insurance marketing and sales system.

As a significant portion of our existing staff is preoccupied for the continuous maintenance of our online platforms, we expect to recruit additional staff for optimising and innovating digitalised solutions by enhancing functionality and features. We plan to recruit 14–24 talents. The following table sets out the details of R&D staff that we intend to recruit for strengthening our online platforms in the next five years:

Function	Estimated number of recruits
Software development	8–15
Product design	6–9
Total	14–24

The following table sets forth the breakdown of the use of the [REDACTED] for recruitment of R&D staff for strengthening our online platforms:

	Primary role of the staff	Expected average annual salary *(Note)*	Expected periods of allocation of [REDACTED] First year upon [REDACTED]	Second year upon [REDACTED]	Third year upon [REDACTED]	Fourth year upon [REDACTED]	Fifth year upon [REDACTED]	Total
					(RMB million)			
Staff to be recruited after [REDACTED] by functions								
Software development	Design and operating IT software for online platform	[0.4]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Product design	Supervise and manage IT projects and products	[0.3]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Sub-total			**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Purchasing hardware and equipment and upgrading our software system			[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total capital requirement			**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**

Note: According to Frost & Sullivan, the expected annual salary of staff to be recruited by function is in line with the range of annual salary of people performing similar corresponding function in the insurance intermediary industry.

For more details, please refer to the sections headed "Business — Our Strategies — Continue to strengthen our digital capabilities and further develop our IT services offerings" in this document.

- approximately [REDACTED]%, or approximately HK$[REDACTED] million (equivalent to approximately RMB[REDACTED] million), will be used for pursuing selective investments and acquisitions of target companies in insurance intermediary and fintech industry that have complementary or synergistic effects on our current business to further accelerate the development of our business and strengthen our competitiveness. The investment in insurance intermediary companies aims to expand our business presence in other regions, increase the awareness of our brand and obtain better commission rates from insurance companies leveraging the overall business network and insurance client bases of the acquired companies while the investment in fintech companies aims to enhance our Group's technological capabilities in order to supplement our existing R&D team. When selecting insurance intermediary companies, we will consider various criteria, including (i) their potential synergies with or complement to our existing business; (ii) having branch offices in locations where we have presence and expect to expand; (iii) past operating results, financial performance and growth potentials; and (iv) background and experience of the management team. When selecting fintech companies, we will consider various criteria, including having (i) R&D capabilities in technologies relevant to our existing business; (ii) commercialised products generating revenue; (iii) past operating results and growth potentials; (iv) financial performance; and (v) background of the management team. We intend to apply [REDACTED] from the [REDACTED], together with our existing financial resources of approximately RMB100 million to finance the abovementioned investment and acquisitions as appropriate.

According to Frost & Sullivan, it is estimated that there are over 2,000 insurance intermediary companies and 8,000 financial technology companies in China in 2022. As at the Latest Practicable Date, we had not identified any potential target company for acquisition or strategic investment. After the [REDACTED], we will start identifying target companies that are in line with our business strategies. For more details, please refer to the section headed "Business — Our Strategies — Selective investments and acquisitions in insurance intermediary and fintech industry" in this document.

- approximately [REDACTED]%, or approximately HK$[REDACTED] million (equivalent to approximately RMB[REDACTED] million), will be used for our general working capital and general corporate purpose.

We will use our [REDACTED] to implement our future plans after [REDACTED] and expect that our [REDACTED] will be fully utilised within two years after the [REDACTED].

The above allocation of the [REDACTED] from the [REDACTED] will be adjusted on a pro rata basis in the event that the [REDACTED] is fixed at a higher or lower level compared to the mid-point of the proposed [REDACTED] range or the [REDACTED] is exercised.

If the [REDACTED] is fixed at HK$[REDACTED] per [REDACTED] (being the high end of the [REDACTED] range stated in this document) and assuming the [REDACTED] is not exercised, the [REDACTED] we receive will be approximately HK$[REDACTED] million (equivalent to approximately RMB[REDACTED] million), after deducting [REDACTED], fees and anticipated expenses payable by us in connection with the [REDACTED].

If the [REDACTED] is fixed at HK$[REDACTED] per [REDACTED] (being the low end of the [REDACTED] range stated in this document) and assuming the [REDACTED] is not exercised, the [REDACTED] we receive will be approximately HK$[REDACTED] million (equivalent to approximately RMB[REDACTED] million), after deducting [REDACTED], fees and anticipated expenses payable by us in connection with the [REDACTED].

In the event that the [REDACTED] is exercised in full, we will receive additional [REDACTED] of approximately HK$[REDACTED] million (assuming an [REDACTED] of HK$[REDACTED] per [REDACTED], being the low end of the proposed [REDACTED] range), approximately HK$[REDACTED] million (assuming an [REDACTED] of HK$[REDACTED] per [REDACTED], being the mid-point of the proposed [REDACTED] range) and HK$[REDACTED] million (assuming an [REDACTED] of HK$[REDACTED] per [REDACTED], being the high end of the proposed [REDACTED] range), after deducting [REDACTED], fees and anticipated expenses payable by us in connection with the [REDACTED]. Additional [REDACTED] received due to the exercise of any [REDACTED] will be used for the above purposes on a pro rata basis.

To the extent that the [REDACTED] of the [REDACTED] are not immediately applied to the purposes described above and to the extent permitted by applicable law and regulations, we intend that such [REDACTED] will be placed in short-term deposits with banks or financial institutions in Hong Kong or the PRC. Our Directors consider that the [REDACTED] from the [REDACTED] together with the internal resources of our Group will be sufficient to finance the implementation of our Group's business plans as set out in this section.

We will issue an appropriate announcement if there is any material change in the aforementioned [REDACTED].

REASONS FOR [REDACTED]

Our Directors believe that the [REDACTED] will enable our Group to enjoy various benefits as summarised below which do not only enable our Group to achieve our business objectives, but also facilitate our Group's future development:

(i) Pursuing long term business growth through the implementation of business strategies

Our Directors believe that raising funds by way of the [REDACTED] is in line with our business strategies. The [REDACTED] will provide our Group with financial resources to implement our business plans which in turn drive our business growth. As disclosed in paragraph headed "[REDACTED]" in this section, part of our [REDACTED] will be applied to expand the geographical reach of our insurance agency business and development of IT service offering. Our Directors believe that tapping into the market of the provinces beyond Shandong will be vital to our continuous business growth in future in light of the anticipated growth of the insurance agency industry and business opportunities. According to Frost & Sullivan, the market size of China's insurance industry by primary insurance premium is expected to reach RMB7.2 trillion in 2028, representing a CAGR of 7.0% from 2024. Our Directors believe that, we will benefit from capturing such market growth and more business opportunities through extending the geographical reach of our insurance agency business. In addition, we plan to apply the [REDACTED] to fund our plan to strengthen our technological ability of our IT services and online platforms in order to enrich increase our competitiveness thereby driving our growth in long-term.

(ii) Enhance our corporate profile and market reputation

We believe that a [REDACTED] status in Hong Kong would assist us in reinforcing our image, enhancing confidence in stakeholders in the insurance agency industry and raising our recognition among our existing and potential customers and suppliers in our target geographical market. This is in line with our long-term target to expand into the regional markets. Our experience and track record to deal with renowned insurance company partners puts our Group in good stead to cross over to meeting the insurance agency requirements after our [REDACTED] by leveraging on our standing as a [REDACTED] company on the premier regional financial centre in Asia that is the Stock Exchange. We will benefit from the perception of outsiders in respect of good corporate governance and internal control, generate reassurance among our existing business partners, customers and suppliers, and strengthen our overall competitiveness in the market. [REDACTED] can increase the corporate transparency of our Group to gain recognition from stakeholders. Our Directors believe that we will become a more competitive player in the insurance agency service and IT service market if we were able to gain a [REDACTED] status.

We consider our corporate profile and recognition to be important factors for our business. As such, our Directors consider that a [REDACTED] status will enhance our corporate profile and recognition and assist us in reinforcing our brand awareness and image, which will assist in further strengthening our market position, enhancing our reputation and expanding our market share.

(iii) Enhance our recruitment and retention

We rely on qualified and experienced insurance agents in distributing insurances products and experienced sales and marketing team in operating, managing and supervising our sales network. We also rely on experienced research and development team in operating, maintaining and enhancing our IT system and online platforms. Our Directors believe that being [REDACTED] on the Stock Exchange will facilitate us in attracting talents in the insurance agency and IT service industry to join our Group which will improve our service quality and facilitate our recruitment of additional manpower under our expansion plans. The status of being a [REDACTED] company will also facilitate our in-house talent management, through staff retention and development, whereby our existing staff may be motivated to further develop their career with us in view of the perceived status associated with working for a [REDACTED] company.

(iv) Enable us to raise funds more easily for future business development and provide liquidity in the [REDACTED] of Shares

Our Directors are of the view that a [REDACTED] status can assist us in any future debt financing, if necessary. Despite the fact that our Group was able to expand our business by internally generated funds during the Track Record Period, our Directors believe that equity or equity-linked financing is a better alternative in the long run due to the following reasons:

(a) debt financing from banks or financial institutions normally requires collaterals, such as cash deposit, properties and/or personal guarantee from our Group and/or our Controlling Shareholders. The continuous reliance on our Controlling Shareholders for provision of personal guarantee and other form of financial assistance would be a hindrance to us in achieving financial independence. Moreover, the amount of financial support from our Controlling Shareholders is not unlimited and may eventually hold back our pace of growth.

Taking into account the necessity to achieve an optimal capital structure and maintain a disciplined financial strategy without exposing our Group to excessively high gearing, our Directors consider that the [REDACTED] from the [REDACTED] are necessary for the successful implementation of our business plans as opposed to pure debt financing. On the contrary, our Directors believe that our [REDACTED] and enlarged capital base will put us in a better position to negotiate with banks and financial institutions, which in turn will enable our Group to obtain debt financing on more favourable terms than before; and

(b) heavy reliance on debt financing would subject our Group to the inherent risks of higher interest rate and finance costs and expose ourselves to negative liquidity events. Primary and potential secondary equity fundraising, including hybrid debt-cum-equity fund raising, after the [REDACTED] will enable our Group to improve our capital structure. Our Directors therefore believe that the equity financing would mitigate the risk of high interest rate associated with debt financing, which potentially exposes our Group to increasing financing costs in the future.

In addition to the above, the [REDACTED] will provide our Company with a broader shareholder base and a market for the [REDACTED] of the Shares. The [REDACTED] will allow institutional, professional and other [REDACTED] in Hong Kong to easily invest in our Company. Our Directors are of the view that the [REDACTED] will enable our Group to conduct secondary fund raising in the Hong Kong stock market, if necessary, for our further expansion in the future.

Taking into account the above considerations, our Directors believe that the [REDACTED] is beneficial to our Company and its Shareholders as a whole.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

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[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

[REDACTED]

The following is the text of a report set out on pages I-1 to I-[54], received from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.

KPMG

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF ZHONGMIAO INNOVATION TECHNOLOGY (QINGDAO) CO., LTD., CITIC SECURITIES (HONG KONG) LIMITED AND PING AN OF CHINA CAPITAL (HONG KONG) COMPANY LIMITED

Introduction

We report on the historical financial information of 眾淼創新科技(青島)股份有限公司 (Zhongmiao Innovation Technology (Qingdao) Co., Ltd.,) (the "Company") and its subsidiaries (together, the "Group") set out on pages I-[4] to I-[54], which comprises the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2021, 2022, and 2023, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows, for each of the years ended 31 December 2021, 2022 and 2023 (the "Track Record Period"), and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-[4] to I-[54] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [•] (the "Document") in connection with the initial [REDACTED] of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purpose of the accountants' report, a true and fair view of the Company's and the Group's financial position as at 31 December 2021, 2022, and 2023 and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-[4] have been made.

Dividends

We refer to Note 23(c) to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Track Record Period.

[•]
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

[•]

HISTORICAL FINANCIAL INFORMATION

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by 畢馬威華振會計師事務所(特殊普通合夥) KPMG Huazhen LLP in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "Underlying Financial Statements").

Consolidated statements of profit or loss and other comprehensive income
Expressed in Renminbi ("RMB")

		Year ended 31 December		
		2021	**2022**	**2023**
	Note	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	*4*	119,974	148,398	174,011
Cost of sales		(71,925)	(81,139)	(99,498)
Gross profit		48,049	67,259	74,513
Other income	*5*	7,682	8,176	11,324
Research and development costs		(4,739)	(6,843)	(7,141)
General and administrative expenses		(11,383)	(12,854)	(18,566)
Sales and marketing costs		(6,836)	(9,948)	(11,871)
Reversal of/(provision for) impairment loss		11	(44)	(34)
Profit from operations		32,784	45,746	48,225
Finance costs	*6(a)*	(176)	(154)	(206)
Profit before taxation		32,608	45,592	48,019
Income tax	*7*	(5,616)	(9,243)	(9,026)
Profit for the year		26,992	36,349	38,993
Attributable to:				
Equity shareholders of the Company		27,047	37,776	40,372
Non-controlling interests		(55)	(1,427)	(1,379)
Profit for the year		26,992	36,349	38,993
Other comprehensive income for the year (after tax)		—	—	—
Total comprehensive income for the year		26,992	36,349	38,993
Attributable to:				
Equity shareholders of the Company		27,047	37,776	40,372
Non-controlling interests		(55)	(1,427)	(1,379)
Total comprehensive income for the year		26,992	36,349	38,993
Basic and diluted earnings per share *(RMB)*	*10*	0.33	0.46	0.39

The accompanying notes form part of the Historical Financial Information.

Consolidated statements of financial position
Expressed in Renminbi ("RMB")

		As at 31 December		
		2021	**2022**	**2023**
	Note	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets				
Property, plant and equipment	*11*	380	341	324
Intangible assets	*12*	429	143	—
Right-of-use assets	*13*	682	558	461
Deferred tax assets	*22*	—	14	15
Contract costs and other assets	*16*	3	33	43
Time deposits	*17(b)*	—	—	132,277
Restricted cash	*17(c)*	7,834	8,102	7,545
		9,328	9,191	140,665
Current assets				
Financial assets measured at fair value through profit or loss	*14*	238,730	—	—
Accounts receivables	*15*	11,988	21,132	30,806
Contract costs and other assets	*16*	2,607	2,049	10,635
Cash and cash equivalents	*17(a)*	17,988	23,546	203,638
Time deposits	*17(b)*	—	265,283	—
Restricted cash	*17(c)*	4,193	5,899	4,208
		275,506	317,909	249,287
Current liabilities				
Accounts and other payables	*18*	19,640	25,337	17,689
Contract liabilities	*19*	2,160	1,054	1,226
Lease liabilities	*20*	1,083	250	244
Accrued expenses	*21*	2,672	3,310	4,097
Current taxation payables	*22*	2,437	4,122	3,477
		27,992	34,073	26,733
Net current assets		247,514	283,836	222,554
Total assets less current liabilities		256,842	293,027	363,219

The accompanying notes form part of the Historical Financial Information.

Consolidated statements of financial position (continued)
Expressed in Renminbi ("RMB")

		As at 31 December		
		2021	**2022**	**2023**
	Note	*RMB'000*	*RMB'000*	*RMB'000*
Non current liabilities				
Lease liabilities	*20*	26	—	—
Deferred tax liabilities	*22*	138	—	—
		164	—	—
NET ASSETS		256,678	293,027	363,219
Equity				
Paid-in capital/share capital	*23(a)*	83,007	83,007	105,896
Reserves	*23(b)*	172,856	210,632	259,314
Total equity attributable to equity shareholders of the Company		255,863	293,639	365,210
Non-controlling interests		815	(612)	(1,991)
TOTAL EQUITY		256,678	293,027	363,219

The accompanying notes form part of the Historical Financial Information.

Statements of financial position of the Company
Expressed in Renminbi ("RMB")

		As at 31 December		
		2021	2022	2023
	Note	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets				
Property, plant and equipment		40	28	14
Intangible assets		429	143	—
Right-of-use assets		77	45	37
Deferred tax assets		—	—	3
Investments in subsidiaries		52,906	52,906	57,906
Contract costs and other assets	*25(c)*	3	33	30
Time deposits	*25(e)*	—	—	50,770
		53,455	53,155	108,760
Current assets				
Financial assets measured at fair value through profit or loss	*25(a)*	170,653	—	—
Accounts receivables	*25(b)*	375	3,846	8,416
Contract costs and other assets	*25(c)*	1,829	1,528	8,948
Cash and cash equivalents	*25(d)*	3,955	7,900	196,087
Time deposits	*25(e)*	—	182,195	—
		176,812	195,469	213,451
Current liabilities				
Accounts and other payables		282	802	17,756
Contract liabilities		1,590	74	226
Lease liabilities		32	27	—
Accrued expenses	*25(f)*	1,333	1,564	2,118
Current taxation payables		753	748	716
		3,990	3,215	20,816
Net current assets		172,822	192,254	192,635
Total assets less current liabilities		226,277	245,409	301,395
Non current liabilities				
Lease liabilities		26	—	—
Deferred tax liabilities		98	—	—
		124	—	—
NET ASSETS		226,153	245,409	301,395
Equity				
Paid-in capital/share capital		83,007	83,007	105,896
Reserves		143,146	162,402	195,499
TOTAL EQUITY		226,153	245,409	301,395

The accompanying notes form part of the Historical Financial Information.

Consolidated statements of changes in equity

Expressed in Renminbi ("RMB")

		Total equity attributable to equity shareholders of the Company						
			Reserves					
		Paid-in capital/share capital	Capital reserve	PRC statutory reserve *Note 23(b)*	Retained profits	Total	Non-controlling interests	Total equity
	Note	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance as at 1 January 2021		68,613	6,432	591	26,547	102,183	—	102,183
Net profit		—	—	—	27,047	27,047	(55)	26,992
Capital contributions from shareholders	*23(a)*	14,394	112,239	—	—	126,633	—	126,633
Capital contributions from non-controlling interests		—	—	—	—	—	870	870
Appropriation to PRC statutory reserve		—	—	1,856	(1,856)	—	—	—
Balance as at 31 December 2021 and 1 January 2022		83,007	118,671	2,447	51,738	255,863	815	256,678
Net profit		—	—	—	37,776	37,776	(1,427)	36,349
Appropriation to PRC statutory reserve		—	—	1,925	(1,925)	—	—	—
Balance as at 31 December 2022 and 1 January 2023		83,007	118,671	4,372	87,589	293,639	(612)	293,027
Net profit		—	—	—	40,372	40,372	(1,379)	38,993
Capital contributions from shareholders	*23(a)*	22,889	8,310	—	—	31,199	—	31,199
Appropriation to PRC statutory reserve		—	—	2,479	(2,479)	—	—	—
Balance as at 31 December 2023		105,896	126,981	6,851	125,482	365,210	(1,991)	363,219

The accompanying notes form part of the Historical Financial Information.

Consolidated statements of cash flows
Expressed in Renminbi ("RMB")

		Year ended 31 December		
		2021	2022	2023
	Note	*RMB'000*	*RMB'000*	*RMB'000*
Operating activities				
Cash generated from operations	*17(d)*	30,260	34,913	29,651
Income tax paid		(5,674)	(7,711)	(9,672)
Net cash generated from operating activities		24,586	27,202	19,979
Investing activities				
Cash generated from retrieving financial assets measured at fair value through profit or loss		87,036	241,771	—
Cash generated from retrieving deposits		—	—	265,000
Proceeds from interests received		—	3,651	3,419
Payment for the purchase of property, plant and equipment		(175)	(175)	(195)
Payment for the purchase of time deposits		—	(265,000)	(130,000)
Payment for the purchase of financial assets measured at fair value through profit or loss		(237,900)	—	—
Net cash (used in)/generated from investing activities		(151,039)	(19,753)	138,224
Financing activities				
Capital contributions from shareholders		126,633	—	31,199
Capital contributions from non-controlling interests		870	—	—
[REDACTED]		[REDACTED]	[REDACTED]	[REDACTED]
Capital element of lease rentals paid	*17(e)*	(312)	(1,838)	(1,581)
Interest element of lease rentals paid	*17(e)*	(43)	(53)	(47)
Net cash generated from/(used in) financing activities		127,148	(1,891)	21,889
Net increase in cash and cash equivalents		695	5,558	180,092
Cash and cash equivalents at the beginning of the year		17,293	17,988	23,546
Cash and cash equivalents at the end of the year	*17(a)*	17,988	23,546	203,638

The accompanying notes form part of the Historical Financial Information.

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1 BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

Zhongmiao Innovation Technology (Qingdao) Co., Ltd. (the "Company") was established under its former name, Qingdao Quanzhanggui Technology Co., Ltd. (青島全掌櫃科技有限公司), by Qingdao Haiyinghui Management Consulting Co., Ltd. (青島海盈匯管理諮詢有限公司) as a limited liability company in the PRC on 16 March 2017 and subsequently converted into a joint stock company with limited liability on 14 March 2023. The Company and its subsidiaries (together, "the Group") are principally engaged in providing insurance agency services, IT services and consulting services in the PRC. The Company is the holding company of the Group and is primarily engaged in the provision of IT services.

As at the date of this report, the Company has direct or indirect interests in the following subsidiaries, all of which are private companies:

Company name	Date and place of establishment/ operation kind of legal entity	Registered capital/Paid-in Capital	Proportion of ownership interest		Principal activities	Name of statutory auditor
			Held by the Company	Held by the subsidiary		
Directly held						
Qingdao Haier Insurance Agency Co., Ltd.* (青島海爾保險代理有限公司)	17 December 2001/ the PRC Limited liability company	RMB50,000,000/ RMB50,000,000	100%	—	Insurance agency services	KPMG Huazhen LLP 畢馬威華振會計師事務所(特殊普通合夥) for the year ended 31 December 2022 China Audit Asia Pacific Certified Public Accountants LLP* 中審亞太會計師事務所(特殊普通合夥) for the year ended 31 December 2021
Qingdao Zhongmiao Caizhi Human Resource Management Consulting Co., Ltd.* (青島眾淼才智人力資源管理諮詢有限公司)	11 September 2020/ the PRC Limited liability company	RMB2,000,000/ RMB2,000,000	100%	—	HR consulting services	China Audit Asia Pacific Certified Public Accountants LLP* 中審亞太會計師事務所(特殊普通合夥) for the year ended 31 December 2021, the year ended 31 December 2022 and the year ended 31 December 2023

Company name	Date and place of establishment/ operation kind of legal entity	Registered capital/Paid-in Capital	Proportion of ownership interest		Principal activities	Name of statutory auditor
			Held by the Company	Held by the subsidiary		
Qingdao Zhongmiao Shujin Technology Co., Ltd.* (青島眾淼數金科技有限公司)	31 December 2021/ the PRC Limited liability company	RMB10,000,000/ RMB5,905,510	100%	—	Investment holding	China Audit Asia Pacific Certified Public Accountants LLP* 中審亞太會計師事務所(特殊普通合夥) for the year ended 31 December 2022 and the year ended 31 December 2023
Indirectly held						
Qingdao Yunhai Lianji Technology Co., Ltd.* (青島雲海聯冀科技有限公司)*	16 August 2021/ the PRC Limited liability company	RMB3,000,000/ RMB1,775,510	—	51%	Advisory services	China Audit Asia Pacific Certified Public Accountants LLP* 中審亞太會計師事務所(特殊普通合夥) for the year ended 31 December 2022 and the year ended 31 December 2023

* *The English translation of names is for reference only.*

These entities were registered as limited liability companies under the laws and regulations in the PRC.

The audited statutory financial statements of Qingdao Haier Insurance Agency Co., Ltd. for the year ended 31 December 2023 have not yet been issued as at the date of this report.

All companies comprising the Group have adopted 31 December as their financial year end date.

As at the date of this report, the financial statements of the subsidiaries of the Company were prepared in accordance with the relevant accounting rules and regulations applicable to entities in the PRC in which they were established.

The Historical Financial Information has been prepared in accordance with all applicable IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB"). Further details of the material accounting policy information adopted are set out in Note 2.

The IASB has issued a number of new and revised IFRS Accounting Standards. For the purpose of preparing this Historical Financial Information, the Group has adopted all applicable new and revised IFRS Accounting Standards to the Track Record Period, except for any new standards or interpretations that are not yet effective for the accounting period beginning 1 January 2023. The revised and new accounting standards and interpretations issued but not yet effective for the accounting year beginning 1 January 2023 are set out in Note 27.

The Historical Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The accounting policies set out below have been applied consistently to all periods presented in the Historical Financial Information.

2 MATERIAL ACCOUNTING POLICY INFORMATION

(a) Basis of measurement

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

— Financial assets measured at fair value through profit or loss (see Note 2(d));

(b) Use of estimates and judgements

The preparation of financial statements in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS Accounting Standards that have significant effect on the financial statements, and major sources of estimation uncertainty are discussed in Note 3.

(c) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows, and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position depending on the nature of the liability.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see Note 2(d)) or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture.

(d) Other investments in debt and equity securities

The Group's policies for investments in debt and equity securities, other than investments in subsidiaries, associates and joint ventures, are set out below.

Investments in debt and equity securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss (FVPL) for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see Note 24(d). These investments are subsequently accounted for as follows, depending on their classification.

(i) Investments other than equity investments

Non-equity investments held by the Group are classified into one of the following measurement categories:

— amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method (see Note 2(o)(ii)).

— fair value through other comprehensive income (FVOCI) — recycling, if the contractual cashflows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.

— fair value through profit or loss (FVPL), if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

(ii) Equity investments

An investment in equity securities is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an irrevocable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognised in profit or loss as other income.

(e) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see Note 2(h)(ii)):

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost or valuation of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

— Electronic equipment	3 years
— Office and other equipment	5 years

Both the useful life of an asset and its residual value, if any, are reviewed annually.

(f) Intangible assets

Intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see Note 2(h)(ii)).

Amortisation of intangible assets with finite, useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

— Software	5 to 10 years

Both the period and method of amortisation are reviewed annually.

Intangible assets are not amortised while their useful lives are assessed to be indefinite. Any conclusion that the useful life of an intangible asset is indefinite is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for prospectively from the date of change and in accordance with the policy for amortisation of intangible assets with finite lives as set out above.

Research expenditures are recognised as expenses as incurred. Costs incurred on development projects are capitalised as intangible assets when recognition criteria are met, including, (a) it is technically feasible to complete the software so that it will be available for use; (b) management intends to complete the software and use or sell it; (c) there is an ability to use or sell the software; (d) it can be demonstrated how the software will generate probable future economic benefits; (e) adequate technical, financial and other resources to complete the development and to use or sell the software are available; and (f) the expenditure attributable to the software during its development can be reliably measured. Other development costs that do not meet these criteria are expensed as incurred.

(g) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term less than 12 months and leases of low-value. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see Note 2(h)(ii)).

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

(h) Credit losses and impairment of assets

(i) Credit losses from financial instruments

The Group recognises a loss allowance for expected credit losses (ECLs) on financial assets measured at amortised cost (including cash and cash equivalents, accounts receivables and other receivables).

Other financial assets measured at fair value are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

— fixed-rate financial assets, trade and other receivables: effective interest rate determined at initial recognition or an approximation thereof;

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

— 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

— lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for accounts receivables are always measured at an amount equal to lifetime ECLs. For all other financial instruments, the Group recognises a loss allowance equal to 12-month ECLs, unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

— failure to make payments of principal or interest on their contractually due dates;

— an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

— an actual or expected significant deterioration in the operating results of the debtor; and

— existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt securities that are measured at FVOCI (recycling), for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve (recycling).

