
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about this circular or as to the action to be taken, you should consult your stockbroker, or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Zhongmiao Holdings (Qingdao) Co., Ltd.**, you should at once hand this circular with the enclosed form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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Zhongmiao Holdings (Qingdao) Co., Ltd.

眾森控股(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)

**(1) 2024 WORK REPORT OF THE BOARD OF DIRECTORS;
(2) 2024 WORK REPORT OF THE SUPERVISORY COMMITTEE;
(3) 2024 PROFIT DISTRIBUTION PLAN;
(4) 2024 FINANCIAL STATEMENTS;
(5) 2024 ANNUAL REPORT;
(6) PROPOSED RE-APPOINTMENT OF AUDITORS;
(7) MAJOR TRANSACTION,
DISCLOSEABLE TRANSACTION AND
CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE
FINANCIAL SERVICES FRAMEWORK AGREEMENT; AND
(8) GENERAL MANDATE TO ISSUE SHARES;
AND
NOTICE OF 2024 ANNUAL GENERAL MEETING**

Notice convening the AGM to be held at the conference room of the Company, Zhongxin Building, No. 1, Haier Road, Laoshan District, Qingdao, Shandong, PRC, at 3:00 p.m. on Friday, 6 June 2025 is set out on pages AGM-1 to AGM-4 of this circular. A form of proxy for use at the AGM is enclosed and is also published on the websites of The Stock Exchange (www.hkexnews.hk) and the Company (www.haierbx.net).

Shareholders who intend to attend the AGM or to appoint a proxy to attend the AGM shall complete and return the form of proxy in accordance with the instructions printed thereon not less than 24 hours before the time appointed for the AGM (i.e. no later than 3:00 p.m. on Thursday, 5 June 2025) or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not prevent you from attending and voting in person at the AGM or any adjournment thereof should you so wish.

Reference to times and dates in this circular are to Hong Kong local times and dates.

16 May 2025

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	5
LETTER FROM THE INDEPENDENT BOARD COMMITTEE	26
LETTER FROM SOMERLEY CAPITAL LIMITED	28
APPENDIX I – FINANCIAL INFORMATION OF THE GROUP	I-1
APPENDIX II – GENERAL INFORMATION	II-1
NOTICE OF 2024 ANNUAL GENERAL MEETING	AGM-1

DEFINITIONS

In this circular, the following expressions have the meanings set out below unless the context otherwise requires:

“2024 Annual Report”	the annual report of the Company for the year ended 31 December 2024, which can be found on the HKExnews website of the Stock Exchange (www.hkexnews.hk) and the Company’s website (www.haierbx.net)
“AGM” or “Annual General Meeting”	the 2024 annual general meeting of the Company to be held at the conference room of the Company, Zhongxin Building, No. 1, Haier Road, Laoshan District, Qingdao, Shandong, PRC, Qingdao, PRC, at 3:00 p.m. on Friday, 6 June 2025 or any adjournment thereof for the purpose of, considering and, if thought fit, approving the resolutions contained in the notice of the 2024 annual general meeting which is set out on pages AGM-1 to AGM-4 of this circular
“Articles of Association”	the articles of association of the Company currently in force
“associate(s)”	has the meaning as ascribed under the Listing Rules
“Audit Committee”	the audit committee of the Board
“Board”	the board of Directors
“Company”	Zhongmiao Holdings (Qingdao) Co., Ltd. (眾淼控股(青島)股份有限公司), a limited liability company established in the PRC on 16 March 2017 and subsequently converted into a joint stock company with limited liability on 14 March 2023
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Deposit Services”	the deposit services (including but not limited to demand deposit, time deposit, notice deposit and agreement deposit) proposed to be provided by Haier Finance Company to the Group pursuant to the Financial Services Framework Agreement
“Director(s)”	the director(s) of the Company
“Domestic Share(s)”	ordinary share in the share capital of the Company, with a nominal value of RMB1.0 each, which are subscribed for and paid up in Renminbi and are not listed on any stock exchange
“Financial Services Framework Agreement”	the financial services framework agreement entered into by the Company and Haier Finance Company on 25 April 2025

DEFINITIONS

“Group”	the Company and its subsidiaries, or any one of them as the context may require or, where the context refers to any time prior to its incorporation, the business which its predecessors or the predecessors of its present subsidiaries, or any one of them as the context may require, were or was engaged in and which were subsequently assumed by it
“H Share(s)”	ordinary share(s) in the share capital of the 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
“Haier Finance Company”	Haier Group Finance Co., Ltd. (海爾集團財務有限公司)
“Haier Group”	Haier Group Corporation (海爾集團公司)
“Hong Kong Underwriting Agreement”	has the meaning ascribed to it in the Prospectus
“Independent Board Committee”	the independent committee under the Board comprising all independent non-executive Directors, namely Ms. Fang Qiaoling, Mr. Chung Wai Man and Ms. Ng Sin Kiu. The committee has been established to advise the Independent Shareholders on the Deposit Services and Other Financial Services contemplated under the Financial Services Framework Agreement and the adoption of the proposed annual caps
“Independent Financial Adviser”	Somerley Capital Limited, to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the Deposit Services and Other Financial Services contemplated under the Financial Services Framework Agreement and the adoption of the proposed annual caps
“Independent Shareholders”	Shareholders other than Haier Group and its associates
“Independent Third Party(ies)”	person(s) who is(are) independent of and not connected with the Company and any of its connected persons
“International Underwriting Agreement”	has the meaning ascribed to it in the Prospectus
“Latest Practicable Date”	12 May 2025, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the time being in force and as may be amended from time to time
“Loan Services”	the loan and entrusted loan services (including loan and other credit services) proposed to be provided by Haier Finance Company to the Group pursuant to the Financial Services Framework Agreement
“NFRA”	the National Financial Regulatory Administration (國家金融監督管理總局)
“Other Financial Services”	the financial services (other than the Deposit Services and the Loan Services) proposed to be provided by Haier Finance Company to the Group pursuant to the Financial Services Framework Agreement
“PBOC”	the People’s Bank of China (中國人民銀行), the central bank of the PRC
“PRC” or “China”	the People’s Republic of China, and for the purpose of this circular only, excluding Hong Kong, Macau and Taiwan
“Prospectus”	the 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)(青島海衆捷管理諮詢企業(有限合夥))
“RMB”	the lawful currency of the PRC
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“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) in the capital of our Company with a nominal value of RMB1.00 each, comprising Domestic Shares and H Shares
“Shareholder(s)”	the 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

DEFINITIONS

“Supervisor(s)”	the supervisor(s) of the Company
“Supervisory Committee”	the supervisory committee of the Company
“treasury shares”	has the meaning ascribed to it under the Listing Rules
“%”	per cent

LETTER FROM THE BOARD

Zhongmiao Holdings (Qingdao) Co., Ltd.

眾森控股(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)

Executive Directors:

Mr. Lu Yao (鹿遙) (Chairman)

Mr. Zhang Zhiquan (張志全)

Ms. Li Tian (李甜)

Mr. Wang Heping (王合平)

Registered Office in the PRC:

No. 187 Jinshui Road

Licang District

Qingdao, Shandong

PRC

Independent non-executive Directors:

Ms. Fang Qiaoling (房巧玲)

Mr. Chung Wai Man (鍾偉文)

Ms. Ng Sin Kiu (吳先僑)

Headquarters and Principal Place of Business:

No. 1, Haier Road

Laoshan District

Qingdao, Shandong

PRC

Principal Place of Business in Hong Kong:

Room 1917, 19/F, Lee Garden One

33 Hysan Avenue

Causeway Bay, Hong Kong

16 May 2025

To the Shareholders

Dear Sir or Madam,

**(1) 2024 WORK REPORT OF THE BOARD OF DIRECTORS;
(2) 2024 WORK REPORT OF THE SUPERVISORY COMMITTEE;
(3) 2024 PROFIT DISTRIBUTION PLAN;
(4) 2024 FINANCIAL STATEMENTS;
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NOTICE OF 2024 ANNUAL GENERAL MEETING**

LETTER FROM THE BOARD

INTRODUCTION

The purpose of this circular is to provide you with the notice of the AGM (set out on pages AGM-1 to AGM-4 of this circular) and information reasonably necessary to enable you to make an informed decision on whether to vote for or against the proposed resolutions at the AGM.

At the AGM, ordinary resolutions will be proposed to approve, among other things, (i) the work report of the Board of Directors for 2024 (the “**2024 Work Report of the Board**”); (ii) the work report of the Supervisory Committee for 2024 (the “**2024 Work Report of the Supervisory Committee**”); (iii) the profit distribution plan for 2024 (the “**2024 Profit Distribution Plan**”); (iv) the audited consolidated financial statements for 2024 (the “**2024 Financial Statements**”); (v) the 2024 Annual Report; (vi) the re-appointment of auditors of the Company for 2025 and authorisation for the Board to determine their remunerations; (vii) major transaction, discloseable transaction and continuing connected transactions in relation to the Financial Services Framework Agreement.

At the AGM, a special resolution will be proposed to consider and approve the grant of general mandate to the Board to issue Shares.

ORDINARY RESOLUTIONS:

1. 2024 Work Report of the Board

An ordinary resolution will be proposed at the AGM to approve the 2024 Work Report of the Board. Please refer to the Report of the Directors in the 2024 Annual Report.

The 2024 Work Report of the Board was considered and approved by the Board on 28 March 2025 and is hereby proposed at the AGM for consideration and approval.

2. 2024 Work Report of the Supervisory Committee

An ordinary resolution will be proposed at the AGM to approve the 2024 Work Report of the Supervisory Committee. Please refer to the Report of the Supervisory Committee in the 2024 Annual Report.

The 2024 Work Report of the Supervisory Committee was considered and approved by the Supervisory Committee on 28 March 2025 and is hereby proposed at the AGM for consideration and approval.

LETTER FROM THE BOARD

3. 2024 Profit Distribution Plan

The Company proposes to adopt cash dividend payment method for its 2024 profit distribution and distribute a dividend of RMB0.135 in cash per share (inclusive of tax) to all shareholders, and based on the total number of issued shares of the Company as at 31 December 2024, i.e. 141,195,600 shares, the cash dividend proposed to be distributed totals RMB19,061,406 (inclusive of tax).

The 2024 Profit Distribution Plan was considered and approved by the Board on 28 March 2025 and is hereby proposed at the AGM for consideration and approval.

4. 2024 Financial Statements

An ordinary resolution will be proposed at the AGM to approve the 2024 Financial Statements. Please refer to the 2024 Financial Statements contained in the 2024 Annual Report.

The 2024 Financial Statements were considered and approved by the Board on 28 March 2025 and are hereby proposed at the AGM for consideration and approval.

5. 2024 Annual Report

An ordinary resolution will be proposed at the AGM to approve the 2024 Annual Report.

The 2024 Annual Report was considered and approved by the Board on 28 March 2025 and is hereby proposed at the AGM for consideration and approval.

6. Resolution on the re-appointment of auditors of the Company for 2025

The Board proposes that KPMG be re-appointed as the auditors of the Company for the year 2025 with a term commencing from the date of approval at the AGM until the conclusion of the next annual general meeting of the Company, and authorise the Board to determine the specific matters, including but not limited to their remunerations, in relation to such re-appointment.

LETTER FROM THE BOARD

7. Major Transaction, Discloseable Transaction and Continuing Connected Transactions in relation to the Financial Services Framework Agreement

An ordinary resolution is to be proposed at the AGM to consider and approve the resolution on the Financial Services Framework Agreement and the adoption of the proposed annual caps.

Background

Reference is made to the announcement of the Company dated 25 April 2025 in relation to, among others, the entering of the Financial Service Framework Agreement. On 25 April 2025, Haier Finance Company, a subsidiary of Haier Group, entered into the Financial Services Framework Agreement with the Company, pursuant to which Haier Finance Company agreed to provide the Group with financial services subject to the terms and conditions set out therein.

Principal Terms of the Financial Services Framework Agreement

Date	:	25 April 2025
Parties	:	the Group (as service recipient); and Haier Finance Company (as service provider)
Term	:	From the date on which the conditions precedent under the Financial Services Framework Agreement are fulfilled (i.e. 6 June 2025, being the date of the AGM, if the Financial Services Framework Agreement is approved by Independent Shareholders) to 31 December 2027. Subject to the compliance with the relevant requirements under Chapter 14A of the Listing Rules (if applicable), the Group has an option, in its entire discretion, to renew the Financial Services Framework Agreement upon its expiry (subject to adjustment of fees where necessary) for another term of three years.
Conditions precedent	:	The Financial Services Framework Agreement is conditional upon (i) the approval by Independent Shareholders at the AGM; and (ii) other relevant requirements stipulated by the Listing Rules or imposed by the Stock Exchange.

