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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)

INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2024

FINANCIAL HIGHLIGHTS

- For the six months ended 30 June 2024, the Group recorded revenue of approximately RMB88.5 million, representing an increase of approximately 8.5% compared to the Corresponding Period (for the six months ended 30 June 2023: approximately RMB81.6 million).
- For the six months ended 30 June 2024, the Group recorded gross profit of approximately RMB37.2 million, representing an increase of approximately 3.3% compared to the Corresponding Period (for the six months ended 30 June 2023: approximately RMB36.0 million).
- For the six months ended 30 June 2024, profit attributable to equity shareholders of the Company was approximately RMB21.6 million, representing an increase of approximately 5.4% compared to the Corresponding Period (for the six months ended 30 June 2023: approximately RMB20.5 million).
- For the six months ended 30 June 2024, adjusted operating profit (non-IFRS measure) of the Group (profit before taxation less interest income, government grants, interest expense on lease liabilities, listing expenses and others) was approximately RMB22.4 million, representing an increase of approximately 23.1% compared to the Corresponding Period (for the six months ended 30 June 2023: approximately RMB18.2 million).

The board (the “**Board**”) of directors (the “**Directors**”) of Zhongmiao Holdings (Qingdao) Co., Ltd. (the “**Company**”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2024 (the “**Period**”), together with the comparative figures for the six months ended 30 June 2023 (the “**Corresponding Period**”). This interim results announcement is prepared in accordance with the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) in relation to preliminary announcements of interim results.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024

| | | Six months ended 30 June | |
|---|-------------|---------------------------------|-----------------------|
| | <i>Note</i> | 2024 | 2023 |
| | | <i>RMB'000</i> | <i>RMB'000</i> |
| | | (unaudited) | (unaudited) |
| Revenue | 2 | 88,456 | 81,624 |
| Cost of sales | | <u>(51,248)</u> | <u>(45,589)</u> |
| Gross profit | | 37,208 | 36,035 |
| Other income | 3 | 4,389 | 6,765 |
| Research and development costs | | (4,385) | (4,216) |
| General and administrative expenses | | (6,874) | (7,913) |
| Sales and marketing costs | | (4,099) | (6,223) |
| Reversal of/(provision for) impairment loss | | <u>12</u> | <u>(9)</u> |
| Profit from operations | | 26,251 | 24,439 |
| Finance costs | 4(a) | <u>(149)</u> | <u>(128)</u> |
| Profit before taxation | | 26,102 | 24,311 |
| Income tax | 5 | <u>(4,844)</u> | <u>(4,564)</u> |
| Profit for the period | | <u><u>21,258</u></u> | <u><u>19,747</u></u> |

| | | Six months ended 30 June | |
|--|-------------|---------------------------------|----------------------|
| | <i>Note</i> | 2024 | 2023 |
| | | RMB'000 | RMB'000 |
| | | (unaudited) | (unaudited) |
| Attributable to: | | | |
| Equity shareholders of the Company | | 21,588 | 20,495 |
| Non-controlling interests | | <u>(330)</u> | <u>(748)</u> |
| Profit for the period | | <u>21,258</u> | <u>19,747</u> |
| Other comprehensive income for the period (after tax) | | <u>–</u> | <u>–</u> |
| Total comprehensive income for the period | | <u>21,258</u> | <u>19,747</u> |
| Attributable to: | | | |
| Equity shareholders of the Company | | 21,588 | 20,495 |
| Non-controlling interests | | <u>(330)</u> | <u>(748)</u> |
| Total comprehensive income for the period | | <u>21,258</u> | <u>19,747</u> |
| Basic and diluted earnings per share (RMB) | 6 | <u>0.20</u> | <u>0.20</u> |

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

| | | As at 30 June 2024 | As at 31 December 2023 |
|--|-------------|--------------------------------------|------------------------------------|
| | <i>Note</i> | RMB'000 (unaudited) | RMB'000 (audited) |
| Non-current assets | | | |
| Property, plant and equipment | | 259 | 324 |
| Intangible assets | | – | – |
| Right-of-use assets | | 497 | 461 |
| Deferred tax assets | | 16 | 15 |
| Contract costs and other assets | | – | 43 |
| Time deposits | 8(b) | 134,326 | 132,277 |
| Restricted cash | 8(c) | <u>7,640</u> | <u>7,545</u> |
| | | <u>142,738</u> | <u>140,665</u> |
| Current assets | | | |
| Accounts receivables | 7 | 30,472 | 30,806 |
| Contract costs and other assets | | 17,501 | 10,635 |
| Cash and cash equivalents | 8(a) | 65,598 | 203,638 |
| Time deposits | 8(b) | 151,261 | – |
| Restricted cash | 8(c) | <u>28,140</u> | <u>4,208</u> |
| | | <u>292,972</u> | <u>249,287</u> |
| Current liabilities | | | |
| Accounts and other payables | 9 | 41,004 | 17,689 |
| Contract liabilities | | 2,546 | 1,226 |
| Lease liabilities | | 520 | 244 |
| Accrued expenses | | 3,934 | 4,097 |
| Current taxation payables | | <u>2,629</u> | <u>3,477</u> |
| | | <u>50,633</u> | <u>26,733</u> |
| Net current assets | | <u>242,339</u> | <u>222,554</u> |
| Total assets less current liabilities | | <u><u>385,077</u></u> | <u><u>363,219</u></u> |