Credit-impaired financial assets

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

— significant financial difficulties of the debtor;

— a breach of contract, such as a default or past due event;

— it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;

— significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or

— the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of a financial asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Impairment of other non-current assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

— property, plant and equipment;

— right-of-use assets;

— intangible assets;

— contract costs; and

— investments in subsidiaries in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

— *Calculation of recoverable amount*

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit). A portion of the carrying amount of a corporate asset (for example, head office building) is allocated to an individual cash-generating unit if the allocation can be done on a reasonable and consistent basis, or to the smallest group of cash-generating units if otherwise.

— *Recognition of impairment losses*

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units), and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

— *Reversals of impairment losses*

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(i) Contract assets and Contract liabilities

A contract asset is recognised when the Group recognises revenue (see Note 2(o)(i)) before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for expected credit losses (ECL) in accordance with the policy set out in Note 2(h)(i) and are reclassified to receivables when the right to the consideration has become unconditional (see Note 2(j)).

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see Note 2(o)(i)). A contract liability would also be recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (see Note 2(j)).

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see Note 2(o)(ii)).

(j) Accounts and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset.

Accounts receivables that do not contain a significant financing component are initially measured at their transaction price. Accounts receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortised cost, using the effective interest method and including an allowance for credit losses (see Note 2(h)(i)).

(k) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECL in accordance with the policy set out in Note 2(h)(i).

(l) Trade and other payables

Trade and other payables are initially recognised at fair value. Subsequent to initial recognition, trade and other payables are stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

(m) Employee benefits

(i) Short-term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, social security contributions such as medical insurance, work injury insurance, maternity insurance and housing fund, and the other cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees.

Pursuant to the relevant laws and regulations of the PRC, the Group participated in a defined contribution basic pension insurance and unemployment insurance in the social insurance system established and managed by government organisations. The Group makes contributions to basic pension insurance plans and unemployment insurance based on the applicable benchmarks and rates stipulated by the government.

Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Share-based payments

The grant-date fair value of equity-settled share-based payments granted to employees is measured using the binomial lattice model. The amount is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service conditions at the vesting date.

(n) Income tax

Income tax expense comprises current tax and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

— temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;

— temporary differences related to investment in subsidiaries, associates and joint venture to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

— taxable temporary differences arising on the initial recognition of goodwill;

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company and the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

— in the case of current tax assets and liabilities, the Company and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

— in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  — the same taxable entity; or

  — different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(o) Revenue recognition

(i) Revenue from contracts with customers

Income is classified by the Group as revenue when it arises from the provision of services in the ordinary course of the Group's business. The Group derives agency revenue serving as an insurance agency to distribute insurance products on behalf of insurance companies by which the Group is entitled to receive commissions from the insurance companies based on the premium paid by the policyholders for the related insurance policy sold. For long-term insurance products, the Group is also entitled to receive trailing commissions when the Group completes the post-sales services. The Group also derives revenue by providing IT and consulting services to certain customers.

Revenue is the gross inflow of economic benefits arising in the course of the Group's ordinary activities when the inflows result in increases in shareholders' equity, other than increases relating to contributions from shareholders.

Revenue is recognised when the Group satisfies the performance obligation in a contract by transferring control over relevant goods or services to the customers.

Where a contract has two or more performance obligations, the Group determines the stand-alone selling price at contract inception of the distinct service underlying each performance obligation in the contract and allocates the transaction price in proportion to those stand-alone selling prices. The Group recognises as revenue the amount of the transaction price that is allocated to each performance obligation. The stand-alone selling price is the price at which the Group would sell a promised service separately to a customer. If a stand-alone selling price is not directly observable, the Group considers all information that is reasonably available to the Group and maximises the use of observable inputs to estimate the stand-alone selling price.

The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised services to a customer, excluding amounts collected on behalf of third parties. The Group recognises the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The Group satisfies a performance obligation over time if one of the following criteria is met; otherwise, the performance obligation is satisfied at a point in time:

— the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

— the customer can control the asset created or enhanced during the Group's performance; or

— the Group's performance does not create an asset with an alternative use to it and the Group has an enforceable right to payment for performance completed to date.

For a performance obligation satisfied over time, the Group recognises revenue over time by measuring the progress towards complete satisfaction of that performance obligation. When the outcome of that performance obligation cannot be measured reasonably, but the Group expects to recover the costs incurred in satisfying the performance obligation, the Group recognises revenue only to the extent of the costs incurred until such time that it can reasonably measure the outcome of the performance obligation.

For a performance obligation satisfied at a point in time, the Group recognises revenue at the point in time at which the customer obtains control of the relevant products or services. To determine whether a customer has obtained control of goods or services, the Group considers the following indicators:

— the Group has a present right to payment for the goods or services;

— the Group has transferred physical possession of the goods to the customer;

— the Group has transferred the legal title of the goods or the significant risks and rewards of ownership of the goods to the customer; and

— the customer has accepted the goods or services.

The Group determines whether it is a principal or an agent, based on whether it obtains control of the specified goods or service before that good or service is transferred to a customer. The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer and recognises revenue in the gross amount of consideration which it has received (or which is receivable). Otherwise, the Group is an agent, and recognises revenue in the amount of any fee or commission to which it expects to be entitled. The fee or commission is the net amount of consideration that the Group retains after paying the other party the consideration or is determined according to the established amount or proportion.

(ii) Revenue from other sources and other income

— *Interest income*

Interest income is recognised as it accrues under the effective interest method using the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. For financial assets measured at amortised cost or FVOCI (recycling) that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset (see Note 2(h)).

— *Government grants*

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

(p) Contract costs

Contract costs are either the incremental costs of obtaining a contract with a customer or the costs to fulfill a contract with a customer.

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. The Group recognises as an asset the incremental costs of obtaining a contract with a customer if it expects to recover those costs. Other costs of obtaining a contract are expensed when incurred.

If the costs to fulfill a contract with a customer are not within the scope of inventories or other accounting standards, the Group recognises an asset from the costs incurred to fulfill a contract only if those costs meet all of the following criteria:

— the costs relate directly to an existing contract or to a specifically identifiable anticipated contract, including direct labour, direct materials, allocations of overheads (or similar costs), costs that are explicitly chargeable to the customer and other costs that are incurred only because the Group entered into the contract;

— the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and

— the costs are expected to be recovered.

Assets recognised for the incremental costs of obtaining a contract and assets recognised for the costs to fulfill a contract (the "assets related to contract costs") are amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate and recognised in profit or loss for the current period.

(q) Provisions and contingent liabilities

Provisions are recognised when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

(r) Related parties

(i) A person, or a close member of that person's family, is related to the Group if that person:

(a) has control or joint control over the Group;

(b) has significant influence over the Group; or

(c) is a member of the key management personnel of the Group or the Group's parent.

(ii) An entity is related to the Group if any of the following conditions applies:

— The entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

— One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

— Both entities are joint ventures of the same third party.

— One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

— The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

— The entity is controlled or jointly controlled by a person identified in (i).

— A person identified in (i)(a) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

— The entity, or any member of a Group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(s) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3 ACCOUNTING JUDGEMENTS AND ESTIMATES

Estimates and judgements are continually evaluated and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The principal accounting policies are set forth in Note 2. The Group believes the following critical accounting policy involves the most significant judgements and estimates used in the preparation of the Historical Financial Information.

(a) Recognition of Revenue

In determining the amount and timing of revenue recognition, the revenue recognition process as described in Note 2(o) is used, which requires judgments and estimates. These judgments and estimates include determining the transaction price of contracts and determining the standalone selling price for each distinct performance obligation.

The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised services to a customer, excluding amounts collected on behalf of third parties. The Group recognises the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

Where a contract has two or more performance obligations, the Group determines the stand-alone selling price at contract inception of the distinct service underlying each performance obligation in the contract and allocates the transaction price in proportion to those stand-alone selling prices. The stand-alone selling price is the price at which the Group would sell a promised service separately to a customer. If a stand-alone selling price is not directly observable, the Group considers all information that is reasonably available to the Group and maximises the use of observable inputs to estimate the stand-alone selling price.

4 REVENUE AND SEGMENT REPORTING

The principal activities of the Group are the provision of insurance agency services, IT services and consulting services in the PRC.

(a) Disaggregation of revenue

	Note	Year ended 31 December 2021	2022	2023
		RMB'000	*RMB'000*	*RMB'000*
Revenue from contracts with customers within the scope of IFRS 15				
Disaggregated by business segment				
— Insurance agency business	*(i)*	116,056	130,721	155,748
— IT services		1,264	14,953	15,782
— Consulting services		2,654	2,724	2,481
Total		119,974	148,398	174,011

Note:

(i) The amount of each significant category of revenue from insurance agency business is as follows:

Disaggregated by the purchasers of insurance products

	Year ended 31 December 2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Household insurance clients	74,641	80,498	91,478
Corporate insurance clients	41,415	50,223	64,270
Total	116,056	130,721	155,748

Disaggregated by major products

	Year ended 31 December 2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Property insurance products	39,658	47,620	59,806
Life and health insurance products	48,332	36,156	33,757
Accident insurance products	16,171	24,096	27,830
Automobile insurance products	11,895	22,849	34,355
Total	116,056	130,721	155,748

Disaggregation of revenue from contracts with customers by the timing of revenue recognition is as follows:

	Year ended 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Point-in-time	116,328	144,201	159,377
Over-time	3,646	4,197	14,634
Total	119,974	148,398	174,011

The Group's customer base is diversified. Revenue from major customers which accounted for 10% or more of the Group's revenue in each year during the Track Record Period are set out below:

	Year ended 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
A	41,517	54,798	61,997
B	18,364	*	*

Note: * *Revenue from the customer was less than 10% for the respective years.*

(b) Segment reporting

The Group manages its business by business lines. In a manner consistent with the way in which information is reported to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following three reportable segments.

— ***Insurance agency business***

The Group acts as the agent in distributing insurance products on behalf of the insurance companies.

— ***IT services***

The Group offers IT services to insurance company partners, insurance intermediaries and companies from different industries, by designing and developing digitalised solutions based on their needs.

— ***Consulting services***

The Group provides consulting services including the provision of human resources consulting services and marketing and promotion services.

(i) Segment results

For the purposes of assessing segment performance and allocating between segments, the Group's most senior executive management monitors the results attributable to each reportable segment on the following bases:

Revenue and expenses are allocated to the reportable segments with reference to revenue generated by those segments and the cost of sales incurred by those segments. The measure used for reporting segment result is gross profit. The items, such as segment expenses and other income, segment assets and liabilities are not regularly provided to the Group's most senior executive management. Assistance provided by one segment to another, including sharing of assets and technical know-how, is not measured.

	Insurance Agency Services	**IT services**	**Consulting services**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2021				
Revenue	116,056	1,264	2,654	119,974
Cost of sales	(70,902)	(457)	(566)	(71,925)
Gross Profit	45,154	807	2,088	48,049
Year ended 31 December 2022				
Revenue	130,721	14,953	2,724	148,398
Cost of sales	(72,480)	(7,686)	(973)	(81,139)
Gross Profit	58,241	7,267	1,751	67,259
Year ended 31 December 2023				
Revenue	155,748	15,782	2,481	174,011
Cost of sales	(91,741)	(6,612)	(1,145)	(99,498)
Gross Profit	64,007	9,170	1,336	74,513

(ii) Geographic information

Most of the Group's operating assets are located in the PRC, and most operating results were derived from the PRC during the Track Record Period. Accordingly, no segment analysis based on geographical locations is provided.

5 OTHER INCOME

	Year ended 31 December		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Realised gains from financial investments measured at fair value through profit or loss	5,636	3,871	—
Government grants	1,156	649	2,063
Unrealised gains/(loss) from financial assets measured at fair value through profit or loss	120	(830)	—
Interest income	729	4,444	9,292
Others	41	42	(31)
Total	7,682	8,176	11,324

6 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Finance costs

	Year ended 31 December		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Interest expense on lease liabilities	43	53	47
Others	133	101	159
Total	176	154	206

(b) Staff costs

		Year ended 31 December		
		2021	2022	2023
	Note	*RMB'000*	*RMB'000*	*RMB'000*
Salaries, wages and other benefits		18,390	25,427	29,531
Contributions to defined contribution retirement plans	*(i)*	1,707	2,361	3,192
Total		20,097	27,788	32,723

Note:

(i) Pursuant to the relevant laws and regulations of the PRC, the Group participated in a defined contribution basic pension insurance and unemployment insurance in the social insurance system established and managed by government organisations. The Group makes contributions to basic pension insurance plans and unemployment insurance based on the applicable benchmarks and rates stipulated by the government.

(c) Other items

	Year ended 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Referral fees	31,936	50,138	68,170
Commission fees	26,234	14,286	14,470
Service fees	10,798	5,336	6,004
IT subcontracting fees	168	5,358	2,504
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Depreciation and amortisation charges			
— Depreciation of property, plant and equipment	172	214	212
— Amortisation of intangible assets	286	286	143
— Depreciation of right-of-use assets	533	1,119	1,953

7 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

(a) Taxation in the consolidated statements of profit or loss:

	Year ended 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Current tax			
— PRC Enterprise Income Tax	5,637	9,395	9,027
Deferred tax			
— Reversal of temporary differences	(21)	(152)	(1)
Total	5,616	9,243	9,026

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	Year ended 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Profit before taxation	32,608	45,592	48,019
Notional tax on profit before taxation, calculated at the rates applicable to profits in the countries concerned	5,974	9,735	9,819
Super-deduction of research and development expense	(499)	(729)	(1,063)
Tax effect of non-deductible expenses and others	141	237	270
Total	5,616	9,243	9,026

The Company was qualified as a "high and new technology enterprise" ("HNTE") in November 2019, and received approval from the relevant governmental authorities for the renewal of its HNTE status in December 2022. The Company was entitled to the preferential income tax rate of 15% for the years ended 31 December 2021, 2022 and 2023.

Qingdao Haier Insurance Agency Co., Ltd., an entity wholly held by the Company according to the Note 1, was subject to an income tax rate of 25%, according to the PRC Enterprise Income Tax Law (the "EIT Law") for the years ended 31 December 2021, 2022 and 2023.

The Company's other subsidiaries are recognised as small low-profit enterprises. According to the relevant tax relief policy during the period from 1 January 2021 to 31 December 2022, the portion of annual taxable income of a small low-profit enterprise which does not exceed RMB1 million was computed at a reduced rate of 12.5%, and subject to an enterprise income tax at a rate of 20%. During the period from 1 January 2023 to 31 December 2023, the portion of annual taxable income of a small low-profit enterprise which does not exceed RMB1 million was computed at a reduced rate of 25%, and subject to an enterprise income tax at a rate of 20%.

8 DIRECTORS' EMOLUMENTS

Directors' emoluments during the Track Record Period are as follows:

	Year ended 31 December 2021				
	Directors' fees	**Salaries, allowances and benefits in kind**	**Discretionary bonuses**	**Retirement scheme contributions**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors					
— Mr. Lu Yao	—	430	473	36	939
— Mr. Zhang Zhiquan	—	774	256	57	1,087
Non-executive director					
— Mr. Zhan Bo	—	—	—	—	—
Supervisor					
— Ms. Li Tian	—	287	124	36	447
Total	—	1,491	853	129	2,473

	Year ended 31 December 2022				
	Directors' fees	**Salaries, allowances and benefits in kind**	**Discretionary bonuses**	**Retirement scheme contributions**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors					
— Mr. Lu Yao	—	415	573	19	1,007
— Mr. Zhang Zhiquan	—	759	210	58	1,027
Non-executive director					
— Mr. Zhan Bo	—	—	—	—	—
Supervisor					
— Ms. Li Tian	—	299	155	38	492
Total	—	1,473	938	115	2,526

	Year ended 31 December 2023				
	Directors' fees	**Salaries, allowances and benefits in kind**	**Discretionary bonuses**	**Retirement scheme contributions**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors					
— Mr. Lu Yao	—	495	449	41	985
— Mr. Zhang Zhiquan	—	757	170	39	966
— Mr. Wang Heping	—	514	192	41	747
— Ms. Li Tian	—	281	149	41	471
Non-executive director					
— Mr. Zhan Bo	—	—	—	—	—
Independent non-executive director					
— Ms Fang Qiaoling	—	—	—	—	—
Supervisor					
— Mr. Zhu Rongwei	—	324	121	41	486
— Ms. Sun Yanlu	—	298	105	41	444
— Ms. Wang Jiesi	—	—	—	—	—
Total	—	2,669	1,186	244	4,099

(i) During the Track Record Period, no emoluments were paid or payable by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of any office in connection with the management of the affairs of any member of the Group.

(ii) The emoluments of Mr. Zhan Bo and Ms. Wang Jiesi were waived with their authorisation. There was no other arrangement under which a director or a supervisor waived or agreed to waive any remuneration during the reporting period.

(iii) Mr. Lu Yao and Mr. Zhang Zhiquan were appointed as executive directors of the Company and. Mr. Zhan Bo was appointed as non-executive director of the Company on 10 May 2018. Ms. Li Tian was appointed as a supervisor of the Company on 6 May 2020.

(iv) After the Company's share reform, Mr. Zhan Bo was no longer served as non-executive director since 14 March 2023. Ms. Li Tian, who resigned her position as the supervisor, was appointed as executive director of the Company on 14 March 2023 alongside with Mr. Wang Heping. Besides, Mr. Zhu Rongwei, Ms. Sun Yanlu and Ms. Wang Jiesi were appointed as supervisor of the Company on 14 March 2023, and Ms. Fang Qiaoling was appointed as independent non-executive director on the same date.

(v) The amounts presented above represent the directors' fees, salaries, allowances and benefits in kind, discretionary bonuses and retirement scheme contributions paid during the Track Record Period.

9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

The number of directors, supervisors and others included in the five highest paid individuals for the years ended 31 December 2021, 2022 and 2023 are set forth below:

	Year ended 31 December		
	2021	**2022**	**2023**
	Number of individuals	*Number of individuals*	*Number of individuals*
Directors or Supervisors	3	2	3
Others	2	3	2
	5	5	5

The emoluments of the directors and supervisors are disclosed in Note 8. The aggregate of the emoluments in respect of the remaining highest paid individuals are as follows:

	Year ended 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Salaries, allowances and benefits in kind	719	1,161	762
Discretionary bonuses	221	540	546
Retirement scheme contributions	72	115	83
Total	1,012	1,816	1,391

The emoluments of the above remaining highest paid individuals are all within the following band:

	Year ended 31 December		
	2021	**2022**	**2023**
	Number of individuals	*Number of individuals*	*Number of individuals*
HKD Nil — HKD1,000,000	2	3	2

During the Track Record Period, no amounts were paid or payable by the Group to the above remaining highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of any office in connection with the management of the affairs of any member of the Group.

10 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company and the weighted average of shares deemed to be [REDACTED] or [REDACTED].

The Company converted into a joint stock company with limited liability and issued 105,895,600 shares with the par value of RMB1.0 each on 14 March 2023. For the purpose of computing basic and diluted earnings per share, the weighted average number of shares deemed to be [REDACTED] before the Company's conversion into a joint stock company was determined assuming the conversion into joint stock company had occurred since 1 January 2021, at the conversion ratio established in the conversion in March 2023.

Weighted average number of ordinary shares deemed to be in issue or in issue:

	Year ended 31 December		
	2021	**2022**	**2023**
	'000	*'000*	*'000*
Ordinary shares deemed to be [REDACTED] or [REDACTED] as at 1 January	68,613	83,007	83,007
Effect of ordinary shares deemed to be [REDACTED]	13,195	—	21,760
Weighted average number of ordinary shares (deemed to be) issued as at 31 December	81,808	83,007	104,767

	Year ended 31 December		
	2021	**2022**	**2023**
Net profit attributable to equity shareholders of the Company *(RMB'000)*	27,047	37,776	40,372
Weighted average number of ordinary shares (deemed to be) [REDACTED] as at 31 December *('000)*	81,808	83,007	104,767
Basic earnings per share attributable to equity shareholders of the Company *(in RMB per share)*	0.33	0.46	0.39

Diluted earnings per share for the years ended 31 December 2021, 2022 and 2023 were the same as the basic earnings per share as there were no potential dilutive ordinary shares in existence during the Track Record Period.

11 PROPERTY, PLANT AND EQUIPMENT

	Electronic equipment *RMB'000*	Office and other equipment *RMB'000*	Total *RMB'000*
Cost			
As at 1 January 2021	398	256	654
Additions	175	—	175
As at 31 December 2021/1 January 2022	573	256	829
Additions	175	—	175
As at 31 December 2022/1 January 2023	748	256	1,004
Additions	148	47	195
As at 31 December 2023	896	303	1,199
Accumulated depreciation:			
As at 1 January 2021	(158)	(119)	(277)
Charge for the year	(123)	(49)	(172)
As at 31 December 2021/1 January 2022	(281)	(168)	(449)
Charge for the year	(165)	(49)	(214)
As at 31 December 2022/1 January 2023	(446)	(217)	(663)
Charge for the year	(181)	(31)	(212)
As at 31 December 2023	(627)	(248)	(875)
Net book value:			
As at 31 December 2021	292	88	380
As at 31 December 2022	302	39	341
As at 31 December 2023	269	55	324

12 INTANGIBLE ASSETS

	Software
	RMB'000
Cost	
As at 1 January 2021	1,430
Additions	—
As at 31 December 2021/1 January 2022	1,430
Additions	—
As at 31 December 2022/1 January 2023	1,430
Additions	—
As at 31 December 2023	1,430
Accumulated amortisation:	
As at 1 January 2021	(715)
Charge for the year	(286)
As at 31 December 2021/1 January 2022	(1,001)
Charge for the year	(286)
As at 31 December 2022/1 January 2023	(1,287)
Charge for the year	(143)
As at 31 December 2023	(1,430)
Net book value:	
As at 31 December 2021	429
As at 31 December 2022	143
As at 31 December 2023	—

13 RIGHT-OF-USE ASSETS

	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Cost:			
At 1 January	649	1,403	1,381
Inception of leases	866	995	1,924
Expiration of leases	(112)	(1,017)	(2,294)
At 31 December	1,403	1,381	1,011
Accumulated depreciation:			
At 1 January	(300)	(721)	(823)
Charge for year	(533)	(1,119)	(1,953)
Expiration of leases	112	1,017	2,226
At 31 December	(721)	(823)	(550)
Net book value:			
At 31 December	682	558	461

The Group has obtained the right to use other properties as its place of business through tenancy agreements. The leases typically run for an initial period of 1 to 3 years.

14 FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

		As at 31 December		
		2021	2022	2023
	Note	*RMB'000*	*RMB'000*	*RMB'000*
Current:				
Structured notes	*(i)*	238,730	—	—
Total		238,730	—	—

(i) The structured notes as at 31 December 2021 were issued by securities companies in the PRC.

15 ACCOUNTS RECEIVABLES

	As at 31 December		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Accounts receivables	12,001	21,189	30,897
Less: loss allowance	(13)	(57)	(91)
Accounts receivables, net.	11,988	21,132	30,806

Ageing analysis

As at the end of each of the Track Record Period, the ageing analysis of accounts receivables, based on the invoice date and net of loss allowance, is as follows:

	As at 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Within 3 months (inclusive)	11,851	20,723	28,966
3 months to 6 months (inclusive)	137	338	455
Over 6 months	—	71	1,385
Accounts receivables, net.	11,988	21,132	30,806

Further details on the Group's credit policy and credit risk arising from accounts receivables are set out in Note 24(a).

16 CONTRACT COSTS AND OTHER ASSETS

	As at 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Costs to fulfill contracts	2,183	1,528	1,263
Input value-added tax to be deducted	333	406	1,582
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Others	94	148	151
Total	2,610	2,082	10,678

17 CASH AND CASH EQUIVALENTS, RESTRICTED CASH AND TIME DEPOSITS

(a) Cash and cash equivalents:

		As at 31 December		
		2021	**2022**	**2023**
	Notes	*RMB'000*	*RMB'000*	*RMB'000*
Cash at Haier Finance	*(i)*	16,238	23,307	626
Cash at other financial institutions	*(ii)*	1,662	115	76
Cash at banks		88	124	202,936
Total		17,988	23,546	203,638

(i) Cash at Haier Finance represents cash balances kept in Haier Finance Co.,Ltd., a related party of the Group, which can be withdrawn by the Group at any time.

(ii) Cash at other financial institutions represents cash balances kept in third party payment platforms, which can be withdrawn by the Group at any time.

(b) Time deposits:

		As at 31 December		
		2021	**2022**	**2023**
	Note	*RMB'000*	*RMB'000*	*RMB'000*
Current assets				
— Time deposits	*(i)*	—	265,283	—
Non-current assets				
— Time deposits	*(ii)*	—	—	132,277
Total		—	265,283	132,277

(i) Current time deposits of the Group represent cash kept in Haier Consumer Finance Co., Ltd., a related party of the Group. The terms of the time deposits are beyond 3-month period.

(ii) Non-Current time deposits of the Group represent cash kept in Hua Xia Bank Co., Ltd. and China Construction Bank Co., Ltd. The terms of the time deposits are beyond 1-year period.

(c) Restricted cash:

		As at 31 December		
		2021	**2022**	**2023**
	Notes	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets				
— Guarantee deposits	*(i)*	7,834	8,102	7,545
Current assets				
— Cash collected on behalf of other parties	*(ii)*	4,193	5,899	4,208
Total		12,027	14,001	11,753

(i) As an insurance agency with nationwide Insurance Intermediary License issued by formerly China Banking Regulatory Commission, the registered capital of Qingdao Haier Insurance Agency Co., Ltd. is required to be no less than RMB50 million, with 15% of which as a liquidity reserve.

(ii) Cash collected on behalf of other parties mainly includes insurance premiums collected on behalf of insurance companies but not yet remitted as at the balance sheet dates.

(d) Reconciliation of profit before taxation to cash generated from operations:

		Year ended 31 December		
		2021	**2022**	**2023**
	Notes	*RMB’000*	*RMB’000*	*RMB’000*
Operating activities				
Profit before taxation		32,608	45,592	48,019
Adjustments for				
Depreciation of property, plant and equipment	*6(c)*	172	214	212
Amortisation of intangible assets	*6(c)*	286	286	143
Depreciation of right-of-use assets	*6(c)*	533	1,119	1,953
(Reversal of)/provision for impairment loss		(11)	44	34
Interest expense on lease liabilities	*6(a)*	43	53	47
Interest income from time deposits		—	(3,934)	(5,413)
Unrealised (gains)/loss from financial assets measured at fair value through profit or loss	*5*	(120)	830	—
Realised gains from financial investments measured at fair value through profit or loss	*5*	(5,636)	(3,871)	—
Operating profit before changes in working capital		27,875	40,333	44,995
Changes in working capital				
Increase in accounts receivables		(1,240)	(9,188)	(9,708)
(Increase)/decrease in amounts due from restricted cash		(268)	(268)	558
(Increase)/decrease in contract costs and other assets		(2,414)	528	(914)
Increase/(decrease) in accounts and other payables		3,851	3,975	(6,239)
Increase/(decrease) in contract liabilities		2,105	(1,106)	172
Increase in accrued expenses		351	639	787
Cash generated from operations		30,260	34,913	29,651

(e) Reconciliation of liabilities arising from financing activities:

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

	Lease liabilities		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
As at 1 January	650	1,109	250
Changes from financing cash flows:			
Capital element of lease rentals paid	(312)	(1,838)	(1,581)
Interest element of lease rentals paid	(43)	(53)	(47)
Other changes:			
Increase in lease liabilities	866	994	1,924
Interest expenses	43	53	47
Others	(95)	(15)	(349)
As at 31 December	1,109	250	244

18 ACCOUNTS AND OTHER PAYABLES

		As at 31 December		
		2021	**2022**	**2023**
	Note	*RMB'000*	*RMB'000*	*RMB'000*
Amounts payable to suppliers	*(i)*	15,092	18,239	13,383
Insurance premiums payable	*(ii)*	4,090	5,783	1,628
Others		458	1,315	2,678
Total		19,640	25,337	17,689

(i) As at the end of each of the Track Record Period, the ageing analysis of amounts payable to suppliers, based on the invoice date, is as follows:

	As at 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Within 3 months	15,092	18,239	12,178
3 months to 1 year	—	—	1,152
1 to 2 years	—	—	53
Total	15,092	18,239	13,383

(ii) Insurance premium payables are insurance premiums collected on behalf of insurance companies but not yet remitted as at the balance sheet dates.

