
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 20-F

(Mark One)

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2024.

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of event requiring this shell company report _____

For the transition period from _____ to _____

Commission file number: 001-39216

Huize Holding Limited

(Exact Name of Registrant as Specified in Its Charter)

N/A

(Translation of Registrant's Name into English)

Cayman Islands

(Jurisdiction of Incorporation or Organization)

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(Name, Telephone, Email and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of Each Exchange On Which Registered
American depositary shares (each representing 100 Class A common shares, par value US\$0.00001 per share) Class A common shares, par value US\$0.00001 per share*	HUIZ	Nasdaq Global Market

* Not for trading, but only in connection with the listing on the Nasdaq Global Market of American depositary shares.

Securities registered or to be registered pursuant to Section 12(g) of the Act:

None

(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None

(Title of Class)

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report:

As of December 31, 2024, there were (i) 858,266,416 Class A common shares issued and outstanding, par value US\$0.00001 per share (excluding 3,619,900 Class A common shares reserved for issuance under our share incentive plans and 50,414,900 Class A common shares in the form of ADSs that we repurchased under our share repurchase program), and (ii) 150,591,207 Class B common shares issued and outstanding, par value US\$0.00001 per share.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes No

Note – Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See definition of "large accelerated filer," "accelerated filer," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer
Emerging growth company

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards† provided pursuant to Section 13 (a) of the Exchange Act.

† The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP International Financial Reporting Standards as issued by the International Accounting Standards Board Other

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow. Item 17 Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes No

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INTRODUCTION

In this annual report on Form 20-F, or this annual report, except where the context otherwise requires and for purposes of this annual report only:

- “ADRs” are to the American depositary receipts which may evidence the ADSs;
- “ADSs” are to the American depositary shares, each of which represents 100 Class A common shares;
- “China” or the “PRC” are to the People’s Republic of China, excluding, for the purposes of this annual report only, Hong Kong, Macau and Taiwan;
- “Class A common shares” are to our Class A common shares, par value \$0.00001 per share, carrying one (1) vote per share;
- “Class B common shares” are to our Class B common shares, par value \$0.00001 per share, carrying fifteen (15) votes per share;
- “common shares” are to our Class A common shares and/or our Class B common shares, par value US\$0.00001 per share, as the context may require;
- “GWP” are to gross written premiums, which include first year premiums and renewal premiums where applicable;
- “insurer partners” are to the insurance companies we work with who underwrite insurance products on our platform;
- “insurance clients” are to purchasers of insurance products we distribute through our platform; for travel insurance products, travel agencies usually purchase policies for multiple individuals, and we count each purchasing travel agency as an insurance client, and each such individual protected by any single policy as an insured;
- “insured” are to individuals that are insured under insurance policies;
- “our WFOE” are to Zhixuan International Management Consulting (Shenzhen) Co., Ltd.;
- “RMB” and “Renminbi” are to the legal currency of China;
- “US\$,” “U.S. dollars,” “\$,” and “dollars” are to the legal currency of the United States;
- “VIE” are to Shenzhen Huiye Tianze Investment Holding Co., Ltd.; and
- “Huize,” “we,” “us,” “our company” and “our” are to Huize Holding Limited, our Cayman Islands holding company and where the context may require, include its subsidiaries, and, in the context of describing our operations and consolidated financial information, its consolidated variable interest entity and the subsidiaries of the consolidated variable interest entity in China.

Unless otherwise noted, all translations from Renminbi to U.S. dollars and from U.S. dollars to Renminbi in this annual report are made at a rate of RMB7.2993 to US\$1.00, the exchange rate in effect as of December 31, 2024, as set forth in the H.10 statistical release of the Board of Governors of the Federal Reserve System. We make no representation that any Renminbi or U.S. dollar amounts could have been, or could be, converted into U.S. dollars or Renminbi, as the case may be, at any particular rate, or at all.

On December 9, 2024, we effected an ADS ratio change to adjust our Class A common share to ADS ratio from one ADS representing twenty (20) Class A common shares to one ADS representing one hundred (100) Class A common shares. Unless otherwise stated, the ADS ratio change has been retrospectively applied for all periods presented in this annual report.

FORWARD-LOOKING INFORMATION

This annual report contains forward-looking statements that reflect our current expectations and views of future events. These forward-looking statements are made under the “safe-harbor” provisions of the U.S. Private Securities Litigation Reform Act of 1995. Known and unknown risks, uncertainties and other factors, including those listed under “Item 3. Key Information—D. Risk Factors,” may cause our actual results, performance or achievements to be materially different from those expressed or implied by the forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from those expressed or implied by the forward-looking statements.

You can identify some of these forward-looking statements by words or phrases such as “may,” “will,” “expect,” “anticipate,” “aim,” “estimate,” “intend,” “plan,” “believe,” “is/are likely to,” “potential,” “continue” or other similar expressions. We have based these forward-looking statements largely on our current expectations and projections about future events that we believe may affect our financial condition, results of operations, business strategy and financial needs. These forward-looking statements include statements relating to:

- our mission, goals and strategies;
- our future business development, financial conditions and results of operations;
- the expected growth of insurance industry in China;
- our expectations regarding demand for and market acceptance of our products and services;
- our expectations regarding our relationships with insurance clients, insurance companies and other partners;
- competition in our industry;
- our proposed use of proceeds; and
- government policies and regulations relating to our industry.

These forward-looking statements involve various risks and uncertainties. Although we believe that our expectations expressed in these forward-looking statements are reasonable, our expectations may later be found to be incorrect. Our actual results could be materially different from our expectations. Other sections of this annual report include additional factors that could adversely impact our business and financial performance.

Moreover, we operate in an evolving environment. New risk factors and uncertainties emerge from time to time and it is not possible for our management to predict all risk factors and uncertainties, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. You should read thoroughly this annual report and the documents that we refer to with the understanding that our actual future results may be materially different from, or worse than, what we expect. We qualify all of our forward-looking statements by these cautionary statements.

The forward-looking statements made in this annual report relate only to events or information as of the date on which the statements are made in this annual report. Except as required by law, we undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events. You should read this annual report and the documents that we refer to in this annual report and exhibits to this annual report completely and with the understanding that our actual future results may be materially different from what we expect.

PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION

Our Holding Company Structure and Contractual Arrangements with the VIE

Huize Holding Limited is not an operating company but rather a Cayman Islands holding company with no equity ownership in its VIE. Our Cayman Islands holding company does not conduct business operations directly. We conduct our operations in China primarily through (i) the VIE with which we have maintained contractual arrangements, and (ii) the VIE's subsidiaries in China. PRC laws and regulations restrict and impose conditions on foreign direct investment in companies involved in internet-based business and insurance intermediary business. Therefore, we operate such business in China through the variable interest entity, Shenzhen Huiye Tianze Investment Holding Co., Ltd., which we refer to as the VIE in this annual report, and its subsidiaries in China, and rely on contractual arrangements among our WFOE, the VIE and its shareholders to control the business operations of the VIE. Investors in our ADSs thus are not purchasing direct equity interest in our operating entities in China but instead are purchasing equity interest in a Cayman Islands holding company. As used in this annual report, "Huize," "we," "us," "our company" or "our" refers to Huize Holding Limited, and where the context requires, includes its subsidiaries, and, in the context of describing our operations and consolidated financial information, the VIE and its subsidiaries in China.

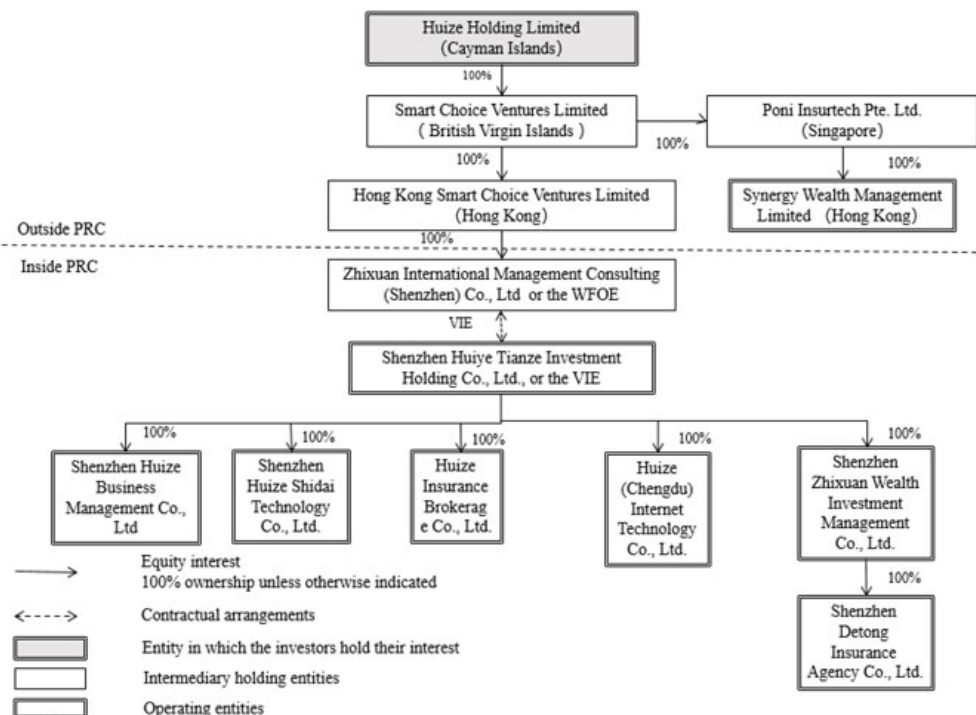
A series of contractual agreements, including power of attorney, equity pledge agreement, exclusive business cooperation agreement and exclusive option and equity custody agreement, have been entered into by and among our WFOE, the VIE and its shareholders. In particular, through:

- (i) the power of attorney, pursuant to which each shareholder of the VIE irrevocably authorized our WFOE or any person designated by our WFOE to act as its attorney-in-fact to exercise all of its rights as a shareholder of the VIE, and the equity pledge agreement, pursuant to which the shareholders of the VIE have pledged the 100% equity interests in the VIE to our WFOE to guarantee performance by the shareholders of their obligations under the exclusive business cooperation agreement, exclusive option and equity custody agreement and power of attorney, we retain effective control over the VIE;
- (ii) the exclusive business cooperation agreement, pursuant to which our WFOE has the exclusive right to provide the VIE with comprehensive technology and business support as well as the relevant consultations services required by the business of the VIE, or to appoint a third party to provide the VIE with such services, we may receive substantially all economic benefits from the VIE; and
- (iii) the exclusive option and equity custody agreement, pursuant to which each of the shareholders of the VIE has irrevocably granted our WFOE an exclusive option to purchase, or have its designated third party to purchase, at its discretion, all or part of his or its equity interests in the VIE and/or the assets that the VIE holds at a nominal consideration or the lowest price permitted by applicable PRC law, we have the option to purchase the equity interest in and assets of the VIE at low cost.

The VIE is consolidated for accounting purposes; however, neither our Cayman Islands holding company nor the investors in the holding company have an equity ownership or direct investment in the VIE. Our Cayman Island holding company is considered the ultimate primary beneficiary of the VIE and consolidates the VIE and its subsidiaries as required by Accounting Standards Codification topic 810, Consolidation. Accordingly, we treat the VIE as our consolidated entity under U.S. GAAP and we consolidate the financial results of the VIE in our consolidated financial statements in accordance with U.S. GAAP. For more details of these contractual arrangements, see "Item 4. Information on the Company—C. Organizational Structure—Contractual Arrangements with The VIE and Its Shareholders."

Our corporate structure is subject to risks associated with our contractual arrangements with the VIE. Our Cayman Islands holding company that investors own equity interest in may never directly hold equity interests in the businesses that are conducted by the VIE. If the PRC government finds that the agreements that establish the structure for operating our business do not comply with PRC laws and regulations, or if these regulations or their interpretations change in the future, we could be subject to severe penalties or be forced to relinquish our interests in those operations. Our holding company, our PRC subsidiary, the VIE, and investors of our company face uncertainty about potential future actions by the PRC government that could affect the enforceability of the contractual arrangements with the VIE and, consequently, significantly affect the financial performance of the VIE and our company as a whole. For a detailed description of the risks associated with our corporate structure, please refer to risks disclosed under “Item 3. Key Information—D. Risk Factors—Risks Relating to Our Corporate Structure.” In addition, the contractual arrangements may not be as effective as equity ownership in providing us with control over the VIE, and we may incur substantial costs to enforce the terms of the arrangements. Evolvement in the PRC regulations may limit our ability, as a Cayman Islands holding company, to enforce these contractual arrangements. Meanwhile, based on officially published and publicly available judgments, the legality and validity of VIE contractual arrangements have not been tested in a court of law in the PRC. There are very few precedents as to whether contractual arrangements would be judged to form effective control over the relevant variable interest entity through the contractual arrangements, or how contractual arrangements in the context of a variable interest entity should be interpreted or enforced by the PRC courts. Should legal actions become necessary, we cannot guarantee that the court will rule in favor of the enforceability of the variable interest entity contractual arrangements. In the event we are unable to enforce these contractual arrangements, or if we suffer significant delay or other obstacles in the process of enforcing these contractual arrangements, we may not be able to exert effective control over the VIE, and our ability to conduct our business may be materially adversely affected. See “Item 3. Key Information—D. Risk Factors—Risks Relating to Our Corporate Structure—We rely on contractual arrangements with the VIE, and its shareholders for our operations in China, which may not be as effective as equity ownership in providing operational control,” and “—The shareholders and directors of the VIE may have potential conflicts of interest with us, and if any such conflicts of interest are not resolved in our favor, our business may be materially and adversely affected.”

The following diagram illustrates our current corporate structure, which includes our significant subsidiaries, the VIE and its material subsidiaries as of the date of this annual report:



Note:

- (1) Shareholders of Shenzhen Huiye Tianze Investment Holding Co., Ltd., or Huiye Tianze, are: (1) Shenzhen Huidecheng Investment Development Limited Partnership and Shenzhen Huideli Consulting Management Limited Partnership, both as our PRC ESOP holding entities, holding an aggregate of 49.43% shares in Huiye Tianze; (2) PRC holding entities of the shareholders of our Cayman Islands holding company, holding an aggregate of 50.57% shares in Huiye Tianze.

We face various legal and operational risks and uncertainties associated with being based in or having our operations primarily in China and the complex and evolving PRC laws and regulations. For example, we face risks associated with regulatory approvals on offerings conducted overseas by and foreign investment in China-based issuers, the use of the VIE, anti-monopoly regulatory actions, oversight on cybersecurity and data privacy, which may impact our ability to conduct certain businesses, accept foreign investments, or list on or remain listed on a United States or other foreign exchange. These risks could result in a material adverse change in our operations and the value of our ADSs, significantly limit or completely hinder our ability to offer or continue to offer securities to investors, or cause the value of such securities to significantly decline or become worthless. For a detailed description of risks related to doing business in China, see “Item 3. Key Information—D. Risk Factors—Risks Relating to Doing Business in China.”

PRC government’s significant authority in regulating our operations and its oversight and control over offerings conducted overseas by, and foreign investment in, China-based issuers could significantly limit or completely hinder our ability to offer or continue to offer securities to investors. Implementation of industry-wide regulations in this nature may cause the value of such securities to significantly decline or become worthless. For more details, see “Item 3. Key Information—D. Risk Factors—Risks Relating to Doing Business in China—Complex regulatory requirements on our business operation could result in a material adverse change in our operations and the value of our ADSs.”

Our current corporate structure and business operations may be affected by the legal system in China, including the interpretation and application of quickly evolving rules and regulations in China, could result in a material adverse change in our operations and the value of our ADSs. For more details, see “Item 3. Key Information—D. Risk Factors—Risks Relating to Doing Business in China—We are subject to the changes, interpretation and enforcement of laws and regulations in mainland China.”