| | | As at 30 June 2024 <i>RMB'000</i> (unaudited) | As at 31 December 2023 <i>RMB'000</i> (audited) |
|--|-----------|--|--|
| NET ASSETS | | <u>385,077</u> | <u>363,219</u> |
| Equity | | | |
| Paid-in capital/share capital | <i>10</i> | 105,896 | 105,896 |
| Reserves | | <u>280,902</u> | <u>259,314</u> |
| Total equity attributable to equity shareholders of the Company | | 386,798 | 365,210 |
| Non-controlling interests | | <u>(1,721)</u> | <u>(1,991)</u> |
| TOTAL EQUITY | | <u><u>385,077</u></u> | <u><u>363,219</u></u> |

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
for the six months ended 30 June 2024
(Expressed in thousands of Renminbi, unless otherwise stated)

1 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2024 has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard (“IAS”) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (“IASB”).

The interim condensed consolidated financial information has been prepared in accordance with the same accounting policies adopted in the Accountants’ Report disclosed in Appendix I of the prospectus of the Company dated 29 July, 2024 (the “Prospectus”), except for the accounting policy changes that are expected to be reflected in the 2024 annual financial statements.

The preparation of an interim condensed consolidated financial information in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim condensed consolidated financial information contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the group since the Accountants’ Report disclosed in Appendix I of the Prospectus. The interim condensed consolidated financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standards (“IFRSs”).

The interim condensed consolidated financial information is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the HKICPA.

The financial information relating to the financial year ended December 31, 2023 that is included in the interim condensed consolidated financial information as being previously reported information which is derived from the Prospectus, does not constitute the Group’s statutory financial statements for that financial year but is derived from those financial statements.

2 REVENUE AND SEGMENT REPORTING

The principal activities of the Group are the provision of insurance agency services, IT services and consulting services in the PRC.

(a) Disaggregation of revenue

| | Six months ended 30 June | |
|---|--------------------------|---------------|
| | 2024 | 2023 |
| | RMB'000 | RMB'000 |
| | (unaudited) | (unaudited) |
| Revenue from contracts with customers within the scope of IFRS 15 | | |
| Disaggregated by business segment | | |
| – Insurance agency business | 82,213 | 75,865 |
| – IT services | 5,486 | 4,436 |
| – Consulting services | 757 | 1,323 |
| Total | <u>88,456</u> | <u>81,624</u> |

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

| | Six months ended 30 June | |
|---------------|--------------------------|---------------|
| | 2024 | 2023 |
| | RMB'000 | RMB'000 |
| | (unaudited) | (unaudited) |
| Point-in-time | 80,464 | 72,421 |
| Over-time | 7,992 | 9,203 |
| Total | <u>88,456</u> | <u>81,624</u> |

(b) Segment reporting

The Group manages its business by business lines. In a manner consistent with the way in which information is reported to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following three reportable segments.

- Insurance agency business

The Group acts as the agent in distributing insurance products on behalf of the insurance companies.

- IT services

The Group offers IT services to insurance company partners, insurance intermediaries and companies from different industries, by designing and developing digitalised solutions based on their needs.

- Consulting services

The Group provides consulting services including the provision of human resources consulting services and marketing and promotion services.

(i) Segment results

For the purposes of assessing segment performance and allocating between segments, the Group's most senior executive management monitors the results attributable to each reportable segment on the following bases:

Revenue and expenses are allocated to the reportable segments with reference to revenue generated by those segments and the cost of sales incurred by those segments. The measure used for reporting segment result is gross profit. The items, such as segment expenses and other income, segment assets and liabilities are not regularly provided to the Group's most senior executive management. Assistance provided by one segment to another, including sharing of assets and technical know-how, is not measured.

| | Insurance agency services | IT services | Consulting services | Total |
|--------------------------------------|--|----------------------------|--------------------------------|-----------------------------|
| | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> |
| | (unaudited) | (unaudited) | (unaudited) | (unaudited) |
| Six months ended 30 June 2023 | | | | |
| Revenue | 75,865 | 4,436 | 1,323 | 81,624 |
| Cost of sales | <u>(43,571)</u> | <u>(1,566)</u> | <u>(452)</u> | <u>(45,589)</u> |
| Gross Profit | <u><u>32,294</u></u> | <u><u>2,870</u></u> | <u><u>871</u></u> | <u><u>36,035</u></u> |
| Six months ended 30 June 2024 | | | | |
| Revenue | 82,213 | 5,486 | 757 | 88,456 |
| Cost of sales | <u>(48,953)</u> | <u>(2,073)</u> | <u>(222)</u> | <u>(51,248)</u> |
| Gross Profit | <u><u>33,260</u></u> | <u><u>3,413</u></u> | <u><u>535</u></u> | <u><u>37,208</u></u> |

