

Zhongmiao Holdings (Qingdao) Co., Ltd. 眾淼控股(青島)股份有限公司

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

Stock Code: 1471



2024

ANNUAL REPORT

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COMPANY INFORMATION

BOARD OF DIRECTORS

Executive Directors

Lu Yao (*Chairman*)
Zhang Zhiquan
Li Tian
Wang Heping

Independent non-executive Directors

Fang Qiaoling
Chung Wai Man
Ng Sin Kiu

SUPERVISORS

Zhu Rongwei
Wang Jiesi
Wang Yangyang

AUDIT COMMITTEE

Chung Wai Man (*Chairman*)
Fang Qiaoling
Ng Sin Kiu

REMUNERATION COMMITTEE

Fang Qiaoling (*Chairman*)
Chung Wai Man
Li Tian

NOMINATION COMMITTEE

Lu Yao (*Chairman*)
Ng Sin Kiu
Fang Qiaoling

JOINT COMPANY SECRETARIES

Chan Sau Ling
Sun Yanlu

AUTHORISED REPRESENTATIVES

Lu Yao
Chan Sau Ling

REGISTERED OFFICE

No. 187 Jinshui Road
Licang District
Qingdao, Shandong
PRC

HEADQUARTERS

No. 1, Haier Road
Laoshan District
Qingdao, Shandong
PRC

COMPANY INFORMATION

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1917, 19/F, Lee Garden One
33 Hysan Avenue
Causeway Bay
Hong Kong

H SHARE REGISTRAR

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

PRINCIPAL BANK

China Construction Bank Corporation
Qingdao Haier Road Branch
Zhonghan Street, Haier Road
Laoshan District
Qingdao, Shandong Province
PRC

STOCK CODE

1471

COMPANY WEBSITE

www.haierbx.net

COMPLIANCE ADVISER

Ping An of China Capital (Hong Kong) Company Limited
Units 3601, 07 & 11-13
36/F The Center
99 Queen's Road Central
Hong Kong

AUDITOR

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

HONG KONG LEGAL ADVISER

Fangda Partners
26/F, One Exchange Square
8 Connaught Place
Central
Hong Kong

FINANCIAL HIGHLIGHTS

Consolidated Statements of Profit or Loss and Other Comprehensive Income

	Year ended 31 December			
	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
Revenue	205,827	174,011	148,398	119,974
Profit for the year	46,225	38,993	36,349	26,992
Attributable to:				
Equity shareholders of the Company	46,657	40,372	37,776	27,047
Non-controlling interests	(432)	(1,379)	(1,427)	(55)

Consolidated Statement of Financial Position

	As at 31 December			
	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
Total non-current assets	145,953	140,665	9,191	9,328
Total current assets	489,440	249,287	317,909	275,506
Total current liabilities	(37,021)	(26,733)	(34,073)	(27,992)
Total equity	598,372	363,219	293,027	256,678
Total equity attributable to equity shareholders of the Company	600,195	365,210	293,639	255,863
Non-controlling interests	(1,823)	(1,991)	(612)	815

KEY FINANCIAL RATIOS

	Year ended 31 December/As at 31 December			
	2024	2023	2022	2021
Gross profit margin ⁽¹⁾	38.3%	42.8%	45.3%	40.0%
Net profit margin ⁽²⁾	22.5%	22.4%	24.5%	22.5%
General and administrative expenses ratio ⁽³⁾	8.0%	10.7%	8.7%	9.5%
Selling Expense Ratio ⁽⁴⁾	4.3%	6.8%	6.7%	5.7%
Current/quick ratio ⁽⁵⁾	13.2 times	9.3 times	9.3 times	9.8 times
Asset-liability ratio ⁽⁶⁾	5.8%	6.9%	10.4%	9.9%

FINANCIAL HIGHLIGHTS

Notes:

- (1) Gross profit margin was calculated based on gross profit divided by revenue for the relevant year.
- (2) Net profit margin was calculated based on net profit divided by revenue for the relevant year.
- (3) General and administrative expenses ratio was calculated based on the general and administrative expenses divided by the revenue for the relevant year.
- (4) Selling expense ratio was calculated based on sales and marketing expense divided by revenue for the relevant year.
- (5) Current/quick ratio was calculated based on total current assets divided by total current liabilities.
- (6) Asset-liability ratio was calculated based on the total liabilities divided by total assets.

CHAIRMAN'S STATEMENT

Over the past year, consumer demand for life and health insurance products continued to weaken. At the same time, insurance companies adjusted the commission rates of insurance intermediaries due to the policy of “aligning sales practices with regulatory filings” for the insurance industry, especially for the commission rates of long-term life and health insurance products, which had a certain impact on the entire insurance intermediary industry. Despite these external challenges, the Group achieved rapid growth in revenue and net profit by leveraging on its ecosystem co-creation and technology-enabled operating model, coupled with diversified product portfolios and sales channels.

During the Reporting Period, the Group's operating revenue amounted to RMB205.8 million, representing a year-on-year increase of 18.3%, and net profit amounted to RMB46.2 million, representing a year-on-year increase of 18.5%.

In 2024, leveraging our “Collaboration and Creating Mutual Benefits” ecosystem and technological capabilities, we achieved significant performance growth in the insurance agency business. The GWP facilitated by us increased by approximately 28.6% from approximately RMB1,259.1 million for the year ended 31 December 2023 to approximately RMB1,618.8 million for the year ended 31 December 2024. Commission income generated from the insurance agency business rose by approximately 20.6% from approximately RMB155.7 million for the year ended 31 December 2023 to approximately RMB187.7 million for the year ended 31 December 2024. Concurrently, with enhanced service capabilities in international insurance scenarios, we successfully expanded into new international client segments, achieving approximately RMB18.2 million in incremental premium growth. The rapid growth of our insurance agency business not only reflects the market's strong recognition of our capabilities but also demonstrates the pivotal role of our established ecosystem in driving business development. In terms of technology services, IT service revenue increased by approximately 7.6% from approximately RMB15.8 million for the year ended 31 December 2023 to approximately RMB17.0 million for the year ended 31 December 2024. From 2021 to 2024, the compound growth rate reached 142.0%, as our digital capabilities have not only enhanced customer experience but also unlocked new market opportunities. Among these, our self-developed enterprise interaction platform delivered outstanding performance, contributing approximately RMB51.2 million in premiums to our insurance agency business, marking a year-on-year increase of 123.6% and emerging as a robust growth driver. Furthermore, under our differentiated “technology + scenarios + ecosystem” model, we established an end-to-end digital safety insurance service ecosystem, further propelling business development and generating approximately RMB6.4 million in incremental premiums.

As at 31 December 2024, we had connected with (i) over 75 insurance companies as our customers; (ii) insurance agents across Shandong, Hebei, Henan and Jilin provinces; (iii) 20 strategic channel partners; and (iv) we had distributed insurance products to over 24,000 corporate insurance clients and 475,000 household insurance clients. These accomplishments were attributable to our long-term strategic planning and sustained investments in ecosystem development and technological innovation. Through continuous advancement in technological innovation, we have not only significantly enhanced service efficiency and optimised customer experience, but also collaborated with partners to expand market reach, realising synergistic effects and value co-creation across business lines, thereby fostering the robust development of the entire ecosystem.

From the perspective of workforce efficiency management, the Company has empowered operational and administrative processes through digital tools, resulting in improved operational efficiency, reduced sales and administrative expense ratio, and further contributed to profit growth.

In 2025, we will further deepen ecosystem collaboration, intensify investments in technological R&D, and strengthen our core competitiveness in insurance and technology services to sustain market leadership.

CHAIRMAN'S STATEMENT

OUTLOOK

The Group's long-term strategic objective is to anchor its differentiated "technology + scenarios + ecosystem" model to support the continuous iteration of user experience.

(1) Continuous Expansion of the Ecosystem: By leveraging the Zhongmiao ecosystem co-creation business model, the Group will persistently expand its ecosystem. On one front, it will establish connections with more companies to provide insurance customers with diversified product solutions. On another front, it will extend beyond insurance services to deliver ecosystem services that originate from insurance but transcend its traditional scope. This approach aims to significantly enhance the engagement of low-frequency insurance products, elevate customers' sense of value and participation, and cultivate lifelong insurance users.

(2) Proactive Adoption of AI: The Company plans to deepen its "AI+" strategy, focusing on the following key areas:

- ① AI + Risk Mitigation: By integrating large-scale models and big data technologies, the Company will deploy fixed IoT devices and mobile robots in warehouses to establish comprehensive data collection touchpoints, forming a seamless sensing network. Real-time data transmission to an AI-powered risk management model will enable intelligent tiered management, real-time alerts, and proactive interventions, ensuring risks are preemptively addressed. This will substantially elevate the intelligence level of warehouse safety management and emergency response efficiency, providing robust technological safeguards for enterprise asset security.
- ② Intelligent Customer Service: The Company intends to develop a service platform that combines rapid response capabilities with in-depth analysis of customer needs by integrating AI large-scale model technology with multi-scenario small-model agents. The system adopts a hierarchical architecture design: At the beginning, customer inquiries are addressed by specialised small-model agents (e.g., for routine queries, product services, and claims support) tailored to specific scenarios. Complex or unresolved issues are automatically escalated to the AI large-scale model for deep analysis and detailed resolution, ensuring high-quality responses to all customer requests and improving user satisfaction.
- ③ Intelligent Claims Processing: Leveraging large-scale models and rule engines, an intelligent claims platform capable of nationwide automated collection of detailed medical billing data and dynamic calibration of standard databases are built to enhance accuracy. The platform incorporates precise claims assessment algorithms to automatically flag case risks and support granular customization of special provisions, enabling insurers to improve claims efficiency and achieve reasonable loss mitigation.

(3) Selective investments and acquisitions in insurance intermediary and fintech industry

The Group intends 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, the Group will mainly consider whether they can complement our business in terms of technical capabilities, resource channels or talent teams. As at the date of this announcement, the Group has not identified any potential investment or acquisition targets not entered into any binding commitments for any strategic investments and acquisitions.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Insurance Agency Business

The Group's insurance agency 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. The GWP we facilitated increased by approximately 28.6% from approximately RMB1,259.1 million for the year ended 31 December 2023 to approximately RMB1,618.8 million for the year ended 31 December 2024. Commission income generated from our insurance agency business increased by approximately 20.6% from approximately RMB155.7 million for the year ended 31 December 2023 to approximately RMB187.7 million for the year ended 31 December 2024. Our insurance products covered four major categories including (i) property insurance products; (ii) life and health insurance products; (iii) accident insurance products; and (iv) automobile insurance products, covering mainstream insurance products in the market. Among them, (i) commission income from property insurance products distributed by us increased by approximately 17.1% from approximately RMB59.8 million for the year ended 31 December 2023 to approximately RMB70.0 million for the year ended 31 December 2024, which was mainly due to the further optimisation and upgrading of our Corporate Insurance Interactive Service Platform (企業保險交互服務平台), whereby we upgraded a wider range of property insurance products for insurance users to choose from, which in turn leads to more revenue; (ii) commission income from distribution of life and health insurance products decreased by approximately 28.4% from approximately RMB33.8 million for the year ended 31 December 2023 to approximately RMB24.2 million for the year ended 31 December 2024. This was primarily attributable to persistent weakening consumer demand for certain life and health insurance products amid broader economic uncertainties, coupled with adjustments of commission rates to insurance intermediaries by insurance companies due to the policy of "aligning sales practices with regulatory filings" for the insurance industry, resulting in a decline in commission income from life and health insurance products; and (iii) commission income from distribution of accident and automobile insurance products increased by approximately 50.3% from approximately RMB62.2 million for the year ended 31 December 2023 to approximately RMB93.5 million for the year ended 31 December 2024. This growth was driven by incremental business from newly established strategic channel partners in Henan and Jilin regions, as well as expanded business development in existing partnership channels, resulting in increased distribution of accident and automobile insurance products. For the year ended 31 December 2024, commission income generated from our insurance agency business accounted for 91.2% of our total revenue.

The Group's sales channels comprise (i) sales through insurance agents (whom the Group engages to promote and distribute insurance products to mainly household insurance clients, in return for commissions the Group 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 the Group paid for successful purchase of insurance products by insurance clients); and (iii) direct sales. At the upstream end, the Group provides insurance agency services to its insurance company partners, expand their insurance client base, whilst at the downstream end, the Group distributes insurance products to its corporate and household insurance clients and enhance their user experience.

MANAGEMENT DISCUSSION AND ANALYSIS

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. The Group's IT services offering includes insurance related systems such as insurance claims system, insurance intermediary core business system and AI service system providing certificate recognition and document processing services. Our revenue from IT services increased by approximately 7.6% from approximately RMB15.8 million for the year ended 31 December 2023 to approximately RMB17.0 million for the year ended 31 December 2024. This was mainly due to the fact that we had secured more IT projects as the market continues to recognise our digital capabilities. For the year ended 31 December 2024, our revenue from IT services accounted for 8.2% of our total revenue.

Consulting Services

The Group also provides consulting services, which include the provision of human resources consulting services and marketing and promotion services. In particular, The Group provides advice to its customers on human resource management and recruitment strategies, and provide recruitment services directly to locate, attract and identify suitable talents for its customers. Based on the Group's marketing and promotion capabilities accumulated in the insurance agency business and the insurance client base it has access to, the Group also provides marketing and promotion services to its customers, including the design of promotional materials and advertisements, etc. Our revenue from consulting services decreased by approximately 52.0% from approximately RMB2.5 million for the year ended 31 December 2023 to approximately RMB1.2 million for the year ended 31 December 2024, which was mainly due to the decrease in revenue from human resources consulting services.

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET OVERVIEW

According to the “Almanac of China’s Insurance”, China’s insurance intermediary market has become the main channel for the sale of insurance products and an important part of the insurance industry chain, playing an indispensable role in supporting the development of the real economy and improving the standard of insurance protection. First, it effectively reduces the transaction costs in the insurance market. Insurance intermediaries aggregate and disseminate insurance supply and demand information, improve incomplete and asymmetric insurance information, minimise moral hazard, promote the optimal allocation of insurance resources, and reduce “search costs” and transaction costs. Secondly, it effectively enhances the availability of insurance products and services. Insurance intermediaries will continue to enrich the value of the industrial chain, actively extend their services, and build an industrial ecosystem for health management and customer services, assisting consumers in claim settlement and rights defense, and vigorously safeguarding the legitimate rights and interests of insurance consumers. Thirdly, it effectively improves social risk management capability. Through risk analysis, risk identification and quantitative risk assessment, insurance intermediaries interact with insurance companies, the insurance market and even the capital market to design risk solutions, give full play to the protection function of insurance, and fully serve the modernization of the national governance system and governance capacity.

In recent years, China insurance intermediary industry has experienced a constant growth. In terms of underwriting premium, the market size of China insurance intermediary industry increased from RMB540.2 billion in 2019 to approximately RMB850.4 billion in 2023, with a CAGR of 12.0%. 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 rising income levels and an aging population, insurance awareness is continuously increasing. Additionally, with the standardised and orderly development of the insurance industry, it is expected that China 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 insurance intermediary industry will reach RMB1,505.5 billion, representing a CAGR of 12.8% from 2024.

According to the “Almanac of China’s Insurance”, the insurance professional intermediary channel has realised a relatively fast growth in the scale of premiums, and in the past decade, the scale of realised premiums has continued to grow at an average annual growth rate of 22.42%. Amid the industry’s robust growth momentum, the Company delivered particularly outstanding performance: from 2021 to 2024, we achieved a CAGR of 34.4% in GWP facilitated by us. This underscores the Company’s strong market competitiveness and growth potential.

Note: The “Almanac of China’s Insurance” is published by the National Financial Regulatory Administration and is generally updated in the fourth quarter of each year. It contains data of the insurance industry in China for previous years. Therefore, the latest issue of “Almanac of China’s Insurance” does not yet contain data for the year 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

1. Analysis of Revenue and Profit

The Group's revenue was generated from: (i) insurance agency business; (ii) IT services; and (iii) consulting services. The Group's revenue increased by 18.3% from approximately RMB174.0 million for the year ended 31 December 2023 to approximately RMB205.8 million for the year ended 31 December 2024, mainly due to the increase in revenue generated from our insurance agency business.

Our commission income generated from insurance agency business increased by 20.6% from RMB155.7 million for the year ended 31 December 2023 to approximately RMB187.7 million for the year ended 31 December 2024, primarily attributable to (i) further optimisation and upgrades to the Group's enterprise insurance interaction service platform, which introduced a broader range of property insurance products for customers, thereby generating additional revenue; and (ii) incremental business contributions from newly added strategic channel partners in Henan and Jilin regions, coupled with expanded business development in existing partnership channels, resulting in increased distribution of accident and automobile insurance products.

Our revenue generated from IT services increased by 7.6% from RMB15.8 million for the year ended 31 December 2023 to approximately RMB17.0 million for the year ended 31 December 2024 mainly due to the increase in IT projects obtained by the Group as the market continues to recognise our digital capabilities.

Gross Profit and Gross Profit Margin

Our overall gross profit increased by 5.8% from RMB74.5 million for the year ended 31 December 2023 to approximately RMB78.8 million for the year ended 31 December 2024, primarily due to the increase in gross profit from insurance agency business.

Our overall gross profit margin decreased from approximately 42.8% for the year ended 31 December 2023 to approximately 38.3% for the year ended 31 December 2024, primarily due to the decrease in gross profit margin of our insurance agency business from 41.1% in the Corresponding Period to 36.8% in the Reporting Period. The decrease was primarily attributable to (i) the increase in proportion of commission income contributed by the distribution of accident insurance products and automobile insurance products, both with comparatively lower gross profit margins; and (ii) a decrease in the commission income of the life and health insurance products with higher gross profit margin due to the continued decline in consumer demand for certain life and health insurance products as a result of overall economic uncertainty.

Other Income

Other income decreased from approximately RMB11.3 million for the year ended 31 December 2023 to approximately RMB10.7 million for the year ended 31 December 2024, primarily due to the decrease in the government grants.

MANAGEMENT DISCUSSION AND ANALYSIS

Research and Development Costs

For the years ended 31 December 2023 and 2024, our research and development costs were RMB7.1 million and RMB7.2 million, respectively. The research and development costs remained stable.

General and Administrative Expenses

Our general and administrative expenses decreased from approximately RMB18.6 million for the year ended 31 December 2023 to approximately RMB16.4 million for the year ended 31 December 2024, primarily due to the decrease in listing expenses recognised during the Reporting Period.

Sales and Marketing Costs

Our sales and marketing cost decreased from approximately RMB11.9 million for the year ended 31 December 2023 to approximately RMB8.8 million for the year ended 31 December 2024, primarily due to the decrease in staff costs and depreciation of right of use assets as a result of the optimisation of our business process and the efficiency of our organisation leading to the reduction in the number of in-house sales executives.

Finance Costs

Our finance costs were RMB0.2 million and RMB0.2 million for the years ended 31 December 2023 and 2024, respectively. The finance costs remained stable year-on-year.

Income Tax

Our income tax increased from approximately RMB9.0 million for the year ended 31 December 2023 to approximately RMB 10.7 million for the year ended 31 December 2024.

Profit

As a result of the foregoing, our profit for the year increased by 18.5% from approximately RMB39.0 million for the year ended 31 December 2023 to approximately RMB46.2 million for the year ended 31 December 2024. Our net profit margin remained stable at 22.4% and 22.4% for the years ended 31 December 2023 and 2024, respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

2. Financial Position

Items	As at 31 December 2024 RMB'000	As at 31 December 2023 RMB'000
Non-current assets	145,953	140,665
Current assets	489,440	249,287
Current liabilities	37,021	26,733
Net assets	598,372	363,219

The Group's net assets increased from RMB363.2 million as at 31 December 2023 to RMB598.4 million as at 31 December 2024.

Cash and Cash Equivalents and Time Deposits in Other Financial Assets

Items	As at 31 December 2024 RMB'000	As at 31 December 2023 RMB'000
Cash and cash equivalents	169,721	203,638
Time deposits		
– Current assets	262,638	–
Time deposits		
– Non-current assets	136,282	132,277
Total	568,641	335,915

The Group's total cash and cash equivalents and time deposits in other financial assets increased from RMB335.9 million as at 31 December 2023 to RMB568.6 million as at 31 December 2024.

During the Reporting Period, the Company and Haier Finance Company entered into a financial service (deposit) agreement, pursuant to which the Group has placed a time deposit in the sum of RMB20 million with Haier Finance Company. For details of the connected transaction, please refer to the announcement of the Company dated 13 November 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

3. Analysis of Changes on Cash Flow

Items	For the year ended 31 December	
	2024 RMB'000	2023 RMB'000
Cash and cash equivalents at the beginning of the period	203,638	23,546
Net cash generated from operating activities	30,050	19,979
Net cash (used in)/generated from investing activities	(258,827)	138,224
Net cash generated from financing activities	194,338	21,889
Effect of changes in foreign currency exchange rates	522	–
Cash and cash equivalents at the end of the period	169,721	203,638

- (a) The net cash inflow from operating activities of the Group increased from RMB20.0 million in the corresponding period last year to RMB30.1 million in the Reporting Period, which was mainly attributable to the increase in operating profit and improvement in operational efficiency during the Reporting Period.
- (b) The Group's net cash outflow from investing activities for the Reporting Period amounted to RMB258.8 million, compared with the net cash inflow of RMB138.2 million for the corresponding period last year, as detailed below:

Items	For the year ended 31 December	
	2024 RMB'000	2023 RMB'000
Cash generated from retrieving deposits	–	265,000
Proceeds from interests received	603	3,419
Payment for the purchase of property, plant and equipment	(11)	(195)
Payment for the purchase of time deposits	(259,830)	(130,000)
Payment for the purchase of investments	(17,811)	–
Cash generated from retrieving investments	18,222	–
Net cash (used in)/generated from investing activities	(258,827)	138,224

MANAGEMENT DISCUSSION AND ANALYSIS

- (c) The net cash inflow from the Group's financing activities for the Reporting Period amounted to RMB194.3 million, compared with the net cash inflow of RMB21.9 million for the corresponding period last year, as detailed below:

Items	For the year ended 31 December	
	2024 RMB'000	2023 RMB'000
Capital contributions from shareholders	–	31,199
Gross proceeds from the issuance of shares by initial public offering	215,967	–
Capital contributions from non-controlling interests	600	–
Listing expenses paid	(18,927)	(7,682)
Capital element of lease rentals paid	(3,274)	(1,581)
Interest element of lease rentals paid	(28)	(47)
Net cash generated from financing activities	194,338	21,889

Liquidity and Financial Resources

As at 31 December 2024, the current net assets of the Group amounted to RMB452.4 million (31 December 2023: RMB222.6 million). The Group's cash and cash equivalents and time deposits as at 31 December 2024 amounted to RMB568.6million (31 December 2023: RMB335.9 million). The currencies held under cash and cash equivalents were mainly Renminbi and Hong Kong dollars.

The Group will have sufficient liquidity to ensure meeting its working capital requirements in the coming year, as well as maintaining financial flexibility for future strategic investment opportunities.

Gearing Ratio

The Group's gearing ratio as at 31 December 2024, which was calculated by using the Group's total lease liabilities divided by total equity (including all capital and reserves), is not applicable (31 December 2023: 0.07%). The Board was of the opinion that the Group was at a sound financial position.

Bank Borrowings

As at 31 December 2024, the Group's bank borrowings were nil (31 December 2023: nil), and the Group did not have any unutilised banking facilities.

Capital Expenditures

During the Reporting Period, the Group incurred capital expenditure of RMB11,000 (2023: RMB0.2 million), the majority of which are related to the purchase of electronic equipment to support our business operation.

MANAGEMENT DISCUSSION AND ANALYSIS

CAPITAL MANAGEMENT

As part of the Group's cash management policy, the Group believes that the Group can make better use of the our cash by utilising wealth management products and time deposits to make better use of the Group's idle cash without interfering with the Group's business operations or capital expenditure. The Group may from time to time invest in wealth management products and time deposit issued by major commercial banks with low risks. In order to monitor and control the investment risks associated with such product portfolios, the Group has adopted a comprehensive set of internal policies and guidelines to manage the Group's investment programme in structured deposits and other wealth management products. 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.

FOREIGN EXCHANGE RISK

The Group's principal activities are carried out in the PRC. Given that the Group's business activities are denominated in RMB, the exposure to foreign exchange risk is insignificant. Currently, the Group has not implemented any foreign currency hedging policy. The Group will closely monitor the exchange rates in the market and adopt appropriate countermeasures and policies as and when necessary.

HUMAN RESOURCES

As at 31 December 2024, the Group had 131 employees. For the year ended 31 December 2024, the total employee remuneration expenses of the Group were approximately RMB31.6 million.

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 National Financial Regulatory Administration (國家金融監督管理總局) under us, their remuneration packages will include incentives for successful sales of insurance products. As required by the PRC regulations, the Group participates 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 all of our employees. The Group also contributes to housing provident funds for all of our employees.

The Group highly values its employees and places emphasis on the development of its employees. The Group provides continuing education and training programmes to the employees to improve their skills and develop their potential. The Group also adopts evaluation programmes through which our employees can receive feedback. The Group foster strong employee relations by offering various staff benefits and personal development support.

CHARGES ON ASSETS

As at 31 December 2024, there were no charges on the Group's assets.

MANAGEMENT DISCUSSION AND ANALYSIS

CONTINGENT LIABILITIES

As at 31 December 2024, the Group did not have any material contingent liabilities.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

As at 31 December 2024, the Group did not hold any significant investments. There were no material acquisitions or disposals of subsidiaries, associates and joint ventures during the Reporting Period.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Company intends to use the net proceeds raised from the Global Offering in accordance with the plans set out in the section headed “Future Plans and Use of Proceeds” in the Prospectus.

Save as disclosed above, as at the date of this annual report, the Company does not have any plans for future material investments or additions of capital assets.

SUBSEQUENT EVENTS

According to the board resolution passed in the board meeting of the Company held on 28 March 2025, the Company proposed to adopt cash dividend payment method for its 2024 profit distribution and distribute a dividend of RMB0.135 (tax inclusive) per share to all shareholders, and based on the total number of issued shares of the Company at 31 December 2024, i.e. 141,195,600 shares, the cash dividend proposed to be distributed totals RMB19,061,406 (tax inclusive). This proposed dividend is subject to the approval of the Annual General Meeting.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

DIRECTORS

Executive Directors

Mr. Lu Yao (鹿遙), aged 40, 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 and Zhong Miao Consulting Services (Hong Kong) Limited.

Mr. Lu has over 16 years of experience in the field of corporate, business management and human resources and over seven 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 46, 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 and general manager of Yunhai Lianji Technology.

Mr. Zhang has over 21 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.



DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Ms. Li Tian (李甜女士) (formerly known as Li Tian Tian (李甜甜)), aged 39, 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 11 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-practising 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 40, 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 16 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 Zhonglianhe 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.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Independent Non-executive Directors

Ms. Fang Qiaoling (房巧玲女士), aged 49, 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 served as an independent director of Fengshi (Qingdao) Marine Technology Co., Ltd. (逢時(青島)海洋科技有限公司) (principally engaged in food business) since June 2024. Ms. Fang has served as an independent director of Moore Threads Intelligent Technology (Beijing) Co. Ltd. (摩爾線程智能科技(北京)股份有限公司) (principally engaged in IT business) since December 2024. From June 2017 to June 2023, Ms. Fang had 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 tyres). From August 2021 to June 2024, Ms. Fang had served as an independent director of Chendu Landtop Technology Co., Ltd. (成都龍通科技股份有限公司) (principally engaged in development and production of electronic equipment). From June 2018 to August 2024, Ms. Fang served as an independent 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).

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 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-practising 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.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Chung Wai Man (鍾偉文先生), aged 61, was appointed as an independent non-executive Director on 6 August 2024. 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 30 years of experience in accounting, taxation and finance. 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 GEM of Stock Exchange (stock code: 8222) and principally engaged in retail chain business in lighting and household products) since September 2014, Shandong Fengxiang Co., Ltd (listed on the Stock Exchange (stock code: 9977) and principally engaged in production of white-feathered broiler) since August 2019 and Shanghai MicroPort MedBot (Group) Co., Ltd (listed on the Stock Exchange (stock code: 2252) and principally engaged in designing, developing and commercialising surgical robots to assist surgeons in performing complex surgical procedures) since July 2024.

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.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Ms. Ng Sin Kiu (吳先僑女士), aged 52, was appointed as an independent non-executive Director on 6 August 2024. 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 21 years of experience in legal practise 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. Since July 2024, she has been an independent non-executive Director of ContiOcean Environment Tech Group Co., Ltd. (listed on the Stock Exchange (Stock Code: 2613)). Since September 2024, she has been an independent non-executive Director of Perfect Group International Holdings Limited (listed on the Stock Exchange (stock code: 3326)).

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 prior to the publication of this annual report:

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	Struck-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.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

SUPERVISORS

Mr. Zhu Rongwei (朱榮偉先生), aged 32, 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 38, 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.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Ms. Wang Yangyang (王陽陽), aged 42, was appointed as a Supervisor on 17 June 2024. She is responsible for supervising the performance of our Directors and senior management and performing other supervisory duties as a Supervisor. Ms. Wang joined our Group as a human resource manager of Haier Insurance Agency in March 2019 and has been responsible for human resource management of Haier Insurance Agency.