The Holding Foreign Companies Accountable Act

Pursuant to the Holding Foreign Companies Accountable Act, which was enacted on December 18, 2020 and further amended by the Consolidated Appropriations Act, 2023 signed into law on December 29, 2022, or the HFCAA, if the SEC determines that we have filed audit reports issued by a registered public accounting firm that has not been subject to inspections by the Public Company Accounting Oversight Board, or the PCAOB, for two consecutive years, the SEC will prohibit our shares or the ADSs from being traded on a national securities exchange or in the over-the-counter trading market in the United States. On December 16, 2021, the PCAOB issued a report to notify the SEC of its determination that the PCAOB was unable to inspect or investigate completely registered public accounting firms headquartered in mainland China and Hong Kong, including our auditor. In May 2022, the SEC conclusively listed us as a Commission-Identified Issuer under the HFCAA following the filing of the annual report on Form 20-F for the fiscal year ended December 31, 2021. On December 15, 2022, the PCAOB issued a report that vacated its December 16, 2021 determination and removed mainland China and Hong Kong from the list of jurisdictions where it is unable to inspect or investigate completely registered public accounting firms. For this reason, we were not identified as a Commission-Identified Issuer under the HFCAA after we filed our annual report on Form 20-F for the fiscal year ended December 31, 2022 and 2023 and do not expect to be so identified after we file this annual report on Form 20-F for the fiscal year ended December 31, 2024. Each year, the PCAOB will determine whether it can inspect and investigate completely audit firms in mainland China and Hong Kong, among other jurisdictions. If the PCAOB determines in the future that it no longer has full access to inspect and investigate completely accounting firms in mainland China and Hong Kong and we use an accounting firm headquartered in one of these jurisdictions to issue an audit report on our financial statements filed with the Securities and Exchange Commission, we would be identified as a Commission-Identified Issuer following the filing of the annual report on Form 20-F for the relevant fiscal year. There can be no assurance that we would not be identified as a Commission-Identified Issuer for any future fiscal year, and if we were so identified for two consecutive years, we would become subject to the prohibition on trading under the HFCAA. See “Item 3. Key Information—D. Risk Factors—Risks Relating to Doing Business in China—The PCAOB had historically been unable to inspect our auditor in relation to their audit work performed for our financial statements and the inability of the PCAOB to conduct inspections of our auditor in the past has deprived our investors with the benefits of such inspections” and “Item 3. Key Information—D. Risk Factors—Risks Relating to Doing Business in China—Our ADSs may be prohibited from trading in the United States under the HFCAA in the future if the PCAOB is unable to inspect or investigate completely auditors located in China. The delisting or prohibition of trading of the ADSs, or the threat of their being delisted or prohibited from trading, may materially and adversely affect the value of your investment.”

Permissions Required from the PRC Authorities for Our Operations

We conduct our business primarily through our PRC subsidiary, the VIE and its subsidiaries in China. Our operations in China are governed by PRC laws and regulations. As of the date of this annual report, our PRC subsidiary, the VIE and its subsidiaries have obtained the requisite licenses and permits from the PRC government authorities that are material for the business operations of our holding company, the VIE and its subsidiaries in the PRC in all material respects, including, among others, the value-added telecommunications business operating licenses, the insurance intermediary license, the record-filing certificate on insurance adjustment assessment business and the record-filing certificate on the graded protection of information system security. Any failure to obtain or delay in obtaining such permissions or approvals, or a rescission of any such approval if obtained by us, would subject us to regulatory measures by the applicable PRC regulatory authorities. These regulatory authorities may impose fines and penalties on our operations in China, limit our ability to pay dividends outside of China, limit our operating privileges in China, delay or restrict the repatriation of the proceeds from our offshore offerings into China or take other actions that could materially and adversely affect our business, financial condition, results of operations, and prospects, as well as the trading price of our ADSs. Due to clarification or development in the interpretation and implementation of relevant laws and regulations and the evolving enforcement practices of the government authorities, we may be required to obtain additional licenses, permits, filings or approvals for the functions and services of our platform in the future. For more detailed information, see “Item 3. Key Information—D. Risk Factors—Risks Relating to Our Business and Industry—Failure to obtain, renew or retain licenses, permits or approvals may affect our ability to conduct or expand our business” and “—We may be adversely affected by the complexity and evolutions in PRC regulations of internet-related businesses and companies, and any lack of requisite approvals, licenses or permits applicable to our business may have a material adverse effect on our business and results of operations.”

Meanwhile, the PRC government has sought to exert more oversight and control over capital raising activities of listed companies that are conducted overseas and/or foreign investment in China-based issuers. In December 2021, the Cyberspace Administration of China, or the CAC, together with other authorities, jointly promulgated the Cybersecurity Review Measures, which became effective on February 15, 2022, and replaces its predecessor regulation. Pursuant to the Cybersecurity Review Measures, critical information infrastructure operators that procure internet products and services and network platform operators that conduct data process activities must be subject to the cybersecurity review if their activities affect or may affect national security. The Cybersecurity Review Measures further stipulate that network platform operators that hold personal information of over one million users shall apply with the Cybersecurity Review Office for a cybersecurity review before any public offering at a foreign stock exchange. On July 7, 2022, the CAC issued the Measures for the Security Assessment of Data Cross-border Transfer, which became effective on September 1, 2022. The Measures for the Security Assessment of Data Cross-border Transfer require that any data processor providing important data collected and generated during operations within the territory of the PRC or personal information that should be subject to security assessment according to law to an overseas recipient shall conduct security assessment. The Measures for the Security Assessment of Data Cross-border Transfer provide certain circumstances, under any of which data processors shall, through the local cyberspace administration at the provincial level, apply to the national cyberspace administration for security assessment of data cross-border transfer. These circumstances include: (i) where a data processor transfers important data overseas; (ii) where a critical information infrastructure operator, or a data processor processing the personal information of more than one million individuals, who, in either case, transfers personal information overseas; (iii) where a data processor who has, since January 1 of the previous year cumulatively transferred overseas the personal information of more than 100,000 individuals, or the sensitive personal information of more than 10,000 individuals; or (iv) other circumstances under which security assessment of data cross-border transfer is required as prescribed by the national cyberspace administration. On February 17, 2023, China Securities Regulatory Commission, or the CSRC, released several regulations regarding the filing requirements for overseas offerings and listings by domestic companies, including the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies and five supporting guidelines, which are collectively referred to as the Overseas Listing Filing Rules. The Overseas Listing Filing Rules formally came into effect on March 31, 2023. According to the Overseas Listing Filing Rules, the overseas offering and listing by a domestic company, whether directly or indirectly, shall be filed with the CSRC. In connection with our historical issuance of securities to foreign investors, we have not been required to file with the CSRC, nor have we been subject to any cyber security review initiated by the CAC. However, an overseas listed company must also submit the filing with respect to its follow-on offerings, issuance of convertible corporate bonds and exchangeable bonds, and other equivalent offering activities, within a specific time frame requested under the Overseas Listing Filing Rules. Therefore, we are required to file with the CSRC for our overseas offering of equity and equity linked securities in the future within the applicable scope of the Filing Rules. Any failure to obtain or delay in obtaining such approval or completing such procedures could subject us to restrictions and penalties imposed by the CSRC, the CAC or other PRC regulatory authorities, which could include fines and penalties on our operations in China, delays of or restrictions on the repatriation of the proceeds from our offshore offerings into China, or other actions that could materially and adversely affect our business, financial condition, results of operations, and prospects, as well as the trading price of our ADSs. For more detailed information, see “Item 3. Key Information—D. Risk Factors—Risks Relating to Doing Business in China—The approval of and filing with the CSRC or other PRC government authorities may be required in connection with our offshore offerings under PRC law, and, if required, we cannot predict whether or for how long we will be able to obtain such approval or complete such filing.” If (i) we fail to obtain the approval or complete other filing procedures, (ii) we inadvertently conclude that such approval or filing procedures are not required, while they actually are required, or (iii) we are required to obtain the approval or complete other filing procedures as a result of changes of applicable laws, regulations or interpretations thereof but fail to do so, we may face regulatory measures by the CSRC or other PRC regulatory authorities, which may include fines and penalties on our operations in China, limitations on our operating privileges in China, restrictions on or prohibition of the payments or remittance of dividends by our subsidiaries in China, restrictions on or delays to our future financing transactions offshore, or other actions that could have a material and adverse effect on our business, financial condition, results of operations, reputation and prospects, as well as the trading price of our ADSs. For more detailed information, see “Item 3. Key Information—D. Risk Factors—Risks Relating to Doing Business in China—The approval of and filing with the CSRC or other PRC government authorities may be required in connection with our offshore offerings under PRC law, and, if required, we cannot predict whether or for how long we will be able to obtain such approval or complete such filing” and “—Our business generates and processes a large amount of data, and is subject to complex and evolving Chinese and international laws and regulations regarding privacy, data protection and cybersecurity. Any failure to protect the confidential information of third parties or improper use or disclosure of such data may subject us to liabilities imposed by data privacy and protection laws and regulations, negatively impact our reputation, and deter our clients from using our products and services.”

Cash Flows through Our Organization

We have established stringent controls and procedures for cash flows within our organization. Each transfer of cash between our Cayman Islands holding company and a subsidiary, the VIE or the subsidiaries of the VIE is subject to internal approval. The cash of our group is under the unified management of our finance department and is dispatched and applied to each operating entity based on the budget and operating conditions of the specific operating entity. Each cash requirement, after raised by an operating entity, is required to go through a three-level review process of our finance department. The funding team of the finance department will allocate the cash to the operating entity after the application for cash requirement is approved by the responsible person in the finance department. To date, we have not had difficulty in transferring cash between our Cayman Islands holding company and a subsidiary, the VIE or the subsidiaries of the VIE. For details of the financial position, cash flows and results of operations of the VIE and its subsidiaries, see “Item 3. Key Information—Financial Information Related to the Subsidiaries and Consolidated Variable Interest Entity.”

As a Cayman Islands holding company, we may receive dividends from our PRC subsidiary through Hong Kong Smart Choice Ventures Limited.

The Enterprise Income Tax Law of the PRC and its implementing rules, provide that dividends paid by a PRC entity to a nonresident enterprise for income tax purposes is subject to PRC withholding tax at a rate of 10%, subject to reduction by an applicable tax treaty with China.

Dividends paid by our wholly foreign-owned subsidiary in China to our intermediate holding company in Hong Kong will be subject to a withholding tax rate of 10%, unless the Hong Kong entity satisfies all the requirements under the Arrangement between China and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and Prevention of Fiscal Evasion with respect to Taxes on Income and Capital and receives approval from the tax authority. If our Hong Kong subsidiary satisfies all the requirements under the tax arrangement and receives approval from the tax authority, then the dividends paid to the Hong Kong subsidiary would be subject to withholding tax at the standard rate of 5%. Effective from November 1, 2015, the above-mentioned approval requirement has been abolished, but a Hong Kong entity is still required to file application package with the tax authority, and settle the overdue taxes if the preferential 5% tax rate is denied based on the subsequent review of the application package by the tax authority. Furthermore, effective from January 1, 2020, a Hong Kong entity is entitled to judge by itself that it meets the conditions for entitlement to such treaty benefits. It could obtain such entitlement by itself at the time of making tax returns, or at the time of making withholding declarations via withholding agents. At the same time, the Hong Kong entity shall collect, gather and retain relevant materials for future reference in accordance with applicable rules, and shall accept the follow-up administration of tax authorities. In addition, there is no assurance that the PRC government will not intervene or impose restrictions on our ability to transfer cash in the future. See “Item 3. Key Information—D. Risk Factors—Risks Relating to Our Corporate Structure—We may rely principally on dividends and other distributions on equity paid by our WFOE to fund any cash and financing requirements we may have, and any limitation on the ability of our WFOE to pay dividends to us could have a material adverse effect on our ability to conduct our business.”

If our holding company in the Cayman Islands or any of our subsidiaries outside of the mainland of China were deemed to be a “resident enterprise” under the PRC Enterprise Income Tax Law, it would be subject to enterprise income tax on its worldwide income at a rate of 25%. See “Item 3. Key Information—D. Risk Factors—Risks Relating to Doing Business in China—If we are classified as a PRC resident enterprise for PRC income tax purposes, such classification could result in unfavorable tax consequences to us and our non-PRC shareholders or ADS holders.”

For purposes of illustration, the following discussion reflects the hypothetical taxes that might be required to be paid within China, assuming that: (i) we have taxable earnings, and (ii) we determine to pay dividends in the future:

	Taxation Scenario(1) Statutory Tax and Standard Rate
Hypothetical pre-tax earnings(2)	100%
Tax on earnings at statutory rate of 25%(3)	(25%)
Net earnings available for distribution	75%
Withholding tax at standard rate of 10%(4)	(7.5%)
Net distribution to Parent/Shareholders	67.5%

Notes:

- (1) For purposes of this example, the tax calculation has been simplified. The hypothetical book pre-tax earnings amount, not considering timing differences, is assumed to equal the taxable income of mainland China.
- (2) Under the terms of the contractual arrangements among our WFOE, the VIE and its shareholders, our WFOE may charge the VIE for services provided to the VIE. These fees shall be recognized as expenses of the VIE, with a corresponding amount as service income by our WFOE and eliminate in consolidation. For income tax purposes, our WFOE and VIE file income tax returns on a separate company basis. The fees paid are recognized as a tax deduction by the VIE and as income by our WFOE and are tax neutral.
- (3) For purposes of this hypothetical example, the table above reflects a maximum tax scenario under which the full statutory rate of 25% would be effective.
- (4) The Enterprise Income Tax Law of the PRC imposes a withholding income tax of 10% on dividends distributed by a foreign invested enterprise to its immediate holding company outside of mainland China. A lower withholding income tax rate of 5% is applied if the foreign invested enterprise’s immediate holding company is registered in Hong Kong or other jurisdictions that have a tax treaty arrangement with mainland China, subject to a qualification review at the time of the distribution. For purposes of this hypothetical example, the table above assumes a maximum tax scenario under which the full withholding tax rate of 10% would be applied.

The table above has been prepared under the assumption that all profits of the VIE will be distributed as fees to our WFOE under tax neutral contractual arrangements. If in the future, the accumulated earnings of the VIE *exceed* the fees paid to our PRC subsidiaries (or if the current and contemplated fee structure between the intercompany entities is determined to be non-substantive and disallowed by mainland Chinese tax authorities), the VIE could, as a matter of last resort, make a non-deductible transfer to our WFOE for the amounts of the stranded cash in the VIE. This would result in such transfer being non-deductible expenses for the VIE but still taxable income for our WFOE.

Under PRC laws and regulations, we are subject to restrictions on foreign exchange and cross-border cash transfers, including to U.S. investors. Our ability to distribute earnings to the holding company and U.S. investors is also limited. We are a Cayman Islands holding company and we may rely on dividends and other distributions on equity paid by our PRC subsidiary, which in turn relies on consulting and other fees paid to us by the VIE, for our cash and financing requirements, including the funds necessary to pay dividends and other cash distributions to our shareholders and service any debt we may incur. When any of our PRC subsidiary incurs debt on its own behalf, the instruments governing the debt may restrict its ability to pay dividends or make other distributions to us.

Our WFOE, being a foreign-invested enterprise established in mainland China, is required to make appropriations to certain statutory reserves, namely, a general reserve fund, an enterprise expansion fund, a staff welfare fund and a bonus fund, all of which are appropriated from net profit as reported in its PRC statutory accounts. Our WFOE is required to allocate at least 10% of its after-tax profits after making up the previous year’s accumulated losses each year, if any, to a general reserve fund until such fund has reached 50% of its respective registered capital. Appropriations to the enterprise expansion fund and staff welfare and bonus funds are at the discretion of the board of directors of the PRC subsidiary.

Under PRC laws and regulations, our WFOE, the VIE and its subsidiaries are subject to certain restrictions with respect to paying dividends or otherwise transferring any of their net assets to us. The amounts restricted include the paid-up capital and the statutory reserve funds of our PRC subsidiaries and the net assets of the consolidated variable interest entity in which we have no legal ownership.

In addition, our WFOE, the VIE and its subsidiaries generate their revenue primarily in Renminbi, which is not freely convertible into other currencies. As a result, any restriction on currency exchange may limit the ability of our PRC subsidiaries to pay dividends to us. For more details, see “Item 3. Key Information—D. Risk Factors—Risks Relating to Our Corporate Structure—We may rely principally on dividends and other distributions on equity paid by our WFOE to fund any cash and financing requirements we may have, and any limitation on the ability of our WFOE to pay dividends to us could have a material adverse effect on our ability to conduct our business,” and “—Government control of currency conversion and future fluctuation of Renminbi exchange rates could have a material adverse effect on our results of operations and financial condition, and may reduce the value of, and dividends payable on, our Shares in foreign currency terms.”

Financial Information Related to the Subsidiaries and Consolidated Variable Interest Entity

The following tables present the condensed consolidating schedule of financial position for the subsidiaries and consolidated variable interest entity and other entities as of the dates presented.