(ii) **Reconciliations of reportable segment profit or loss**

| | Six months ended 30 June | |
|---|---------------------------------|--------------------|
| | 2024 | 2023 |
| | RMB'000 | RMB'000 |
| | (unaudited) | (unaudited) |
| Reportable segment gross profit derived from group's external customers and joint venture | 37,208 | 36,035 |
| Other income | 4,389 | 6,765 |
| Research and development costs | (4,385) | (4,216) |
| General and administrative expenses | (6,874) | (7,913) |
| Sales and marketing costs | (4,099) | (6,223) |
| Reversal of/(provision for) impairment loss | 12 | (9) |
| Finance costs | (149) | (128) |
| | <hr/> | <hr/> |
| Consolidated profit before taxation | 26,102 | 24,311 |
| | <hr/> <hr/> | <hr/> <hr/> |

3 OTHER INCOME

| | Six months ended 30 June | |
|-------------------|---------------------------------|--------------------|
| | 2024 | 2023 |
| | RMB'000 | RMB'000 |
| | (unaudited) | (unaudited) |
| Interest income | 3,959 | 4,773 |
| Government grants | 400 | 2,008 |
| Others | 30 | (16) |
| | <hr/> | <hr/> |
| Total | 4,389 | 6,765 |
| | <hr/> <hr/> | <hr/> <hr/> |

4 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Finance costs

| | Six months ended 30 June | |
|---------------------------------------|---------------------------------|--------------------|
| | 2024 | 2023 |
| | RMB'000 | RMB'000 |
| | (unaudited) | (unaudited) |
| Interest expense on lease liabilities | 18 | 32 |
| Others | 131 | 96 |
| | <hr/> | <hr/> |
| Total | 149 | 128 |
| | <hr/> <hr/> | <hr/> <hr/> |

(b) Staff costs

| | Note | Six months ended 30 June | |
|--|------|--------------------------|---------------|
| | | 2024 | 2023 |
| | | RMB'000 | RMB'000 |
| | | (unaudited) | (unaudited) |
| Salaries, wages and other benefits | | 12,998 | 14,382 |
| Contributions to defined contribution retirement | (i) | <u>1,287</u> | <u>1,667</u> |
| Total | | <u>14,285</u> | <u>16,049</u> |

Note:

- (i) Pursuant to the relevant laws and regulations of the PRC, the Group participated in a defined contribution basic pension insurance scheme and unemployment insurance scheme in the social insurance system established and managed by government organisations. The Group makes contributions to basic pension insurance scheme and unemployment insurance scheme based on the applicable benchmarks and rates stipulated by the government.

(c) Other items

| | Six months ended 30 June | |
|---|--------------------------|-------------|
| | 2024 | 2023 |
| | RMB'000 | RMB'000 |
| | (unaudited) | (unaudited) |
| Referral fees | 40,228 | 30,879 |
| Commission fees | 4,855 | 9,076 |
| Service fees | 2,340 | 1,786 |
| IT subcontracting fees | 376 | 323 |
| Listing expenses | 676 | 643 |
| Depreciation and amortisation charges | | |
| – Depreciation of property, plant and equipment | 76 | 106 |
| – Amortisation of intangible assets | – | 143 |
| – Depreciation of right-of-use assets | <u>637</u> | <u>983</u> |

5 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

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

| | Six months ended 30 June | |
|-----------------------------|---------------------------------|--------------------|
| | 2024 | 2023 |
| | RMB'000 | RMB'000 |
| | (unaudited) | (unaudited) |
| Current tax | | |
| – PRC Enterprise Income Tax | 4,845 | 4,564 |
| Deferred tax | | |
| – Temporary differences | (1) | – |
| Total | <u>4,844</u> | <u>4,564</u> |

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

| | Six months ended 30 June | |
|---|---------------------------------|--------------------|
| | 2024 | 2023 |
| | RMB'000 | RMB'000 |
| | (unaudited) | (unaudited) |
| Profit before taxation | <u>26,102</u> | <u>24,311</u> |
| Income tax calculated at statutory tax rate | 5,376 | 5,077 |
| Super-deduction of research and development expense | (643) | (624) |
| Tax effect of non-deductible expenses and others | <u>111</u> | <u>111</u> |
| Total | <u>4,844</u> | <u>4,564</u> |

The Company was qualified as a “high and new technology enterprise” (“HNTTE”) in November 2019, and received approval from the relevant governmental authorities for the renewal of its HNTTE status in December 2022. The Company was entitled to the preferential income tax rate of 15% for the six months ended 30 June 2023 and 2024.

Qingdao Haier Insurance Agency Co., Ltd., an entity wholly held by the Company, was subject to an income tax rate of 25%, according to the PRC Enterprise Income Tax Law (the “EIT Law”) for the six months ended 30 June 2023 and 2024.

During the six months ended 30 June 2023 and 2024, the portion of annual taxable income of a small low-profit enterprise which does not exceed RMB1 million shall be treated as 25% for the purpose of taxable income calculation, and subject to an enterprise income tax at a rate of 20%.

6 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company and the weighted average of shares deemed to be in issue or in issue.

The Company converted into a joint stock company with limited liability and issued 105,895,600 shares with the par value of RMB1.0 each on 14 March 2023. For the purpose of computing basic and diluted earnings per share, the weighted average number of shares deemed to be in issue before the Company's conversion into a joint stock company was determined assuming the conversion into joint stock company had occurred since 1 January 2023, at the conversion ratio established in the conversion in March 2023.