LETTER FROM THE BOARD

Nature of services : Haier Finance Company shall provide the following financial services to the Group:

(1) Deposit Services;

(2) Loan Services:

(i) Haier Finance Company shall, according to its own funding capabilities, give priority to satisfying the loan needs of the Group; and

(ii) in the event that the Group applies for a loan from Haier Finance Company, the Group and Haier Finance Company shall sign a loan contract, specifying the loan amount, loan usage, loan period and other matters.

(3) Other Financial Services, which include the following:

(i) spot foreign exchange trading services and hedging financial derivatives business, international settlement, trade financing and non-financing guarantee services, etc.;

(ii) financial consulting and consulting agency services;

(iii) cross-border foreign exchange fund and cross-border RMB fund services;

(iv) credit verification and entrusted loan services;

(v) issuance, acceptance and discounting of bills;

(vi) collection and automatic clearing management of paper commercial bills and electronic commercial bills;

(vii) internal transfer and settlement services of the Group and the corresponding settlement;

LETTER FROM THE BOARD

(viii) underwriting of corporate bonds of the Group;

(ix) services in relation to collection and payment of funds;

(x) consumer credit and buyer credit for the Group's products/services;

(xi) other services approved by the NFRA.

Set-off : In respect of the Deposit Services and in the event that Haier Finance Company misuses or defaults on the deposits placed by the Group with Haier Finance Company, or in any other circumstances which renders Haier Finance Company to be unable to return such deposits (including accrued interests) to the Group, the Group is entitled to appropriate such deposits to set off against the outstanding loans (including accrued interests) extended by Haier Finance Company to the Group. Specifically, the Group may send a letter to Haier Finance Company to assert that the relevant deposits are due immediately, and Haier Finance Company shall then immediately repay the relevant deposits (including accrued interests) to the Group. The Group may also appropriate such deposits to set off against the outstanding loans (including accrued interests) extended by Haier Finance Company to the Group, which enables Haier Finance Company to immediately repay the relevant deposits (including accrued interests) to the Group. If the Group's deposit with Haier Finance Company is more than the loans extended by Haier Finance Company, the Group may offset part of the deposit with Haier Finance Company against the total loans extended by Haier Finance Company. As to the remaining deposits, the Group is entitled to request Haier Finance Company to repay the deposits through negotiation, arbitration and/or litigation. However, in the event that the Group fails to repay its loans extended by Haier Finance Company to the Group on time, Haier Finance Company will not be entitled to set off the outstanding loans owed by the Group to Haier Finance Company against the deposits (including accrued interests) placed by the Group with Haier Finance Company, except as otherwise provided by the laws and regulations of the PRC.

LETTER FROM THE BOARD

- Undertaking :
- Haier Finance Company will ensure the safe and stable operation of the fund management information system, which has passed the third-level certification of national standard protection and has reached the national security standard for commercial banks. Haier Finance Company will protect the safety of the funds of the Group and control the assets and liabilities risks;
 - Haier Finance Company shall at all times monitor its credit risks. If (a) Haier Finance Company breaches or may breach the laws, regulations, or the terms of the Financial Services Framework Agreement, or (b) on the occurrence of any other circumstances that may raise serious concern regarding the safety of deposits placed by the Group, Haier Finance Company shall, within three days of becoming aware of such a situation, give written notice to the Group, and to take measures to prevent or mitigate any potential loss. Upon receiving such notice, members of the Group have the right to withdraw their deposits (including any accrued interest) immediately. If the deposits (including accrued interest) cannot be withdrawn, the Group may set off its loans provided by Haier Finance Company against its deposits (including accrued interest), unless otherwise as provided in the relevant PRC laws and regulations;
 - Haier Finance Company shall as far as practicable and on a best effort basis provide such assistance as necessary to the Group so as to allow the Group to comply with its internal control procedures and the requirements under the Listing Rules, including but not limited to providing financial and other data and/or documents within a reasonable timeframe, giving written or verbal explanations to queries raised by the Group and issue explanatory notes for certain facts or circumstances;
 - Haier Finance Company will provide the Group with the annual statutory audit reports issued by an independent auditor to enable the management of the Group to have a comprehensive knowledge about the financial situation of Haier Finance Company;

LETTER FROM THE BOARD

- Haier Finance Company will appoint an independent accounting firm in accordance with the Financial Services Framework Agreement to review the completeness and impartiality of its internal control, risk management and operation system, assess the completeness and effectiveness of its internal control measures, and provide an evaluation report on the effectiveness of implementation of the internal control measures to the Group on an annual basis;
- Haier Finance Company will provide the Group with copies of all compliance reports submitted to the NFRA within three business days, ensuring that the Group is informed of the compliance status of Haier Finance Company;
- Haier Finance Company undertakes to strictly comply the risk monitoring indicators for finance companies as stipulated by the NFRA in its operations. Key risk monitoring indicators include the capital adequacy ratio and liquidity ratio, etc. Based on the management accounts quarterly provided by Haier Finance Company, the Group will monitor the compliance with key risk monitoring indicators of Haier Finance Company on a quarterly basis;
- Haier Finance Company will provide the Group with copies of the external reports on its credit rating when they are available, and notify the Group immediately when there are changes in credit rating, ensuring that the Group will be informed of the credit rating status of Haier Finance Company; and

LETTER FROM THE BOARD

- Upon the completion of the preparation of Haier Finance Company's quarterly financial statements, they will be provided to the Group in a timely manner.
- Termination :
- Haier Finance Company shall not unilaterally terminate the Financial Services Framework Agreement unless there is a material breach of any terms of the Financial Services Framework Agreement by the Group. Under such circumstances, Haier Finance Company may terminate transactions with the defaulting members of the Group under the relevant agreement by providing written notice to the defaulting company at least six months in advance. Transactions between Haier Finance Company and other members of the Group shall remain unaffected and continue to be valid.
 - The Group shall be entitled to terminate the Financial Services Framework Agreement by providing Haier Finance Company not less than one month's written notice upon:
 - (i) the occurrence of any of the following which exposes or potentially exposes the Group to significant risks or losses: (a) breaches or potential breaches of PRC laws and regulations by Haier Finance Company; (b) Haier Finance Company encounters or may encounter any significant operational issues or payment difficulties; and
 - (ii) the performance of the Financial Services Framework Agreement by the Group would result in or may result in its violation of laws and regulations (including Listing Rules).

LETTER FROM THE BOARD

Reasons for and Benefits of the Transaction

The reasons for and the benefits to the Group in using the financial services provided by Haier Finance Company include but are not limited to the following:

- (i) Haier Finance Company is a non-banking financial institute among the first batch of companies being approved to carry out all kinds of domestic and foreign currencies businesses, and the first enterprise group finance company to carry out the pilot program of centralised management of foreign exchange funds for current account items. It is the first finance group in China to pass the ISO27001 certification of the International Information Security Management System and the third-level certification of national standard protection;
- (ii) as a non-banking financial institution specialising in providing financial services to enterprise group member entities, Haier Finance Company is regulated by the PBOC and the NFRA and is required to provide financial services in accordance with and in compliance of the rules and operational requirements of these regulatory authorities including capital risk guidelines and requisite capital adequacy ratios;
- (iii) the Group's deposits placed in Haier Finance Company can save financial costs and improve capital efficiency. The interest rate for the Deposit Services and the Loan Services will be no less favourable than those offered by the PBOC and major other domestic commercial banks in the PRC for similar type of services. The fee or commission for the fee-based or commission-based financial service provided by Haier Finance Company will not be higher than those charged by other domestic commercial banks or financial institutions. At the same time, Haier Finance Company exempts account management fees, online banking opening fees, inquiry letter fees, deposit certificates, internal settlement fees, etc., which can effectively save financial costs for the Group;
- (iv) by leveraging the unique cross-bank aggregation function of the finance company, Haier Finance Company can shorten the Group's capital transfer and turnover time in several bank channels and improve the efficiency of capital operations. Meanwhile, Haier Finance Company has continuously upgraded its digitisation system and established a professional team to provide more considerate services with higher quality;
- (v) as an intra-group service provider of Haier Group, its integral position within the corporate structure allows for streamlined communication, reduced transaction costs, and enhanced operational efficiency; and
- (vi) the Group has placed deposits with Haier Finance Company and established a good relationship with Haier Finance Company over years. Haier Finance Company is familiar with the Group's operations, capital structure and working capital management, which may enable Haier Finance Company to render more expedient, efficient and flexible deposit services to the Group than other commercial banks and independent financial institutions in the PRC and also accurately predict and quickly meet the Group's needs for financial services.

LETTER FROM THE BOARD

The Group is independent from its Shareholders (including Haier Group) in financial aspects, while the above fund pools management services to be provided by Haier Finance Company represent the internal fund management of the Group only. Based on the Group's previous experience in business dealings with Haier Finance Company, the Directors believe that Haier Finance Company is capable of effectively satisfying the Group's demands for financial services and can provide customised financial service solutions for the Group according to its strategic plan, which is in the interests of the Group and the Shareholders as a whole.

Given the transactions to be contemplated under the Financial Services Framework Agreement are in the ordinary and usual course of business of the Company and are under normal commercial terms, the Directors (excluding the independent non-executive Directors whose views will be formed after taking into account the advice of Independent Financial Adviser) are of the view that the terms of the Financial Services Framework Agreement and the proposed annual caps are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Pricing Policy

In terms of the Deposit Services, pursuant to the Financial Services Framework Agreement, in respect of RMB deposits, Haier Finance Company will provide deposit services to the Group by referencing to the benchmark deposit interest rate announced by the PBOC for the same period from time to time and in accordance with regulatory requirements, at an interest rate which is more favourable than the highest interest rate for the same type of deposits as announced by Industrial and Commercial Bank of China, Agricultural Bank of China, China Construction Bank, Bank of China and all the listed national joint stock banks in the PRC (the "**Comparable Banks**"). Deposits for foreign currencies are implemented in accordance with market principles, and the interest rate of similar deposits is no less favourable than the highest interest rate of commercial banks available to the Group.

Before placing RMB deposits with Haier Finance Company, the Group will compare the interest rate provided by Haier Finance Company with those announced by the Comparable Banks. Before placing foreign currency deposits with Haier Finance Company, the Group will compare the interest rate and/or exchange rate provided by Haier Finance Company with those provided by three major banks or financial institutions with which the Group has established business relationships in each quarter.

In terms of the Loan Services, Haier Finance Company will provide loans to the Group at a price no less favourable than the market prices determined at an arm's length basis with reference to the borrowing rate for the same type of loans charged by other major financial institutions/commercial banks. Additionally, the Group will not be required to provide any asset collateral for any loans from Haier Finance Company.

LETTER FROM THE BOARD

In terms of Other Financial Services, the fees charged by Haier Finance Company will be determined based on corresponding market prices with reference to the charge standard published by the PBOC on its official website from time to time. If there is no such benchmark rate published by the PBOC for that kind of financial services, the fee will be determined with reference to, amongst other factors, the rates charged by other major financial institutions/commercial banks for the same types of services and their conditions. The terms and conditions should not be less favourable than those terms and conditions offered by independent financial institutions/commercial banks in the PRC to the Group. Before using other financial services provided by Haier Finance Company, the Group will compare the fees charged by Haier Finance Company with those charged by three major commercial banks or financial institutions with which the Group has established business relationships. Haier Finance Company will leverage its collective resource advantages to obtain the lowest service fees and the best-quality services from external financial institutions and will not charge any additional intermediary fees except those charged by external banks. In addition, Haier Finance Company agrees to waive all the service fees that would otherwise be charged to the Group, including but not limited to, account management fees, online banking activation fees, inquiry fees, deposit certificate fees, credit certificate fees, internal settlement fees, and all other service-related charges.

Historical Transaction Amounts

The maximum daily outstanding balance of deposits placed by the Group with Haier Finance Company for the years ended 31 December 2022 and 2023 were approximately RMB197.1 million and RMB83.0 million, respectively. The maximum daily outstanding balance of deposits placed by the Group with Haier Finance Company for the year ended 31 December 2024 was RMB20 million, being the amount of time deposit made by the Group with Haier Finance Company as disclosed in the announcement of the Company dated 13 November 2024. The corresponding interest income received by the Group from Haier Finance Company for each of the three years ended 31 December 2024 were approximately RMB0.2 million, RMB0.1 million and RMB43,000, respectively.