19 CONTRACT LIABILITIES

(a) Listed by categories:

	Year ended 31 December		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Insurance agency services	570	980	794
IT services	1,590	74	226
Consulting services	—	—	206
Balance at 31 December	2,160	1,054	1,226

(b) Movements in contract liabilities are as below:

	Year ended 31 December		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Balance at 1 January	55	2,160	1,054
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	(55)	(2,160)	(1,054)
Increase in contract liabilities of Insurance agency services	570	980	794
Increase in contract liabilities of IT services	1,590	74	226
Increase in contract liabilities of Consulting services	—	—	206
Balance at 31 December	2,160	1,054	1,226

20 LEASE LIABILITIES

As at the end of the reporting periods, the lease liabilities were repayable as follows:

	As at 31 December		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	1,083	250	244
1 year to 2 years	26	—	—
Total	1,109	250	244

21 ACCRUED EXPENSES

	As at 31 December		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Accrued staff costs	2,542	3,071	3,840
Value-added tax and surcharge payable	94	188	224
Others	36	51	33
Total	2,672	3,310	4,097

22 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(a) Current taxation payable in the consolidated statements of financial position represent:

	As at 31 December		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Corporate income tax payables	2,437	4,122	3,477
Total	2,437	4,122	3,477

(b) Deferred tax assets and liabilities recognised

(i) Movement of each component of deferred tax assets and liabilities

The components of deferred tax assets/(liabilities) recognised in the consolidated statements of financial position and their movements during the years are as follows:

Deferred tax arising from:	**Impairment loss**	**Changes in the fair value**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2021	6	(165)	(159)
(Charged)/Credit to profit or loss *(Note 7(a))*	(4)	25	21
At 31 December 2021 and 1 January 2022	2	(140)	(138)
Credit to profit or loss *(Note 7(a))*	12	140	152
At 31 December 2022 and 1 January 2023	14	—	14
Credit to profit or loss *(Note 7(a))*	1	—	1
At 31 December 2023	15	—	15

(ii) Reconciliation to the consolidated statements of financial position

	As at 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Net deferred tax asset recognised in the consolidated statements of financial position	—	14	15
Net deferred tax liability recognised in the consolidated statements of financial position	(138)	—	—
At the end of the year	(138)	14	15

23 CAPITAL AND RESERVES

(a) Paid-in capital/share capital and capital reserve

In 2021, the paid-in capital and capital reserve of the Company were increased by RMB126.6 million, which was contributed by Qingdao Haichuangying Equity Investment Partnership (Limited Partnership). The Company completed the registration with the Qingdao Municipal Administration for Market Regulation on 5 February 2021.

On 18 January 2023, Shanghai Zhaoqi Management Consulting Partnership (Limited Partnership) and Qingdao Haizhongjie Management Consulting Enterprise (Limited Partnership) injected RMB31.2 million to complement their subscribed capital contributions in comply with the capital increase agreements, signed in 2018 and 2019 respectively. The paid-in capital of the Company was increased from RMB83.0 million to RMB105.9 million, and the capital reserve of the Company was increased from RMB118.7 million to RMB127.0 million after the injection.

Pursuant to the shareholders' resolution and the promoters' agreement dated 6 March 2023, the then shareholders of the Company agreed to convert the Company into a joint stock company with limited liability with a registered capital of RMB105.9 million (105,895,600 shares with a nominal value of RMB1.0 each).

(b) PRC statutory reserve

PRC statutory reserve is established in accordance with the relevant PRC rules and regulations and the articles of association of the companies comprising the Group incorporated in the PRC.

In accordance with PRC Company Law, the Group are required to allocate 10% of their profit after taxation, as determined in accordance with the relevant PRC accounting standards, to their respective statutory reserves until the reserves reach 50% of their respective registered capital. For the entity concerned, statutory reserves can be used to make good previous years' losses, if any, and may be converted into capital in proportion to the existing equity interests of investors, provided that the balance of the reserve after such conversion is not less than 25% of the entity's registered capital.

(c) Dividends

No dividends have been paid by the Company in respect of the Track Record Period.

(d) Movements in components of equity

The changes of each component of the Group’s consolidated equity during the Track Record Period is set out in the consolidated statements of changes in equity. Details of changes in the Company’s individual components of equity from 1 January 2021 to 31 December 2023 are set out below:

		Reserves			
	Paid-in capital/ share capital	**Capital reserve**	**PRC statutory reserve**	**Retained profits**	**Total**
	RMB’000	*RMB’000*	*RMB’000*	*RMB’000*	*RMB’000*
Balance at 1 January 2021	68,613	6,432	591	5,325	80,961
Changes in equity for 2021:					
Capital contribution from shareholders	14,394	112,239	—	—	126,633
Profit for the year	—	—	—	18,559	18,559
Appropriation to PRC statutory reserve	—	—	1,856	(1,856)	—
Balance at 31 December 2021 and 1 January 2022	83,007	118,671	2,447	22,028	226,153
Changes in equity for 2022:					
Profit for the year	—	—	—	19,256	19,256
Appropriation to PRC statutory reserve	—	—	1,925	(1,925)	—
Balance at 31 December 2022 and 1 January 2023	83,007	118,671	4,372	39,359	245,409
Changes in equity for 2023:					
Capital contribution from shareholders	22,889	8,310	—	—	31,199
Profit for the year	—	—	—	24,787	24,787
Appropriation to PRC statutory reserve	—	—	2,479	(2,479)	—
Balance at 31 December 2023	105,896	126,981	6,851	61,667	301,395

24 FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS

Exposure to credit risk, liquidity risk, interest rate risk, and fair value measurement arises in the normal course of the Group’s business. The Group’s exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group’s credit risk is primarily attributable to accounts receivables. The Group’s exposure to credit risk arising from cash and cash equivalents, restricted cash and time deposits is limited because the counterparties are banks and financial institutions, which the Group considers to have low credit risk.

The Group does not provide any guarantees which would expose the Group to credit risk.

Accounts receivables

In respect of accounts receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivable are non-interest bearing. The Group does not have any off-balance-sheet credit exposure related to its customers.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate, and therefore no significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. As at 31 December 2021, 2022 and 2023, top five trade receivables account for 75.50%, 58.26% and 68.27% of total accounts receivables.

The Group measures loss allowances for accounts receivables at an amount equal to lifetime ECLs, which is calculated with reference to the customer's external credit rating. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

The following table provides information about the Group's exposure to credit risk and ECLs for accounts receivables and other receivables as at 31 December 2021, 2022 and 2023:

	As at 31 December 2021		
	Expected loss rate	**Gross carrying amount**	**Loss allowance**
		RMB'000	*RMB'000*
Current			
— Accounts receivables	0.108%	12,001	13
— Other receivables	—	94	—
		12,095	13

	As at 31 December 2022		
	Expected loss rate	**Gross carrying amount**	**Loss allowance**
		RMB'000	*RMB'000*
Current			
— Accounts receivables	0.269%	21,189	57
— Other receivables	—	148	—
		21,337	57

	As at 31 December 2023		
	Expected loss rate	**Gross carrying amount**	**Loss allowance**
		RMB'000	*RMB'000*
Current			
— Accounts receivables	0.295%	30,897	91
— Other receivables	—	151	—
		31,048	91

Movement in the loss allowance account in respect of accounts receivables during the year is as follows:

	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Balance at 1 January	24	13	57
Loss allowance recognised/(reversed) during the year	(11)	44	34
Balance at 31 December	13	57	91

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they become due. The Group's approach to managing liquidity is to ensure, as far as possible, that it has sufficient cash to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group's policy is to regularly monitor current and expected liquidity requirements, and to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay:

	As at 31 December 2021 contractual undiscounted cash outflow			**Carrying amount in consolidated statement of financial position**
	Within 1 year or on demand	**More than 1 year but less than 2 years**	**Total**	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Accounts and other payables	19,640	—	19,640	19,640
Lease Liabilities	1,132	28	1,160	1,109
Total	20,772	28	20,800	20,749

	As at 31 December 2022 contractual undiscounted cash outflow			Carrying amount in consolidated statement of financial position
	Within 1 year or on demand	More than 1 year but less than 2 years	Total	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Accounts and other payables	25,337	—	25,337	25,337
Lease Liabilities	258	—	258	250
Total	25,595	—	25,595	25,587

	As at 31 December 2023 contractual undiscounted cash outflow			Carrying amount in consolidated statement of financial position
	Within 1 year or on demand	More than 1 year but less than 2 years	Total	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Accounts and other payables	17,689	—	17,689	17,689
Lease Liabilities	247	—	247	244
Total	17,936	—	17,936	17,933

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The interest risk arising from financial assets measured at fair value through profit or loss is not significant due to the short-term maturity of these financial instruments. The Group had no borrowings in the Track Record Period.

(d) Fair value measurement

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of each reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

		As at 31 December		
		2021	**2022**	**2023**
	Note	*RMB'000*	*RMB'000*	*RMB'000*
Level 3				
Assets				
Structured notes	*(i)*	238,730	—	—
Total		238,730	—	—

During the Track Record Period, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Valuation techniques and inputs used in Level 3 fair value measurement:

(i) Wealth management products and structured notes

The carrying amount of wealth management products and structured notes is measured at fair value in the consolidated statements of financial position. The Group determines the fair value of structured notes and wealth management products by using discounted cash flow models. The unobservable inputs are the expected annual return rate fixed in the investment contracts. These expected annual return rates ranged from 2.40% to 2.55% as at 31 December 2021.

As at 31 December 2021, it is estimated that, with all other variables held constant, an increase of expected annual return rate of 1% would have increased the Group's profit before taxation by RMB1.5 million.

The movements of structured notes and wealth management products during the Track Record Period in the balance of these Level 3 fair value measurements are as follows:

	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	82,110	238,730	—
Addition	237,900	—	—
Disposal	(81,400)	(237,900)	—
Change in fair value	120	(830)	—
At the end of the year	238,730	—	—

25 NOTES TO FINANCIAL POSITION OF THE COMPANY

(a) Financial assets at fair value through profit or loss

	As at 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Current			
Structured notes	170,653	—	—
Total	170,653	—	—

(b) Accounts receivables

	As at 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Accounts receivables	375	3,846	8,438
Less: loss allowance	—	—	(22)
Accounts receivables, net.	375	3,846	8,416

Ageing analysis

As at the end of each of the Track Record Period, the ageing analysis of accounts receivables, based on the invoice date and net of loss allowance, is as follows:

	As at 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Within 3 months (inclusive)	375	3,531	8,259
3 months to 6 months (inclusive)	—	315	157
Accounts receivables, net.	375	3,846	8,416

(c) Contract costs and other assets

	As at 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Costs to fulfill contracts	1,827	1,528	1,263
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Others	5	33	33
Total	1,832	1,561	8,978

(d) Cash and cash equivalents

	As at 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Cash at Haier Finance	3,906	7,852	—
Cash at other financial institutions	29	28	—
Cash at banks	20	20	196,087
Total	3,955	7,900	196,087

(e) Time deposits

		As at 31 December		
		2021	**2022**	**2023**
	Notes	*RMB'000*	*RMB'000*	*RMB'000*
Current assets				
— Time deposits	*(i)*	—	182,195	—
Non-current assets				
— Time deposits	*(ii)*	—	—	50,770
Total		—	182,195	50,770

(i) Time deposits of the Company represent cash kept in Haier Consumer Finance Co., Ltd., a related party of the Company. The terms of the time deposits are beyond 3-month period.

(ii) Time deposits of the Company represent cash kept in Hua Xia Bank Co., Ltd. The terms of the time deposits are beyond 1-year period.

(f) Accrued expenses

	As at 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Accrued staff costs	1,242	1,432	1,886
Value Added Tax and surcharge payable	79	113	201
Others	12	19	31
Total	1,333	1,564	2,118

26 MATERIAL RELATED PARTY TRANSACTIONS

(a) Relationship with related parties

Related parties	**Relationship**
Haier Group Corporation	Controlling shareholder
Haier Group Corporation's subsidiaries	Companies controlled by Haier Group Corporation
Haier Group Corporation's affiliated companies	Companies under common control or significantly influenced by Haier Group Corporation
Other related parties	Persons related to the Group and other entities identified in note 2(r)

(b) Key management personnel remuneration

	Year ended 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Salaries, allowances and benefits in kind	1,910	1,938	2,669
Discretionary bonuses	956	1,100	1,186
Retirement scheme contributions	165	153	244
Total	3,031	3,191	4,099

(c) The significant related party transactions are summarised as follows:

	Year ended 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Haier Group Corporation and its subsidiaries and affiliated companies			
Revenue from IT and consulting services	1,367	8,388	10,192
Referral and service fees	(4,204)	(3,776)	(1,529)
Interest income	460	4,172	3,253
Finance costs	(36)	(43)	(22)
Sales and marketing expenses	—	(20)	(35)
General and administrative expenses and others	(1,607)	(2,437)	(2,338)

(d) The balances of transactions with related parties:

	As at 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Haier Group Corporation and its subsidiaries and affiliated companies			
Trade related			
Accounts receivable	303	3,335	3,958
Cash and cash equivalent and restricted cash kept in related parties	22,055	29,206	4,814
Lease Liabilities	(763)	—	—
Accounts and other payables	(3,893)	(5,985)	(2,505)
Non-trade related			
Time deposits kept in related parties	—	265,283	—

27 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS, AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2023

Up to the date of issue of the Historical Financial Information, the IASB has issued a number of amendments, new standards, and interpretations which are not yet effective for the Track Record Period and which have not been adopted in the Historical Financial Information. These include the following which may be relevant to the Group:

	Effective for accounting periods beginning on or after
Amendments to IAS 1, *Classification of Liabilities as Current or Non-current*	1 January 2024
Amendments to IAS 1, *Non-current Liabilities with Covenants*	1 January 2024
Amendments to IFRS 16, *Lease Liability in a Sale and Leaseback*	1 January 2024
Amendments to IAS 7 and IFRS 7, Supplier Finance Arrangements	1 January 2024
Amendments to IAS 21, Lack of Exchangeability	1 January 2025

The Group is in the process of making an assessment of what the impact of these amendments, new standards, and interpretations in the period of initial application. So far the Group has concluded that the adoption is unlikely to have a significant impact on the Group's Historical Financial Information.

28 SUBSEQUENT EVENTS

No material subsequent events were noted after the end of the Track Record Period.

SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company and its subsidiaries comprising the Group in respect of any period subsequent to 31 December 2023.

The information set forth in this appendix does not form part of the Accountants' Report from KPMG, Certified Public Accountants, Hong Kong, the Company's reporting accountants, as set forth in Appendix I to this document, and is included herein for illustrative purpose only.

The unaudited [REDACTED] financial information should be read in conjunction with the section headed "Financial Information" in this document and the Accountants' Report set forth in Appendix I to this document.

A. UNAUDITED [REDACTED] STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited [REDACTED] statement of adjusted consolidated net tangible assets of the Group is prepared in accordance with paragraph 4.29 of the Listing Rules and is set out below to illustrate the effect of the [REDACTED] on the consolidated net tangible assets of the Group attributable to equity shareholders of the Company as at 31 December 2023 as if the [REDACTED] had taken place on 31 December 2023.

This unaudited [REDACTED] statement of adjusted consolidated net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of the Group had the [REDACTED] been completed as at 31 December 2023 or at any future dates.

	Consolidated net tangible assets attributable to equity shareholders of the Company as at 31 December 2023	**Estimated [REDACTED] from the [REDACTED]**	**Unaudited [REDACTED] adjusted consolidated net tangible assets attributable to equity shareholders of the Company**	**Unaudited [REDACTED] adjusted consolidated net tangible assets attributable to equity shareholders of the Company per Share**	
	RMB'000	*RMB'000*	*RMB'000*	*RMB*	*HKD*
	Note (1)	*Note (2)*		*Note (3)*	*Note (4)*
Based on an [REDACTED] of HK$[REDACTED] per H Share	365,210	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Based on an [REDACTED] of HK$[REDACTED] per H Share	365,210	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Notes:

(1) The consolidated net tangible assets attributable to equity shareholders of the Company as at 31 December 2023 is calculated based on the consolidated total equity attributable to equity shareholders of the Company of RMB365,210,000 as at 31 December 2023, which is extracted from the Accountants' Report as set out in Appendix I to this document.

(2) The estimated [REDACTED] from the [REDACTED] are based on [REDACTED] H Shares expected to be [REDACTED] under the [REDACTED] and the indicative [REDACTED]s of HK$[REDACTED] per H Share and HK$[REDACTED] per H Share, being the low end and high end of the indicative [REDACTED] range respectively, after deduction of the estimated [REDACTED] fees and other estimated expenses related to the [REDACTED] paid or payable by the Group (excluding the [REDACTED] charged to profit or loss during the Track Record Period) and assuming the [REDACTED] is not exercised.

The estimated [REDACTED] from the [REDACTED] is converted into Renminbi at an exchange rate of HK$1 to [RMB0.9069] published by PBOC prevailing on 28 March 2024. No representation is made that Hong Kong dollar amounts have been, could have been or may be converted to Renminbi, or vice versa, at that rate or at any other rate or at all.

(3) The unaudited [REDACTED] adjusted consolidated net tangible assets attributable to equity shareholders of the Company per Share is arrived at after adjustments as described in note (2) and on the basis of [REDACTED] Shares in issue immediately following completion of the [REDACTED], which is calculated based on [105,895,600] Domestic Shares in issue at 31 December 2023 and [REDACTED] H Shares [REDACTED] pursuant to the [REDACTED] assuming the [REDACTED] is not exercised.

(4) The unaudited [REDACTED] adjusted consolidated net tangible assets attributable to equity shareholders of the Company per Share is converted into Hong Kong dollars at an exchange rate of [RMB0.9069] to HK$1 published by PBOC prevailing on 28 March 2024. No representation is made that Renminbi amounts have been, could have been or may be converted to Hong Kong dollar, or vice versa, at that rate or at any other rate or at all.

(5) Save for the adjustments made in the preceding paragraphs, no adjustment has been made to the unaudited [REDACTED] adjusted consolidated net tangible assets attributable to equity shareholders of the Company to reflect any [REDACTED] results or other transactions of the Group subsequent to 31 December 2023.

B. REPORT ON THE UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

[REDACTED]

[REDACTED]

PRC TAXATION

Taxation of Security Holders

The taxation of income and capital gains of holders of H Shares is subject to the laws and practices of the PRC and of jurisdictions in which holders of H Shares are resident or otherwise subject to tax. The following summary of certain relevant taxation provisions is based on current effective PRC laws and practices and no predictions are made about changes or adjustments to relevant laws or policies, and no comments or suggestions will be made accordingly. The discussion does not deal with all possible tax consequences relating to an investment in the H Shares, nor does it take into account the specific circumstances of any particular investor, some of which may be subject to special regulations. Accordingly, you should consult your own tax adviser regarding the tax consequences of an investment in H Shares. The discussion is based upon PRC laws and relevant interpretations in effect as at the date of this document, all of which are subject to change and may have retrospective effect. Prospective investors are urged to consult their financial adviser regarding the PRC and other tax consequences of owning and disposing of H Shares.

Taxation on dividends

Individual investors

Pursuant to the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》), which was last amended on 31 August 2018 by the NPC Standing Committee and came into effect on 1 January 2019, and the Regulations on Implementation of the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法實施條例》), which were last amended on 18 December 2018 by the State Council and came into effect on 1 January 2019, dividends paid by PRC enterprises are subject to individual income tax levied at a flat rate of 20%. For a foreign individual who is not a resident of the PRC, the receipt of dividends from a PRC enterprise in the PRC is normally subject to individual income tax of 20% unless specifically exempted by the tax authority of the State Council or reduced by an applicable tax treaty.

Pursuant to the Notice of the State Taxation Administration on Issues Concerning the Levy and Administration of Individual Income Tax After the Repeal of Guo Shui Fa [1993] No. 45) (Guo Shui Han [2011] No. 348) (《國家稅務總局關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》(國稅函[2011]348號)) issued by the STA on 28 June 2011, which came into effect on the same day, domestic non-foreign-invested enterprises issuing shares in Hong Kong may, when distributing dividends, withhold individual income tax at the rate of 10%. For the individual holders of H Shares receiving dividends who are citizens of countries that have entered into a tax treaty with the PRC with tax rate of lower than 10%, non-foreign-invested enterprises listed in Hong Kong may apply on behalf of such holders for enjoying the lower preferential tax treatments, and, upon approval by the tax authorities, the excessive withholding amount will be refunded. For the individual holders of H Shares receiving dividends who are citizens of countries that have entered into a tax treaty with the PRC with tax rate of higher than 10% but lower than 20%, the non-foreign-invested enterprise is required to withhold the tax at the agreed rate under the treaties, and no application procedures will be necessary. For the individual holders of H

Shares receiving dividends who are citizens of countries without taxation treaties with the PRC or are under other situations, the non-foreign-invested enterprise is required to withhold the tax at a rate of 20%.

Enterprise investors

According to the EIT Law, which was latest amended by the NPC Standing Committee and implemented on 29 December 2018, and the Implementation Rules for the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》) enacted on 6 December 2007 by the State Council and became effective on 1 January 2008, and amended on 23 April 2019, a non-resident enterprise is generally subject to a 10% enterprise income tax on PRC-sourced income (including dividends received from a PRC resident enterprise that issues shares in Hong Kong), if it does not have an establishment or premise in the PRC or has an establishment or premise in the PRC but its PRC-sourced income has no real connection with such establishment or premise. The aforesaid income tax payable for non-resident enterprises is deducted at source, where the payer of the income is required to withhold the income tax from the amount to be paid to the non-resident enterprise.

The Notice on the Issues Concerning Withholding the Enterprise Income Tax on the Dividends Paid by Chinese Resident Enterprises to H-Share Holders Which Are Overseas Non-resident Enterprises (Guo Shui Han [2008] No. 897) (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》(國稅函[2008]897號)), which was issued and implemented by the STA on 6 November 2008, further clarifies that a PRC-resident enterprise must withhold enterprise income tax at a rate of 10% on the dividends of 2008 and onwards that it distributes to overseas non-resident enterprise shareholders of H Shares. In addition, the Response to Questions on Levying Enterprise Income Tax on Dividends Derived by Non-resident Enterprise from Holding Stock such as B Shares (Guo Shui Han [2009] No. 394) (《關於非居民企業取得B股等股票股息徵收企業所得稅問題的批覆》(財稅函[2009]394號)), which was issued by the STA and came into effect on 24 July 2009, further provides that any PRC-resident enterprise whose shares are listed on overseas stock exchanges must withhold and remit enterprise income tax at a rate of 10% on dividends of 2008 and onwards that it distributes to non-resident enterprises. Such tax rates may be further modified pursuant to the tax treaty or agreement that China has entered into with a relevant country or region, where applicable.

Pursuant to the Arrangement between the Mainland and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) (the "**Arrangement**"), which was signed between the STA and the Hong Kong Government on 21 August 2006, the PRC Government may levy taxes on the dividends paid by a PRC company to Hong Kong residents (including resident individual and resident entities) in an amount not exceeding 10% of the total dividends payable by the PRC company unless a Hong Kong resident directly holds 25% or more of the equity interest in the PRC company, then such tax shall not exceed 5% of the total dividends payable by the PRC company. The Fifth Protocol to the Arrangement between the Mainland and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《〈內地和

香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排〉第五議定書》), which came into effect on 6 December 2019, added a criteria for the qualification of entitlement to enjoy treaty benefits. Although there may be other provisions under the Arrangement, the treaty benefits under the criteria shall not be granted in the circumstance where relevant gains, after taking into account all relevant facts and conditions, are reasonably deemed to be one of the main purposes for the arrangement or transactions which will bring any direct or indirect benefits under this Arrangement, except when the grant of benefits under such circumstance is consistent with relevant objective and goal under the Arrangement. The application of the dividend clause of tax agreements is subject to the requirements of PRC tax law and regulation, such as the Notice of the STA on the Issues Concerning the Application of the Dividend Clauses of Tax Agreements (Guo Shui Han [2009] No. 81) (《國家稅務總局關於執行稅收協定股息條款有關問題的通知》(國稅函[2009]81號)).

Tax Treaties

Non-resident investors residing in jurisdictions which have entered into treaties or adjustments for the avoidance of double taxation with the PRC might be entitled to a reduction of the PRC enterprise income tax imposed on the dividends received from PRC enterprises. The PRC currently has entered into Avoidance of Double Taxation Treaties or Arrangements with a number of countries and regions including Hong Kong, Macau, Australia, Canada, France, Germany, Japan, Malaysia, the Netherlands, Singapore, the United Kingdom and the United States. Non-PRC resident enterprises entitled to preferential tax rates in accordance with the relevant taxation treaties or arrangements are required to apply to the PRC tax authorities for a refund of the enterprise income tax in excess of the agreed tax rate, and the refund application is subject to approval by the PRC tax authorities.

Taxation on share transfer

Value-Added Tax and Local Surcharges

Pursuant to the Notice on the Full Implementation of Pilot Program for Transition from Business Tax to VAT (Cai Shui [2016] No. 36) (《關於全面推開營業稅改徵增值稅試點的通知》(財稅[2016]36號)), effective from 1 May 2016, entities and individuals engaged in sales of services within the PRC shall be subject to VAT and sales of services within the PRC refers to the situation where either the seller or the buyer of a taxable service is located within the PRC. The notice also provides that transfer of financial products, including transfer of the ownership of marketable securities, shall be subject to VAT at 6% on the taxable income (which is the balance of sales price upon deduction of purchase price), for a general or a foreign VAT taxpayer. However, individuals are exempt from VAT upon transfer of financial products.

VAT taxpayers are also subject to urban maintenance and construction tax, education surcharge and local education surcharge (collectively, "**local surcharges**"), which is usually at 12% of the VAT payable, if any. However, pursuant to the Urban Maintenance and Construction Tax Law of the PRC (《中華人民共和國城市維護建設稅法》) which became effective on 1 September 2021, no urban maintenance and construction tax shall be levied on value-added tax or consumption tax paid for the sale of labor services, other services and intangible assets in China by overseas entities or individuals. Meanwhile, pursuant to Announcement on the Measures for Determining the Tax Basis of Urban Maintenance and Construction Tax and Other Matters (《關於城市維護建設税計税依據確定辦法等事項的公告》), the basis for calculating and levying education surcharges and local education surcharges is consistent with the basis for calculating the urban maintenance and construction tax since 1 September 2021. In conclusion, no urban maintenance and construction tax, education surcharges, and local education surcharges will be levied on value-added tax paid for the sale of intangible assets in China by overseas entities or individuals since 1 September 2021.

However, it is still uncertain whether the non-PRC resident enterprises are required to pay the PRC VAT for the disposal of H shares in practice. If relevant tariffs are imposed in the future, the investment value of such holders in H shares may be materially and adversely affected.

Income Tax

Individual investor

According to the Individual Income Tax Law of the PRC and its implementation rules, the proceeds from the sale of equity interests in PRC-resident enterprise are subject to income tax at a tax rate of 20%.