Weighted average number of ordinary shares deemed to be in issue or in issue:

| | Six months ended 30 June | |
|---|---------------------------------|-----------------------|
| | 2024 | 2023 |
| | (unaudited) | (unaudited) |
| Ordinary shares deemed to be in issue or in issue as at 1 January ('000) | 105,896 | 83,007 |
| Effect of deemed share issuance ('000) | <u>–</u> | <u>20,612</u> |
| Weighted average number of ordinary shares (deemed to be) issued as at 30 June ('000) | <u>105,896</u> | <u>103,619</u> |

| | Six months ended 30 June | |
|--|---------------------------------|--------------------|
| | 2024 | 2023 |
| | (unaudited) | (unaudited) |
| Net profit attributable to equity shareholders of the Company (RMB'000) | 21,588 | 20,495 |
| Weighted average number of ordinary shares (deemed to be) issued as at 30 June ('000) | 105,896 | 103,619 |
| Basic earnings per share attributable to equity shareholders of the Company (in RMB per share) | <u>0.20</u> | <u>0.20</u> |

There were no dilutive potential ordinary shares during the six months ended 30 June 2024 and 2023, and therefore, diluted earnings per share are the same as the basic earnings per share.

7 ACCOUNTS RECEIVABLES

| | As at 30 June 2024 RMB'000 (unaudited) | As at 31 December 2023 RMB'000 (audited) |
|----------------------------|---|---|
| Accounts receivables | 30,551 | 30,897 |
| Less: loss allowance | <u>(79)</u> | <u>(91)</u> |
| Accounts receivables, net. | <u>30,472</u> | <u>30,806</u> |

Ageing analysis

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

| | As at 30 June 2024 RMB'000 (unaudited) | As at 31 December 2023 RMB'000 (audited) |
|----------------------------------|---|---|
| Within 3 months (inclusive) | 30,154 | 28,966 |
| 3 months to 6 months (inclusive) | 282 | 455 |
| Over 6 months | <u>36</u> | <u>1,385</u> |
| Accounts receivables, net. | <u>30,472</u> | <u>30,806</u> |

8 CASH AND CASH EQUIVALENTS, RESTRICTED CASH AND TIME DEPOSITS

(a) Cash and cash equivalents:

| | Note | As at 30 June 2024 RMB'000 (unaudited) | As at 31 December 2023 RMB'000 (audited) |
|--------------------------------------|------|---|---|
| Cash at banks | | 65,516 | 202,936 |
| Cash at Haier Finance | (i) | 1 | 626 |
| Cash at other financial institutions | (ii) | <u>81</u> | <u>76</u> |
| Total | | <u>65,598</u> | <u>203,638</u> |

(i) Cash at Haier Finance represents cash balances kept in Haier Finance Co., Ltd., a related party of the Group, which can be withdrawn by the Group at any time.

(ii) Cash at other financial institutions represents cash balances kept in third party payment platforms, which can be withdrawn by the Group at any time.

(b) Time deposits:

| | | As at 30 June 2024 <i>RMB'000</i> (unaudited) | As at 31 December 2023 <i>RMB'000</i> (audited) |
|--------------------|-------------|--|---|
| | <i>Note</i> | | |
| Current assets | | | |
| – Time deposits | <i>(i)</i> | 151,261 | – |
| Non-current assets | | | |
| – Time deposits | <i>(ii)</i> | <u>134,326</u> | <u>132,277</u> |
| Total | | <u>285,587</u> | <u>132,277</u> |

(i) As at 30 June 2024, current time deposits of the Group represent cash kept in China Construction Bank Co., Ltd. with a term of one-year period.

(ii) Non-current time deposits of the Group represent cash kept in Hua Xia Bank Co., Ltd. and China Construction Bank Co., Ltd.. The terms of the time deposits are beyond one-year period.

(c) Restricted cash:

| | | As at 30 June 2024 <i>RMB'000</i> (unaudited) | As at 31 December 2023 <i>RMB'000</i> (audited) |
|---|-------------|--|---|
| | <i>Note</i> | | |
| Non-current assets | | | |
| – Guarantee deposits | <i>(i)</i> | 7,640 | 7,545 |
| Current assets | | | |
| – Cash collected on behalf of other parties | <i>(ii)</i> | <u>28,140</u> | <u>4,208</u> |
| Total | | <u>35,780</u> | <u>11,753</u> |

(i) As an insurance agency with nationwide Insurance Intermediary License issued by formerly China Banking Regulatory Commission, the registered capital of Qingdao Haier Insurance Agency Co., Ltd. is required to be no less than RMB50 million, with 15% of which as a liquidity reserve.

(ii) Cash collected on behalf of other parties mainly includes insurance premiums collected on behalf of insurance companies but not yet remitted as at the balance sheet dates.

9 ACCOUNTS AND OTHER PAYABLES

| | <i>Note</i> | As at 30 June 2024 RMB'000 (unaudited) | As at 31 December 2023 RMB'000 (audited) |
|------------------------------|-------------|---|--|
| Amounts payable to suppliers | <i>(i)</i> | 11,722 | 13,383 |
| Insurance premiums payable | <i>(ii)</i> | 25,580 | 1,628 |
| Others | | 3,702 | 2,678 |
| Total | | 41,004 | 17,689 |

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

| | As at 30 June 2024 RMB'000 (unaudited) | As at 31 December 2023 RMB'000 (audited) |
|--------------------------------|---|--|
| Within 3 months (inclusive) | 11,722 | 12,178 |
| 3 months to 1 year (inclusive) | – | 1,152 |
| Over 1 year | – | 53 |
| Total | 11,722 | 13,383 |

- (ii) Insurance premium payables are insurance premiums collected on behalf of insurance companies but not yet remitted as at the balance sheet dates.