There were no historical transaction amounts between the Group and Haier Finance Company with respect to loan services and other financial services for each of the three years ended 31 December 2024.

LETTER FROM THE BOARD

Proposed Annual Caps and Basis of Determination

The transaction annual caps under the Financial Services Framework Agreement shall not exceed the following caps:

Proposed Annual Caps			
For the year ending			
	31 December 2025	31 December 2026	31 December 2027
	RMB'000		
Deposit Services:			
– Maximum daily outstanding balance of deposits (including interests accrued thereon) placed by the Group with Haier Finance Company	309,000	309,000	309,000
Loan Services:			
– Maximum daily outstanding balance of loans (including interests accrued thereon) provided by Haier Finance Company to the Group	104,000	104,000	104,000
Other Financial Services:			
(a) Maximum daily trading balance of foreign exchange derivative products	50,000	50,000	50,000
(b) Service fee	60	60	60

When determining the above proposed annual caps, the Directors have taken into consideration the following factors:

In terms of Deposit Services:

- (i) the historical transaction amounts, after taking into account the maximum daily outstanding balance of deposits with Haier Finance Company of RMB197.1 million for the year ended 31 December 2022;
- (ii) the cash and cash equivalents of RMB169.7 million and time deposits of RMB398.9 million of the Group as at 31 December 2024, as well as the growth of the Group's sales revenue and operating profits of 38.7% and 24.8%, respectively, from 2022 to 2024;

LETTER FROM THE BOARD

- (iii) the estimated cash amounts as well as daily cash inflows of the Group available for deposit at Haier Finance Company. As part of the finance management measures, the Company will set the maximum daily outstanding balance amount for the Group's deposits placed at Haier Finance Company every year so as to allow sufficient financial allocation flexibility for the Group; and
- (iv) as at the Latest Practicable Date, the Group had placed deposits with around 10 different financial institutions (including Haier Finance Company) in the PRC and Hong Kong. Furthermore, the Deposit Services will be obtained by the Group on a voluntary and non-exclusive basis. There is no restriction under the Financial Services Framework Agreement on the Group's ability to obtain deposit services from other banks or financial institutions, and the Group is at its sole discretion to make its selection according to the relevant interest rates and quality of services being delivered by other banks or financial institutions. The Group has been diversifying the banks or financial institutions for cash deposits for the purpose of risk management of its capital and the proposed annual caps can provide more flexibility to the Group's cash management and allocation, such as maximising the interest income earned from deposit.

In terms of the Loan Services:

- the estimated capital and operational needs of the Group with reference to the business development plans and financial arrangement of the Group.

In terms of Other Financial Services:

- (i) the Group's expected need for Other Financial Services based on its operation and development plans; and
- (ii) the anticipated increase in the Group's demand for global financial services. To minimise the exposure of the Group towards foreign exchange risks and based on actual business needs, the Group proposes to set the maximum daily trading balance of foreign exchange derivative products purchased from Haier Finance Company. Considering the Group's planning on international business and that the Group may expand its global business portfolio and growth profile through acquisitions of appropriate overseas targets, the Group is expected to have demand for global financial services, especially the foreign exchange derivative products, to satisfy its hedging needs increases.

LETTER FROM THE BOARD

Internal Control Measures

Pursuant to the Listing Rules, the Company will comply at all times with the applicable provisions under Rules 14A.34, 14A.51 to 14A.59 of the Listing Rules in respect of the transactions contemplated under the Financial Services Framework Agreement. In addition, to safeguard the interests of the Company and the Shareholders as a whole, the Company has adopted the following guidelines and principles in monitoring the financial services connected transactions between the Group and Haier Finance Company:

- the Company will report the transactions under the Financial Services Framework Agreement with Haier Finance Company to the independent non-executive Directors during each of the audit committee meetings, which are held at least twice a year;
- the transactions in relation to the Deposit Services and Other Financial Services will be reviewed by the auditors and the independent non-executive Directors every year and reported in the annual report of the Company to ensure that the transactions under the Financial Services Framework Agreement are conducted in accordance with the terms of the Financial Services Framework Agreement, on normal commercial terms (or terms more favourable than terms available from the independent parties), and in accordance with the pricing principles of the Company pursuant to the Listing Rules;
- the finance department of the Company is responsible for comparing the quotations/rates/interest rates of financial services provided by Haier Finance Company with those obtained from third parties from the perspective of financial and listing compliance in accordance with the relevant governance policies, and judging and approving related transactions. In particular:
 - i) the finance department of the Company will obtain quarterly (i) deposit interest rates announced by the Comparable Banks; and/or (ii) the interest rates offered by three major commercial banks or financial institutions with which the Group has established business relationships, and compare those with the interest rate offered by Haier Finance Company. If the interest rate offered by Haier Group is not the highest for similar deposits, the Group will negotiate with Haier Finance Company to adjust the proposed interest rate in compliance with the above-mentioned pricing principles;
 - ii) before obtaining a loan from Haier Finance Company or using Other Financial Services, the Company will compare the interest rate offered or fee charged by Haier Finance Company with those provided by three major commercial banks or financial institutions that have established business relationships with the Group. If the interest rates or fee standards are not more favourable than those provided by the three major commercial banks or financial institutions that have established business relationships with the Group for similar loans/services, the Group will negotiate with Haier Finance Company to adjust the proposed interest rate/fee to align with the above-mentioned pricing principles;

LETTER FROM THE BOARD

- the finance department of the Company will monitor the daily deposit level to ensure that the daily deposit amount does not exceed the caps;
- the finance department of the Company is responsible for supervising and ensuring the effective implementation of internal control procedures for the connected transactions. It will conduct a compliance inspection quarterly, and report to the audit committee of the Company;
- the arrangement between the Group and Haier Finance Company under the Financial Services Framework Agreement is non-exclusive and the Group is free to choose other financial services providers; and
- the Group will review the transactions with Haier Finance Company, summarise the experiences and supplement any inadequacies on an annual basis.

The Directors are of the view that the above internal control procedures adopted by the Group are appropriate and sufficient, and that the procedures and measures give assurance to the Independent Shareholders that the financial services provided by Haier Finance Company will be appropriately monitored.

Implications of the Listing Rules

As at the date of Latest Practicable Date, Haier Group holds, through its subsidiaries, approximately 45.33% of the voting rights of the Company. Accordingly, Haier Group is a controlling shareholder of the Company, and thus Haier Finance Company, being a subsidiary of Haier Group, is a connected person of the Company. As such, the transactions contemplated under the Financial Service Framework Agreement constitutes continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to the Listing Rules, (i) as the applicable percentage ratio of the annual cap for the transaction in relation to the Deposit Services is higher than 25%, the transaction in relation to the Deposit Services constitutes a major transaction of the Company under Chapter 14 of the Listing Rules; and (ii) as the applicable percentage ratio of the annual cap for Other Financial Services is higher than 5% but less than 25%, the transaction in relation to Other Financial Services constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. Furthermore, the transactions in relation to the Deposit Services and Other Financial Services constitute continuing connected transactions of the Company under Chapter 14A of the Listing rules and are subject to reporting, announcement, circular (including independent financial advice) and independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Pursuant to the Listing Rules, the transactions in relation to the Loan Services constitute financial assistance received by the Group from a connected person and the transactions in relation to the Loan Services will not be secured by the assets of the Group and are on normal commercial terms. Accordingly, such transactions will be exempted from the reporting, announcement, annual review, circular (including independent financial advice) and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

LETTER FROM THE BOARD

An Independent Board Committee has been established to advise the Independent Shareholders on the Deposit Services and Other Financial Services contemplated under the Financial Services Framework Agreement and the proposed annual caps. A letter from the Independent Board Committee to the Independent Shareholders is set out on pages 26 to 27 of this circular. The letter from the Independent Board Committee to the Independent Shareholders contains its recommendation on the Deposit Services and Other Financial Services contemplated under the Financial Services Framework Agreements and the adoption of the proposed annual caps.

The Independent Financial Adviser has also been appointed by the Company to advise the Independent Board Committee and Independent Shareholders in this connection. A letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders is set out on pages 28 to 47 of this circular. The letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders contains factors they have considered and their recommendations on the Deposit Services and Other Financial Services contemplated under the Financial Services Framework Agreements and the adoption of the proposed annual caps.

Information on the Parties

The Group

The Company is a joint stock company established in the PRC with limited liability on 16 March 2017 and the H Shares of which are listed on the Stock Exchange. The principal business activities of the Group are provision of insurance agency services, IT services and consulting services.

Haier Finance Company

Haier Finance Company is a non-bank financial institution established in the PRC in 2002 and holds a finance licence (金融許可證) granted by the China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會), the predecessor of the NFRA. Haier Finance Company, as an enterprise group finance company, can provide deposit and other services to Haier Group and its associates including the Group, subject to the supervision of the financial regulatory authorities. The ultimate beneficial owner of Haier Finance Company is Haier Group, whose principal business is investment holding.

Opinions of the Board

None of the Directors has a material interest in the transactions contemplated under the Financial Services Framework Agreement or is required to abstain from voting on the resolutions of the Board approving the entering into of the Financial Services Framework Agreement and the proposed annual caps.

After taking into consideration the above pricing policy, basis of determining the proposed annual caps and the reasons for and benefits of the transactions, as well as internal control measures, the Directors (including the independent non-executive Directors) believed the terms of the transactions contemplated under the Financial Services Framework Agreement and the proposed annual cap thereunder were determined on normal commercial terms in the ordinary and usual business course of the Company, and are fair, reasonable and in the interests of the Company and the Shareholders of the Company as a whole. Meanwhile, the Directors (including the independent non-executive Directors) were of the opinion that sufficient mechanism, internal control measures and external regulatory measures have been put in place to ensure the Continuing Connected Transactions are in compliance with and in strict accordance with relevant regulatory guidance and the terms of the Financial Services Framework Agreement.

LETTER FROM THE BOARD

SPECIAL RESOLUTION:

8. Resolution on general mandate to issue H Shares

To provide more flexibility and convenience to the fundraisings for the Company, the proposal to issue additional shares of the Company and to grant the Board a general mandate is hereby proposed at the AGM for consideration and approval by the Shareholders:

- A. To consider and approve the Company to issue additional Domestic Shares and/or H Shares (“**Additional Shares**”) and to grant to the Board a general mandate (“**General Mandate**”), subject to terms and conditions set out in this resolution, for the exercise by the Board during the Relevant Period (as defined in (iv)) of powers to allot or issue Additional Shares and/or make offers, agreements or options which might require the issue, allotment or disposal of Additional Shares and/or to sell or transfer treasury shares (such Additional Shares being subject to a maximum of 20% of the total issued shares of the Company (excluding any treasury shares) as at the date of approval of this resolution), and to make or grant offers or agreements in respect of such Additional Shares:
 - i. such General Mandate shall not extend beyond the Relevant Period save that the Board may during the Relevant Period make or grant offers or agreements which might require the exercise of such powers after the end of the Relevant Period;
 - ii. the total number of Domestic Shares and H Shares approved to be allotted or agreed conditionally or unconditionally to be allotted by the Board shall not exceed 20% of total issued shares of the Company (excluding any treasury shares) at the date of the passing of this resolution, otherwise than pursuant to any scrip dividend scheme or similar arrangement providing for the allotment of such Shares in lieu of the whole or part of a dividend on such Shares in accordance with the Articles of Association;
 - iii. the Board will only exercise its power under such mandate in accordance with the relevant laws and regulations of the PRC (as amended from time to time) and the Listing Rules and only if all necessary approvals from the China Securities Regulatory Commission and/or other relevant PRC government authorities are obtained;

LETTER FROM THE BOARD

- iv. for the purposes of this resolution:

“**Domestic Shares**” means ordinary share in share capital of the Company, with a nominal value of RMB1.0 each, which are subscribed for and paid up in Renminbi and are not listed on any stock exchange

“**H Shares**” means the overseas listed foreign shares with a nominal value of RMB1.00 each in the share capital of the Company, which are listed on the Stock Exchange and subscribed for and traded in Hong Kong dollars;

“**Relevant Period**” means the period from the passing of this resolution until the earlier of:

- (a) the conclusion of the 2025 annual general meeting of the Company following the passing of this resolution; or
- (b) the expiration of a period of 12 months following the passing of this resolution; or
- (c) the date on which the authority conferred by this resolution is revoked or varied by a special resolution in a general meeting of the Company.