Selected Condensed Consolidated Statements of Income Information

	For the Year Ended December 31, 2022						For the Year Ended December 31, 2023						For the Year Ended December 31, 2024				
	Parent company RMB'000	Subsidiaries of parent company RMB'000	WFOE RMB'000	VIE and its subsidiaries RMB'000	Elimination (Note 1) RMB'000	Consolidated RMB'000	Parent company RMB'000	Subsidiaries of parent company RMB'000	WFOE RMB'000	VIE and its subsidiaries RMB'000	Elimination (Note 1) RMB'000	Consolidated RMB'000	Parent company RMB'000	Subsidiaries of parent company RMB'000	WFOE RMB'000	VIE and its subsidiaries RMB'000	Elim (N RM
Operating revenue																	
Brokerage commission income	—	1,562	—	1,107,090	—	1,108,652	—	19,661	—	1,124,872	—	1,144,533	—	228,734	—	965,093	
Other income	1,553	—	—	49,223	(1,520)	49,256	1,643	926	—	48,450	—	51,019	1,808	9,232	—	44,047	
Total operating revenue	1,553	1,562	—	1,156,313	(1,520)	1,157,908	1,643	20,587	—	1,173,322	—	1,195,552	1,808	237,966	—	1,009,140	
Operating costs and expenses																	
Cost of revenue	—	(942)	—	(705,067)	—	(706,009)	—	(17,151)	—	(711,917)	—	(729,068)	—	(203,664)	—	(651,832)	
Cost of other income	—	—	—	(28,282)	—	(28,282)	—	(1,019)	—	(18,919)	—	(19,938)	—	—	—	(12,790)	
Selling expenses	—	(1,250)	(1,520)	(230,414)	1,520	(231,664)	—	(2,653)	—	(201,608)	—	(204,261)	—	(22,666)	(28)	(169,731)	
General and administrative expenses	(4,614)	(13,514)	(68)	(136,519)	—	(154,715)	(5,996)	(12,165)	(108)	(101,135)	—	(119,404)	(7,662)	(28,977)	(2)	(110,128)	
Research and development expenses	—	—	—	(80,911)	—	(80,911)	—	—	—	(71,842)	—	(71,842)	—	(585)	—	(61,806)	
Total operating costs and expenses	(4,614)	(15,706)	(1,588)	(1,181,193)	1,520	(1,201,581)	(5,996)	(32,988)	(108)	(1,105,421)	—	(1,144,513)	(7,662)	(255,892)	(30)	(1,006,287)	
Operating (loss) income/other income/(expenses)	(3,061)	(14,144)	(1,588)	(24,880)	—	(43,673)	(4,353)	(12,401)	(108)	67,901	—	51,039	(5,854)	(17,926)	(30)	2,853	
Interest (expenses)/income	—	525	5	(5,592)	—	(5,062)	1	1,946	1	841	—	2,789	—	2,133	1	2,005	
Unrealized exchange (loss)/income	—	(84)	5	—	—	(79)	(1)	(435)	—	—	—	(436)	—	(684)	—	—	
Investment income	—	(2,784)	—	568	—	(2,216)	—	(179)	—	(1,477)	—	(1,656)	—	(204)	—	(307)	
Others, net	—	257	1,292	17,941	—	19,490	—	1	—	18,400	—	18,401	—	335	—	16,844	
Profit before income tax, and share of (loss)/income of equity method investee	(3,061)	(16,230)	(286)	(11,963)	—	(31,540)	(4,353)	(11,068)	(107)	85,665	—	70,137	(5,854)	(16,346)	(29)	21,395	
Income tax expense	—	—	—	—	—	—	—	—	—	—	—	—	—	(341)	—	206	
Share of income/(loss) of equity method investee	—	—	—	(2,200)	—	(2,200)	—	—	—	417	—	417	—	—	—	1,535	
Share of income/(loss) of subsidiaries and VIE	(28,126)	(11,896)	(11,610)	—	51,632	—	74,541	85,609	85,716	—	(245,866) ⁽ⁱ⁾	—	5,205	21,493	21,522	—	(4
Net profit/(loss)	(31,187)	(28,126)	(11,896)	(14,163)	51,632	(33,740)	70,188	74,541	85,609	86,082	(245,866)	70,554	(649)	4,806	21,493	23,136	(4

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	For the Year Ended December 31, 2022						For the Year Ended December 31, 2023						For the Year Ended December 31, 2024						Co R
	Parent company RMB'000	Subsidiaries of parent company RMB'000	WFOE RMB'000	VIE and its subsidiaries RMB'000	Elimination (Note 1) RMB'000	Consolidated RMB'000	Parent company RMB'000	Subsidiaries of parent company RMB'000	WFOE RMB'000	VIE and its subsidiaries RMB'000	Elimination (Note 1) RMB'000	Consolidated RMB'000	Parent company RMB'000	Subsidiaries of parent company RMB'000	WFOE RMB'000	VIE and its subsidiaries RMB'000	Elimination (Note 1) RMB'000		
Net profit/(loss) attributable to non-controlling interests	—	—	—	(2,553)	—	(2,553)	—	—	—	366	—	366	—	(399)	—	1,614	—		
Net profit/(loss) attributable to Huize Holding Limited	(31,187)	(28,126)	(11,896)	(11,610)	51,632	(31,187)	70,188	74,541	85,609	85,716	(245,866)	70,188	(649)	5,205	21,493	21,522	(48,220)		
Net (loss)/profit attributable to common shareholders	(31,187)	(28,126)	(11,896)	(11,610)	51,632	(31,187)	70,188	74,541	85,609	85,716	(245,866)	70,188	—	(399)	—	1,614	—		
Net profit/(loss)	(31,187)	(28,126)	(11,896)	(14,163)	51,632	(33,740)	70,188	74,541	85,609	86,082	(245,866)	70,554	(649)	4,806	21,493	23,136	(48,220)		
Foreign currency translation adjustment, net of tax	9,600	(14,324)	—	—	14,324 ⁽ⁱⁱ⁾	9,600	3,635	(5,340)	—	—	5,340 ⁽ⁱⁱ⁾	3,635	1,196	(7,185)	—	—	7,185		
Comprehensive income/(loss)	(21,587)	(42,450)	(11,896)	(14,163)	65,956	(24,140)	73,823	69,201	85,609	86,082	(240,526)	74,189	547	(2,379)	21,493	23,136	(41,035)		
Comprehensive income/(loss) attributable to non-controlling interests	—	—	—	(2,553)	—	(2,553)	—	—	—	366	—	366	—	(399)	—	1,614	—		
Comprehensive income/(loss) attributable to Huize Holding Limited	(21,587)	(42,450)	(11,896)	(11,610)	65,956	(21,587)	73,823	69,201	85,609	85,716	(240,526)	73,823	547	(1,980)	21,493	21,522	(41,035)		

Note 1:

- (1) The elimination represents equity pick-up of net profits and losses in the subsidiaries of the parent company, WFOE and the VIE and its subsidiaries.
- (2) The elimination represents equity pick-up of other comprehensive income in the subsidiaries of the parent company.

Selected Condensed Consolidated Balance Sheets Information

	As of December 31, 2023						As of December 31, 2024					
	Parent company RMB'000	Subsidiaries of parent Company RMB'000	WFOE RMB'000	VIE and its subsidiaries RMB'000	Elimination (Note 2) RMB'000	Consolidated RMB'000	Parent company RMB'000	Subsidiaries of parent Company RMB'000	WFOE RMB'000	VIE and its subsidiaries RMB'000	Elimination (Note 2) RMB'000	Consolidated RMB'000
Assets												
Current assets												
Cash and cash equivalent, net	5,296	84,285	537	159,140	—	249,258	1,564	48,634	506	182,503	—	233,207
Restricted cash	—	—	—	42,307	—	42,307	—	—	—	61,708	—	61,708
Short-term investments	—	—	—	8,879	—	8,879	—	—	—	5,000	—	5,000
Contract Assets, net	—	—	—	41,481	—	41,481	—	—	—	71,085	—	71,085
Accounts receivable, net	—	3,142	—	175,152	—	178,294	—	43,647	—	113,433	—	157,080
Insurance premium receivables, net	—	—	—	927	—	927	—	—	—	1,763	—	1,763
Amount due from related parties	106	—	—	277	—	383	109	657	—	229	—	995
Deferred costs	—	—	—	6,147	—	6,147	—	—	—	—	—	—
Prepaid expense and other receivables, net	1,368	1,682	101	75,633	—	78,784	980	2,566	103	64,522	—	68,171
Amount due from the group companies	305,526	603	128,910	27,096	(462,135) ⁽ⁱ⁾	—	314,513	906	128,910	27,096	(471,425) ⁽ⁱⁱ⁾	—
Total current assets	312,296	89,712	129,548	537,039	(462,135)	606,460	317,166	96,410	129,519	527,339	(471,425)	599,009
Non-current assets												
Restricted cash	—	—	—	29,687	—	29,687	—	—	—	29,883	—	29,883
Property, Plant and Equipment, net	—	286	—	53,821	—	54,107	—	816	—	46,267	—	47,083
Intangible assets, net	—	5,296	—	45,447	—	50,743	—	23,357	—	45,483	—	68,840
Deferred tax assets	—	—	—	—	—	—	—	—	—	—	—	—
Long-term investments	—	10,021	—	66,667	—	76,688	—	9,930	—	56,786	—	66,716
Investment in subsidiaries	118,319	328,410	—	—	(446,729) ⁽ⁱⁱⁱ⁾	—	124,272	358,673	—	—	(482,945) ⁽ⁱⁱⁱ⁾	—
Investment in VIE	—	—	198,862	—	(198,862) ⁽ⁱⁱⁱ⁾	—	—	—	229,157	—	(229,157) ⁽ⁱⁱⁱ⁾	—
Operating lease right-of-use assets	—	534	—	115,412	—	115,946	—	1,676	—	19,039	—	20,715
Goodwill	—	—	—	461	—	461	—	14,075	—	461	—	14,536
Contract Assets, net	—	—	—	12,495	—	12,495	—	—	—	28,435	—	28,435
Other Assets	—	419	—	—	—	419	—	8,861	—	120	—	8,981
Total non-current assets	118,319	344,966	198,862	323,990	(645,591)	340,546	124,272	417,388	229,157	226,474	(712,102)	285,189
Total assets	430,615	434,678	328,410	861,029	(1,107,726)	947,006	441,438	513,798	358,676	753,813	(1,183,527)	884,198
Liabilities, and Shareholders' Equity												
Short-term borrowings	—	—	—	30,000	—	30,000	—	—	—	50,000	—	50,000
Accounts payable	—	7,318	—	204,587	—	211,905	—	45,362	—	156,692	—	202,054
Insurance premium payables	—	—	—	37,514	—	37,514	—	—	—	56,042	—	56,042
Contract liabilities	1,783	—	—	945	—	2,728	—	—	—	—	—	—
Other payables and accrued expenses	—	1,228	—	33,622	—	34,850	—	13,083	—	31,351	—	44,434
Amount due to the group companies	17,896	306,155	—	138,084	(462,135) ⁽ⁱ⁾	—	17,893	315,236	—	138,296	(471,425) ⁽ⁱⁱ⁾	—
Payroll and welfare payable	5,583	—	—	50,624	—	56,207	14,156	(115)	—	26,964	—	41,005
Income taxes payable	—	—	—	2,440	—	2,440	—	341	—	2,234	—	2,575
Operating lease liabilities	—	581	—	16,368	—	16,949	—	1,790	—	14,953	—	16,743
Amount due to related parties	—	—	—	2,451	—	2,451	—	—	—	2,495	—	2,495
Total current liabilities	25,262	315,282	—	516,635	(462,135)	395,044	32,049	375,697	—	479,027	(471,425)	415,348
Non-current liabilities												
Long-term borrowings	—	—	—	—	—	—	—	—	—	—	—	—
Deferred tax liabilities	—	1,077	—	10,971	—	12,048	—	3,904	—	10,971	—	14,875
Operating lease liabilities	—	—	—	129,299	—	129,299	—	—	—	24,082	—	24,082
Payroll and welfare payable	200	—	—	—	—	200	649	—	—	—	—	649

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	As of December 31, 2023					As of December 31, 2024						
	Parent company RMB'000	Subsidiaries of parent Company RMB'000	WFOE RMB'000	VIE and its subsidiaries RMB'000	Elimination (Note 2) RMB'000	Consolidated RMB'000	Parent company RMB'000	Subsidiaries of parent Company RMB'000	WFOE RMB'000	VIE and its subsidiaries RMB'000	Elimination (Note 2) RMB'000	Consolidated RMB'000
Assets												
Total non-current liabilities	200	1,077	—	140,270	—	141,547	649	3,904	—	35,053	—	39,606
Total liabilities	25,462	316,359	—	656,905	(462,135)	536,591	32,698	379,601	—	514,080	(471,425)	454,954
Shareholders' equity	405,153	118,319	328,410	204,124	(645,591)	410,415	408,740	134,197	358,676	239,733	(712,102)	429,244
Total liabilities and shareholders' equity	430,615	434,678	328,410	861,029	(1,107,726)	947,006	441,438	513,798	358,676	753,813	(1,183,527)	884,198

Note 2:

- (1) The elimination mainly represents inter-company loans among the parent company, the subsidiaries of the parent company, WFOE and the VIE.
- (2) The elimination represents offsetting entries for investment of the parent company against the equities of the subsidiaries of parent company and the VIE.

Selected Condensed Consolidated Cash Flows Information

	For the Year Ended December 31, 2022						For the Year Ended December 31, 2023						For the Year Ended December 31, 2024					
	Parent company RMB'000	Subsidiaries of parent company RMB'000	WFOE RMB'000	VIE and its subsidiaries RMB'000	Elimination (Note 3) RMB'000	Consolidated RMB'000	Parent company RMB'000	Subsidiaries of parent company RMB'000	WFOE RMB'000	VIE and its subsidiaries RMB'000	Elimination (Note 3) RMB'000	Consolidated RMB'000	Parent company RMB'000	Subsidiaries of parent company RMB'000	WFOE RMB'000	VIE and its subsidiaries RMB'000	Elimination (Note 3) RMB'000	Co E
Net cash provided by/(used in) operating activities	18,473	(34,064)	(382)	(69,094)	—	(85,067)	2,903	(14,971)	(112)	149,531	—	137,351	173	(23,367)	(32)	4,300	—	
Cash flows from investing activities:																		
Purchase of long-term investment	—	—	—	(10,000)	—	(10,000)	—	—	—	—	—	—	—	—	—	—	—	—
Purchase of short-term investment	—	—	—	—	—	—	—	—	(9,968)	—	(9,968)	—	—	—	—	(73,327)	—	—
Purchase of property, equipment and intangible assets	—	(50)	—	(16,773)	—	(16,823)	—	(434)	(30,090)	—	(30,524)	—	(247)	—	(4,037)	—	—	—
Proceeds from disposal of Property, equipment and intangible assets	—	4	—	1,044	—	1,048	—	—	955	—	955	—	63	—	363	—	—	—
Acquisition of subsidiary, net of cash paid	—	—	—	(25,964)	—	(25,964)	—	(2,441)	—	—	(2,441)	—	(8,046)	—	—	—	—	—
Investment in subsidiaries from parent	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Investment in WFOE from subsidiaries	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Payments of inter-company balances	(23,376)	—	(6,041)	—	29,417 ⁽ⁱ⁾	—	(6)	(10,065)	—	10,071 ⁽ⁱⁱⁱ⁾	—	(3,925)	(302)	—	—	—	—	4,227
Proceeds from disposal of investments	—	—	—	700	—	700	—	874	—	—	874	—	—	—	—	76,701	—	—
Advances from disposal of an investment	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	1,500	—	—
Distribution from equity investees	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	9,925	—	—
Cash received for disposal of subsidiary	—	—	—	3,640	—	3,640	—	—	1,645	—	1,645	—	—	—	—	—	—	—
Advances to a third party	—	—	—	(26,000)	—	(26,000)	—	—	(23,000)	—	(23,000)	—	(12,582)	—	(12,800)	—	—	—