Ms. Wang has over 20 years of experience in human resource management. Prior to joining our Group, she served different roles in human resource department and was primarily responsible for the staff training, recruitment, remuneration and human resource management at several companies under the Haier Group, including serving as training manager in Qingdao Haier Special Steel Plate Research and Development Co., Ltd. (青島海爾特種鋼板研製開發有限公司) (currently known as Qingdao HBIS Composite New Material Technology Co., Ltd. (青島河鋼複合新材料科技有限公司)), a company principally engaged in manufacturing of steel materials, from August 2004 to March 2007; serving as training manager in Qingdao Haier Training Centre (青島海爾培訓中心), a company principally engaged in consulting business, from March 2007 to August 2007; serving as training manager in Qingdao Haier Human Resources Development Co., Ltd. (青島海爾人力資源開發有限公司), a company principally engaged in provision of human resource management within the Haier Group, from August 2007 to May 2008; serving as human resources assistant in Qingdao Haier Refrigerator Co., Ltd. (青島海爾電冰箱有限公司), a company principally engaged in manufacturing of refrigerators, from May 2008 to February 2010; last serving as recruitment manager in Qingdao Haidarui Procurement Services Co., Ltd. (青島海達瑞採購服務有限公司), a company principally engaged in trading business, from February 2010 to November 2016; serving as remuneration manager in Qingdao Ririshun Electric Service Co. Ltd. (青島日日順電器服務有限公司) (currently known as Qingdao Haier Family Life Service Co., Ltd. (青島海爾家生活服務有限公司)), a company principally engaged in sales of home appliance, from December 2016 to February 2017; and serving as remuneration manager in Qingdao Haier Strauss Water Equipment Co., Ltd. (青島海爾施特勞斯水設備有限公司), a company principally engaged in sales of water treatment equipment, from March 2017 to February 2019.

Ms. Wang obtained her graduation certificate in computer application and maintenance from Qingdao Technical College, the PRC (青島職業技術學院), in July 2004. Ms. Wang obtained her graduation certificate in human resource management from Renmin University of China (中國人民大學) through online education in July 2017.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Mr. Lu Yao, Mr. Zhang Zhiquan, Ms. Li Tian and Mr. Wang Heping are also the senior management of our Group. For more details, please refer to the paragraph headed “Directors, Supervisors and Senior Management”.

JOINT COMPANY SECRETARIES

Ms. Chan Sau Ling (陳秀玲女士), aged 55, was appointed as our joint company secretary on 6 August 2024. Ms. Chan is a Director of Company Secretarial Services of Tricor Services Limited, Asia’s leading business expansion specialist. Ms. Chan has over 25 years of experience in the company secretarial field. She has been providing professional corporate services to Hong Kong listed companies as well as multinational, private and offshore companies.

Ms. Chan is currently the company secretary or joint company secretary of a few listed companies on the Stock Exchange.

Ms. Chan is a Chartered Secretary, a Chartered Governance Professional and a Fellow of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

Ms. Sun Yanlu (孫艷露女士), aged 35, was appointed as our joint company secretary on 6 August 2024. She is also the secretary of our Board and financial manager of our Company and is responsible for supervising the operating and financial affairs of our Group and managing the operation of our Board. Ms. Sun joined our Company as our financial manager in April 2022. From March 2023 to June 2024, she served as a supervisor of our Company and was responsible for supervising the performance of our Directors and senior management and performing other supervisory duties as a supervisor.

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 auditing annual reports and special audits of various projects and gained solid practical experience and professional skills. Ms. Sun is a non-practising 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. In November 2024, she also obtained the qualification of tax agent granted by the China Certified Tax Agents Association.

CHANGES IN DIRECTORS’ INFORMATION

Save as disclosed herein, as at the date of this annual report, the Directors confirm that there is no information of the Director, Supervisor or chief executive of the Company required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

CORPORATE GOVERNANCE REPORT

The Board of Directors is pleased to present the Corporate Governance Report of the Company for the year ending 31 December 2024.

CORPORATE GOVERNANCE PRACTICES

Our Directors recognise the importance of incorporating elements of good corporate governance in the management structures and internal procedures of the Group so as to achieve accountability, and are committed to ensure the lawful, ethical and responsible operation of our Group's businesses. The Company has adopted the code provisions set out in the CG Code as its own code to govern its corporate governance practices.

Save for the deviation from code provision C.2.1 as described in "Corporate Governance Report – Chairman and Chief Executive Officer" and "Attendance at Board, Committee Meetings and General Meetings" below, the Directors are of the opinion that the Company has complied with all the code provisions set out in Part 2 of the CG Code since the Listing Date and up to the end of the Reporting Period.

MODEL CODE FOR SECURITIES TRANSACTIONS

Since the Listing Date, the Company has adopted a code of conduct regarding securities transactions by Directors and Supervisors which is no less exacting than the Model Code as the Code of Conduct for Directors, Supervisors, senior management and employees of the Group who hold Shares.

Having made specific enquiries with all Directors and Supervisors, the Company confirmed that they have complied with the Model Code and the Securities Trading Standards since the Listing Date and up to the date of this annual report. In addition, the Company is not aware of any non-compliance with the Model Code by the senior management of the Group since the Listing Date and up to the date of this report.

Employees of the Company who may be in possession of unpublished inside information of the Company are also required to comply with the Model Code. The Company is not aware of any non-compliance with the Model Code by its employees since the Listing Date and up to the end of the Reporting Period.

BOARD OF DIRECTORS

Responsibilities

The Board is responsible for the overall leadership of the Group, overseeing the Group's strategic decisions and monitoring business and performance. The Board shall regularly review the contribution of the Directors to the performance of their duties to the Company and whether they are devoting sufficient time to fulfill their roles and Board responsibilities.

All Directors should ensure that their duties are carried out in good faith and in compliance with applicable laws and regulations and at all times in the interests of the Company and the Shareholders.

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.

CORPORATE GOVERNANCE REPORT

Composition of the Board

As at the date of this annual report, the Board comprises seven directors, including four executive Directors and three independent non-executive Directors, details of which are set out below:

Executive Directors

Lu Yao (*Chairman*)
Zhang Zhiquan
Li Tian
Wang Heping

Independent Non-executive Directors

Fang Qiaoling
Chung Wai Man
Ng Sin Kiu

All the Directors have excelled in their professional fields and demonstrated high standards of personal and professional ethics and integrity. The biographical details of the Directors of the Company are set out in the section headed “Directors, Supervisors and Senior Management” in this annual report.

The Directors have agreed to disclose to the Company their commitments in a timely manner in respect of the provisions of the CG Code which require them to disclose the number and nature of their positions in public companies or organizations and other material commitments, as well as their capacity and time commitment to the issuer.

Save as disclosed in this annual report, none of the Directors, Supervisors and senior management of the Company (i) hold any other directorship in other publicly listed companies in the last three years; (ii) has any relationship with any other Directors, Supervisors and senior management of the Company; (iii) hold any other position in the Company or other members of the Group; (iv) hold any other interest in the shares of the Company with the meaning of Part XV of the SFO and (v) has other information relating to him/her that should be disclosed pursuant to the events under Rule 13.51(2)(h) to 13.51(2)(v) of the Listing Rules.

Mr. Chung Wai Man and Ms. Ng Sin Kiu obtained the legal advice referred to in Rule 3.09D of the Listing Rules on 27 March 2024 and 17 May 2023, respectively. Each of Mr. Chung Wai Man and Ms. Ng Sin Kiu has confirmed that he/she understood his/her obligations as a Director.

CORPORATE GOVERNANCE REPORT

Chairman and Chief Executive Officer

Pursuant to the code provision C.2.1 of Part 2 of the CG Code, the responsibilities between the chairman and the chief executive officer should be separate and should not be performed by the same individual, and listed companies on the Stock Exchange should comply with the relevant requirements but may choose to deviate from such requirement. The Company does not have a separate chairman and chief executive officer (being the chief executive officer defined in the CG Code), and Mr. Lu Yao is currently holding both roles. The Board believes that vesting the roles of both chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired, and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of the chairman of the Board and the chief executive officer of the Company at an appropriate time taking into account the circumstances of the Group as a whole.

The Board operates to ensure a balance of power and authority and is comprised of a diverse group of experienced individuals. The Board currently consists of four executive Directors (including Mr. Lu Yao) and three independent non-executive Directors and therefore has a strong degree of independence in its composition. The Board will continue to review the effectiveness of the Group's corporate governance structure with a view to assessing whether there is a need to separate the roles of chairman and chief executive officer.

Independent Non-executive Directors

During the Reporting Period, the Board has complied with the requirements under Rules 3.10(1) and 3.10(2) of the Listing Rules in relation to the appointment of at least three independent non-executive Directors, at least one of whom has appropriate professional qualifications or accounting or related financial management expertise. Of the three independent non-executive Directors, Mr. Chung Wai Man has appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10(2) of the Listing Rules.

The Company has also complied with the requirement under Rule 3.10A of the Listing Rules that at least one-third of the Board should be appointed as independent non-executive Directors so that the Board will maintain strong independence and be able to exercise independent judgment effectively at all times.

Each of the independent non-executive Directors has confirmed his/her independence with reference to the factors that are set out in Rule 3.13 of the Listing Rules. The Company confirmed that all its independent non-executive Directors satisfied the requirements for independence under Rule 3.13 of the Listing Rules.

CORPORATE GOVERNANCE REPORT

Board Independence

The Company recognises that Board independence is key to good corporate governance. The Company has in place effective mechanisms that underpin an independent Board and that independent views. In the current composition of the Board, over one-third of the Directors are independent non-executive Directors and the members of the Audit Committee are all independent non-executive Directors, who satisfy the independence requirements under the Listing Rules. The Remuneration Committee and Audit Committee are all chaired by independent non-executive Directors. The remuneration of independent non-executive Directors are subject to a regular review to maintain competitiveness and commensurate with their responsibilities and workload. The independence of each independent non-executive Director is assessed upon his/her appointment and annually. Directors are requested to declare their direct or indirect interests, if any, in proposals or transactions to be considered by the Board at the Board meetings and abstain from voting, where appropriate. External independent professional advice is available to all Directors, including independent non-executive Directors, whenever deemed necessary. The independent non-executive Directors have consistently demonstrated strong commitment and the ability to devote sufficient time to discharge their responsibilities at the Board. The Company has also established channels through formal and informal means whereby independent non-executive Directors can express their views in an open manner, and in a confidential manner, should circumstances require. On the basis of the above measures that have been put into place, the Board is of the view that the above mechanisms have been effective in ensuring that independent views and input were available to the Board throughout the Reporting Period.

Appointment and Re-election of Directors

Each of the Directors has entered into a service contract or a letter of appointment with the Company for an initial term of three years, which may be terminated in accordance with the termination provisions contained in the terms of the contract itself and is subject to the terms of termination therein and is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Articles of Association or is subject to retirement by rotation in accordance with any other applicable laws from time to time.

In addition, there are no service contracts entered into by the Company or its subsidiaries with the Directors and Supervisors who are proposed for re-election at the Annual General Meeting of the Company and which are not determinable within one year without payment of compensation, other than statutory compensation. The Company may by ordinary resolution remove any Director before the expiration of his period of office in accordance with the Articles of Association notwithstanding anything to the contrary in the Articles of Association or in any agreement between the Company and such Director.

CORPORATE GOVERNANCE REPORT

Induction and Continuing Professional Development

All newly appointed Directors are provided with comprehensive formalised and specialised induction training and information to ensure that they have an appropriate level of understanding of the Company's operations and business as well as their responsibilities under the relevant legislation, rules and regulations.

During the Reporting Period, all Directors, namely Mr. Lu Yao, Mr. Zhang Zhiqian, Ms. Li Tian, Mr. Wang Heping, Ms. Fang Qiaoling, Mr. Chung Wai Man and Ms. Ng Sin Kiu, have been informed of amendments or updates to relevant laws, rules and regulations on a regular basis. All Directors have also been provided with updates on the latest developments in the Listing Rules and other applicable regulatory requirements to ensure compliance and to enhance their awareness of good corporate governance practices. In addition, continuous briefing and professional development for Directors will be arranged as and when required. All Directors are encouraged to attend relevant training programs at the Company's expense, and they are required to submit signed training records to the Company annually.

Attendance at Board, Committee Meetings and General Meetings

The Board held 6 Board meetings during the Reporting Period. Details of the attendance of each Director at Board and Committee meetings and general meetings of the Company, either in person or by electronic means, during the Reporting Period are set out in the table below:

Director	Attendance/Number of Meetings Held During the Reporting Period				
	Board	Audit Committee	Remuneration Committee ⁽¹⁾	Nomination Committee	General Meeting
<i>Executive Directors</i>					
Lu Yao	6	–	–	–	1
Zhang Zhiqian	6	–	–	–	1
Li Tian	6	–	–	–	1
Wang Heping	6	–	–	–	1
<i>Independent Non-executive Directors</i>					
Fang Qiaoling	6	2	–	–	1
Chung Wai Man ⁽²⁾	4	2	–	–	–
Ng Sin Kiu ⁽²⁾	4	2	–	–	–

Notes:

- (1) The Company was listed on the Main Board of the Stock Exchange on 6 August 2024, therefore no meeting of the Remuneration Committee or Nomination Committee was held during the Reporting Period.
- (2) Each of Mr. Chung Wai Man and Ms. Ng Sin Kiu's appointment became effective on the Listing Date. Each of them had attended the four Board meetings and the two Audit Committee meetings since their appointments became effective.

CORPORATE GOVERNANCE REPORT

At the Board meetings held after the Listing Date, the Board discussed a number of matters including, but not limited to, the financial and operational performance of the Company, the approval for the publication of the Company's interim results announcement for the six months ended 30 June 2024 and the interim report.

The CG Code requires that the chairman of the Board should at least annually hold one meeting with the independent non-executive directors without the presence of other directors. As the Company was listed on the Main Board of the Stock Exchange on 6 August 2024, the chairman of the Board did not hold any separate meeting with the independent non-executive Directors during the Reporting Period.

BOARD COMMITTEES

The Board has established three committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee, to oversee specific areas of the Company's affairs. All Board committees established by the Company have specific written terms of reference which clearly define their powers and duties and are provided with sufficient resources to discharge their duties.

The chairmen and members of the Board committees are listed in the "Corporate Information" section of this annual report.

AUDIT COMMITTEE

The Board has established an Audit Committee comprising three independent non-executive Directors, namely Mr. Chung Wai Man, Ms. Fang Qiaoling and Ms. Ng Sin Kiu. Mr. Chung Wai Man is the chairman of the Audit Committee and possesses appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules. The primary duties of the Audit Committee are to assist the Board in providing an independent opinion on the effectiveness of the Group's financial reporting process, internal control and risk management systems, to oversee the audit process and to perform other duties and responsibilities as assigned by the Board. The Audit Committee has also adopted written terms of reference which clearly set out its duties and responsibilities (the terms of reference are available on the websites of the Company and the Stock Exchange).

The Audit Committee has reviewed the financial results and report for the year ended 31 December 2024 and has confirmed that it has complied with all applicable accounting principles, standards and requirements and that adequate disclosures have been made. The Audit Committee has also discussed audit and financial reporting matters. The Audit Committee has also reviewed the continuing connected transactions for the year ended 31 December 2024. The Audit Committee has also reviewed important issues relating to financial reporting, the effectiveness of the risk management and internal control systems and internal audit function, the appointment of external auditors, and arrangements for employees to report possible improprieties in financial reporting, internal control or other matters. The Audit Committee conducts an annual review of the risk management and internal control system.

CORPORATE GOVERNANCE REPORT

2 meetings of the Audit Committee were held during the Reporting Period. The attendance records of the members of the Committee are set out in the paragraphs headed “ATTENDANCE AT BOARD, COMMITTEE MEETINGS AND GENERAL MEETINGS” in this section. The following is a summary of the work of the Audit Committee during the Reporting Period:

- reviewed the consolidated financial statements, the interim results and report, the Group’s financial and accounting policies and practices;
- reviewed the effectiveness of risk management, internal control and compliance systems and internal audit function and discussed its findings with management and internal audit;
- to review the signing of the Financial Services (Deposit) Agreement and Connected Transaction with Haier Group Finance Co., Ltd.; and
- To discuss with members of the Company’s senior management matters relating to the accounting policies and practices adopted by the Company and internal controls.

During the Reporting Period, the Audit Committee also held one meeting with the Company’s external auditors, KPMG.

REMUNERATION COMMITTEE

The Board has established the Remuneration Committee, consisting of one executive Director and two independent non-executive Directors, namely Ms. Fang Qiaoling, Mr. Chung Wai Man and Ms. Li Tian. Ms. Fang Qiaoling 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 and services contracts 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. The Remuneration Committee has also adopted written terms of reference which clearly set out its duties and responsibilities (the terms of reference are available on the websites of the Company and the Stock Exchange).

No meeting of the Remuneration Committee was held after the Listing Date and up to 31 December 2024 as the Company was listed on the Main Board of the Stock Exchange on 6 August 2024 and no share incentives or adjustments to the remuneration of the Directors or senior management were granted or made.

Further details of the remuneration payable to the Directors, senior management and the five highest paid individuals for the year ended 31 December 2024 are set out in Note 8 and Note 9 to the consolidated financial statements of this report respectively.

CORPORATE GOVERNANCE REPORT

NOMINATION COMMITTEE

The Board has established a nomination committee, consisting of one executive Director and two independent non-executive Directors, namely Mr. Lu Yao, Ms. Ng Sin Kiu and Ms. Fang Qiaoling. Mr. Lu Yao is the chairman of the 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. The Nomination Committee has also adopted written terms of reference which clearly set out its duties and responsibilities (the terms of reference are available on the websites of the Company and the Stock Exchange).

In evaluating the composition of the Board, the Nomination Committee considers various aspects and factors relating to Board diversity as set out in the Company's Board Diversity Policy (the "**Board Diversity Policy**"). The Nomination Committee discusses and agrees on measurable goals for Board diversity as necessary and makes recommendations to the Board for adoption.

DIRECTORS NOMINATION POLICY

The Company has adopted a director nomination policy which sets out the selection criteria and process and the Board succession planning considerations in relation to nomination and appointment of Directors.

All board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

In identifying and selecting suitable director candidates, the Nomination Committee considers, where appropriate, whether a candidate meets the relevant criteria set out in the Company's policy for nomination of directors (the "**Director Nomination Policy**") that are necessary to complement the Company's corporate strategy and to achieve diversity on the Board before making a recommendation to the Board, and in considering the recommendation of a new director for consideration at the general meeting, adopts the Board and Board committee requirements for diversity in the light of the latest regulatory requirements.

The Nomination Committee will review the policy on nomination of directors from time to time to ensure that it is effective.

CORPORATE GOVERNANCE REPORT

BOARD DIVERSITY POLICY

The Company is committed to promoting a diverse culture in the Company. The Company seeks to promote diversity where feasible by considering a number of factors in its corporate governance structure.

The Company has adopted the Board Diversity Policy, which sets out the objectives and methods for achieving and maintaining board diversity in order to enhance board effectiveness. In accordance with the Board Diversity Policy, we seek to achieve board diversity by taking into account a number of factors, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge, length of service and time commitment as a director of the Company. Directors have a balanced knowledge and skill set, including knowledge and experience in corporate, business management, human resources, insurance industry, accounting and auditing, software development, taxation and law. They have obtained degrees in a variety of fields, including electronic information science and technology, auditing, international economics and trade, logistics management, computing science and technology, economics, management, social sciences and law. Directors are between the ages of 39 to 61, with experience in different industries and fields and different genders, which is evidence that the Company's Board Diversity Policy is fully implemented. As of the date of this annual report, the Board consists of seven directors, three of whom are female. The Group considers that the current gender balance of the Group is satisfactory.

The Board considers that the current composition of the Board provides the Company with a good balance and diversity of skills and experience to meet its business needs, as well as opportunities for views from different genders and backgrounds to be heard and discussed, and to achieve diversity (including gender diversity) on the Board. The Board aims to maintain the current proportion of female members on the Board and to adopt the diversity requirements of the Board and Board committees under the latest regulatory requirements when considering recommending new directors for consideration at general meetings. The Board will continue to review its structure to ensure that it meets its business needs and supports the development of the Group. If circumstances change and the Board considers that additional or replacement of directors are necessary to achieve gender diversity or meet business requirements and support the development of the Group, the Company will deploy multiple channels to identify suitable directors, taking into account the diversity of perspectives set out in the Board's diversity policy, including but not limited to recommendations or internal promotions by the Company's management, shareholders and advisors.

CORPORATE GOVERNANCE FUNCTION

The Board is responsible for performing the functions set out in Code Provision A.2.1 of the CG Code.

For the year ended 31 December 2024, the Board has reviewed the Company's corporate governance policies and practices, the training and continuing professional development of Directors and senior management, the Company's policies and practices for compliance with legal and regulatory requirements, the compliance with the standard code, the Company's compliance with the CG Code and the disclosures in this corporate governance report.

CORPORATE GOVERNANCE REPORT

RISK MANAGEMENT AND INTERNAL CONTROL

The Company recognizes that good risk management and internal control play an important role in its operations. The Board is ultimately responsible for risk management, internal control and compliance management of the Company and is committed to establishing an effective risk management and internal control system and improving it on an ongoing basis.

RISK MANAGEMENT SYSTEM

The Company has established a vertical and horizontal risk management structure. Vertically, the risk management structure extends through the Board, senior management, its relevant functional departments and subsidiaries, covering all business segments and relevant subsidiaries; horizontally, the Company has established a three-lines-of-defense management mechanism comprising the relevant business departments and functional units as the first line of defense, the internal control and internal audit department as the second line of defense, and the strategic management department as the third line of defense, with each of these three lines of defense performing its respective duties in a coordinated manner. The Board is the highest decision-making body for the Group's comprehensive risk management and bears the ultimate responsibility for the Group's, and performs the following risk management duties: (i) to promote the construction and improvement of the Company's risk management system and internal control system, and to listen to and approve the reports on major risks and their control, as well as the overall objectives and planning for the construction of the internal control; (ii) to be responsible for the identification of the Company's major risks, and to scrutinize and approve the relevant management plans; (iii) identifying and reviewing major deficiencies in the Company's internal controls and approving opinions on the accountability for such deficiencies; and (iv) approving audit reports on risk management and internal control evaluation submitted by the internal control evaluation department.

The primary responsible department for performing on-going co-ordination and planning the Group's risk management system is the internal control and internal audit department, which main responsibilities include: (i) as the lead department of the Company's risk management, organizing risks and information collection, threat and risk assessment report review, risk database update and risk response work; (ii) planning and improving the set up and improvement of the Company's internal control system, and organizing the implementation; (iii) formulating and revising the Company's internal control management measures according to the actual situation; (iv) organizing all departments of the Company to sort out the process, clarify key control nodes and control standards, improve the management system, and prepare and regularly revise the Company's internal control manual; (v) guiding and supervising each unit of the Company to establish and improve its internal control system and require the preparation of its internal control manual; (vi) promote the integration of internal control system set up and information technology set up in all departments and units of the Company, and gradually solidify business processes and control measures into the information system; (vii) conduct regular or irregular inspections and evaluations of the internal control system set up and implementation of each unit, and put forward suggestions for improvement; and (viii) organize internal control set up and improve relevant knowledge training.

CORPORATE GOVERNANCE REPORT

INTERNAL CONTROL SYSTEM

The Company recognizes that good internal control plays an important role in our operations. The Board is ultimately responsible for the Company's internal control and is committed to establishing and implementing an adequate and effective internal control system and improving it on an on-going basis in order to achieve the Company's internal control objectives. The Board is responsible for guiding the establishment of the Company's internal control management system, conducting regular evaluations of the soundness, reasonableness and effectiveness of the internal controls, reviewing and approving the Company's internal control organization structure, major internal control policies, the handling of major risk events, setting the acceptable level of risk, and providing reasonable assurance that the Company operates prudently and within the framework of laws and policies. The Audit Committee has been established under the Board to oversee the effective implementation of the Company's internal controls, coordinate internal control audits and other related matters, study and formulate corresponding measures to strengthen internal control management, and provide professional advice and recommendations for the Board's decision-making. The business and functional departments of the Company are the constructors and implementers of internal control and bear the primary responsibility for the internal control of the unit; the internal control and internal audit department is responsible for the prior and on-going co-ordination and planning of internal control, organizing and promoting the same, monitoring the same in real time, conducting regular investigations and examinations and supervising the rectification of the defects in the internal control; and the internal audit department is responsible for the independent assessment of and report on the effectiveness of the internal control management system. The Strategic Management Department is the supervisory and evaluation department of internal control, and conducts independent evaluation and report on the soundness, reasonableness and effectiveness of the internal control management system, and performs the following internal control duties: (i) planning and organizing the implementation of the evaluation of the Company's internal control system; (ii) compiling the Company's internal control evaluation manual in accordance with the internal control standards and making regular revisions in light of the actual situation; (iii) to make specific requirements for the preparation and filing of the internal control evaluation manual of each unit; (iv) to compile the Company's internal control evaluation plan and identification standards for internal control deficiencies, and to make specific requirements for the preparation and filing of the internal control evaluation plan and identification standards for internal control deficiencies of each unit; (v) to be responsible for organizing and launching the internal control evaluation work of each department and office of the Company, and to supervise each department and office to carry out rectification in view of the internal control deficiencies; (vi) to direct, supervise and inspect the internal control evaluation work of each unit of the Company; to supervise each unit to carry out rectification in view of the specific internal control deficiencies of each of the units of the Company; (vii) to compile the internal control evaluation reports of the various departments of the Company and each unit of the Company and prepare an internal control evaluation report as a whole; (viii) focusing on the problems or risks identified in the course of daily supervision, inspection, audit or internal control evaluation, request the relevant units to further collect the relevant information and make a risk assessment; and (ix) organize the training on the knowledge related to the evaluation of internal control.

In order to monitor the ongoing facts of risk management and internal control, the Company have adopted the following measures:

- Established an audit committee to oversee the Company's financial records, internal control procedures and risk management system;
- Appointed Ms. Sun Yanlu and Ms. Chan Sau Ling as joint company secretaries of the Company to ensure that the Company's operations are in compliance with relevant laws and regulations;
- Appointed Ping An of China Capital (Hong Kong) Company Limited as the Company's compliance adviser to advise the Company on compliance with the Listing Rules;
- Appointed external legal advisers to advise the Company on compliance with the Listing Rules and to ensure that the Company comply with the relevant regulatory requirements and applicable laws where necessary.

CORPORATE GOVERNANCE REPORT

EFFECTIVENESS OF THE RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

The Board is responsible for overseeing the implementation and managing the risk management and internal control systems of the Company and ensuring review of the effectiveness of these systems has been conducted annually. For the Reporting Period, the Board has conducted a review of the effectiveness of the risk management and internal control systems of the Group. The review covered all material controls of the Group, including financial, operational and compliance controls. Several areas have been considered during the Board's review, including but not limited to

- (i) the changes in the nature and extent of significant risks (including ESG risks) since the last annual review, and the Company's ability to respond to changes in its business and the external environment;
- (ii) the ongoing monitoring by management of risks (including ESG risks) and the extent and effectiveness of internal control systems;
- (iii) the level of detail and frequency with which control results are communicated to the Board (or its committees), which enables the Board to assess the state of the issuer's controls and the effectiveness of risk management;
- (iv) the material control failures that have occurred or material control weaknesses that have been identified during the year, and the severity of any unforeseen consequences or emergencies resulting therefrom, which have had, may have had or are likely to have a material impact on the Group's financial performance or condition in the future;
- (v) the effectiveness of the Company's procedures relating to financial reporting and compliance with the requirements of the Listing Rules of the Stock Exchange;
- (vi) the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit, financial reporting functions, as well as those relating to the Company's ESG performance and reporting.

The Board recognises that the Group's risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. The Board also considered that the resources, staff qualifications and experience of relevant staff for the Group's risk management and internal control systems (including those relating to the Group's ESG performance and reporting) during the Reporting Period were adequate, and the training programs and budget provided were sufficient. Having reviewed the same, the Board is of the opinion that the risk management and internal control system of the Company were adequate and effective during the Reporting Period.

ANTI-CORRUPTION AND WHISTLEBLOWING POLICY

The Company does not tolerate any form of bribery, whether direct or indirect, by its directors, officers, employees, agents or consultants, or by any person or company acting for or on their behalf. The Company has adopted an anti-corruption policy to assist employees in identifying situations that may lead to, or appear to involve, corruption or unethical business practices, in order to avoid such specifically prohibited behaviors, and to seek timely guidance when necessary.

CORPORATE GOVERNANCE REPORT

The Company expects and encourages employees of the Group and those who work with the Group (e.g. suppliers, customers, creditors and debtors) to report confidentially to the Company any suspected impropriety, misconduct or malpractice in relation to the Group. The Company has adopted a whistleblowing policy to provide reporting channels and guidelines for reporting potential misconduct and to assure whistleblowers that the Group will provide them with protection in the formal system. Proper arrangements have been made under the whistleblowing policy for employees to raise concerns, in confidence, about possible improprieties in financial reporting, internal control and other matters.

The anti-corruption and whistleblowing policies are reviewed regularly and any suspected cases will be reported to the Audit Committee.

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the consolidated financial statements of the Group for the Reporting Period in accordance with statutory requirements and applicable accounting standards.

The Directors also acknowledge their responsibilities to ensure that the financial statements of the Company are published in a timely manner.

AUDITORS' RESPONSIBILITY AND REMUNERATION

The statement of the independent auditor of the Company about their reporting responsibilities on the consolidated financial statements is set out in the "Independent Auditor's Report" in this annual report.

On 6 August 2024, the Company successfully listed its H Shares on the Main Board of the Stock Exchange, and there has been no change in auditor since the Listing up to the date of this annual report.

The total remuneration paid or payable to the Company's auditors, KPMG, for audit services, relevant services in respect of the initial public offering of the Company's H Shares and non-audit services during the Reporting Period is set out below:

Type of Service	Fees paid/payable RMB'000
Audit services	1,302
Relevant services in respect of initial public offering (as reporting accountant)	1,445
Non-audit services	
– ESG and other advisory services	291
Total	3,038

The Board and the Audit Committee have agreed to re-appoint KPMG as the Group's external auditor for the year ended 31 December 2025 and the proposal will be put forward for approval at the Annual General Meeting.