- B. Subject to the Board issuing additional Domestic Shares and H Shares pursuant to this resolution, the Board be authorised to:

- i. approve, execute and do or procure to be executed and done, all documents, deeds and things as it may consider necessary in connection with the issue of such new shares of the Company (including, but not limited to the time, price, quantity and place of issue, making all necessary applications to the relevant authorities, entering into an underwriting agreement or any other agreement);
- ii. determine the use of proceeds and make all necessary filing, registration and applications with or to the relevant authorities in the PRC and/or Hong Kong (if required);
- iii. determine the registered capital and the number of shares of the Company pursuant to the issue or allotment of shares pursuant to this resolution, and register with the relevant authorities in the PRC and/or Hong Kong upon an increase of registered capital and the number of shares of the Company; and
- iv. make amendments to the Articles of Association accordingly as it thinks fit so as to reflect relevant matters such as the registered capital and new capital structure of the Company after the issue and allotment of shares of the Company.

LETTER FROM THE BOARD

AGM

The Company will hold the AGM at the conference room of the Company, Zhongxin Building, No. 1, Haier Road, Laoshan District, Qingdao, Shandong, PRC, at 3:00 p.m. on Friday, 6 June 2025 for the Shareholders to consider, and if thought fit, approve the resolutions relating to, among others, (i) 2024 Work Report of the Board; (ii) 2024 Work Report of the Supervisory Committee; (iii) 2024 Profit Distribution Plan; (iv) 2024 Financial Statements; (v) 2024 Annual Report; (vi) the re- appointment of auditors of the Company and authorisation for the Board to determine their remunerations; and (vii) the major transaction, discloseable transaction and continuing connected transactions in relation to the Financial Services Framework Agreement. At the AGM, a special resolution will be proposed to consider and approve the grant of general mandate to the Board to issue Shares. Notice of the AGM is set out on pages AGM-1 to AGM-4 of this circular.

CLOSURE OF REGISTER OF MEMBERS OF H SHARES AND ASCERTAINING OF ELIGIBILITY FOR ATTENDING THE AGM

The register of members of H Shares of the Company will be closed from Tuesday, 3 June 2025 to Friday, 6 June 2025, both days inclusive, during which no transfer of H Shares will be registered, in order to determine the holders of the H Shares who are entitled to attend and vote at the forthcoming AGM. To be eligible to attend and vote at the AGM, all properly completed transfer documents, accompanied by relevant share certificate(s), must have been lodged with the Company's H Share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m. on Monday, 2 June 2025 for registration.

Enclosed herewith is proxy form for the AGM. If you intend to attend the AGM or to appoint a proxy to attend the AGM, you are required to complete and return the proxy form in accordance with instructions printed thereon and return them to the Company's H shares registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong (in case of holders of H Shares) or the Company's headquarters at No. 1, Haier Road Laoshan District Qingdao, Shandong, PRC (in case of holders of Domestic Shares) as soon as possible and in any event no later than 24 hours before the time appointed for the AGM (i.e. no later than 3:00 p.m. on Thursday, 5 June 2025) or any adjournment thereof (for the proxy form (if any)). Completion and return of the proxy form will not preclude you from attending and voting at the AGM or any adjournment thereof in person if you so wish.

Voting by Way of Poll

In accordance with Rule 13.39(4) of the Listing Rules, any vote of Shareholders at the AGM must be taken by poll. As such, all the resolutions set out in the notice convening the AGM will be voted by poll.

As Haier Group is the ultimate beneficial owner of Haier Finance Company and is materially interested in the transactions contemplated under the Financial Services Framework Agreement, Haier Group and its associates will abstain from voting on the resolution in relation to the Financial Services Framework Agreement and the proposed annual caps at the AGM. As at the Latest Practicable Date, Haier Group and its associates are holding 64,000,000 Shares, representing 45.33% of the total issued shares of the Company.

LETTER FROM THE BOARD

As at the Latest Practicable Date, to the knowledge and belief of the Directors having made all reasonable enquiries, saved as disclosed above, no Shareholder or its associate, who is entitled to exercise control over the voting right in respect of his/her/its Shares, is deemed to have a material interest in any of the resolutions to be proposed at the AGM, and therefore, no Shareholder is required to abstain from voting on any resolutions at the AGM.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

RECOMMENDATIONS

The Directors (including the independent non-executive Directors) consider that all the above resolutions are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend all the Shareholders to vote in favour of the aforesaid resolutions to be proposed at the AGM.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company. If they are in any doubt about their position, they should consult their professional advisers.

By Order of the Board
Zhongmiao Holdings (Qingdao) Co., Ltd.
Lu Yao
Chairman and executive Director

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of a letter from the Independent Board Committee setting out its recommendation to the Independent Shareholders in relation to the Financial Services Framework Agreement:

Zhongmiao Holdings (Qingdao) Co., Ltd.

眾森控股(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)

16 May 2025

To the Independent Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION, DISCLOSEABLE TRANSACTION AND CONTINUING CONNECTED TRANSACTIONS FINANCIAL SERVICES FRAMEWORK AGREEMENT

We refer to the circular of the Company (the “**Circular**”) dated 16 May 2025 of which this letter forms part. Terms defined in the Circular have the same meanings when used in this letter unless the context otherwise requires.

We have been appointed as members of the Independent Board Committee to consider the terms of the Deposit Services and Other Financial Services contemplated under the Financial Services Framework Agreement and the proposed annual caps, and to give recommendation to the Independent Shareholders as to whether, in our opinion, the terms of the Deposit Services and Other Financial Services contemplated under the Financial Services Framework Agreement and the proposed annual caps are fair and reasonable and on normal commercial terms so far as the Independent Shareholders are concerned and whether the Deposit Services and Other Financial Services contemplated under the Financial Services Framework Agreement and the proposed annual caps are in the interests of the Company and its Shareholders as a whole. Somerley Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Deposit Services and Other Financial Services contemplated under the Financial Services Framework Agreement and the proposed annual caps.

We wish to draw your attention to the letter from the Board set out in the section of Letter from the Board in the Circular which contains, among other things, information about the Financial Services Framework Agreement and the proposed annual caps, and the letter of advice from Somerley Capital Limited set out in the section of Letter from Somerley Capital Limited in the Circular which contains its advice in respect of the terms of the Deposit Services and Other Financial Services contemplated under the Financial Services Framework Agreement and the proposed annual caps.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having taken into account the advice from Somerley Capital Limited, we consider that the terms of the Deposit Services and Other Financial Services contemplated under the Financial Services Framework Agreement and the proposed annual caps are fair and reasonable on normal commercial terms and in the ordinary and usual course of business of the Company so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the AGM to approve the Deposit Services and Other Financial Services contemplated under the Financial Services Framework Agreement and the proposed annual caps.

Yours faithfully,
For and on behalf of
Independent Board Committee

Fang Qiaoling
*Independent non-executive
Director*

Chung Wai Man
*Independent non-executive
Director*

Ng Sin Kiu
*Independent non-executive
Director*

LETTER FROM SOMERLEY CAPITAL LIMITED

The following is the text of the letter of advice from Somerley Capital Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.



SOMERLEY CAPITAL LIMITED

20th Floor
China Building
29 Queen's Road Central
Hong Kong

16 May 2025

To: the Independent Board Committee and the Independent Shareholders

Dear Sirs,

MAJOR TRANSACTION, DISCLOSEABLE TRANSACTION AND CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE FINANCIAL SERVICES FRAMEWORK AGREEMENT

INTRODUCTION

We refer to our appointment to advise the Independent Board Committee and the Independent Shareholders in respect of the Deposit Services and Other Financial Services contemplated under the Financial Service Framework Agreement and the proposed annual caps, details of which are set out in the letter from the Board ("**Letter from the Board**") of the circular of the Company dated 16 May 2025 (the "**Circular**"), of which this letter forms a part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

On 25 April 2025, Haier Finance Company, a subsidiary of Haier Group, entered into the Financial Services Framework Agreement with the Company, pursuant to which Haier Finance Company agreed to provide the Group with financial services subject to the terms and conditions set out therein for a term from the date on which the conditions precedent under the Financial Services Framework Agreement are fulfilled (i.e. 6 June 2025, being the date of the AGM, if the Financial Services Framework Agreement is approved by Independent Shareholders) to 31 December 2027.

As at the Latest Practicable Date, Haier Group holds, through its subsidiaries, approximately 45.33% of the voting rights of the Company. Accordingly, Haier Group is a controlling shareholder of the Company, and thus Haier Finance Company, being a subsidiary of Haier Group, is a connected person of the Company. As such, the entering into of the Financial Service Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

LETTER FROM SOMERLEY CAPITAL LIMITED

Pursuant to the Listing Rules, (i) as the applicable percentage ratio of the highest annual cap for the transaction in relation to the Deposit Services is higher than 25%, the transaction in relation to the Deposit Services constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and (ii) as the applicable percentage ratio of the annual cap for Other Financial Services is higher than 5% but less than 25%, the transaction in relation to Other Financial Services constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. Furthermore, the transactions in relation to the Deposit Services and Other Financial Services constitute continuing connected transactions of the Company under Chapter 14A of the Listing rules and are subject to reporting, announcement, circular (including independent financial advice) and Shareholders' approval requirement under Chapters 14A of the Listing Rules.

The Independent Board Committee, comprising all the independent non-executive Directors, namely Ms. Fang Qiaoling, Mr. Chung Wai Man and Ms. Ng Sin Kiu, has been formed to advise the Independent Shareholders on the terms of the Non-exempt Continuing Connected Transaction and the adoption of the proposed annual caps. We, Somerley Capital Limited, have been appointed to advise the Independent Board Committee and the Independent Shareholders on the same regards.

We are not associated with the Company, Haier Finance Company, Haier Group or their respective core connected persons or associates. In the past two years prior to this appointment, saved for our engagement as the independent financial adviser to the independent board committee and independent shareholders of Haier Smart Home Co., Ltd. (stock code: 6690.HK), a company controlled by the Haier Group, in respect of the Continuing Connected Transactions as disclosed and defined in the circular of Haier Smart Home dated 6 June 2023 and 7 May 2025 respectively, there was no engagement between the Group, Haier Group or their core connected persons and us. Apart from normal professional fees paid or payable to us in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the Group. Accordingly, we are independent from the Company pursuant to Rule 13.84 of the Listing Rules and are considered eligible to give independent advice on the Deposit Services and Other Financial Services under the Financial Service Framework Agreement and the proposed annual caps.

In formulating our opinion and advice, we have relied on the information and facts supplied, and the opinions expressed, by the Directors and management of the Company, which we have assumed to be true, accurate and complete in all material aspects. We have reviewed the information of the Company, among other things, (i) the annual report of the Company for the year ended 31 December 2024 (the **"2024 Annual Report"**); (ii) the announcement of the Company dated 25 April 2025 in relation to, among others, the Deposit Services and Other Financial Services contemplated under the Financial Service Framework Agreement and the proposed annual caps (the **"Announcement"**); and (iii) other information contained in the Circular. We also have sought and received confirmation from the Company that no material facts have been omitted from the information supplied and opinions expressed to us were not misleading in any material aspects. We consider that the information we have received is sufficient for us to reach our opinion and give our advice and recommendations set out in this letter. We have no reason to believe that any material information has been omitted or withheld, or to doubt the truth or accuracy of the information provided. We have, however, not conducted any independent investigation into the business and affairs of the Company, Haier Finance Company, Haier Group or any of their respective associates or any party acting, or presumed to be acting, in concert with any of them, nor have we carried out any independent verification of the information supplied. We have also assumed that all representations contained or referred to in the Circular were true at the time they were made and at the date of the Circular and will continue to be true up to the time of the AGM, and Shareholders will be informed of any material change as soon as possible.

LETTER FROM SOMERLEY CAPITAL LIMITED

PRINCIPAL FACTORS AND REASONS CONSIDERED

1. Information of the parties

1.1. Information of the Group

The Company is a joint stock company established in the PRC with limited liability on 16 March 2017 and the H Shares of which are listed on the Stock Exchange. The principal business activities of the Group are provision of insurance agency services, IT services and consulting services.