10 CAPITAL AND RESERVES

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

On 18 January 2023, Shanghai Zhaoqi Management Consulting Partnership (Limited Partnership) and Qingdao Haizhongjie Management Consulting Enterprise (Limited Partnership) injected RMB31.2 million to complement their subscribed capital contributions in comply with the capital increase agreements, signed in 2018 and 2019 respectively. The paid-in capital of the Company was increased from RMB83.0 million to RMB105.9 million, and the capital reserve of the Company was increased from RMB118.7 million to RMB127.0 million after the injection.

Pursuant to the shareholders' resolution and the promoters' agreement dated 6 March 2023, the then shareholders of the Company agreed to convert the Company into a joint stock company with limited liability with a registered capital of RMB105.9 million (105,895,600 shares with a nominal value of RMB1.0 each).

(b) Dividends

No dividends have been paid by the Company during the reporting period.

11 NON-ADJUSTING EVENTS AFTER THE PERIOD

On 6 August 2024, the Company issued an aggregate of 35,300,000 H shares at HK\$7 per H share, with par value of RMB1.00 each. Such shares were firstly traded on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") on the same day.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group is an insurance agency service provider in Shandong province, the PRC, dedicated to distributing a wide range of insurance products covering (i) property insurance products, (ii) life and health insurance products, (iii) accident insurance products and (iv) automobile insurance products, to both corporate and household insurance clients. The Group has an ecosystem based on the concept of “Collaboration and Creating Mutual Benefits” where the Group collaborates and cooperates with different industry participants including insurance company partners, insurance agents and strategic channel partners to promote and distribute insurance products from our insurance company partners to corporate and household insurance clients. Leveraging our sales channels, the Group promotes and distributes insurance products underwritten by insurance companies to insurance clients and receive commission from insurance companies for successful purchase of their insurance products by our insurance clients.

The Group’s services cover major stages of insurance business including assistance on risk assessment and product selection, confirmation of insurance policy, premium payment, policy administration and insurance claims. The Group’s sales channels, which are primarily offline, comprise (i) sales through insurance agents (whom the Group engages to promote and distribute insurance products to mainly household insurance clients, in return for commissions the Group paid for successful purchase of insurance products by insurance clients), (ii) referral from strategic channel partners (through whom a large population of corporate and household insurance clients are referred, in return for referral fees the Group paid for successful purchase of insurance products by insurance clients) and (iii) direct sales. At the upstream end, the Group provides insurance agency services to our insurance company partners, expand their insurance client base, whilst at the downstream end, the Group distributes insurance products to our corporate and household insurance clients and enhance their user experience.

The Group also provides IT services and consulting services as an extension of our insurance agency business, to various participants in ecosystem, including insurance companies, insurance intermediaries and other companies from different industries.

Prospects

The Group will continue to focus on providing insurance agency services, IT services and consulting services. To continue on the rapid development in our principal business, the Group intends to adopt the following strategies.

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

To capitalise on the anticipated growth in China, the Group strives to expand our geographical coverage by setting up 30 to 36 branch offices in locations such as Hebei, Henan, Anhui, Hubei, Chongqing, Shanghai and Beijing and engaging, among others, additional quality insurance agents to expand our insurance client coverage in these locations. In formulating our geographical expansion strategy, the Group adopts a holistic approach in assessing the market demand of the target locations, taking into account various factors, including population size, GDP, purchasing power of the population, insurance market size, and market dynamics of the target locations. The Group considers having multiple local branch offices allows us to expand the insurance client base, establish stronger relationships with insurance company partners, distribute suitable insurance products that align the demands and tailored to the specific needs and preference of insurance clients in each location and enhance the visibility and recognition of the Group as an insurance agency company, thereby increasing the Group's market presence and credibility.

In addition, the Group intends to provide systematic trainings to our insurance agents by establishing training centre(s) and organising regular trainings for our insurance agents. In particular, the Group plans to systematically organise training on a regular basis and prepare the relevant training materials on topics, such as insurance product knowledge, insurance claims knowledge and processing, techniques in effective communication, marketing and promotion and the Group's business process and after-sales and claims processing procedures.

(2) *Continue to strengthen our digital capabilities and further develop the Group's IT services offerings*

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

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

(3) *Promote the Group's brand awareness and market presence*

It is the Group's plan to continue to promote our brand awareness through advertising effort. The Group's marketing and promotional campaign include placing of online advertisements through mainstream traditional media platforms, as well as marketing campaigns through emerging online user traffic portals, reputable Internet terminals and media platforms to promote our brand image. Specifically, the Group plans to initiate a series of marketing campaigns on user traffic portals like WeChat, Weibo, Xiaohongshu (小紅書) and Douyin (抖音) to increase daily interaction with insurance clients through these social media platforms.