According to the Notice Concerning Continuing Temporary Exemption From Individual Income Tax on The Income From Stocks Transfer (Cai Shui Zi [1998] No. 61) (《關於個人轉讓股票所得繼續暫免徵收個人所得税的通知》(財税字[1998]61號)) promulgated by the STA and became effective on 30 March 1998, since 1 January 1997, the individual income tax levied on the individual income from transfer of stocks of listed companies will continue to be temporarily exempted. In the newly revised Individual Income Tax Law of the PRC, the STA did not clearly stipulate whether to continue to exempt individuals from tax on the income from transfer of stocks of listed companies.

Furthermore, the Notice of the State Administration of Taxation on Issues Concerning the Levy of Individual Income Tax on Incomes from the Transfer of Restricted Shares of Listed Companies (Cai Shui [2009] No. 167) (《關於個人轉讓上市公司限售股所得徵收個人所得税有關問題的通知》(財税[2009]167號)) jointly issued by the MOF, the STA and the CSRC and implemented on 31 December 2009 stipulates that individuals' income from the transfer of listed shares obtained from the public offering of listed companies and transfer market on the Shanghai Stock Exchange and the Shenzhen Stock Exchange shall continue to be exempted from the individual income tax, provided that it excludes the relevant restricted shares as defined in the Supplementary Notice Concerning the Levy of Individual Income Tax on Incomes from the Transfer of Restricted Shares of Listed Companies (Cai Shui [2010] No. 70) (《關於個人轉讓上市公司限售股所得徵收個人所得税有關問題的補充通知》(財税[2010]70號)) jointly issued by these departments and implemented on 10 November 2010. As at the Latest Practicable Date, the aforementioned provisions did not specify whether to impose the individual income tax on the income from the transfer of shares of PRC-resident enterprise listed on overseas stock exchanges by non-PRC resident individuals.

Enterprise investors

In accordance with the EIT Law and its implementation rules, a non-resident enterprise that has not established an establishment or premises in the PRC or it has established an establishment and premises but the income received has no actual connection with the establishment and premises, it shall pay an enterprise income tax at a rate of 10% for the income arising within the PRC (including the income from sale of equity interests of PRC-resident enterprise). The aforesaid income tax payable for non-resident enterprises are deducted at source, where the payer of the income is required to withhold the income tax from the amount to be paid to the non-resident enterprise on each payment or when it is payable on due date. The withholding tax may be reduced pursuant to applicable treaties or agreements on avoidance of double taxation.

Stamp Duty

In accordance with the Stamp Tax Law of the People's Republic of China (《中華人民共和國印花稅法》) promulgated by the Standing Committee of the NPC on 10 June 2021 and came into effect on 1 July 2022, entities and individuals that issue taxable certificates and conduct securities transactions within the territory of PRC, or entities and individuals who issue taxable certificates and conduct securities transactions outside the territory of PRC to be used within the territory of the PRC shall subject to stamp duty.

Estate Duty

As at the Latest Practicable Date, no estate duty is levied within the PRC.

PRINCIPAL TAXATION OF OUR COMPANY IN THE PRC

Enterprise Income Tax

The Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》), promulgated by the National People's Congress on 16 March 2007, came into effect on 1 January 2008 and last amended on 29 December 2018, as well as the Implementation Rules of the Enterprise Income Tax Law (《中華人民共和國企業所得稅法實施條例》), promulgated by the State Council on 6 December 2007, came into force on 1 January 2008 and amended on 23 April 2019, are the principal law and regulation governing enterprise income tax in the PRC. According to the EIT Law and its implementation rules, enterprises are classified into resident enterprises and non-resident enterprises. Resident enterprises refer to enterprises that are legally established in the PRC, or are established under foreign laws but whose actual management bodies are located in the PRC. Non-resident enterprises refer to enterprises that are legally established under foreign laws and have set up institutions or sites in the PRC but with no actual management body in the PRC, or enterprises that have not set up institutions or sites in the PRC but have derived incomes from the PRC. A uniform income tax rate of 25% applies to all resident enterprises and non-resident enterprises that have set up institutions or sites in the PRC to the extent that such incomes are derived from their set-up institutions or sites in the PRC, or such income are obtained outside the PRC but have an actual connection with the set-up institutions or sites. And non-resident enterprises that have not set up institutions or sites in the PRC or have set up institutions or sites but the incomes obtained by the said enterprises have no actual connection with the set-up institutions or sites, shall pay enterprise income tax at the rate of 10% in relation to their income sources from the PRC.

Pursuant to the Administrative Measures on Accreditation of High-tech Enterprises (《高新技術企業認定管理辦法》) promulgated on 14 April 2008 and amended on 29 January 2016, qualifications of an accredited high-tech enterprise shall be valid for three years from the date of issuance of the certificate. Upon obtaining the qualification as a high-tech enterprise, the enterprise shall complete tax reduction and exemption formalities with the tax authorities in charge pursuant to the provisions of Article 4 of these Measures.

Value-Added Tax

The major PRC Law governing value-added tax are the Interim Regulations on Value-added Tax of the PRC (《中華人民共和國增值稅暫行條例》) issued on 13 December 1993 by the State Council, came into effect on 1 January 1994, and last revised on 19 November 2017, as well as the Implementation Rules for the Interim Regulations on Value-Added Tax of the PRC (《中華人民共和國增值稅暫行條例實施細則》) issued on 25 December 1993 by the MOF, came into effect on the same day and last revised on 28 October 2011, any entities and individuals engaged in the sale of goods, supply of processing, repair and replacement services, and import of goods within the territory of the PRC are taxpayers of VAT and shall pay the VAT in accordance with the law and regulation. The rate of VAT for sale of goods is 17% unless otherwise specified, such as the rate of VAT for sale of transportation is 11%. With the VAT reforms in the PRC, the rate of VAT has been changed several times. The MOF and the STA issued the Notice of on Adjusting VAT Rates (Cai Shui [2018] No. 32) (《關於調整增值稅稅率的通知》(財稅[2018]32號)) on 4 April 2018 to adjust the tax rates of 17% and 11% applicable to any taxpayer's VAT taxable sale or import of goods to 16% and 10%, respectively, and this adjustment became effect on 1 May 2018. Subsequently, the MOF, the STA and the General Administration of Customs jointly issued the Announcement on Relevant Policies for Deepening the VAT Reform (《關於深化增值稅改革有關政策的公告》) on 20 March 2019 to make a further adjustment, which came into effect on 1 April 2019. The tax rate of 16% applicable to the VAT taxable sale or import of goods shall be adjusted to 13%, and the tax rate of 10% applicable thereto shall be adjusted to 9%.

PRC FOREIGN EXCHANGE

The lawful currency of the PRC is Renminbi, which is currently subject to foreign exchange regulation according to relevant laws and regulations. SAFE, with the authorisation of the PBOC, is empowered with the functions of administering all matters relating to foreign exchange, including the enforcement of foreign exchange regulatory regulations.

On 29 January 1996, the State Council promulgated the Regulations of the PRC for Foreign Exchange Control (《中華人民共和國外匯管理條例》) (the "**Foreign Exchange Control Regulations**") which became effective on 1 April 1996. The Foreign Exchange Control Regulations classify all international payments and transfers into current items and capital items. Most of the current items are no longer subject to SAFE's approval, while capital items remain unchanged. The Foreign Exchange Control Regulations were subsequently amended on 14 January 1997 and 5 August 2008. The latest amendment to the Foreign Exchange Control Regulations clearly states that no restriction will be imposed on international current payments and transfers.

On 20 June 1996, the PBOC promulgated the Regulations for the Administration of Settlement, Sale and Payment of Foreign Exchange (Yin Fa [1996] No. 210) (《結匯、售匯及付匯管理規定》(銀發[1996]210號)), which abolished the remaining restrictions on convertibility of foreign exchange under current items, while retaining the existing restrictions on foreign exchange transactions under capital items accounts.

According to the Announcement on Improving the Reform of the Renminbi (the PBOC Announcement [2005] No. 16) (《關於完善人民幣匯率形成機制改革的公告》(中國人民銀行公告[2005]第16號)), issued by the PBOC on 21 July 2005 and effective on the same date, the PRC began to implement a managed floating exchange rate system in which the exchange rate would be determined based on market supply and demand and adjusted with reference to a basket of currencies. The Renminbi exchange rate was no longer pegged to the U.S. dollar. The PBOC would publish the closing price of the exchange rate of the Renminbi against trading currencies such as the U.S. dollar in the interbank foreign exchange market after the closing of the market on each working day, as the central parity of the currency against Renminbi transactions on the following working day.

Starting from 4 January 2006, the PBOC introduced over-the-counter transactions into the interbank spot foreign exchange market for the purpose of improving the formation mechanism of the central parity of Renminbi exchange rates, and the practice of matching was kept at the same time. In addition to the above, the PBOC introduced the market-maker rule to provide liquidity to the foreign exchange market. On 1 July 2014, the PBOC further improved the formation mechanism of the RMB exchange rate by authorising the China Foreign Exchange Trade System to make inquiries with the market makers before the interbank foreign exchange market opens every day for their offered quotations which are used as samples to calculate the central parity of the RMB against the USD on that day using the weighted average of the remaining market makers' offered quotations after excluding the highest and lowest quotations, and announce the central parity of the RMB against currencies such as the USD at 9:15 a.m. on each working day. On 11 August 2015, the PBOC announced to improve the central parity quotations of RMB against the USD by authorising market makers to provide central parity quotations to the China Foreign Exchange Trading System before the interbank foreign exchange market opens every day with reference to the interbank foreign exchange market closing rate of the previous day, the supply and demand for foreign exchange as well as changes in major international currency exchange rates.

On 5 August 2008, the State Council promulgated the revised Foreign Exchange Control Regulations of the PRC, which have made substantial changes to the foreign exchange supervision system of the PRC. First, the regulations have adopted an approach of balancing the inflow and outflow of foreign exchange. Foreign exchange income received overseas can be repatriated or deposited overseas, and foreign exchange and settlement funds under the capital account are required to be used only for purposes as approved by the competent authorities and foreign exchange administrative authorities; second, the regulations have improved the RMB exchange rate floating system based on market supply and demand under management; third, in the event that international balance of payment suffer or may suffer a material misbalance, or the national economy encounters or may encounter a severe crisis, the State may adopt necessary safeguard or control measures against international balance of payment; fourth, the regulations have enhanced the supervision and administration of foreign exchange transactions and grant extensive authorities to SAFE to enhance its supervisory and administrative powers.

According to the relevant laws and regulations in the PRC, PRC enterprises which need foreign exchange for current item transactions may, without the approval of the foreign exchange administrative authorities, effect payment through foreign exchange accounts opened at designated banks that carry foreign exchange business, on the strength of valid receipts and proof. Foreign investment enterprises which need foreign exchange for the distribution of profits to their shareholders and PRC enterprises which, in accordance with regulations, are required to pay dividends to their shareholders in foreign exchange may, after paying taxes in according to the law, on the strength of resolutions of the board of directors on the distribution of profits, effect payment from foreign exchange accounts opened at designated banks that carry foreign exchange business, or effect exchange and payment at designated banks.

The Decisions on Matters including Canceling and Adjusting a Batch of Administrative Approval Items (Guo Fa [2014] No. 50) (《關於取消和調整一批行政審批項目等事項的決定》(國發[2014]50號)) promulgated by the State Council and came into effect on 23 October 2014 provide to cancel the approval requirement of SAFE and its branches for the remittance and settlement of the proceeds raised from the overseas listing of the foreign shares into RMB domestic accounts.

Pursuant to the Notice on Issues Concerning the Foreign Exchange Administration of Overseas Listing (Hui Fa [2014] No. 54) (《關於境外上市外匯管理有關問題的通知》(匯發[2014]54號)) issued by SAFE and became effective on 26 December 2014, a domestic company shall, within 15 business days of the date of the end of its overseas listing issuance, register the overseas listing with the branch office of SAFE located at its registered address; the proceeds from an overseas listing of a domestic company may be repatriated to China or deposited overseas, provided that the intended use of the proceeds shall be consistent with the content of the document or other public disclosure documents. A domestic company (except for bank financial institutions) shall present its certificate of overseas listing to open a dedicated foreign exchange account at a domestic bank for its initial public offering (or follow-on offering) and repurchase business to handle the exchange, remittance and transfer of funds for the business concerned.

According to the Notice on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment (Hui Fa [2015] No. 13) (《關於進一步簡化和改進直接投資外匯管理政策的通知》(匯發[2015]13號)) promulgated by SAFE on 13 February 2015 and became effective on 1 June 2015, and partially repealed on 30 December 2019, the confirmation of foreign exchange registration under domestic direct investment and the confirmation of foreign exchange registration under overseas direct investment shall be directly examined and handled by banks. SAFE and its branch offices shall indirectly regulate the foreign exchange registration of direct investment through banks.

According to the Notice on Policies for Reforming and Regulating the Control over Foreign Exchange Settlement of Capital Accounts (Hui Fa [2016] No. 16) (《關於改革和規範資本項目結匯管理政策的通知》(匯發[2016]16號)) which was promulgated by SAFE and became effective on 9 June 2016, foreign currency earnings in capital account that relevant policies of willingness exchange settlement have been clearly implemented on (including the recalling of raised capital by overseas listing) may undertake foreign exchange settlement in the banks according to actual business needs of the domestic institutions. The tentative percentage of foreign exchange settlement for foreign currency earnings in capital account of domestic institutions is 100%, subject to adjust of SAFE in due time in accordance with international revenue and expenditure situations.

According to the Notice on Optimising Administration of Foreign Exchange to Support the Development of Foreign-related Business (Hui Fa [2020] No. 8) (《國家外匯管理局關於優化外匯管理支持涉外業務發展的通知》(匯發[2020]8號)) issued by SAFE and became effective on 10 April 2020, eligible enterprises are allowed to make domestic payments by using their capital, foreign credits and the income under capital accounts of overseas listing, without providing materials to the bank in advance for authenticity verification on an item-by-item basis, provided that their utilised capital shall be authentic and in line with provisions, and conform to the prevailing administrative regulations related to the use of income under capital accounts. The concerned bank shall manage and control the relevant business risks under the principle of prudent business development and conduct spot checks afterwards in accordance with the relevant requirements. Local foreign exchange authorities shall strengthen monitoring and analysis and interim and ex-post supervision.

PRC LAWS AND REGULATIONS

This Appendix sets out summaries of certain aspects of PRC laws and regulations, which are relevant to the Company's operations and business. Laws and regulations relating to taxation in the PRC are discussed separately in "Appendix III — Taxation and Foreign Exchange" to this document. The principal objective of this summary is to provide potential [REDACTED] with an overview of the principal PRC legal and regulatory provisions applicable to the Company. This summary is not intended to include all the information which may be important to potential [REDACTED]. For more details on laws and regulations which are relevant to our business, please refer to the section headed "Regulatory Overview" in this document.

The PRC Legal System

The PRC legal system is based on the PRC Constitution (《中華人民共和國憲法》) and is made up of written laws, administrative regulations, local regulations, autonomous regulations, separate regulations, rules and regulations of State Council departments, rules and regulations of local governments, laws of special administrative regions and international treaties of which the PRC government is a signatory, and other regulatory documents. Court judgments do not constitute legally binding precedents, although they may be used for the purposes of judicial reference and guidance.

Pursuant to the PRC Constitution and the Legislation Law of the PRC (《中華人民共和國立法法》), the NPC and its Standing Committee are empowered to exercise the legislative power of the State. The NPC has the power to formulate and amend basic laws governing State organs, civil, criminal and other matters. The NPC Standing Committee is empowered to formulate and amend laws other than those required to be enacted by the NPC and to supplement and amend parts of the laws enacted by the NPC during the adjournment of the NPC, provided that such supplements and amendments are not in conflict with the basic principles of such laws.

The State Council is the highest organ of state administration and has the power to formulate administrative regulations based on the PRC Constitution and laws.

The people's congresses of the provinces, autonomous regions and municipalities and their respective standing committees may formulate local regulations based on the specific circumstances and actual needs of their respective administrative areas, provided that such regulations do not contravene any provision of the PRC Constitution, laws or administrative regulations. The people's congresses of cities with districts and their respective standing committees may formulate local regulations with respect to urban and rural construction and administration, environmental protection, historical and cultural protection and other aspects according to the specific circumstances and actual needs of such cities, which will become enforceable after being reported to and approved by the standing committees of the people's congresses of the relevant provinces or autonomous regions, provided that such local regulations do not contravene any provision of the PRC Constitution, laws, administrative regulations and local regulations of their respective provinces or autonomous regions.

The ministries and commissions of the State Council, PBOC, the National Audit Office of the PRC and the subordinate institutions with administrative functions directly under the State Council may formulate rules and regulations within the authorisation of their respective departments in accordance with the laws and administrative regulations, and the decisions and orders of the State Council. The people's governments of the provinces, autonomous regions, municipalities directly under the central government and cities with districts may formulate rules and regulations in accordance with the laws, administrative regulations and local regulations of such provinces, autonomous regions and municipalities directly under the central government.

The PRC Constitution has supreme legal authority and no laws, administrative regulations, local regulations, autonomous regulations or separate regulations may contravene the PRC Constitution. The PRC laws rank higher than administrative regulations, local regulations and rules. The administrative regulations rank higher than local regulations and rules. The rules enacted by the people's governments of the provinces or autonomous regions rank higher than the rules enacted by the people's governments of the cities with districts and autonomous prefectures within the administrative areas of such provinces and the autonomous regions.

The NPC has the power to alter or annul any inappropriate laws enacted by its Standing Committee, and to annul any autonomous regulations or separate regulations which have been approved by its Standing Committee, but which contravene the PRC Constitution or the PRC Legislation Law. The NPC Standing Committee has the power to annul any administrative regulations that contravene the PRC Constitution and laws, to annul any local regulations that contravene the PRC Constitution, laws or administrative regulations, and to annul any autonomous regulations or local regulations which have been approved by the standing committees of the people's congresses of the relevant provinces, autonomous regions or municipalities, but which contravene the PRC Constitution and the PRC Legislation Law. The State Council has the power to alter or annul any inappropriate ministerial rules and rules of local governments. The people's congresses of provinces, autonomous regions or municipalities have the power to alter or annul any inappropriate local regulations enacted or approved by their respective standing committees. The standing committees of local people's congresses have the power to annul inappropriate rules enacted by the people's governments at the corresponding level. The people's governments of provinces and autonomous regions have the power to alter or annul any inappropriate rules enacted by the people's governments at a lower level.

According to the PRC Constitution, the power to interpret laws is vested in the NPC Standing Committee. Pursuant to the Resolution of the Standing Committee of the NPC Providing an Improved Interpretation of the Law (《全國人民代表大會常務委員會關於加強法律解釋工作的決議》) passed on 10 June 1981, issues related to the further clarification or supplement of laws should be interpreted or provided by the NPC Standing Committee, issues related to the specific application of laws and decrees in a court trial should be interpreted by the Supreme People's Court, issues related to the specific application of laws and decrees in a prosecution process should be interpreted by the Supreme People's Procuratorate, and the legal issues other than the above-mentioned should be interpreted by the State Council and the competent authorities. If there are differences in principle in the interpretation of the Supreme People's court and the Supreme People's Procuratorate, they shall be submitted to the NPC Standing Committee for interpretation or decision. The State Council and its ministries and commissions are also vested with the power to give interpretations of the administrative regulations and departmental rules which they have promulgated. At the regional level, the power to interpret regional laws is vested in the regional legislative and administrative authorities which promulgate such laws.

The PRC Judicial System

Pursuant to the PRC Constitution and the Law of Organisation of the People's Courts of the PRC (《中華人民共和國人民法院組織法》) most recently revised on 26 October 2018 and taking effect on 1 January 2019, the people's courts are classified into the Supreme People's Court, the local people's courts at various local levels, and other special people's courts. The local people's courts at various local levels are divided into three levels, namely, the primary people's courts, the intermediate people's courts and the higher people's courts. The primary people's courts are further divided into civil, criminal and economic tribunals. The intermediate people's courts have structure similar to those of the primary people's courts and other special tribunals, such as the intellectual property courts, military courts and maritime courts. These two levels of people's courts are subject to supervision by people's courts at higher levels. The Supreme People's Procuratorate is authorised to supervise the judgment and ruling of the people's courts at all levels which have been legally effective, and the people's procuratorate at a higher level is authorised to supervise the judgment and ruling of a people's court at a lower level which have been legally effective. The Supreme People's Court is the highest judicial authority in the PRC. It supervises the administration of justice by the people's courts at all levels.

The people's courts employ a two-tier appellate system. The judgments or rulings of the second instance at a people's court are final. A party may appeal against the judgment or ruling of the first instance of a local people's court. The people's procuratorate may present a protest to the people's court at the next higher level in accordance with the procedures stipulated by the laws. In the absence of any appeal by the parties and any protest by the people's procuratorate within the stipulated period, the judgments or rulings of the people's court are final. Judgments or rulings of the second instance of the intermediate people's courts, the higher people's courts and the Supreme People's Court are final. Judgments or rulings of the first instance of the Supreme People's Court are also final. However, if the Supreme People's Court or a people's court at the next higher level discovers an error in a final and binding judgment or ruling which has taken effect in any people's court at a lower level, or the presiding judge of a people's court finds an error in a final and binding judgment or ruling which has taken effect in the court over which he presides, a retrial of the case may be initiated according to the judicial supervision procedures.

The Civil Procedure Law of the PRC (《中華人民共和國民事訴訟法》) adopted on 9 April 1991 and most recently amended on 1 September 2023, prescribes the conditions for instituting a civil action, the jurisdiction of the people's courts, the procedures to be followed for conducting a civil action, and the procedures for enforcement of a civil judgment or ruling. All parties to a civil action conducted within the PRC must abide by the

PRC Civil Procedure Law. A civil case is generally heard by the court located in the defendant's place of domicile. The court of jurisdiction in respect of a civil action may also be chosen by explicit agreement among the parties to a contract, provided that the people's court having jurisdiction should be located at places directly connected with the disputes, such as the plaintiff's or the defendant's place of domicile, the place where the contract is executed or signed or the place where the object of the action is located. However, such choice shall not in any circumstances contravene the provisions on grade jurisdiction and exclusive jurisdiction.

A foreign individual, a person without nationality, a foreign enterprise or a foreign organisation that institute or respond to proceedings in a people's court is given the same litigation rights and obligations as a citizen or legal person of the PRC. Should a foreign court limit the litigation rights of PRC citizens and enterprises, the PRC court shall apply the same limitations to the citizens and enterprises of such foreign country. A foreign individual, a person without nationality, a foreign enterprise or a foreign organisation must engage a PRC lawyer in case he/she or it needs to engage a lawyer for the purpose of initiating actions or defending against litigations at a PRC court. In accordance with the international treaties to which the PRC is a signatory or a participant or according to the principle of reciprocity, a people's court and a foreign court may request each other to serve documents, conduct investigation, collect evidence and conduct other actions on its behalf. A PRC court shall not accommodate any request made by a foreign court which will result in the violation of sovereignty, security or public interests of the PRC.

All parties to a civil action shall perform legally effective judgments and rulings. If any party to a civil action refuses to abide by a judgment or ruling made by a people's court or an award made by an arbitration tribunal in the PRC, the other party may apply to the people's court for the enforcement of the same within two years, subject to application for postponed enforcement or revocation. If a party fails to satisfy within the stipulated period a judgment which the court has granted an enforcement approval, the court may, upon the application of the other party, mandatorily enforce the judgment.

A party seeking to enforce a judgment or ruling of a people's court against another party who is not or whose property is not within the PRC may apply to a foreign court with jurisdiction over the case for recognition and enforcement of such judgment or ruling. Alternatively, the people's court may, pursuant to an international treaty concluded or acceded to by the PRC or in accordance with the principle of reciprocity, request the foreign court to recognise and execute the judgment or ruling. Likewise, if the PRC has entered into either a treaty relating to judicial enforcement with the relevant foreign country or according to the principle of reciprocity, a foreign judgment or ruling may also be recognised and enforced in accordance with the PRC enforcement procedures by a PRC court unless the people's court considers that the recognition or enforcement of such judgment or ruling would violate the basic legal principles of the PRC, its sovereignty or national security, or would not be in the public interest.

The PRC Company Law, Overseas Listing Trial Measures and Guidance for Articles of Association

A joint stock limited company incorporated in the PRC and seeking a listing on the Hong Kong Stock Exchange is mainly subject to the following laws and regulations in the PRC:

- The currently effective PRC Company Law (《中華人民共和國公司法》) was adopted by the NPC Standing Committee on 26 October 2018. The PRC Company Law was further revised on 29 December 2023 and the newly revised version will take effect from 1 July 2024;

- The Overseas Listing Trial Measures and five relevant guidelines which were promulgated by the CSRC on 17 February 2023 pursuant to the PRC Securities Law and are applicable to the direct and indirect overseas share offering or listing of domestic companies; and

- The Guidelines for Articles of Association of Listed Companies (《上市公司章程指引》) (the "**Guidance for Articles of Association**") which was most recently amended on 15 December 2023 by the CSRC. The Articles of Association is formulated based on the Guidance for Articles of Association on a reference basis, the summary of which is set out in the section entitled "Appendix V — Summary of the Articles of Association" to this document.

Set out below is a summary of the major provisions of the currently effective PRC Company Law, the Overseas Listing Trial Measures and the Guidance for Articles of Association which are applicable to the Company.

General

A joint stock limited company refers to a corporate legal person established in China under the PRC Company Law with its registered capital divided into shares of equal par value. The liability of the company is limited to the total amount of all assets it owns and the liability of its shareholders is limited to the extent of the shares they subscribe for.

The company shall conduct its business in accordance with laws and administrative regulations. It may invest in other limited liability companies and joint stock limited companies and its liabilities with respect to such invested companies are limited to the amount invested. Unless otherwise provided by law, the company may not be a contributor that undertakes joint liabilities for the debts of the invested companies.

Incorporation

A company may be incorporated by promotion or floatation. A company shall be incorporated by a minimum of two but no more than 200 promoters, and at least half of the promoters must be residents within the PRC. Companies incorporated by promotion are companies of which the entire registered capital is subscribed for by the promoters. Shares in the company incorporated by promotion shall not be offered to others unless the registered capital has been fully paid up. For companies incorporated by floatation, the registered capital is the total paid-up capital as registered with the relevant registration authorities. If laws, administrative regulations and decisions of the State Council have separate provisions on paid-in registered capital and the minimum registered capital, the company should follow such provisions.

For companies incorporated by way of promotion, the promoters shall subscribe in writing for the shares required to be subscribed for by them and pay up their capital contributions under the articles of association. Procedures relating to the transfer of titles to non-monetary assets shall be duly completed if such assets are to be contributed as capital. Promoters who fail to pay up their capital contributions in accordance with the foregoing provisions shall assume default liabilities in accordance with the covenants set out in the promoters' agreements. After the promoters have confirmed the capital contribution under the articles of association, a board of directors and a board of supervisors shall be elected and the board of directors shall apply for registration of incorporation by filing the articles of association with the company registration authority, and other documents as required by laws or administrative regulations.

Where companies are incorporated by floatation, not less than 35% of their total number of shares must be subscribed for by the promoters, unless otherwise provided for by laws or administrative regulations. The promoters shall preside over and convene an inauguration meeting within thirty days from the date of the full payment of subscription capital. The inauguration meeting shall be formed by the promoters and subscribers. Where the shares issued are not fully subscribed for within the offer period stipulated in the share offering document, or where the promoter fails to convene an inauguration meeting within thirty days of the subscription capital for the shares issued being fully paid up, the subscribers may demand that the promoters refund the subscription capital so paid together with the interest calculated at bank rates of a deposit for the same period. Within thirty days of the conclusion of the inauguration meeting, the board of directors shall apply to the registration authority for registration of the establishment of the company. A company is formally established and has the status of a legal person after the registration with the relevant administration for market regulation has been completed and a business license has been issued.