CORPORATE GOVERNANCE REPORT

JOINT COMPANY SECRETARY

Ms. Sun Yanlu is the joint company secretary of the Company and is responsible for making recommendations to the Board on corporate governance matters and ensuring compliance with the policies and procedures of the Board, applicable laws, rules and regulations. In order to maintain good corporate governance and ensure compliance with the Hong Kong Listing Rules and applicable Hong Kong laws, the Company has also appointed Ms. Chan Sau Ling, a Director of Company Secretarial Services of Tricor Services Limited, as the joint company secretary of the Company during the Reporting Period to assist Ms. Sun Yanlu in discharging her duties as the joint company secretary of the Company. Ms. Chan Sau Ling's principal contact person in the Company is Ms. Sun Yanlu.

During the Reporting Period, both Ms. Sun Yanlu and Ms. Chan Sau Ling have complied with Rule 3.29 of the Hong Kong Listing Rules by attending not less than 15 hours of relevant professional training.

EMPLOYEE DIVERSITY

As of 31 December 2024, the Group had 131 employees. Of these, 77 are male and 54 are female. Gender ratio of employees (including senior management) is approximately 58.8% male to 41.2% female. The Group supports various diversity perspectives in different aspects, the key areas of which are similar to Board diversity. Based on the latest information, the Board is of the view that the overall gender diversity of the Group is balanced and the Group will continue to maintain the gender diversity of its workforce. The Group recognizes the importance and benefits of gender diversity in the work environment. The Group will further improve its staff management system. Through a scientific and standardized personnel management system covering recruitment, attendance and performance evaluation, the Group will ensure the fairness and orderliness of its staff management and continue to promote staff diversity from various diversity objectives, including but not limited to gender diversity.

CHANGES TO CONSTITUTIONAL DOCUMENTS

The Articles of Association have been amended and restated with effect from the Listing Date.

The Company's Articles of Association have been further amended to reflect the changes in the registered share capital and share capital structure of the Company upon completion of the Global Offering. Please refer to the announcement of the Company dated 28 October 2024 for details.

Save as disclosed above, there are no other changes to the constitutional documents of the Company after the Listing. The current effective Articles of Association are available on the websites of the Stock Exchange and the Company, respectively.

DIVIDEND POLICY

The Company has adopted a dividend policy (the "**Dividend Policy**") in accordance with code provision F.1.1 of the CG Code. In recommending dividends and determining the amount of dividends, the Board shall take into account, among other things, the following factors: (i) the actual and projected financial performance of the Group; (ii) the Group's projected working capital requirements, capital expenditure requirements and plans for future business expansion; (iii) the Group's current and future cash flows; (iv) other internal and external factors that may affect our business operations or financial performance and position; and (v) factors that the Board considers relevant. The Board may determine and pay to the shareholders of the Company such interim and final dividends as it thinks fit, subject to the approval of the shareholders in the general meeting of the Company.

CORPORATE GOVERNANCE REPORT

DISCLOSURE OF INSIDE INFORMATION

The Company has developed its disclosure policy to provide a general guide to the Group's Directors, Supervisors, senior management and relevant employees on handling confidential information, monitoring of information disclosure and responding to queries, to ensure that information of the Company is disseminated to the public in an equal and timely manner in accordance with the applicable laws and regulations. The Group has executed supervision programs to confirm the strict prohibition from unauthorised access to and use of inside information.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Directors are aware of the importance of maintaining good relations and communications with the Shareholders and in appropriate circumstances, the investment community at large. The Company believes the effective communication with the Shareholders is essential for enhancing investor relations and investors' understanding of the Group's business performance and strategies.

The Company maintains a website at www.haierbx.net as a communication platform with Shareholders and investors, where information on the Company's announcements, financial information and other information are available for public access.

The Company also uses a range of communication tools, such as annual general meetings, annual reports, various notices, announcements and circulars, to ensure the Shareholders are kept well informed of the Group's key business.

Furthermore, Shareholders' meetings and results briefings provide an opportunity for communication between the Board and the Shareholders. The chairman of the Board should attend the Shareholders' meeting, in particular, either the chairmen of Board Committees or chairmen of the Audit Committee, the Remuneration Committee and the Nomination Committee, appropriate management executives and external auditors (as the case may be) will be available at the meeting to answer any questions raised by the Shareholders.

The Company has also established a Shareholders communication policy to ensure the Shareholders are provided with timely information about the Company. The policy is regularly reviewed by the Company to ensure its effectiveness.

Meanwhile, the Group's website and official account are also constantly updated to provide investors and the public with the latest information on all aspects of the Group.

Upon reviewing the Group's communication strategies with Shareholders and investors, and the various channels for Shareholders to express their views to the Company, the Board is of the view that the shareholders' and investors' communication policy is implemented properly and effectively.

SHAREHOLDERS' RIGHTS

The annual general meeting shall be held once a year and shall be held within six months after the end of the preceding financial year. To safeguard Shareholders' interests and rights, a separate resolution will be proposed for each issue at the general meetings of the Company. All resolutions put forward at general meetings will be voted on by poll pursuant to the provisions of the Listing Rules and the Articles of Association, and poll results will be posted on the websites of the Company and the Stock Exchange in a timely manner after each general meeting.

CORPORATE GOVERNANCE REPORT

PROCEDURES FOR SHAREHOLDERS TO CONVENE AN EXTRAORDINARY GENERAL MEETING

Pursuant to Article 50 of the Articles of Association, shareholder(s) severally or jointly holding more than 10% shares of the Company shall have the right to request the Board to hold an extraordinary general meeting, and shall put forward such request to the Board in writing. The Board shall, pursuant to applicable laws, administrative regulations, departmental rules, normative documents, the Listing Rules and the Articles of Association, give a written reply on whether or not it agrees to hold such an extraordinary general meeting within ten days after receipt of the request.

Where the Board agrees to hold the extraordinary general meeting, it shall serve a notice of such meeting within five days after the resolution is made by the Board. Any change to the original request set forth in the notice shall be subject to approval by the relevant shareholders.

If the Board does not agree to hold the extraordinary general meeting or fails to give a written reply within ten days after receipt of the request, shareholder(s) severally or jointly holding more than 10% shares of the Company shall be entitled to propose to the Supervisory Committee to hold an extraordinary general meeting, and shall put forward such request to the Supervisory Committee in writing.

If the Supervisory Committee agrees to convene the extraordinary general meeting, it shall serve a notice of such meeting within five days after receipt of the said request. In the event of any change to the original request set forth in the notice, the consent of relevant shareholder(s) shall be obtained.

If the Supervisory Committee fails to serve the notice of general meeting within the prescribed period, it shall be deemed as failing to convene and preside over the general meeting. The shareholder(s) severally or jointly holding more than 10% shares of the Company for more than ninety consecutive days may convene and preside over the meeting by themselves.

If the Supervisory Committee or shareholders itself/themselves convene a general meeting, the expenses necessary for the meeting shall be borne by the Company and set off against sums owned by the Company to the defaulting directors.

PROCEDURES FOR PUTTING FORWARD PROPOSALS AT SHAREHOLDERS' MEETINGS

Pursuant to Article 55 of the Articles of Association, shareholder(s) severally or jointly holding more than 1% shares of the Company may submit written provisional proposals to the convener ten days before a general meeting is convened. The convener shall publish a supplementary notice of general meeting within two days after receipt of the proposals and announce the contents of the provisional proposals.

ENQUIRIES TO THE BOARD

Shareholders who wish to make any enquiry to the Board may send their enquiries in writing to the Company. The Company will not normally deal with verbal or anonymous enquiries.

CONTACT DETAILS

Shareholders may send the above enquiries or requests or make suggestions in the following ways:

Address: No. 1, Haier Road, Laoshan District, Qingdao, Shandong, PRC
E-mail : zhongmiao@qzg001.com

For the avoidance of doubt, in order to be valid, a shareholder must send a duly signed original of a written request, notice or statement or enquiry (as the case may be) to the above address, giving his full name, contact details and identity. Shareholder information may be disclosed as required by law.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THIS REPORT

Zhongmiao Holdings (Qingdao) Co., Ltd. and its subsidiaries (hereinafter referred to as “**Zhongmiao**”, the “**Group**” or “**we**”) hereby present the first environmental, social and governance (“**ESG**”) report (the “**Report**”), which aims to disclose the Group’s strategies, practices and vision on ESG issues, demonstrating the sustainability vision of the Group to all stakeholders, thereby enhancing their understanding of and confidence in us.

Reporting Scope

Unless otherwise stated, the Reporting Scope of the Report covers insurance agency business, IT services and consulting services. The reporting period of the Report is from 1 January 2024 to 31 December 2024 (the “**Reporting Period**” or the “**Year**”), which is consistent with the financial year covered by the 2024 Annual Report.

Reporting Guidelines and Principles

The Group prepared the Report in accordance with the Environmental, Social and Governance Reporting Guide (the “**Guide**”) as set out in Appendix C2 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**HKEX**”). The Report has complied with all the “comply or explain” provisions of the Guide and has been prepared based on the four reporting principles of the Guide: materiality, quantitative, balance and consistency.

“Materiality”: Through regular communication with stakeholders, the Report identifies and prioritizes ESG issues that are equally important to stakeholders and the Group, and ranking materiality issues.

“Quantitative”: The Report discloses key environmental and social performance indicators using quantitative data, accompanied by explanations to clarify its purpose and impact. We also provided comparative data for the environmental KPIs in the Report.

“Balance”: Adhering to the balance principle, the Report impartially presents both positive and negative information on the Group, with ongoing reviews to identify areas for improvement.

“Consistency”: The Report employs consistent disclosure methodologies, and further refines certain disclosure categories in alignment with the ESG Reporting Guide of the HKEX. The Group will ensure that the disclosure scope and reporting methodology of the ESG Report remain generally consistent on an annual basis.

Access to the Report

The Report is available for viewing and downloading on the websites of the HKEX’s “HKEXnews” (www.hkexnews.hk) and Zhongmiao (www.haierbx.net).

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Feedback

Your valuable opinions are the driving force for our continuous improvement. If you have any comments on the Report or any related matters, please contact us through the following channels:

Tel: 400-100-0316 ext. 0
Website: www.haierbx.net
Email: zhongmiao@qzg001.com

Report language

The Report is published in traditional Chinese and English. In case of any discrepancy, the English version shall prevail.

STATEMENT FROM THE BOARD

The Board of the Group serves as the highest authority and decision-making body for ESG matters, bearing ultimate responsibility for the Group's ESG strategy and reporting, and overseeing ESG-related issues that may impact Zhongmiao's business or operations, shareholders, and other stakeholders. The ESG leadership group and the ESG executive group under the Board are responsible for identifying and assessing ESG risks related to Zhongmiao, ensuring that the Group has in place appropriate and effective ESG risk management and internal control systems, and reporting and reviewing the progress of the achievement of relevant ESG goals to the Board.

The Group values the suggestions and opinions of all stakeholders, ensures sufficient channels to engage in communication and dialogue with major stakeholders to discuss and identify significant ESG issues and potential ESG risks, while continuously refining ESG-related strategies, policies and systems. The Board has reviewed the material ESG issues for the year and approved proposals to adjust the materiality levels of various ESG issues, ensuring the timeliness and reasonableness of the materiality issue matrix.

The Directors hold regular meetings to review and approve the Group's sustainable development goals, guide and monitor the development and implementation of Zhongmiao's ESG vision, strategy and structure through the ESG leadership group, review the Group's important ESG issues, major ESG risks and opportunities, monitor the communication channels and methods with shareholders, and review Zhongmiao's ESG-related disclosures.

The Board and all Directors guarantee that there are no false records, misleading statements or material omissions in the Report, and assume responsibility for the authenticity, accuracy and completeness of the Report. The Report discloses in detail the progress and effectiveness of the Group's ESG in 2024, which was considered and approved by the Board on 28 March 2025.

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1 ABOUT ZHONGMIAO

1.1 Company Profile

Zhongmiao, the first insurance intermediary group listed in Hong Kong, is committed to sustainable development and aims to become a leading insurance distribution platform in China, providing multi-scenario risk management and digital solutions for families and corporate clients. Since its establishment, the Group has leveraged its digital capabilities and ecosystem development to rapidly grow into a leading provider of insurance agency services and solutions. As of 2024, the Group has partnered with over 75 insurance companies, covering insurance agents in Shandong, Hebei, Henan, Jilin and other provinces, as well as more than 20 strategic channel partners, serving a cumulative total of over 24,000 corporate clients and 475,000 family clients.

Guided by the core philosophy of “Collaboration and Creating Mutual Benefits”, Zhongmiao builds an open and collaborative ecosystem to drive the digital transformation of the insurance industry. Through its self-developed “Quan Zhanggui (全掌櫃)” APP and “Corporate Insurance Interactive Service Platform (企業保險交互服務平台)”, the Group offers customized insurance solutions for clients, and also provides convenient insurance planning, insurance application process and insurance claims settlement services, covering a wide range of products including property insurance, life and health insurance, accident insurance, and automobile insurance. Meanwhile, we are committed to providing IT services to insurance companies and intermediaries, while empowering various industries with digital tools to enhance service efficiency and growth potential. The Group will continue to integrate upstream and downstream resources in the industry chain, optimize service experiences, and contribute to the healthy development of the insurance sector.

1.2 Corporate Honors

Type of award	Name of the award	Awarding unit
Science and technology innovation	Invention Patent Certificate for “A Method for Detecting Rapidly Moving Packaging Boxes on Production Lines”	China National Intellectual Property Administration (CNIPA)
Science and technology innovation	Invention Patent Certificate for “A SaaS-based insurance automatic question and answer method and system”	China National Intellectual Property Administration (CNIPA)
Industry comprehensive category	Specialized, Refined, Characteristic and Innovative Small and Medium-sized Enterprises	Qingdao Central Enterprise Bureau under Qingdao Private Economy Development Bureau
Industry comprehensive category	Newly Listed Company Most Favoured by Investors	Shenzhen Zhitong Caijing Information Technology Services Co., Ltd.
Industry comprehensive category	Top 100 Chinese Insurtech Companies	Zhongzhi Taihe (Beijing) Consulting Co., Ltd. (眾智泰和(北京)諮詢顧問有限責任公司)
Industry comprehensive category	2024 Innovative Intermediary Award	Thriving Towards the Light: 2025 Inaugural Insurance Innovation & Growth Summit

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1.3 Sustainable Development Strategy

Zhongmiao regards sustainable development strategy as its core policy, and deeply integrates sustainable principles into decision-making process and daily operation through systematic system. Adhering to the client-centered service concept and guiding by the environmental protection concept of energy saving and emission reduction, we have formulated a comprehensive ESG management system covering the three major areas of group governance, social responsibility and environmental protection, so as to ensure the systematization, standardization and enforceability of ESG objectives and achieve the balanced development of economic benefits and sustainable development.

1.3.1 Stakeholder Engagement

The Group regards stakeholders as a core component of sustainable development, systematically identifying various groups to thoroughly understand their expectations and requirements. Additionally, we have established regular, two-way communication mechanisms to maintain positive interactions with all parties and provide practical responses tailored to their needs, fostering mutual success and advancing the achievement of sustainable development goals.

Stakeholders	Concerned issues	Communication channels/methods
Clients (insurance clients)	Client privacy and data security Client service and satisfaction Green insurance products Consumer rights and interests protection	Client feedback mechanism Social media and websites Customer service hotline WeChat Official Account, official website Client visits and follow-ups
Customers (Insurance Company Partners)	Excellent service Compliance operation and risk management Digital capabilities Comprehensive service capability Brand influence	Daily communication Customer visits WeChat Official Account, official website Customer forums
Strategic channel providers (Strategic Channel Partners)	Compliance and mutual benefit Complementary services Digital capabilities Sustainable partnerships	Daily communication Strategic channel provider assessments Regular meetings On-site visits
Employees	Protecting the rights and interests of employees Compensation and benefits Training and development Occupational Health and Safety	Employee training and activities Employee forums Internal publications Online channel: employee mailbox, employee communication mailbox

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Stakeholders	Concerned issues	Communication channels/methods
Insurance agents	Training and development Agent compensation, welfare and benefits	Daily communication Agent meetings Agent training
Shareholders and investors	Operating results Compliance operations Enhanced investment returns Excellence in corporate governance	Annual report of the Group Interim reports and announcements General meetings Investor meetings
Government and supervisory bodies	Compliance operations Transparency in information disclosure Anti-corruption Serving the real economy	Policies and guidelines Inspections, assessments, and supervision Regular communication ESG report disclosure
Suppliers	Fair procurement Integrity in cooperation Supplier management	Periodic review and evaluation Daily purchasing activities Business communication
Non-governmental organizations	Rural revitalization Serving public welfare	Public welfare activities and environmental protection activities WeChat Official Account, official website
Environmental groups	Addressing climate change Action on energy conservation and emission reduction Pollution prevention and control	Environmental protection activities and publicity ESG report disclosure

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1.3.2 Materiality Assessment

In strict accordance with the requirements of the ESG Reporting Guide of the HKEX, Zhongmiao systematically carried out the materiality assessments to gain an in-depth understanding of the concerns of stakeholders on ESG issues. During the Reporting Period, the Group commissioned an independent third-party consultant to perform a stakeholder materiality assessment, and comprehensively sorted out the core issues of stakeholders through the three steps of identification, evaluation and confirmation. This assessment not only helps the Group to clarify the direction of improvement and formulate more targeted ESG strategies, but also significantly improves the transparency and credibility of the Report, providing strong support for the sustainable development of enterprise.

Identification

According to ESG standard rules such as ESG Reporting Guide of the HKEX and Global Reporting Initiative, as well as industry benchmarking and our own development status, the Group has identified a series of materiality issues. In the assessment of materiality issues in the reporting year, we have identified 17 materiality issues, of which 3 are environmental issues, 11 are social issues and 3 are governance issues.

Assessment

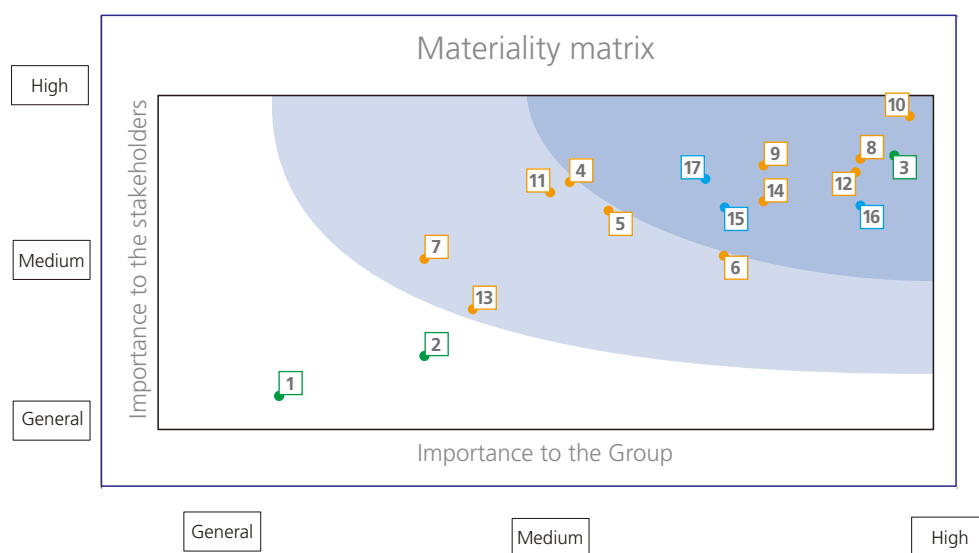
In order to effectively integrate the Group's strategy and business policies, we invited stakeholders and management representatives to participate in an online questionnaire survey to collect opinions on potential substantive issues of the Group through scoring. Based on the principle of materiality, we will analyze, adjust and prioritize the issues to ensure that the key issues are consistent with the long-term development goals of the Group, respond to the concerns of all parties, and enhance the comprehensiveness and effectiveness of decision-making.

Confirmation

We expressed the issues in a matrix from two dimensions of "importance to the Group" and "importance to the stakeholders". Based on the scoring results of each issue, we filtered out the highly material issues and classified all issues into three categories: highly material issues, moderately material issues, and general material issues.

The matrix results will be submitted to the ESG leadership group for review and subsequently approval by the Board. The materiality issue matrix will serve as an important reference for future strategy formulation, target setting and information disclosure, ensuring that the Group's ESG efforts remain closely aligned with core business and stakeholder expectations, and promoting the realization of sustainable development goals.

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Environmental Issues

1. Green operations
2. Addressing climate change
3. Sustainable insurance

Social Issues

4. Protecting the rights and interests of employees
5. Health and safety
6. Development and training
7. Supply chain management
8. Responsible products
9. Research, development and innovation
10. Service and rights protection of clients and customers
11. Intellectual property protection
12. Privacy and data security
13. Social welfare and rural revitalization
14. Serving the real economy

Governance Issues

15. Group governance
16. Risk management
17. Business ethics

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During the Reporting Period, the Group identified and confirmed a total of 9 highly material issues, 6 moderately material issues, and 2 general material issues.

The Group believed that the concrete actions and steadfast commitments undertaken to achieve the sustainable development goals promoted by the United Nations were of vital importance. In our efforts to promote various sustainable development issues, we actively contribute to ensuring that our efforts are closely linked to the United Nations Sustainable Development Goals (UNSDGs) at the core of the Group, thus making a meaningful contribution to global sustainable development.

Main chapters	Corresponding UNSDGs	Material issues	Response chapters
Sustainable governance	<div>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</div> <div>17 PARTNERSHIPS FOR THE GOALS</div>	Group governance Risk management Business ethics Intellectual property protection Privacy and data security	ESG Governance Structure Risk Management Business Ethics Intellectual Property Protection Privacy and Data Security
Beneficial operation	<div>8 DECENT WORK AND ECONOMIC GROWTH</div> <div>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</div> <div>11 SUSTAINABLE CITIES AND COMMUNITIES</div>	Protection of the rights and interests of clients, customers and consumers Serving the real economy Responsible products Research, development and innovation	Protection of the Rights and Interests of Clients and Customers Comprehensive Insurance Coverage Comprehensive Insurance Coverage Scientific and Technological Innovation and R&D

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Main chapters	Corresponding UNSDGs	Material issues	Response chapters
Caring for employees and society	<div>3 GOOD HEALTH AND WELL-BEING</div> <div>5 GENDER EQUALITY</div> <div>8 DECENT WORK AND ECONOMIC GROWTH</div> <div>10 REDUCED INEQUALITIES</div>	<p>Protect the rights and interests of employees</p> <p>Health and safety</p> <p>Development and training</p> <p>Social welfare and rural revitalization</p>	<p>Employee Management</p> <p>Employee Health and Safety</p> <p>Employee Training and Development</p> <p>Social Welfare and Rural Revitalization</p>
Sustainable supply chain	<div>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div>	<p>Insurance agents</p> <p>Strategic channel partners</p> <p>Supplier management</p>	<p>Insurance Agents</p> <p>Strategic Channel Providers</p> <p>Routine Supply Management</p>
Green and low-carbon strategy	<div>7 AFFORDABLE AND CLEAN ENERGY</div> <div>11 SUSTAINABLE CITIES AND COMMUNITIES</div> <div>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div> <div>13 CLIMATE ACTION</div>	<p>Green operations</p> <p>Addressing climate change</p> <p>Sustainable insurance</p>	<p>Green Operations</p> <p>Addressing Climate Change</p> <p>Development of Green Insurance Business</p>

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2 SUSTAINABLE GOVERNANCE

2.1 ESG Governance Structure

In order to integrate sustainable development into our decision-making process, Zhongmiao has established a multi-level group governance structure, in which the responsibilities and roles of various departments are clearly defined, so as to ensure that all matters and issues related to sustainable development can be effectively promoted and developed.

Governance Tier	Board	<ul style="list-style-type: none">• Responsible for the overall supervision of formulating and implementing ESG planning• Decide the sustainable development strategy, target framework and major policies of the Group Plan and determine ESG strategies, objectives and policies, and ensure the effective operation of ESG management structure• Comprehensive review of ESG risks and material ESG issues• Regularly review the achievement of ESG objectives, the effectiveness of risk management and the improvement of ESG performance to ensure that ESG efforts are coordinated with the overall strategy and business development of the Group
Management Tier	ESG leadership group	<ul style="list-style-type: none">• Formulate the Group's ESG strategy and policy action plan• Determine the ESG evaluation framework and indicator system of the Group• Review the ESG report of the Group• Review and determine the contents and steps for ESG improvement of the Group and supervise their implementation
Operational Tier	ESG executive group	<ul style="list-style-type: none">• Implement the ESG work deployment, study and formulate the implementation plan and follow up on their execution• Carry out ESG management evaluations continuously, and put forward improvement and enhancement suggestions to the leadership group• Be responsible for guiding the Group's relevant departments and affiliated companies on ESG-related matters• Assist in effective communication with and response to stakeholders regarding ESG issues
External Support Tier	ESG Advisory Committee	<ul style="list-style-type: none">• Provide consultation and suggestions for the Group's ESG efforts

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The Board fulfills its ESG oversight responsibilities by regularly reviewing dedicated ESG reports, examining key performance indicators, receiving management updates, and conducting comprehensive assessments and dynamic monitoring. At the management level, an ESG leadership group, chaired by the General Manager and comprising senior executives, is responsible for coordinating the formulation of ESG strategies and making decisions on significant matters. At the execution level, a cross-departmental ESG executive group, coordinated by the brand marketing department, is responsible for the daily affairs and involved in heads of functional departments and business units to drive the implementation of specific initiatives. The executive group reports progress monthly to the leadership group, which in turn submits consolidated assessment reports to the Board quarterly, ensuring deep alignment between ESG governance and business development. Additionally, the Group has established an independent ESG Advisory Committee, composed of shareholder representatives and external experts, to provide consultation, recommendations, and other support on the Group's ESG efforts from a third-party perspective. The management of the Advisory Committee shall be in accordance with the institutional regulations of the Group.

2.2 Risk Management

2.2.1 Risk Management Measures

Zhongmiao places a high priority on risk management in its daily operations, viewing it as a cornerstone of the Group's stable development. To this end, the Group has formulated a dedicated Comprehensive Risk Management Measures, which systematically outlines requirements and provisions across three dimensions of risk management organizational system, process and culture to ensure that risk management is embedded in all aspects of the Group's operations. Furthermore, Zhongmiao places particular emphasis on the identification and analysis of operational risks, employing methods such as data benchmarking with peer companies and scenario simulations to thoroughly uncover potential risk points within the Group and develop targeted solutions. The Group also regularly evaluates and optimizes the effectiveness of its risk management measures to ensure that the risk management system remains adaptable to changes in both internal and external environments.

Risk management organizational system: Zhongmiao has established a multi-tiered risk management organizational structure, with clearly defined roles for the strategic management department, internal control and audit department, and other departments under the oversight and constraints of the Board and managers. The strategic management department is responsible for setting overall risk management objectives and strategies, the internal control and audit department oversees implementation, and individual departments handle the identification, assessment, and response of specific risks, forming a top-down risk management system.

Risk management process: Zhongmiao has established a standardized risk management process encompassing five key components: risk identification and classification, establishment of a risk inventory, risk assessment, risk response, and risk monitoring and reporting. Through regular risk assessments and dynamic monitoring, it ensures timely identification of potential risks and the implementation of effective measures to keep risks within an acceptable range.

Risk management culture: Zhongmiao integrates risk management into its corporate culture, fostering the philosophy that "risks are omnipresent, and risks coexist with opportunities", thereby enhancing risk awareness among all employees and translating it into proactive actions. Through diverse training, legal literacy education, and ethical integrity guidelines, it strengthens employees' risk management capabilities to ensure legal and compliant operations. We have also established a systematic risk management mechanism, nurtured professional talent, and developed detailed risk inventories and response policies to support the achievement of its risk management objectives.

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2.2.2 Risk Response

To effectively address industry risks and market changes, we uphold a client-centric service philosophy and continuously advance our differentiated development strategy of “technology + scenarios + ecosystem”. In terms of ecosphere construction, on the one hand, we strengthen collaborations with insurance companies and strategic channel partners to offer insurance clients a broader range of product solutions; on the other hand, leveraging the Group’s diverse resources, we have built an “insurance+” service matrix, creating a comprehensive service system that encompasses healthcare and elderly care, wealth management, risk management and so on, thereby enhancing client engagement and life cycle value.

In terms of technology empowerment, we will continue to increase R&D investment and deepen the promotion of “AI+” strategy. Focusing on the three major areas of risk reduction management, intelligent customer service and intelligent claims settlement, we leverage cutting-edge technologies such as large models and large data analysis to create intelligent services. This drives dual improvements in operational efficiency and service quality, fully demonstrating the Group’s comprehensive capabilities and innovative measures in risk response.

In the process of operation, Zhongmiao focuses on the three dimensions of organization, mechanism and culture to establish a series of measures and approaches to address ESG-related risks:

Organization	Open integration of top-tier industry resources and talent
<hr/>	
<ul style="list-style-type: none">• Prioritize input-output efficiency: Accelerate development through investments, mergers and acquisitions, and structured team capability enhancements• Progress or regress: Drive organizational restructuring to transform existing personnel into top-tier talent	
Mechanisms	Effective incentive mechanisms
<hr/>	
<ul style="list-style-type: none">• Order-Based Pre-Rewards: Centered on value sharing, incentivize the team to actively capture leading orders• Equity incentives: Leverage the diverse incentive advantages of a listed company to sustain entrepreneurial vitality within teams	
Culture	A value-creating corporate culture
<hr/>	
<ul style="list-style-type: none">• Foster an entrepreneurial culture where everyone drives value creation, with team members oriented toward profitability to sustain performance growth and share in the value created• Utilize model achievement badges and similar incentive measures to motivate each individual to become a role model, sparking widespread excellence	

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2.3 Business Ethics

Zhongmiao strictly adheres to business ethics and compliance policies, establishing anti-corruption and anti-bribery mechanisms to ensure transparent and lawful operations, while continuously enhancing Group governance through internal audits and risk control systems.