Set out below is the summary of the financial information of the Group for the years ended 31 December 2023 and 2024 as extracted from the 2024 Annual Report:

	For the year ended	
	31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Audited)</i>	<i>(Audited)</i>
Revenue		
– Insurance agency business	187,693	155,748
– IT services	16,961	15,782
– Consulting services	1,173	2,481
	<hr/>	<hr/>
	205,827	174,011
Gross profit	78,828	74,513
Profit for the year	46,225	38,993

For the years ended 31 December 2023 and 2024, the Group recorded revenue of approximately RMB174.0 million and RMB205.8 million, respectively, representing an increase of approximately 18.3%. As disclosed in the 2024 Annual Report, the increase in revenue was mainly attributable to the increase in revenue generated from the insurance agency business, as a result of (i) the further optimisation of the Corporate Insurance Interactive Service Platform of the Group, which launched more diversified offerings of property insurance products resulting in the increase in revenue; and (ii) the addition of new strategic channel partners, which brought more incremental business in Henan and Jilin regions as well as business expansion in the existing cooperative channels and increased distribution of accident and automobile insurance products. Revenue generated from IT services increased by 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 mainly because the Group obtained more IT projects as the market continued to recognise our digital capabilities.

LETTER FROM SOMERLEY CAPITAL LIMITED

The Group's gross profit for the year ended 31 December 2023 and 2024 amounted to approximately RMB74.5 million and RMB78.8 million respectively, representing an increase of approximately 5.8%. Such increase was primarily due to the increase in gross profit from insurance agency business. Gross margin was approximately 42.8% and 38.3% for the year ended 31 December 2023 and 2024, respectively. As disclosed in the 2024 Annual Report, the decrease in overall gross margin of the Group was mainly due to the decrease in gross profit margin of the insurance agency business from 41.1% in 2023 to 36.8% in 2024, as a result of (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 the overall economic uncertainty.

The Group recorded profit for the year ended 31 December 2023 and 2024 of approximately RMB39.0 million and RMB46.2 million, respectively, representing an increase of approximately 18.5%. Such increase was mainly due to (i) the increase in revenue and gross profit as mentioned above; (ii) the decrease in general and administrative expenses as a result of the decrease in listing expenses recognised; and (iii) the decrease in selling and marketing costs due to the decrease in staff costs. The net profit margin remained stable at 22.4% for the both year ended 31 December 2023 and 2024.

Set out below is the summary of the financial position of the Group as at 31 December 2023 and 2024 as extracted from the 2024 Annual Report:

	As at 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Audited)</i>	<i>(Audited)</i>
Accounts and bills receivables	41,965	30,806
Time deposits	398,920	132,277
Restricted cash	15,108	11,753
Cash and cash equivalents	169,721	203,638
Other assets	9,679	11,478
Total assets	635,393	389,952
Accounts and other payables	26,896	17,689
Other liabilities	10,125	9,044
Total liabilities	37,021	26,733
Net assets	598,372	363,219

LETTER FROM SOMERLEY CAPITAL LIMITED

As at 31 December 2024, the Group's total assets amounted to approximately RMB635.4 million, mainly comprised of (i) time deposits of approximately RMB398.9 million, (ii) cash and cash equivalents of approximately RMB169.7 million, (iii) accounts and bills receivables of approximately RMB42.0 million; and (iv) restricted cash of approximately RMB15.1 million.

As at 31 December 2024, the Group's total liabilities amounted of approximately RMB37.0 million, all of which were current liabilities and mainly comprised of (i) accounts and other payables of approximately RMB26.9 million; (ii) current taxation payables of approximately RMB4.7 million, and (iii) accrued expenses of approximately RMB4.3 million.

The Group's net assets has increased from approximately RMB363.2 million as at 31 December 2023 to approximately RMB598.4 million as at 31 December 2024, which was mainly due to the increase in capital reserve as a result of the listing of the Shares on 6 August 2024.

1.2. Information of Haier Finance Company

Haier Finance Company is a non-bank financial institution established in the PRC in 2002 and holds a finance licence (金融許可證) granted by the China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會), the predecessor of the National Financial Regulatory Administration (國家金融監督管理總局). Haier Finance Company, as an enterprise group finance company, can provide deposit and other services to Haier Group and its associates including the Group, subject to the supervision of the financial regulatory authorities. The ultimate beneficial owner of Haier Finance Company is Haier Group, whose principal business is investment holding. We have obtained the business license of Haier Finance Company issued by the China Banking and Insurance Regulatory Commission and noted that Haier Finance Company is authorised to provide the Deposit Services and Other Financial Services as set out in the Financial Services Framework Agreement.

We have also obtained and reviewed the financial information of Haier Finance Company for the year ended 31 December 2022, 2023 and 2024, as well as the relevant key financial ratios of Haier Finance Company as and the corresponding requirements set by the authorities at 31 December 2022, 2023 and 2024 respectively. From our review, we noted that Haier Finance Company complied with the key financial ratio requirements as at 31 December 2022, 2023 and 2024, respectively.

2. Reasons for and benefits of the Deposit Services and Other Financial Services

As stated in the Letter from the Board of the Circular, the reasons for and the benefits to the Group in using the financial services of Haier Finance Company, include but are not limited to:

- (i) Haier Finance Company is a non-banking financial institute among the first batch of companies being approved to carry out all kinds of domestic and foreign currencies businesses, and the first enterprise group finance company to carry out the pilot program of centralised management of foreign exchange funds for current account items. It is the first finance group in China to pass the ISO27001 certification of the International Information Security Management System and the third-level certification of national standard protection;

LETTER FROM SOMERLEY CAPITAL LIMITED

- (ii) as a non-banking financial institution specialising in providing financial services to enterprise group member entities, Haier Finance Company is regulated by the PBOC and the NFRA and is required to provide financial services in accordance with and in compliance of the rules and operational requirements of these regulatory authorities including capital risk guidelines and requisite capital adequacy ratios;
- (iii) the Group's deposits placed in Haier Finance Company can save financial costs and improve capital efficiency. The interest rate for the Deposit Services and the Loan Services will be no less favourable than those offered by the PBOC and major other domestic commercial banks in the PRC for similar type of services. The fee or commission for the fee-based or commission-based financial service provided by Haier Finance Company will not be higher than those charged by other domestic commercial banks or financial institutions. At the same time, Haier Finance Company exempts account management fees, online banking opening fees, inquiry letter fees, deposit certificates, internal settlement fees, etc., which can effectively save financial costs for the Group;
- (iv) by leveraging the unique cross-bank aggregation function of the finance company, Haier Finance Company can shorten the Group's capital transfer and turnover time in several bank channels and improve the efficiency of capital operations. Meanwhile, Haier Finance Company has continuously upgraded its digitisation system and established a professional team to provide more considerate services with higher quality;
- (v) as an intra-group service provider of Haier Group, its integral position within the corporate structure allows for streamlined communication, reduced transaction costs, and enhanced operational efficiency; and
- (vi) the Group has placed deposits with Haier Finance Company and established a good relationship with Haier Finance Company over years. Haier Finance Company is familiar with the Group's operations, capital structure and working capital management, which may enable Haier Finance Company to render more expedient, efficient and flexible deposit services to the Group than other commercial banks and independent financial institutions in the PRC and also accurately predict and quickly meet the Group's needs for financial services.

The Group is independent from its Shareholders (including Haier Group) in financial aspects, while the above fund pools management services to be provided by Haier Finance Company represent the internal fund management of the Group only. Based on the Group's previous experience in business dealings with Haier Finance Company, the Directors believe that Haier Finance Company is capable of effectively satisfying the Group's demands for financial services and can provide customised financial service solutions for the Group according to its strategic plan, which is in the interests of the Group and the Shareholders as a whole.

LETTER FROM SOMERLEY CAPITAL LIMITED

Given the transactions to be contemplated under the Financial Services Framework Agreement are in the ordinary and usual course of business of the Company and are under normal commercial terms, the Directors (excluding the independent non-executive Directors) are of the view that the terms of the Financial Services Framework Agreement and the proposed annual caps are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Based on the above and the fact that (i) the Group is not restricted under the Financial Services Framework Agreement to procure similar deposit services from other financial services providers; (ii) interest rate for the deposits placed with Haier Finance Company by the Group shall be no less favourable than those offered by the PBOC and major other domestic commercial banks in the PRC to the Group for similar type of deposit services; and (iii) the risk profile of Haier Finance Company is not greater than that of other commercial banks in the PRC as mentioned above, we concur with the Directors' view that the Deposit Services under the Financial Services Framework Agreement was in the interests of the Group and the Shareholders as a whole.

3. The Financial Services Framework Agreement

The following sets forth the principal terms of the Deposit Services and Other Financial Services under Financial Services Framework Agreement. For detailed terms of the Financial Services Framework Agreement, please refer to the section headed "*7. Major Transaction, Discloseable Transaction and Continuing Connected Transactions in relation to the Financial Services Framework Agreement*" in the Letter from the Board.

Date: 25 April 2025

Parties: the Group (as service recipient); and
Haier Finance Company (as service provider)

Term: From the date on which the conditions precedent under the Financial Services Framework Agreement are fulfilled (i.e. 6 June 2025, being the date of the AGM, if the Financial Services Framework Agreement is approved by Independent Shareholders) to 31 December 2027.

Subject to the compliance with the relevant requirements under Chapter 14A of the Listing Rules (if applicable), the Group has an option, in its entire discretion, to renew the Financial Services Framework Agreement upon its expiry (subject to adjustment of fees where necessary) for another term of three years.

Condition precedent: The Financial Services Framework Agreement is conditional upon (i) the approval by Independent Shareholders at the AGM; and (ii) other relevant requirements stipulated by the Listing Rules or imposed by the Stock Exchange.

LETTER FROM SOMERLEY CAPITAL LIMITED

Nature of services: Haier Finance Company shall provide the following financial services to the Group:

- (1) Deposit Services;
- (2) Loan Services;
- (3) Other Financial Services, which include the following:
 - (i) spot foreign exchange trading services and hedging financial derivatives business, international settlement, trade financing and non-financing guarantee services, etc.;
 - (ii) financial consulting and consulting agency services;
 - (iii) cross-border foreign exchange fund and cross-border RMB fund services;
 - (iv) credit verification and entrusted loan services;
 - (v) issuance, acceptance and discounting of bills;
 - (vi) collection and automatic clearing management of paper commercial bills and electronic commercial bills;
 - (vii) internal transfer and settlement service of the Group and the corresponding settlement;
 - (viii) underwriting of corporate bonds of the Group;
 - (ix) services in relation to collection and payment of funds;
 - (x) consumer credit and buyer credit for the Group's products/services;
 - (xi) other services approved by the NFRA.

LETTER FROM SOMERLEY CAPITAL LIMITED

Pricing Policy:

In terms of the Deposit Services, pursuant to the Financial Services Framework Agreement, in respect of RMB deposits, Haier Finance Company will provide deposit services to the Group by referencing to the benchmark deposit interest rate announced by the PBOC for the same period from time to time and in accordance with regulatory requirements, at an interest rate which is more favourable than the highest interest rate for the same type of deposits as announced by Industrial and Commercial Bank of China, Agricultural Bank of China, China Construction Bank, Bank of China and all the listed national joint stock banks in the PRC (the “Comparable Banks”). Deposits for foreign currencies are implemented in accordance with market principles, and the interest rate of similar deposits is no less favourable than the highest interest rate of commercial banks available to the Group.

Before placing RMB deposits with Haier Finance Company, the Group will compare the interest rate provided by Haier Finance Company with those announced by the Comparable Banks. Before placing foreign currency deposits with Haier Finance Company, the Group will compare the interest rate and/or exchange rate provided by Haier Finance Company with those provided by three major banks or financial institutions with which the Group has established business relationships in each quarter.

In terms of Other Financial Services, the fees charged by Haier Finance Company will be determined based on corresponding market prices with reference to the charge standard published by the PBOC on its official website from time to time. If there is no such benchmark rate published by the PBOC for that kind of financial services, the fee will be determined with reference to, amongst other factors, the rates charged by other major financial institutions/commercial banks for the same types of services and their conditions. The terms and conditions should not be less favourable than those terms and conditions offered by independent financial institutions/commercial banks in the PRC to the Group. Before using other financial services provided by Haier Finance Company, the Group will compare the fees charged by Haier Finance Company with those charged by three major commercial banks or financial institutions with which the Group has established business relationships. Haier Finance Company will leverage its collective resource advantages to obtain the lowest service fees and the best-quality services from external financial institutions and will not charge any additional intermediary fees except those charged by external banks. In addition, Haier Finance Company agrees to waive all the service fees that would otherwise be charged to the Group, including but not limited to, account management fees, online banking activation fees, inquiry fees, deposit certificate fees, credit certificate fees, internal settlement fees, and all other service-related charges.