Share Capital

The promoters may make a capital contribution in currencies, or non-monetary assets such as in kind, intellectual property rights or land use rights which can be appraised with monetary value and transferred lawfully, except for assets which are prohibited from being contributed as capital by laws or administrative regulations. If a capital contribution is made in non-monetary assets, a valuation of the assets contributed must be carried out pursuant to the provisions of laws or administrative regulations on valuation without any over-valuation or under-valuation.

There is no limit under the PRC Company Law as to the percentage of shares held by an individual shareholder in a company. A company may issue registered or bearer shares. However, shares issued to promoters or legal persons shall be in the form of registered shares and shall be registered under the names of such promoters or legal persons and shall not be registered under a different name or the name of a representative.

The issuance of shares shall be conducted in a fair and equitable manner. Each share of the same class must carry equal rights. Shares issued at the same time and within the same class must be issued on the same conditions and at the same price. The same price per share shall be paid by any share subscriber (whether an entity or an individual). The share offering price may be equal to or greater than the par value of the share, but may not be less than the par value.

Under the Overseas Listing Trial Measures, if a domestic company offers shares overseas, it may raise funds and dividend distributions in foreign currency or Renminbi.

Under the PRC Company Law, a company issuing registered share certificates shall maintain a shareholder registry which sets forth the following matters:

(i) the name and domicile of each shareholder;

(ii) the number of shares held by each shareholder;

(iii) the serial numbers of shares held by each shareholder; and

(iv) the date on which each shareholder acquired the shares.

Increase in Share Capital

In light of its operational and development needs and in accordance with laws and regulations, a company may increase its share capital under any of the following methods, subject to the resolutions be passed at a shareholders' general meeting: (i) a public offering of shares; (ii) a private placement of shares; (iii) offering of bonus shares to existing shareholders; (iv) the conversion of reserve funds into shares; and (v) any other methods provided in law and administrative regulations and approved by the CSRC.

Pursuant to the PRC Company Law, where a company is issuing new shares, resolutions shall be passed at general meeting in accordance with the articles of association in respect of the class and amount of the new shares, the issue price of the new shares, the commencement and end dates for the issue of the new shares and when the new shares are proposed to be issued to existing shareholders, the class and amount of such new shares.

To offer shares overseas, the domestic company shall report the application documents for offering and listing to the CSRC for record-filing within three business days after submission of the application documents for offering and listing overseas.

Reduction of Share Capital

A company may reduce its registered capital in accordance with the following procedures prescribed by the PRC Company Law:

(i) the company shall prepare a balance sheet and a list of properties;

(ii) the reduction of registered capital must be approved by shareholders at the general meeting;

(iii) the company shall notify its creditors of the reduction in registered capital within ten days and publish an announcement of the reduction in newspapers within thirty days of the resolution approving the reduction being passed;

(iv) the creditors of the company may within the statutory time limit require the company to repay its debts or provide guarantees for covering the debts; and

(v) the company must apply to the relevant company registration authority for registration of the change and reduction in registered capital.

Repurchase of Shares

Pursuant to the PRC Company Law, a company shall not purchase its own shares other than in any of the following circumstances:

(i) reducing its registered capital;

(ii) merging with another company which holds its shares;

(iii) utilising the shares for employee stock ownership plan or stock ownership incentive scheme;

(iv) acquiring its own shares at the request of its shareholders who vote in a shareholders' general meeting against a resolution regarding a merger or separation;

(v) utilising the shares for conversion of corporate bonds which are convertible into shares issued by a listed company; and

(vi) where it is necessary for a listed company to maintain its corporate value and stockholders' equity.

Any company's purchase of its own shares for any reason specified in item (i) and item (ii) of the preceding paragraph shall be subject to a resolution of the general meeting; any company's purchase of its own shares for any reason specified in item (iii), item (v) and item (vi) of the preceding paragraph may be subject to a resolution of the board meeting with more than two thirds of directors present, according to the provisions of the articles of associations or upon authorisation by the general meeting.

The shares acquired under the circumstance stipulated in item (i) hereof shall be deregistered within ten days from the date of acquisition of shares; the shares shall be assigned or deregistered within six months if the repurchase of shares is made under the circumstances stipulated in either item (ii) or item (iv); and the shares held in total by a company after the repurchase under any of the circumstances stipulated in item (iii), item (v) or item (vi) shall not exceed 10% of the company's total outstanding shares, and shall be assigned or deregistered within three years.

Transfer of Shares

Shares held by shareholders may be transferred in accordance with the relevant laws. Pursuant to the PRC Company Law, a shareholder should effect a transfer of his shares on a stock exchange established in accordance with laws or by any other means as required by the State Council. Registered shares may be transferred after the shareholders endorse the back of the share certificates or in any other manner specified by laws or administrative regulations. Following the transfer, the company shall enter the names and addresses of the transferees into its share register. No changes of registration in the share register described above shall be effected during a period of twenty days prior to convening a shareholders' general meeting or five days prior to the record date for the purpose of determining entitlements to dividend distributions, subject to any legal provisions on the registration of changes in the share register of listed companies. The transfer of bearer share certificates shall become effective upon the delivery of the certificates to the transferee by the shareholder.

Pursuant to the PRC Company Law, shares held by promoters may not be transferred within one year of the establishment of the company. Shares of the company issued prior to the public offering of shares may not be transferred within one year of the date of the company's listing on a stock exchange. Directors, supervisors and the senior management of a company shall declare to the company their shareholdings in the company and any changes thereof. During their terms of office, they may transfer no more than 25% of the total number of shares they hold in the company per annum. They shall not transfer the shares they hold within one year of the date of the company's listing on a stock exchange, nor within half a year after they leave their positions in the company. The articles of association may set out other restrictive provisions in respect of the transfer of shares in the company held by its directors, supervisors and the senior management.

Shareholders

Under the PRC Company Law, the rights of shareholders include the rights:

(i) to receive a return on assets, participate in significant decision-making and select management personnel;

(ii) to petition the people's court to revoke any resolution passed on a shareholders' general meeting or a meeting of the board of directors that has not been convened in compliance with the laws and regulations or the articles of association or whose voting has violated the laws, administrative regulations or the articles of association of the company, or any resolution the contents of which is in violation of the articles of association, provided that such petition shall be submitted within sixty days of the passing of such resolution;

(iii) to transfer the shares according to the applicable laws and regulations and the articles of association;

(iv) to attend or appoint a proxy to attend shareholders' general meetings and exercise the voting rights;

(v) to inspect the articles of association, share register, counterfoil of company debentures, minutes of shareholders' general meetings, board resolutions, resolutions of the board of supervisors and financial and accounting reports, and to make suggestions or inquiries in respect of the company's operations;

(vi) to receive dividends in respect of the number of shares held;

(vii) to participate in distribution of residual properties of the company in proportion to their shareholdings upon the liquidation of the company; and

(viii) any other shareholders' rights provided for in laws, administrative regulations, other normative documents and the articles of association.

The obligations of shareholders include the obligation to abide by the company's articles of association, to pay the subscription capital in respect of the shares subscribed for, to be liable for the company's debts and liabilities to the extent of the amount of subscription capital agreed to be paid in respect of the shares taken up by them and any other shareholder obligation specified in the articles of association.

Shareholders' General Meetings

The general meeting is the organ of authority of the company, which exercises its powers in accordance with the PRC Company Law. The general meeting may exercise its powers:

(i) to decide on the company's operational objectives and investment plans;

(ii) to elect and remove the directors and supervisors (not being representative(s) of employees) and to decide on the matters relating to the remuneration of directors and supervisors;

(iii) to review and approve the reports of the board of directors;

(iv) to review and approve the reports of the board of supervisors or supervisors;

(v) to review and approve the company's annual financial budgets and final accounts plan;

(vi) to review and approve the company's profit distribution proposals and loss recovery proposals;

(vii) to decide on any increase or reduction of the company's registered capital;

(viii) to decide on the issue of corporate bonds;

(ix) to decide on merger, division, dissolution and liquidation of the company or change of its corporate form;

(x) to amend the company's articles of association; and

(xi) to exercise any other authority stipulated in the articles of association.

Pursuant to the PRC Company Law, a shareholders' general meeting is required to be held once every year. An extraordinary general meeting is required to be held within two months of the occurrence of any of the following circumstances:

(i) the number of directors is less than the number stipulated by the law or less than two thirds of the number specified in the articles of association;

(ii) the outstanding losses of the company amounted to one-third of the company's total paid in share capital;

(iii) shareholders individually or in aggregate holding 10% or more of the company's shares request that an extraordinary general meeting is convened;

(iv) the board of directors deems necessary;

(v) the board of supervisors so proposes; or

(vi) any other circumstances as provided for in the articles of association.

A shareholders' general meeting shall be convened by the board of directors and presided over by the chairman of the board of directors. In the event that the chairman is incapable of performing or is not performing his duties, the meeting shall be presided over by the vice chairman. In the event that the vice chairman is incapable of performing or is not performing his duties, a director nominated by half or more of the directors shall preside over the meeting. Where the board of directors is incapable of performing or is not performing its duties to convene the general meeting, the board of supervisors shall convene and preside over such meeting in a timely manner. If the board of supervisors fails to convene and preside over such meeting, shareholders individually or in aggregate holding 10% or more of the company's shares for ninety days or more consecutively may unilaterally convene and preside over such meeting.

In accordance with the PRC Company Law, a notice of the general meeting stating the date and venue of the meeting and the matters to be considered at the meeting shall be given to all shareholders twenty days before the meeting. A notice of extraordinary general meeting shall be given to all shareholders fifteen days prior to the meeting. For the issuance of bearer share certificates, the time and venue of and matters to be considered at the meeting shall be announced thirty days before the meeting.

There is no specific provision in the PRC Company Law regarding the number of shareholders constituting a quorum in a shareholders' general meeting.

Pursuant to the PRC Company Law, shareholders present at a shareholders' general meeting have one vote for each share they hold, save that shares held by the company are not entitled to any voting rights.

An accumulative voting system may be adopted for the election of directors and supervisors at the general meeting pursuant to the provisions of the articles of association or a resolution of the general meeting. Under the accumulative voting system, each share shall be entitled to the number of votes equivalent to the number of directors or supervisors to be elected at the general meeting, and shareholders may consolidate their votes for one or more directors or supervisors when casting a vote.

Pursuant to the PRC Company Law, resolutions of the general meeting must be passed by more than half of the voting rights held by shareholders present at the meeting, with the exception of resolutions relating to merger, division or dissolution of the company, increase or reduction of registered share capital, change of corporate form or amendments to the articles of association, which in each case must be passed by more than two-thirds of the voting rights held by the shareholders present at the meeting. Where the PRC Company Law and the articles of association provide that the transfer or acquisition of significant assets or the provision of external guarantees by the company must be approved by way of resolution of the general meeting, the board of directors shall convene a shareholders' general meeting promptly to vote on such matters.

A shareholder may entrust a proxy to attend the general meeting on his/her behalf. The proxy shall present the shareholders' power of attorney to the company and exercise voting rights within the scope of authorisation.

Minutes shall be prepared in respect of matters considered at the general meeting and the chairman and directors attending the meeting shall endorse such minutes by signature. The chairman of the meeting and directors attending the meeting shall sign to endorse such minutes. The minutes shall be kept together with the shareholders' attendance register and the proxy forms.

Board of Directors

A joint stock limited company shall have a board of directors which shall consist of five to nineteen members. Members of the board of directors may include staff representatives, who shall be democratically elected by the company's staff at a staff representative assembly, general staff meeting or otherwise. The term of a director shall be stipulated in the articles of association, provided that no term of office shall last for more than three years. A director may serve consecutive terms if re-elected. A director shall continue to perform his/her duties as a director in accordance with the laws, administrative regulations and the articles of association until a duly re-elected director takes office, if re-election is not conducted in a timely manner upon the expiry of his/her term of office or if the resignation of directors results in the number of directors being less than the quorum.

Under the PRC Company Law, the board of directors may exercise its powers:

(i) to convene shareholders' general meetings and report on its work to the shareholders' general meetings;

(ii) to implement the resolutions passed by the shareholders at the shareholders' general meetings;

(iii) to decide on the company's operational plans and investment proposals;

(iv) to formulate proposals for the company's annual financial budgets and final accounts;

(v) to formulate the company's profit distribution proposals and loss recovery proposals;

(vi) to formulate proposals for the increase or reduction of the company's registered capital and the issue of corporate bonds;

(vii) to formulate proposals for the merger, division or dissolution of the company or change of corporate form;

(viii) to decide on the setup of the company's internal management organs;

(ix) to appoint or dismiss the company's manager and decide on his/her remuneration and, based on the manager's recommendation, to appoint or dismiss any deputy manager and financial officer of the company and to decide on their remunerations;

(x) to formulate the company's basic management system; and

(xi) to exercise any other authority stipulated in the articles of association.

Meetings of the board of directors shall be convened at least twice each year. Notices of meeting shall be given to all directors and supervisors ten days before the meeting. Interim board meetings may be proposed to be convened by shareholders representing more than 10% of the voting rights, more than one-third of the directors or the board of supervisors. The chairman shall convene the meeting within ten days of receiving such proposal, and preside over the meeting. The board of directors may otherwise determine the means and the period of notice for convening an interim board meeting. Meetings of the board of directors shall be held only if more than half of the directors are present. Resolutions of the board of directors shall be passed by more than half of all directors. Each director shall have one vote for a resolution to be approved by the board of directors. Directors shall attend the meetings of the board of directors in person. If a director is unable to attend for any reason, he/she may appoint another director to attend the meeting on his/her behalf by a written power of attorney specifying the scope of authorisation. The board of directors shall make minutes of the meeting's decisions on the matters discussed at the meeting, and the directors attending the meeting shall sign the minutes.

If a resolution of the board of directors violates any laws, administrative regulations or the articles of association or resolutions of the general meeting, and as a result of which the company sustains serious losses, the directors participating in the resolution are liable to compensate the company. However, if it can be proved that a director expressly objected to the resolution when the resolution was voted on, and that such objection was recorded in the minutes of the meeting, such director shall be relieved from that liability.

Under the PRC Company Law, the following person may not serve as a director in a company:

(i) a person without capacity or restricted capacity to undertake any civil liabilities;

(ii) a person who has been convicted of an offense of corruption, bribery, embezzlement, misappropriation of property or destruction of the socialist economic order, or who has been deprived of his political rights due to his crimes, in each case where no more than five years have elapsed since the date of completion of the sentence;

(iii) a person who has been a former director, factory manager or manager of a company or an enterprise that has entered into insolvent liquidation and who was personally liable for the insolvency of such company or enterprise, where no more than three years have elapsed since the date of the completion of the bankruptcy and liquidation of the company or enterprise;

(iv) a person who has been a legal representative of a company or an enterprise that has had its business license revoked due to violations of the law or has been ordered to close down by law and the person was personally responsible, where less than three years have elapsed since the date of such revocation; or

(v) a person who is liable for a relatively large amount of debts that are overdue.

Where a company elects or appoints a director to which any of the above circumstances applies, such election or appointment shall be null and void. A director to which any of the above circumstances applies during his/her term of office shall be released of his/her duties by the company.

Pursuant to the PRC Company Law, the board of directors shall appoint a chairman and may appoint a vice chairman. The chairman and the vice chairman shall be elected with approval of more than half of all the directors. The chairman shall convene and preside over board meetings and review the implementation of board resolutions. The vice chairman shall assist the chairman to perform his/her duties. Where the chairman is incapable of performing or is not performing his/her duties, the duties shall be performed by the vice chairman. Where the vice chairman is incapable of performing or is not performing his/her duties, a director elected by more than half of the directors shall perform his/her duties.

Board of Supervisors

Pursuant to the PRC Company Law, a joint stock limited company shall have a board of supervisors composed of not less than three members. The board of supervisors shall consist of representatives of the shareholders and an appropriate proportion of representatives of the company's staff, among which the proportion of representatives of the company's staff shall not be less than one-third, and the actual proportion shall be determined in the articles of association. Representatives of the company's staff at the board of supervisors shall be democratically elected by the company's staff at the staff representative assembly, general staff meeting or otherwise. The board of supervisors shall appoint a chairman and may appoint a vice chairman. The chairman and the vice chairman of the board of supervisors shall be elected by more than half of the supervisors. Directors and senior management shall not act concurrently as supervisors.

The chairman of the board of supervisors shall convene and preside over board of supervisors meetings. Where the chairman of the board of supervisors is incapable of performing or is not performing his/her duties, the vice chairman of the board of supervisors shall convene and preside over supervisory board meetings. Where the vice chairman of the board of supervisors is incapable of performing or is not performing his/her duties, a supervisor nominated by more than half of the supervisors shall convene and preside over meetings of the board of supervisors.

Each term of office of a supervisor is three years and he/she may serve consecutive terms if re-elected. A supervisor shall continue to perform his/her duties as a supervisor in accordance with the laws, administrative regulations and the articles of association until a duly re-elected supervisor takes office, if re-election is not conducted in a timely manner upon the expiry of his/her term of office or if the resignation of supervisors results in the number of supervisors being less than the quorum.

The board of supervisors may exercise its powers:

(i) to review the company's financial position;

(ii) to supervise the directors and senior management in their performance of their duties and to propose the removal of directors and senior management who have violated laws, regulations, the articles of association or shareholders' resolutions;

(iii) when the acts of directors or senior management are detrimental to the company's interests, to require the director and senior management to correct these acts;

(iv) to propose the convening of extraordinary shareholders' general meetings and to convene and preside over shareholders' general meetings when the board fails to perform the duty of convening and presiding over shareholders' general meetings under the PRC Company Law;

(v) to submit proposals to the shareholders' general meetings;

(vi) to bring actions against directors and senior management pursuant to the relevant provisions of the PRC Company Law; and

(vii) to exercise any other authority stipulated in the articles of association.

Supervisors may be present at board meetings and make inquiries or proposals in respect of the resolutions of the board. The board of supervisors may investigate any irregularities identified in the operation of the company and, when necessary, may engage an accounting firm to assist its work at the cost of the company.

Manager and Senior Management

Pursuant to the PRC Company Law, a company shall have a manager who shall be appointed or removed by the board of directors. The manager may exercise his/her powers:

(i) to manage the production, operation and administration of the company and arrange for the implementation of the resolutions of the board of directors;

(ii) to arrange for the implementation of the company's annual operation plans and investment proposals;

(iii) to formulate proposals for the establishment of the company's internal management organs;

(iv) to formulate the fundamental management system of the company;

(v) to formulate the company's specific rules and regulations;

(vi) to recommend the appointment or dismissal of any deputy manager and any financial officer of the company;

(vii) to appoint or dismiss management personnel (other than those required to be appointed or dismissed by the board of directors); and

(viii) to exercise any other authority granted by the board of directors.

Other provisions in the articles of association on the manager's powers shall also be complied with. The manager shall be present at meetings of the board of directors. However, the manager shall have no voting rights at meetings of the board of directors unless he/she concurrently serves as a director.

Pursuant to the PRC Company Law, senior management refers to the manager, deputy manager, financial officer, secretary to the board of directors of a listed company and other personnel as stipulated in the articles of association.

Duties of Directors, Supervisors, Managers and Other Senior Management

Directors, supervisors and senior management are required under the PRC Company Law to comply with the relevant laws, regulations and the articles of association, and shall be obliged to be faithful and diligent towards the Company.

Directors, supervisors and management personnel are prohibited from abusing their authority in accepting bribes or other unlawful income and from misappropriating the company's property.

Directors and senior management are prohibited from:

(i) misappropriating company funds;

(ii) depositing company funds into accounts under their own names or the names of other individuals;

(iii) loaning company funds to others or providing guarantees in favor of others supported by company's property in violation of the articles of association or without approval of the general meeting or the board of directors;

(iv) entering into contracts or transactions with the company in violation of the articles of association or without approval of the general meeting;

(v) using their position to procure business opportunities for themselves or others that should have otherwise been available to the company or operating businesses similar to that of the company for their own benefits or on behalf of others without approval of the general meeting;

(vi) accepting commissions paid by a third party for transactions conducted with the company for their own benefit;

(vii) unauthorised divulgence of confidential information of the company; and

(viii)other acts in violation of their duty of loyalty to the company.

Income generated by directors or senior management in violation of aforementioned shall be returned to the company.

A director, supervisor or senior management who contravenes any laws, regulations or the company's articles of association in the performance of his/her duties resulting in any loss to the company shall be liable to the company for compensation.

The Guidance for Articles of Association provides that a company's directors and senior management shall have duties of diligence towards the company, for example, the directors shall be prudent, serious and diligent in exercising the authority conferred by the company to ensure that the business activities of the company comply with state's laws, administrative regulations and various economic policy requirements and that the business activities do not go beyond the scope of business activities specified in the company's business license; the directors shall treat all shareholders equally; the shareholders shall keep abreast of the company's business management status; both the directors and the senior management shall sign written statements confirming periodic reports of the company and ensure that the information disclosed by the company is true, accurate and complete; both the directors and the senior management shall provide accurate information and materials to the board of supervisors and shall not interfere with the performance of duties by the board of supervisors or individual supervisors; both the directors and the senior management shall have other diligence duties prescribed by laws, administrative regulations, departmental rules and the company's articles of association.

Finance and Accounting

Pursuant to the PRC Company Law, a company shall establish its own financial and accounting systems according to the laws, administrative regulations and the regulations of the competent financial departments of the State Council. At the end of each financial year, a company shall prepare a financial report which shall be audited by an accounting firm in accordance with the laws. The financial and accounting reports shall be prepared in accordance with the laws, administrative regulations and the regulations of the financial departments of the State Council.

The company's financial reports shall be made available for shareholders' inspection at the company twenty days before the convening of an annual general meeting. A joint stock limited company that makes public stock offerings shall publish its financial reports.

When distributing each year's profits after taxation, the company shall set aside 10% of its profits after taxation for the company's statutory common reserve fund until the fund has reached more than 50% of the company's registered capital. When the company's statutory common reserve fund is not sufficient to make up for the company's losses for the previous years, the current year's profits shall first be used to make good the losses before any allocation is set aside for the statutory common reserve fund. After the company has made allocations to the statutory common reserve fund from its profits after taxation, it may, upon passing a resolution at a shareholders' general meeting, make further allocations from its profits after taxation to the discretionary common reserve fund. After the company has made good its losses and made allocations to the abovementioned reserve fund, the remaining profits after taxation shall be distributed in proportion to the number of shares held by the shareholders, except for those which are not distributed in a proportionate manner as provided by the articles of association.

Profits distributed to shareholders by a resolution of a shareholders' general meeting or the board of directors before losses have been made good and allocations have been made to the statutory common reserve fund in violation of the requirements described above must be returned to the company. The company shall not be entitled to any distribution of profits in respect of shares held by it.

The premium over the nominal value of the shares of the company on issue and other income as required by relevant government authorities to be treated as the capital reserve fund shall be accounted for as the capital reserve fund. The common reserve fund of a company shall be applied to make good the company's losses, expand its business operations or increase its capital. The capital reserve fund, however, shall not be used to make good the company's losses. Upon the transfer of the statutory common reserve fund into capital, the balance of the statutory common fund shall not be less than 25% of the registered capital of the company before such transfer.

The company shall have no accounting books other than the statutory books. The company's assets shall not be deposited in any account opened under the name of an individual.

Appointment and Retirement of Auditors

The Guidance for Articles of Association provides that a company shall engage an accounting firm which is qualified with the PRC Securities Law to provide services including the audit of financial statements, the verification of net assets and other relevant consultancy services. The engagement term is one year and may be extended.

Pursuant to the PRC Company Law, the appointment or dismissal of an accounting firm responsible for the company's auditing shall be determined by shareholders at a shareholders' general meeting or the board of directors in accordance with the articles of association. The accounting firm should be allowed to make representations when the general meeting or the board of directors conduct a vote on the dismissal of the accounting firm. The company should provide true and complete accounting evidence, accounting books, financial and accounting reports and other accounting information to the engaged accounting firm without any refusal, withholding or falsification of information. Furthermore, the Guidance for Articles of Association provides that the audit fee for the accounting firm shall also be determined by shareholders at a general meeting.

Profit Distribution

According to the PRC Company Law, a company shall not distribute profits before losses are covered and the statutory common reserve fund is provided.

Amendments to the Articles of Association

Pursuant to the PRC Company Law, the resolution of a shareholders' general meeting regarding any amendment to a company's articles of association requires affirmative votes by more than two-thirds of the votes held by shareholders attending the meeting.

Pursuant to the Guidance for Articles of Association, the company shall amend its articles of association under any of the following circumstances:

(i) where, after any amendment to the PRC Company Law or any other applicable law or administrative regulation, the provisions of the articles of association conflict with the law and/or administrative regulations amended;

(ii) where the company's circumstances change to such an extent that they are inconsistent with what is recorded in the articles of association; and

(iii) where the shareholders' general meeting decides to amend the articles of association.

The Guidance for Articles of Association further provides that where any amendment to the articles of association adopted by a shareholders' general meeting is subject to approval by the competent authorities, such amendment shall be submitted for approval; where any amendment involves the company's registration items, the company's registration with the authority shall also be amended. In addition, an announcement shall be made in accordance with the applicable provisions provided that the amendment to the articles of association is required to be disclosed by any law or regulation.

Dissolution and Liquidation

Pursuant to the PRC Company Law, a company shall be dissolved for any of the following reasons:

(i) the term of its operation set out in the articles of association has expired or other events of dissolution specified in the articles of association have occurred;

(ii) the shareholders have resolved at a shareholders' general meeting to dissolve the company;

(iii) the company is dissolved by reason of its merger or division;

(iv) the business license of the company is revoked or the company is ordered to close down or to be dissolved in accordance with the laws; or

(v) the company is dissolved by a people's court in response to the request of shareholders holding shares that represent more than 10% of the voting rights of all shareholders of the company, on the grounds that the operation and management of the company has suffered serious difficulties that cannot be resolved through other means, rendering ongoing existence of the company a cause for significant losses to the shareholders' interests.

In the event of paragraph (i) above, the company may carry on its existence by amending its articles of association. The amendments to the articles of association in accordance with the provisions described above shall require the approval of more than two-thirds of voting rights of shareholders attending a shareholders' general meeting.

Where the company is dissolved under the circumstances set forth in paragraph (i), (ii), (iv) or (v) above, it should establish a liquidation committee within fifteen days of the date on which the dissolution event occurs. The liquidation committee shall be composed of directors or any other persons determined by a shareholders' general meeting. If a liquidation committee is not established within the prescribed period, the company's creditors may file an application with a people's court, requesting that the court appoint relevant personnel to form a liquidation committee to administer the liquidation. The people's court should accept such application and form a liquidation committee to conduct liquidation in a timely manner.

The liquidation committee may exercise following powers during the liquidation:

(i) to dispose of the company's assets and to prepare a balance sheet and an inventory of assets;

(ii) to notify the company's creditors or publish announcements;

(iii) to deal with and settle any outstanding business related to the liquidation;

(iv) to pay any outstanding tax together with any tax arising during the liquidation process;

(v) to settle the company's claims and liabilities;

(vi) to handle the company's remaining assets after its debts have been paid off; and

(vii) to represent the company in any civil procedures.

The liquidation committee shall notify the company's creditors within ten days from its establishment, and publish an announcement in newspapers within sixty days.

A creditor shall lodge his claim with the liquidation committee within thirty days of receipt of the notification or within forty-five days of the date of the announcement if he has not received any notification.

A creditor shall, in making his claim, state matters relevant to his creditor's rights and furnish relevant evidence. The liquidation committee shall register such creditor's rights. The liquidation committee shall not make any settlement to creditors during the period of the claim.