In all our business activities, we always adhere to the concept of being responsible to stakeholders, focusing on maintaining relationships with all parties such as shareholders, customers, employees, suppliers and communities. To this end, the Group has developed a Code of Business Conduct, which clearly sets out the ethical norms and standards of conduct to be followed in business activities. These rules provide guidance for the Group's business activities and the conduct of its employees. It demonstrates the Group's persistent adherence to business ethics and its firm determination to achieve sustainable development goals.

Integrity in operations

Financial information integrity: Zhongmiao's financial regulations mandate honesty and transparency, ensuring reliable financial records and prohibiting illegal, fraudulent, or improper financial practices, which may violate the law.

Protection of Company's assets: The employees of Zhongmiao shall diligently safeguard, use, and dispose of the assets appropriately. Without prior approval, assets may not be sold, transferred, leased, disposed of, or used as collateral or guarantees to prevent asset loss or misuse.

Fair competition: Zhongmiao shall be honest and fair in dealing with competitors, customers and suppliers, abide by fair competition laws and regulations, and shall not share cost and price information with competitors to avoid affecting market prices and damaging fair competition and consumer interests. When in doubt, it shall consult the relevant departments in a timely manner.

Insider trading and international transactions: Zhongmiao strictly prohibits employees from buying or selling stocks or securities based on insider information, and insider information must be kept confidential. We abide by international trading regulations, which apply to import and export trade. Different governments have different trade controls and involve sanctions. Given the complexity of international trade laws, employees shall confirm compliance with the securities and compliance department or consult legal counsel before engaging in international business to mitigate risks.

Conflict of interest

Creating a fair working environment: Zhongmiao advocates diversity and inclusion, prohibits discrimination and harassment, ensures fairness in recruitment, promotion, remuneration and other processes, provides a healthy and safe working environment, abides by laws and regulations, and opposes human rights violations. It requires business partners and suppliers to share the same values, prioritizing collaboration with like-minded entities and gradually phasing out partnerships with those who fail to meet the requirements.

During the Reporting Period, the Group has not received any complaints or legal proceedings relating to the above.

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2.4 Anti-Money Laundering and Anti-Fraud

Zhongmiao has played an active role in maintaining financial and social stability and promoting the sustainable development of enterprises by formulating and effectively implementing the Anti-Money Laundering Internal Control System and the Management Measures for Anti-Fraud and Complaint Reporting. At the social level, the Group is committed to creating a fair and just environment and effectively protecting the rights and interests of stakeholders. At the governance level, the Group has significantly enhanced its risk control capability by improving its governance structure and enhancing its compliance management level.

The Group places high importance on anti-money laundering, anti-corruption, and anti-fraud efforts, integrating them as key components of its ESG framework. Through regular training, policy dissemination, and monitoring mechanisms, the Group ensures that the Board and all employees maintain compliance awareness and practical capabilities in these areas. During the Year, we conducted anti-fraud and anti-money laundering training for Directors and employees to enhance their understanding and awareness of anti-corruption practices. The coverage rate of employee training and the participation rate of Directors reached 100%.

Anti-money laundering and anti-fraud training	Training frequency: Organize special training on anti-money laundering, anti-corruption and anti-fraud every quarter to ensure that relevant updated policies and regulations are communicated to all employees in a timely manner.
	Coverage: Including the Board and all members of the Group. The participation of all Directors reflects that the senior management attaches great importance to the compliance efforts.
	Classified training: Training content is divided into mandatory modules for all employees and specialized modules based on the responsibilities of employees and risk levels. The mandatory modules for all employees cover fundamental regulations and company policies, while specialized modules provide targeted guidance for specific positions, such as compliance, sales, and finance.
	Form of training: It adopts a combination of on-site meetings and video learning, including special lectures, case studies and scenario simulations, to ensure the flexibility and effectiveness of the training.



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2024 Anti-Money Laundering, Anti-Fraud and Anti-Corruption Training

During the Reporting Period, the Group has not received any complaints or legal proceedings relating to anti-money laundering, anti-fraud and anti-corruption.

2.5 Privacy and Data Security

In terms of information and data security, Zhongmiao is committed to establishing and improving management system and professional organizational structure through efforts in system, technology, personnel, suppliers and emergency response. It leverages secure third-party cloud systems for encrypted data transmission and storage with comprehensive backup and recovery measures; conducts regular employee training to enhance information security awareness and risk mitigation capabilities; rigorously manages suppliers by signing security agreements and conducting assessment audits; formulates an emergency response mechanism with periodic drills to efficiently address security incidents.

2.5.1 Privacy and Data Security Policy

Zhongmiao Group attaches great importance to information and data security, and has constructed a comprehensive and detailed system in accordance with the relevant provisions such as the Regulations of the People's Republic of China on the Disclosure of Government Information 《中華人民共和國政府信息公開條例》 and the actual situation of the Group. It covers the Information Management Measures, the Data Backup Management Regulations, the Management Measures on Third-party Information Security, the Management Regulations on Personal Information Protection and the Management Regulations on Personnel Information Security, aiming at ensuring the confidentiality, integrity and availability of information in an all-round way and effectively safeguarding the legitimate rights and interests of the Group, customers and employees.

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2.5.2 Information Management Process

The process of information management is clearly defined in Zhongmiao's Information Management Measures. Guided by standardization and normalization, a complete set of information management process is constructed, covering the following key steps. It ensures the safety, order and value maximization of information in the whole life cycle.

Information management process	Key steps in the information management process
Organizational system of information management	<p>The information technology department is the comprehensive management organization and operation and maintenance organization of the information system, specifically responsible for technical support, maintenance and management of the operating environment and website security; It is also responsible for the guidance, coordination and supervision of information system.</p> <p>Each department is responsible for the collection, submission, review and release of information related to its responsibilities.</p>
APP information collection	<p>Zhongmiao collects clients' personal information only when necessary and in compliance with legal requirements.</p> <p>When collecting information via the APP, the purpose is clearly communicated, collected information is used as declared, and sensitive information for new use cases requires secondary confirmation.</p> <p>Client information is stored in a cloud database with access restricted by permissions, and sensitive information is desensitized.</p>
Information review and release	<p>It stipulates the review system and process of information release of each department. Key review considerations include confidential and sensitive information, data accuracy and timeliness, and the consistency of information and responsibilities.</p>
Confidentiality and security of information management	<p>Strictly abide by the norms of information release.</p> <p>Dynamic information management is strengthened to promptly address anomalies.</p> <p>Departments regularly or as needed update account passwords for information publication platforms to ensure information system security.</p> <p>The information technology department strengthens the application of security technology, improves infrastructure and strategies, and enhances security and emergency response capabilities.</p>
Permission management	<p>The information technology department designates account administrators, allocates permissions based on the principle of minimization to prevent authorization beyond functional limits, and conducts regular audits to deactivate invalid permissions.</p>

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2.5.3 Information Security Training

In order to ensure the security of customer data, Group secrets and other sensitive information, based on the management system of information and data security, the Group has improved the security awareness and operational ability of all employees through multi-level and multi-frequency training and publicity. During the Year, our information security training coverage rate for all Directors and employees reached 100%.

Information security training**Training frequency:**

The Group arranges high frequency information security training, including induction training, regular training, irregular training and weekly meeting promotion.

Coverage:

It covers all members of the Group.

Training content:

It includes data classification and protection, customer information and privacy protection, system security management, data backup management, third-party information security management, etc.

Form of training:

It adopts a combination of online and offline methods.

During the Reporting Period, the Group had no information or data leakage incidents.

2.5.4 Information Security Audit

In order to ensure the construction of a sound information security management system, Zhongmiao continuously improves its protection capability with the help of annual information security audit and continuous improvement mechanism. The Group conducts annual internal information security audits based on professional standards to ensure overarching security and compliance, while thoroughly analyzing each information process in alignment with its business characteristics and operational needs, with audits primarily focusing on three key aspects.

2.5.4.1. Audit Scope

The scope of information security audits includes: equipment and system security, ensuring stable operation of servers and protection against internal and external risks; data security, safeguarding customer information and business data; network security, securing data transmission within and outside applications; internet compliance filing, strictly adhering to laws such as the Data Security Law of the People's Republic of China 《中國人民共和國數據安全法》, the Cybersecurity Law of the People's Republic of China 《中國人民共和國網絡安全法》, and the Personal Information Protection Law of the People's Republic of China 《中國人民共和國個人信息保護法》; and security regulatory compliance, ensuring the Group's operations meet the information security standards of industry regulation.

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2.5.4.2. Information Security Risks

During the audit, the Group focused on privacy compliance and system security risks. Privacy compliance risks arise from increasingly stringent regulatory requirements for customer information protection, where improper handling in data collection, storage, use, or sharing by the Group may lead to legal disputes and reputational damage. System security risks, stemming from system software vulnerabilities or cyberattacks and other factors, could result in severe consequences such as data breaches.

2.5.4.3. Rectification Measures

In view of the problems found in the information security audit, the Group initiated various information security rectification.

Information security audit : Rectification measures	Data grading: Based on the sensitivity and importance of data, it is divided into different levels, and differentiated security management strategies are implemented to ensure the most stringent protection of highly sensitive data.
	System data encryption: The Group encrypts critical business systems and important data to prevent data theft or tampering during transmission and storage.
	Access setting management: By refining access permissions for employees and partners, the Group adheres to the principle of least privilege, granting only the minimum data access necessary for their roles. Permission settings are regularly reviewed and updated to effectively mitigate information security risks arising from misuse of access rights.

During the Reporting Period, the Group did not identify any major credit security rectification issues.

2.6 Intellectual Property Protection

Intellectual property protection is the core competitiveness of the Group, which needs to safeguard rights and interests through legal framework and contract mechanism. We typically mitigate risks by employing measures such as confidentiality agreements and non-compete clauses. Accordingly, the Group has implemented an end-to-end management mechanism that, internally, clarifies the ownership of employee outputs and standardizes the use of digital resources to avoid copyright disputes, and externally, rigorously reviews cooperation content, strictly observes confidentiality obligations, and proactively circumvents competitors’ patent barriers, thereby reducing legal and commercial risks through systematic compliance management.

Zhongmiao maintains stringent intellectual property rights management across the entire value chain, encompassing patents, trademarks, copyrights, proprietary technologies, and trade secrets. The intellectual property rights created by employees in the course of their duties or using Group resources belongs to the Group, with measures in place to prevent misuse. Externally, the Group respects competitors’ patents, avoiding intentional infringement, and uses information under confidentiality agreements strictly in accordance with their terms. Internally, employees are required to exercise caution regarding copyright when using online media materials, upholding the Group’s reputation and ensuring compliance. Zhongmiao has established the system of the Related Procedures for Intellectual Property Protection to manage and protect intellectual property rights. It is implemented across four key dimensions.

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2.6.1 Intellectual Property Protection Policy

The Group has formulated an intellectual property protection policy to clarify the purpose of protection and the ownership of rights, aiming at strengthening the management of intellectual property rights, encouraging employees to innovate and technological transformation, and promoting the application of intellectual achievements and technological progress. The Group enjoys the exclusive right to use trademarks and patents in accordance with the law, and the intellectual achievements of employees arising from their work belong to the Group. If there is no other agreement, the inventions and creations in the cooperative project shall be owned or jointly owned by the Group.

2.6.2 Intellectual Property Management and Approval Process

2.6.2.1. Management Process

The intellectual property management of the Group covers four aspects: application, file management, confidentiality and access approval. In the application process, the person in charge of the R&D project shall submit a request sheet after evaluation, which shall be countersigned by multiple departments and approved by the general manager before proceeding with declaration or maintaining technical secrecy. In terms of file management, the person in charge of the project shall keep a file after the declaration is completed, properly manage and file the certificate synchronously. In terms of confidentiality, the confidential files shall be managed by the technology department. In terms of access approval, indirect R&D personnel need to go through multi-level approval before they can access.

2.6.2.2. Approval Process

When carrying out intellectual property cooperation with partners, the Group shall specify the ownership, term of use, scenario, restrictions and liability for breach of contract in a written agreement. If the use of trademarks and patents that need to be filed is involved, the filing procedures shall be handled in accordance with the law. The application submitted by the business agent shall undergo joint review by the legal, compliance, and business departments to verify its validity and usage compliance. Upon passing the review, it shall be submitted to the general manager for approval. Only after approval can it be utilized.

2.6.3 Intellectual Property Training

According to the situation of operation and intellectual property protection, the Group carries out training on intellectual property laws and regulations, trademarks and patent affairs for all employees from time to time to enhance their awareness and protection ability. For R&D, technology and brand promotion personnel, external institutions are invited from time to time to carry out professional training on patent, trademark, copyright application and Group's trade secret protection.

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2.6.4 Response to Intellectual Property Infringement

The Group attaches great importance to the management and control of intellectual property risks and takes various measures to protect rights and interests:

Response mechanism for intellectual property infringement	<p>Risk detection and early warning: Dedicated personnel are assigned to monitor market dynamics using professional tools, conduct regular searches for similar trademarks and patents, and encourage employees and the public to report infringing activities.</p> <p>Rapid response process for infringement: Upon identification of potential infringement, the discovering personnel shall promptly notify the legal department to discuss the evidence and facts of the infringement.</p> <p>Preliminary evidence preservation: Legal personnel shall swiftly preserve evidence of infringement through technical means such as notarization and timestamping, while collecting operational information of the infringing party to assess losses.</p> <p>Tiered response strategy: Based on the severity of the infringement, the Group adopts a tiered response strategy: for minor or unintentional infringements, a lawyer's letter is issued to demand cessation of the infringement and the signing of a settlement agreement; for general infringements, administrative complaints are filed with market regulatory authorities or the intellectual property office, requesting seizure of infringing items and imposition of fines; for malicious infringements or significant cases, judicial litigation is decisively initiated to demand cessation of infringement and claim compensation for losses (including legal fees and investigation costs).</p>
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3 BENEFICIAL OPERATION

3.1 Comprehensive Insurance Coverage

The Group consistently upholds the core philosophy of "Collaboration and Creating Mutual Benefits", dedicated to providing comprehensive and precise insurance services for the real economy and family protection. Through deep collaboration with leading insurance companies, we tailor risk management solutions for corporate clients to support their stable development. Meanwhile, we offer personalized protection plans for families, strengthening their economic foundation and safeguarding a better life. Additionally, we actively participate in the development of green insurance initiatives, contributing to society's sustainable development. We will continue to serve as a bridge, fully supporting the development of the real economy and family protection needs, fulfilling our social responsibilities, and promoting economic prosperity and social progress.

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3.1.1 Assisting Enterprise Development

In order to help enterprises cope with potential risks and achieve steady development, Zhongmiao Group, leveraging years of industry experience and professional expertise, continuously promotes diversified insurance solutions tailored for enterprises across various industries and scales, including diversified insurance products such as property insurance, liability insurance, cargo insurance, and accident insurance, which not only cover risks encountered in daily operations but also enable swift responses during emergencies, helping enterprises resume operations promptly and minimize losses. During the Reporting Period, we achieved significant success in the enterprise market, with insurance premiums amounting to RMB369.7 million, safeguarding enterprises in a complex and volatile market environment and supporting their sustainable development goals. We provided protection to over 24,000 corporate clients. Additionally, utilizing advanced IT technology and proprietary systems, the Group offers digital management tools to other enterprises to enhance their operational efficiency and risk resilience.

3.1.1.1. Enterprise Insurance: Escort Enterprise Economy

Our corporate insurance clients are enterprises mainly engaged in manufacturing, construction engineering, logistics and transportation, trading and human resources industries. The Group and insurance companies tailor low-cost and highly flexible insurance products to meet the unique needs of corporate policyholders, such as corporate property insurance and employer liability insurance, to help them effectively reduce operational risks and enhance their ability to resist risks. Meanwhile, the Group streamlines the insurance application process through a digital platform, significantly improving service efficiency and reducing time costs for enterprises, thereby providing robust support for their stable development. On the other hand, the Group places great emphasis on participation and contribution in the green insurance sector. We partner with insurers to develop insurance products for renewable energy businesses, offering property and personal safety coverage, such as comprehensive liability insurance for environmental engineering projects of renewable energy companies and for new energy charging piles. We provide various risk protections during the construction process, escort the smooth completion of corporate projects, and effectively ensure the safe and efficient completion of projects.

3.1.1.2. Employee Insurance: Safeguarding Personal Well-Being

The Group deeply understands the needs of corporate employees and designs comprehensive employee insurance solutions covering key areas such as health, accident, and pension, fostering a safe and stable work environment and personal welfare for both enterprises and their staff. We prioritize the professionalism and precision of insurance products while emphasizing their profound social value. By supporting enterprises in safeguarding employee rights, we enable cost optimization and efficiency gains, offering employees streamlined claims processes to enhance their experience, strengthen core competitiveness of enterprises, and promote mutual growth for businesses and their workforce. During the Reporting Period, employee insurance premiums reached RMB31.6 million.

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3.1.2 Guarding Family Happiness

The Group has launched comprehensive family insurance products covering life and health, accident, property and automobile insurance, providing comprehensive risk protection for families, ensuring that they can obtain timely and comprehensive support in the face of various emergencies, and safeguarding the economic security and life stability of families. During the Reporting Period, our underwriting premium on the household side amounted to RMB1,249.1 million, representing an increase of 38.6% as compared with the corresponding period, which brought protection to more than 475,000 household clients.

In 2024, Zhongmiao began to provide student safety insurance services for primary and secondary school students, covering accidental injury, illness and death, hospitalization, major diseases, etc., to build a safety line for families. During the Reporting Period, the Group achieved remarkable results in the field of student safety insurance business, with premiums amounting to RMB6.4 million. As one of the businesses of the Group, student safety insurance not only provides comprehensive risk protection for students, but also brings a stable source of income to the Group. We will continue to explore the market of education insurance.

The Group provides diversified commercial pension insurance products, including whole life insurance and annuity insurance, to meet the pension needs of different groups of people, providing flexible and reliable pension security solutions for customers to help them achieve financial security and quality improvement in their later years.

3.2 Scientific and Technological Innovation and R&D

The Group regards IT R&D as the core of technological innovation, not only driving technological breakthroughs and industry changes through a sound system and forward-looking investment layout, but also integrating the concept of sustainable development into innovation practice. We optimize insurance services with our self-developed system to continuously promote the deep integration of technology and ESG.

Meanwhile, Zhongmiao regards IT services as its key business, and based on customers' needs, the Group creates tailor-made digital solutions for insurance companies, insurance intermediaries and other industries, and provides efficient and innovative technical support. Focusing on the insurance industry, the Group has launched an intelligent insurance claims system and an integrated insurance intermediary core business system to help clients optimize processes and enhance efficiency and competitiveness. In addition, the Group has integrated AI technology to launch certificate identification and document processing systems to apply automation, intelligence to data processing systems and reduce labor costs and error rates. The Group's IT services span a wide range of areas, including insurance, and provide digital empowerment to our clients.

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3.2.1 R&D Management System

The Group's IT technology research and development mainly focuses on areas using advanced technologies such as AI and data analysis to establish a sound research and development management system with a view to develop digital solutions for insurance, ensuring industry that the research and development activities are efficient, transparent and in line with the Group's strategic objectives. Specific management systems include:

Regulations on R&D Management System:

It standardizes the process of R&D activities, ensures that R&D work is carried out efficiently and orderly, and promotes technological innovation and sustainable development.

Management Standard for Independently Developed Intangible Assets:

It strengthens the management and protection of independently developed achievements to ensure that the value of intangible assets is fully reflected.

Declaration, Maintenance and Update Management of R&D Achievements:

It ensures the timely declaration, efficient maintenance and continuous update of R&D achievements, establishes a reward and punishment mechanism for R&D achievements and excellent designs, and strengthens the protection and infringement handling of intellectual property rights, so as to consolidate the leading position in the industry and promote the continuous improvement of innovation capability.

Supported by the three major systems of the Regulations on R&D Management System, the Management Standards for Independently Developed Intangible Assets and the Declaration, Maintenance and Update Management of R&D Achievements, the Group has made remarkable achievements in R&D innovation. Over the years, many innovative projects have been successfully established in strict accordance with the system. During the Reporting Period, Zhongmiao continued to make efforts in technological innovation and successfully established a number of research and development projects, using digital and intelligent means to improve service efficiency and optimize risk management, so as to provide customers with a better experience.

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3.2.2 Self-developed Procedures and Systems

With IT technology and expertise, the Group has built a common point between the digital solution of insurance agency business and customer needs to expand IT services. Starting from serving insurance companies, the Group has extended its business to finance, education, technology and other industries, providing insurance claims, AI service system, online training and other services, and has built business systems for non-bank financial institutions. The Group has achieved significant R&D outcomes, with the following being some of the software and systems already in use.

Software, system	Key functions
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 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
Online training system	<p>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.</p> <p>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</p>
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

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Software, system	Key functions
AI service system	<p>Certificate recognition service:</p> <p>which, combined with AI-OCR technology, supports different types of cards and certificates, such as ID cards, bank cards, driving licences and passports</p> <p>Document processing service:</p> <p>which, utilising OCR and NLP technologies, provides content recognition, information extraction and text comparison of complex document such as insurance policies and contracts</p> <p>Computer visual recognition services:</p> <p>which, based on computer vision technology, combined with deep learning algorithms and algorithm modules, provides visual detection, 3D measurement and defect detection services</p>

3.2.3 Layout of R&D Investment

In the digital era, technological innovation is the core driver of sustainable corporate development. Zhongmiao aligns with this trend, focusing on technological innovation, heavily investing in IT research and development, and building a robust technical support system to meet the demands of business growth and innovation.

Our R&D team is the largest, accounting for nearly half of our workforce, underscoring the Group's commitment to technology-driven development. The management includes seasoned R&D experts, ensuring synergy between technology and business. The Group continues to expand its team, planning to recruit IT talent in areas such as software development to enhance its capabilities and competitiveness.

Looking ahead, the Group upholds its innovation philosophy, continuously increasing R&D investment in cutting-edge fields such as AI, big data, and cloud computing to drive business upgrades, enhance efficiency, reduce costs, and create greater value for clients. It also focuses on green technology, exploring the integration of digitalization and sustainable development to generate long-term value for all parties.

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3.2.4 Enabling ESG by R&D

Zhongmiao places high importance on IT technology research and development, positioning it as a key driver of sustainable development. The Group consistently focuses on the positive contributions of technological R&D to ESG, achieving significant results in areas such as green technology applications, paperless office, remote service support, and customer experience improvement through continuous R&D investment. Beyond reducing its environmental footprint in operations, it delivers more efficient and convenient service experiences for clients through intelligent solutions, embodying the philosophy of technology for good and injecting innovative momentum into sustainable development.



Green technology applications:

By developing IT system software and optimizing data center energy efficiency, Zhongmiao has significantly promoted the reduction of energy consumption and carbon emissions. In addition, we actively explore the application of green technology in the field of insurance, promote low-carbon operation to support environmental protection.



Paperless office:

Through the development of digital solutions such as electronic insurance policies and electronic claims systems, Zhongmiao has greatly reduced the use of paper. Paperless office not only improves operational efficiency, but also makes a positive contribution to reducing waste of resources and environmental protection.



Remote service support:

Through digital platform and AI customer service system, Zhongmiao reduces the frequency of clients' offline business, indirectly reducing transportation-related carbon emissions. This provides strong support for the construction of a low-carbon society.



Customer experience improvement:

Through the intelligent claim system and AI customer service platform, Zhongmiao provides customers with a more efficient and convenient service experience. Technological innovation not only optimizes customer experience, but also enhances customer trust and loyalty.

3.3 Protection of the Rights and Interests of Clients and Customers

As a professional and responsible insurance intermediary service company, Zhongmiao always puts the service to and rights protection of insurance clients and insurance company customers at the core. We strictly abide by the Insurance Law of the People's Republic of China 《中華人民共和國保險法》, the Law of the People's Republic of China on the Protection of Consumer Rights and Interests 《中華人民共和國消費者權益保護法》 and other relevant laws and regulations. To ensure insurance clients receive high-quality services and to maintain legal and compliant cooperation with insurance company clients, the Group has formulated a comprehensive and detailed Business Operation Management Policy to guarantee professionalism, accuracy, and efficiency in every service stage. Additionally, to fully protect the legitimate rights and interests of insurance clients and insurance company clients, Zhongmiao has specifically formulated a Complaints and Reporting Management Policy, establishing a robust mechanism for complaint response and resolution.

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3.3.1 High-quality and Efficient Insurance Services

The Group has clearly defined the insurance service business processes in the Business Operation Management Policy to ensure service standardization while guaranteeing that advertising and marketing materials of our services are free from false, misleading, or illegal information. Through this operation management policy, we optimize processes, strengthen authorization management, improve record-keeping, and enhance capabilities in managing insurance clients and channels, thereby fully protecting client rights, improving service quality, and increasing client satisfaction.

3.3.1.1. Providing Accurate and Useful Information

The insurance service business process encompasses client background investigation, authorization and needs assessment, policy formulation, inquiry and quotation analysis, policy application handling, routine services during the policy term, claims assistance, and renewal arrangements. Through stringent oversight of the entire process, the Group ensures the efficient operation of its insurance business.

In terms of management of business archives, the management of business archives for insurance service adheres to principles of unified leadership and tiered management and classified management methods, maintaining both physical and electronic archives to ensure their completeness, accuracy, security, and effective utilization.

3.3.1.2. High Quality Insurance Agency Services

In terms of business authorization management, business authorization management is the key part of the business management system. It implements a hierarchical authorization system, which can promote the standardization of client services, reduce errors and omissions, prevent business risks, and is also crucial to other aspects of the business management system.

In terms of client and channel management, the Group has established a series of requirements for client and channel management. In client management, we review information to assess risks, match appropriate insurance products, assist with claims investigations, enter client information into the system for confidential updates, access it based on authorization levels, categorize clients by scale, and develop maintenance plans. In channel management, we gather channel information, negotiate cooperation, maintain records, conduct approvals, establish clear cooperation mechanisms, regulate channel providers' behavior, and impose profit deductions or terminate agreements for violations.

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3.3.2 Complaint and Reporting Mechanism

Through the Group's Complaints and Reporting Management Policy, insurance clients, insurance company clients, employees, or their stakeholders can promptly and smoothly provide feedback on issues, enabling the Company to address them swiftly and effectively, ensuring proper resolution of concerns. This strong emphasis on protecting and actively upholding rights not only provides a robust feedback mechanism but also earns Zhongmiao the trust and recognition of its clients, laying a solid and stable foundation for the Group's sustainable development.

We handle complaints and reports in accordance with the channels, methods and processes stipulated in the Complaints and Reporting Management Policy, provide clients, partners, employees or other stakeholders with real and effective company complaint channels and methods, respond to complaints in a timely manner and feedback to relevant departments; establish daily management and testing mechanisms to regularly analyze complaints as a basis for improvement; regularly review and optimize complaint handling mechanisms. We also regularly supervise and inspect the management of complaints and reports to ensure that complaints and reports are handled in a timely and effective manner.

For significant complaints or reports, the securities and compliance department and the information technology department shall, after conducting confidential treatment for the complaint, report, and whistleblower, promptly forward relevant information or materials to the ESG working group leader or their authorized management via email. The ESG working group can put forward evaluation opinions on the impact of the event for reference by relevant departments.

During the Reporting Period, we did not receive any complaints from insurance clients and insurance company customers.

4 Sustainable Supply Chain

4.1 Insurance Agents

In accordance with the Insurance Law of the People's Republic of China 《中華人民共和國保險法》, the Group has established the Management Measures for Practitioners and the Business Operation Management Policy to clearly regulate the management, welfare, and training development of insurance agents, ensuring their compliance with legal and regulatory requirements while supporting their career development needs, thereby enhancing the compliance of their business conduct, contract quality, and operational performance.

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4.1.1 Insurance Agents Management

The Group strictly abides by relevant laws and regulations, and establishes a set of management mechanism for insurance agents while formulating relevant systems and management measures. This mechanism not only builds a business platform for those who are interested in starting a business in the insurance industry, but also provides them with training guidance, market resources and technical support to facilitate their rapid growth. Meanwhile, the Group is well aware of the importance of regulating the management of insurance agents, so on the basis of giving them support, it also strengthens the management and restraint of them. By formulating a clear code of conduct, professional standards and assessment system, it ensures that insurance agents always uphold an honest, professional and responsible attitude in the process of business development, and provide high-quality and personalized insurance services for insurance clients, thus establishing a close and mutual trust relationship between the Group and insurance agents.

4.1.2 Compensation and Benefits for Insurance Agents

According to the comprehensive management system of insurance agents, the Group has set up a scientific and reasonable compensation and system, aiming at fully stimulating the enthusiasm of insurance agents and strongly supporting their sustainable development and growth in their career path.

The Group offers insurance agents a wide range of benefits, including first-year commissions, sales bonuses, renewal commissions, referral bonuses and other forms of commission and bonus. In addition, they also have the opportunity to enjoy additional direct management allowances, team management costs, institutional operating costs and long-term service allowances. While setting up diversified commissions and bonuses, the Group has also formulated corresponding hierarchical assessment requirements, closely linking assessment with compensation, so as to promote win-win cooperation.

Insurance agents who sign insurance agency contracts with the Group can not only get generous commission and bonus income, but also enjoy comprehensive team benefits. Specific welfare items include group personal accident insurance, one-year fixed-term life insurance and hospitalization medical insurance, which provide solid guarantee for the work and life of insurance agents from all aspects, so that they can devote themselves to the development of insurance business without concerns.

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4.1.3 Training and Development for Insurance Agents

The Group has established clear regulations and requirements regarding the training of insurance agents, stipulating that newly recruited agents shall undergo training, general agents shall receive training no less than twice per year, and business directors shall undergo training at least once per year, with the organization and management of such training sessions being the responsibility of the respective business directors. Each training session must be documented, with timely assessments conducted as appropriate. In addition, business personnel are required to complete no less than 80 hours of pre-employment training and a minimum of 36 hours of cumulative annual training thereafter, of which no less than 12 hours must be dedicated to legal knowledge and professional ethics, to ensure continuous enhancement of their professional competence and compliance awareness.