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	For the Year Ended December 31, 2022						For the Year Ended December 31, 2023						For the Year Ended December 31, 2024					
	Parent company RMB'000	Subsidiaries of parent company RMB'000	WFOE RMB'000	VIE and its subsidiaries RMB'000	Elimination (Note 3) RMB'000	Consolidated RMB'000	Parent company RMB'000	Subsidiaries of parent company RMB'000	WFOE RMB'000	VIE and its subsidiaries RMB'000	Elimination (Note 3) RMB'000	Consolidated RMB'000	Parent company RMB'000	Subsidiaries of parent company RMB'000	WFOE RMB'000	VIE and its subsidiaries RMB'000	Elimination (Note 3) RMB'000	Consolidated RMB'000
Advance to a related party	—	—	—	—	—	—	—	—	—	—	—	—	—	(657)	—	—	—	(657)
Repayment from a third Party	—	—	—	16,000	—	16,000	—	—	—	—	—	—	3,904	—	15,800	—	19,704	
Interests received	—	—	—	876	—	876	—	—	—	1,075	—	1,075	—	—	—	—	—	
Others	—	—	—	237	—	237	—	—	—	361	—	361	—	—	—	198	198	
Net cash provided by/(used in) investing activities	<u>(23,376)</u>	<u>(46)</u>	<u>(6,041)</u>	<u>(56,240)</u>	<u>29,417</u>	<u>(56,286)</u>	<u>(6)</u>	<u>(12,066)</u>	<u>—</u>	<u>(59,022)</u>	<u>10,071</u>	<u>(61,023)</u>	<u>(3,925)</u>	<u>(17,867)</u>	<u>—</u>	<u>14,323</u>	<u>4,227</u>	<u>(3,242)</u>

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	For the Year Ended December 31, 2022						For the Year Ended December 31, 2023						For the Year Ended December 31, 2024					
	Parent company RMB'000	Subsidiaries of parent company RMB'000	WFOE RMB'000	VIE and its subsidiaries RMB'000	Elimination (Note 3) RMB'000	Consolidated RMB'000	Parent company RMB'000	Subsidiaries of parent company RMB'000	WFOE RMB'000	VIE and its subsidiaries RMB'000	Elimination (Note 3) RMB'000	Consolidated RMB'000	Parent company RMB'000	Subsidiaries of parent company RMB'000	WFOE RMB'000	VIE and its subsidiaries RMB'000	Elimination (Note 3) RMB'000	
Cash flows from financing activities:																		
Proceeds from borrowings	—	—	—	270,200	—	270,200	—	—	—	37,000	—	37,000	—	—	—	50,000	—	
Repayments of borrowings	—	—	—	(367,524)	—	(367,524)	—	—	—	(161,473)	—	(161,473)	—	(411)	—	(30,000)	—	
Proceeds from inter-company balances	—	23,376	—	6,041	(29,417) ⁽ⁱⁱⁱ⁾	—	9,461	6	—	604	(10,071) ⁽ⁱⁱⁱ⁾	—	—	3,925	—	302	(4,227)	
Repurchase of Class A common shares	(6,659)	—	—	—	—	(6,659)	(13,392)	—	—	—	—	(13,392)	(77)	—	—	—	—	
Proceeds from exercise of share option	—	—	—	—	—	—	560	—	—	—	—	560	—	—	—	—	—	
Cash received by subsidiaries from minority shareholders	—	—	—	2,850	—	2,850	—	—	—	3,750	—	3,750	—	—	—	3,700	—	
Capital injection from subsidiaries	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Net cash provided by/(used in) financing activities	(6,659)	23,376	—	(88,433)	(29,417)	(101,133)	(3,371)	6	—	(120,119)	(10,071)	(133,555)	(77)	3,514	—	24,002	(4,227)	
Effect of exchange rate changes on cash and cash equivalents	884	8,703	—	—	—	9,587	158	2,756	—	—	—	2,914	96	2,056	—	—	—	
Net increase in cash and cash equivalents and restricted cash	(10,678)	(2,031)	(6,423)	(213,767)	—	(232,899)	(316)	(24,275)	(112)	(29,610)	—	(54,313)	(3,733)	(35,664)	(32)	42,625	—	
Total cash and cash equivalents and restricted cash at beginning of year	16,291	110,614	7,073	475,006	—	608,984	5,613	108,583	650	261,239	—	376,085	5,297	84,308	538	231,629	—	
Total cash and cash equivalents and restricted cash at end of year	5,613	108,583	650	261,239	—	376,085	5,297	84,308	538	231,629	—	321,772	1,564	48,644	506	274,254	—	

Note 3:

- (1) The elimination represents the cash flow from exercise of share option between the parent company and the VIE and its subsidiaries.
- (2) The elimination represents inter-company capital injections between the subsidiaries of the parent company and WFOE.
- (3) The elimination mainly represents inter-company loans among the parent company, the subsidiaries of the parent company, WFOE and the VIE.

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A. [Reserved]

B. **Capitalization and Indebtedness**

Not applicable.

C. **Reasons for the Offer and Use of Proceeds**

Not applicable.

D. **Risk Factors**

Summary of Risk Factors

An investment in our ADSs involves significant risks. Below is a summary of material risks we face, organized under headings. These risks are discussed more fully in Item 3. Key Information—D. Risk Factors.

Risks Relating to Our Business and Industry

Risks and uncertainties relating to our business and industry include, but are not limited to, the following:

- we operate in the emerging, rapidly evolving and highly competitive online and offline insurance product and service industry, which makes it difficult to predict our future prospects. Our historical operating and financial results may not be indicative of future performance;
- our businesses are highly regulated, and the administration, interpretation and enforcement of the laws, regulations and regulatory requirements currently applicable to us are evolving. Non-compliance with applicable laws, regulations and regulatory requirements or failure to respond to legal and regulatory changes may materially and adversely affect our business and prospects;
- we incurred operating losses and net losses in the past, and we may not be able to stay profitable in the future;
- our cooperation with user traffic channels is subject to changes in the regulatory requirements;
- our business generates and processes a large amount of data, and is subject to complex and evolving Chinese and international laws and regulations regarding privacy, data protection and cybersecurity. Any failure to protect the confidential information of third parties or improper use or disclosure of such data may subject us to liabilities imposed by data privacy and protection laws and regulations, negatively impact our reputation, and deter our clients from using our products and services;
- failure to obtain, renew or retain licenses, permits or approvals may affect our ability to conduct or expand our business;
- if we fail to source, design and develop insurance products catering to the evolving needs of insurance clients, we may not be able to retain existing insurance clients or attract new insurance clients to our platform;
- we leverage our user traffic channels to attract new insurance clients to our platform and incur significant costs on paying our user traffic channels service fees;
- any harm to our brand, failure to maintain and enhance our brand recognition, or failure to do so in a cost-effective manner may materially and adversely affect our business and results of operations; and
- we depend on our cooperation with our insurer partners. Our business may be negatively affected if our insurer partners do not continue their relationship with us or if their operations fail.

Risks Relating to Our Corporate Structure

Risks and uncertainties relating to our corporate structure include, but are not limited to, the following:

- we are a Cayman Islands holding company with no equity ownership in the VIE and we conduct our operations in China primarily through (i) the VIE with which we have maintained contractual arrangements, and (ii) the VIE's subsidiaries in China. Investors in our ADSs thus are not purchasing equity interest in the VIE in China but instead are purchasing equity interest in a Cayman Islands holding company. If the PRC government finds that the agreements that establish the structure for operating certain of our operations in China do not comply with PRC regulations relating to insurance brokerage, insurance agent and the relevant industries, or if these regulations or the interpretation of existing regulations change in the future, we could be subject to severe penalties or be forced to relinquish our interests in those operations. Our holding company, our PRC subsidiary, the VIE, and investors of our company face uncertainty about potential future actions by the PRC government that could affect the enforceability of the contractual arrangements with the VIE and, consequently, significantly affect the financial performance of the VIE and our company as a whole;
- we rely on contractual arrangements with the VIE, and its shareholders for our operations in China, which may not be as effective as equity ownership in providing operational control;

- the shareholders and directors of the VIE may have potential conflicts of interest with us, and if any such conflicts of interest are not resolved in our favor, our business may be materially and adversely affected;
- the interpretation and implementation of the PRC Foreign Investment Law and its Implementation Regulations may impact the viability of our current corporate structure, corporate governance, business operations and financial results;
- Cayman Islands economic substance requirements may have an effect on our business and operations; and
- our ability to enforce the equity pledge agreements between us and the shareholders of the VIE may be subject to limitations based on PRC laws and regulations.

Risks Relating to Doing Business in China

We are also subject to risks and uncertainties relating to doing business in China in general, including, but are not limited to, the following:

- the PCAOB had historically been unable to inspect our auditor in relation to their audit work performed for our financial statements and the inability of the PCAOB to conduct inspections of our auditor in the past has deprived our investors with the benefits of such inspections;
- our ADSs may be prohibited from trading in the United States under the HFCAA in the future if the PCAOB is unable to inspect or investigate completely auditors located in China. The delisting or prohibition of trading of the ADSs, or the threat of their being delisted or prohibited from trading, may materially and adversely affect the value of your investment;
- the approval of and filing with the CSRC or other PRC government authorities may be required in connection with our offshore offerings under PRC law, and, if required, we cannot predict whether or for how long we will be able to obtain such approval or complete such filing;
- complex regulatory requirements on our business operation could result in a material adverse change in our operations and the value of our ADSs;
- adverse changes in China's economic, political and social conditions, as well as laws and government policies, may materially and adversely affect our business, financial condition, results of operations and growth prospects; and
- we are subject to the changes, interpretation and enforcement of laws and regulations in mainland China.

Risks Relating to Our ADSs

In addition to the risks described above, we are subject to general risks relating to our ADSs, including but not limited to the following:

- if we fail to regain compliance on Nasdaq's minimum bid price requirement, or fail to meet other continued listing requirements, our ADSs could be subject to delisting, which may significantly reduce the liquidity of our ADSs and cause further declines to the market price of our ADSs;
- the trading price of our ADSs has been and may continue to be volatile, which could result in substantial losses to investors; and
- our dual-class voting structure will limit your ability to influence corporate matters and could discourage others from pursuing any change of control transactions that holders of our Class A common shares and the ADSs may view as beneficial.

Risks Relating to Our Business and Industry

We operate in the emerging, rapidly evolving and highly competitive online and offline insurance product and service industry, which makes it difficult to predict our future prospects. Our historical operating and financial results may not be indicative of future performance.

We operate in China's online and offline insurance product and service industry, which is rapidly evolving and may not develop as we anticipate. The online insurance product and service industry is relatively new, and business models continue to evolve. The regulatory framework governing the insurance industry is also developing and may remain uncertain in the near future. As our business develops and in response to the evolving client needs and market competition, we will continue to introduce new insurance products and services, improve our existing products and services, or adjust and optimize our business model. In response to new regulatory requirements or industry standards, or in connection with the introduction of new products, we may impose more rigorous risk management system and/or policies, which may negatively affect the growth of our business. Any significant change to our business model may not achieve expected results and may have a material and adverse impact on our financial condition and results of operations. It is therefore difficult to effectively predict our future prospects.

The risks and challenges we encounter or may encounter in this emerging, dynamic and competitive market may have impacts on our business and prospects. These risks and challenges include our ability to, among other things:

- navigate in an evolving and complex regulatory environment;
- grow our insurance client base in a cost-efficient manner;

- develop and launch diversified and distinguishable products to effectively address the evolving needs of our insurance clients;
- develop and maintain relationships with our existing business partners and attract new business partners;
- enhance and maintain the recognition of our brand;
- enhance our risk management capabilities;
- maintain a reliable, secure, high-performance and scalable technology infrastructure;
- attract, retain and motivate talented employees; and anticipate and adapt to changing market conditions, including technological developments and changes in the competitive landscape.

If we fail to educate business partners and clients about the value of our platform and services, if the market for our products and services does not develop as we expect, if we fail to address the needs of our target clients, or if we are not able to effectively tackle other risks and challenges that we may encounter, our business and results of operations may be harmed.

Our businesses are highly regulated, and the administration, interpretation and enforcement of the laws, regulations and regulatory requirements currently applicable to us are evolving. Non-compliance with applicable laws, regulations and regulatory requirements or failure to respond to legal and regulatory changes may materially and adversely affect our business and prospects.

We operate in a highly regulated industry in China, and the regulatory regime continues to evolve. The regulatory authority has been enhancing its supervision over this industry in recent years, and new laws, regulations and regulatory requirements have been promulgated and implemented from time to time. We face challenges brought by these new laws, regulations and regulatory requirements, the interpretation and application thereof may also continually develop in the future.

China's insurance regulatory regime is undergoing changes. On May 18, 2023, the National Financial Regulatory Administration was officially established and has replaced the China Banking and Insurance Regulatory Commission, or the CBIRC, to become the new insurance regulatory body in China. Further development of regulations applicable to us may result in additional restrictions on our business operations or more intensive competition in this industry. We might be required to spend significant time and resources in order to comply with any material changes in the regulatory environment, which could trigger significant changes to the competitive landscape of the industry where we operate, and we may lose some or all of our competitive advantages during this process. We may change the insurance product mix we offer online or offline in response to the changing market demands following any change of regulatory requirements. We may add to our product mix insurance products offered online or offline that we have little experience with, or reduce or cease the offering of insurance products that used to be popular, each of which may adversely affect our results of operations. Our practice to expand into the offline insurance intermediary market also subjects us to applicable laws and regulations with respect to offline insurance intermediary business, and we cannot assure you that we could fully comply with applicable laws and regulations or fully satisfy the regulatory requirements, failure of which will subject us to regulatory reviews and inspections or even legal liabilities, which could negatively affect our business and results of operations.

There may also be future laws, rules, regulations and guidance that may be applicable to us. The National Financial Regulatory Administration issued the Notice on Matters Related to Regulating Bancassurance Channels of Life Insurance Companies promulgated in January 2024 provides that insurance companies should strictly adhere to the insurance terms and premium rates filed, known as the "unified reporting and underwriting" policy, which currently applies only to bancassurance channels. The policy aims to standardize the bancassurance business of life insurance companies and requires the life insurance companies to strictly adhere to the insurance terms and premium rates filed with the National Financial Regulatory Administration. Insurance companies are required to implement expense policies according to the product actuarial reports filed with the National Financial Regulatory Administration, and the commissions paid to bancassurance channels must not exceed the specified maximum commission rate. Notwithstanding that a similar policy has not been promulgated for insurance intermediaries, the insurance companies adjusted commission rates of insurance intermediaries downwards, in particular commission rates for long-term life insurance products out of prudence. The insurance companies lowered the commission rates to insurance intermediaries so that their actual operating costs would not exceed the expected operating costs calculated based on the product actuarial reports filed with the National Financial Regulatory Administration. As a result, our long-term life insurance business may be affected.

In addition, how the changing laws, regulations and regulatory requirements would apply to our business depends on further interpretation and clarification of regulatory authorities. The National Financial Regulatory Administration and its local counterparts have discretion in the administration, interpretation and enforcement of these laws, regulations and regulatory requirements, as well as authority to impose regulatory measures on industry participants. In certain circumstances, it may be difficult to determine which actions or omissions may be deemed to be in violation of applicable laws, regulations or regulatory requirements. For example, there is no guarantee that our marketing activities would not subject us to administrative measures with effect to be taken by regulatory authorities. Furthermore, misconduct of our insurer partners, user traffic channels or other business partners in violation of any of these laws, regulations or regulatory requirements might subject us to fines, civil or criminal liabilities, being required to modify or terminate part or all of our business operations or even being disqualified from providing services to our insurer partners or insurance clients. The occurrence of any of the above could have a material adverse effect on our business, results of operations, financial condition and prospects.

Moreover, Chinese regulatory authorities may conduct various reviews and inspections on our business operations from time to time, which could cover a broad range of aspects, including financial reporting, tax reporting, internal control and compliance with applicable laws, rules and regulations. If any non-compliance incidents in our business operation are identified, we may be required to take certain rectification measures in accordance with applicable laws and regulations, or we may be subject to other regulatory actions such as administrative penalties. We cannot assure you that we will be able to fully rectify all non-compliance incidents, if any, in a timely manner or fully satisfy the regulatory requirements, or we will not be subject to any future regulatory reviews and inspections if non-compliance incidents are identified, which might materially and adversely affect our business, financial condition, results of operations and prospects.

We incurred operating losses and net losses in the past, and we may not be able to stay profitable in the future.