Upon disposal of the company's property and preparation of the required balance sheet and inventory of assets, the liquidation committee shall draw up a liquidation plan and submit this plan to a shareholders' general meeting or a people's court for endorsement. The remaining assets of the company, after payment of liquidation expenses, employee wages, social insurance expenses and statutory compensation, outstanding taxes and the company's debts, shall be distributed to shareholders in proportion to shares held by them. The company shall continue to exist during the liquidation period, although it cannot engage in operating activities that are not related to the liquidation. The company's property shall not be distributed to shareholders before repayments are made in accordance with the requirements described above.

Upon liquidation of the company's property and preparation of the required balance sheet and inventory of assets, if the liquidation committee becomes aware that the company does not have sufficient assets to repay its liabilities, it must apply to a people's court for a declaration of bankruptcy in accordance with the laws. Following such declaration by the people's court, the liquidation committee shall hand over the administration of the liquidation to the people's court.

Upon completion of the liquidation, the liquidation committee shall prepare a liquidation report and submit it to the shareholders' general meeting or a people's court for confirmation of its completion, and to the company registration authority to cancel the company's registration, and an announcement of its termination shall be published. Members of the liquidation committee are required to discharge their duties in good faith and in compliance with relevant laws. Members of the liquidation committee shall be prohibited from abusing their authority in accepting bribes or other unlawful income and from misappropriating the company's properties. Members of the liquidation committee are liable to indemnify the company and its creditors in respect of any loss arising from their willful or material default.

Liquidation of a company declared bankrupt according to laws shall be processed in accordance with the laws on corporate bankruptcy.

Overseas Listing

Pursuant to the Overseas Listing Trial Measures, both initial public offerings or listings in overseas markets shall be filed with the CSRC within three business days after the relevant application is submitted overseas. Subsequent securities offerings of an issuer in the same overseas market where it has previously offered and listed securities shall be filed with the CSRC within three business days after the offering is completed. Moreover, where the filing documents are complete and in compliance with stipulated requirements, the CSRC will, within twenty business days after receiving the filing documents, conclude the filing procedure and publish the filing results on the CSRC website. Where the filing documents are incomplete or do not conform to stipulated requirements, the CSRC shall request supplementation and amendment thereto within five business days after receiving the filing documents. The issuer shall then complete supplementation and amendment within thirty business days.

Loss of Share Certificates

A shareholder may, in accordance with the public notice procedures set out in the PRC Civil Procedure Law, apply to a people's court if his share certificate(s) in registered form is either stolen, lost or destroyed, for a declaration that such certificate(s) will no longer be valid. After such a declaration has been obtained, the shareholder may apply to the company for the issue of a replacement certificate(s).

Merger and Demerger

Merger of companies may be conducted by absorption or consolidation. If companies adopt the method of absorption, the absorbed company shall be dissolved. If companies are incorporated in the form of consolidation, the parties to the merger shall be dissolved.

The parties to the merger shall enter into a merger agreement and prepare a balance sheet and a list of properties. Within ten days of the date on which the resolution on merger is made, the creditors shall be notified by the company and a public announcement shall be in the press within thirty days. The creditors may require the company to repay its debts or provide guarantees for covering the debts within thirty days of receipt of the notification or within forty-five days of the date of the announcement if the creditor has not received any notification; and in case of a merger, the credits and debts of the merging parties shall be assumed by the surviving or the new company.

In case of a division, the company's assets shall be divided and a balance sheet and an inventory of assets shall be prepared. Within ten days of the date on which the resolution on division is made, the creditors shall be notified by the company and a public announcement shall be made in the press within thirty days. The liabilities of the company which have accrued prior to the division shall be jointly borne by the separated companies, unless otherwise stipulated in the agreement in writing entered into by the company with creditors in respect of the settlement of debts prior to division.

The PRC Securities Law, Regulations and Regulatory Regimes

The PRC has promulgated a series of regulations that relate to the issue and trading of the shares and disclosure of information. In October 1992, the State Council established the Securities Committee and the CSRC. The Securities Committee is responsible for coordinating the drafting of securities regulations, formulating securities-related policies, planning the development of securities markets, directing, coordinating and supervising all securities related institutions in the PRC and administering the CSRC. The CSRC is the regulatory arm of the Securities Committee and is responsible for the drafting of regulatory provisions governing securities markets, supervising securities companies, regulating public offerings of securities by PRC companies in the PRC or overseas, regulating the trading of securities, compiling securities-related statistics and undertaking relevant research and analysis. In April 1998, the State Council consolidated the Securities Committee and the CSRC and reformed the CSRC.

The PRC Securities Law is the first national securities law in China, and the regulatory matters include the issuance and trading of securities, the acquisition of listed companies, information disclosure, obligations and responsibilities of stock exchanges, securities companies and securities regulatory authorities, etc. The PRC Securities Law comprehensively regulates activities in the PRC securities market.

Pursuant to the PRC Securities Law, domestic enterprises issuing securities overseas directly or indirectly or listing and trading their securities overseas shall comply with the relevant provisions of the State Council. At present, the issuance and trading of shares issued overseas is mainly regulated by rules and regulations issued by the State Council and the CSRC.

Arbitration and Enforcement of Arbitral Awards

The PRC Arbitration Law (《中華人民共和國仲裁法》) was enacted by the NPC Standing Committee on 31 August 1994, which became effective on 1 September 1995 and was last amended on 1 September 2017. The PRC Arbitration Law provides that an arbitration committee may, before the promulgation of arbitration regulations by the PRC Arbitration Association, formulate interim arbitration rules in accordance with the PRC Arbitration Law and the PRC Civil Procedure Law. Where the parties have agreed to settle disputes by means of arbitration, a people's court will refuse to handle a legal proceeding initiated by one of the parties at such people's court, unless the arbitration agreement is invalid.

Under the PRC Arbitration Law and the PRC Civil Procedure Law, an arbitral award shall be final and binding on the parties involved in the arbitration. If any party fails to comply with the arbitral award, the other party to the award may apply to a people's court for its enforcement.

If the respondent puts forward evidence to prove that the arbitral award is under any of the following circumstances, the award shall not be enforced upon examination and verification by an arbitration tribunal of the people's court:

(i) the parties have no arbitration clause in their contract, nor have subsequently reached a written agreement on arbitration;

(ii) the matter to be ruled does not fall within the scope of the arbitration agreement or the arbitration institution has no right to arbitrate;

(iii) the composition of the arbitration tribunal or the arbitration procedure violates the legal procedure;

(iv) the evidence on which the award is based is forged;

(v) the other party conceals evidence sufficient to influence the impartial award from the arbitration institution;

(vi) the arbitrators have committed acts of embezzlement, bribery, favoritism and malpractices, or perverting the law in arbitrating the case.

If the people's court determines that the enforcement of the award violates the public interest, the award shall not be enforced.

Any party seeking to enforce an arbitral award of a foreign affairs arbitration organ of the PRC against a party who or whose property is not located within the PRC may apply to a foreign court with jurisdiction over the case for recognition and enforcement of the award. Likewise, an arbitral award made by a foreign arbitration body may be recognised and enforced by a PRC court in accordance with the principle of reciprocity or any international treaties concluded or acceded to by the PRC.

The PRC acceded to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (《承認及執行外國仲裁裁決公約》) (the "**New York Convention**") adopted on 10 June 1958 pursuant to a resolution of the NPC Standing Committee passed on 2 December 1986. The New York Convention provides that all arbitral awards made in a state which is a party to the New York Convention shall be recognised and enforced by other parties thereto subject to their rights to refuse enforcement under certain circumstances, including where the enforcement of the arbitral award is against the public policy of that state. At the time of the PRC's accession to the convention, the NPC Standing Committee declared that (i) the PRC will only apply the New York Convention to the recognition and enforcement of arbitral awards made in the territory of another contracting state based on the principle of reciprocity; and (ii) the New York Convention will only apply to disputes deemed under PRC law to be arising from contractual or non-contractual mercantile legal relations.

The Arrangements on the Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region (《關於內地與香港特別行政區相互執行仲裁裁決的安排》) were passed at the Judicial Committee meetings of the Supreme People's Court on 18 June 1999, which went into effect on 1 February 2000. The Supplementary Arrangements of Supreme People's Court on Reciprocal Enforcement of Arbitration Awards between the Mainland and the Hong Kong Special Administrative Region (《關於內地與香港特別行政區相互執行仲裁裁決的補充安排》) were promulgated by the Supreme People's Court on 26 November 2020. Under these arrangements, if a party fails to perform the arbitral award rendered in the Mainland or the Hong Kong, the other party may apply for enforcement to the relevant court in the place where the respondent is domiciled or where the property is located.

Judicial Judgment and its Enforcement

On 14 January 2019, the Judicial Committee of the Supreme People's Court adopted the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》), which took effect on 29 January 2024 and seeks to establish a mechanism with greater clarity and certainty for recognition and enforcement of judgments in wider range of civil and commercial matters between Hong Kong and the mainland China. The arrangement discontinued the requirement for a choice of court agreement for bilateral recognition and enforcement. The arrangement further regulates, among others, the scope and particulars of judgments, the procedures and methods of the application for recognition or enforcement, the review of the jurisdiction of the court that issued the original judgment, the circumstances where the recognition and enforcement of judgement shall be refused, and the approaches towards remedies for the reciprocal recognition and enforcement of judgments in civil and commercial matters between the courts in mainland China and those in the Hong Kong. Upon implementation of this Arrangement, the Arrangement between the Mainland and the Hong Kong Special Administrative Region on Reciprocal Recognition and Enforcement of Judgements of Civil and Commercial Matters under Consensual Jurisdiction (《關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》which was adopted by the Judicial Committee of the Supreme People's Court on 12 June 2006 and took effect on 1 August 2008 has been repealed.

This Appendix is mainly providing [REDACTED] with an overview on the Articles of Association of our Company. The following information is only a summary, not covering all the information that may be material to [REDACTED].

SHARES AND REGISTERED CAPITAL

The issuance of the shares of our Company shall be conducted in the principle of openness, fairness and justness, and each share of the same class shall be entitled to equal rights. For shares issued at the same time and within the same class, it shall be issued in the same conditions and price; and any entity or person to subscribe the shares shall pay the same price for each share. The domestic [REDACTED] shares issued by our Company shall be deposited at a domestic securities depository and settlement agency. In accordance with applicable laws of Hong Kong and the general practice of securities registration and depository, overseas [REDACTED] [REDACTED] by our Company may be deposited with the trustee company affiliated to Hong Kong Securities Clearing Company Limited or may be held by Shareholders in their personal names.

INCREASE/DECREASE, REPURCHASE AND TRANSFER OF SHARES

Increase/Decrease of Shares

Subject to applicable laws, administrative regulations, departmental rules, normative documents, Listing Rules, and requirements by relevant regulatory authorities upon respective resolution by a Shareholders' general meeting, our Company may increase its registered capital by any of the following means:

(1) [REDACTED] of shares;

(2) non-[REDACTED] of shares;

(3) distribution of bonus shares to existing Shareholders;

(4) converting the reserved funds into share capital;

(5) other means stipulated by applicable laws, administrative regulations, departmental rules, normative documents, Listing Rules and approved by or filed with the relevant regulatory authorities.

To reduce its registered capital, our Company shall proceed it in compliance with the PRC Company Law, Listing Rules, other relevant applicable laws, administrative regulations, departmental rules, normative documents and the Articles of Association.

Repurchase of Shares

In any of the following circumstances, our Company may repurchase its issued shares:

(1) reducing the registered capital of our Company;

(2) merging with another company holding shares of our Company;

(3) using shares for stock incentive plans and employee stock plans;

(4) acquiring the shares of Shareholders who vote against any resolution adopted at the Shareholders' general meeting on the merger or demerger of our Company and request our Company to acquire their shares;

(5) using shares for converting corporate bonds issued by our Company;

(6) as required for our Company to maintain corporate value and Shareholders' interests;

(7) other circumstances approved by applicable laws, administrative regulations, departmental rules, normative documents, Listing Rules and regulatory authorities.

A resolution of a general meeting is required for repurchasing shares under circumstances (1) or (2) above. In accordance with the provisions of the Articles of Association or the authorisation of the Shareholders' meeting, a resolution of a meeting of the Board with a quorum of more than two-thirds of Directors is required for repurchasing shares under circumstances (3), (5) or (6) above. In compliance with Listing Rules, the shares acquired under the above circumstance (1), shall be de-registered within 10 days from the date of repurchase; the shares acquired under the above circumstances (2) or (4), shall be transferred or de-registered within six months; and the shares acquired under the above circumstances (3), (5) or (6), shall be transferred or de-registered within six years, and the shares held in total by our Company shall not exceed 10% of total shares issued by our Company. For any repurchase in above circumstances (3), (5) or (6), centralised trading shall be adopted publicly.

Transfer of Shares

Unless otherwise required by applicable laws, administrative regulations, departmental rules, normative documents, Listing Rules and the Articles of Association, the fully paid shares of our Company may be transferred freely, without any lien attached. The transfer of overseas listed shares shall be registered with the local Hong Kong share registrar entrusted by our Company.

The Directors, Supervisors and senior management of our Company shall report their shareholding in our Company (including Preferred Shares (if any)) and changes thereof to our Company, and during their tenure, the shares transferred each year shall not exceed 25% of the total number of Company shares of the same class held by them; our Company shares held by them shall not be transferred within one year from the date when the shares of our Company are [REDACTED] and [REDACTED]; within half a year from departure from our Company, the aforesaid persons shall not transfer our Company shares held by them.

All transfers of overseas [REDACTED] shares shall adopt the written transfer instrument in general or common format or any other form acceptable to the Board (including the standard transfer format or transfer form prescribed by HKEX from time to time); the written transfer documents may be manually signed with signatures, or (if the transferor or the transferee is a corporation) stamped with valid seals. If the transferor or transferee of the shares of our Company is a recognised clearing house or its nominee as defined by the relevant regulations in force from time to time under the laws of Hong Kong, the written transfer documents may be signed by hand or machine printing. All transfer documents must be placed at the legal address of our Company or such other place as the Board may designate from time to time. If our Company refuses to register the transfer of shares, our Company shall, within two months from the date of the formal application for transfer, provide the transferor and transferee with a notice of refusal to register the transfer of the shares.

SHAREHOLDERS AND GENERAL MEETING

Shareholders

Shareholders of our Company are persons who lawfully hold shares of our Company and whose names are entered in the register of Shareholders. Shareholders enjoy rights and assume obligations in proportion to the class and numbers of shares they hold; Shareholders who hold the same class of shares shall enjoy equal rights and assume the same obligations.

The Shareholders of our Company shall be entitled to the following rights:

(1) receiving dividends and other form of interest distribution in proportion to their shareholdings;

(2) requiring, convening, chairing, attending by person or by proxy a general meeting pursuant to the laws, and exercising the voting right at the meeting in proportion to their shareholdings;

(3) supervising and managing, presenting suggestions on or making inquiries about the business operation of our Company;

(4) transferring, donating or pledging the shares held by them, in accordance with the applicable laws, administrative regulations, departmental rules, Listing Rules and the Articles of Association;

(5) accessing to the Articles of Association, the register of Shareholders, corporate bond stubs, minutes of Shareholders' general meeting, resolutions of Board, resolutions of Supervisory Committee and publicly disclosed financial data and accounting reports; upon request of Shareholders to obtain the relevant information or materials, Shareholders shall in advance provide our Company with written documents proving the class and number of shares held by them for verification;

(6) participating in the distribution of residual assets of our Company in proportion to their shareholdings, upon termination or liquidation of our Company;

(7) for Shareholders who vote against any resolution adopted at the Shareholders' general meeting on the merger or demerger of our Company, requesting our Company to acquire its shares;

(8) any other rights stipulated by applicable laws, administrative regulations, departmental rules, normative documents, Listing Rules or the Articles of Association.

In the event that any resolution by the general meeting or the Board meeting violates the applicable laws or administrative regulations, Shareholders may request local people's court to invalidate such resolution. In the event that the convening or voting means of the general meeting or Board meeting violates the laws, administrative regulations or the Articles of Association, or any resolution violates the Articles of Association, Shareholders may request local people's court to withdraw such resolution within 60 days from the date of resolution.

The Shareholders of our Company shall undertake the following obligations:

(1) abiding by applicable laws, administrative regulations, departmental rules, normative documents, Listing Rules and the Articles of Association;

(2) making payment for shares subscribed according to the quantity of shares subscribed for and the manners of subscription;

(3) not withdrawing the shares, unless otherwise required by applicable laws, administrative regulations, departmental rules, normative documents, Listing Rules;

(4) not abusing Shareholder's rights to harm the interests of our Company or other Shareholders; not abusing the independent legal person status of our Company and the limited liability of Shareholders to harm the interests of our Company's creditors;

(5) any other obligations stipulated by applicable laws, administrative regulations, departmental rules, normative documents, Listing Rules and the Articles of Association.

Any Shareholder who abuses Shareholder's rights causing losses to our Company or other Shareholders shall be liable for compensation pursuant to the laws. Any Shareholder who abuses the independent legal person status of our Company and the limited liability of Shareholders to evade debts and severely infringe upon the interests of our Company's creditors shall be held jointly and severally liable for our Company's debts.

The controlling Shareholder or actual controller of our Company shall not utilise its related-party relationship against the interests of our Company, or else, shall compensate our Company for any loss incurred.

General Rules for General Meetings

The Shareholders' general meeting is the organ of authority of our Company, and shall duly exercise following functions and powers:

(1) to determine the operational objectives and investment plans of our Company;

(2) to elect and remove any Director or Supervisor (not including employee representative(s)), and to determine the remuneration of the relevant Directors and Supervisors;

(3) to review and approve the reports of the Board;

(4) to review and approve the reports of the Supervisory Committee;

(5) to review and approve our Company's annual financial budgets and final accounts plans;

(6) to review and approve our Company's profit distribution plans and loss recovery plans;

(7) to resolve on our Company's increase/decrease of registered capital;

(8) to resolve on our Company's issuance of bonds or any class of shares, warrants and other similar securities as well as the [REDACTED];

(9) to resolve on our Company's merger, division, spin-off, dissolution, liquidation or change of its corporate form;

(10) to modify the Articles of Association;

(11) to decide on the engagement or dismissal of the appointment of the accounting firm and the audit fee of the accounting firm or the method of determining the audit fee;

(12) to review and approve the motions proposed by Shareholder(s) individually or jointly holding at least 3% voting shares of our Company;

(13) to review and approve the relevant related-party transactions, financial assistance and guarantee matters as specifically provided in the Articles of Association;

(14) to review and approve transactions between our Company and its affiliates that meet the requirements for approval by the Shareholders' meeting under Listing Rules;

(15) to review and approve our Company's purchase or disposals of material assets accumulated within one year in the amount exceeding 30% of latest audited total assets of our Company;

(16) to review and approve the change in raised proceeds;

(17) to review and approve the stock incentive plans and employee stock plans;

(18) to adopt resolutions on certain acquisition of our Company's own shares by itself due to the circumstances as specifically provided in the Articles of Association;

(19) to review and approve the plan to purchase the liability insurance for Directors and senior management;

(20) other matters to be decided by general meeting under the applicable laws, administrative regulations, departmental rules, normative documents, Listing Rules and the Articles of Association.

There are two types of general meetings: annual general meeting and extraordinary general meeting. The annual general meeting shall be convened once a year, and be held within six months from the end of last accounting year.

The extraordinary general meeting shall be convened when necessary. The Board shall hold extraordinary general meeting within two months from the date of occurrence of any of the following events:

(1) the number of Directors is less than the quorum required by the PRC Company Law, or less than two-thirds of the quorum required by the Articles of Association;

(2) the outstanding losses of our Company accounts for one-third of our Company's total paid-in share capital;

(3) Shareholder(s) individually or jointly holding at least 10% shares of our Company send(s) a written request for meeting;

(4) the Board deems necessary;

(5) the Supervisory Committee proposes to convene the meeting;

(6) more than two independent non-executive Directors propose to convene the meeting;

(7) other circumstances under the applicable laws, administrative regulations, departmental rules, normative documents, Listing Rules, or the Articles of Association.

Convening of General Meetings

Independent Directors (same as independent non-executive director under Listing Rules) may request to convene an extraordinary general meeting. In accordance with applicable laws, administrative regulations, departmental rules, normative documents, Listing Rules and the Articles of Association, the Board shall provide written feedback on whether to agree or disagree with the proposal to convene such extraordinary general meeting within 10 days after receiving the proposal. In the event the Board agrees to convene an extraordinary general meeting, the Board shall issue an extraordinary meeting notice within five days of making its resolutions. In the event that the Board declines to convene an extraordinary general meeting, the Board shall specify the reasons and make an announcement.

The Supervisory Committee may request in writing to convene an extraordinary general meeting. In accordance with applicable laws, administrative regulations, departmental rules, normative documents, Listing Rules and the Articles of Association, the Board shall provide written feedback on whether to agree or disagree with the proposal to convene such extraordinary general meeting within 10 days after receiving the proposal. In the event the Board agrees to convene an extraordinary general meeting, the Board shall issue an extraordinary meeting notice within five days of making its resolutions. In the event that the Board declines to convene an extraordinary general meeting or fails to respond in writing within 10 days, it shall be deemed to be unable or to fail to fulfill its duty to convene a Shareholders' meeting and then the Supervisory Committee may convene and preside over the meeting on its own.

Shareholder(s) individually or jointly holding 10% or more of shares may request in writing to convene an extraordinary general meeting to the Board. In accordance with applicable laws, administrative regulations, departmental rules, normative documents, Listing Rules and the Articles of Association, the Board shall provide written feedback on whether to agree or disagree with the proposal to convene such extraordinary general meeting within 10 days after receiving the proposal. In the event the Board agrees to convene an extraordinary general meeting, the Board shall issue an extraordinary meeting notice within five days of making its resolutions. In the event that the Board declines to convene an extraordinary general meeting or fails to respond in writing within 10 days, Shareholder(s) individually or jointly holding 10% or more of shares may request in writing to convene an extraordinary general meeting to the Supervisory Committee. In the event the Supervisory Committee agrees to convene an extraordinary general meeting, the Supervisory Committee shall issue an extraordinary meeting notice within five days of making its resolutions. In the event that the Supervisory Committee fails to issue the notice within the time limit, then the Shareholder(s) individually or collectively holding 10% or more of shares for at least 90 consecutive days may convene the meeting on its/their own.

In event of Shareholder(s) convening and holding a general meeting on its/their own due to the failure of the Board or the Supervisory Committee to convene the meeting according to the above requirements, the reasonable expenses incurred for such meeting shall be borne by our Company, and deducted from the amounts owed by our Company to the negligent Director(s) or Supervisor(s).

Notice of General Meetings

To hold annual general meeting, the convener shall notify all Shareholders by announcement 20 business days in advance. To hold extraordinary general meeting, the convener shall notify all Shareholders by announcement 15 days or 10 business days (whichever is longer) in advance, in the form of announcement.

The notice of general meeting shall be made in writing and include the following:

(1) the time, place and duration of meeting;

(2) convening method of the meeting;

(3) matters and proposals submitted to the meeting to review;

(4) If any Director, Supervisor, general manager or other senior officer is an interested party to a matter to be discussed at the meeting, the nature and degree of interest shall be disclosed; if the influence of the matter to be discussed on such a Director, Supervisor, general manager or other senior officer in their capacity as Shareholders is different from the influence on other Shareholders holding the same categories of shares; such difference shall be explained;

(5) meeting materials necessary for Shareholder's voting;

(6) explain in obvious words that all Shareholders have the right to attend the general meeting of Shareholders and may appoint a proxy in writing to attend the meeting and participate in the vote, and the Shareholder proxy need not be a Shareholder of our Company;

(7) state the time and address of delivery of the power of attorney for the voting proxy;

(8) share registration date of the Shareholders entitled to attend the general meeting;

(9) the convener and chair of a meeting, the proposer of an extraordinary general meeting and the proposer's written proposal;

(10) name and telephone number of the permanent contact person for conference affairs;

(11) online or other voting time and voting procedures;

(12) the notice and supplementary notice of the general meeting shall contain information as required by Listing Rules and the Articles of Association and shall fully, completely and accurately disclose the specific contents of all proposals and the specific contents of all proposals intended to enable the Shareholders to disclose the proposed matters and all information necessary for the Shareholders to make reasonable judgment on the proposed matters. In case the opinions of independent Directors are necessary for matters to be discussed, the opinions and reasons given by independent non-executive Directors shall be disclosed at the same time when the general meeting notice or supplementary notice is issued.

Proposals at General Meetings

When our Company convenes a general meeting, the Shareholder(s) individually or jointly holding 3% or more of shares of our Company are entitled to put forward new proposals in writing to the Company and submit them to the convener 10 days in advance, and the convener of our general meeting shall issue a supplemental notice of general meeting to other Shareholders within two days after receiving such proposal.

Proxy at General Meetings

A Shareholder may appoint a proxy in writing, and the appointing Shareholder or his/her attorney proxy shall sign a proxy form in writing; if the appointing Shareholder is a corporate entity, such appointment shall be signed by its duly authorised representative.

The format of any power of attorney for every Shareholder to appoint its proxy shall provide the Shareholder with the flexibility to instruct its proxy to vote for or against, and give directives on each of the resolutions to be decided at the meeting. Such power of attorney shall specify that the proxy may vote at his/her own discretion in absence of directives from the Shareholder.

If the appointing Shareholder was deceased, incapacitated, or its appointment or authorisation was withdrawn, or relevant shares were transferred before voting, the vote made by the proxy so appointed shall be still valid, as long as our Company did not receive a notice in writing of such event before meeting.

Resolutions of General Meetings

There are two kinds of resolutions made at general meeting, namely: ordinary resolutions and special resolutions. Ordinary resolutions shall be approved by more than half of voting rights held by the Shareholders (including proxies) attending the general meeting. Special resolutions shall be approved by above two-thirds of the voting rights held by Shareholders (including proxies) attending the general meeting.

A Shareholder or proxy shall exercise its voting rights pertaining to the voting shares held by it when voting at general meeting, and each share shall have one vote. However, there is no voting rights attached to the shares held by our Company, and such portion of shares shall not be included in the total number of shares with voting rights of the Shareholders who are present at general meeting.

When the matters of related-party transactions are reviewed at general meeting, related Shareholders or their close relative shall not vote, and the number of voting shares held by them shall not be included in the total number of valid votes. The announcement on resolution of general meeting shall fully disclose the voting results of non-related Shareholders.

Under Listing Rules, if any Shareholder is required to waive its voting rights in respect of a certain motion, or any Shareholder is restricted to vote for or against a certain motion, the votes of such Shareholder or its proxy shall not be counted in event such requirement or restriction is violated.

The following matters shall be approved by ordinary resolution at general meeting:

(1) the work report of the Board or the Supervisory Committee;

(2) the profit distribution plan and plan for covering losses formulated by the Board;

(3) the election and removal of members of the Board and the Supervisory Committee (not being employee representative(s)) and their remunerations and the method of payment thereof;

(4) our Company's annual financial budgets and final accounts plans;

(5) the annual reports of our Company;

(6) the engagement or dismissal of the accounting firm and the audit fee of the accounting firm or the method of determining the audit fee;

(7) the relevant related-party transactions, financial assistance and guarantee matters as specifically provided in the Articles of Association;

(8) related-party transactions between our Company and its affiliates that meet the requirements for approval by the Shareholders' meeting under the Listing Rules;

(9) change in the use of raised proceeds;

(10) purchase plan of liability insurance for Directors and senior management;

(11) other matters to be decided by general meeting other than approved by a special resolution under the applicable laws, administrative regulations, departmental rules, normative documents, Listing Rules and the Articles of Association.