The Group has established a multi-tiered and multi-stream ranking system in accordance with its Insurance Agents management policies. It has also implemented a performance-centric evaluation mechanism to ensure that agent promotions are conducted in a fair and transparent manner. The Group has formulated promotion criteria, which are comprehensively evaluated from multiple dimensions such as performance, professional competence and compliance behavior. Meanwhile, the Group will continue to optimize the compensation and assessment mechanism of insurance agents, and promote the development of the agent team towards a more professional and higher quality direction.

4.2 Strategic Channel Providers

Working with strategic channel partners is a common industry practice in the insurance intermediary market. The Group uses this model to expand the insurance client base. Strategic channel partners, with their network advantages, can reach a large number of potential insurance clients, covering enterprise and family insurance client groups. When selecting strategic channel partners, we take into consideration their business nature, industry insight, operational scale, and business footprint, and require them to hold the relevant business licenses.

The term of our agreements with strategic channel partners typically ranges from one to three years. During the course of cooperation, partners are responsible for referring potential insurance clients, with our internal sales managers liaising with them to communicate specific requirements. Upon successful purchase of insurance products by clients, we pay referral fees to the channel partners after receiving commission from the insurance companies. This partnership is essential to our business, and failure to establish and maintain a strong relationship could materially and adversely affect business opportunities, results of operations and business prospects.

Through this cooperation mode, the Group, insurance companies and strategic channel partners have established a close trust relationship to achieve a win-win situation. Based on this, we are committed to building a more professional and stable ecosystem, promoting the sustainable growth of business, creating long-term value for industry participants, and further consolidating our leading position in the field of insurance intermediary.

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During the Year, the strategic channel providers cooperated by the Group by region are shown in the following table:

Name of indicator		Unit	2024
Total number of strategic channel providers		No.	17
Number of strategic channel providers by province	Shandong	No.	13
	Beijing	No.	1
	Anhui	No.	1
	Guangdong	No.	1
	Tianjin	No.	1

4.3 Routine Management

Zhongmiao attaches great importance to the management of routine suppliers, and has established a sound supplier management framework to ensure that every stage from screening, evaluation to cooperation follows the principle of high quality and efficiency. Through a strict supplier screening mechanism, we focus on the comprehensive performance in areas such as environmental performance, social responsibility and governance level, so as to promote the sustainable development of the supply chain. Meanwhile, we actively promote the concept of green product procurement by prioritizing environmentally friendly products and services to enhance resource efficiency. These measures not only enhance the transparency and responsibility of the supply chain, but also create greater long-term value for partners and promote the realization of mutually beneficial and sustainable development goals.

4.3.1 Supplier Management Framework

The Group adheres to the principles of standardization, efficiency and compliance. It has formulated the Procurement Management Policy (《採購管理制度》) to centrally manage the procurement of the Group and its subordinate units, ensure the transparency and efficiency of the process, clearly define procurement requirements, and regulate the operation of the business process platform. The bidding procurement strictly follows the Operation Manual for Bidding Projects (《招標項目操作手冊》) and is implemented within the system of the Group.

The Group's procurement process is highly regulated, with effective controls embedded throughout each stage. Sustainability reviews are integrated into the procurement workflow, requiring procurement personnel to evaluate each transaction to ensure supply chain sustainability is managed from the source. Meanwhile, an internal training mechanism has been established, under which employees are regularly trained to enhance the sustainable development awareness of the all staff.

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4.3.2 Supplier Screening and Evaluation

In the process of supplier selection, Zhongmiao always adheres to the principle of rigorous and high standards, and is committed to selecting high-quality partners that can meet the business needs of the Group in a long-term, stable and reliable manner. The specific selection criteria cover the following four key dimensions, aiming to comprehensively evaluate the comprehensive strength and suitability of suppliers: product quality and stability, price competitiveness, purification ability and service level, and business ethics and integrity.

When selecting suppliers, the Group comprehensively assesses their environmental and social performance, including business ethics, environmental protection, labor standards, etc. Through the establishment of a transparent procurement system, the introduction of competition mechanism and the strengthening of internal supervision, suppliers are screened fairly and scientifically. The Group treats all suppliers equally, strictly controls all aspects of procurement to eliminate violations, selects high-quality suppliers, establishes long-term cooperation to ensure stable and efficient supply chain, and jointly promotes sustainable development.

The Group has established a comprehensive supplier evaluation mechanism covering pre-cooperation evaluation and post-cooperation evaluation to dynamically and continuously manage suppliers, ensure that they provide high-quality environmental protection products and services, and help the Group achieve green procurement and sustainable development. This mechanism also optimizes the supply chain structure, reduces procurement costs, and enhances the Group's market competitiveness.

During the Year, the Group's routine suppliers by region are shown in the following table:

Name of indicator		Unit	2024
Total number of suppliers		No.	66
Number of suppliers by province	Shandong	No.	33
	Hong Kong, Macao and Taiwan	No.	15
	Beijing	No.	6
	Shanghai	No.	4
	Zhejiang	No.	3
	Others	No.	5

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4.3.3 Green Product Procurement

Under the guidance of the concept of sustainable supply management, the Group integrates green development into every aspect of daily operation, actively practices green office, and comprehensively promotes the implementation of sustainable development strategy. In daily operation procurement, we have established strict green procurement standards.

We use certified sustainable forest paper to reduce raw wood consumption, energy consumption and pollutant emissions during production. Recycled paper also promotes resource recycling and reduces landfill. For large barrels of water, we give priority to environmentally friendly brands, some of which use reusable packaging barrels to reduce plastic pollution. The shared printers we have introduced are energy-efficient and high-performance, with automatic power-saving modes during standby. We reduce purchases through reasonable planning to avoid waste when idle.

When the Group purchases green products, we will check whether the supplier has the relevant green product or service certification, such as ISO14001 environmental management system certification. In response to the requirements of sustainable supply management, the concept of environmental protection is integrated into the operation, which not only reduces the environmental impact, but also improves the social image, and promotes the coordinated development of economic, social and environmental benefits.

5 Caring for Employees

Zhongmiao always places the protection of employee rights and interests in an important position by strictly complying with the laws and regulations such as the Labor Law of the People's Republic of China 《中華人民共和國勞動法》, the Labor Contract Law of the People's Republic of China 《中華人民共和國勞動合同法》, the Social Insurance Law of the People's Republic of China 《中華人民共和國社會保險法》, the Law on Prevention and Control of Occupational Diseases of the People's Republic of China 《中華人民共和國職業病防治法》, the Work Safety Law of the People's Republic of China 《中華人民共和國安全生產法》 and the Law of the People's Republic of China on the Protection of Minors 《中華人民共和國未成年人保護法》, the Special Regulations on Labor Protection of Juvenile Workers 《未成年工特殊保護規定》 and the Regulations of the People's Republic of China on the Prohibition of Child Labor Regulations 《中華人民共和國禁止使用童工規定》. Adhering to the concept of fairness, diversity and inclusiveness, the Group is committed to creating a fair, safe and healthy working environment, laying a solid foundation for the common growth of employees and the Group.

5.1 Employee Management

We have established a comprehensive staff management system. Through scientific and standardized personnel management system, covering from recruitment, attendance to performance evaluation, we ensure the fairness and orderliness of staff management. Meanwhile, we strictly abide by the relevant provisions prohibiting child labor and forced labor, upholding the bottom line of morality and law to ensure that the cooperative relationship between the Group and its employees is based on legality, compliance and reasonableness.

5.1.1 Staff System and Labor Standards

In accordance with relevant laws and regulations, the Group has formulated a scientific and standardized staff management system and labor standards. These systems and regulations protect the rights and interests of employees and provide equal opportunities for development. We are well aware of the importance of abiding by labor laws and regulations and eliminating child labor and forced labor, and always regard the legal compliance of employee management as the cornerstone of the Company's sustainable development.

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5.1.1.1. *Personnel Management System*

In order to clearly define the rights and obligations of both employees and the Company, and establish a sound organization and management system, the Personnel Management System is formulated in accordance with relevant laws and regulations, which is applicable to all employees of the Group. This system standardizes the work conduct and career development of employees from onboarding to departure; provides guidelines for team expansion and management to ensure the efficient operation of the team; clarifies the personnel rights and obligations of the Group and employees to lay a legal foundation for cooperation.

At the end of each year, the Group will formulate the human resources plan for the next year according to the development strategy and business objectives, which is submitted to the chairman for approval. Upon approval, the Group will supplement talents within the budget, and review and adjust the implementation of the plan every six months to ensure that the allocation of human resources matches the needs of business development.

The Group has established a complete recruitment management system, covering the recruitment process, onboarding and offboarding management, dismissal procedures and so on. We will dynamically adjust the organizational structure and job setting according to the Company's strategic objectives and business development needs, and make corresponding job changes and job adjustments to achieve the optimal allocation of human resources.

There are also clear provisions on the management of employee relations. In terms of attendance management, the Group implements a strict attendance management system to standardize the working hours and behavior of employees. In terms of leave and vacation, we have formulated a sound leave and vacation system and process to protect the legitimate rights and interests of employees. In terms of overtime management, the Group strictly controls overtime and pays overtime fees in accordance with relevant national regulations to ensure the physical and mental health of employees.

All employees of the Group are obligated to maintain the confidentiality of Company secrets, which are critical information related to the Company's development and interests, and no employee may disclose such information to others without approval.

The Group will continue to optimize the human resources management system, improve the level of human resources management, create a conducive working environment and development platform for employees, and achieve mutual growth for the Company and its employees.

5.1.1.2. *Prevention of Child Labour and Forced Labour*

The Group strictly prohibits the employment of any child labour and forced labour and has complied with all laws and regulations relating to the prevention of child labour or forced labour. According to the provisions of the Personnel Management System formulated by the Group, employees are required to provide authentic information during recruitment, with hiring personnel conducting rigorous reviews of credentials to screen for any indications of child labour or forced labour. The Group also defines working hours and overtime in the system, strictly controls overtime hours, establishes feedback channels, encourages employees to supervise and report; strictly prohibits harassment and abuse of employees; and maintains a zero-tolerance stance towards human rights violations (including but not limited to the use of child labor).

During the Year, the Group did not have any violation of laws and regulations relating to the prevention of child labour or forced labour.

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5.1.2 Staff and Staff Turnover

As of 31 December 2024, the Group had a total of 131 employees, all of whom were employed on a full-time basis. During the Reporting Period, 28 employees left the Group, with a staff turnover rate of 18%.

During the Year, the total number of employees and the structure of turnover employee by gender, type, age and region are shown in the following table:

Name of indicator		2024
Total number of employees (person)		131
Total number of employees by gender (person)	Male	77
	Female	54
Total number of employees by employment type (person)	Full time	131
	Part-time/contract	0
Total number of employees by age (person)	Aged below 30	49
	Aged 31-40	64
	Aged 41-50	16
	Aged over 51	2
Total number of employees by region (person)	North China	6
	East China	125
Total employee turnover rate ¹ (%)	18%	18%
Employee turnover rate by gender (%)	Male	16%
	Female	19%
Employee turnover rate by age (%)	Aged below 30	14%
	Aged 31-40	21%
	Aged 41-50	6%
	Aged over 50	50%
Employee turnover rate by region (%)	North China	65%
	East China	12%

¹ Employee turnover rate is calculated as: (total number of departed employees in the category during the Year)/(sum of the number of employees and the number of departed employees in the category at the end of the Year)

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5.2 Employee Health and Safety

Zhongmiao has always regarded the health and safety of employees as a core component of the Group's responsibilities, with clear requirements stipulated in the Code of Business Conduct formulated by the Group. Through the following specific measures, the Group provides a safe working environment for employees, while actively fulfilling corporate responsibility and promoting sustainable development.

In terms of maintaining a safe working environment, the Group prioritizes safety above all, ensuring the safety of its employees and any individuals entering the Group's premises. The Group conscientiously complies with health and safety guidelines to maintain a healthy and hazard-free workplace. Employees of the Group are required to proactively report potential safety hazards and pay attention to the safety conditions of their colleagues. The Group is committed to providing a healthy and safe working environment for its employees.

During the Reporting Period, the Group did not have any major violations of laws and regulations relating to health and safety.

In each of the past three years (including the reporting year), the Group has not recorded any work-related injuries or fatalities.

Name of indicator	Unit	2024
Number of work-related fatalities	people	0
Number of work-related injuries	people	0
Total number of working days lost due to work-related injuries	day	0

5.3 Employee Training and Development

We place great emphasis on employee training and development, utilizing a systematic training framework to equip employees with cutting-edge insurance knowledge and professional skills, enhancing their professional ability to serve clients. Meanwhile, we have also established diverse incentive measures, including incentive bonuses, monthly recognition awards, and promotion opportunities, to fully motivate employees. Through a variety of employee engagement activities, we strengthen team cohesion and foster a sense of belonging, creating a sustainable career platform for employees to promote mutual growth for individuals and the Company.

5.3.1 Vocational Training and Skills Enhancement

The Group implements a diversity policy to create an equal and inclusive growth environment for employees with different backgrounds. In terms of training, it not only focuses on skills training, improving employees' professional and management capabilities through technical and management training, but also encourages employees to participate in cross-departmental and cross-field cooperation projects to enhance teamwork capabilities. In career development, we have established clear development plans and promotion pathways, valuing employees' diverse backgrounds and contributions, which are fully considered in promotion decisions to ensure equal opportunities. These initiatives have refined our training system and streamlined promotion channels, thereby expanding the career development prospects for our employees.

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The Group provides abundant training resources for employees, including induction training for new employees, to help them quickly understand the Group's business, basic knowledge of the insurance industry and sales skills. It also provides regular professional skills training, covering insurance product updates, risk management, customer relationship management and other content, to enhance business capabilities. There are various forms of training, including online courses, offline lectures and practical exercises, to ensure flexibility and effectiveness.



Employees Training on Management by Objectives in 2024

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During the Year, the structure of employees who participated in the training by gender and employee type is shown in the following table:

Name of indicator		Unit	2024
Total number of trainees		people	131
Percentage of employees trained by gender	Male	%	58.78%
	Female	%	41.22%
Percentage of employees trained by employee type	Management	%	3.05%
	Middle-level staff	%	7.63%
	Grass-roots staff	%	89.31%
Average number of hours of training by gender	Male	hour	6.7
	Female	hour	7.9
Average number of hours of training by employee type	Management	hour	8.0
	Middle-level staff	hour	7.6
	Grass-roots staff	hour	7.2

5.3.2 Incentive Measures and Employee Activities

The Group consistently upholds the core principles of fairness, transparency, and motivation, striving to build a comprehensive and highly attractive compensation and benefits system. Beyond focusing on employees' work performance, we provide holistic care and support from a lifestyle perspective. Through a scientific and reasonable compensation incentive mechanism, diverse employee benefits, and varied group activities, the Group actively promotes employees' physical and mental well-being, fosters a harmonious and mutually beneficial work environment, and supports the collective growth and long-term development of employees and the Group.

The Group provides employees with stable monthly salaries and various allowances, including heating subsidies, high-temperature subsidies, entrepreneurial anniversary benefits, Chinese New Year goods, and clothing allowances, to care for all aspects of their lives. To motivate employees to strive for excellence, the Group has established a comprehensive bonus incentive mechanism. Quarterly sharing bonuses are distributed based on quarterly performance, encouraging employees to make short-term efforts. Meanwhile, annual sharing bonuses are determined by evaluating employees' overall performance throughout the year, guiding them to focus on long-term development alongside the Group's growth. To further foster a positive work environment, enhance business performance, and strengthen team cohesion, the Group conducts a "Monthly Star" selection program. Based on multi-dimensional indicators, the program selects excellent employees every month with cash rewards, setting role models to inspire enthusiasm and creativity among all employees while promoting healthy competition.

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In terms of welfare, the Group strictly adheres to national and regional policies, contributing to employees' social insurance and housing fund to ensure their entitlement to social security benefits. Each year, the Group organizes health examinations for all employees, underscoring its commitment to their physical well-being and enabling them to promptly assess their health conditions to engage in work at their best.

The Group attaches great importance to the core values of employees, actively practices the ESG concept, and deeply integrates employee care with sustainable development. Through regularly organizing diverse team activities, such as outdoor team-building exercises, corporate culture salons, and themed recreational events, the Group not only strengthens team cohesion but also enhances employees' sense of recognition and belonging. These initiatives create a healthy and positive work environment while laying a solid human resource foundation for the Group's long-term development, truly achieving mutual growth and shared value for both the Group and its employees.



Group Strategy Meeting 2024-2025



Employee Bonfire Music Night 2024

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6 Social Welfare and Rural Revitalization

Zhongmiao not only provides clients with professional and comprehensive risk protection solutions in the insurance services sector but also actively engages in social welfare initiatives, giving back to society through tangible actions. By participating in and organizing charitable activities, we continuously support rural revitalization and societal development. Meanwhile, Zhongmiao regards supporting rural development as an important mission, and promotes the revitalization of rural economy through customized insurance products and services. These efforts not only demonstrate Zhongmiao's steadfast commitment to social responsibility but also contribute positively to building a harmonious society.

6.1 Social Welfare Activities

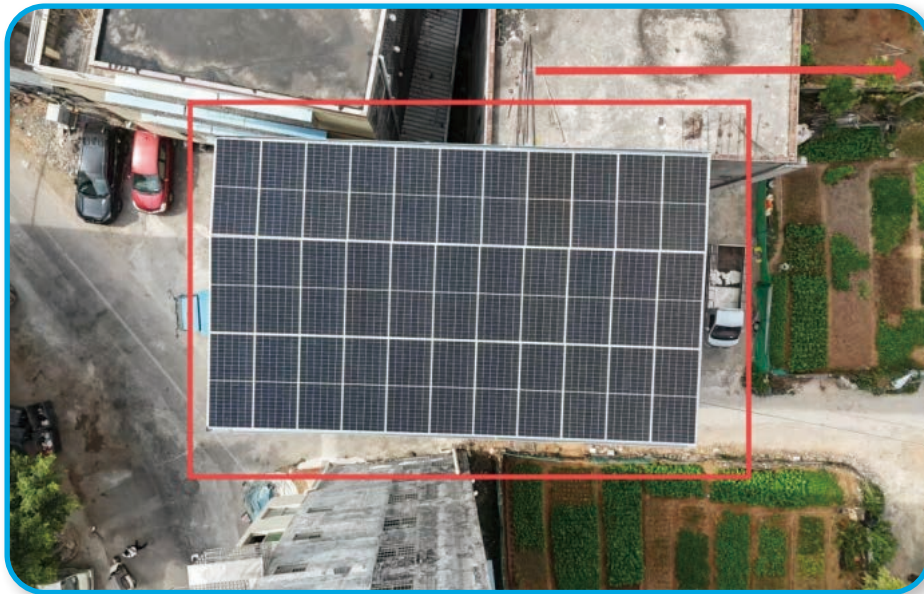
To protect the ocean, care for the environment, and safeguard the planet, Zhongmiao participated in the public welfare activity of "Protecting the Blue Ocean, Preserving Beautiful Qingdao". Young volunteers from the Group, together with their children, gathered at Shilaoren Beach (石老人海水浴场) to learn about environmental protection and clean up beach litter. Zhongmiao joins hands with its employees to take concrete actions in protecting the beautiful coastline of Qingdao, in a commitment to practicing environmental protection concepts, promoting public welfare initiatives, and embedding environmental protection and public welfare awareness deeply in people's minds.



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6.2 Rural Photovoltaic Project

Zhongmiao provides comprehensive insurance services for rural photovoltaic equipment leasing projects. Leveraging professional insurance solutions, the Group offers risk protection across all stages of these projects, supporting the development of green energy in rural areas. During the Reporting Period, the Group achieved insurance premiums of RMB4.2 million for rural photovoltaic equipment projects, which fully demonstrated the Group's responsibility and commitment in supporting the development of green energy.



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7 Green and Low-carbon Strategy

Zhongmiao actively practices the green concept and strives to reduce the impact of operation on the environment. We strictly comply with laws and regulations related to environmental protection, such as the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution 《中華人民共和國大氣污染防治法》, the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes 《中華人民共和國固體廢物污染環境防治法》, and the Law of the People's Republic of China on the Prevention and Control of Water Pollution 《中華人民共和國水污染防治法》, to ensure that the Group fully complies with laws and regulations in its daily business operations. Meanwhile, by optimizing the allocation of resources and implementing energy conservation and emission reduction measures, we continuously reduce our environmental footprint, taking concrete actions to fulfill our environmental responsibilities and contribute to safeguarding the ecological environment.

7.1 Green Operations

Guided by the concept of sustainable development, Zhongmiao consistently regards green environmental protection as a key component of its ESG strategy. As a member of the financial services industry, we fully recognize the significant responsibility we bear in advancing green development. We actively implement eco-friendly operations by promoting paperless offices, electronic contracts, and online approvals, while optimizing temperature, humidity, and lighting in office areas and using energy-efficient appliances. Employees are encouraged to choose public transportation, cycling, or walking for commuting, choose their own dishes by weighing them in the canteen, and use shared meeting rooms, printers and other resources. These initiatives demonstrate the Group's commitment to environmental responsibility and set a practical example for green development within the industry.

In terms of system construction, we have established a sound environmental protection management system on the basis of strict compliance with relevant laws and regulations. Through the formulation of the Energy Resources Management System (《能源資源管理制度》), the Waste Discharge Management System (《廢物排放管理制度》) and the Non-hazardous Waste Management Requirements (《無害廢棄物管理要求》), we advocate all employees to cultivate energy-saving awareness, practice energy-saving concepts, promote green office, and encourage employees to actively participate in energy-saving, providing system guarantee for environmental protection practice. In terms of optimization measures, we actively pursue energy-saving renovation of office space, promote the concept of energy-saving and sharing, implement a new way of food selection for canteen staff, greenify business processes, optimize travel management, and build a green supply chain, integrating the concept of environmental protection into all aspects of daily operations. In the construction of environmental protection culture, we regularly carry out energy-saving publicity activities, utilizing various channels of publicity and training, such as publicity boards, internal meetings, WeChat public accounts, etc., to popularize energy-saving knowledge and methods for all employees, cultivating a company-wide environmental consciousness and deeply embedding green values.

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7.1.1 Greenhouse Gas Emissions

A summary of the Group's greenhouse gas emissions and energy consumption for the Year is as follows:

Name of indicator	Unit	2024
Greenhouse gases		
Indirect emissions (Scope 2) ²	tCO ₂ e	76.49
Total greenhouse gas emissions	tCO ₂ e	76.49
Total emission density	tCO ₂ e/employee	0.58
	kg CO ₂ e/m ²	44.90
Energy		
Total consumption	MWh	152.83
Purchased electricity	MWh	113.67
Purchased heat	MWh	39.17
Total energy density	MWh/employee	1.17

² The factors for the emission data of greenhouse gases (Scope 2) are calculated with reference to the Announcement on the Release of Carbon Dioxide Emission Factors for Electric Power in 2022 issued by the Ministry of Ecology and Environment of the People's Republic of China and the Guidelines for Calculation Methods and Reporting of Greenhouse Gas Emissions from Industrial and Other Industries Enterprises (Trial Implementation) published by the National Development and Reform Commission.

The sources of greenhouse gas emissions of the Group mainly include office electricity and piped natural gas. In addition, the Group does not have any vehicles, so we do not have any exhaust emissions and direct greenhouse gas emissions (Scope 1).

We take measures to save electricity and energy in order to reduce greenhouse gas emissions. By optimizing the office environment, promoting energy-saving electrical appliances and lighting systems, and strengthening the energy-saving management of high-power equipment, energy efficiency will be improved in an all-round way. Meanwhile, the Company implements paperless office, adopts online approval process, reduces paper waste, advocates the use of electronic documents to further reduce resource consumption. In addition, we implement the sharing mechanism of conference rooms, printers and other resources to maximize the efficiency of resource utilization. In daily office work, we encourage employees to save electricity, rationally control the temperature and lighting of office areas, and use low-energy consumption equipment to support environmental protection with practical actions.

During the Reporting Period, the Group's greenhouse gas emission management strictly complied with the relevant national and local environmental protection laws and regulations, with no instances of non-compliance recorded.

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7.1.2 Waste

A summary of the Group's waste discharges for the Year is as follows:

Name of indicator	Unit	2024
Total amount of non-hazardous waste generated	tonnes	5.25
Density of non-hazardous waste generated	tonnes/employee	0.04

Zhongmiao's service business does not involve industrial production and manufacturing activities, so it will not involve the discharge of waste water and hazardous waste. It will only produce some certain non-hazardous in the office process, mainly domestic waste and paper used in daily office work.

The Group is fully aware of the importance of waste management for environmental protection and sustainable development. In accordance with relevant laws and regulations, the Group has established a sound waste management system and formulated the Waste Discharge Management System, which meticulously regulates the classification, collection, transportation, processing and discharge of waste to ensure the safe, efficient and environmentally friendly treatment of waste.

Based on the classification and nature of non-hazardous waste, we have developed tailored disposal plan. Dedicated waste collection points have been established in office buildings to sort and collect different types of waste, facilitating subsequent processing and recycling. In terms of recycling of non-hazardous waste, the Company will reuse the paper printed on one side and not involving the Company's secrets for secondary printing. Specific recycling points have been set up for office supplies such as paper clips and folders to enable their reuse. For recyclable wastes, such as scrap metal and waste paper, the Company actively cooperates with the operators of office space to recycle them and convert them into renewable resources, so as to realize the recycling of resources.

The Group actively promotes the concept of "zero waste" and strives to realize the reduction, recycling and harmlessness of waste through technological innovation and management innovation.

During the Reporting Period, the Group's waste management strictly complied with the relevant national and local environmental protection laws and regulations, with no instances of non-compliance recorded.

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7.1.3 Energy Use and Water Resources

A summary of the Group's water usage during the Year is as follows:

Name of indicator	Unit	2024
Total water consumption	m ³	2,072.47
Density of water consumption	m ³ /employee	15.82

The Group's use of water resources mainly covers barreled water for daily drinking by employees, as well as tap water for office areas, canteens and greening and cleaning. In addition, the Group's operations do not involve the use of any packaging materials and activities that have a significant impact on the environment and natural resources.

In order to improve the efficiency of water use, we have implemented a series of water-saving measures: promoting direct drinking water equipment to replace barreled water, reducing the use of plastic barrels and cleaning water; installing induction faucets and water-saving toilets in office areas, and regularly checking pipes to prevent leakage; introducing efficient water-saving dishwashing and food cleaning equipment in canteens to optimize water use processes; using drip irrigation system and rainwater collection technology in green areas to reduce irrigation water; using high-pressure cleaning equipment in cleaning operations to improve water use efficiency. In addition, we have established a water resources monitoring system, set annual water-saving targets, and promoted staff awareness of water conservation through publicity activities.

During the Reporting Period, the Group's use of energy and water resources strictly complied with the relevant national and local environmental protection laws and regulations, with no instances of non-compliance recorded. During the Reporting Period, we have not encountered any problems in sourcing water that is fit for purpose.

7.1.4 Environment and Natural Resources

We are deeply aware that environmental protection and sustainable development are important corporate responsibilities. Adhere to the concept of green, low-carbon and circular development and through the formulation and implementation of energy resources management system, the Group comprehensively advances energy resource management, proactively identifies potential energy-saving opportunities, and develops detailed energy conservation plans.

Zhongmiao actively practices green concepts, encouraging employees to adopt eco-friendly travel options such as public transportation, cycling, or walking to reduce private car usage, thereby alleviating traffic congestion and air pollution. Through technological innovation, we advance green office practices by developing a mobile policy system for unified online policy management, enhancing convenience of client operation while significantly reducing paper-based documentation. Additionally, we promote remote conferencing methods, such as video meetings, to reduce unnecessary travel and energy consumption. In order to enhance the energy-saving awareness of all employees, the Group regularly carries out energy-saving publicity activities, popularizes energy-saving knowledge through various channels such as publicity boards, internal meetings and WeChat public accounts, organizes professional energy-saving training led by experts to equip employees with energy-saving techniques and methods, comprehensively improving their energy conservation capabilities.

We actively pay attention to the changes of environmental regulations to ensure that the Company's operations strictly comply with relevant laws and regulations. We will also continue to explore more environmental protection measures to continuously improve the Group's performance in environmental and natural resources protection and contribute to sustainable development.

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7.2 Addressing Climate Change

Climate change represents one of the greatest challenges for the future, and we place high priority on addressing it. With reference to the guidance and recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), we systematically explore and identify the risks and opportunities that climate change poses to the Group's operations. By continuously improving our climate governance framework, we are committed to enhancing climate risk management capabilities, ensuring that business development aligns with environmental protection. Meanwhile, we actively fulfill our corporate social responsibilities, contributing to the national "dual carbon" goals and promoting sustainable development to co-create a green future.

7.2.1 Climate Strategy

Zhongmiao identified 2 physical risks and 4 transition risks during the Reporting Period and formulated corresponding mitigation and preventive measure. Meanwhile, we have also identified a climate opportunity to grasp the potential space for sustainable development.