For the years ended December 31, 2022, 2023 and 2024, we had net loss of RMB33.7 million, net profit of RMB70.6 million and net profit of RMB0.6 million (US\$0.1 million), respectively, and we had operating loss of RMB43.7 million, operating profit of RMB51.0 million and operating loss of RMB21.0 million (US\$2.9 million), respectively. Although we generated net profit in 2023 and 2024, we cannot assure you that we will remain profitable in the future. Our operating costs and expenses may increase in the foreseeable future as we continue to grow our business, acquire new clients and further develop our insurance product and service offering and increase brand recognition. These efforts may prove more costly than we currently anticipate, and we may not succeed in increasing our revenue sufficiently to offset these higher expenses. There are other factors that could negatively affect our financial condition. For example, if we fail to compete successfully with our existing or potential competitors, or if our tailor-made insurance products are not accepted by the market as we expect, we will receive lower-than-expected insurance brokerage income, and our financial results will be adversely affected. If regulatory authorities promulgate new laws, regulations and regulatory requirements that limit our business operations, especially with regard to our fee or cost model, our results of operations will suffer. As a result of the foregoing and other factors, our net profit margins may decline or we may incur net losses again in the future, and may not be able to maintain profitability on a quarterly or annual basis.

Our cooperation with user traffic channels is subject to changes in the regulatory requirements.

We leverage our user traffic channels to convert their user traffic to our insurance clients. On December 7, 2020, the CBIRC published the Regulatory Measures for Online Insurance Business, or the Online Insurance Measures, which became effective on February 1, 2021. The Online Insurance Measures require online insurance transactions being conducted through online surfaces operated by insurance institutions only. Under the Online Insurance Measures, our user traffic channels or other business partners who are neither insurance companies nor insurance intermediaries are forbidden to conduct online insurance business, including but not limited to: (i) providing insurance product consulting services; (ii) comparing insurance products, conducting trial calculation of premium or quotation comparison; (iii) designing insurance application plans for policyholders; (iv) going through insurance application procedures; and (v) collecting premiums. Furthermore, insurance institutions shall not, in internet insurance sales or brokerage activities, pay commission fee or remuneration directly or in a disguised way to any person who has not carried out practice registration with it. In addition, the regulatory authorities continually strengthen the regulation and administration on the sale and marketing activities of insurance products and have released some new rules and regulations, such as the Administrative Measures for Insurance Sales Practices and the Notice on Further Regulating Financial Marketing Campaigns. We have made rectifications in accordance with the applicable rules and regulations, including changing our cooperative business model and terminating our cooperation with some user traffic channels that do not meet regulatory requirements. However, we cannot assure you that our business operation after the rectification fully complies with regulatory requirements. In addition, we cannot guarantee that these user traffic channels that we work with have rectified their operations to fully comply with these regulatory requirements. Failure of us or our user traffic channels to comply with the regulatory requirements will subject us or the user traffic channels to warnings, fines, confiscation of illegal gains and revocation of licenses, which will materially and adversely affect our business, financial condition, results of operations and prospects.

Furthermore, under our agreements with certain insurer partners, we are not allowed to distribute their insurance products through user traffic channels that fail to comply with the online insurance regulatory requirements. Therefore, we may breach the agreements with them if we distribute their insurance products through user traffic channels that fail to comply with the online insurance regulatory requirements, which might subject us to defaulting liabilities and adversely affect our financial condition.

Our business generates and processes a large amount of data, and is subject to complex and evolving Chinese and international laws and regulations regarding privacy, data protection and cybersecurity. Any failure to protect the confidential information of third parties or improper use or disclosure of such data may subject us to liabilities imposed by data privacy and protection laws and regulations, negatively impact our reputation, and deter our clients from using our products and services.

Our platform stores and processes certain personal and other sensitive data provided by insurance clients, and we make certain personal information provided by clients or third-party data providers available to insurer partners with user consent. There are numerous laws regarding privacy and the storing, sharing, use, disclosure and protection of personally identifiable information and data. Specifically, personally identifiable and other confidential information is increasingly subject to legislation and regulations in PRC and numerous foreign jurisdictions. PRC government authorities have enacted a series of laws and regulations relating to the protection of privacy and personal information, including, without limitation, the PRC Cybersecurity Law and the PRC Data Security Law, under which internet service providers and other network operators are required to clearly indicate the purposes, methods and scope of any information collection and usage, to obtain appropriate user consent and to establish user information protection systems with appropriate remedial measures. However, this regulatory framework for privacy issues in China and worldwide is currently evolving and is likely to remain uncertain for the foreseeable future.

Since 2021, the PRC government authorities have promulgated a series of laws and regulations to build a system for cybersecurity review. Pursuant to the Cybersecurity Review, which was promulgated by the CAC and 12 other governmental authorities in December 2021 and became effective on February 15, 2022, critical information infrastructure operators that procure internet products and services, as well as network platform operators engaging in data processing activities, must be subject to a cybersecurity review if their activities affect or may affect national security. As of the date of this annual report, no detailed rules or implementation has been issued by any authority. See “Item 4. Information on the Company—Business Overview—Regulations—Regulations on Internet—Regulations on Information Security” for more details. Furthermore, the definition of “affect or may affect national security” has not been clarified by any PRC regulatory authorities, and the PRC government authorities may have wide discretion in the interpretation and enforcement of these laws. Due to the lack of further clarifications or detailed rules and regulations, it is unclear as to whether and to what extent listed companies like us will be subject to these requirements. As of the date of this annual report, we have not been informed as a critical information infrastructure operator by any government authorities, and we have not been involved in any formal investigations on cybersecurity review made by the CAC. However, if we are subject to a cybersecurity review, or if the PRC regulatory agencies later promulgate new rules or interpretations that subject us to their approvals, we may be unable to obtain a waiver for such requirements, and we may face penalties for failure to obtain or delay in obtaining approvals. If we are required to comply with these requirements but fail to do so in a timely manner, or at all, our business operation, financial conditions and business prospect, as well as the trading price of the ADSs, may be materially and adversely affected.

On August 20, 2021, the Standing Committee of the National People’s Congress of China promulgated the Personal Information Protection Law, which integrates the scattered rules with respect to personal information rights and privacy protection and took effect on November 1, 2021. After obtaining consent from users, we collect user personal information that is necessary to provide the corresponding services. We do not use any sensitive personal information that is not related to the corresponding services in any manner that is not compliant with applicable laws and regulations. We update our privacy policies from time to time to meet the latest regulatory requirements of the CAC and other authorities and adopt technical measures to protect data and ensure cybersecurity. Nonetheless, the Personal Information Protection Law raises the protection requirements for processing personal information, and many specific requirements of the Personal Information Protection Law remain to be clarified by the CAC, other regulatory authorities, and courts in practice. We may be required to make further adjustments to our business practices to comply with the personal information protection laws and regulations. See “Item 4. Information on the Company—B. Business Overview—Regulations—Regulations on Internet—Regulations on Information Security.”

The PRC Cyber Security Law, the PRC Data Security Law, the Personal Information Protection Law and other related laws and regulations as mentioned above are relatively new and subject to interpretation by the regulators. Although we only gain access to user information that is necessary for, and relevant to, the services provided, the data we obtain and use may include information that is deemed as “personal information,” “network data” or “important data” under the data privacy and protection laws and regulations. As such, we have adopted a series of measures to ensure that we comply with the laws and regulations in the collection, use, disclosure, sharing, storage, and security of user information and other data. The Data Security Law also introduces a data classification and hierarchical protection system based on the importance of data in economic and social development, and the degree of harm it may cause to national security, public interests, or legitimate rights and interests of individuals or organizations if such data are tampered with, destroyed, leaked, illegally acquired or illegally used. See “Item 4. Information on the Company—B. Business Overview—Regulations—Regulations on Internet—Regulations on Information Security.” The exact scopes of important data and state core data remain unclear and may be subject to further interpretation. If any data that we are in possession of constitutes important data or state core data, we may be required to adopt stricter measures for protection and management of such data.

In addition, we may need to comply with increasingly complex and rigorous regulatory standards enacted to protect business and personal data in Hong Kong, the U.S., Europe and elsewhere. For example, the European Union adopted the General Data Protection Regulation, or the GDPR, which became effective on May 25, 2018. The GDPR imposes additional obligations on companies regarding the handling of personal data and provides certain individual privacy rights to persons whose data is stored. Compliance with existing, proposed and recently enacted laws (including implementation of the privacy and process enhancements called for under GDPR) and regulations can be costly; any failure to comply with these regulatory standards could subject us to legal and reputational risks.

We generally comply with industry standards and are subject to the terms of our own privacy policies. Compliance with any additional laws could be expensive, and may place restrictions on the conduct of our business and the manner in which we interact with our customers. Any failure to comply with applicable regulations could also result in regulatory enforcement actions against us, and misuse of or failure to secure personal information could also result in violation of data privacy laws and regulations, proceedings against us by governmental authorities or other authorities, damage to our reputation and credibility and could have a negative impact on revenues and profits.

Significant capital and other resources may be required to protect against information security breaches or to alleviate problems caused by such breaches or to comply with our privacy policies or privacy-related legal obligations. The resources required may increase over time as the methods used by hackers and others engaged in online criminal activities are increasingly sophisticated and constantly evolving. Any failure or perceived failure by us to prevent information security breaches or to comply with privacy policies or privacy-related legal obligations, or any compromise of security that results in the unauthorized release or transfer of personally identifiable information or other customer data, could cause our customers to lose trust in us and could expose us to legal claims. Any perception by the public that online transactions or the privacy of user information are becoming increasingly unsafe or vulnerable to attacks could inhibit the growth of online retail and other online services generally, which may reduce the number of orders we receive.

We cannot assure you that our existing privacy and personal protection system and technical measures will be considered sufficient under applicable laws and regulations. We could be adversely affected if legislation or regulations in mainland China are expanded to require changes in business practices or privacy policies, or if the PRC governmental authorities interpret or implement their legislation or regulations in ways that negatively affect our business, financial condition and results of operations. In addition to laws, regulations and other applicable rules regarding privacy and privacy advocacy, industry groups or other private parties may propose new and different privacy standards. Because the interpretation and application of privacy and data protection laws and privacy standards are still uncertain globally, it is possible that these laws or privacy standards may be interpreted and applied in a manner that is inconsistent with our practices. Any inability to adequately address privacy concerns, even if unfounded, or to comply with applicable privacy or data protection laws, regulations and privacy standards, could result in additional cost and liability for us, damage our reputation, inhibit the use of our platform and harm our business.

Failure to obtain, renew or retain licenses, permits or approvals may affect our ability to conduct or expand our business.

We are required to obtain applicable licenses, permits and approvals from different PRC regulatory authorities in order to conduct or expand our business. In order to operate our internet-based insurance intermediary business, we have obtained, renewed and maintained our insurance intermediary licenses, ICP license and electronic data interchange license, as required by the PRC regulatory authorities. However, we cannot assure you that we will be able to obtain licenses and permits necessary to conduct all our future or innovative internet-based businesses, mobile businesses and related businesses in mainland China in a timely manner, failure of which may subject us to fines and other legal or administrative penalties. In addition, PRC regulatory authorities may issue new regulations governing the internet or the insurance product and service industry that require us to obtain additional licenses, permits or approvals for our current or future business operations. As a result, we cannot assure you that we will be able to obtain, maintain or renew licenses, permits and approvals covering sufficient scope of business, in a timely manner or at all.

If we fail to source, design and develop insurance products catering to the evolving needs of insurance clients, we may not be able to retain existing insurance clients or attract new insurance clients to our platform.

Our future growth depends on our ability to continue to attract new insurance clients and to generate new purchases from existing clients. We must stay abreast of emerging client preferences and product trends that will appeal to existing and potential insurance clients. Our platform makes personalized recommendations of insurance products to clients based on their needs and offers a comprehensive suite of services to ensure a smooth and efficient insurance experience. We also develop insurance products in cooperation with our insurer partners to meet the evolving needs of insurance clients. Our ability to provide these products and services is dependent on our insurance expertise and our market data analytical capabilities. However, there is no assurance that the insurance products and services that we design and develop together with our insurer partners will cater to the needs of potential or existing insurance clients, sustain for a period of time that we expect them to, or be welcomed or accepted by the market at all. If insurance clients cannot find their desired products on our platform at attractive prices and terms, or find their experience with us dissatisfactory, they may lose trust in us and turn to other channels for their insurance needs, which in turn may materially and adversely affect our business, financial condition and results of operations.

We leverage our user traffic channels to attract new insurance clients to our platform and incur significant costs on paying our user traffic channels service fees.

In addition to growing our client base organically, we also cooperate with our user traffic channels to convert their user traffic to client base of our platform. The terms of our agreements with user traffic channels are generally one to three years, subject to renewal. We believe that we generally maintain good relationships with our user traffic channels. However, we cannot assure you that we will be able to maintain long-term cooperative relationship with them. If our user traffic channels terminate their cooperation with us, do not renew their agreements with us, choose to work with our competitors, or terminate their cooperation with us due to regulatory requirements, we may lose potential clients and our business and results of operations will be negatively affected. In addition, if our user traffic channels lose influence over their traffic or otherwise fail to effectively convert their users to our clients, our business and results of operations may suffer.

Furthermore, we have incurred significant expenses on paying our user traffic channels service fees and advertisement fees. If certain of our existing user traffic channels require higher rates of service fees or we fail to negotiate favorable terms with them or find new user traffic channels, our client acquisition costs may increase, and our results of operations may be adversely affected.

Any harm to our brand, failure to maintain and enhance our brand recognition, or failure to do so in a cost-effective manner may materially and adversely affect our business and results of operations.

We believe that the recognition and reputation of our “Huize” brand among our insurance clients, insurer partners, user traffic channels and other industry participants have contributed significantly to the growth and success of our business. Maintaining and enhancing the recognition and reputation of our brand are critical to our business and competitiveness. Many factors, some of which are beyond our control, are important to maintain and enhance our brand. These factors include our ability to:

- provide compelling products and insurance experience to clients;
- maintain or improve satisfaction with our client services;
- increase brand awareness through marketing and brand promotion activities;
- maintain the reliability of our platform and technology-based systems;

- preserve our reputation and goodwill in the event of any negative publicity on us, our partners or the industry in general; and
- maintain our cooperative relationships with business partners.

If we are unable to maintain our reputation, enhance our brand recognition or increase positive awareness of our platform, products and services, it may be difficult to maintain and grow our client base, and our business and growth prospects may be materially and adversely affected.

Furthermore, if we are unable to conduct our branding and marketing activities cost-effectively, our financial condition and results of operations may be materially and adversely affected. We have incurred expenses on a variety of different sales and marketing efforts designed to enhance our brand recognition and increase sales of insurance products on our platform. Our marketing and promotional activities may not be well received by clients and may not achieve anticipated results. Marketing approaches and tools in insurance market in China are evolving. This further requires us to enhance our marketing approaches and experiment with new marketing methods to keep pace with industry developments and consumer preferences, which may not be as cost-effective as our marketing activities in the past and may lead to significantly higher marketing expenses in the future. Failure to refine our existing marketing approaches or to introduce new effective marketing approaches in a cost-effective manner could impact our revenues and profitability.

We depend on our cooperation with our insurer partners. Our business may be negatively affected if our insurer partners do not continue their relationship with us or if their operations fail.

Our relationship with insurer partners is crucial to our success. We generate a substantial portion of our revenues from commission fees paid by insurer partners. Certain insurer partners have accounted for a significant portion of our revenues in the past. Our five largest insurer partners in terms of operating revenue contribution aggregately accounted for 56.5%, 57.4% and 33.0% of our total operating revenue in 2022, 2023 and 2024, respectively. While we continually seek to diversify our insurer partners, there can be no assurance that the concentration will decrease. Our ability to attract clients depends on the quantity and quality of insurance products offered by insurer partners on our platform. We provide intelligent underwriting services and integrated solutions to our insurer partners. Our arrangements with our insurer partners are typically not exclusive, and they may have similar arrangements with our competitors. If insurer partners are dissatisfied with our services and solutions or find us ineffective in enhancing their profitability, they may terminate their relationships with us and decide to cooperate with our competitors.

Moreover, insurance companies we work with may develop their own technology capabilities to serve insurance clients online. There can be no assurance that we can maintain relationships with our existing insurer partners on commercially desirable terms. If we fail to prove that our technology capabilities could help improve their operating efficiency or are otherwise valuable to them, our business, financial performance and prospects will be materially and adversely affected.

Furthermore, if our insurer partners or the reinsurance companies they partner with fail to properly fulfill their obligations as insurers under the insurance policies sold on our platform, our clients may lose faith in our platform. If our insurer partners or the reinsurance companies they partner with become insolvent, our clients may not be able to realize the protection expected from the insurance policies, which will negatively affect our reputation and results of operations.

If we fail to maintain an effective system of internal control over financial reporting, we may be unable to accurately report our financial results.