The following matters shall be approved by special resolution at general meeting:

(1) the increase or decrease of share capital;

(2) the issuance of any class of shares, warrants and other similar securities as well as the listing;

(3) the division, spin-off, merger, or the change of its corporate form;

(4) the termination, dissolution or liquidation of our Company;

(5) the amendment to the Articles of Association;

(6) the purchase, disposals of material assets or provision of guarantees accumulated within one year in the amount exceeding 30% of latest audited total assets of our Company;

(7) the equity stock incentive plans and employee stock plans;

(8) resolutions on certain acquisition of our Company's own shares by itself due to the circumstances as specifically provided in the Articles of Association;

(9) any other matters to be passed as extraordinary resolution as required by applicable laws, administrative regulations, departmental rules, normative documents, Listing Rules and the Articles of Association as well as other matters that are determined by the ordinary resolutions of the Shareholders' meeting to have a significant impact on our Company and require special resolutions to be passed.

DIRECTORS AND THE BOARD OF DIRECTORS

Directors

The Directors of our Company shall be natural persons.

Directors shall be elected or replaced at general meeting, for a tenure of three years. Upon the expiration of his tenure, a Director may be re-elected and serve consecutive terms.

The tenure of a Director shall be from the date of appointment to the expiry of tenure of the current Board. If a Director's tenure expires but an alternate Director is not elected in time, then before the alternate Director holding office, the original Director shall still perform the duties as Director, in accordance with applicable laws, administrative regulations, departmental rules, normative documents, Listing Rules and the Articles of Association.

A Director may propose resignation before expiry of tenure, by filing a resignation report in writing to the Board. The Board will disclose the relevant information within two days, Directors shall not evade their responsibilities through resignation or other means. If the resignation of a Director causes the number of board members to be less than the quorum, then the original Director shall still perform the duties as Director under the applicable laws, administrative regulations, departmental rules, normative documents and the Articles of Association. Otherwise, a Director's resignation shall be effective from the time such resignation report is delivered to the Board.

Chairman

The Board shall have one Chairman and may have Deputy Chairman, who shall be elected or removed by more than half of Directors.

The Chairman of the Board shall exercise the following powers and functions:

(1) presiding over Shareholders' general meetings, convening and presiding over Board meetings;

(2) supervising and inspecting the implementation of resolutions of the Board;

(3) signing the securities issued by our Company; and

(4) other duties granted by the Board.

Where the Chairman is incapable of performing or fails to perform its duties, such duties shall be performed by the Deputy Chairman of the Board (if our Company has two or more Deputy Chairmen, such duties shall be performed by the Deputy Chairman jointly elected by a majority of Directors); if the Deputy Chairman of the Board is unable or fails to perform such duties, such duties shall be performed by a Director jointly elected by a majority of Directors.

Board

Our Company sets up the Board, composed of seven Directors. Directors of our Company shall be divided into executive Directors and independent non-executive Directors. The number of independent non-executive Directors shall account for at least one-third of the total number of Directors and shall be no less than three.

The Board shall be responsible to the general meetings and exercise the following functions and powers:

(1) convening the general meeting and submitting work reports to the general meetings;

(2) implementing resolutions of the general meetings;

(3) determining the operating plans and investment schemes of our Company;

(4) formulating the annual budget plan and final accounts plan of our Company;

(5) formulating the profit distribution plan and loss makeup plan of our Company;

(6) formulating our Company's plans for increase/decrease of the registered capital, issuance of corporate bonds or other securities, or listing plans;

(7) contemplating the plans for major acquisitions, share repurchase, merger, division, dissolution or change of form of our Company;

(8) deciding, to the extent authorised by the Shareholders' meeting, our Company's external investment, acquisition and sale of assets, mortgage of assets, external guarantee, entrusted management of wealth, related-party transactions, external donations and other matters;

(9) deciding on the setup of internal management bodies of our Company;

(10) deciding on the appointment or dismissal of our Company's general manager, board secretary and other senior officers and decide on their remuneration, reward and punishment; deciding on the appointment or dismissal of the deputy general manager, the finance officer (chief financial officer), the technical officer (chief technology officer) and other senior officers of our Company and deciding on their remuneration, reward and punishment according to the nomination by the general manager,

(11) formulating the fundamental management systems of our Company;

(12) formulating the stock incentive plans and employee stock plans;

(13) formulating the modification plan of the Articles of Association;

(14) managing the information disclosure of our Company;

(15) proposing to the Shareholders' general meeting the engagement or replacement of the accounting firm which provides audit services to our Company;

(16) hearing the work report by the general manager of our Company and inspect the work performed by the general manager;

(17) resolving on certain acquisition of our Company's own shares by itself due to the circumstances as specifically provided in the Articles of Association;

(18) any other functions and powers granted by the applicable laws, administrative regulations, departmental rules, normative documents, Listing Rules, the Articles of Association or the general meeting.

Unless otherwise specified in the Articles of Association, resolution concerning any of the above matters may be passed by the affirmative vote of a more than half of the Directors. Upon the consent of more than half of the Board, the chairman may be authorised to exercise certain functions and powers of the Board when it is not in session. However, major matters of our Company shall be decided collectively by the Board. The functions and powers that should be exercised by the Board shall not be delegated to the chairman, the general manager or others.

The Board shall explain to general meeting about the non-standard audit opinions issued by the CPA firm against the financial statements of our Company.

The Board may hold two kinds of meetings, namely: regular meetings and interim meetings. The Board shall hold at least two meetings per year, convened by the chairman.

The notice of regular meeting shall be sent in writing to entire Directors and Supervisors at least 10 days prior to the date of regular meetings. The notice of interim meeting shall be sent to entire Directors and Supervisors five days prior to the date of interim meetings by fax, e-mail, or other means.

In emergency requiring the Board to hold an interim meeting as soon as possible, the notice of meeting may be given by telephone or other oral means, provided that the convener shall explain at the meeting.

With the consent of all Directors of our Company, the notification time limit specified in the preceding paragraph may be waived.

A meeting of the Board may not be held without more than half of Directors being present. To determine whether a quorum of meeting exists, any Director who has material interest in any contract, transaction or arrangement shall not be counted.

Every Director may cast one vote. A motion at the meeting of the Board may be passed as resolution by a simple majority of entire Directors unless otherwise required by the Articles of Association, and any Director materially interested in any relating contract, transaction or arrangement shall abstain from voting.

Where there is an equality of votes cast both for and against a resolution, the chairman shall have the right to cast one more vote.

Directors shall attend Board meetings in person. A Director who is unable to attend a meeting for any reason shall appoint another Director to attend a Board meeting on its behalf in writing, provided that the power of attorney shall contain the scope of authorisation. The appointed Director shall exercise the rights as Director within the scope of authorisation. The failure of a Director to attend a Board meeting in person or by proxy shall be deemed as forfeiting his/her voting rights at such meeting.

Except that the Board has the power to formulate proposal for the Company to issue bonds, which shall be subject to further approval by a special resolution of the Shareholders at a general meeting, the Articles of Association do not contain any special provision in respect of the manner in which borrowing powers may be exercised by the Board.

General Manager and Other Senior Management

Our Company shall have one general manager and one deputy general manager who shall be appointed or dismissed by the Board. Our Company's senior management is composed of general manager, deputy general manager, the finance officer (chief financial officer), the technology officer (chief technology officer) and secretary to the Board.

The term of office of the general manager shall be three years and the general manager may be reappointed.

The general manager reports to the Board, and has the duties to:

(1) chair the production, operation and management of our Company, organise the implementation of resolutions made at Board meetings and report to the Board;

(2) organise the implementation of the annual operating plan and investing plan of our Company;

(3) contemplate the internal management setup plan of our Company;

(4) contemplate the fundamental management system;

(5) formulate the specific rules and regulations of our Company;

(6) propose to the Board the appointment or dismissal of the deputy general manager, the finance officer (chief financial officer) or the technology officer (chief technology officer);

(7) appoint or dismiss a manager other than those who should be appointed or dismissed by the Board;

(8) other duties authorised by the Articles of Association or the Board.

The general manager shall preside at Board meetings.

The senior management shall faithfully perform his/her duties and safeguard the maximum interest of our Company and all Shareholders. If the senior management fails to faithfully perform their duties or violate their integrity obligations, causing damage to the interest of our Company and the public Shareholders, they shall bear compensation liability in accordance with the law.

SUPERVISORS AND THE SUPERVISORY COMMITTEE

Supervisors

The Supervisory Committee shall be composed of Supervisors who are either Shareholder representatives or staff representatives. The staff's representative Supervisors shall account for at least one third of entire Supervisors. The staff's representative Supervisors shall be democratically elected at our Company's staff's representative meeting, the employees' meeting or by other means.

A Supervisor shall not be a Director or a member of senior management of our Company.

Supervisory Committee

The Supervisory Committee is composed of three Supervisors, one of whom acts as the chairman and there can be vice chairman. The election or removal of the chairman and vice chairman is subject to the approval by at least one half of the members of the Supervisory Committee through voting.

The Supervisory Committee has the duties to:

(1) examine and give written opinions on our Company's regular reports prepared by the Board;

(2) examine the finance of our Company;

(3) supervise the act of Directors and senior management during their performance of duties and propose the dismissal of any Director or senior management who contravene applicable laws, administrative regulations, departmental rules, normative documents, Listing Rules, the Articles of Association or the resolutions of general meeting;

(4) require a Director or senior management to correct its act that has harmed the interests of our Company;

(5) propose an extraordinary general meeting, and when the Board fails to perform its duties to convene or hold the general meeting as required by the PRC Company Law, convene and hold the general meeting;

(6) submit proposals to the general meeting;

(7) file a lawsuit against a Director or senior management in accordance with Article 151 of the PRC Company Law;

(8) investigate abnormalities identified in the operation of our Company and, where necessary, to engage an accounting firm, a law firm or any other professional firm to assist with its work at the expense of our Company;

(9) other duties under the Articles of Association and the general meeting.

Eligibility and Obligations of Directors, Supervisors, and Senior Management

Any of the following persons shall not act as Director, Supervisor, general manager or other senior management of our Company:

(1) who has no or limited civil capacity;

(2) who was sentenced for corruption, bribery, embezzlement or misappropriation of properties or destruction of the order of China's socialist market-oriented economy, and such sentence has expired for not more than five years; or who was deprived of political rights due to crime, and such deprivation has expired for not more than five years;

(3) who acted as director, factory manager, manager of a bankrupt or liquidated company or corporation, and personally liable for the bankruptcy of such company or corporation, and a three-year period has not elapsed since the completion of bankruptcy or liquidation of such company or corporation;

(4) who acted as the legal representative of a company or corporation whose business license was revoked or which was ordered to close down due to a violation of law and who is personally accountable for the revocation or closure of such company or corporation, and a three-year period has not elapsed since the revocation of the business license of such company or corporation;

(5) who has a significant amount of due and outstanding debts;

(6) who has been barred from the securities market by the CSRC for a certain period of time and such period has not expired yet;

(7) any other circumstances stipulated by applicable laws, administrative regulations, departmental rules, normative documents and Listing Rules.

The Directors shall comply with the applicable laws, administrative regulations, departmental rules, normative documents, Listing Rules and the Articles of Association and assume the duty of loyalty to our Company. Such obligations include:

(1) shall not accept any bribery or other illegal income by using his or her powers and position, and shall not seize the assets of our Company;

(2) shall not misappropriate our Company's funds;

(3) shall not open accounts in his/her own name or in the names of others to deposit funds or assets of our Company;

(4) shall not lend our Company's funds to others or pledge Company's properties to others in violation of the Articles of Association or without the approval of the Shareholders' general meeting or the Board;

(5) shall not conclude any contract or engage in any transaction with our Company either in violation of the Articles of Association or without the approval of the Shareholders' general meeting;

(6) shall not take advantage of duty to seek business opportunities for themselves or others that would have been directed to our Company, and not to engage in the business similar to those of our Company for themselves or others, without the approval of the Shareholders' general meeting;

(7) shall not accept commission for transactions with our Company as personal gains;

(8) shall not to disclose any confidential information involving our Company without authorisation;

(9) shall not impair the interests of our Company through affiliated relationship;

(10) other loyalty obligations in accordance with applicable laws, administrative regulations, departmental rules, normative documents, Listing Rules and the Articles of Association.

The senior management assume the aforementioned duty of loyalty.

The Directors shall comply with the applicable laws, administrative regulations, departmental rules, normative documents, Listing Rules and the Articles of Association and assume the duty of diligence to our Company. Such obligations include:

(1) shall exercise the powers granted by our Company with carefully, faithfully, and diligently so that the business carried out by our Company is in compliance with applicable laws, administrative regulations, departmental rules, normative documents, Listing Rules and economic policies, and such business activities are within the scope of business license specified in our Company's business license;

(2) shall treat all Shareholders equally;

(3) shall stay informed with the business and operation of our Company timely;

(4) shall sign written confirmation opinion with regard to regular reports of our Company and ensure the disclosure made by our Company is true, accurate and complete;

(5) shall report to the Supervisory Committee truthfully and shall not hinder the Supervisory Committee or the Supervisors from performing their duty;

(6) other diligence obligations in accordance with applicable laws, administrative regulations, departmental rules, normative documents, Listing Rules and the Articles of Association.

The senior management assume the aforementioned obligations in items (4), (5) and (6).

Supervisors shall abide by applicable laws, administrative regulations, departmental rules, normative documents, Listing Rules and the Articles of Association, and shall owe duties of loyalty and due diligence to our Company. Supervisors may not abuse their authority by accepting bribes or other illegal income, nor may they misappropriate the property of our Company.

FINANCIAL ACCOUNTING POLICY

Our Company develops the financial and accounting system according to applicable laws, administrative regulations, departmental rules, normative documents and Listing Rules.

The Board shall submit the financial reports prepared by our Company as required by the applicable laws, administrative regulations, departmental rules, normative documents of local governments and authorities as well as the Listing Rules to Shareholders at each annual general meeting.

Our Company shall not establish other accounting books than those required by laws. Our Company's assets shall not be deposited into any account opened in the name of any individual person.

The financial report shall be made available for Shareholders' inspection 20 days prior to the annual Shareholders' general meeting. The foregoing financial report shall include the Board of Director's report, the balance sheet (including various documents as required to be attached by PRC or other applicable laws, administrative regulations, department rules, normative documents and the Listing Rules) and the profit and loss statement (income statement) or income and expenditure statement (cash flow statement) or a financial summary report approved by the Hong Kong Stock Exchange (provided that there will be no violation of applicable PRC laws, administrative regulations, departmental rules or normative documents).

Our Company shall publish the financial reports at international or Hong Kong standards twice an accounting year, that is, publish the semiannual report within two months from the end of the first half of an accounting year, and publish the annual report within four months from the end of said accounting year.

PROFITS DISTRIBUTION

To distribute after-tax profits of current year, our Company shall allocate 10% of profits for the statutory reserves of our Company. If the cumulative amount of statutory reserves exceeds 50% of the registered capital of our Company, no further allocation is required. If the statutory reserves are insufficient to make up previous losses, then our Company shall firstly make up previous losses with current profits, before any allocation is made to the statutory reserves in accordance with the preceding paragraph.

After foregoing provision for statutory reserves, our Company may also draw discretionary reserves from after-tax profits, subject to the resolution of the Shareholder's general meeting.

The remaining after-tax profits after loss makeup and provisions for reserves shall be distributed to Shareholders in proportion to their shareholding percentages unless otherwise provided in the Articles of Association.

If the Shareholder's general meeting breaches the foregoing provisions and distributes profits to Shareholders before loss makeup and the statutory reserves, then Shareholders shall refund the distributed profits to our Company in violation of the foregoing provisions.

The shares held by our Company per se shall not participate in the profit distribution.

The reserves of our Company are used to make up losses, expand business, or increase the registered capital of our Company; however, the capital reserves will not be used to make up losses of our Company.

When the statutory reserves are reversed into capital, the remaining amount of said reserves shall not be less than 25% of the registered capital of our Company before such reversal.

The amounts paid by Shareholders for shares before calls may incur interest, but Shareholders may not receive dividends upon the amounts prepaid for shares.

Our Company shall appoint a collection agent for the holders of overseas [REDACTED] shares, who shall receive the dividends and other payables of our Company in respect of overseas [REDACTED] shares, on behalf of said Shareholders, and keep such amounts on their behalf, for future payment to them.

The collection agent appointed by our Company shall meet the requirements of laws of Hong Kong and the relevant regulations of HKEX.

The collection agent appointed by our Company for the holders of overseas shares [REDACTED] in Hong Kong Stock Exchange shall be a trust company registered under the Trustee Ordinance of Hong Kong.

Subject to the relevant laws and Listing Rules, our Company may forfeit any dividend unclaimed, provided that such power of forfeiture shall not be exercised before expiration of its applicable limitation period.

Our Company also has the power to terminate the delivery of a dividend warrant by post to an offshore [REDACTED] Shareholder; if the cash on such dividend slip is not withdrawn consecutively two times or more, our Company may exercise such power of termination. However, our Company may also exercise this power if the dividend warrant has been returned by undeliverable means for which it has first been delivered to the addressee.

In connection with the issue of warrants to bearer holders in the exercise of this power, no new warrants shall be issued in lieu of lost warrants unless our Company is satisfied beyond reasonable doubt that the original warrants held thereby have been destroyed. Our Company shall have the power to sell the shares of offshore listed Shareholders who have been unable to contact in such manner as the Board may think fit, provided, however, that:

(1) dividends are distributed onto such shares at least three times within 12 years, but such shares are unclaimed in such period; and

(2) upon expiration of the 12-year period, our Company shall publish a public announcement on one or more newspapers in the place of [REDACTED], specifying the intention to sell such shares, and shall notify Hong Kong Stock Exchange.

ENGAGEMENT OF ACCOUNTING FIRM

Our Company shall engage an independent accounting firm in compliance with relevant laws and regulations, to conduct accounting statement auditing, net asset verification and other related consulting services.

The accounting firm engaged by our Company is entitled to following rights:

(1) to access the books of accounts, records, or vouchers of our Company at any time, and require the Directors, general manager, or other senior management of our Company to provide related information and explanations;

(2) to require our Company to take all reasonable measures to obtain from its subsidiaries all information and notes required for said accounting firm to perform its duties;

(3) to attend general meeting, receive the notice of meeting accessible to any Shareholder, or other information related to the meeting, and make a speech at any general meeting in respect of any matter involving its capacity as the accounting firm of our Company.

If any position of the accounting firm is vacant, the Board may appoint an accounting firm to fill up such vacancy before the convening of the general meeting. Any other accounting firm which has been engaged by our Company may continue to act during the period when such a vacancy exists.

The general meeting may, by means of an ordinary resolution, dismiss such accounting firm prior to the expiration of its term of office, notwithstanding the terms in the contract between the accounting firm and our Company, but without prejudice to such accounting firm's right, if any, to claim damages from our Company in respect of such dismissal.

The remuneration of the accounting firm or the remuneration calculation method shall be decided by the general meeting.

The engagement of an accounting firm is decided by the Shareholders' general meeting. The Board shall not engage an accounting firm prior to the decision by the Shareholders' general meeting.

Our Company shall send a 15-day prior notice to the accounting firm, in order to dismiss or not to reappoint the accounting firm, and the said accounting firm is entitled to give opinions to the Shareholders' general meeting. The accounting firm, in order to resign, shall make representations whether our Company has any improper affairs to the Shareholders' general meeting.

MERGER AND DIVISION OF OUR COMPANY

The merger of our Company may take two forms: merger by absorption or merger by new establishment.

In a merger of our Company, all parties to a merger shall sign the merger agreement and shall prepare their respective balance sheets and inventory lists of assets. Our Company shall notify its creditors within 10 days from the date of passing the merger resolution and to make announcement in newspaper within 30 days. Upon the merger, the creditors' rights and the indebtedness of each merging party shall be assumed by the surviving entity or the newly established company resulting from the merger.

Where our Company is to be divided, its assets shall be divided accordingly. In the event of the division of our Company, the parties to such division shall prepare a balance sheet and a list of assets. Our Company shall notify its creditors within 10 days from the date of the resolution on such division and shall make a public announcement through newspapers or other means within 30 days from the date of the resolution on such division. The post-division Company shall be jointly and severally liable for the pre-division debts of our Company, unless provided otherwise in a written agreement pertaining to the payment of debts between our Company and its creditors prior to the division.

Where our Company undergoes a merger or division, changes in the particulars of the Company shall be registered with our company registration authorities in accordance with the laws. Where our Company is dissolved, cancellation of its registration shall be conducted in accordance with the laws. Where a new company is established, it shall be registered in accordance with the laws.

DISSOLUTION AND LIQUIDATION OF OUR COMPANY

Our Company shall be dissolved and liquidated upon the occurrence of any of the following events:

(1) expiry of the valid term of the business or the occurrence of other events of dissolution as stated in the Articles of Association;

(2) a resolution for dissolution is passed by a Shareholders' general meeting;

(3) dissolution is necessary due to a merger or division of our Company;

(4) our Company is revoked of business license, ordered to close or canceled according to law;

(5) serious difficulties arise in the operation and management of our Company and its continued existence would cause material loss to the interests of the Shareholders and such difficulties cannot be resolved through other means, in which case Shareholders holding at least 10% of all Shareholders' voting rights may petition a people's court to dissolve our Company.

Where our Company is dissolved in accordance with the provisions of items (1), (2), (4) and (5) above, a liquidation committee shall be formed within 15 days after the occurrence of the event of dissolution to deal with matters of the liquidation. The members of the liquidation committee shall be Directors or other persons appointed by a Shareholders' general meeting. If a liquidation committee is not established in time, the creditors may apply to the people's court to establish a liquidation committee by their appointment to proceed with the liquidation.

The liquidation committee shall exercise the following functions and powers during the period of liquidation:

(1) to dispose of the property of our Company, and to prepare a balance sheet and a list of properties;

(2) to inform creditors by notice and public announcement;

(3) to dispose of unfinished business of our Company relating to the liquidation;

(4) to pay up all outstanding taxes and tax arising during the liquidation process;

(5) to clear up claims and debts;

(6) to dispose of the residual properties of our Company after the full settlement of debts;

(7) to represent our Company in civil litigations.

The liquidation committee shall notify the creditors within 10 days after its establishment, and publish announcements in the newspaper(s) within 60 days. Creditors shall, within 30 days from the date of receiving the notice; or for creditors who do not receive the notice, within 45 days from the date of the public announcement, declare their claims to the liquidation committee.

The creditor shall provide a description and supporting evidence of the matters relating to their claims. The liquidation committee shall register the creditors' claims.

The liquidation committee shall not make any debt settlement during the period of declaration of claims.

A liquidation plan shall be formulated by the liquidation committee after the stocktaking of our Company's assets has been carried out and the balance sheet and a detailed inventory of assets have been formulated, and shall be submitted to the Shareholders' general meeting or People's Court for confirmation.

The assets of our Company shall be applied for liquidation in the following order: payment of liquidation expenses, staff wages, social insurance expenses and statutory compensation, payment of outstanding taxes, and payment of our Company's debts. The residual assets of our Company after settlement of all liabilities in accordance with the provisions of the preceding article shall be distributed to the Shareholders of our Company according to the class and proportion of their shareholdings.

During the liquidation period, our Company shall not commence any new business activities. Before our Company's debts have been fully repaid in accordance with the provisions of the preceding paragraph, no assets of our Company shall be distributed to its Shareholders.

Where our Company is liquidated due to its dissolution and the liquidation committee, having examined our Company's assets and having prepared a balance sheet and an inventory of assets, discovers that our Company's assets are insufficient to pay its debts in full, it shall immediately apply to the People's Court for a declaration of insolvency. Once the People's Court has declared our Company insolvent, the liquidation committee shall turn over any matters regarding the liquidation to the People's Court.

Following the completion of liquidation, the liquidation committee shall formulate a report on liquidation, which shall be submitted to the Shareholders' general meeting or the People's Court for confirmation. The liquidation committee shall also submit the aforesaid documents to our Company registration authority and apply for cancellation of registration of our Company, and publish an announcement relating to the termination of our Company.

AMENDMENT TO THE ARTICLES OF ASSOCIATION

Under one of the following circumstances, our Company shall amend the Articles of Association:

(1) when the Articles of Association contradicts the newly implemented amendments of PRC Company Law or the relevant applicable laws, administrative regulations, departmental rules, normative documents and Listing Rules;

(2) due to any change, when the information of our Company is inconsistent with the matters set forth in the Articles of Association;

(3) when the Shareholders' general meeting has made a resolution to amend the Articles of Association.

In the event that the amendment to the Articles of Association adopted by the Shareholders' general meeting needs to be approved by the competent authority, our Company shall seek approval from relevant authority and if it involves company registration matters, change registration shall be handled in accordance with the law. The Board shall follow such resolution by the Shareholders' general meeting and the approval opinions of relevant authority when amending the Articles of Association.

In the event that an amendment to the Articles of Association qualifies as required disclosure under applicable laws, administrative regulations, departmental rules, normative documents and Listing Rules, such amendment should be publicly announced.

A. FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation of Our Company

Our Company was established in the PRC as a limited liability company on 16 March 2017. On 14 March 2023, our Company was converted to a joint stock company with limited liability under the PRC Company Law.

We have established a principal place of business in Hong Kong at 5/F, Manulife Place, 348 Kwun Tong Road, Kowloon, Hong Kong and have been registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance on 19 May 2023. Mr. Ng Cheuk Kin (吳卓健), our company secretary, and Chan Sau Ling have been appointed as the authorised representatives of our Company for the acceptance of service of process and notices in Hong Kong. Their address for acceptance of service of process is 5/F, Manulife Place, 348 Kwun Tong Road, Kowloon, Hong Kong.

As our Company was incorporated in the PRC, our corporate structure and Articles of Association are subject to the relevant PRC Law. A summary of the relevant PRC Law and of the Articles of Association is set out in Appendix IV and Appendix V, respectively.

2. Changes in the Share Capital of Our Company

As at the date of the establishment of our Company, our registered capital was RMB50,000, which was fully paid on 25 April 2017. On 14 March 2023, our Company was converted to a joint stock company with limited liability under the PRC Company Law. Upon completion of such conversion, the share capital of our Company was RMB105,895,600 divided into 105,895,600 Shares with a nominal value of RMB1.0 each.

Assuming the [REDACTED] is not exercised, upon completion of the [REDACTED], our issued share capital will increase to RMB[REDACTED], made up of 105,895,600 Domestic Shares and [REDACTED] H Shares fully paid up or credited as fully paid up, representing [REDACTED]% and [REDACTED]% of our registered share capital, respectively. For more details, please refer to the section headed "History and Development" in this document.

Save as disclosed above, there has been no alteration in the share capital of our Company within two years immediately preceding the date of this document.

3. Changes in the Share Capital of Our Subsidiaries

Our subsidiaries are set out in the Accountants' Report, the text of which is set out in Appendix I to this document. Save for the subsidiaries mentioned in the Accountants' Report in Appendix I to this document and the section headed "History and Development — Our Group Companies — Our Subsidiaries" in this document, our Company has no other subsidiaries.

Save as disclosed above and in the section headed "History and Development — Our Group Companies — Our Subsidiaries" in this document, there are no other alteration in registered capital of our subsidiaries within the two years immediately preceding the date of this document.

4. Resolutions in Writing of the Shareholders of Our Company Passed on [•]

At the extraordinary general meeting of the Shareholders held on [•], the following resolutions, among other things, were duly passed:

(i) the [REDACTED] by our Company of H Shares with a nominal value of RMB1.0 each and such H Shares be [REDACTED] on the Stock Exchange;

(ii) the number of H shares to be [REDACTED] shall be up to [REDACTED] H Shares, and the grant of the [REDACTED] in respect of no more than 15% of the number of H Shares issued pursuant to the [REDACTED];

(iii) authorisation of the Board or its authorised individual to handle all matters relating to, among other things, the [REDACTED], the [REDACTED] and [REDACTED] of H Shares on the Stock Exchange; and

(iv) subject to the completion of the [REDACTED], the conditional adoption of the revised Articles of Association, which shall become effective on the [REDACTED].