Climate risk identification and response options:

Category	Risk	Risk description	Potential financial impact	Our response
Physical risk	Acute physical risk	<p>Acute physical risks (such as extreme weather events such as hurricanes, floods and wildfires) may lead to a sharp increase in customer claims demand in the short term, increase the pressure of claims processing, and may lead to the risk of insufficient human resources.</p> <p>In addition, if frequent disasters lead to a surge in demand for insurance, insurance companies may be forced to adjust premiums or limit coverage, thereby affecting the Group's commission income and customer relationships.</p> <p>Extreme weather events may cause disruption to the Group's operations, impact on our business continuity, and also put pressure on insurers to pay claims.</p>	<ul style="list-style-type: none">- Increase in operating costs- Decline in income	<p>Provide real-time customer support through a digital platform and a pre-developed rapid claims settlement process after extreme events.</p> <p>Establish connections with more insurance companies to disperse the underwriting pressure of insurance companies in high-risk areas, and ensure the stability of capital liquidity. Strengthen cooperation with insurance companies, negotiate with insurance companies to establish green claims channels, simplify the approval process and shorten the processing time.</p> <p>Develop a sound risk management system and emergency response plan to ensure rapid response and effective response to climate change risks.</p>

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Category	Risk	Risk description	Potential financial impact	Our response
	Chronic physical risk	<p>Chronic physical risks (such as rising sea levels, prolonged droughts, and rising temperatures) may also threaten the lives of insurance clients due to related health problems, thereby increasing the demand for health insurance claims and increasing the demand for human resources in the long run.</p> <p>In addition, sustained premium increases may heighten client price sensitivity, prompting them to switch to lower-cost competitors or forgo insurance, thereby compressing the Group's profit margins.</p>	<ul style="list-style-type: none"> - Increase in operating costs - Decline in income 	Regularly analyze climate trends with insurance companies, encourage customers to adopt adaptive products, and negotiate more flexible terms with insurance companies to maintain market competitiveness.
Transition risk	Legal and policy risk	Increasingly stringent domestic and international climate-related policy requirements necessitate greater resource and cost allocation by the Group to ensure compliance.	<ul style="list-style-type: none"> - Increase in compliance costs 	Regularly monitor the development trend of laws and regulations, and strengthen relevant training to ensure compliance.
	Technology risk	Climate change has accelerated the digital transformation of the insurance industry, and the Group has actively invested in the development of IT platforms. However, the results of research and development may not meet expectations, requiring significant resources for continuous optimization. Potential platform vulnerabilities or inaccuracies could lead to client accountability, elevating operational risks.	<ul style="list-style-type: none"> - Increase in operating costs - Decline in income - Increase in research and development costs 	<p>Strengthen R&D investment, continuously optimize system functions, regularly and comprehensively test platform functions to ensure system stability and reliability.</p> <p>Alternative operational workflows are pre-planned to prevent service delays or interruptions due to technical failures.</p>

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Category	Risk	Risk description	Potential financial impact	Our response
	Market risk	Low-carbon transformation may change consumer preferences and industrial structure, thereby affecting insurance market demand. If certain industries with high carbon emissions (such as fossil fuels and traditional automobile enterprises) decline due to policy transformation, the demand for related insurance will shrink, and the Group needs to develop customers in emerging areas such as green energy.	– Decline in income	<p>Establish connections with more insurance companies to jointly customize more insurance products in areas such as green energy to meet the insurance needs of emerging markets.</p> <p>Keep abreast of relevant regulatory changes and adjust business strategies to meet new regulatory requirements.</p> <p>Adjust marketing strategies flexibly, such as strengthening ESG-related product knowledge and strengthening market position through differentiated services.</p>
	Reputational risk	With the increasing concern about climate change, the promotion and achievement of climate action has become the core evaluation indicators of the mainstream ESG rating system. If the Group fails to fully disclose the positive measures related to climate change, it may weaken the trust of stakeholders in the enterprise, or even trigger negative public opinion, thereby damaging the brand image and market reputation.	– Decline in income	The Group fully complies with national policies, steadily promotes the construction of ESG management system and climate risk response capability, regularly discloses the progress of ESG efforts to the public, and continuously deepens the interaction and communication with various stakeholders to further consolidate the confidence of stakeholders in the enterprise.

Climate opportunity identification:

Opportunity	Opportunity description	Potential financial opportunities
Market opportunities	The government may encourage or compulsorily promote the development of green industry, and promulgate relevant policies and regulations, which will bring about the rapid development of new technologies such as clean energy technology that can promote green development. The increasing demand for green insurance products and services is conducive to the Group's expansion into new markets and businesses.	<ul style="list-style-type: none"> – Access to new markets – Increase in income – More diverse products

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7.2.2 Climate Risk Management

The Group has fully institutionalized climate risk integration into its daily risk management system, achieving dynamic monitoring of risk exposures through systematic processes. For instance, we have analyzed and integrated extreme weather events into the risk categories of client claims demand to accurately identify potential business shocks. To enhance response effectiveness, we have also combined a graded response plan to build a full-cycle management system covering risk warning and scenario simulation to ensure the efficient operation of the decision-making chain under sudden climate events. In the future, the Group will set up a climate risk task force to deeply integrate meteorological big data and actuarial models, and iteratively upgrade the timeliness of the risk assessment framework. Concurrently, we will engage clients through online seminars, illustrated claims case studies, and disaster prevention guideline notifications, fostering two-way risk awareness from underwriting to clients, enhancing policyholders' proactive protection consciousness, and gathering empirical data for developing climate-adaptive insurance products, progressively building a climate resilience management ecosystem that sets an industry benchmark.

7.2.3 Indicators and Targets

The Group has established clear energy consumption management targets and two waste management targets, committing to energy conservation, emission reduction, green operations, and green office practices, actively promoting a low-carbon operational model to support environmental protection and sustainable development with concrete actions.

Target	Target description	Current progress
Energy consumption management targets	Using 2023 as the baseline year, we aim to reduce energy consumption by 10% by 2025	Energy consumption for the Year was reduced by 38% compared to the baseline year.
Waste management targets	We insist on recycling non-hazardous waste as much as possible and will gradually increase the recycling rate of waste	During the Year, the non-hazardous waste recycling system has continued to improve, with the recycling rate increasing compared to the baseline year. Moving forward, we will refine classification standards, streamline processes, actively explore quantitative targets, further enhance recycling efforts, and promote the maximum possible recycling of non-hazardous waste.

The Group has disclosed the indicators related to energy saving and emission reduction to facilitate more effective monitoring of its climate performance. For details, please refer to the sections headed "Greenhouse Gas Emissions", "Energy Use and Water Resources" and "Waste" in the Report.

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7.3 Development of Green Insurance Business

As an insurance intermediary service enterprise committed to sustainable development, the Group places great emphasis on its participation and contribution in the renewable energy sector. We actively expand our insurance business in the renewable energy industry, providing tailored insurance solutions for renewable energy enterprises and their equipment across multiple sub-sectors. By offering risk protection to renewable energy enterprises, we not only support their stable development but also contribute professional expertise to advancing the green energy transition. This initiative fully demonstrates the Group's ESG practices and empowerment, underscoring our steadfast commitment to environmental protection and social responsibility.

7.3.1 Photovoltaic Projects of New Energy Enterprises

For photovoltaic power generation projects of renewable energy enterprises, the Group has collaborated with insurers to develop tailored insurance solutions, including "Installation All Risks Insurance" and "Third Party Liability Insurance". The former covers equipment damage and project interruption risks during construction, while the latter addresses potential third-party personal and property losses during project operations, which can reduce investment risks for renewable energy enterprises, accelerate the construction of photovoltaic power plants, and provide strong support for advancing the low-carbon transition.

For photovoltaic power generation projects of insurance clients in the renewable energy sector, we have developed tailored insurance solution that comprehensively cover risks during construction and early operational phases. The solution not only covers potential risks during equipment installation but also encompass property loss risks such as third-party accidents, providing robust assurance for project advancement. Through this innovative insurance service, we are committed to empowering the real economy with professional expertise, supporting the green energy transition, and promoting the realization of sustainable development goals.

7.3.2 New Energy Vehicle Insurance Project

With the increasing awareness of environmental protection and the rapid development of electric vehicle industry, more and more consumers choose new energy vehicles (pure electric vehicles) as travel tools. In response to this trend, the Group works closely with insurance companies to provide diversified insurance products for new energy vehicle owners to meet the personalized needs of clients. This business meets the needs of clients and realizes the rapid growth of new energy automobile insurance business.

The Group provides vehicle insurance products tailored for new energy vehicle owners, offering more suitable and cost-effective solutions to incentivize consumers to choose new energy vehicles, thereby reducing the use of traditional fuel vehicles and contributing to carbon neutrality goals. The widespread adoption of new energy vehicles has also significantly reduced exhaust emissions, and the Group has indirectly promoted this environmental protection process through innovation and support in the field of insurance services, which fully reflects our promotion and support for sustainable development.

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7.3.3 New Energy Charging Pile Project

New energy charging piles are a critical component of green energy infrastructure, playing a key role in reducing carbon emissions and promoting sustainable development. By facilitating insurance contracts between insurers and policyholders for new energy charging piles, we promote their widespread adoption and application, contributing to the green energy transition. Additionally, the Group actively promotes green insurance products, collaborating with insurers to offer customized insurance solutions for charging piles, covering risks such as accidental damage during installation or maintenance, natural disasters, third-party property losses, and personal injuries, thereby supporting the healthy development of the green energy industry. Through collaborative efforts to build a new energy charging pile ecosystem, we ensure their safe and efficient operation. By providing comprehensive risk protection, we not only safeguard the interests of operators and clients but also enhance public awareness of the risks and protective measures associated with new energy charging piles through insurance product promotion, strengthening societal acceptance of green energy.

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Indicators	Requirements of the HKEX ESG Reporting Guide	Section/ Remarks
Governance Structure		
General Disclosure	<p>A statement from the board containing the following elements:</p> <ul style="list-style-type: none"> (i) a disclosure of the board's oversight of ESG issues; (ii) the board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's businesses); and (iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses. 	STATEMENT FROM THE BOARD 2.1 ESG Governance Structure
Reporting Principles		
General Disclosure	<p>A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the ESG report:</p> <p>Materiality: The ESG report should disclose: (i) the process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer's stakeholder engagement.</p> <p>Quantitative: Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be disclosed.</p> <p>Consistency: The issuer should disclose in the ESG report any changes to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison.</p>	Reporting Guidelines and Principles

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Indicators	Requirements of the HKEX ESG Reporting Guide	Section/ Remarks
Reporting Boundary		
General Disclosure	A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.	Reporting Scope
A. Environmental		
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	7 Green and Low-carbon Strategy
KPI A1.1	The types of emissions and respective emissions data.	7.1 Green Operations
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	7.1.1 Greenhouse Gas Emissions
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	7.1.2 Waste
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	7.1.2 Waste
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	7.2.3 Indicators and Targets
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	7.1.2 Waste

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Indicators	Requirements of the HKEX ESG Reporting Guide	Section/ Remarks
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	7 Green and Low-carbon Strategy
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	7.1.1 Greenhouse Gas Emissions
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	7.1.3 Energy Use and Water Resources
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	7.1.3 Energy Use and Water Resources
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	7.2.3 Indicators and Targets
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	7.1.3 Energy Use and Water Resources
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	7 Green and Low-carbon Strategy
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	7.1.4 Environment and Natural Resources
Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	7.2.1 Climate Strategy
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	7.2.2 Climate Risk Management

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Indicators	Requirements of the HKEX ESG Reporting Guide	Section/ Remarks
B. Social		
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	5 Caring for Employees
KPI B1.1	Total workforce by gender, employment type (for example, full-or parttime), age group and geographical region.	5.1 Employee Management
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	5.1 Employee Management
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	5 Caring for Employees 5.2 Employee Health and Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	5.2 Employee Health and Safety
KPI B2.2	Lost days due to work injury.	5.2 Employee Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	5.2 Employee Health and Safety

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Indicators	Requirements of the HKEX ESG Reporting Guide	Section/ Remarks
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	5 Caring for Employees 5.3 Employee Training and Development
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	5.3 Employee Training and Development
KPI B3.2	The average training hours completed per employee by gender and employee category.	5.3 Employee Training and Development
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	5 Caring for Employees 5.1.1 Staff System and Labor Standards
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	5.1.1 Staff System and Labor Standards
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	5.1.1 Staff System and Labor Standards
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	4 Sustainable Supply Chain
KPI B5.1	Number of suppliers by geographical region.	4 Sustainable Supply Chain
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	4 Sustainable Supply Chain
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	4 Sustainable Supply Chain
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	4 Sustainable Supply Chain

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Indicators	Requirements of the HKEX ESG Reporting Guide	Section/ Remarks
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	3.3 Protection of the Rights and Interests of Clients and Customers
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	3.3 Protection of the Rights and Interests of Clients and Customers
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	3.3 Protection of the Rights and Interests of Clients and Customers
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	3.3 Protection of the Rights and Interests of Clients and Customers
KPI B6.4	Description of quality assurance process and recall procedures.	3.3 Protection of the Rights and Interests of Clients and Customers
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	3.3 Protection of the Rights and Interests of Clients and Customers

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Indicators	Requirements of the HKEX ESG Reporting Guide	Section/ Remarks
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	2.3 Business Ethics 2.4 Anti-Money Laundering and Anti-Fraud
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	2.4 Anti-Money Laundering and Anti-Fraud
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	2.4 Anti-Money Laundering and Anti-Fraud 3.3.2 Complaint and Reporting Mechanism
KPI B7.3	Description of anti-corruption training provided to directors and staff.	2.4 Anti-Money Laundering and Anti-Fraud
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	6 Social Welfare and Rural Revitalization
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	6 Social Welfare and Rural Revitalization
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	6 Social Welfare and Rural Revitalization

REPORT OF THE DIRECTORS

The Board is pleased to present this report together with the audited financial statements of the Group for the Reporting Period.

PRINCIPAL BUSINESS

The Group is an insurance agency service provider in Shandong province, the PRC. Our insurance agency services strategically target both corporate and household insurance client markets, dedicated to providing insurance users with an ample product portfolio and customizing optimal insurance solutions. Our insurance products covered four major categories including (i) property insurance products; (ii) life and health insurance products; (iii) accident insurance products; and (iv) automobile insurance products, covering mainstream insurance products in the market.

The Group's business comprises three main segments: (i) insurance agency business; (ii) IT services; and (iii) consulting services. There have been no significant changes in the nature of the Group's principal activities since the Listing Date and up to the date of this annual report.

BUSINESS REVIEW

A fair review of the business of the Group as required under Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), comprising a discussion and analysis of the Group's performance during the Reporting Period, particulars of important events affecting the Group that have occurred since the end of the financial year, and an indication of likely future development in the business of the Group are provided in the sections headed "Chairman's Statement", "Management Discussion and Analysis" and this section of this annual report. All such discussions form part of this annual report.

RESULTS

The results of the Group for the year ended 31 December 2024 are set out in the Group's consolidated financial statements.

REPORT OF THE DIRECTORS

FINAL DIVIDEND AND WITHHOLDING INCOME TAX

The Board proposed the distribution of the final dividend for the year ended 31 December 2024 of RMB0.135 in cash per share (inclusive of tax), totaling approximately RMB19.1 million based on the current total issued capital. This dividend represented approximately 40.9% of the profit attributable to the owners of the Company for the Reporting Period. If any change of the total share capital of the Company occurs before the record date of implementation of dividend distribution, the total amount of distribution is intended to be unchanged, and the distribution ratio per share shall be adjusted accordingly. This dividend distribution proposal shall be subject to consideration and approval at the Company's Annual General Meeting, and the final dividend shall be distributed to Shareholders within two months from the date of the Annual General Meeting. Dividends on H shares should be paid in foreign currencies. The date of Annual General Meeting and details of relevant book closure of the register of number of H Shares, as well as the arrangement of book closure of the register of number of H Shares for the final dividend, will be contained in the notice of the Annual General Meeting.

To the best knowledge of the Directors, there is no arrangement under which a Shareholder has waived or agreed to waive any dividends.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group strictly complies with national and local environmental protection laws and regulations and conducts its business activities in an environmentally friendly manner so as to minimise the negative impact of the Group's business activities on the environment and to achieve green heat supply. As far as the Directors are aware, the Group has complied with all applicable laws and regulations relating to environmental protection during the Reporting Period. Details of the environmental, social and governance performance of the Company are set out in the section headed "Environmental, Social and Governance Report" of this annual report.

REPORT OF THE DIRECTORS

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

We may be involved in legal proceedings from time to time in the ordinary course of business. During the Reporting Period and up to the date of this report, the Group complied with the relevant laws, regulations and supervisory requirements that have a material impact on the Group in all respects. During the Reporting Period and up to the date of this report, neither the Group nor any of the Directors, Supervisors and senior management of the Company has been subject to investigation or administrative penalty by the China Securities and Regulatory Commission, banned from entering the market, recognised as an unsuitable person, publicly reprimanded by the Stock Exchange, subject to compulsory measures, referred to the judicial authorities or held criminally liable, nor has it been involved in any other litigation, arbitration or administrative proceeding that would have a material adverse impact on our business, financial condition or results of operations. During the year ended 31 December 2024, the Directors were not aware of any material litigation or claim that was pending or threatened the Group.

KEY RISKS AND UNCERTAINTIES

The following table summarises some of the principal risks and uncertainties facing the Group, some of which are inherent in the market and external environmental factors. The principal risks and uncertainties relating to the Group's business and industry are summarized below:

- (i) The insurance products distributed by the Group are insured by the insurance company partners, the types of insurance products insured by the insurance company partners impact the diversity of the insurance products distributed by the Group;
- (ii) Risks that may arise from the inability to maintain current sales channels, including insurance agents and strategic channel partners;
- (iii) Fierce competition facing the markets where the Group operates;
- (iv) All risks that may arise from the Group's inability to successfully maintain and continually upgrade its information technology systems and infrastructure;
- (v) Our businesses are subject to regulation and administration by the insurance regulatory authorities and other government authorities, and insufficient measures under any applicable regulations and rules by us could result in financial losses or harm to our business; and
- (vi) The failure to obtain, renew or retain certain licenses, permits or approvals could have a material adverse effect on the Group's ability to carry on its business.

REPORT OF THE DIRECTORS

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2024, the total revenue generated from the Group's five largest customers was approximately 73.6%, and the revenue generated from the Group's largest customer was approximately 37.2%.

For the year ended 31 December 2024, the total purchases attributable to the Group's five largest suppliers was approximately 79.6%, and the purchase attributable to the Group's largest supplier was approximately 38.9%.

During the year ended 31 December 2024, none of the Directors, Supervisors or their close associates (as defined under the Listing Rules) or any Shareholders (which to the 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 or suppliers.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association, or the laws of the PRC, which would oblige the Company to offer new shares on a pro-rata basis to existing Shareholders.

TAX RELIEF AND EXEMPTION OF HOLDERS OF LISTED SECURITIES

INFORMATION ON TAX REDUCTION AND EXEMPTION FOR HOLDERS OF H SHARES

The Company is not aware of any tax relief available to Shareholders for holding its securities. Shareholders should seek expert advice if they are unsure of the tax implications of purchasing, holding, selling, dealing in the Shares, or exercising any of the rights attached to them.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the year ended 31 December 2024 are set out in Note 11 to the consolidated financial statements in this annual report.

REPORT OF THE DIRECTORS

FOREIGN EXCHANGE RISK MANAGEMENT

The principal activities of the Group are operated in the PRC. The Group operates mainly in the PRC with most of the transactions settled in RMB, management of the Company considers that the business is not exposed to any significant foreign exchange risk as there are no significant financial assets or liabilities of the Group that are denominated in the currencies other than the respective functional currencies of the Group's entities, other than the assets denominated in Hong Kong dollars. Currently, the Group do not implement any foreign currency hedging policy. For the Reporting Period, the Group did not enter into any forward contract to hedge its exposure to foreign currency risk. The Group will closely monitor the exchange rate in the market and take appropriate countermeasures and policies when necessary.

SUBSIDIARIES

Particulars of the Company's subsidiaries are set out in Note 14 to the consolidated financial statements in this annual report.

RESERVES

Details of movements in the reserves of the Group during the Reporting Period are set out in the consolidated statements of changes in equity and Note 22 to the consolidated financial statements in this annual report.

DISTRIBUTABLE RESERVES

As at 31 December 2024, the Company's reserves available for distribution, calculated in accordance with the provisions of the PRC Company Law, amounted to approximately RMB169.1 million.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year ended 31 December 2024 are set out in Note 22 to the consolidated financial statements.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares, if any) since the Listing Date and up to 31 December 2024. The Company did not have any treasury shares (as defined under the Listing Rules) as at 31 December 2024.

REPORT OF THE DIRECTORS

DEBENTURE ISSUED

The Group did not issue any debenture during the year ended 31 December 2024.

EQUITY LINKED AGREEMENTS

Since the Listing Date and up to 31 December 2024, there has been no equity-linked agreements entered into by the Group, or existed.

BOARD OF DIRECTORS

The Directors since the Listing Date and up to the date of this annual report were:

Executive Directors

Lu Yao (*Chairman*)
Zhang Zhiquan
Li Tian
Wang Heping

Independent non-executive Directors

Fang Qiaoling
Chung Wai Man
Ng Sin Kiu

In accordance with the provisions of the Articles of Association, the term of office of Directors (including a non-executive Director) shall be three years, and are eligible for re-election upon expiry of their terms of office. Any Director appointed by the Board either to fill a casual vacancy or as an additional Director shall hold office only until the next annual general meeting of the Company after his/her appointment and shall then be eligible for re-election. All Directors appointed to fill casual vacancies shall accept the election by shareholders at the first general meeting after acceptance of the appointment.

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The biographical details of the Directors, Supervisors and senior management of the Company as at the date of this report are set out in the section headed “Directors, Supervisors and Senior Management” of this annual report.

Save as disclosed in the annual report, there are no other changes in the information of the Directors, Supervisors and chief executive officer of the Company that are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

REPORT OF THE DIRECTORS

DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

The Group has entered into service contracts or letters of appointment with each of the Directors and Supervisors for, among other things, (i) an initial term of three years; and (ii) terminable in accordance with their respective terms. The service contracts or letters of appointment are renewable in accordance with the Articles of Association and the applicable Listing Rules.

None of the Directors has a service contract with the Group which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

DIRECTORS' AND SUPERVISORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in this annual report, no transactions, arrangements or contracts of significance in relation to the Group's business in which any Directors or Supervisors or related entities of any Directors or Supervisors have material interests, directly or indirectly, have been signed by the Company or any of its subsidiaries, at the end of the Reporting Period or during the Reporting Period.

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed in this annual report, neither the Company nor any of its subsidiaries has entered into any contract of significance with the controlling shareholders of the Company or any of their subsidiaries since the listing date and up to 31 December 2024.

REMUNERATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The remuneration of the Directors, Supervisors and senior management of the Group is determined by the Board with reference to the recommendations of the Remuneration Committee, taking into account the Group's operating results, individual performance and prevailing market conditions.

Details of the remuneration of the Directors, Supervisors and five highest paid individuals are set out in notes 8 and 9 to the consolidated financial statements in this annual report.

No remuneration was paid by the Group to any Director, Supervisors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensations for loss of office during the Reporting Period. The emolument of Ms. Wang Jiesi was waived with her authorisation.

REPORT OF THE DIRECTORS

RETIREMENT BENEFITS PLAN

The employees of the Group are members of the state-managed retirement benefits scheme (pension insurance) operated by the PRC government. The employees of the Group are required to contribute a certain percentage of their payroll to the retirement benefits scheme to fund the benefits. The obligation of the Group with respect to this retirement benefits scheme is to make the required contributions under the scheme. Pursuant to the relevant laws and regulations, the Group is not in a position to forfeit contributions to such scheme and thus no contributions may be used by the Group to reduce the level of existing contributions to such schemes.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company (within the meaning of section 543 of the Companies Ordinance) was entered into or existed from the Listing Date to 31 December 2024.

PERMITTED INDEMNITY PROVISION

Subject to the relevant regulations, each Director shall be indemnified by the Company against all costs, charges, expenses, losses and liabilities that he/she may sustain or incur for the performance of his/her duties or the relevant matters. The Company has purchased insurance to cover the liabilities and expenses incurred in the possible proceedings against the Directors.

INTERESTS AND SHORT POSITIONS OF THE DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2024, the interests and short positions of the Directors, Supervisors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would be required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which are taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

REPORT OF THE DIRECTORS

Interest in the Shares of our Company

Name of Director, Supervisor or Chief Executive	Position	Nature of Interest	Shares and class of shares held ⁽¹⁾	Approximate percentage of shareholding in the relevant class of shares ⁽¹⁾ (%)	Approximate percentage of total number of Shares in issue ⁽¹⁾ (%)
Lu Yao	Chairman, executive Director and general manager	Interest in controlled corporation ⁽²⁾	27,501,600 Domestic Shares (L)	25.97	19.48
Zhang Zhiquan	Executive Director and deputy general manager	Interest in controlled corporation ⁽²⁾	24,000,000 Domestic Shares (L)	22.66	17.00

Notes:

- (1) As at 31 December 2024, the total number of issued shares of the Company was 141,195,600 shares, comprising (i) 105,895,600 Domestic Shares, and (ii) 35,300,000 H Shares.
- (2) Shanghai Zhaoqi, Qingdao Haizhongjie and Qingdao Haixinsheng hold 24,000,000 Domestic Shares, 2,933,300 Domestic Shares and 568,300 Domestic Shares respectively and each of them is a limited partnership with Qingdao Haichuang Management Consultant Co., Ltd. (青島海創管理諮詢有限公司) as its general partner. Qingdao Haichuang Management Consultant Co., Ltd. is wholly owned by Lu Yao. Lu Yao is deemed to be interested in the shares in which each of Shanghai Zhaoqi, Qingdao Haizhongjie and Qingdao Haixinsheng is interested.
- (3) Shanghai Zhaoqi holds 24,000,000 Domestic Shares. Shanghai Zhaoqi is owned as to (i) 31.40% by Zhang Zhiquan; and (ii) 28.60% by Beijing Quanzhanggui Internet Technology Co., Ltd. (北京全掌櫃互聯網科技有限公司) (a limited liability company owned as to 70.00% by Zhang Zhiquan and as to 30.00% by Li Jia, the spouse of Zhang Zhiquan). By virtue of the SFO, Zhang Zhiquan is deemed to be interested in the shares in which Shanghai Zhaoqi is interested.
- (L) Long position.

Save as disclosed above, as at 31 December 2024, none of the Directors, Supervisors and chief executive of the Company had or was deemed to have any interests or short positions in the shares or underlying shares of the Company which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were required, pursuant to section 352 of the SFO, to be recorded in the register maintained by the Company or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

REPORT OF THE DIRECTORS

RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this annual report, no rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company were granted to any Directors, Supervisors or their respective spouse or children under 18 years of age, or were such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors, Supervisors or their respective spouse or children under 18 years of age, to acquire such rights in any other body corporate from the Listing Date to the date of this annual report.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

To the best knowledge of our Company based on publicly available information, as at 31 December 2024, the interests and short positions of the following persons (other than the Directors, Supervisors and chief executive of the Company) in the Shares, underlying Shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would be required to be notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO (including interests or short positions which the persons (other than the Directors, Supervisors and chief executive of the Company) were taken or deemed to have under such provisions of the SFO) or interests or short positions in the register required to be kept by the Company under section 336 of the SFO, were as follows:

Name of Shareholder	Nature of Interest	Shares and class of shares held ⁽¹⁾	Approximate percentage of shareholding in the relevant class of shares ⁽¹⁾ (%)	Approximate percentage of total number of Shares in issue ⁽¹⁾ (%)
Haier Group Corporation (海爾集團公司)	Interest in controlled corporation ⁽²⁾⁻⁽⁶⁾	64,000,000 Domestic Shares (L) ⁽²⁾⁻⁽⁶⁾	60.44	45.33
Qingdao Haichuangke Management Consulting Enterprise (Limited Partnership) (青島海創客管理諮詢企業(有限合夥))	Interest in controlled corporation ⁽²⁾⁻⁽⁶⁾	64,000,000 Domestic Shares (L) ⁽²⁾⁻⁽⁶⁾	60.44	45.33
Qingdao Haichuanghui IoT Co., Ltd. (青島海創匯物聯有限公司)	Interest in controlled corporation ⁽²⁾⁻⁽⁶⁾	64,000,000 Domestic Shares (L) ⁽²⁾⁻⁽⁶⁾	60.44	45.33
Qingdao Haichuanghui Investment Co., Ltd. (青島海創匯投資有限公司)	Interest in controlled corporation ⁽²⁾⁻⁽⁶⁾	64,000,000 Domestic Shares (L) ⁽³⁾⁻⁽⁶⁾	60.44	45.33
Haichuanghui Holding Co., Ltd (海創匯控股有限公司)	Interest in controlled corporation ^{(4)&(5)}	8,000,000 Domestic Shares (L) ^{(4)&(5)}	7.56	5.67

REPORT OF THE DIRECTORS

Name of Shareholder	Nature of Interest	Shares and class of shares held ⁽¹⁾	Approximate percentage of shareholding in the relevant class of shares ⁽¹⁾ (%)	Approximate percentage of total number of Shares in issue ⁽¹⁾ (%)
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)	Interest in controlled corporation ^{(4)&(5)}	8,000,000 Domestic Shares(L) ^{(4)&(5)}	7.56	5.67
Qingdao Haichuanghui Venture Capital Co., Ltd. (青島海創匯創業投資有限公司)	Interest in controlled corporation ^{(4)&(5)}	8,000,000 Domestic Shares (L) ^{(4)&(5)}	7.56	5.67
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))	Beneficial interest ⁽⁵⁾	8,000,000 Domestic Shares (L) ⁽⁶⁾	7.56	5.67
Qingdao Haiyinghui Management Consulting Co., Ltd. (青島海盈匯管理諮詢有限公司)	Beneficial interest ⁽⁶⁾	56,000,000 Domestic Shares (L) ⁽⁷⁾	52.88	39.66
Qingdao Haichuang Management Consultant Co., Ltd. (青島海創管理諮詢有限公司)	Interest in controlled corporation ⁽⁷⁾	27,501,600 Domestic Shares (L) ⁽⁷⁾	25.97	19.48
Shanghai Zhaoqi	Beneficial interest ⁽⁷⁾	24,000,000 Domestic Shares (L) ⁽⁷⁾	22.66	17.00
Li Jia (李佳)	Interest of spouse ⁽⁸⁾	24,000,000 Domestic Shares (L) ⁽⁸⁾	22.66	17.00
Qingdao Haizhi Huiying Equity Investment Management Co., Ltd. (青島海智匯贏股權投資管理有限公司)	Interest in controlled corporation ⁽⁹⁾	14,394,000 Domestic Shares (L) ⁽⁹⁾	13.59	10.19
QingdaoHaichuangying Equity Investment Partnership (Limited Partnership) (青島海創贏股權投資合夥企業(有限合夥))	Beneficial interest ⁽⁹⁾	14,394,000 Domestic Shares (L) ⁽⁹⁾	13.59	10.19
Qu Pengcheng (曲鵬程)	Beneficial interest	4,142,500 H Shares (L)	11.74	2.93

REPORT OF THE DIRECTORS

Notes:

- (1) As at 31 December 2024, the total number of issued Shares of the Company was 141,195,600 shares, comprising (i) 105,895,600 Domestic Shares, and (ii) 35,300,000 H Shares.
- (2) Haier Group Corporation and Qingdao Haichuangke Management Consulting Enterprise (Limited Partnership) hold 51.20% and 48.80% of the issued shares in Qingdao Haichuanghui IoT Co., Ltd, respectively. Haier Group Corporation is also entitled to exercise the 48.80% voting rights in Qingdao Haichuanghui IoT Co., Ltd. held by Haichuangke Management Consulting Enterprise (Limited Partnership), through an irrevocable voting rights entrustment arrangement.
- (3) Qingdao Haichuanghui IoT Co., Ltd. (i) indirectly wholly owns Qingdao Haiyinghui Management Consulting Co., Ltd. through its wholly-owned subsidiary, Qingdao Haichuanghui Investment Co., Ltd.; (ii) indirectly owns 49.50% of Qingdao Haichuanghui Ronghai Venture Capital Center (Limited Partnership) through its wholly-owned subsidiary, Qingdao Haichuanghui Investment Co., Ltd.; and (iii) indirectly wholly owns Haichuanghui Holding Co., Ltd. through its wholly owned subsidiary Qingdao Haichuanghui Investment Co., Ltd..
- (4) Qingdao Haichuanghui Ronghai Venture Capital Center (Limited Partnership) is owned as to 1.00% by Qingdao Haichuanghui Venture Capital Co., Ltd. as its general partner. Qingdao Haichuanghui Venture Capital Co., Ltd. is a wholly-owned subsidiary of Ningbo Meishan Free Trade Port Area Haichuanghui Investment Management Co., Ltd., which is indirectly wholly owned by Haichuanghui Holding Co., Ltd..
- (5) Qingdao Haichuanghui Ronghai Venture Capital Center (Limited Partnership) directly owns 8,000,000 Domestic Shares.
- (6) Qingdao Haiyinghui Management Consulting Co., Ltd. directly holds 56,000,000 Domestic Shares.
- (7) Shanghai Zhaoqi, Qingdao Haizhongjie and Qingdao Haixinsheng directly hold 24,000,000, 2,933,300 and 568,300 Domestic Shares, respectively, which are limited partnerships with Qingdao Haichuang Management Consultant Co., Ltd. (青島嗨創管理諮詢有限公司) as their general partner.
- (8) Li Jia is the spouse of Zhang Zhiquan. By virtue of the SFO, Li Jia is deemed to be interested in the Shares in which Zhang Zhiquan is interested.
- (9) Qingdao Haichuangying Equity Investment Partnership (Limited Partnership) directly holds 14,394,000 Domestic Shares, and Qingdao Haizhi Huiying Equity Investment Management Co., Ltd. is its general partner.
- (L) Long positions.