We are subject to reporting obligations under the U.S. securities laws. The SEC, as required under Section 404 of the Sarbanes-Oxley Act of 2002, adopted rules requiring every public company to include a management report on such company's internal control over financial reporting in its annual report, which contains management's assessment of the effectiveness of the company's internal control over financial reporting. We have been subject to such requirement starting from fiscal year 2020. In addition, we expect that we will cease to be an "emerging growth company," as such term is defined in the Jumpstart Our Business Startups Act of 2012 (as amended by the Fixing America's Surface Transportation Act of 2015), or the JOBS Act, and therefore, an independent registered public accounting firm for a public company may be required to issue an attestation report on the effectiveness of our internal control over financial reporting, subject to certain other exemptions.

In the course of preparing our consolidated financial statements for prior fiscal years, we identified one material weakness in our internal control over financial reporting. In accordance with reporting requirements set forth by the SEC, a “material weakness” is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our company’s annual consolidated financial statements will not be prevented or detected on a timely basis. The material weakness identified in our internal control relates to the lack of sufficient and competent financial reporting and accounting personnel with appropriate knowledge of U.S. GAAP and SEC reporting requirements to identify and implement relevant controls to address risks of material misstatements and to prepare consolidated financial statements and related disclosures in accordance with U.S. GAAP and SEC financial reporting requirements. As a result of the identification of this material weakness, we have implemented a series of measures to address the material weaknesses, such as hiring a knowledgeable financial reporting and accounting professional with expertise in U.S. GAAP in March 2025, and conducting regular U.S. GAAP accounting and financial reporting training programs for accounting and financial reporting personnel. Although the remediation measures were implemented, they will require validation and testing of the operating effectiveness of internal controls over a sustained period of financial reporting cycles. As a result, the previously identified material weakness still existed as of December 31, 2024. We plan to continue to implement measures to remedy the identified material weakness. See “Item 15. Controls and Procedures—Management’s Annual Report on Internal Control over Financial Reporting.” However, we can give no assurance that the implementation of these measures will be sufficient to eliminate this material weakness or any other material weakness or significant deficiency in our internal control over financial reporting will not be identified in the future. Our failure to implement and maintain effective internal controls over financial reporting could result in errors in our financial statements that could result in a restatement of our financial statements, cause us to fail to meet our reporting obligations and cause investors to lose confidence in our reported financial information, which may result in volatility in and a decline in the market price of the ADSs.

During the course of documenting and testing our internal control procedures, in order to satisfy the requirements of Section 404, we may identify other weaknesses and deficiencies in our internal control over financial reporting. In addition, if we fail to maintain the adequacy of our internal control over financial reporting, as these standards are modified, supplemented or amended from time to time, we may not be able to conclude on an ongoing basis that we have effective internal control over financial reporting in accordance with Section 404. Moreover, even if our management concludes that our internal control over financial reporting is effective, our independent registered public accounting firm, after conducting its own independent testing if and when required, may issue a report that is qualified if it is not satisfied with our internal controls or the level at which our controls are documented, designed, operated or reviewed, or if it interprets the requirements differently from us.

If we fail to achieve and maintain an effective internal control environment, we could suffer material misstatements in our financial statements and fail to meet our reporting obligations, which would likely cause investors to lose confidence in our reported financial information. This could in turn limit our access to capital markets, harm our results of operations, and lead to a decline in the trading price of our ADSs. Additionally, ineffective internal control over financial reporting could expose us to increased risk of fraud or misuse of corporate assets and subject us to potential delisting from the stock exchange on which we list, regulatory investigations and civil or criminal sanctions. We may also be required to restate our financial statements from prior periods.

We may not be able to ensure the accuracy and completeness of product information and the effectiveness of our recommendation of insurance products on our platform.

Our insurance clients rely on the insurance product information we provide on our platform. While we believe that such information is generally accurate, complete and reliable, there can be no assurance that the accuracy, completeness or reliability of the information can be maintained in the future. If we provide any inaccurate or incomplete information on our platform due to either our own fault or that of our insurer partners, or we fail to present accurate or complete information of any insurance products which could lead to our clients’ failure to get the protection or us being warned or punished by regulatory authorities, our reputation could be harmed and we could experience reduced user traffic to our platform, which may adversely affect our business and financial performance.

We may not be able to recommend suitable insurance products to our clients. Our search and recommendation engine may fail to function properly. The data provided to us by our clients, insurer partners and user traffic channels may not be accurate or up to date. Our professional consultation team may not fully understand the clients’ insurance needs and certain terms of insurance products, and may therefore provide inaccurate information and recommend unsuitable products to clients. If our clients are recommended insurance products that do not suit their protection needs, they may lose trust in our platform. Meanwhile, our insurer partners may find our recommendation ineffective. Our insurance clients and insurer partners may consequently be reluctant to continue to use our platform, and our insurer partners may be hesitant to continue to partner with us. As a result, our business, reputation, financial performance and prospects will be materially and adversely affected.

Our business is subject to intense competition, and we may fail to compete successfully against existing or new competitors, which may reduce demand for our services, reduce operating margins, and further result in loss of market share, departures of qualified employees and increased capital expenditures.

The independent insurance service industry in China is intensely competitive. Our current or potential competitors include (i) other online independent insurance product and service platforms, (ii) traditional insurance intermediaries, (iii) online direct sales channels of large insurance companies, (iv) major internet companies that have commenced insurance distribution businesses, and (v) other insurance technology companies. New competitors may emerge at any time. Some of our competitors also offer their insurance products on our platform, so they both compete and cooperate with us. Existing or potential competitors may have substantially greater brand recognition and possess more financial, marketing and research resources than we do. Our competitors may introduce platforms with more attractive products, content and features, or services or solutions with competitive pricing or enhanced performance that we cannot match. Some of our competitors may have more resources to develop or acquire new technologies and react quicker to changing requirements of clients and insurance companies. In addition, our target insurance clients, PRC residents with potential insurance needs, may seek insurance products and services in well-equipped and developed neighboring insurance markets. We may fail to compete effectively with our competitors and industry participants in neighboring insurance markets, even if we take initiatives in developing our insurance service capabilities in these neighboring insurance markets, which may reduce demand for our services, result in loss of market share, and further result in reduction of operating margins and departures of qualified employees.

The proper functioning of our internet platform and technology infrastructure is essential to our business. Any disruption to our IT systems and infrastructure could materially affect our ability to maintain the satisfactory performance of our platform and deliver consistent services to our users.

The reliability, availability and satisfactory performance of our IT systems are critical to our success, our ability to attract and retain clients and our ability to maintain a satisfactory user experience and client service. Our servers may be vulnerable to computer viruses, traffic spike that exceeds the capacity of our servers, electricity power interruptions, physical or electronic break-ins and similar disruptions, which could lead to system interruptions, website slowdown and unavailability, delays in transaction processing, loss of data, and the inability to accept and fulfill client orders. We have not experienced system interruptions that materially affected our operations in the past, but we can provide no assurance that we will not experience unexpected interruptions in the future. We can provide no assurance that our current security mechanisms will be sufficient to protect our IT systems and technology infrastructure from any third-party intrusions, electricity power interruptions, viruses and hacker attacks, information and data theft, and other similar activities. Any such future occurrences could damage our reputation and result in a material decrease in our revenues. We have identified deficiency in our information technology system relating to lack of necessary management and supervision of certain user/administrative accounts. We have engaged risk assurance advisors to help us design and implement IT controls necessary for us, including updating our IT security policy, enhancing management of IT system and database. However, there can be no assurance that the foregoing deficiencies can be cured in a timely and cost-effective manner. We may identify other deficiencies in the future, which may require us to expend significant resources to remediate.

Additionally, we are constantly upgrading our internet platform and infrastructure to comply with regulatory requirements and provide increased scale, improved performance and additional built-in functions and additional capacities. For example, on June 22, 2020, the CBIRC issued the Notice on Regulating the Traceability Management of Internet Insurance Sales, which came into effect from October 1, 2020, and provides that insurance institutions shall conduct retrospective review and management of internet insurance sales, and shall immediately suspend online insurance sales if they fail to comply with those requirements by the time the notice came into force. As of October 1, 2020, we had made rectifications in accordance with this notice. Furthermore, on January 5, 2021, the CBIRC promulgated the Measures for the Regulation of Informatization of Insurance Intermediaries, which aim to improve informatization of insurance intermediaries and stipulate regulatory requirements in respect of the construction and management of the informatization, IT system and information security. We completed most of such self-examination and rectifications in 2022. However, we cannot assure you that we will be able to complete rectifications in a timely manner or fully satisfy the regulatory requirements. In addition, rectifying, maintaining and upgrading our technology infrastructure require significant investment of time and resources, including adding new hardware, updating software, and recruiting and training new engineering personnel. During updates, our systems may experience interruptions, and the new technologies and infrastructures may not be fully integrated with the existing systems timely, or at all. Any failure to maintain and improve our technology infrastructure could result in unanticipated system disruptions, slower response times, impaired quality of user experience and delays in reporting accurate operating and financial information, which, in turn, could materially and adversely affect our business, financial condition and results of operations.

Failure to prevent cybersecurity breaches will materially and adversely affect our business, reputation, financial condition and results of operations.

The massive volume of data that we process and store makes us or third-party service providers who host our servers an attractive target and potentially vulnerable to cyber-attacks, computer viruses, physical or electronic break-ins or similar disruptions. While we have taken steps to protect our database, our security measures could be breached. Because techniques used to sabotage or obtain unauthorized access to systems change frequently and generally are not recognized until they are launched against a target, we may be unable to anticipate these techniques or to implement adequate preventative measures. Any accidental or willful security breaches or other unauthorized access to our platform could cause confidential information to be stolen and used for criminal purposes. Security breaches or unauthorized access to confidential information could also expose us to liability related to the loss of the information, time-consuming and expensive litigation and negative publicity. If security measures are breached because of third-party action, employee error, malfeasance or otherwise, or if design flaws in our technology infrastructure are exposed and exploited, our relationships with users and insurer partners could be severely damaged, we could incur significant liability and our business and operations could be adversely affected. The PRC Network Security Law promulgated by the Standing Committee of the National People's Congress, effective on June 1, 2017, stipulates that a network operator, including internet information services providers, must adopt technical measures and other necessary measures in accordance with applicable laws and regulations as well as compulsory national standards to safeguard the safety and stability of network operations, effectively respond to network security incidents, prevent illegal and criminal activities, and maintain the integrity, confidentiality and availability of network data. Over the past few years, the insurance regulatory authority enhanced its supervision and has promulgated many regulation measures and requirements towards cybersecurity of insurance business. While we have adopted comprehensive measures to comply with the applicable laws, regulations and standards, there can be no assurance that such measures will be effective. If we were found by the regulatory authorities to have failed to comply with the regulatory requirements, we would be subject to warnings, fines, confiscation of illegal gains, revocation of licenses, suspension of our platform or even criminal liabilities and our business, financial condition and results of operations would be adversely affected.

The sophisticated and innovative technologies we use for the operation of our business are new and require continual developments and upgrades. We cannot assure you that these technologies will fully support our business.

We regard technology as critical to our ability to provide high-quality products and superior client services. We have invested substantial resources in developing the sophisticated and innovative technology systems that we use for our daily operations. We expect these technologies to support the smooth performance of key functions in our platform, such as searching for and finding suitable insurance products, intelligent underwriting, and claim application and settlement. To adapt to evolving client needs, requirements of insurer partners, and emerging industry trends, we may need to develop other new technologies or upgrade existing platform and systems. If our efforts to invest in the development of new technologies or the upgrade of existing technologies are unsuccessful, our business, financial condition and results of operations may be materially and adversely affected.

In addition, the maintenance and processing of various operating and financial data is essential to our data analytical capabilities and the day-to-day operation of our business. Our ability to provide products and services and to conduct day-to-day business operations depend, in part, on our ability to maintain and make timely and cost-effective enhancement and upgrade to our technology and introduce innovative functions which can meet changing business and operational needs. Failure to do so could put us at a disadvantage to our competitors and cause economic losses. We can provide no assurance that we will be able to keep up with technological improvements or that the technology developed by others will not render our services less competitive or attractive.

Negative publicity about us, our shareholders, insurer partners, user traffic channels and individual and institutional promoters that we cooperate with, and other participants in the insurance industry may harm our brand and reputation and have a material adverse effect on our business and operating results.

Our brand and reputation are critical to our business and competitiveness. Factors that are vital to our reputation include but are not limited to our ability to:

- recommend suitable insurance products to users;
- provide effective and smooth insurance experience to insurance clients;

- enhance risk management capabilities;
- innovate and improve the products and services we provide;
- effectively manage and resolve complaints from users and insurer partners; and
- effectively protect private information and data.

Any negative publicity about the foregoing or other aspects of our company, including but not limited to our directors, management, shareholders, business, legal compliance, financial condition or prospects, whether with merit or not, could severely compromise our reputation and harm our business and operating results. In addition, regulatory inquiries or investigations, lawsuits initiated against us, employee misconduct, among other things, could also result in negative publicity on us. Furthermore, negative publicity with respect to our business partners or the industry in which we operate may materially and adversely affect our business and results of operations.

Our business model may be replicated by other insurance distributors or product and service platforms, and internet companies and traditional insurance companies aiming to engage in insurance distribution business.

The leading Chinese internet companies have experienced the fast-moving internet development in China in past decades and have demonstrated their strong capacities in client-centric and efficiency driven business development and innovation. We are operating in an emerging industry, and we may be exposed to uncertainties and risks. Given the large amount of data and strong capacity of technological development the leading Chinese internet companies have, we believe it is possible that these companies can develop their insurance business to compete with us in a short period of time. In addition, we have seen certain traditional insurance companies and other insurance service providers enter the online insurance service market in order to take advantage of the soaring opportunities emerged from online ecosystems. Considering these internet companies' strong abilities in promoting their products through their existing abundant online channels and the potential of traditional insurance companies and other insurance service providers to exploit their offline resources and clients online, we may face severe competition in the near future from these potential competitors. Moreover, given that terms of insurance product are relatively transparent, our competitors can copy the insurance products we design and develop together with our insurer partners soon after they are launched, possibly at lower prices than what we offer. If we fail to continue to upgrade our insurance product offerings that meet market demand quickly, we may not be able to keep our edge in the competition, and our business and results of operations will be negatively affected.

Because the insurance intermediary business income we earn on the sale of insurance products is based on premiums, and commission fee rates agreed between us and our insurer partners, any decrease in these premiums or commission fee rates may have an adverse effect on our results of operations.

We are engaged in the insurance intermediary business and derive revenues primarily from commission fees paid by the insurer partners whose insurance policies our clients purchase. The commission fee rates are set by insurer partners or negotiated between insurer partners and us, and are based on the premiums that the insurer products charge. Commission fee rates and premiums can change based on the prevailing economic, regulatory, taxation and competitive factors that affect our insurer partners. These factors, which are not within our control, include the capacity of insurer partners to place new business, profits of insurer partners, consumer demand for insurance products, the availability of comparable products from other insurance companies at lower costs, and the availability of alternative insurance products, such as government benefits and self-insurance plans, to consumers. In addition, premium rates for certain insurance products are tightly regulated by the National Financial Regulatory Administration. Because we do not determine, and cannot predict, the timing or extent of premium or commission fee rate changes, we cannot predict the effect any of these changes may have on our operations. Any decrease in premiums or commission fee rates may significantly affect our profitability.

We rely on the multi-dimensional data we collect to enhance our business performance and results, and we cannot assure you that we will be able to accumulate or access sufficient data in the future or to analyze the data effectively, the lack of which may materially and adversely affect our business and results of operations.

We highly rely on our data in every step of the entire insurance value chain, including research and development of our insurance products, risk management, claim settlement, and client services. We develop our proprietary technologies on top of cloud computing infrastructures of third-party providers to automate and streamline the various processes in our operations, support our day-to-day business analytics and provide periodic or real-time applications in supporting our large amount of transactions and executing our strategies. We have made substantial investments in ensuring the effectiveness of our data analytics that supports our rapid growth and enables us to provide efficient services to insurance clients. We cannot assure you that we will be able to continually collect and retain sufficient data, or improve our data technologies to satisfy our operating needs. Failure to do so will materially and adversely affect our business and results of operations.

Failure to maintain accuracy in actuarial statistics, assisting in underwriting, and proposing pricing of insurance products to insurer partners could have a material adverse effect on our business, results of operations and financial condition.