(4) *Selective investments and acquisitions in insurance intermediary and fintech industry*

The Group intends to carry out selective investments and acquisitions in insurance intermediary and fintech industry to further accelerate the development of our business and strengthen our competitiveness. When selecting the investment and acquisition targets, the Group will mainly consider whether they can complement our business in terms of technical capabilities, resource channels or talent teams. Currently, the Group had not identified any potential investment or acquisition target nor entered into any binding commitment for any strategic investments and acquisitions.

Financial Review

1. *Analysis of revenue and profit*

The Group's revenue was generated from: (i) insurance agency business; (ii) IT services; and (iii) consulting services. The Group's revenue increased by 8.5% from approximately RMB81.6 million for the six months ended 30 June 2023 to approximately RMB88.5 million for the six months ended 30 June 2024, mainly due to the increase in revenue generated from our insurance agency business and IT services.

Our commission income generated from insurance agency business increased from RMB75.9 million for the six months ended 30 June 2023 to approximately RMB82.2 million for the six months ended 30 June 2024, primarily attributable to the increase in commission income generated from insurance company partners for distribution of property insurance products, accident insurance products and automobile insurance products. In particular, the increase was mainly due to (i) the increase in the distribution of new types of property insurance products on our Corporate Insurance Interactive Service Platform (企業保險交互服務平台); and (ii) the increase in the distribution of accident and automobile insurance products through our business expansion in Henan province and the business expansion of the existing cooperation channels.

Our revenue generated from IT services increased from RMB4.4 million for the six months ended 30 June 2023 to approximately RMB5.5 million for the six months ended 30 June 2024 mainly due to our higher tender success rate and obtaining more IT projects as the market continues to recognize our digital capabilities.

Adjusted operating profit (non-IFRS measure)

Adjusted operating profit (non-IFRS measure) is defined as profit before tax less interest income, government grants, interest expense on lease liabilities, listing expenses and others.

Adjusted operating profit is used to assess the performance of the Group's core businesses, which are not a measure of IFRS. This measure facilitates comparisons of operating performance from period to period by eliminating potential impacts of non-recurring or special items, which the management considers non-indicative of the Group's operating performance, and provides investors with meaningful information about the Group's operating performance on a going concern.

For the six months ended 30 June 2024, the Group's adjusted operating profit (non-IFRS measure) was RMB22.4 million, representing an increase of 23.1% from approximately RMB18.2 million for the six months ended 30 June 2023. The increase in adjusted operating profit (non-IFRS measure) was mainly attributable to (i) the increase in the Group's operating profit from insurance agency business and IT services; and (ii) the decrease in administrative expenses and selling expenses as a result of enhancing operational efficiency.

The reconciliation of the Group's adjusted operating profit (non-IFRS measure) for the six months ended 30 June 2024 and 2023 to the profit before tax prepared in accordance with IFRS is set out below:

| | For the six months ended | |
|--|---------------------------------|-----------------------------|
| | 30 June | |
| | 2024 | 2023 |
| | RMB '000 | RMB '000 |
| Profit before tax | 26,102 | 24,311 |
| Adjust: | | |
| Interest income | (3,959) | (4,773) |
| Government grants | (400) | (2,008) |
| Interest expense on lease liabilities | 18 | 32 |
| Listing expenses | 676 | 643 |
| Others | (30) | 16 |
| | <u> </u> | <u> </u> |
| Adjusted operating profit (non-IFRS measure) | <u>22,407</u> | <u>18,221</u> |

Gross profit and gross profit margin

Our overall gross profit increased from RMB36.0 million for the six months ended 30 June 2023 to approximately RMB37.2 million for the six months ended 30 June 2024, primarily due to the increase in gross profit from insurance agency business and IT services.

Our overall gross profit margin decreased from 44.1% for the six months ended 30 June 2023 to approximately 42.0% for the six months ended 30 June 2024, primarily due to the decrease in gross profit margin of our insurance agency business from 42.6% in the Corresponding Period to 40.5% in the Period. The decrease was primarily attributable to (i) the increase in proportion of commission income contributed by the distribution of accident insurance products and automobile insurance products, both with comparatively lower gross profit margins; and (ii) a decrease in the commission income of the life and health insurance products with higher gross profit margin due to the continued decline in consumer demand for certain life and health insurance products, which are non-mandatory and non-material insurance products under applicable laws as a result of economic uncertainty.

Other income

Other income decreased from approximately RMB6.8 million for the six months ended 30 June 2023 to approximately RMB4.4 million for the six months ended 30 June 2024, primarily due to the decrease in interest income from time deposits and government grants.

Research and development costs

Our research and development costs slightly increased to RMB4.4 million for the six months ended 30 June 2024 from RMB4.2 million for the six months ended 30 June 2023.

General and administrative expenses

Our general and administrative expenses decreased from approximately RMB7.9 million for the six months ended 30 June 2023 to approximately RMB6.9 million for the six months ended 30 June 2024, primarily due to (i) decrease in expenses such as office expenses by enhancing expenditures management; and (ii) decrease in staff costs by optimizing our business process and enhancing our organization efficiency.