Save as disclosed above, as at 31 December 2024, to the best knowledge of the Directors, no other person (not being the Directors, Supervisors and chief executive of the Company) had any interests or short positions in the Shares or underlying Shares which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO or which were required, pursuant to section 336 of the SFO, to be recorded in the register maintained by the Company.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

During the year ended 31 December 2024 and up to the date of this annual report, according to Listing Rules, none of the Directors is considered to have interests in businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group that requires disclosure under Rule 8.10(2) of the Listing Rules.

REPORT OF THE DIRECTORS

CONNECTED TRANSACTIONS

As at the date of this annual report, Haier Group holds, through its subsidiaries, approximately 45.33% of the voting rights of the Company and is thus a controlling shareholder of the Company. Accordingly, Haier Group and its associates are connected persons of the Company.

The Group has entered into the following connected transactions during the Reporting Period:

One-off Connected Transaction

On 13 November 2024 (after trading hours), the Group and Haier Finance Company entered into a financial service (deposit) agreement (the “**Financial Service Agreement**”), pursuant to which Haier Finance Company agreed to provide deposit service to the Company. The deposit amount is RMB20,000,000 and the term of deposit is six months with an interest rate of 1.5% per annum, and the terms offered by Haier Finance Company for the deposit are no less favorable than the terms offered by the People’s Bank of China and major domestic commercial banks in the PRC for similar type of deposit services.

The Company placed deposits with different financial institutions, including major domestic commercial banks in the PRC and Haier Finance Company, to fully utilise the Group’s idle funds and increase other income without affecting its normal business operations. The Company believes placing deposits with different financial institutions can reduce the overall risk of fund storage and establish long-term cooperative relationships with different financial institutions to facilitate the Group’s business expansion.

Haier Finance Company, being a subsidiary of Haier Group, is a connected person of the Company. The entering into of the Financial Service Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the maximum applicable ratio in respect of the deposit is more than 0.1% but less than 5%, the placing of deposit under the Financial Service Agreement is subject to the reporting and announcement but exempt from circular and the independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

Non-exempt Continuing Connected Transactions

Partially exempt continuing connected transaction-Comprehensive Services Framework Agreement

Principle Terms

The Group entered into a comprehensive services framework agreement with Haier Group on 19 May 2023 (as supplemented by a supplemental agreement dated 23 July 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 commenced on the Listing Date and will expire on 31 December 2026. 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.

REPORT OF THE DIRECTORS

Reasons for the transactions

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.

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.

Annual caps

The annual caps of service fees paid by the Group to Haier Group and/or its associates in connection with the Comprehensive Services Framework Agreement for the three years ending 31 December 2026 are RMB5.2 million, RMB6.1 million and RMB6.8 million, respectively. For the year ended 31 December 2024, the actual amount of service fees paid by the Group to Haier Group/or its associates in connection with the Comprehensive Services Framework Agreement was RMB2.1 million.

Non-exempt Continuing Connected Transactions-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 replaced by a framework agreement dated 23 July 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. The initial term of the IT and Consulting Services Framework Agreement commenced on the Listing Date and will expire on 31 December 2026. 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.

REPORT OF THE DIRECTORS

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.

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, other costs such as server fees and indicative price range specified by our customers in their invitation of tenders or request for quotation (if any), and (ii) in respect of consulting services, the scope of services requested and prevailing market price of such requested services (if any). 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.

Annual caps

Our Directors estimate that the maximum amounts of service fees paid by Haier Group and/or its associates to the Group 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 the year ended 31 December 2024, the actual amount of service fees paid by the Group to Haier Group/or its associates in connection with the IT and Consulting Services Framework Agreement was RMB11.9 million.

Independent Non-Executive Directors' Confirmation

Pursuant to Rule 14A.55 of the Listing Rules, all independent non-executive Directors have reviewed the above continuing connected transactions, and confirmed those transactions have been entered into:

- (i) in the ordinary and usual course of business of the Group;
- (ii) on normal commercial terms or better; and
- (iii) according to the terms which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Auditors' Confirmation

In accordance with Rule 14A.56 of the Listing Rules, the Group has engaged its auditors, KPMG, to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants.

REPORT OF THE DIRECTORS

Based on the work performed, the auditors of the Company confirmed to the Board that nothing has come to their attention that causes them to believe that the aforesaid continuing connected transactions:

- a. nothing has come to our attention that causes us to believe that the disclosed continuing connected transactions have not been approved by the Company's board of directors.
- b. for transactions involving the provision of goods or services by the Group, nothing has come to our attention that causes us to believe that the disclosed continuing connected transactions were not, in all material respects, in accordance with the pricing policies of the Group.
- c. nothing has come to our attention that causes us to believe that the disclosed continuing connected transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and
- d. with respect to the aggregate amount of each of the continuing connected transactions set out in the attached list of continuing connected transactions, nothing has come to our attention that causes us to believe that the disclosed continuing connected transactions have exceeded the annual cap as set by the Company.

RELATED PARTY TRANSACTIONS

Details of the Group's related party transactions for the year ended 31 December 2024 are set out in note 24 to the consolidated financial statements in this annual report. Save as disclosed above, the related party transactions disclosed in note 24 are not considered to be connected transactions or continuing connected transactions and are exempt from the reporting, announcement and shareholders' approval requirements under the listing rules. The Company is of the view that it has complied with the disclosure requirements under Chapter 14A of the Listing Rules and disclosed the transactions in this annual report.

FUNDRAISING

From the Listing Date to 31 December 2024, the Company has not conducted any fundraising activities.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information publicly available to the Company and the knowledge of the Directors, as at the latest practicable date prior to the publication of this annual report, sufficient public float as required under the Listing Rules has been maintained in respect of the issued shares of the Company.

CHARITY

For the year ended 31 December 2024, the Group made no charitable and other donations.

SHARE OPTIONS

Neither the Company nor its subsidiaries had any share scheme within the meaning under Chapter 17 of the Listing Rules during the year ended 31 December 2024.

REPORT OF THE DIRECTORS

CORPORATE GOVERNANCE

The Company is committed to maintain the highest standards of corporate governance practices. Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 26 to 41 of this annual report.

USE OF NET PROCEEDS FROM THE GLOBAL OFFERING

The Company's shares were listed on the Main Board of the Stock Exchange on 6 August 2024 ("Listing Date"). After deducting the underwriting fees and commissions and expenses payable by our Company in connection with the the Global Offering, the final net proceeds from the Global Offering amounted to approximately HK\$198.9 million. The Company expects to utilise these net proceeds for the purposes as set out in the Prospectus.

The following table sets forth the planned use and actual use of the net proceeds from the Listing Date up to 31 December 2024:

Major purposes	Percentage of net proceeds	Planned allocation of total net proceeds (HK\$ million)	Amount utilised as at 31 December 2024 (HK\$ million)	Unutilised net proceeds as at 31 December 2024 (HK\$ million)	Expected timetable of utilisation of the unutilised net proceeds from the Global Offering ⁽¹⁾
Development of insurance agency business	53.8%	107.0	–	107.0	by the end of 2027 ⁽²⁾
Enhancing IT service offerings and research and development capabilities	26.2%	52.1	–	52.1	by the end of 2029 ⁽²⁾
Pursuing selective investment and acquisition	10.0%	19.9	–	19.9	by the end of 2026 ⁽²⁾
General working capital and general corporate purpose	10.0%	19.9	–	19.9	by the end of 2027 ⁽²⁾
Total	100.0%	198.9	–	198.9	

Notes:

- (1) The expected timetable of the unutilised net proceeds is based on the Group's current best estimate of market conditions.
- (2) The Company will deposit the unutilised net proceeds into interest-bearing accounts at licensed commercial banks and/or other authorised financial institutions (as defined under the SFO or applicable laws and regulations in other jurisdictions).

REPORT OF THE DIRECTORS

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in the section “Management’s Discussion and Analysis”, no significant events affecting the Company occurred during the year ended 31 December 2024 and up to the date of this annual report.

MATERIAL LITIGATION

As at 31 December 2024, the Company was not involved in any material litigation, arbitration, or administrative proceeding that would have a material adverse effect on its financial condition or results of operations and, so far as the Company is aware, no material litigation, arbitration, or administrative proceedings was pending or threatened against the Company.

AUDITORS

The consolidated financial statements of the Group have been audited by KPMG, Certified Public Accountants, who will retire and, being eligible, offer themselves for re-appointment at the Annual General Meeting.

By Order of the Board

Lu Yao

Chairman and Executive Director

Qingdao, the PRC, 28 March 2025

REPORT OF THE SUPERVISORY COMMITTEE

The Supervisory Committee is pleased to present the report of the Supervisory Committee for the Reporting Period.

During the Reporting Period, the Supervisory Committee actively performed its duties and responsibilities as stipulated in the Articles of Association, the Rules of Procedure for the Supervisory Committee and the Company Law of the PRC. The Supervisory Committee effectively supervised the Company's lawful operation and financial position by present at the general meetings and Board meetings, participating in the relevant discussions and reviewing the financial statements, so as to fulfill the supervisory functions on the Directors and the senior management in discharging their duties during the Reporting Period.

1. COMPOSITION OF THE SUPERVISORY COMMITTEE

According to the Articles of Association, the Supervisory Committee consists of three Supervisors. Since the Listing date and up to the date of this annual report, the Supervisory Committee comprised:

Mr. Zhu Rongwei (*Chairman*) (*Employee representative Supervisor*)

Ms. Wang Jiesi

Ms. Wang Yangyang

2. CONVENING OF THE SUPERVISORY COMMITTEE

The Supervisory Committee held 2 meetings during the Reporting Period to consider and approve, among other things, amendments to the Rules of Procedure for the Supervisory Committee, the interim financial statements and the results preview, the Report, as well as the financial control, internal control, effectiveness of the risk management system and connected transaction matters of the Company. All Supervisors attended the meetings of the Supervisory Committee, which were chaired by the chairman of the Supervisory Committee, Mr. Zhu Rongwei, in compliance with the provisions of the Company Law of the PRC and the Articles of Association.

3. ATTENDANCE/PARTICIPATION AT MAJOR MEETINGS

All Supervisors attended 6 Board meetings and 1 general meeting to understand the progress of significant decision-making progress of the Company, actively participated in the discussion of topics at the meetings, and performed their supervisory functions over the procedures and contents of the meetings.

REPORT OF THE SUPERVISORY COMMITTEE

4. ROUTINE INSPECTION AND ASSESSMENT

During the Reporting Period, the Supervisory Committee paid close attention to the operations of the Company to ensure that no irregularities were detected in the day-to-day operations of the Company, and that the Company had been in compliance with the applicable laws, rules and regulations and the Articles of Association. In addition, the Supervisory Committee also conducted a comprehensive review of the Company's internal control system.

During the Reporting Period, the Supervisory Committee supervised the Directors and senior management of the Company to ensure that the Directors and senior management of the Company had performed their duties diligently and had complied with the applicable laws, rules and regulations and the provisions of the Articles of Association.

5. INDEPENDENT VIEWS OF THE SUPERVISORY COMMITTEE

The Supervisory Committee considered:

- (1) The Company operates its business in accordance with the laws, regulations, the Articles of Association and the Listing Rules. The existing internal control system of the Company is reasonable and effective, with no material weaknesses, and is in compliance with applicable laws, rules and regulations, and is capable of meeting all the requirements for effective risk control in all material respects. The Company is able to make decisions in accordance with applicable laws, rules and regulations and strictly complies with the requirements of the PRC Company and the Articles of Association. The decision-making process of the Company's operations is legal and effective. The Company makes timely disclosure of important information about the Company in accordance with the Listing Rules and other securities regulatory and administrative requirements. The Directors and senior management have performed their duties with due diligence and strictly complied with the applicable laws, rules and regulations and the Articles of Association. There was no violation of laws and regulations, nor was there any act detrimental to the interests of the Company and the Shareholders.
- (2) The Company has a sound financial system and standardised management. The Supervisory Committee reviewed the audited financial report of the Group for the year ended 31 December 2024 and other financial information. The Supervisory Committee is of the opinion that the financial report of the Company for the year ended 31 December 2024 can fully, objectively and truly reflect the operating results and financial position of the Company. The procedures for the preparation and review of the financial reports were in compliance with applicable laws, rules and regulations, the Articles of Association and the Company's internal management system. The Supervisory Committee did not find any violation of the relevant accounting standards and legal requirements by the persons involved in the preparation and review of the financial report.
- (3) During the Reporting Period, the management and use of proceeds of the Global Offering were in strict compliance with relevant laws, rules and regulations and the section headed "Future Plans and Use of Proceeds" in the Prospectus. There were no circumstances that would change the use of the proceeds and impair the interests of the Shareholders.

REPORT OF THE SUPERVISORY COMMITTEE

- (4) During the reporting period, connected transactions of the Company were conducted at arm's length prices in accordance with market rules. The implementation of connected transactions was in strict compliance with the resolutions of the Board and general meetings as well as the provisions of the relevant systems. There was no violation of laws and regulations, nor was there any abuse of authority to the detriment of the interests of the Company and its shareholders.
- (5) The key focus areas of the Supervisory Committee for 2025: the Supervisory Committee will conscientiously perform its duties in strict compliance with the relevant provisions of the Listing Rules, the Articles of Association and the Rules of Procedure for the Supervisory Committee, exercise effective supervision over the Company, the Directors and the senior management, closely monitor the Company's operation and management, and keep an eye on any significant development of the Company, and faithfully safeguard the interests of the Shareholders and the Company as a whole. At the same time, the Supervisory Committee will focus on improving the corporate governance of the Company and strive to achieve sustainable, stable and healthy development of the Company, with a view to continuously creating long-term value for the Shareholders.

By order of the Supervisory Committee
Chairman of the Supervisory Committee
Zhu Rongwei

INDEPENDENT AUDITOR'S REPORT

Independent auditor's report to the members of

Zhongmiao Holdings (Qingdao) Co., Ltd.

(Incorporated in the People's Republic of China with limited liability)

OPINION

We have audited the consolidated financial statements of Zhongmiao Holdings (Qingdao) Co., Ltd. (the "**Company**") and its subsidiaries (the "**Group**") set out on pages 125 to 185, which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes, comprising material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board ("**IASB**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "**Code**") together with any ethical requirements that are relevant to our audit of the consolidated financial statements in the People's Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. The matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition in respect of the provision of insurance agency services

Refer to note 2(p) and note 4 of the consolidated financial statements.

The Key Audit Matter

The Group derives a majority of revenue from its insurance agency business. The Group provides agency services for insurance companies by distributing primarily property, life and health, accident and automobile insurance products and receives commissions from them for distributing their insurance products to insurance clients.

We identified revenue recognition as a key audit matter because revenue is a key performance measure for the Group and a key driver of the gross margin, which increases the risk that revenue may be manipulated to meet targets and expectations.

How the matter was addressed in our audit

Our audit procedures to address the recognition of revenue included the following:

- Understanding and assessing the design, implementation and operating effectiveness of key internal controls over recognition of revenue;
- Assessing, with the assistance of KPMG IT specialists, the design, implementation and operating effectiveness of the general control environment and system automated controls related to the IT system involved in the revenue recognition process;
- Inspecting the Group's contracts with customers on a sample basis and discussing with management the contractual terms for each major type of service to evaluate the Group's revenue recognition policies with reference to the requirements of the prevailing accounting standards;
- Assessing existence of revenue records as set out in the management accounts, on a sample basis, by inspecting the insurance policy and other related documentation;
- Confirming with the customers directly on the billing amounts, balances of accounts and bill receivables and the completion status of the service records as at the year-end on a sample basis and performing alternative procedures on unreturned confirmations; and
- Comparing, on a sample basis, revenue records before and after the financial year end date with the relevant underlying documents, to assess if revenue had been recognised in the appropriate financial year.



INDEPENDENT AUDITOR'S REPORT

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.



INDEPENDENT AUDITOR'S REPORT

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Lee Lok Man.

KPMG

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

28 March 2025

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024
Expressed in Renminbi ("RMB")

	Note	2024 RMB'000	2023 RMB'000
Revenue	4	205,827	174,011
Cost of sales		(126,999)	(99,498)
Gross profit		78,828	74,513
Other income	5	10,677	11,324
Research and development costs		(7,246)	(7,141)
General and administrative expenses		(16,379)	(18,566)
Sales and marketing costs		(8,799)	(11,871)
Reversal of/(Provision for) impairment loss		8	(34)
Profit from operations		57,089	48,225
Finance costs	6(a)	(193)	(206)
Profit before taxation		56,896	48,019
Income tax	7	(10,671)	(9,026)
Profit for the year		46,225	38,993
Attributable to:			
Equity shareholders of the Company		46,657	40,372
Non-controlling interests		(432)	(1,379)
Profit for the year		46,225	38,993
Other comprehensive income for the year (after tax)		–	–
Total comprehensive income for the year		46,225	38,993
Attributable to:			
Equity shareholders of the Company		46,657	40,372
Non-controlling interests		(432)	(1,379)
Total comprehensive income for the year		46,225	38,993
Earning per share			
Basic and diluted earnings per share (RMB)	10	0.39	0.39

The notes on pages 130 to 185 form part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

At 31 December 2024

(Expressed in RMB)

	Note	2024 RMB'000	2023 RMB'000
Non-current assets			
Property, plant and equipment	11	192	324
Intangible assets	12	–	–
Right-of-use assets	13	1,724	461
Deferred tax assets	21	19	15
Contract costs and other assets	16	–	43
Time deposits	17(b)	136,282	132,277
Restricted cash	17(c)	7,736	7,545
		145,953	140,665
Current assets			
Accounts and bills receivables	15	41,965	30,806
Contract costs and other assets	16	7,744	10,635
Cash and cash equivalents	17(a)	169,721	203,638
Time deposits	17(b)	262,638	–
Restricted cash	17(c)	7,372	4,208
		489,440	249,287
Current liabilities			
Accounts and other payables	18	26,896	17,689
Contract liabilities	19	1,133	1,226
Lease liabilities		–	244
Accrued expenses	20	4,269	4,097
Current taxation payables	21	4,723	3,477
		37,021	26,733
Net current assets		452,419	222,554
Total assets less current liabilities		598,372	363,219
NET ASSETS		598,372	363,219

The notes on pages 130 to 185 form part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

At 31 December 2024 (Continued)
(Expressed in RMB)

	Note	2024 RMB'000	2023 RMB'000
Equity			
Paid-in capital/share capital	22	141,196	105,896
Reserves	22	458,999	259,314
Total equity attributable to equity shareholders of the Company		600,195	365,210
Non-controlling interests		(1,823)	(1,991)
TOTAL EQUITY		598,372	363,219

Approved and authorised for issue by the board of directors on 28 March 2025.

Lu Yao
Director

Li Tian
Director

(Company stamp)

The notes on pages 130 to 185 form part of these consolidated financial statements.

For the year ended 31 December 2024
(Expressed in RMB)

The notes on pages 130 to 185 form part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the year ended 31 December 2024
(Expressed in RMB)

	Note	2024 RMB'000	2023 RMB'000
Operating activities			
Cash generated from operations	17(d)	39,479	29,651
Income tax paid		(9,429)	(9,672)
Net cash generated from operating activities		30,050	19,979
Investing activities			
Cash generated from retrieving financial assets measured at fair value through profit or loss		18,222	–
Cash generated from retrieving deposits		–	265,000
Proceeds from interests received		603	3,419
Payment for the purchase of property, plant and equipment		(11)	(195)
Payment for the purchase of time deposits		(259,830)	(130,000)
Payment for the purchase of financial assets measured at fair value through profit or loss		(17,811)	–
Net cash (used in)/generated from investing activities		(258,827)	138,224
Financing activities			
Capital contributions from shareholders		–	31,199
Gross proceeds from the issuance of shares by initial public offering		215,967	–
Capital contributions from non-controlling interests		600	–
Listing expenses paid		(18,927)	(7,682)
Capital element of lease rentals paid	17(e)	(3,274)	(1,581)
Interest element of lease rentals paid	17(e)	(28)	(47)
Net cash generated from financing activities		194,338	21,889
Net (decrease)/increase in cash and cash equivalents		(34,439)	180,092
Cash and cash equivalents at the beginning of the year		203,638	23,546
Effect of foreign exchange rate changes		522	–
Cash and cash equivalents at the end of the year	17(a)	169,721	203,638

The notes on pages 130 to 185 form part of these consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB and otherwise indicated)

1 CORPORATE INFORMATION

Zhongmiao Holdings (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.

The Company’s shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 6 August 2024.

2 MATERIAL ACCOUNTING POLICIES INFORMATION

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable IFRS Accounting Standards issued by the International Accounting Standards Board (the “**IASB**”) and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange. Material accounting policies adopted by the Group are disclosed below.

Certain amendments to IFRSs have been issued that are first effective for the current accounting period of the Group. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these financial statements.

(b) Basis of preparation and presentation of the financial statements

These consolidated financial statements have been prepared on a going concern basis. The financial statements are presented in RMB, rounded to the nearest thousands, except for earnings per share information.

The consolidated financial statements for the year ended 31 December 2024 comprises the Company and its subsidiaries (together referred to as “**the Group**”).

The measurement basis used in the preparation of the financial statements is the historical cost basis, except for certain financial assets and liabilities measured at fair value as explained in Note 2(e).

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB and otherwise indicated)

2 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(b) Basis of preparation and presentation of the financial statements (Continued)

The preparation of financial statements in conformity with IFRSs 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 other various 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 IFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note 3.

(c) Changes in accounting policies

The Group has initially adopted the following accounting policies for annual financial statements covering periods beginning on or after 1 January 2024. Adopting these accounting policies does not have a material effect on the Group's financial statements.

- Amendments to IAS 1, Classification of Liabilities as Current or Non-current
- Amendments to IAS 1, Non-current Liabilities with Covenants
- Amendments to IFRS 16, Lease Liability in a Sale and Leaseback
- Amendments to IAS 7 and IFRS 7, Supplier Finance Arrangements

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB and otherwise indicated)

2 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(d) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, 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. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. 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.

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 (NCI) 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.

When the Group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in that former subsidiary is measured at fair value when control is lost.

In the company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses, unless it is classified as held for sale (or included in a disposal group classified as held for sale).

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB and otherwise indicated)

2 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(e) Other investments in debt and equity securities

The Group's policies for investments in securities, other than investments in subsidiaries, associates and joint ventures, are set out below.

Investments in 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. These investments are subsequently accounted for as follows, depending on their classification.

(i) Non-equity investments

Non-equity investments 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. Expected credit losses, interest income calculated using the effective interest method (see Note 2(p)(ii)), foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
- fair value through other comprehensive income (FVOCI) – recycling, if the contractual cash flows 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. Expected credit losses, interest income (calculated using the effective interest method (see Note 2(p)(ii))) and foreign exchange gains and losses are recognised in profit or loss and computed in the same manner as if the financial asset was measured at amortised cost. The difference between the fair value and the amortised cost is recognised in OCI. 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.



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB and otherwise indicated)

2 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(e) Other investments in debt and equity securities (Continued)

(ii) Equity investments

An investment in equity securities is classified as FVPL unless the investment is not held for trading purposes and on initial recognition 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. If such election is made for a particular investment, at the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings, and 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.

(f) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see Note 2(i)(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.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB and otherwise indicated)

2 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(g) 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(i)(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.

The estimates and associated assumptions of useful life determined by the Group are based on technical and commercial obsolescence, legal or contractual limits on the use of the asset and other relevant factors. Based on the current functionalities equipped by the softwares and the daily operation needs, the Group considers a useful life of 5 – 10 years to be their best estimation.

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.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB and otherwise indicated)

2 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(h) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. This is the case 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 item, the Group decides whether to capitalise the lease on a lease-by-lease basis. If not capitalised, the associated lease payments are recognised in profit or loss 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 recognised using the effective interest method (see Note 2(p)(ii)). Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability, and are charged to profit or loss as 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 adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and 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, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see Note 2(i)(ii)).

Refundable rental deposits are accounted for separately from the right-of-use assets in accordance with the accounting policy applicable to investments in non-equity securities carried at amortised cost. Any excess of the nominal value over the initial fair value of the deposits is accounted for as additional lease payments made and is included in the cost of right-of-use assets.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB and otherwise indicated)

2 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(h) Leased assets (Continued)

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will 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 lease modification, which means a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract, if such modification 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 year.

(i) Credit losses and impairment of assets

(i) Credit losses from financial instruments

The Group recognises a loss allowance for expected credit losses ("ECL"s) on financial assets measured at amortised cost (including cash and cash equivalents, accounts and bill 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. Generally, credit losses are measured as the present value of all expected cash shortfalls between the contractual and expected amounts.

The expected cash shortfalls are discounted using the following rates if the effect 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.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB and otherwise indicated)

2 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(i) Credit losses and impairment of assets (Continued)

(i) Credit losses from financial instruments (Continued)

Measurement of ECLs (Continued)

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 the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months); and
- lifetime ECLs: these are the ECLs that result from all possible default events over the expected lives of the items to which the ECL model applies.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-months ECLs:

- financial instruments that are determined to have low credit risk at the reporting date; and
- other financial instruments for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for accounts and bill receivables are always measured at an amount equal to lifetime ECLs.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB and otherwise indicated)

2 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(i) Credit losses and impairment of assets (Continued)

(i) Credit losses from financial instruments (Continued)

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 non-equity 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) does not reduce the carrying amount of the financial asset in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB and otherwise indicated)

2 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(i) Credit losses and impairment of assets (Continued)

(i) Credit losses from financial instruments (Continued)

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 being more than 90 days past due;
- it is probable that the debtor will enter 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 an 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.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB and otherwise indicated)

2 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(i) Credit losses and impairment of assets (Continued)

(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.



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB and otherwise indicated)

2 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(i) Credit losses and impairment of assets (Continued)

(ii) Impairment of other non-current assets (Continued)

– 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.

(j) Contract assets and Contract liabilities

A contract asset is recognised when the Group recognises revenue (see Note 2(p)(i)) before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for ECLs and are reclassified to receivables when the right to the consideration becomes unconditional (see Note 2(k)).

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see Note 2(p)(i)). A contract liability is also recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such latter cases, a corresponding receivable is also recognised.

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see Note 2(p)(ii)).

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB and otherwise indicated)

2 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(k) Accounts and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration and only the passage of time is required before payment of that consideration is due.

Accounts and bill receivables that do not contain a significant financing component are initially measured at their transaction price. Accounts and bill 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 (see Note 2(e)(i)).

(l) 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(i)(i).

(m) 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.

(n) 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.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB and otherwise indicated)

2 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(n) Employee benefits (Continued)

(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.