We operate an intelligent underwriting system where we code underwriting criteria set by insurers in our system and the system automatically generates eligibility for purchasing insurance products. For customized insurance products we designed and developed together with our insurer partners, we conduct actuarial and propose pricing range to our insurer partners. Therefore, we rely heavily on the accuracy in actuarial statistics and capabilities in accurate underwriting and proposing pricing of products we offer to conduct our business, including recording and processing our operational and financial data and effectively executing our business plans through accurate actuarial analysis and pricing modeling. The proper functioning of our actuarial analysis, statistical analysis, products pricing suggestion, risk management, financial control, accounting, client database, client service and other data processing systems is highly critical to our business and our ability to compete effectively. We rely on our dedicated talents with actuarial expertise to conduct actuarial analysis, and we rely on our research and development team and related advanced technology to enhance our data capabilities to perform pricing modeling. We cannot guarantee you that we will be able to continue to upgrade our technology and maintain our capacity and accuracy, or to successfully upgrade our technology and retain our employees with actuarial expertise or to hire new ones. Failure of maintaining such capacity and accuracy could have a material adverse effect on our business, results of operations and financial condition.

A significant portion of the total GWP we facilitate is contributed by a limited number of insurance products. If we cannot continue to offer these insurance products on our platform for any reason or the popularity of these products declines, the GWP we facilitate and consequently our brokerage income, may decrease and our financial condition and results of operations may be materially and adversely affected.

A significant portion of the total GWP we facilitate is from a limited number of popular insurance products, primarily our tailor-made long-term life and health insurance products. In 2024, the top five insurance products in terms of GWP contribution aggregately accounted for 43.1% of the total GWP we facilitated, as compared to 41.7% in 2023. We believe the concentration was partially due to the comprehensive protection coverage with reasonable policy terms, making these tailor-made insurance products more attractive than others. Although we plan to continue to diversify our product offerings, launch more tailor-made insurance products, expand our client base and generate brokerage income from a wider variety of insurance products, we cannot guarantee you that we will be able to succeed, and that such concentration will decrease. If we cannot continue to offer these popular insurance products for any reason or the popularity of these products decline, our brokerage income may decrease, and our financial condition and results of operations may be materially and adversely affected.

We have in the past sold insurance products on our platform through institutional promoters lacking operating license, and individual promoters who were registered with other insurance institutions or who were not registered with any insurance institutions, which may subject us to potential regulatory risks and may cause breaches of our agreements with insurer partners.

Through www.jumi18.com, www.qixin18.com and www.xiebao18.com, we have in the past engaged institutional promoters lacking operating licenses, and individual promoters whose practice registrations were registered with insurance institutions other than us or who were not registered with any insurance institutions, to promote insurance products we offer on our platform. In return, we paid those promoters service fees. Our cooperation with institutional promoters lacking operating licenses may subject us to regulatory risks. Under PRC laws and regulations, professional insurance intermediaries like us must complete practice registrations for individual promoters as our brokers or agents. Historically, for those individual promoters who had a relatively short history of cooperation with us, or who contributed a less significant portion of GWP facilitated on our platform, we did not complete all of their practice registrations with us. As of the date of this annual report, we have terminated the cooperation with those individual promoters that have not been registered with us for promoting insurance products. However, we may be subject to administrative orders to rectify these historical non-compliance incidents or further, administrative penalties imposed by the regulatory authorities retrospectively, and if so, our business and results of operations might be materially and adversely affected.

Our business operations in Hong Kong are subject to the complexities and uncertainties of Hong Kong laws and regulations concerning insurance brokerage businesses and corporate governance, especially amidst our accelerated business growth in the region.

The recent increase in business operations and transaction volume for our Hong Kong operations is primarily due to the surge in market demand following the COVID-19 pandemic. However, there can be no assurance that this growth trend will be sustained. Additionally, we have engaged a growing number of business partners to meet such increasing demands. However, there cannot be no assurance that such business partners will adhere to our contractual agreements and comply with the applicable laws and regulations in Hong Kong regarding the insurance business. Any non-compliance with applicable Hong Kong laws and regulations by our business partners may result in regulatory penalties or negative publicity on us, which may materially and adversely affect our business and results of operations.

Hong Kong has its own specific regulatory framework for insurance companies. Failure to comply with these regulations may result in penalties and damages to our reputation. There can be no assurance that our subsidiaries in Hong Kong are and will continue to be in full compliance with all applicable laws and regulations related to the insurance brokerage business and corporate governance. Any non-compliance with applicable Hong Kong laws and regulations by subsidiaries in Hong Kong may result in regulatory penalties or negative publicity on us, which may materially and adversely affect our business and results of operations.

We have limited history and experience operating in overseas markets. If we are unable to manage the risks presented by our potential international expansion plan, our business, financial condition and results of operations will be adversely impacted.

We established our international headquarter, Poni Insurtech, in Singapore in 2024. In September 2024, Poni Insurtech completed its acquisition of 71.7% stake in Global Care Consulting Joint Stock Company, or Global Care, a leading Vietnam-based Insurtech company specializing in digital transformation solutions for the insurance industry. The acquisition was completed through a combination of existing share purchases and subscription of new shares. In October 2024, Global Care, our Vietnam subsidiary, unveiled its new health insurance comparison platform, “GlobalCare.vn”.

In 2023 and 2024, revenues generated from the overseas markets amounted to RMB19.7 million and RMB228.7 million (US\$31.3 million), accounting for 1.6% and 18.3% of the respective year’s total net revenues. Revenues generated from the overseas markets prior to 2023 were insignificant.

We have limited history and experience operating in overseas markets. As part of our business strategy and growth plan, we plan to further expand internationally. Expansion of our international operations could impose substantial burdens on our resources, divert management’s attention from our operations in mainland China and otherwise harm our business. In addition, there are many barriers to competing successfully in the international market, including:

- business licensing or certification requirements of the local markets;
- compliance challenges due to different laws and regulatory environments, including but not limited to those related to insurance brokerage, market entry barriers, corporate governance, privacy and data protection, data localization, network security, payments, repatriation of funds, and tax regimes and policies;

- failure to effectively or efficiently locate and cooperate with local business partners;
- the need for increased resources to manage regulatory compliance across our overseas businesses;
- challenges of localizing our services and products to meet the local needs;
- failure to attract and retain capable talent with international perspectives who can effectively manage and operate local businesses;
- higher costs of doing business globally, including increased accounting, travel, infrastructure and legal compliance costs;
- political, social and economic instability of each jurisdiction where we operate;
- changes in the relations between China and foreign countries;
- actions of foreign or PRC governmental authorities affecting foreign investments;
- enforceability of intellectual property and contract rights;
- fluctuation in foreign currencies.

We cannot assure you that our potential international expansion plan will produce desired levels of revenue or costs, or that one or more of the factors listed above will not harm our business. Therefore, as we expand internationally, we may not experience the operating margins that we expect, and our business, financial condition and results of operations may be negatively impacted. Failure to successfully expand globally and manage the complexity of our global operations could materially and adversely affect our business, financial condition and results of operations.

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

We may enter into strategic acquisitions and selected strategic alliances that are complementary to our business and operations, including opportunities that can help us further improve our technology system and sales network. For example, in December 2021, we, through a wholly owned subsidiary of the VIE, acquired 100% equity interest in Shenzhen Detong Insurance Agency Co., Ltd., formerly known as Shanghai Senhao Insurance Agency Co., Ltd., a nationwide professional insurance agency company with business networks in 11 provincial areas in China, and we completed the change in equity registration with the Shenzhen Administration for Market Regulation in March 2022. In August 2023, Hong Kong Smart Choice, our Hong Kong subsidiary, acquired 100% equity interest in Synergy Wealth Management Limited, a licensed insurance broker incorporated under the laws of Hong Kong. In September 2024, Poni Insurtech, our international arm, acquired 71.7% stake in Global Care, a leading Vietnam-based Insurtech company specializing in digital transformation solutions for the insurance industry. Strategic acquisitions and subsequent integrations of newly acquired businesses would require significant managerial and financial resources and could result in a diversion of resources from our existing business, which in turn could have an adverse effect on our growth and business operations. Acquired businesses or assets may not generate expected financial results immediately, or at all, and may incur losses to our business. We may, from time to time, terminate our planned acquisitions, strategic alliances and investments due to adjustments to our business plans or as a result of factors beyond our control, such as failure by us or our business partners to fulfill closing conditions. The cost and duration of integrating newly acquired businesses could also materially exceed our expectations, which could negatively affect our results of operation. In addition, acquisitions of and strategic alliances with third parties could also subject us to risks associated with sharing proprietary information, non-performance or default by counterparties, and increased expenses in establishing these new alliances, any of which may materially and adversely affect our business. We may have limited ability to control or monitor the actions of our strategic partners. To the extent an enterprise acquired us or a strategic partner suffers any negative publicity as a result of its business operations, our reputation may be negatively affected by virtue of our association with such party.

Furthermore, certain acquired business may had historical non-compliance incidents before our acquisition. While we took measures in order to ensure compliance after the acquisition, we cannot assure you that we will not be subject to retrospective administrative penalties imposed by the regulatory authorities regarding the historical non-compliance, and if so, our business and results of operations might be materially and adversely affected.

In addition, certain shareholders operate similar insurance product and service platforms like we do and there remain potential conflicts of interest.

If any of such conflicts of interest are not resolved in our favor, we could lose opportunities in strategic acquisitions and alliances, and our business, financial condition and results of operations will be materially and adversely affected.

Our success depends on the continued efforts of our senior management. If one or more of our key executives were unable or unwilling to continue in their present positions, our business may be severely disrupted.

Our business operations depend on the continued services of our senior management, particularly our co-founders and the executive officers named in this annual report. While we have provided different incentives to our management, we cannot assure you that we can continue to retain their services. If one or more of our key executives were unable or unwilling to continue in their present positions, we may not be able to find suitable replacements, our future growth may be constrained, our business may be severely disrupted and our financial condition and results of operations may be materially and adversely affected. In addition, although we have entered into confidentiality and non-competition agreements with our management, there is no assurance that any member of our management team will not join our competitors or form a competing business. If any dispute arises between our current or former officers and us, we may have to incur substantial costs and expenses in order to enforce such agreements in China or we may not be able to enforce them at all. If we are not able to agree on satisfactory severance arrangements with any departing officer or resolve any resulting disputes, we would incur additional time and expenses in handling such matters and our management team's attention may be diverted.

If we are unable to recruit, train and retain qualified personnel, our business may be materially and adversely affected.

We believe our future success depends on our continued ability to attract, develop, motivate and retain qualified and skilled employees in an efficient manner. Competition for personnel with expertise in insurance, sales and marketing, technology and risk management is extremely intense in China. We may not be able to hire and retain these personnel at compensation levels consistent with our existing compensation and salary structure. Some of the companies with which we compete for experienced employees have greater resources than we have and may be able to offer more attractive terms of employment. In addition, we invest significant time and resources in training our employees, which increases their value to competitors who may seek to recruit them. If we fail to retain our employees, we could incur significant expenses in hiring and training new employees, and our ability to serve insurance clients and insurer partners could diminish, resulting in a material adverse effect to our business.

If our user traffic channels, registered individuals, other business partners or employees engage in any misconduct or cause errors to occur in our system, our business, financial condition and results of operations could be materially and adversely affected.

We are exposed to many types of operational risks, including the risk of misconduct and errors by our user traffic channels, other parties we collaborate with and by our employees and registered individuals. Our business depends on our employees, registered individuals and/or business partners to interact with clients and provide various services in relation to the purchase of insurance products. Misconduct could include making misrepresentations when marketing or selling insurance products to clients, hiding or falsifying material information in relation to insurance contracts, colluding with applicants, insureds, or beneficiaries to obtain insurance benefits, failing to disclose legally required information to clients, engaging in false claims, conducting business beyond the scope of authorization, engaging in activities that exceed the permitted limits or otherwise not complying with laws and regulations or our internal policies or procedures. Any of the aforementioned misconduct by parties we cooperate with may cause potential liabilities of us, and further subject us to regulatory actions and penalties. If any third parties that are important to our operations are sanctioned by regulatory actions, our business operations will be disrupted or otherwise negatively affected.

We could also be negatively impacted if an operational breakdown or failure in the processing of transactions occurred, whether as a result of human errors, purposeful sabotage or fraudulent manipulation of our operations or systems. It is not always possible to identify and deter misconduct or errors by employees, registered individuals or business partners, and the precautions we take to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses. If any of our employees, registered individuals or business partners fail to follow our rules and procedures when interacting with clients, we could be liable for damages and subject to regulatory actions and penalties. Any of these occurrences could result in our diminished ability to operate our business, inability to attract users, reputational damage, regulatory intervention and financial harm, which could negatively impact our business, financial condition and results of operations.

Any failure to protect our intellectual property could harm our business and competitive position.

We regard our software registrations, trademarks, patents, domain names, know-how, proprietary technologies and similar intellectual property as critical to our success, and we rely on a combination of intellectual property laws and contractual arrangements, including confidentiality and non-compete agreements with our employees and others to protect our proprietary rights. See “Item 4. Information on the Company—B. Business Overview—Intellectual Property.” Despite these measures, any of our intellectual property rights could be challenged, invalidated, circumvented or misappropriated, or such intellectual property may not be sufficient to provide us with competitive advantages. In addition, because of the rapid pace of technological change in our industry, parts of our business rely on technologies developed or licensed by third parties, and we may not be able to obtain or continue to obtain licenses and technologies from these third parties on reasonable terms, or at all.

Statutory laws and regulations are subject to judicial interpretation and enforcement and may not be applied consistently due to the lack of clear guidance on statutory interpretation. Confidentiality, invention assignment and non-compete agreements may be breached by counterparties, and there may not be adequate remedies available to us for any such breach. Accordingly, we may not be able to effectively protect our intellectual property rights or to enforce our contractual rights in China. Preventing any unauthorized use of our intellectual property is difficult and costly and the steps we take may be inadequate to prevent the misappropriation of our intellectual property. In the event that we resort to litigation to enforce our intellectual property rights, such litigation could result in substantial costs and a diversion of our managerial and financial resources. We can provide no assurance that we will prevail in such litigation. In addition, our trade secrets may be leaked or otherwise become available to, or be independently discovered by, our competitors. To the extent that our employees or consultants use intellectual property owned by others in their work for us, disputes may arise as to the rights in related know-how and inventions. Any failure in protecting or enforcing our intellectual property rights could have a material adverse effect on our business, financial condition and results of operations.

We may be subject to intellectual property infringement claims, which may be expensive to defend and may disrupt our business and operations.

We cannot be certain that our operations or any aspects of our business do not or will not infringe upon or otherwise violate trademarks, patents, copyrights, know-how or other intellectual property rights held by third parties. We may be from time to time in the future subject to legal proceedings and claims relating to the intellectual property rights of others. In addition, there may be third-party trademarks, patents, copyrights, know-how or other intellectual property rights that are infringed by our products, services or other aspects of our business without our awareness. Holders of such intellectual property rights may seek to enforce such intellectual property rights against us in China, the United States or other jurisdictions. If any third-party infringement claims are brought against us, we may be forced to divert management’s time and other resources from our business and operations to defend against these claims, regardless of their merits.

Additionally, the application and interpretation of China’s intellectual property right laws and the procedures and standards for granting trademarks, patents, copyrights, know-how or other intellectual property rights in China are still evolving, and we cannot assure you that PRC courts or regulatory authorities would agree with our analysis. If we were found to have violated the intellectual property rights of others, we may be subject to liability for our infringement activities or may be prohibited from using such intellectual property, and we may incur licensing fees or be forced to develop alternatives of our own. As a result, our business and financial performance may be materially and adversely affected.

Our online operations depend on the performance of the internet infrastructure and telecommunications networks in China.

Almost all access to the internet in China is maintained through state-owned telecommunication operators under the administrative control and regulatory supervision of the Ministry of Industry and Information Technology. We primarily rely on a limited number of telecommunication service providers to provide us with data communications capacity through local telecommunications lines and internet data centers to host our servers. We have limited access to alternative networks or services in the event of disruptions, failures or other problems with China’s internet infrastructure or the fixed telecommunications networks provided by telecommunication service providers. With the expansion of our business, we may be required to upgrade our technology and infrastructure to keep up with the increasing traffic on our platform. We cannot assure you that the internet infrastructure and the fixed telecommunications networks in China will be able to support the demands associated with the continued growth in internet usage.

In addition, we have no control over the costs of the services provided by telecommunication service providers. If the prices we pay for telecommunications and internet services rise significantly, our financial performance may be adversely affected. Furthermore, if internet access fees or other charges to internet users increase, our user traffic may decline and our business may be harmed.

Our future growth depends on the further acceptance of the internet as an effective platform for disseminating insurance products and content.