LETTER FROM SOMERLEY CAPITAL LIMITED

Set-off:

In respect of the Deposit Services and in the event that Haier Finance Company misuses or defaults on the deposits placed by the Group with Haier Finance Company, or in any other circumstances which renders Haier Finance Company to be unable to return such deposits (including accrued interests) to the Group, the Group is entitled to appropriate such deposits to set off against the outstanding loans (including accrued interests) extended by Haier Finance Company to the Group. Specifically, the Group may send a letter to Haier Finance Company to assert that the relevant deposits are due immediately, and Haier Finance Company shall then immediately repay the relevant deposits (including accrued interests) to the Group. The Group may also appropriate such deposits to set off against the outstanding loans (including accrued interests) extended by Haier Finance Company to the Group, which enables Haier Finance Company to immediately repay the relevant deposits (including accrued interests) to the Group. If the Group's deposit with Haier Finance Company is more than the loans extended by Haier Finance Company, the Group may offset part of the deposit with Haier Finance Company against the total loans extended by Haier Finance Company. As to the remaining deposits, the Group is entitled to request Haier Finance Company to repay the deposits through negotiation, arbitration and/or litigation. However, in the event that the Group fails to repay its loans extended by Haier Finance Company to the Group on time, Haier Finance Company will not be entitled to set off the outstanding loans owed by the Group to Haier Finance Company against the deposits (including accrued interests) placed by the Group with Haier Finance Company, except as otherwise provided by the laws and regulations of the PRC.

Undertaking:

- Haier Finance Company will ensure the safe and stable operation of the fund management information system, which has passed the third-level certification of national standard protection and has reached the national security standard for commercial banks. Haier Finance Company will protect the safety of the funds of the Group and control the assets and liabilities risks;

LETTER FROM SOMERLEY CAPITAL LIMITED

- Haier Finance Company shall at all times monitor its credit risks. If (a) Haier Finance Company breaches or may breach the laws, regulations, or the terms of the Financial Services Framework Agreement, or (b) on the occurrence of any other circumstances that may raise serious concern regarding the safety of deposits placed by the Group, Haier Finance Company shall, within three days of becoming aware of such a situation, give written notice to the Group, and to take measures to prevent or mitigate any potential loss. Upon receiving such notice, members of the Group have the right to withdraw their deposits (including any accrued interest) immediately. If the deposits (including accrued interest) cannot be withdrawn, the Group may set off its loans provided by Haier Finance Company against its deposits (including accrued interest), unless otherwise as provided in the relevant PRC laws and regulations;
- Haier Finance Company shall as far as practicable and on a best effort basis provide such assistance as necessary to the Group so as to allow the Group to comply with its internal control procedures and the requirements under the Listing Rules, including but not limited to providing financial and other data and/or documents within a reasonable timeframe, giving written or verbal explanations to queries raised by the Group and issue explanatory notes for certain facts or circumstances;
- Haier Finance Company will provide the Group with the annual statutory audit reports issued by an independent auditor to enable the management of the Group to have a comprehensive knowledge about the financial situation of Haier Finance Company;
- Haier Finance Company will appoint an independent accounting firm in accordance with the Financial Services Framework Agreement to review the completeness and impartiality of its internal control, risk management and operation system, assess the completeness and effectiveness of its internal control measures, and provide an evaluation report on the effectiveness of implementation of the internal control measures to the Group on an annual basis;
- Haier Finance Company will provide the Group with copies of all compliance reports submitted to the NFRA within three business days, ensuring that the Group is informed of the compliance status of Haier Finance Company;

LETTER FROM SOMERLEY CAPITAL LIMITED

- Haier Finance Company undertakes to strictly comply the risk monitoring indicators for finance companies as stipulated by the NFRA in its operations. Key risk monitoring indicators include the capital adequacy ratio and liquidity ratio. Based on the management accounts quarterly provided by Haier Finance Company, the Group will monitor the compliance with key risk monitoring indicators of Haier Finance Company on a quarterly basis;
- Haier Finance Company will provide the Group with copies of the external reports on its credit rating when they are available, and notify the Group immediately when there are changes in credit rating, ensuring that the Group will be informed of the credit rating status of Haier Finance Company; and
- Upon the completion of the preparation of Haier Finance Company's quarterly financial statements, they will be provided to the Group in a timely manner.

Termination:

- Haier Finance Company shall not unilaterally terminate the Financial Services Framework Agreement unless there is a material breach of any terms of the Financial Services Framework Agreement by the Group. Under such circumstances, Haier Finance Company may terminate transactions with the defaulting members of the Group under the relevant agreement by providing written notice to the defaulting company at least six months in advance. Transactions between Haier Finance Company and other members of the Group shall remain unaffected and continue to be valid.
- The Group shall be entitled to terminate the Financial Services Framework Agreement by providing Haier Finance Company not less than one month's written notice upon:
 - (i) the occurrence of any of the following which exposes or potentially exposes the Group to significant risks or losses: (a) breaches or potential breaches of PRC laws and regulations by Haier Finance Company; (b) Haier Finance Company encounters or may encounter any significant operational issues or payment difficulties; and
 - (ii) the performance of the Financial Services Framework Agreement by the Group would result in or may result in its violation of laws and regulations (including Listing Rules).

LETTER FROM SOMERLEY CAPITAL LIMITED

In order to ensure that the interest rates of the deposits placed by the Group with Haier Finance Company are on normal commercial terms and no less favourable to the Group, before placing deposits with Haier Finance Company, the Group compare the interest rate and/or exchange rate provided by Haier Finance Company with those provided by three major banks or financial institutions with which the Group has established business relationships in each quarter.

For our due diligence purpose, we have obtained and reviewed the fixed deposit agreement entered into between the Group and Haier Finance Company in respect of the only deposit placed by the Group with Haier Finance Company since the listing of the H Shares on the Stock Exchange (i.e. 6 August 2024) up to the end of 2024. From our review, we noted that the interest rate offered by Haier Finance Company to the Group in relation to the fixed deposit was no less favorable than those offered by three major commercial banks in the PRC for similar type of deposit.

In addition, as advised by the management of the Company, the Group sought to monitor and manage its members in depositing cash resources among major banks and/or financial institutions in the PRC as a measure to manage credit risk exposure as well as to enhance overall deposit interest yield in accordance with its treasury management strategy. We have obtained and reviewed the Group's bank deposit schedule and noted that the Group has placed deposits with not less than ten other commercial banks/financial institutions in the PRC as the date of the Announcement.

Furthermore, there is a set-off clause where if (a) Haier Finance breaches or may breach the laws, regulations, or the terms of the Financial Services Framework Agreement, or (b) on the occurrence of any other circumstances that may raise serious concern regarding the safety of deposits placed by the Group, Haier Finance shall, within three days of becoming aware of such a situation, give written notice to the Group, and to take measures to prevent or mitigate any potential loss. Upon receiving such notice, members of the Group have the right to withdraw their deposits (including any accrued interest) immediately. If the deposits (including accrued interest) cannot be withdrawn, the Group may set off its loans provided by Haier Finance against its deposits (including accrued interest), unless otherwise as provided in the relevant PRC laws and regulations.

Notwithstanding that the possible amount of outstanding loans extended by Haier Finance Company to the Group might be less than the possible amount of deposits placed by the Group with Haier Finance Company, taking into consideration the key financial ratios of Haier Finance Company, which is subject to the supervision of the financial regulatory authorities, and the additional undertaking of Haier Finance Company as set out above, we are of the view that such off-set arrangement could provide additional level of protection to the Group in recovering any potential amount due from Haier Finance Company, and is in the interests of the Company and the Shareholders as whole.

LETTER FROM SOMERLEY CAPITAL LIMITED

There were no historical transaction amounts between the Group and Haier Finance Company with respect to Other Financial Services for each of the three years ended 31 December 2024. As stipulated in the Financial Services Framework Agreement, the fees charged by Haier Finance Company in respect of Other Financial Services will be determined based on corresponding market prices with reference to the charge standard published by the PBOC on its official website from time to time. If there is no such benchmark rate published by the PBOC for that kind of financial services, the fee will be determined with reference to, amongst other factors, the rates charged by other major financial institutions/commercial banks for the same types of services and their conditions. The terms and conditions should not be less favourable than those terms and conditions offered by independent financial institutions/commercial banks in the PRC to the Group.

Based on the above, in particular that the (i) interest rates offered and fees charged by Haier Finance Company to the Group will be no less favourable than those offered to the Group by other commercial banks/financial institutions, which ensure the Deposit Services and Other Financial Services will be conducted on normal commercial terms or better; and (ii) the Deposit Services and Other Financial Services contemplated under the Financial Services Framework Agreement are conducted on a non-exclusive basis, we are of the view that the principal terms (including the pricing policies) of the Deposit Services and Other Financial Services contemplated under the Financial Services Framework Agreement are fair and reasonable so far as the Independent Shareholders are concerned and in the interest of the Company and Shareholders as a whole.

4. Proposed annual caps

Historical transaction amounts

The maximum daily outstanding balance of deposits placed by the Group with Haier Finance Company for the years ended 31 December 2022 and 2023 were approximately RMB197.1 million and RMB83.0 million, respectively. The maximum daily outstanding balance of deposits placed by the Group with Haier Finance Company for the year ended 31 December 2024 was RMB20 million, being the amount of time deposit made by the Group with Haier Finance Company as disclosed in the announcement of the Company dated 13 November 2024. The corresponding interest income received by the Group from Haier Finance Company for each of the three years ended 31 December 2024 were approximately RMB0.2 million, RMB0.1 million and RMB43,000, respectively.

There were no historical transaction amounts between the Group and Haier Finance Company with respect to Other Financial services for each of the three years ended 31 December 2024.

LETTER FROM SOMERLEY CAPITAL LIMITED

Proposed annual caps

The transaction annual caps for Deposit Services and Other Financial Services under the Financial Services Framework Agreement shall not exceed the following caps:

RMB'000

	For the year ending 31 December		
	2025	2026	2027
Deposit Services			
Maximum daily outstanding balance of deposits (including interests accrued thereon) placed by the Group with Haier Finance Company	309,000	309,000	309,000
Other Financial Services			
Maximum daily trading balance of foreign exchange derivative products	50,000	50,000	50,000
Service fee	60	60	60

As set out in the Letter from the Board, when determining the above proposed annual caps in relation to the Deposit Services and Other Financial Services, the Directors have taken into consideration the following factors:

In terms of Deposit Services:

- (i) the historical transaction amounts, after taking into account the maximum daily outstanding balance of deposits with Haier Finance Company of RMB197.1 million for the year ended 31 December 2022;
- (ii) the cash and cash equivalents of RMB169.7 million and time deposits of RMB398.9 million of the Group as at 31 December 2024, as well as the growth of the Group's sales revenue and operating profits of 38.7% and 24.8%, respectively, from 2022 to 2024;
- (iii) the estimated cash amounts as well as daily cash inflows of the Group available for deposit at Haier Finance Company. As part of the finance management measures, the Company will set the maximum daily outstanding balance amount for the Group's deposits placed at Haier Finance Company every year so as to allow sufficient financial allocation flexibility for the Group; and

LETTER FROM SOMERLEY CAPITAL LIMITED

- (iv) as at the Latest Practicable Date, the Group had placed deposits with around 10 different financial institutions (including Haier Finance Company) in the PRC and Hong Kong. Furthermore, the Deposit Services will be obtained by the Group on a voluntary and non-exclusive basis. There is no restriction under the Financial Services Framework Agreement on the Group's ability to obtain deposit services from other banks or financial institutions, and the Group is at its sole discretion to make its selection according to the relevant interest rates and quality of services being delivered by other banks or financial institutions. The Group has been diversifying the banks or financial institutions for cash deposits for the purpose of risk management of its capital and the proposed annual caps can provide more flexibility to the Group's cash management and allocation, such as maximising the interest income earned from deposit.

In terms of Other Financial Services:

- (i) the Group's expected need for Other Financial Services based on its operation and development plans; and
- (ii) the anticipated increase in the Group's demand for global financial services. To minimize the exposure of the Group towards foreign exchange risks and based on actual business needs, the Group proposes to set the maximum daily trading balance of foreign exchange derivative products purchased from Haier Finance Company. Considering the Group's planning on international business and that the Group may expand its global business portfolio and growth profile through acquisitions of appropriate overseas targets, the Group is expected to have demand for global financial services, especially the foreign exchange derivative products, to satisfy its hedging needs increases.