Selling and marketing costs

Our sales and marketing cost decreased from approximately RMB6.2 million for the six months ended 30 June 2023 to approximately RMB4.1 million for the six months ended 30 June 2024, primarily due to the decrease in staff costs and marketing expenses as a result of the optimization of our business process and the efficiency of our organization leading to the reduction in the number of in-house sales executives.

Finance costs

Our finance costs remained stable at RMB128,000 and RMB149,000 for the six months ended 30 June 2023 and 2024, respectively.

Income tax

Our income tax remained stable at RMB4.6 million and RMB4.8 million for the six months ended 30 June 2023 and 2024, respectively.

Profit

As a result of the foregoing, our profit for the period increased from approximately RMB19.7 million for the six months ended 30 June 2023 to approximately RMB21.3 million for the six months ended 30 June 2024. Our net profit margin remained stable at 24.1% for the six months ended 30 June 2023 and 2024.

2. Financial Position

| Items | As at 30 June 2024 RMB'000 (unaudited) | As at 31 December 2023 RMB'000 (audited) |
|---------------------|---|---|
| Non-current assets | 142,738 | 140,665 |
| Current assets | 292,972 | 249,287 |
| Current liabilities | <u>50,633</u> | <u>26,733</u> |
| Net assets | <u>385,077</u> | <u>363,219</u> |

The Group's net assets increased from RMB363.2 million as at 31 December 2023 to RMB385.1 million as at 30 June 2024.

Cash and cash equivalents and time deposits in other financial assets

| Items | As at 30 June 2024 RMB'000 (unaudited) | As at 31 December 2023 RMB'000 (audited) |
|---|---|---|
| Cash and cash equivalents | 65,598 | 203,638 |
| Time deposits in other financial assets | | |
| – Current portion | 151,261 | – |
| Time deposits in other financial assets | | |
| – Non-current portion | <u>134,326</u> | <u>132,277</u> |
| Total | <u>351,185</u> | <u>335,915</u> |

The Group's total cash and cash equivalents and time deposits in other financial assets increased from RMB335.9 million as at 31 December 2023 to RMB351.2 million as at 30 June 2024.

3. Analysis of Changes on Cash Flow

| Items | During the six months ended 30 June | |
|--|--|-------------------------------|
| | 2024 | 2023 |
| | <i>RMB'000</i> (unaudited) | <i>RMB'000</i> (unaudited) |
| Cash and cash equivalents at the beginning of the period | 203,638 | 23,546 |
| Net cash generated from operating activities | 19,306 | 12,512 |
| Net cash (used in)/generated from investing activities | (150,011) | 188,287 |
| Net cash (used in)/generated from financing activities | (7,335) | 21,248 |
| Cash and cash equivalents at the end of the period | 65,598 | 245,593 |

- (a) The net cash inflow from operating activities of the Group increased from RMB12.5 million in Corresponding Period to RMB19.3 million in the Period, which was mainly attributable to the increase in operating profit and improvement in operational efficiency during the Period.
- (b) The Group's net cash outflow from investing activities for the Period amounted to RMB150.0 million, compared with the net cash inflow of RMB188.3 million for the Corresponding Period, as detailed below:

| Items | During the six months ended 30 June | |
|--|--|-------------------------------|
| | 2024 | 2023 |
| | <i>RMB'000</i> (unaudited) | <i>RMB'000</i> (unaudited) |
| Cash generated from retrieving deposits | – | 265,000 |
| Proceeds from interests received | – | 3,418 |
| Payment for the purchase of property, plant and equipment | (11) | (131) |
| Payment for the purchase of time deposits | (150,000) | (80,000) |
| Net cash (used in)/generated from investing activities | <u>(150,011)</u> | <u>188,287</u> |

- (c) The net cash outflow from the Group's financing activities for the Period amounted to RMB7.3 million, compared with the net cash inflow of RMB21.2 million for the Corresponding Period, as detailed below:

| Items | During the six months ended 30 June | |
|--|--|-----------------------|
| | 2024 | 2023 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| | (unaudited) | (unaudited) |
| Capital contributions from shareholders | – | 31,199 |
| Capital contributions from non-controlling interests | 600 | – |
| Listing expenses paid | (7,099) | (9,314) |
| Capital element of lease rentals paid | (818) | (606) |
| Interest element of lease rentals paid | (18) | (31) |
| Net cash (used in)/generated from financing activities | <u>(7,335)</u> | <u>21,248</u> |

Liquidity and Financial Resources

As at 30 June 2024, the net current assets of the Group amounted to RMB242.3 million (31 December 2023: RMB222.6 million). The Group's cash and cash equivalents and time deposits in other financial assets as at 30 June 2024 amounted to RMB351.2 million (31 December 2023: RMB335.9 million).

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

Gearing Ratio

As at 30 June 2024, the Group's gearing ratio, which is based on the Group's total lease liabilities divided by total equity (including all capital and reserves) to arrive at a ratio of 0.14% (31 December 2023:0.07%), was at a very healthy level.

Bank Borrowings

As at 30 June 2024, the Group's bank borrowings were nil.

Contingent liabilities

As at 30 June 2024, the Group did not have any material contingent liabilities.

Capital Expenditures

The Group incurred capital expenditure of RMB11,000 during the Period (RMB0.1 million during the Corresponding Period), the majority of which are related to the purchase of electronic equipment to support our business operation.