5. Corporate reorganisation

Our Company has not gone through any corporate reorganisation for the purpose of the [REDACTED]. For more details on the history and development of our Company, please refer to the section headed "History and Development" in this document.

6. Restrictions on Share Repurchases

For more details, please refer to the sections headed "Appendix IV — Summary of Principal Laws and Regulations" and "Appendix V — Summary of Articles of Association" in this document.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of Material Contracts

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by our Company or its subsidiaries within the two years preceding the date of this document and are or may be material:

(a) the supplemental agreement (II) to the capital increase agreement of our Company dated 17 March 2023 entered into among our Company, Qingdao Haiyinghui and Shanghai Zhaoqi, pursuant to which certain special shareholder rights arrangement among the relevant parties thereto were agreed to be terminated among the parties;

(b) the supplemental agreement to the capital increase agreement of our Company dated 17 March 2023 entered into among our Company, Qingdao Haiyinghui, Shanghai Zhaoqi, Qingdao Haichuanghui and Qingdao Haizhongjie pursuant to which certain shareholder rights arrangements among the relevant parties thereto were agreed to be terminated among the parties;

(c) the supplemental agreement (II) to the capital increase agreement of our Company dated 17 March 2023 entered into among our Company, Qingdao Haiyinghui, Shanghai Zhaoqi, Qingdao Haichuanghui and Qingdao Haizhongjie pursuant to which certain shareholder rights arrangements among the relevant parties thereto were agreed to be terminated among the parties;

(d) the supplemental agreement (II) to the capital increase agreement of our Company dated 17 March 2023 entered into among our Company, Qingdao Haiyinghui, Shanghai Zhaoqi, Qingdao Haichuanghui, Qingdao Haizhongjie and Qingdao Haixinsheng pursuant to which certain shareholder rights arrangements among the relevant parties thereto were agreed to be terminated among the parties;

(e) the supplemental agreement to the capital increase agreement of our Company dated 17 March 2023 entered into among our Company, Qingdao Haiyinghui, Shanghai Zhaoqi, Qingdao Haichuanghui, Qingdao Haizhongjie, Qingdao Haixinsheng and Qingdao Haichuangying pursuant to which certain shareholder rights arrangements among the relevant parties thereto were agreed to be terminated among the parties; and

(f) [REDACTED]

2. Our Material Intellectual Property Rights

As at the Latest Practicable Date, we have registered the registration of the following intellectual property rights which are material in relation to our business.

(a) Trademarks

As at the Latest Practicable Date, we have registered the following trademarks which are material to our business:

No.	Trademark	Class	Registered Owner	Place of Registration	Registration Number	Expiry Date
1.	众淼创科 ZHONGMIAO CHUANGKE	42	Our Company	PRC	61113494	13 January 2033
2.	众淼创科 ZHONGMIAO CHUANGKE	36	Our Company	PRC	61121495	13 January 2033
3.	众淼创科 ZHONGMIAO CHUANGKE	35	Our Company	PRC	61129395	13 August 2032
4.	众淼保险服务	36	Our Company	PRC	61105768	6 June 2032
5.	众淼保代	36	Our Company	PRC	59065303	6 March 2032
6.	众淼	36	Our Company	PRC	59042478	13 March 2032
7.	全掌柜	36	Our Company	PRC	59043941	20 May 2032
8.	众淼	38	Our Company	PRC	59059174	13 March 2032
9.	众淼	9	Our Company	PRC	59065689	13 March 2032
10.	众淼	41	Our Company	PRC	59050590	13 March 2032
11.		9	Our Company	PRC	43694012	27 December 2030
12.	全掌柜 QBOSSTECH	9	Our Company	PRC	43699255	13 January 2031
13.	全掌柜	42	Our Company	PRC	26720895	27 November 2028
14.	价到	36	Our Company	PRC	26701637	13 October 2028
15.	全掌柜	36	Our Company	PRC	26697441	13 September 2028
16.	价到	42	Our Company	PRC	26701978	13 October 2028
17.	才智雨林 CAIZHIYULIN	35	Zhongmiao Caizhi	PRC	50836512	6 July 2031
18.		45	Zhongmiao Caizhi	PRC	50820686	6 September 2031
19.	才智雨林 CAIZHIYULIN	45	Zhongmiao Caizhi	PRC	50831398	6 July 2031
20.	才智雨林 CAIZHIYULIN	42	Zhongmiao Caizhi	PRC	50840518	6 July 2031
21.	众淼创科 ZHONGMIAO CHUANGKE	36 and 42	Our Company	Hong Kong	306172542	19 February 2033
22.	ZHONG MIAO CHUANG KE	36 and 42	Our Company	Hong Kong	306172533	19 February 2033
23.	众淼创科 眾淼創科	36 and 42	Our Company	Hong Kong	306172489	19 February 2033

(b) Patents

As at the Latest Practicable Date, we have registered the following patent which is material in relation to our business:

No.	Patent Name	Registered Owner	Patent Type	Place of Registration	Registration Number	Registration Date
1.	An adaptive-evolutionary-algorithm-based approach to policy digitisation (基於自適應進化算法的保單數字化方法)	Our Company	Invention	PRC	ZL202110586429.3	5 April 2022
2.	A size compression method for insurance policy identification models (一種保單識別模型尺寸壓縮方法)	Our Company	Invention	PRC	ZL202110795950.8	10 November 2023
3.	A SaaS-based insurance automatic question and answer method and system (一種基於SaaS的保險自動問答方法及系統)	Our Company	Invention	PRC	ZL202110997831.0	8 March 2024

(c) Copyrights

As at the Latest Practicable Date, we have registered the following copyrights which are material in relation to our business:

No.	Copyright	Owner	Registration Number	Registration Date	Place of Registration
1.	Insurance Coverage Liability Analysis System (保障責任分析系統)	Our Company	2021SR1972117	2 December 2021	PRC
2.	ORC Scan King Pro Software (ORC掃描王Pro軟件)	Our Company	2021SR1919677	26 November 2021	PRC
3.	Automatic Identification Platform for Car Insurance Policies (車險保單自動識別平台)	Our Company	2021SR1882741	24 November 2021	PRC
4.	AI Insurance Rate Schedule Automatic Conversion System (AI費率表自動轉換系統)	Our Company	2021SR1861687	24 November 2021	PRC
5.	Automatic Renewal Reminder System for Insurance Policies (保單續保續費自動提醒系統)	Our Company	2021SR1861878	24 November 2021	PRC
6.	Insurance Product Clause AI Analysis System (保險產品條款AI解析系統)	Our Company	2021SR1574204	27 October 2021	PRC
7.	Automatic Identification Platform for Life Insurance Policies (人身險保單自動識別平台)	Our Company	2021SR1302511	1 September 2021	PRC
8.	Manual Analysis System for Insurance Product Coverage (產品保障責任人工解析系統)	Our Company	2021SR1302432	1 September 2021	PRC

No.	Copyright	Owner	Registration Number	Registration Date	Place of Registration
9.	Traditional Insurance Policy Assurance System (傳統保單保全系統)	Our Company	2021SR1298596	1 September 2021	PRC
10.	Insurance Zhanggui Question & Answer Platform (保險掌櫃問答平台)	Our Company	2021SR1302510	1 September 2021	PRC
11.	Zhanggui Community Platform (掌櫃社區平台)	Our Company	2020SR1069180	9 September 2020	PRC
12.	Product Platform for Insurance E-commerce Card Type (保險電商卡單式產品平台)	Our Company	2020SR1038985	3 September 2020	PRC
13.	Zhanggui Academy Platform (掌櫃學堂平台)	Our Company	2020SR1008993	31 August 2020	PRC
14.	Quanzhanggui Visitor Pooling System (全掌櫃訪客匯集系統)	Our Company	2020SR0974378	24 August 2020	PRC
15.	Insurance Plan Platform (保險計劃書平台)	Our Company	2020SR0944214	18 August 2020	PRC
16.	Quanzhanggui Intelligent Business Management System (全掌櫃智能業務管理系統)	Our Company	2019SR0930673	6 September 2019	PRC
17.	Quanzhanggui Smart Configuration Activity Programme System (全掌櫃智能配置活動方案系統)	Our Company	2019SR0929407	6 September 2019	PRC
18.	Quanzhanggui Intelligent Customer Management System (全掌櫃智能客戶管理系統)	Our Company	2019SR0882218	26 August 2019	PRC
19.	Quanzhanggui Intelligent Organisation Management System (全掌櫃智能組織架構管理系統)	Our Company	2019SR0632473	19 June 2019	PRC
20.	Quanzhanggui Smart Eco-chain Management System (全掌櫃智能生態鏈管理系統)	Our Company	2019SR0608921	13 June 2019	PRC
21.	Quanzhanggui Intelligent Financial Management System (全掌櫃智能財務管理系統)	Our Company	2019SR0608963	13 June 2019	PRC
22.	Quanzhanggui Intelligent Marketing System (全掌櫃智能營銷系統)	Our Company	2019SR0192238	27 February 2019	PRC
23.	Quanzhanggui Performance Enquiry System (全掌櫃業績查詢系統)	Our Company	2019SR0192241	27 February 2019	PRC
24.	Quanzhanggui Intelligent Car Service System (全掌櫃智能汽車服務系統)	Our Company	2019SR0192335	27 February 2019	PRC

No.	Copyright	Owner	Registration Number	Registration Date	Place of Registration
25.	Quanzhanggui Intelligent Car Insurance System (全掌櫃智能車險投保系統)	Our Company	2019SR0192331	27 February 2019	PRC
26.	Quanzhanggui Free Insurance Collection System (全掌櫃贈險領取系統)	Our Company	2019SR0186399	26 February 2019	PRC
27.	Quanzhanggui Order Enquiry System (全掌櫃訂單查詢系統)	Our Company	2019SR0186476	26 February 2019	PRC
28.	Quanzhanggui Insurance Function System (全掌櫃保險功能系統)	Our Company	2019SR0186190	26 February 2019	PRC
29.	Quanzhanggui Intelligent Recommendation System (全掌櫃智能推薦系統)	Our Company	2019SR0186396	26 February 2019	PRC
30.	Quanzhanggui Intelligent Social System (全掌櫃智能社交系統)	Our Company	2019SR0179934	25 February 2019	PRC
31.	Quanzhanggui Intelligent Insurance Testing System (全掌櫃智能保險測試系統)	Our Company	2019SR0179134	25 February 2019	PRC
32.	Quanzhanggui Technology Insurance Billing Platform Software (全掌櫃科技保險出單平台軟件)	Our Company	2018SR535735	10 July 2018	PRC
33.	Inkjet Coding Detection System Software V1.0 (噴碼檢測系統軟件V1.0)	Our Company	2023SR0592540	7 June 2023	PRC
34.	Industrial Solder Joint Detection and Identification System V1.0 (工業焊點檢測識別系統V1.0)	Our Company	2023SR0592535	7 June 2023	PRC
35.	Entry Certificate Identification and Verification System V1.0 (入職證件識別核驗系統V1.0)	Our Company	2023SR0573506	30 May 2023	PRC
36.	Building Monitoring Detection and Identification System V1.0 (大樓監控檢測識別系統V1.0)	Our Company	2023SR0573505	30 May 2023	PRC
37.	Suit Customisation Human Body Key Point Detection System V1.0 (西裝定製人體關鍵點檢測系統V1.0)	Our Company	2023SR0573507	30 May 2023	PRC
38.	Commercial Invoice Identification System Software V1.0 (商票識別系統軟件V1.0)	Our Company	2023SR0995390	1 September 2023	PRC
39.	Banknote Identification System Software V1.0 (銀票識別系統軟件V1.0)	Our Company	2023SR0573508	30 May 2023	PRC

No.	Copyright	Owner	Registration Number	Registration Date	Place of Registration
40.	Group Insurance Online Insurance Approval System V1.0 (團體險在線投保批單系統V1.0)	Our Company	2023SR0592536	7 June 2023	PRC
41.	Quantitative Trading System Software V1.0 (量化交易系統軟件V1.0)	Our Company	2023SR0592534	7 June 2023	PRC
42.	Intelligent Outbound Call System V1.0 (智能外呼系統V1.0)	Our Company	2023SR0573509	30 May 2023	PRC
43.	Scan King Pro Tool System (掃描王Pro工具系統)	Haier Insurance Agency	2021SR2029169	9 December 2021	PRC
44.	Online Event Operation System (線上活動運營系統)	Haier Insurance Agency	2019SR1128887	8 November 2019	PRC
45.	Quanzhanggui Exhibition System (全掌櫃展業系統)	Haier Insurance Agency	2019SR1115159	4 November 2019	PRC
46.	Quanzhanggui Staff Management System (全掌櫃人員管理系統)	Haier Insurance Agency	2019SR1058951	18 October 2019	PRC
47.	Quanzhanggui Cockpit Management System (全掌櫃駕駛艙管理系統)	Haier Insurance Agency	2019SR1057518	18 October 2019	PRC
48.	Quanzhanggui Policy Management System (全掌櫃保單管理系統)	Haier Insurance Agency	2019SR1057779	18 October 2019	PRC
49.	Quanzhanggui Claims Management System (全掌櫃理賠管理系統)	Haier Insurance Agency	2019SR1058943	18 October 2019	PRC

(d) Domain Names

As at the Latest Practicable Date, we have registered the following domain names which are material in relation to our business:

No.	Domain name	Registrant	Registration Date	Expiry Date
1.	zonemio.cn	Our Company	15 December 2022	15 December 2025
2.	zonemio.com	Our Company	15 December 2022	15 December 2025
3.	zonemio.net	Our Company	15 December 2022	15 December 2025
4.	haierbx.net	Haier Insurance Agency	5 August 2017	5 August 2025
5.	qzg001.com	Haier Insurance Agency	18 April 2017	18 April 2025

C. FURTHER INFORMATION ABOUT OUR DIRECTORS, SUPERVISORS AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of Interests

(a) Interests of our Directors, Supervisors and Chief Executive of Our Company

Immediately following completion of the [REDACTED] (assuming the [REDACTED] is not exercised), the interests and/or short positions (as applicable) of our Directors, Supervisors and chief executive of our Company in the Shares, underlying Shares and debentures of our Company and any interests and/or short positions (as applicable) in shares, underlying Shares or debentures of any of our Company's associated corporations (within the meaning of Part XV of the SFO) which (i) will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions (as applicable) which they are taken or deemed to have under such provisions of the SFO), (ii) will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or (iii) will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules, to be notified to our Company and the Stock Exchange, in each case once the Shares are [REDACTED] on the Stock Exchange, will be as follows:

(i) Interest in our Company

		Immediately following completion of the [REDACTED] (without taking into account any Shares which may be issued pursuant to the exercise of the [REDACTED])	
Name of Director, Supervisor or Chief Executive	**Nature of Interest[1]**	**Number of Shares**	**Approximate Percentage of Shareholding Interest[2]**
Mr. Lu[3]	Interest in controlled corporation	[REDACTED]	[REDACTED]%
Mr. Zhang[4]	Interest in controlled corporation and interest of spouse[4]	[REDACTED]	[REDACTED]%
Mr. Wang[5]	Interest in controlled corporation	[REDACTED]	[REDACTED]%
Ms. Li[6]	Interest in controlled corporation	[REDACTED]	[REDACTED]%
Zhu Rongwei (朱榮偉)[7]	Interest in controlled corporation	[REDACTED]	[REDACTED]%

Notes:

1. All interests stated are long positions.

2. The calculation is based on the total number of [REDACTED] Shares [REDACTED] immediately following the [REDACTED] and without taking into account any Shares which may be [REDACTED] pursuant to the exercise of the [REDACTED].

3. Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised), our Company will be owned as to [REDACTED]%, [REDACTED]% and [REDACTED]% by Shanghai Zhaoqi, Qingdao Haizhongjie and Qingdao Haixinsheng, each of them is a limited partnership with Qingdao Haichuang (wholly owned by Mr. Lu) as its general partner. Therefore, Mr. Lu is deemed to be interested in the Shares held by Shanghai Zhaoqi, Qingdao Haizhongjie and Qingdao Haixinsheng under the SFO.

4. Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised), Shanghai Zhaoqi will be owned as to (i) 31.40% by Mr. Zhang; (ii) 28.60% by Beijing Quanzhanggui (who is a limited liability company owned as to 70.00% by Mr. Zhang and 30.00% by Li Jia (李佳), spouse of Mr. Zhang). Therefore, Mr. Zhang is deemed to be interested in the Shares held by Shanghai Zhaoqi under the SFO.

5. Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised), Shanghai Zhaoqi will be owned as to 5.00% and Qingdao Haizhongjie will be owned indirectly through his partnership interest in Qingdao Yunmiaoyue as to 3.90% by Mr. Wang. Therefore, Mr. Wang is deemed to be interested in the Shares held by Shanghai Zhaoqi and Qingdao Haizhongjie under the SFO.

6. Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised), Shanghai Zhaoqi will be owned as to 2.00% by Ms. Li. Therefore, Ms. Li is deemed to be interested in the Shares held by Shanghai Zhaoqi under the SFO.

7. Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised), Shanghai Zhaoqi was owned as to 0.20% and Qingdao Haizhongjie will be owned indirectly through his partnership interest in Qingdao Yunmiaoyue as to 1.00% by Zhu Rongwei (朱榮偉). Therefore, Zhu Rongwei is deemed to be interested in the Shares held by Shanghai Zhaoqi and Qingdao Haizhongjie under the SFO.

(b) Interests of the Substantial Shareholders

For more details on the persons who will, immediately following the completion of the [REDACTED] without taking into account any Shares which may be [REDACTED] pursuant to the exercise of the [REDACTED], have interests or short positions in our Shares or underlying Shares which would be required to be disclosed to us and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will directly and/or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying the rights to vote in all circumstances at general meetings of our Company or of any member of our Group, please refer to the section headed "Substantial Shareholders" in this document.

2. Directors' and Supervisors' Service Contracts and Letters of Appointment

We will enter into a contract with each of our Directors and Supervisors in respect of, among other things (i) compliance of relevant laws and regulations; (ii) observance of the Articles of Association; and (iii) provisions on arbitration. The principal particulars of these service contracts include (i) the term of service; and (ii) are subject to termination in accordance with their respective term. The service contract may be renewed in accordance with our Articles of Association and the applicable Listing Rules.

Save as disclosed above, none of the Directors or Supervisors has entered into any service contracts as a director or supervisor with any member of our Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

3. Remuneration of Directors and Supervisors

The aggregate remuneration (including fees, salaries, contributions to pension schemes, housing allowances and other allowances and benefits in kind and discretionary bonuses) paid to our Directors and Supervisors for the years ended 31 December 2021, 2022 and 2023 was approximately RMB2.5 million, RMB2.5 million and RMB4.1 million, respectively.

Save as disclosed above, no other payments have been made or are payable, in respect of the years ended 31 December 2021, 2022 and 2023, by any of member of our Group to any of our Directors or Supervisors.

Our independent non-executive Directors' [have been] appointed for a term of three years. Our Company intends to pay a director's fee of HK$180,000 per annum to each of the independent non-executive Directors. Save for the director's fee, none of our independent non-executive Directors is expected to receive any other remuneration for holding his office as an independent non-executive Director.

Under the arrangements currently in force, we estimate the aggregate remuneration, excluding discretionary bonus, of our Directors and Supervisors for the year ending 31 December 2024 to be approximately RMB4.6 million.

The aggregate amount of remuneration which were paid or payable by our Group to our five highest paid individuals for the three years ended 31 December 2021, 2022 and 2023 were approximately RMB3.5 million, RMB3.9 million and RMB4.1 million, respectively.

During the Track Record Period, no fees were paid by our Group to any of our Directors, Supervisors or the five highest paid individuals as an inducement to join us or as compensation for loss of office. The emoluments of Mr. Zhan Bo and Ms. Wang Jiesi were waived with their authorisation. There has been no other arrangement under which a Director or Supervisor has waived or agreed to waive any emoluments.

4. Directors' and Supervisors' Competing Interests

None of our Directors or Supervisors is interested in any business apart from our Group's business which competes or is likely to compete, directly or indirectly, with the business of our Group.

5. Disclaimers

Save as disclosed in this document:

(a) none of our Directors or chief executive of our Company has any interests or short positions in the shares, underlying shares and debentures of our Company or our associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he is taken or deemed to have taken under such provisions of the SFO) or which will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to in that section, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to our Company and the Stock Exchange, once the Shares are [REDACTED] on the Stock Exchange;

(b) so far as is known to any Director or chief executive of our Company, no person has an interest or short position in the Shares and underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group;

(c) none of our Directors nor any of the persons listed in "D. Other Information — 5. Qualification of Experts" below is interested in the promotion of, or in any assets which have been, within the two years immediately preceding the issue of this document, acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;

(d) none of our Directors nor any of the persons listed in "D. Other Information — 5. Qualification of Experts" below is materially interested in any contract or arrangement with our Group subsisting at the date of this document which is unusual in its nature or conditions or which is significant in relation to the business of our Group as a whole;

(e) save in connection with [REDACTED] Agreements, none of the persons listed in "D. Other Information — 5. Qualification of Experts" below has any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group;

(f) none of our Directors has entered or has proposed to enter into any service agreements with our Company or any member of our Group (other than contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation); and

(g) save as contemplated under the [REDACTED] Agreements, none of our Directors, their respective associates (as defined under the Listing Rules), or Shareholders who are interested in more than 5% of the issued share capital of our Company has any interest in our Company's five largest customers and five largest suppliers.

D. OTHER INFORMATION

1. Estate duty

Our Directors have been advised that no material liability for estate duty is likely to fall on our Group.

2. Litigation

As at the Latest Practicable Date, save as disclosed in "Business — Legal Proceedings and Compliance", no member of our Group was engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance was known to our Directors to be pending or threatened by or against our Group, that would have a material adverse effect on its business, financial condition or results of operations.

3. Joint Sponsors

The Joint Sponsors have made an [REDACTED] on our behalf to the [REDACTED] for the [REDACTED] of, and permission to [REDACTED] in, our H Shares. The Joint Sponsors satisfy the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

The Joint Sponsors will receive an aggregate fee of RMB4.6 million for acting as the sponsors for the [REDACTED].

4. No Material Adverse Change

Our Directors confirm that there has been no material adverse change in the financial or trading position or prospects of our Group since 31 December 2023 (being the date to which the latest audited consolidated financial statements of our Group were prepared).

5. Qualification of Experts

The following are the qualifications of the experts (as defined under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance) who have given opinions or advice which are contained in this document:

Name	Qualification
CITIC Securities (Hong Kong) Limited	Licensed corporation under the SFO to engage in type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities
Ping An of China Capital (Hong Kong) Company Limited	Licensed corporation under the SFO to engage in type 6 (advising on corporate finance) regulated activity
KPMG	Certified Public Accountants Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance
Fangda Partners	Legal advisers as to PRC Law
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Industry consultant

6. Consents of Experts

Each of the experts as referred to in "D. Other Information — 5. Qualification of Experts" in this Appendix has given and has not withdrawn their respective written consents to the issue of this document with the inclusion of their reports and/or letters and/or legal opinion (as the case may be) and references to their names included in the form and context in which it respectively appears.

None of the experts named above has any shareholding interests in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in our Company or any of our subsidiaries.

7. Promoter

Our Company entered into a promoters' agreement with Qingdao Haiyinghui, Shanghai Zhaoqi, Qingdao Haichuanghui, Qingdao Haizhongjie, Qingdao Haixinsheng and Qingdao Haichuangying on 6 March 2023, pursuant to which the then shareholders of our Company agreed to convert our Company into a joint stock company with limited liability with a registered capital of RMB105,895,600. Save as disclosed in this document, within the two years immediately preceding the date of this document, no cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to any promoters in connection with the [REDACTED] and the related transactions described in this document.

8. Preliminary Expenses

As at the Latest Practicable Date, our Company did not incur any material preliminary expenses.

9. Taxation of Holders of H Shares

The sale, purchase and transfer of H Shares are subject to Hong Kong stamp duty if such sale, purchase and transfer are affected on the H Share register of members of our Company, including in circumstances where such transactions are effected on the Stock Exchange. The current rate of Hong Kong stamp duty for such sale, purchase and transfer is 0.1% of the consideration or, if higher, the fair value of the H Shares being sold or transferred.

10. Application for [REDACTED]

The Joint Sponsors have made an [REDACTED] on behalf of our Company to the [REDACTED] Committee for the [REDACTED] of, and permission to [REDACTED] in, the H Shares in issue and to be [REDACTED] as mentioned in this document. All necessary arrangements [have been] made to enable the securities to be admitted into [REDACTED].

11. Binding Effect

This document shall have the effect, if an [REDACTED] is made in pursuance of this document, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of Sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance insofar as applicable.

12. Bilingual Document

The English language and Chinese language versions of this document are being published separately, in reliance upon the exemption provided by Section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the laws of Hong Kong).

This document is written in the English language and contains a Chinese translation for information purpose only. Should there be any discrepancy between the English language of this document and the Chinese translation, the English language version of this document shall prevail.

13. Miscellaneous

(a) Save as disclosed in this document,

(i) within the two years immediately preceding the date of this document, neither we nor any of our subsidiaries has issued or agreed to issue any share or loan capital fully or partly paid up either for cash or for a consideration other than cash;

(ii) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;

(iii) within the two years immediately preceding the date of this document, no commissions, discounts, brokerage or other special terms have been granted in connection with the issue or sale of any shares or loan capital of any member of our Group;

(iv) no [REDACTED] has been paid or payable (except [REDACTED] to sub-[REDACTED]) to any persons for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any shares of our Company or any of our subsidiaries;

(v) no founder, management or deferred shares of our Company or any of our subsidiaries have been issued or agreed to be issued; and

(vi) there is no arrangement under which future dividends are waived or agreed to be waived.

(b) Our Directors confirm that:

(i) since 31 December 2023 (being the date on which the latest audited consolidated financial statements of our Group were made up), there has been no material adverse change in our financial or trading position or prospects;

(ii) there has not been any interruption in the business of our Company which may have or have had a material adverse effect on the financial position of our Company in the 12 months immediately preceding the date of this document; and

(iii) our Company has no outstanding convertible debt securities or debentures.

(c) Our Company currently does not intend to apply for the status of a foreign investment joint stock limited company.

A. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to a copy of this document and delivered to the Registrar of Companies in Hong Kong for registration were:

(a) copies of each of the material contracts referred to in "Statutory and General Information — B. Further Information about Our Business — 1. Summary of Material Contracts" in Appendix VI; and

(b) the written consents referred to in "Statutory and General Information — D. Other Information — 6. Consents of Experts" in Appendix VI.

B. DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be published on the website of the Stock Exchange at **www.hkexnews.hk** and our website at **www.haierbx.net** up to and including the date which is 14 days from the date of this document:

(a) the Articles of Association;

(b) the accountants' report from KPMG, the text of which is set forth in Appendix I;

(c) the report on the unaudited [REDACTED] financial information from KPMG, the text of which is set forth in Appendix II;

(d) the audited consolidated financial statements of our Company for the financial years ended 31 December 2021, 2022 and 2023;

(e) the PRC legal opinion issued by Fangda Partners, our PRC Legal Advisers in respect of certain aspects of our Group;

(f) the Frost & Sullivan Report;

(g) the PRC Company Law and the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies, together with their unofficial English translations;

(h) the material contracts referred to in "Statutory and General Information — B. Further Information about Our Business — 1. Summary of Material Contracts" in Appendix VI;

(i) the written consents referred to in "Statutory and General Information — D. Other Information — 6. Consents of Experts" in Appendix VI; and

(j) service contracts and letters of appointment referred to in "Statutory and General Information — C. Further Information about Our Directors, Supervisors and Substantial Shareholders — 2. Directors' and Supervisors' Service Contracts and Letters of Appointment" in Appendix VI.