(o) 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;

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB and otherwise indicated)

2 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(o) Income tax (Continued)

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.

(p) 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 ("**sales services**"). For long-term insurance products, the Group is also entitled to receive trailing commissions when the Group completes the post-sales services ("**post-sales services**"). The Group also derives revenue by providing IT and consulting services to certain customers.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB and otherwise indicated)

2 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(p) Revenue recognition (Continued)

(i) Revenue from contracts with customers (Continued)

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.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB and otherwise indicated)

2 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(p) Revenue recognition (Continued)

(i) Revenue from contracts with customers (Continued)

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.



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB and otherwise indicated)

2 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(p) Revenue recognition (Continued)

(i) Revenue from contracts with customers (Continued)

The timing of revenue recognition for the Group's principal revenue streams is described as follows:

– *Revenue from insurance agency services*

The revenue from sales services is recognised at a point in time upon successful distributions of the relevant insurance products.

The revenue from post-sales services for long-term life and health insurance products is recognised ratably over the period of services according to the contract terms.

– *Revenue from IT services*

The Group primarily provides IT services to corporate customers by designing and developing IT solutions based on their needs. The revenue is recognised at a point in time when the customized software and/or IT system is delivered to and accepted by the customer.

The revenue from other IT services is recognised ratably over the period of services according to the contract terms.

– *Revenue from consulting services*

The Group provides HR consulting services and marketing and promotion services to corporate customers.

HR consulting service revenue is recognised at a point in time upon the completion of the service with a success-based fee. Marketing and promotion service revenue is recognised when or as the service is rendered.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB and otherwise indicated)

2 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(p) Revenue recognition (Continued)

(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(i)).

– 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.

(q) 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.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB and otherwise indicated)

2 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(q) Contract costs (Continued)

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.

(r) 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.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB and otherwise indicated)

2 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(s) 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.



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB and otherwise indicated)

2 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(t) 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

In the process of applying the Group's accounting policies, management has made the following critical accounting judgements:

(a) Recognition of Revenue

In determining the amount and timing of revenue recognition, the revenue recognition process as described in Note 2(p) is used, which requires judgments and estimates. These judgments and estimates include determining the transaction price of contracts and determining the stand-alone 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.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB and otherwise indicated)

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	2024 RMB'000	2023 RMB'000
Revenue from contracts with customers within the scope of IFRS 15			
Disaggregated by business segment			
– Insurance agency business	(i)	187,693	155,748
– IT services		16,961	15,782
– Consulting services		1,173	2,481
Total		205,827	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

	2024 RMB'000	2023 RMB'000
Household insurance clients	115,576	91,478
Corporate insurance clients	72,117	64,270
Total	187,693	155,748

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB and otherwise indicated)

4 REVENUE AND SEGMENT REPORTING (Continued)

(a) Disaggregation of revenue (Continued)

Note: (Continued)

Disaggregated by major products

	2024 RMB'000	2023 RMB'000
Property insurance products	69,993	59,806
Life and health insurance products	24,153	33,757
Accident insurance products	38,213	27,830
Automobile insurance products	55,334	34,355
Total	187,693	155,748

Disaggregation of revenue from contracts with customers by the timing of revenue recognition is as follows:

	2024 RMB'000	2023 RMB'000
Point-in-time	192,084	159,377
Over-time	13,743	14,634
Total	205,827	174,011

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB and otherwise indicated)

4 REVENUE AND SEGMENT REPORTING (Continued)

(a) Disaggregation of revenue (Continued)

The Group's customer base is diversified. Revenue from major customers which accounted for 10% or more of the Group's revenue during the year are set out below:

	2024 RMB'000	2023 RMB'000
A	76,509	62,847
B	32,508	*

Note: * Revenue from the customer was less than 10% for the respective year.

(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.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB and otherwise indicated)

4 REVENUE AND SEGMENT REPORTING (Continued)

(b) Segment reporting (Continued)

(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 RMB'000	IT services RMB'000	Consulting services RMB'000	Total RMB'000
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
Year ended 31 December 2024				
Revenue	187,693	16,961	1,173	205,827
Cost of sales	(118,633)	(7,650)	(716)	(126,999)
Gross Profit	69,060	9,311	457	78,828

(ii) Geographic information

Most of the Group's operating assets are located in the PRC, and most of operating results were derived from the PRC. Accordingly, no segment analysis based on geographical locations is provided.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB and otherwise indicated)

5 OTHER INCOME

	2024 RMB'000	2023 RMB'000
Realised gains from financial investments measured at fair value through profit or loss	411	–
Government grants	518	2,063
Interest income	9,296	9,292
Others	452	(31)
Total	10,677	11,324

6 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Finance costs

	2024 RMB'000	2023 RMB'000
Interest expense on lease liabilities	28	47
Others	165	159
Total	193	206

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB and otherwise indicated)

6 PROFIT BEFORE TAXATION (Continued)

(b) Staff costs

	Note	2024 RMB'000	2023 RMB'000
Salaries, wages and other benefits		29,094	29,531
Contributions to defined contribution retirement plans	(i)	2,500	3,192
Total		31,594	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

	2024 RMB'000	2023 RMB'000
Referral fees	103,633	68,170
Commission fees	7,815	14,470
Service fees	4,236	6,004
IT subcontracting fees	1,749	2,504
Listing expenses	1,286	4,754
Depreciation and amortisation charges		
– Depreciation of property, plant and equipment	143	212
– Amortisation of intangible assets	–	143
– Depreciation of right-of-use assets	1,055	1,953
Auditors' remuneration	1,302	170

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB and otherwise indicated)

7 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

(a) Taxation in the consolidated statements of profit or loss:

	2024 RMB'000	2023 RMB'000
Current tax		
– PRC Enterprise Income Tax	10,675	9,027
Deferred tax		
– Reversal of temporary differences	(4)	(1)
Total	10,671	9,026

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	2024 RMB'000	2023 RMB'000
Profit before taxation	56,896	48,019
Notional tax on profit before taxation, calculated at the rates applicable to profits in the countries concerned	11,033	9,819
Super-deduction of research and development expense	(1,309)	(1,063)
Tax effect of non-deductible expenses and others	947	270
Total	10,671	9,026

The Company was qualified as a “high and new technology enterprise” (“HNTTE”) in November 2019, and received approval from the relevant governmental authorities for the renewal of its HNTTE status in December 2022. The Company was entitled to the preferential income tax rate of 15% for the years ended 31 December 2024 and 2023.

Qingdao Haier Insurance Agency Co., Ltd. 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 2024 and 2023.

The Company’s other subsidiaries in the PRC are recognised as small low-profit enterprises. During the years ended 31 December 2024 and 2023, the portion of annual taxable income which does not exceed RMB3 million shall be treated as 25% for the purpose of taxable income calculation, and subject to an enterprise income tax at a rate of 20%.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB and otherwise indicated)

8 DIRECTORS' EMOLUMENTS

Directors' emoluments during the year are as follows:

	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 Zhiqian	–	757	170	39	966
– Mr. Wang Heping (effective on 14 March 2023)	–	514	192	41	747
– Ms. Li Tian (effective on 14 March 2023)	–	281	149	41	471
Non-executive director					
– Mr. Zhan Bo (Resigned on 14 March 2023)	–	–	–	–	–
Independent non-executive director					
– Ms. Fang Qiaoling (effective on 14 March 2023)	–	–	–	–	–
Supervisor					
– Mr. Zhu Rongwei (effective on 14 March 2023)	–	324	121	41	486
– Ms. Sun Yanlu (effective on 14 March 2023)	–	298	105	41	444
– Ms. Wang Jiesi (effective on 14 March 2023)	–	–	–	–	–
Total	–	2,669	1,186	244	4,099

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB and otherwise indicated)

8 DIRECTORS' EMOLUMENTS (Continued)

Year ended 31 December 2024					
	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	Total RMB'000
Executive directors					
– Mr. Lu Yao	–	476	482	42	1,000
– Mr. Zhang Zhiquan	–	670	165	42	877
– Mr. Wang Heping	–	507	212	42	761
– Ms. Li Tian	–	368	233	42	643
Independent non-executive director					
– Ms. Fang Qiaoling	69	–	–	–	69
– Ms. Wu Xianqiao (effective on 6 August 2024)	69	–	–	–	69
– Mr. Zhong Weiwen (effective on 6 August 2024)	69	–	–	–	69
Supervisor					
– Mr. Zhu Rongwei	–	331	120	42	493
– Ms. Wang Yangyang (effective on 17 June 2024)	–	156	59	22	237
– Ms. Sun Yanlu (Resigned on 20 June 2024)	–	152	40	20	212
– Ms. Wang Jiesi	–	–	–	–	–
Total	207	2,660	1,311	252	4,430

- (i) 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.
- (ii) For the years ended 31 December 2024 and 2023, 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.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB and otherwise indicated)

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 2024 and 2023 are set forth below:

	2024 Number of individuals	2023 Number of individuals
Directors or Supervisors	3	3
Others	2	2
	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:

	2024 RMB'000	2023 RMB'000
Salaries, allowances and benefits in kind	776	762
Discretionary bonuses	657	546
Retirement scheme contributions	85	83
Total	1,518	1,391

The emoluments of the other individuals with the highest emoluments are all within the following band:

	2024 Number of individuals	2023 Number of individuals
HKD Nil – HKD 1,000,000	2	2

During the year, 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.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB and otherwise indicated)

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 in issue or in issue.

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 in issue before the Company's conversion into a joint stock company was determined assuming the conversion into joint stock company had occurred since 1 January 2023, 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:

	2024 RMB'000	2023 RMB'000
Ordinary shares deemed to be in issue or in issue as at 1 January	105,896	83,007
Effect of ordinary shares deemed to be in issue	–	21,760
Effect of shares issued by initial public offering	14,217	–
Weighted average number of ordinary shares (deemed to be) issued as at 31 December	120,113	104,767
	2024 RMB'000	2023 RMB'000
Net profit attributable to equity shareholders of the Company (RMB'000)	46,657	40,372
Weighted average number of ordinary shares (deemed to be) issued as at 31 December ('000)	120,113	104,767
Basic earnings per share attributable to equity shareholders of the Company (in RMB per share)	0.39	0.39

Diluted earnings per share for the years ended 31 December 2024 and 2023 were the same as the basic earnings per share as there were no potential dilutive ordinary shares in existence during the year.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB and otherwise indicated)

11 PROPERTY, PLANT AND EQUIPMENT

	Electronic equipment RMB'000	Office and other equipment RMB'000	Total RMB'000
Cost:			
As at 1 January 2023	748	256	1,004
Additions	148	47	195
As at 31 December 2023/1 January 2024	896	303	1,199
Additions	11	–	11
As at 31 December 2024	907	303	1,210
Accumulated depreciation:			
As at 1 January 2023	(446)	(217)	(663)
Charge for the year	(181)	(31)	(212)
As at 31 December 2023/1 January 2024	(627)	(248)	(875)
Charge for the year	(134)	(9)	(143)
As at 31 December 2024	(761)	(257)	(1,018)
Net book value:			
As at 31 December 2023	269	55	324
As at 31 December 2024	146	46	192

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB and otherwise indicated)

12 INTANGIBLE ASSETS

	2024 RMB'000	2023 RMB'000
Cost:		
As at 1 January	1,430	1,430
Additions	–	–
As at 31 December	1,430	1,430
Accumulated amortisation:		
As at 1 January	(1,430)	(1,287)
Charge for the year	–	(143)
As at 31 December	(1,430)	(1,430)
Net book value:		
As at 31 December	–	–

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB and otherwise indicated)

13 RIGHT-OF-USE ASSETS

	2024 RMB'000	2023 RMB'000
Cost:		
At 1 January	1,011	1,381
Inception of leases	2,767	1,924
Expiration of leases and early termination	(1,949)	(2,294)
At 31 December	1,829	1,011
Accumulated depreciation:		
At 1 January	(550)	(823)
Charge for the year	(1,055)	(1,953)
Expiration of leases and early termination	1,500	2,226
At 31 December	(105)	(550)
Net book value:		
At 31 December	1,724	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 within 1-2 years.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB and otherwise indicated)

14 INVESTMENT IN SUBSIDIARIES

The following list contains only the particulars of subsidiaries as at 31 December 2024, which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

Company name	Date and place of incorporation	Nature of legal entity	Registered capital	Held by the Company	Held by the subsidiary	Principal activities
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	RMB 50,000,000	100%	–	Insurance agency services
Qingdao Zhongmiao Caizhi Human Resource Management Consulting Co., Ltd.* (青島眾淼才智人力資源管理咨询有限公司)	11 September 2020/ the PRC	limited liability company	RMB 2,000,000	100%	–	HR consulting services
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	RMB 10,000,000	100%	–	Investment holding
Indirectly held						
Qingdao Yunhai Lianji Technology Co., Ltd.* (青島雲海聯翼科技有限公司)*	16 August 2021/ the PRC	limited liability company	RMB 3,000,000	–	51%	Advisory services

* The English translation of names is for reference only. The official names of these are in Chinese.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB and otherwise indicated)

15 ACCOUNTS AND BILLS RECEIVABLES

	2024 RMB'000	2023 RMB'000
Accounts and bills receivables	42,048	30,897
Less: loss allowance	(83)	(91)
Accounts and bills receivables, net.	41,965	30,806

Ageing analysis

As at the end of each of the year, the ageing analysis of accounts and bills receivables, based on the invoice date and net of loss allowance, is as follows:

	2024 RMB'000	2023 RMB'000
Within 3 months (inclusive)	41,277	28,966
3 months to 6 months (inclusive)	596	455
Over 6 months	92	1,385
Accounts and bills receivables, net.	41,965	30,806

Further details on the Group's credit policy and credit risk arising from accounts and bills receivables are set out in Note 23(a).

16 CONTRACT COSTS AND OTHER ASSETS

	2024 RMB'000	2023 RMB'000
Prepayments to suppliers	4,319	—
Costs to fulfill contracts	2,508	1,263
Input value-added tax to be deducted	788	1,582
Prepaid listing expenses	—	7,682
Others	129	151
Total	7,744	10,678

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB and otherwise indicated)

17 CASH AND CASH EQUIVALENTS, RESTRICTED CASH AND TIME DEPOSITS

(a) Cash and cash equivalents:

	Note	2024 RMB'000	2023 RMB'000
Cash at banks		169,691	202,936
Cash at Haier Group Finance Co., Ltd.	(i)	–	626
Cash at other financial institutions		30	76
Total		169,721	203,638

- (i) Cash at Haier Group Finance Co., Ltd. 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.

(b) Time deposits:

	Note	2024 RMB'000	2023 RMB'000
Current assets			
– Time deposits	(i)	262,638	–
Non-current assets			
– Time deposits	(ii)	136,282	132,277
Total		398,920	132,277

- (i) As at 31 December 2024, current time deposits of the Group represent cash kept in China Construction Bank Co., Ltd, China Merchants Bank Co., Ltd, Shanghai Pudong Development Bank Co., Ltd, and Haier Group Finance Co., Ltd. The terms of the time deposits are beyond three-month period and within one-year 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 one-year period.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB and otherwise indicated)

17 CASH AND CASH EQUIVALENTS, RESTRICTED CASH AND TIME DEPOSITS

(Continued)

(c) Restricted cash:

	Note	2024 RMB'000	2023 RMB'000
Non-current assets			
– Guarantee deposits	(i)	7,736	7,545
Current assets			
– Cash collected on behalf of other parties	(ii)	7,372	4,208
Total		15,108	11,753

- (i) As an insurance agency with nationwide Insurance Intermediary License issued by former 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 and insurance claims collected on behalf of the policyholders but not yet remitted as at the balance sheet dates.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB and otherwise indicated)

17 CASH AND CASH EQUIVALENTS, RESTRICTED CASH AND TIME DEPOSITS (Continued)

(d) Reconciliation of profit before taxation to cash generated from operations:

	Note	2024 RMB'000	2023 RMB'000
Profit before taxation		56,896	48,019
Adjustments for:			
Depreciation of property, plant and equipment	6(c)	143	212
Amortisation of intangible assets	6(c)	–	143
Depreciation of right-of-use assets	6(c)	1,055	1,953
(Reversal of)/provision for impairment loss		(8)	34
Interest expense on lease liabilities	6(a)	28	47
Interest income from time deposits		(7,415)	(5,413)
Foreign exchange gains		(522)	–
Realised gains from financial investments measured at fair value through profit or loss	5	(411)	–
Operating profit before changes in working capital		49,766	44,995
Changes in working capital			
Increase in accounts and bills receivables		(11,151)	(9,708)
(Increase)/decrease in amounts due from restricted cash		(191)	558
Increase in contract costs and other assets		(4,748)	(914)
Increase/(decrease) in accounts and other payables		5,724	(6,239)
(Decrease)/Increase in contract liabilities		(93)	172
Increase in accrued expenses		172	787
Cash generated from operations		39,479	29,651

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB and otherwise indicated)

17 CASH AND CASH EQUIVALENTS, RESTRICTED CASH AND TIME DEPOSITS

(Continued)

(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	
	2024	2023
	RMB'000	RMB'000
As at 1 January	244	250
Changes from financing cash flows:		
Capital element of lease rentals paid	(3,274)	(1,581)
Interest element of lease rentals paid	(28)	(47)
Other changes:		
Increase in lease liabilities	2,767	1,924
Interest expenses	28	47
Others	263	(349)
As at 31 December	—	244

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB and otherwise indicated)

18 ACCOUNTS AND OTHER PAYABLES

	Note	2024 RMB'000	2023 RMB'000
Amounts payable to suppliers	(i)	16,329	13,383
Insurance premiums payable	(ii)	2,474	1,628
Accrued listing expenses		1,029	–
Others		7,064	2,678
Total		26,896	17,689

- (i) As at the end of each of the year, the ageing analysis of amounts payable to suppliers, based on the invoice date, is as follows:

	2024 RMB'000	2023 RMB'000
Within 3 months	16,329	12,178
3 months to 1 year	–	1,152
1 to 2 years	–	53
Total	16,329	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:

	2024 RMB'000	2023 RMB'000
Insurance agency services	781	794
IT services	352	226
Consulting services	–	206
Total	1,133	1,226

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB and otherwise indicated)

19 CONTRACT LIABILITIES (Continued)

(b) Movements in contract liabilities are as below:

	2024 RMB'000	2023 RMB'000
Balance at 1 January	1,226	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	(1,226)	(1,054)
Increase in contract liabilities of Insurance agency services	781	794
Increase in contract liabilities of IT services	352	226
Increase in contract liabilities of Consulting services	–	206
Total	1,133	1,226

20 ACCRUED EXPENSES

	2024 RMB'000	2023 RMB'000
Accrued staff costs	4,072	3,840
Value-added tax and surcharge payable	176	224
Others	21	33
Total	4,269	4,097

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB and otherwise indicated)

21 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(a) Current taxation payable in the consolidated statements of financial position represent:

PRC Corporate Income Tax	2024 RMB'000	2023 RMB'000
At 1 January	3,477	4,122
Provision for the year	10,675	9,027
Payments during the year	(9,429)	(9,672)
At 31 December	4,723	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 RMB'000
At 1 January 2023	14
Credit to profit or loss (Note 7(a))	1
At 31 December 2023 and 1 January 2024	15
Credit to profit or loss (Note 7(a))	4
At 31 December 2024	19

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB and otherwise indicated)

21 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Continued)

(b) Deferred tax assets and liabilities recognised (Continued)

(ii) Reconciliation to the consolidated statements of financial position

	2024 RMB'000	2023 RMB'000
Net deferred tax asset recognised in the consolidated statements of financial position	19	15
Net deferred tax liability recognised in the consolidated statements of financial position	—	—
At the end of the year	19	15

22 CAPITAL AND RESERVES

(a) Paid-in capital/share capital and capital reserve

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 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).

On 6 August 2024, 35,300,000 ordinary shares of par value of RMB1 each were issued at a price of HK\$7.00 per ordinary share upon the listing of the shares of the Company's shares. The proceeds of HK\$38,555,638 (equivalent to approximately RMB35,300,000), representing the par value, were credited to the Company's share capital. The share issuance costs paid and payable mainly include underwriting commissions, lawyers' fees, reporting accountants' fee and other related costs, which were incremental costs directly attributable to the issuance of the new shares and were treated as a deduction against the share premium arising from the issuance. The remaining proceeds, net of share issuance costs, of approximately HK\$167,141,425 (equivalent to approximately RMB153,028,003) were credited to the Company's capital reserve account.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB and otherwise indicated)

22 CAPITAL AND RESERVES (Continued)

(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 during the year.

(d) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

Except for Qingdao Haier Insurance Agency Co., Ltd., neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

In accordance with the rules issued by former China Banking and Insurance Regulatory Commission (CBIRC), Qingdao Haier Insurance Agency Co., Ltd. sets aside cash funds as a liquidity reserve.



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB and otherwise indicated)

22 CAPITAL AND RESERVES (Continued)

(e) Movements in components of equity

The changes of each component of the Group's consolidated equity during the year 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 2023 to 31 December 2024 are set out below:

		Reserves			
	Paid-in capital/ share capital RMB'000	Capital reserve RMB'000	PRC statutory reserve RMB'000	Retained profits RMB'000	Total RMB'000
Balance at 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 and 1 January 2024	105,896	126,981	6,851	61,667	301,395
Changes in equity for 2024:					
Issuance of shares by initial public offering, net of share issuance costs	35,300	153,028	–	–	188,328
Profit for the year	–	–	–	30,167	30,167
Appropriation to PRC statutory reserve	–	–	3,017	(3,017)	–
Balance at 31 December 2024	141,196	280,009	9,868	88,817	519,890

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB and otherwise indicated)

23 FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS

Exposure to credit risk, liquidity risk and interest rate risk 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 and bill 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, for 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 and bill receivables

In respect of accounts and bill 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 and bill receivable are non-interest bearing. The credit period offered by the Group is generally within three months. The Group seeks to maintain strict control over the outstanding receivables. Overdue balances are reviewed regularly by the management of respective business segment. The Group does not have any off-balance-sheet credit exposure related to its customers.

The Group has no significant concentration of credit risk in industries or countries in which the customers operate. Significant concentrations of credit risk primarily arise when the group has significant exposure to individual customers. As at 31 December 2023 and 2024, top five trade receivables account for 68.27% and 69.31% of total accounts and bill receivables.

The Group measures loss allowances for accounts and bill 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.



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB and otherwise indicated)

23 FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS

(Continued)

(a) Credit risk (Continued)

Accounts and bill receivables (Continued)

The following table provides information about the Group's exposure to credit risk and ECLs for accounts and bill receivables as at 31 December 2023 and 2024:

	As at 31 December 2024		
	Expected loss rate	Gross carrying amount RMB'000	Loss allowance RMB'000
Current	0.197%	42,048	83

	As at 31 December 2023		
	Expected loss rate	Gross carrying amount RMB'000	Loss allowance RMB'000
Current	0.295%	30,897	91

Movement in the loss allowance account in respect of accounts and bill receivables during the year is as follows:

	2024 RMB'000	2023 RMB'000
Balance at 1 January	91	57
Loss allowance (reversed)/recognised during the year	(8)	34
Balance at 31 December	83	91

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB and otherwise indicated)

23 FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS

(Continued)

(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 year 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 year) and the earliest date the Group can be required to pay:

As at 31 December 2024 contractual undiscounted cash outflow				Carrying amount in consolidated statement of financial position RMB'000
	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	Total RMB'000	
Accounts and other payables	26,896	–	26,896	26,896
Total	26,896	–	26,896	26,896

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB and otherwise indicated)

23 FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS

(Continued)

(b) Liquidity risk (Continued)

	As at 31 December 2023 contractual undiscounted cash outflow			Carrying amount in consolidated statement of financial position RMB'000
	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	Total 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 year. Thus, the Group is not exposed to significant cash flow interest rate risk during the year.

24 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(s)

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB and otherwise indicated)

24 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(b) Key management personnel remuneration

	2024 RMB'000	2023 RMB'000
Salaries, allowances and benefits in kind	2,660	2,669
Discretionary bonuses	1,311	1,186
Retirement scheme contributions	252	244
Total	4,223	4,099

(c) The significant related party transactions are summarised as follows:

	2024 RMB'000	2023 RMB'000
<i>Haier Group Corporation and its subsidiaries and affiliated companies</i>	2,660	2,669
– Revenue from IT and consulting services	11,863	10,192
– Referral and service fees	(669)	(1,529)
– Interest income	43	3,253
– Finance costs	(26)	(22)
– Sales and marketing expenses	(14)	(35)
– General and administrative expenses and others	(1,541)	(2,338)

(d) The balances of transactions with related parties:

	2024 RMB'000	2023 RMB'000
<i>Haier Group Corporation and its subsidiaries and affiliated companies</i>		
– Accounts and bill receivables	7249	3,958
– Cash and cash equivalent and restricted cash kept in related parties	20,040	4,814
– Accounts and other payables	(1,937)	(2,505)

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB and otherwise indicated)

25 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	Note	2024 RMB'000	2023 RMB'000
Non-current assets			
Property, plant and equipment		13	14
Right-of-use assets		–	37
Deferred tax assets		1	3
Investments in subsidiaries	14	57,906	57,906
Contract costs and other assets		–	30
Time deposits		52,356	50,770
		110,276	108,760
Current assets			
Accounts and bills receivables		11,106	8,416
Contract costs and other assets		2,643	8,948
Cash and cash equivalents		163,137	196,087
Time deposits		262,638	–
		439,524	213,451
Current liabilities			
Accounts and other payables		26,733	17,756
Contract liabilities		347	226
Accrued expenses		1,737	2,118
Current taxation payables		1,093	716
		29,910	20,816
Net current assets		409,614	192,635
Total assets less current liabilities		519,890	301,395
NET ASSETS		519,890	301,395
Equity			
Paid-in capital/share capital	22	141,196	105,896
Reserves	22	378,694	195,499
TOTAL EQUITY		519,890	301,395

Approved and authorised for issue by the board of directors on 28 March 2025.

Lu Yao
Director

Li Tian
Director

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB and otherwise indicated)

26 SUBSEQUENT EVENTS

According to the board resolution passed in the board meeting of the Company held on 28 March 2025, the Company proposed to adopt cash dividend payment method for its 2024 profit distribution and distribute a dividend of RMB0.135 (tax inclusive) per share to all shareholders, and based on the total number of issued shares of the Company at 31 December 2024, i.e. 141,195,600 shares, the cash dividend proposed to be distributed totals RMB19,061,406 yuan (tax inclusive). This proposed dividend is subject to the approval of the general meeting of the Company.

27 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS, AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2024

Up to the date of issue of these financial statements, the IASB has issued a number of new or amended standards, which are not yet effective for the year ended 31 December 2024 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to IAS 21, Lack of Exchangeability	1 January 2025
Amendments to IFRS 10 and IAS 28, Sale or contribution of assets between an investor and its associate or joint venture	To be determined
Amendments to IFRS 9 and IFRS 7: Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Annual Improvements to IFRS Accounting Standards – Volume 11	1 January 2026
IFRS 18 Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19, Subsidiaries without Public Accountability: Disclosures	1 January 2027

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 consolidated financial statements.

DEFINITIONS

In this annual report, unless the context otherwise requires, the following expressions shall have the following meanings:

"Annual General Meeting"	the forthcoming 2024 annual general meeting of the Company
"Articles of Association"	the articles of association of the Company currently in force
"Audit Committee"	the audit committee of our Board
"Board"	the board of Directors
"CAGR"	Compound Annual Growth Rate
"CG Code"	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
"PRC" or "The People's Republic of China"	The People's Republic of China, for the purpose of this annual report and for geographical reference only and except where the context requires otherwise, references in this annual report to "China" or "PRC" do not include Hong Kong, Macau and Taiwan
"Company" or "our Company"	Zhongmiao Holdings (Qingdao) Co., Ltd. (眾淼控股(青島)股份有限公司)
"Corresponding Period"	12-month period from 1 January 2023 to 31 December 2023
"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 listed on any stock exchange
"Global Offering"	the Hong Kong Public Offering and the International Offering
"Group", "our Group", "the Group", "we", "us", or "our"	the Company and its subsidiaries
"GWP"	total premiums (whether or not earned) for insurance contracts written or assumed during a specific period, without deduction for premiums ceded
"Haier Finance Company"	Haier Group Finance Co., Ltd. (海爾集團財務有限責任公司)
"Haier Group"	Haier Group Corporation (海爾集團公司)
"H Share(s)"	overseas listed foreign share(s) in the share capital of our Company with nominal value of RMB1.00 each, which are to be subscribed for and traded in Hong Kong dollars and are to be listed on the Stock Exchange
"HK\$" or "Hong Kong dollars" or "HK dollars"	the lawful currency of Hong Kong

DEFINITIONS

"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with GEM of the Stock Exchange
"Listing Date"	6 August 2024 (Tuesday), being the date of the listing of the H Shares on the Stock Exchange and on which the H Shares are permitted to be dealt on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Reporting Period" or "Year"	12-month period from 1 January 2024 to 31 December 2024
"Model Code"	pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, set out in Appendix C3 to the Listing Rules
"Prospectus"	Prospectus of the Company dated 29 July 2024
"Qingdao Haixinsheng"	Qingdao Haixinsheng Management Consulting Enterprise (Limited Partnership) (青島海欣盛管理諮詢企業(有限合夥))
"Qingdao Haizhongjie"	Qingdao Haizhongjie Management Consulting Enterprise (Limited Partnership) (青島海眾捷管理諮詢企業(有限合夥))
"RMB" or "Renminbi"	The lawful currency of the PRC
"R&D"	research and development
"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) (上海墨奇管理諮詢合夥企業(有限合夥))
"Share(s)"	ordinary share(s) with nominal value RMB1.00 each in the share capital of our Company, comprising Domestic Shares and H Shares
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiaries"	has the meaning as ascribed under the Listing Rules
"Supervisor(s)"	member(s) of our Supervisory Committee
"Supervisory Committee"	the supervisory committee of the Company
"%"	per cent