Deposit Services

As set out in the section headed "1.1 Information of the Group" above, as at 31 December 2024, time deposits, restricted cash and cash and cash equivalent of the Group amounted to approximately RMB398.9 million, RMB15.1 million and RMB169.7 million, respectively. The aggregate amount of which accounted for over 90% of the total assets of the Group as at 31 December 2024, and is substantially higher than the proposed maximum daily outstanding balance of deposits placed with Haier Finance Company for the three years ending 31 December 2027 of RMB309 million.

Furthermore, the Shares were listed on the Stock Exchange on 6 August 2024. As disclosed in the 2024 Annual Report, the net proceeds from the listing amounted to approximately HK\$198.9 million, none of which were utilised as at 31 December 2024. The Company expects to utilise these net proceeds for the purposes as set out in the prospectus of the Company dated 29 July 2024, and will deposit the unutilized net proceeds into interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions.

LETTER FROM SOMERLEY CAPITAL LIMITED

While the Company maintains deposits with Haier Finance Company mostly in the form of demand deposits, time deposit and agreement deposit, the management of the Company considers that it is reasonable to determine the proposed annual caps with reference to the overall bank balance of the Group to cater any unexpected fluctuations in bank balance, in particular, in the event of loans drawdown from Haier Finance Company given the loans may be subsequently deposited with Haier Finance Company. As disclosed in the letter from the Board of the Circular, the maximum daily outstanding balance of loans (including interests accrued thereon) granted by Haier Finance Company to the Group amounted to approximately RMB104 million for the three years ending 31 December 2027. As advised by the management of the Company, the credit amount available from Haier Finance Company to the Group is expected to increase based on the business development and financial arrangement of the Group.

We have discussed with the management of the Company and were given to understand that interest rate is a crucial factor that the Group considers when deciding whether to place deposits with a bank or other financial institutions. As set out in the section headed “5. *Internal control measures*” below, the Company will compare interest rates announced or offered by other major commercial banks or financial institutions with those offered by Haier Finance Company, and only deposit with Haier Finance Company if the interest rate offered by Haier Finance Company is not lower than those offered by other major commercial banks or financial institutions. Furthermore, as advised by the management of Company, for risk management and business relationship management, the Group would not place all available funds with one single bank or financial institution, including Haier Finance Company. Based on the Group’s bank deposit schedule as at the date of the Announcement provided by the Group, the Group has placed deposits with not less than ten other commercial banks/financial institutions in the PRC.

Other Financial Services

The proposed annual caps in respect of Other Financial Services amounted to RMB50 million for maximum daily trading balance of foreign exchange derivative products and RMB0.06 million for service fee. We have discussed with the management of the Company and noted that the anticipated demand for foreign exchange derivative products arises from the Group’s strategy for geographical expansion. Despite most operating results of the Group are currently derived from the PRC, as set out in 2024 Annual Report, it is the Group’s strategy to expand its ecosphere by establishing links with more companies to provide more product solutions for insurance users, and 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. As advised by the management of the Company, after the listing of the Shares in August 2024, some of the cash and cash equivalents of the Group were denominated in Hong Kong dollar. Taking into account the Group’s expansion strategies, it is anticipated that the Group’s exposure to foreign exchange risk will increase, and hence certain currency hedging products might be used. As set out in the section headed “1.1 *Information of the Group*” above, the Group’s revenue amounted to approximately RMB205.8 million for the year ended 31 December 2024, representing an increase of approximately 18.3% from the previous year. The proposed maximum daily trading balance of foreign exchange derivative products of RMB50 million accounted for less than 30% of the revenue of the Group.

LETTER FROM SOMERLEY CAPITAL LIMITED

Having considered above, and the fact that the proposed annual caps for the Deposit Services and Other Financial Services provide the Group an option, but not an obligation, for the Group to deposit its funds with and procure other financial services from Haier Finance Company, providing flexibility to the Group when sourcing financial service providers with favorable interest rates and fees, we are of the view that the proposed annual caps for the Deposit Services and Other Financial Services are fair and reasonable so far as the Independent Shareholders are concerned.

5. Internal control measures

To safeguard the interests of the Company and the Shareholders as a whole, the Company has adopted, among other, the following guidelines and principles in monitoring the financial services connected transactions between the Group and Haier Finance Company, including the Deposit Services and Other Financial Services. Details of the internal control measures adopted by the Company are set out in the section headed “*Internal Control Measures*” in the letter from the Board of the Circular.

- the finance department of the Company will obtain quarterly (i) deposit interest rates announced by the Comparable Banks; and/or (ii) the interest rates offered by three major commercial banks or financial institutions with which the Group has established business relationships, and compare those with the interest rate offered by Haier Finance Company. If the interest rate offered by Haier Group is not the highest for similar deposits, the Group will negotiate with Haier Finance Company to adjust the proposed interest rate in compliance with the abovementioned pricing principles;
- the finance department of the Company will monitor the daily deposit level to ensure that the daily deposit amount does not exceed the caps;
- the finance department of the Company is responsible for supervising and ensuring the effective implementation of internal control procedures for the connected transactions. It will conduct a compliance inspection quarterly, and report to the audit committee of the Company; and
- the Group will review the transactions with Haier Finance Company, summarise the experiences and supplement any inadequacies on an annual basis.

In light of the above internal control measures adopted by the Company and given that we have reviewed (i) the only deposit placed by the Group with Haier Finance Company since the listing of the H Shares on the Stock Exchange up to the end of 2024 and the interest rate offered by Haier Finance Company to the Group in relation to the fixed deposit was no less favorable than those offered by three major commercial banks in the PRC for similar type of deposit; and (ii) the Group’s bank deposit schedule that the Group have placed deposits with not less than ten other commercial banks/financial institutions in the PRC as the date of the Announcement, showing that the Group has its treasury management strategy to manage credit risk exposure and to enhance overall deposit interest yield, we are of the view that the Company’s internal control measures are sufficient to safeguard the interests of the Shareholders.

LETTER FROM SOMERLEY CAPITAL LIMITED

In addition, pursuant to Rules 14A.55 to 14A.59 of the Listing Rules, the Deposit Services and Other Financial Services contemplated under the Financial Services Framework Agreement are subject to the following annual review requirements:

- (a) the independent non-executive Directors must review the Non-exempt Continuing Connected Transaction every year and confirm in the annual report that the 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 agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole;
- (b) the Company's auditors must provide a letter to the Board confirming whether anything has come to their attention that causes them to believe that the transactions:
 - (i) have not been approved by the Board;
 - (ii) were not, in all material respects, in accordance with the pricing policies of the Group;
 - (iii) were not entered into, in all material respects, in accordance with the relevant agreements governing them; and
 - (iv) have exceeded the relevant annual caps;
- (c) the Company must allow, and ensure that the counterparties to the Non-exempt Continuing Connected Transaction allow, the Company's auditors sufficient access to their records for the purpose of the reporting on such transactions; and
- (d) the Company must promptly notify the Stock Exchange and publish an announcement if the independent non-executive Directors and/or auditors of the Company cannot confirm the matters as required. The Stock Exchange may require the Company to re-comply with the announcement and Shareholders' approval requirements and may impose additional conditions.

In light of the reporting requirements attached to the Non-exempt Continuing Connected Transaction, in particular, (i) the comparison of the interest rate offered/fees charged by Haier Finance Company to those announced by the Comparable Banks and/or those offered by three major commercial banks or financial institutions; (ii) the restriction of the transaction value by way of annual caps; and (iii) the ongoing review by the independent non-executive Directors and auditors of the Company of the Non-exempt Continuing Connected Transaction and the proposed annual caps not being exceeded, we are of the view that appropriate measures will be in place to govern the conduct of the Deposit Services and Other Financial Services pursuant to the Financial Services Framework Agreement and assist in safeguarding the interests of the Company and the independent Shareholders as a whole.

LETTER FROM SOMERLEY CAPITAL LIMITED

OPINION AND RECOMMENDATIONS

Having taken into account the above principal factors and reasons, we consider that the entering into of the Financial Services Framework Agreement, including the Deposit Services and Other Financial Services contemplated thereunder and the proposed annual caps for the Deposit Services and Other Financial Services are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the resolutions in relation to the Deposit Services and Other Financial Services contemplated under the Financial Services Framework Agreement, and the proposed annual caps for the Deposit Services to be proposed at the AGM.

Yours faithfully,
for and on behalf of
SOMERLEY CAPITAL LIMITED
Calvin Leung
Director

Mr. Calvin Leung is a licensed person registered with the Securities and Futures Commission of Hong Kong and a responsible officer of Somerley Capital Limited, which is licensed under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities. He has over 20 years of experience in the corporate finance industry.

1. FINANCIAL INFORMATION OF THE GROUP

The published audited consolidated financial statements of the Group for the three years ended 31 December 2022, 2023 and 2024 are disclosed in the following documents, which have been published on the website of the Stock Exchange (www.hkexnews.hk) and the Company (www.haierbx.net):

(a) Prospectus:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0729/2024072900013.pdf>

(b) 2024 Annual Report:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0430/2025043000037.pdf>

2. INDEBTEDNESS STATEMENT

As at the close of business on 30 April 2025, being the most recent practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had lease liabilities of approximately RMB24,000, all of which were unsecured and unguaranteed.

Save as aforesaid and apart from intra-group liabilities, the Group did not have any mortgages, charges, debentures, loan capital, bank loans and overdrafts, debt securities or other similar indebtedness, finance leases or hire purchase commitments, liabilities under acceptances or acceptances credits, or any guarantees, or any other contingent liabilities outstanding as at the close of business on 30 April 2025.

3. WORKING CAPITAL

Taking into account the effect of the transactions contemplated under the Financial Service Framework Agreement and the present internal financial resources available to the Company, including cash and cash equivalents as well as the internal resources, the Directors are of the opinion that, the Company has sufficient working capital for its requirements for at least 12 months from the date of publication of this circular.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, there had not been any material adverse change in the financial or trading position of the Group since 31 December 2024, being the date to which the latest published audited consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date.

5. EFFECT ON THE EARNINGS AND ASSETS AND LIABILITIES OF THE GROUP

The Company is of the view that the provision of financial services from Haier Finance Company under the Financial Services Framework Agreement will enable the Group to (i) enhance the risk management of its capital and provide flexibility to the Group's cash management; (ii) save financial costs; and (iii) improve the efficiency of capital operations. As a consequence, such arrangement would improve the Group's profitability and quality of assets and maintain its asset-liability ratio at a healthy level.

6. FINANCIAL AND TRADING PROSPECT OF THE COMPANY

The Group is an insurance agency service provider in Shandong province, the PRC. The Group's 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. The Group's 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.

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. Furthermore, 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, the Group achieved a CAGR of 34.4% in total premiums facilitated. This underscores the Company's strong market competitiveness and growth potential.

The Group's long-term strategic objective is to anchor its differentiated "technology + scenarios + ecosystem" model to support the continuous iteration of user experience. To continue on the rapid development in principal business, the Group intend to adopt the following strategies:

- Continuous expansion of the ecosystem;
- Proactive adoption of artificial intelligence ("AI") by focusing on (i) AI + risk mitigation; (ii) intelligent customer service; and (iii) intelligent claims processing; and
- Selective investments and acquisitions in insurance intermediary and fintech industry.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors', Supervisors' and Chief Executive's Interests in Securities

As of the Latest Practicable Date, the interests and short positions of the Directors, the Supervisors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) 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 (including interests and short positions which were taken or deemed to have under such provisions of the SFO), or (ii) which were required, pursuant to section 352 of the SFO, to be entered into the register maintained by the Company, or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Interests of directors, supervisors and chief executives in the 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 Zhiqian	Executive Director and deputy general manager	Interest in controlled corporation ⁽³⁾	24,000,000 Domestic Shares ^(L)	22.66	17.00

Notes:

- (1) As at the Latest Practicable Date, 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. By virtue of the SFO, 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 Quanzhangui 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 and to the best knowledge of the Directors, the Supervisors and chief executive of the Company, as at the Latest Practicable Date, none of the Directors, the Supervisors or chief executive of the Company has any interests and/or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations, 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 (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

(b) Substantial Shareholders' Interests in Securities

As at Latest Practicable Date, to the best knowledge of the Directors, the following persons (not being a Director, a Supervisor, or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which are to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

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	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) ⁽²⁾⁻⁽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
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

APPENDIX II

GENERAL INFORMATION

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⁾ (%)
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 ⁽⁵⁾	56,000,000 Domestic Shares (L) ⁽⁶⁾	52.88	39.66
Qingdao Haichuang Management Consultant Co., Ltd. (青島海創管理諮詢有限公司)	Beneficial interest ⁽⁶⁾	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
Qingdao Haichuangying 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

Notes:

- (1) As at the Latest Practicable Date, 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 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 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. (青島嶗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 the Latest Practicable Date, to the best knowledge of the Directors, no 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.