Use of proceeds from the Listing

The Company's shares were listed on the Main Board of the Stock Exchange on 6 August 2024 (“**Listing Date**”). The net proceeds from the Global Offering, after deducting the underwriting fees and commissions and expenses payable by our Company in connection with the Global Offering, were approximately HK\$195.8 million. As previously disclosed in the Prospectus, there was no change to the intended use of the net proceeds. During the Period, the Group did not utilise the net proceeds.

The net proceeds from the Global Offering will be used in the manner as set out in the Prospectus.

The following table sets forth the planned use and actual use of the net proceeds from the Listing Date up to the date of this announcement:

| Major purposes | Percentage of net proceeds | Planned allocation of total net proceeds (HK \$million) | Amount utilised (as at the date of this announcement) (HK \$million) | Unutilized amount (as at the date of this announcement) (HK \$million) | Expected timetable of utilisation of the unutilized net proceeds from the Global Offering ⁽¹⁾ |
|--|----------------------------|--|---|---|--|
| Development of insurance agency business | 53.8% | 105.3 | – | 105.3 | by the end of 2027 ⁽²⁾ |
| Enhancing IT service offerings and research and development capabilities | 26.2% | 51.3 | – | 51.3 | by the end of 2029 ⁽²⁾ |
| Pursuing selective investment and acquisition | 10.0% | 19.6 | – | 19.6 | by the end of 2026 ⁽²⁾ |
| General working capital and general corporate purpose | 10.0% | 19.6 | – | 19.6 | by the end of 2027 ⁽²⁾ |
| Total | 100.0% | 195.8 | – | 195.8 | |

Notes:

- (1) The expected timetable of the unutilised net proceeds is based on the Group's best estimate of market conditions.
- (2) The Company will deposit the unutilized net proceeds into a short-term interest-bearing account of licensed commercial banks and/or other authorised financial institutions (as defined under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) or the Law of the People's Republic of China on Commercial Banks and other relevant PRC laws).

Interim dividend

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2024.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Corporate governance code

The Company has adopted the Corporate Governance Code (the “**CG Code**”) as set out in Appendix C1 to the Listing Rules as its own code of corporate governance. The Company will constantly review and enhance its internal controls and procedures in light of changes in regulations and developments in best practices.

As the H Shares were listed on the Stock Exchange on the Listing Date, the Company did not apply the principles and code provisions of the CG Code during the Period.

Save as disclosed below, the Company has complied with all the principles and code provisions set out in the CG Code during the period from the Listing Date and up to the date of this announcement.

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

The Company will continue to regularly review and monitor its corporate governance practices to ensure compliance with the CG Code and to maintain a high standard of corporate governance practices of the Company.

Model code for securities transactions

Since the Listing Date, the Company has adopted a code of conduct regarding Directors' and Supervisors' securities transactions on terms no less exacting than the Model Code (the "**Model Code**") for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rule.

Having made specific enquiry of all Directors and Supervisors, each of the Directors and Supervisors confirmed that he/she has complied with the required standards set out in the Model Code since the Listing Date and up to the date of this announcement. At the same time, the Company is not aware of any non-compliance with the Model Code by the relevant employees since the Listing Date and up to the date of this announcement.

Purchase, sale or redemption of listed securities

During the period from the Listing Date to the publication of this announcement, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

Audit committee and review of interim financial information

The audit committee of the Company (the “**Audit Committee**”) assists the Board in discharging its responsibilities of financial reporting and corporate governance. The Audit Committee currently consists of three independent non-executive Directors, namely, Mr. Chung Wai Man, Ms. Fang Qiaoling and Ms. Ng Sin Kiu, who are independent non-executive Directors. The Audit Committee is chaired by Mr. Chung Wai Man, who has appropriate professional accounting qualifications and financial management expertise as required under the Listing Rules. The primary duties of the Audit Committee are to assist the Board by providing an independent view of the effectiveness of the financial reporting process, internal control and risk management systems of the Group, overseeing the audit process and performing other duties and responsibilities as assigned by the Board.

The Audit Committee and the external auditors of the Company, KPMG, have reviewed the unaudited interim financial information for the Period.

Significant events after the Period

On the Listing Date, the Company issued a total of 35,300,000 H Shares of RMB1.00 each at HK\$7 per H Share, which commenced trading on the Main Board of the Stock Exchange.

Save as disclosed above, the Group did not have any significant subsequent events that are required to be disclosed after 30 June 2024.

Publication of interim results announcement and 2024 interim report of the Group on the websites of the Stock Exchange and the Company

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.haierbx.net) and the interim report for 2024 containing all the information required by the Listing Rules will be despatched to the Shareholders and published on the respective websites of the Stock Exchange and the Company in due course.

Acknowledgement

The Board would like to express its sincere gratitude to the management and all staff of the Group for their hard work and contributions during the Period and to the shareholders, business partners and other professionals for their support.

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

Qingdao, the People's Republic of China, 26 August 2024

As at the date of this announcement, the executive Directors of the Company are Mr. Lu Yao, Mr. Zhang Zhiquan, Ms. Li Tian and Mr. Wang Heping; and the independent non-executive Directors of the Company are Ms. Fang Qiaoling, Mr. Chung Wai Man and Ms. Ng Sin Kiu.