3. DIRECTORS' SERVICE CONTRACTS

Each of the Directors and Supervisors has entered into a service contract or a letter of appointment with the Company for a term until the conclusion of the 2025 annual general meeting of the Company to be held in 2026.

As at the Latest Practicable Date, save as disclosed above, none of the Directors or Supervisors had any existing or proposed service contract with any member of the Group (excluding contracts expiring or terminable by the employer within one year without payment of compensation (other than statutory compensation)).

4. DIRECTORS' INTEREST IN ASSETS

As at the Latest Practicable Date, none of the Directors or Supervisors had any interest in any assets which have been, since 31 December 2024 (being the date to which the latest published audited accounts of the Company were made up), acquired or disposed of by or leased to the Company, or are proposed to be acquired or disposed of by or leased to the Company.

As at the Latest Practicable Date, so far as the Directors are aware, none of the Directors had any interest, either directly or indirectly, in any asset which has since December 31, 2024 (being the date to which the latest published audited consolidated financial statements of the Group were made up), up to the Latest Practicable Date, been acquired or disposed of by or leased to, any member of the Group or are proposed to be acquired or disposed of by, or leased to, any member of the Group.

5. DIRECTORS' INTEREST IN CONTRACT OR ARRANGEMENT OF SIGNIFICANCE

No Director and/or his/her respective close associates had a material interest, either directly or indirectly, in any contract or arrangement subsisting as at the Latest Practicable Date which is significant in relation to the business of the Group.

6. COMPETING INTERESTS

As at the Latest Practicable Date, as far as the Directors are aware, none of the Directors nor their respective close associates is and was interested in any business which competes or may compete, either directly or indirectly, with the business of the Group.

7. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was involved in any litigation, claim or arbitration of material importance and there was no litigation, claim or arbitration of material importance known to the Directors to be pending or threatened against any member of the Group.

8. MATERIAL CONTRACTS

Within the two years immediately preceding the date of this circular and up to the Latest Practicable Date, the following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of the Group which are or may be material:

- (a) a cornerstone investment agreement dated 25 July 2024 entered into among our Company, Hong Tai International III LPF (洪泰國際三號有限合夥基金), CITIC Securities (Hong Kong) Limited, Ping An of China Capital (Hong Kong) Company Limited, China PA Securities (Hong Kong) Company Limited, CLSA Limited and Hong Tai Securities Limited (洪泰證券有限公司), pursuant to which Hong Tai International III LPF (洪泰國際三號有限合夥基金);
- (b) a cornerstone investment agreement dated 25 July 2024 entered into among our Company, The Reynold Lemkins Group (Asia) Limited, CITIC Securities (Hong Kong) Limited, Ping An of China Capital (Hong Kong) Company Limited, China PA Securities (Hong Kong) Company Limited and CLSA Limited, pursuant to which The Reynold Lemkins Group (Asia) Limited;
- (c) the Hong Kong Underwriting Agreement; and
- (d) the International Underwriting Agreement.

9. MISCELLANEOUS

- (a) The joint company secretaries of the Company are Ms. Sun Yanlu (孫艷露) and Ms. Chan Sau Ling (陳秀玲). Ms. Chan Sau Ling 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;
- (b) The authorised representatives of the Company are Mr. Lu Yao (鹿遙) and Ms. Chan Sau Ling (陳秀玲);
- (c) The registered office of the Company in the PRC is at No. 187 Jinshui Road, Licang District, Qingdao, Shandong, PRC, and the headquarters of the Company in the PRC is at No. 1, Haier Road, Laoshan District, Qingdao, Shandong, PRC;
- (d) The principal place of business of the Company in Hong Kong is at Room 1917, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong;
- (e) The H share registrar of the Company is Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong; and
- (f) This circular has been prepared in both English and Chinese. In the case of any discrepancies, the English texts shall prevail over their respective Chinese texts.

10. EXPERT AND CONSENT

The following are the qualifications of the expert who has given opinion or advice which is contained in this circular:

Name	Qualifications
Somerley Capital Limited	a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, Independent Financial Adviser is an Independent Third Party. As at the Latest Practicable Date, the Independent Financial Adviser does not have any shareholding in any member of the Company and its subsidiaries or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Company and its subsidiaries and are not connected persons.

As at the Latest Practicable Date, the Independent Financial Adviser does not have no interest, direct or indirect, in any assets which have been since 31 December 2024, the date up to which the latest published audited financial statements of the Group were made up, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

The Independent Financial Adviser has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and/or all references to its report and name (including its qualification) in the form and context in which they respectively appear.

11. DOCUMENTS ON DISPLAY

A copy of each of the following documents will be on display on the website of the Company (www.haierbx.net) and the website of the Hong Kong Stock Exchange (www.hkexnews.hk) from the date of this circular up to and including the date of the AGM (being not less than 14 days):

- (a) the Financial Services Framework Agreement;
- (b) the written consent referred to in the paragraph headed "Expert and Consent" in this appendix;
- (c) the letter from the Independent Board Committee, the text of which is set out in the section headed "Letter from the Independent Board Committee" of this circular; and
- (d) the letter from the Independent Financial Adviser, the text of which is set out in the section headed "Letter from Somerley Capital Limited" of this circular.

NOTICE OF 2024 ANNUAL GENERAL MEETING

Zhongmiao Holdings (Qingdao) Co., Ltd. 眾森控股(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)

NOTICE OF 2024 ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2024 annual general meeting of Zhongmiao Holdings (Qingdao) Co., Ltd. (眾森控股(青島)股份有限公司) (the “**Company**”) will be held at the conference room of the Company, Zhongxin Building, No. 1, Haier Road, Laoshan District, Qingdao, Shandong, PRC, at 3:00 p.m. on Friday, 6 June 2025 (the “**AGM**”). for the purpose of considering, and if thought fit, passing the following resolutions::

ORDINARY RESOLUTION

1. To consider and approve the work report of board of directors of the Company (the “**Board**”) for 2024.
2. To consider and approve the work report of supervisory committee of the Company for 2024.
3. To consider and approve the profit distribution plan of the Company for 2024.
4. To consider and approve the audited consolidated financial statements of the Company for 2024.
5. To consider and approve the annual report of the Company for 2024.
6. To consider and approve the re-appointment of KPMG as the auditors of the Company for the year 2025 and authorise the Board to determine its remuneration.
7. To consider and approve the resolution on the Financial Services Framework Agreement and the adoption of the proposed annual caps. and

NOTICE OF 2024 ANNUAL GENERAL MEETING

SPECIAL RESOLUTION

8. To consider and approve the Company to issue additional Domestic Shares and/or H Shares (as defined below) (“**Additional Shares**”) and to grant to the Board a general mandate (“**General Mandate**”), subject to terms and conditions set out in this resolution, for the exercise by the Board during the Relevant Period (as defined below) of powers to allot or issue Additional Shares and/or make offers, agreements or options which might require the issue, allotment or disposal of Additional Shares and/or to sell or transfer treasury shares (such Additional Shares being subject to a maximum of 20% of the total issued shares of the Company (excluding any treasury shares) as at the date of approval of this resolution), and to make or grant offers or agreements in respect of such Additional Shares:
- (1) To consider and approve the Company to issue additional H Shares in the share capital of the Company and to grant to the Board a general mandate, subject to terms and conditions set out, to allot or issue Additional Shares and/or make offers, agreements or options which might require the issue, allotment or disposal of Additional Shares and to make or grant offers or agreements in respect of such Additional Shares, sell and/or transfer treasury share:
- i. such General Mandate shall not extend beyond the Relevant Period save that the Board may during the Relevant Period make or grant offers or agreements which might require the exercise of such powers after the end of the Relevant Period;
 - ii. the total number of Domestic Shares and H Shares (as defined below) approved to be allotted or agreed conditionally or unconditionally to be allotted by the Board, shall not exceed 20% of total issued shares of the Company (excluding any treasury shares) at the date of the passing of this resolution, otherwise than pursuant to any scrip dividend scheme or similar arrangement providing for the allotment of such shares of the Company in lieu of the whole or part of a dividend on such shares in accordance with the Articles of Association;
 - iii. the Board will only exercise its power under such mandate in accordance with the relevant laws and regulations of the PRC (as amended from time to time) and the Listing Rules and only if all necessary approvals from the China Securities Regulatory Commission, The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and/or other relevant PRC government authorities are obtained; and

NOTICE OF 2024 ANNUAL GENERAL MEETING

- iv. for the purposes of this resolution:

“**Domestic Shares**” means ordinary share in share capital of the Company, with a nominal value of RMB1.0 each, which are subscribed for and paid up in Renminbi and are not listed on any stock exchange;

“**H Shares**” means the overseas listed foreign shares with a nominal value of RMB1.00 each in the share capital of the Company, which are listed on the Stock Exchange and subscribed for and traded in Hong Kong dollars;

“**Relevant Period**” means the period from the passing of this resolution until the earlier of:

- (a) the conclusion of the 2025 annual general meeting of the Company following the passing of this resolution;
 - (b) the expiration of a period of 12 months following the passing of this resolution; or
 - (c) the date on which the authority conferred by this resolution is revoked or varied by a special resolution in a general meeting of the Company.
- (2) Subject to the Board issuing additional Domestic Shares and H Shares pursuant to this resolution, the Board be authorised to:
- i. approve, execute and do or procure to be executed and done, all documents, deeds and things as it may consider necessary in connection with the issue of such new shares of the Company (including, but not limited to the time, price, quantity and place of issue, making all necessary applications to the relevant authorities, entering into an underwriting agreement or any other agreement);
 - ii. determine the use of proceeds and make all necessary filing, registration and applications with or to the relevant authorities in the PRC and/or Hong Kong (if required);
 - iii. determine the registered capital and the number of shares of the Company pursuant to the issue or allotment of shares pursuant to this resolution, and register with the relevant authorities in the PRC and/or Hong Kong upon an increase of registered capital and the number of shares of the Company; and

NOTICE OF 2024 ANNUAL GENERAL MEETING

- iv. make amendments to the Articles of Association accordingly as it thinks fit so as to reflect relevant matters such as the registered capital and new capital structure of the Company after the issue and allotment of shares of the Company.

By Order of the Board
Zhongmiao Holdings (Qingdao) Co., Ltd
Lu Yao
Chairman and executive Director

Qingdao, the People's Republic of China, 16 May 2025

Notes:

1. Capitalised terms not otherwise defined herein shall have the meaning ascribed to them in the circular of the Company dated 16 May 2025.
2. All the resolutions set out in this notice shall be decided by poll.
3. Any shareholder of the Company entitled to attend and vote at the meeting is entitled to appoint more than one proxy to attend and vote instead of him/her/it. A proxy need not be a shareholder of the Company. If more than one proxy is appointed, the number of shares in respect of which each such proxy so appointed must be specified in the relevant form of proxy. Every shareholder present in person or by proxy shall be entitled to one vote for each share held by him/her/it.
4. In order to be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney or authority, must be deposited at the Company's H Share registrar, Company's H shares registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong (in case of holders of H Shares) or the Company's headquarters at No. 1, Haier Road, Laoshan District, Qingdao, Shandong, PRC (in case of holders of Domestic Shares) not less than 24 hours before the time appointed for the meeting (as the case may be). Completion and return of the form of proxy shall not preclude a shareholder of the Company from attending and voting in person at the meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
5. In the case of an appointment of corporate representative by a corporate shareholder (other than a shareholder which is a recognised clearing house (as the Hong Kong Securities and Futures Ordinance) (or its nominee(s))), a copy of the resolution of its directors or other governing body of the shareholder authorising the appointment of the corporate representative or a form of notice of appointment of corporate representative issued by the Company for such purpose or a copy of the relevant power of attorney, together with an up-to-date copy of the shareholder's constitutive documents and a list of directors or members of the governing body of the shareholder as at the date of such resolution, or, as the case may be, power of attorney, in each case certified by a director, secretary or a member of the governing body of that shareholder and notarised, must be deposited at the Company's H Share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong less than 48 hours before the time appointed for the meeting or the adjourned meeting (as the case may be).
6. For determining the entitlement to attend and vote at the meeting, the register of members of the Company will be closed from Tuesday, 3 June 2025 to Friday, 6 June 2025, both dates inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the annual general meeting, unregistered holders of shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's H Share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Monday, 2 June 2025.
7. References to time and dates in this notice are to Hong Kong time and dates.