The internet has gained increasing popularity in China as a platform for insurance products and content in recent years. However, certain participants in the industry, especially traditional insurance companies, and many insurance clients have limited experience in handling insurance products and content online, and some insurance clients may have reservations about using online platforms. For example, clients may not find online content to be reliable sources of insurance product information. Some insurance companies and reinsurance companies may not believe online platforms are secure for risk assessment and risk management. Others may not find online platforms effective when promoting and providing their products and services, especially to targeted clients in lower-tier cities or rural areas. If we fail to educate clients, insurance companies and reinsurance companies about the value of our online platform and our products and services, our growth will be limited and our business, financial performance and prospects may be materially and adversely affected. The further acceptance of the internet as an effective and efficient platform for insurance products and content is also affected by factors beyond our control, including negative publicity and restrictive regulatory measures. If online and mobile networks do not achieve adequate acceptance in the market, our growth prospects, results of operations and financial condition could be harmed.

We may not be able to obtain additional capital when desired, on favorable terms or at all.

We need to make continued investments in facilities, hardware, software, technological systems and to retain talents to remain competitive. Due to the unpredictable nature of the capital markets and our industry, there can be no assurance that we will be able to raise additional capital on terms favorable to us, or at all, if and when required, especially if we experience disappointing operating results. If adequate capital is not available to us as required, our ability to fund our online and offline operations, take advantage of unanticipated opportunities, develop or enhance our infrastructure or respond to competitive pressures could be significantly limited. If we do raise additional funds through the issuance of equity or convertible debt securities, the ownership interests of our shareholders could be significantly diluted. These newly issued securities may have rights, preferences or privileges senior to those of existing shareholders.

Our current risk management system may not be able to exhaustively assess or mitigate all risks to which we are exposed, which could negatively affect our business and results of operations.

We have established risk management, quality control and internal control systems, consisting of policies and procedures that we believe are appropriate for our business. However, the implementation of such policies and procedures may involve human error and mistakes. Moreover, we may be exposed to fraud or other misconduct committed by our employees, or other third parties, including but not limited to our clients and partners, or other events that are out of our control, that could adversely affect our product quality and reputation and subject us to financial losses and regulatory measures imposed by government authorities. As a result, despite our efforts to improve the aforementioned systems, we cannot assure you that our risk management, quality control and internal control systems are able to completely eliminate non-compliance matters or product defects.

Failure to deal effectively with any fraud perpetrated on our platform could harm our business.

We face risks with respect to fraudulent activities on our platform. We cannot guarantee that all of the transactions conducted on our platform with insurance clients are commercially fair. We cannot fully eliminate insurance fraud and reverse selection insurance behaviors. Although we have implemented various measures to detect and reduce the occurrence of fraudulent activities on our platform, there can be no assurance that these measures will be effective in combating fraudulent transactions or improving overall satisfaction among our insurance clients and insurer partners. In addition, illegal, fraudulent or collusive activities by our employees or third-party agents could also subject us to liability and negative publicity. Any illegal, fraudulent or collusive activity could severely damage our brand and reputation as an operator of a trusted platform, which could adversely affect our business, financial condition and results of operations.

Our insurance coverage may not be adequate, which could expose us to significant costs and business disruptions.

We maintain certain insurance policies to safeguard us against risks and unexpected events, including insurance broker/agent practice liability insurance. We provide social security insurance including pension insurance, unemployment insurance, work-related injury insurance, maternity insurance and medical insurance for our employees in compliance with applicable PRC laws. We do not maintain business interruption insurance. We consider our insurance coverage to be sufficient for our business operations in mainland China. However, we cannot assure you that our insurance coverage is sufficient to prevent us from any loss or that we will be able to successfully claim our losses under our current insurance policy on a timely basis, or at all. If we incur any loss that is not covered by our insurance policies, or the compensated amount is significantly less than our actual loss, our business, financial condition and results of operations could be materially and adversely affected.

We may be subject to legal proceedings in the ordinary course of our business. If the outcomes of these proceedings are adverse to us, it could have a material adverse effect on our business, results of operations and financial condition.

We may from time to time be involved in disputes with various parties involved in the development and sale of our products and services. These disputes may lead to protests or legal or other proceedings and may result in damage to our reputation, substantial costs to our operations, and diversion of our management's attention. In addition, we may disagree with regulatory bodies in certain aspects in the course of our operations, which may subject us to administrative proceedings and unfavorable decrees that result in liabilities and cause delays to our proper developments. We have been involved in legal proceedings or disputes in the ordinary course of business. In addition, as we change our cooperation model or terminate cooperation with some of our user traffic channels and individual agents to meet regulatory requirements, we cannot assure you that dispute will not arise therefrom or any of these counterparties will not take legal actions against us. We cannot assure you that we will not be involved in any other major legal proceedings in the future. Any involvement on these disputes may materially and adversely affect our business, financial condition and results of operations.

Failure to renew our current leases or locate desirable alternatives for our facilities could materially and adversely affect our business.

Certain of our lease agreements have not been registered with the PRC government authorities as required by PRC law, which will not affect the validity of these lease agreements but may expose us to potential fines if we fail to remediate after receiving any notice from the PRC government authorities. In case of failure to register or file a lease, the parties to the unregistered lease may be ordered to make rectifications (which would involve registering such leases with the government authority) before being subject to penalties. The penalty ranges from RMB1,000 to RMB10,000 for each unregistered lease, the specific amount of which is at the discretion of the government authority. As of February 28, 2025, we had not completed lease agreement registration for some properties, which may expose us to potential penalties by PRC governmental authorities.

We have granted and may continue to grant options, restricted share units and other types of awards under our share option plan, which may result in increased share-based compensation expenses.

We adopted a global share incentive plan in June 2019, which we refer to as the Global Plan, for the purpose of granting share-based compensation awards to employees, directors and consultants to incentivize their performance and align their interests with ours. We recognize expenses in our consolidated financial statements in accordance with U.S. GAAP. Under our Global Plan, we are authorized to grant options, restricted share units and other types of share incentive awards. The maximum aggregate number of common shares which may be issued pursuant to all awards under the Global Plan is 57,501,813 common shares. As of February 28, 2025, 15,290,524 restricted shares and options to purchase a total of 13,585,676 common shares were outstanding under the Global Plan. We adopted a 2019 share incentive plan in June 2019, which we refer to as the 2019 Plan. In September 2021, May 2023 and November 2023, respectively, our board of directors approved the amendments to the 2019 Plan to increase the maximum number of Class A common shares that may be issued under the 2019 Plan. Under the currently effective Third Amended and Restated 2019 Share Incentive Plan, or the Third Amended and Restated 2019 Plan, the maximum aggregate number of Class A common shares that may be issued shall be 187,559,565, plus an annual increase on June 1 of each of 2024, 2025, 2026 and 2027, by (i) 31,351,400 Class A common shares or (ii) such number of Class A common shares as may be determined by our board. As of February 28, 2025, options to purchase a total of 78,605,645 common shares were outstanding under the Third Amended and Restated 2019 Plan. We believe the granting of share-based compensation is of significant importance to our ability to attract and retain key personnel and employees, and we will continue to grant share-based compensation to employees in the future. As a result, our expenses associated with share-based compensation may increase, which may have an adverse effect on our results of operations. We may re-evaluate the vesting schedules, lockup period, exercise price or other key terms applicable to the grants under our currently effective share incentive plans from time to time. If we choose to do so, we may experience substantial change in our share-based compensation charges.

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

In recent years, there have been outbreaks of health epidemics in China and globally, including the outbreak of COVID-19 pandemic. COVID-19 resulted in quarantines, travel restrictions, and temporary closure of businesses and facilities in China and worldwide between 2020 and 2022. Our business could be materially and adversely affected by natural disasters, health epidemics or other public safety concerns affecting the PRC, and particularly Shenzhen. Natural disasters may give rise to server interruptions, breakdowns, system failures, technology platform failures or internet failures, which could cause the loss or corruption of data or malfunctions of software or hardware as well as adversely affect our ability to operate our platform and provide services and solutions. In recent years, there have been outbreaks of epidemics in China and globally, such as COVID-19, H1N1 flu, avian flu or another epidemic.

Our business operations could be disrupted by any of these epidemics. In addition, our results of operations could be adversely affected to the extent that any health epidemic harms the Chinese economy in general. A prolonged outbreak of any of these illnesses or other adverse public health developments in China or elsewhere in the world could have a material adverse effect on our business operations. Such outbreaks could significantly impact the insurance industry, which could severely disrupt our operations and adversely affect our business, financial condition and results of operations. Our headquarters are located in Shenzhen, where most of our management and employees currently reside. Most of our system hardware and back-up systems are hosted in facilities located in Guangdong. Consequently, if any natural disasters, health epidemics or other public safety concerns were to affect Shenzhen, our operation may experience material disruptions, which may materially and adversely affect our business, financial condition and results of operations.

Our business is subject to fluctuations, which makes our results of operations difficult to predict and may cause our quarterly results of operations to fall short of expectations.

Our quarterly revenues and other operating results have fluctuated in the past and may continue to fluctuate depending upon a number of factors, many of which are beyond our control. Each of our business lines may have different seasonality factors and the mix of our revenue source may shift from time to time. If the insurance product mix we offer on our platform changes, the fluctuation trend of our results of operations will change accordingly. We may also introduce promotional activities or enhance our marketing and branding efforts in ways that further cause our quarterly results to fluctuate and differ from historical patterns. In addition, our quarterly and annual revenues and costs and expenses as a percentage of our revenues may be significantly different from our historical or projected figures. For these reasons, comparing our operating results on a period-to-period basis may not be meaningful, and you should not rely on our historical results as an indication of our future performance because our fast growth in the past may have masked the seasonality that might otherwise be apparent in our results of operations. Our results of operations in future quarters may fall below expectations, which could cause the price of our ADSs to fall.

A severe or prolonged downturn in Chinese or global economy could materially and adversely affect our business and financial condition.

COVID-19 had a severe and negative impact on the Chinese and the global economy from 2020 through 2022, and the global macroeconomic environment still faces numerous challenges. The growth rate of the Chinese economy has been slowing since 2010 and the Chinese population began to decline in 2022. The Russia-Ukraine conflict, the Hamas-Israel conflict and the attacks on shipping in the Red Sea have heightened geopolitical tensions across the world. The impact of the Russia-Ukraine conflict on Ukraine food exports has contributed to increases in food prices and thus to inflation more generally. There have also been concerns about the relationship between China and other countries which may potentially have economic effects. In particular, there is significant uncertainty about the future relationship between the United States and China with respect to a wide range of issues including trade policies, treaties, government regulations and tariffs. Economic conditions in China are sensitive to global economic conditions, as well as changes in domestic economic and political policies and the expected or perceived overall economic growth rate in China. Any severe or prolonged slowdown in the global or Chinese economy may materially and adversely affect our business, results of operations and financial condition.

The current tensions in international trade and rising international political tensions may adversely affect our business, financial condition, and results of operations.

In recent years, there have been heightened trade and political tensions in international relations, particularly between the United States and China. These tensions have affected both diplomatic and economic ties between the two countries and created uncertainties to the international economy as a whole. Heightened tensions could reduce levels of trade, investments, technological exchanges, and other economic activities between major economies. The existing tensions and any further deterioration in the relationship between the United States and China and between other countries may have a negative impact on the general, economic, political, and social conditions around the globe, United States and China in particular, and thus adversely impact our business, financial condition, and results of operations.

The U.S. government has implemented policies restricting international trade and investment, such as tariffs, export controls, economic or trade sanctions, and foreign investment filing and approval requirements. These actions may materially and adversely affect international trade, global financial markets, and the stability of the global economic condition. In the past, the U.S. government has imposed higher tariffs on certain products imported from China to penalize China for what it characterizes as unfair trade practices. China has responded by imposing higher tariffs on certain products imported from the United States. On April 2, 2025, President Trump announced that the United States would impose a 10% tariff on most countries, effective on April 5, 2025, and individualized higher tariff rates on countries with which the United States has proportionately large trade deficits in goods, including, among others, a 34% additional tariff on goods imported from China.

Following this action, China responded by imposing an additional tariff on goods imported from the United States, and the two countries sequentially further increased the additional tariff charged on each other, bringing the cumulative tariffs imposed on each other to over 100%. Other economies that are affected by increased tariffs by the United States are also considering imposing or increasing tariffs on goods from the United States, although after President Trump announced a 90-day pause on the individualized higher tariff rates for other countries, it is unclear how this situation will develop. As of the date of this annual report, there is still a high degree of uncertainty surrounding U.S. tariff policy, how it will be implemented, and how other countries will react to it. It also remains uncertain whether increased tariffs and trade tensions will create further disruptions and uncertainties to the international trade and lead to a downturn to the global economy.

Although cross-border business may not be an area of our focus, certain of our technologies, such as technologies relating to artificial intelligence, could be subject to restrictions by the government of the United States and other jurisdictions in the future. Therefore, government policies restricting international trade and investments may affect our business and impact the competitive position of our products and services.

In addition, the United States government has taken efforts to limit the outbound U.S. investments to China. On August 9, 2023, the Biden administration of the United States released an executive order directing the Department of Treasury to create an outbound foreign direct investment review program that would require reporting on or (in more narrow circumstances) prohibit investments by U.S. persons involving “covered national security technologies and products.” On October 28, 2024, the Department of Treasury issued a final rule to implement the executive order, providing details on technical specifications and other aspects of the operative regulations, which came into effect on January 2, 2025. This is referred to as the Outbound Investment Rule. The Outbound Investment Rule imposes investment prohibitions and notification requirements on U.S. persons for a wide range of investments in entities associated with “countries of concern,” currently only China, that are engaged in activities relating to (i) semiconductors and microelectronics, (ii) quantum information technologies, and (iii) artificial intelligence systems. These entities are collectively defined as “Covered Foreign Persons.” U.S. persons subject to the Outbound Investment Rule are prohibited from making, or required to report, transactions involving Covered Foreign Persons that are defined as “covered transactions,” although the Outbound Investment Rule excludes some investments from the scope of covered transactions, including those in publicly traded securities. The Outbound Investment Rule introduces new hurdles and uncertainties for cross-border collaborations, investments, and funding opportunities of China-based issuers including us. We do not believe that Huize Holding Limited would be defined as a Covered Foreign Person under the Outbound Investment Rule because we do not engage in a “covered activity” (as defined in the Outbound Investment Rule) or otherwise meet the definition of Covered Foreign Persons provided in the Outbound Investment Rule. However, there is no assurance that the U.S. Department of Treasury will take the same view as ours. If we were to be deemed a “Covered Foreign Person,” and if U.S. persons were to engage in a “covered transaction” (as defined under the Outbound Investment Rule) that involves the acquisition of our equity interests, such U.S. persons may need to make a notification pursuant to the Outbound Investment Rule. In addition, even though U.S. persons’ acquisitions of publicly traded securities (such as our ADSs) will be exempted from the scope of covered transactions under the Outbound Investment Rule, the rule could still limit our ability to raise capital or contingent equity capital from U.S. investors given that the relevant laws, regulations, and policies continue to evolve and we cannot rule out the possibility of being deemed a Covered Foreign Person in the future due to different views taken by the U.S. Department of Treasury, potential amendments to the Outbound Investment Rule or the introduction of additional regulations. For example, on February 21, 2025, the White House released President Trump’s “America First Investment Policy” memorandum, outlining several initiatives to incentivize investment from U.S. allies and partners while restricting investments involving “foreign adversaries,” including China. Among other things, the policy aims to expand the industry sectors covered by the U.S. outbound investment regulations and supplement outbound restrictions through the imposition of sanctions. As of the date of this annual report, the proposed changes under the America First Investment Policy are not implemented, although the proposed restrictions may further deepen the uncertainties for cross-border collaborations, investments, and funding opportunities for China-based issuers including us. If our ability to raise such capital is significantly and negatively affected, it could be detrimental to our business, financial condition and prospects, and our ADSs may significantly decline in value.

Rising political tensions could reduce levels of trades, investments, technological exchanges, and other economic activities across the globe, which would have a material adverse effect on global economic conditions and the stability of global financial markets. Any of these factors could have a material adverse effect on the demand of our products and services, and thus negatively affect our business, prospects, financial condition, and results of operations.

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There have been changes in international trade policies and rising political tensions, particularly between the U.S. and China, but also as a result of the conflict in Ukraine and sanctions on Russia. The U.S. government has made statements and taken certain actions that may lead to potential changes to U.S. and international trade policies towards many countries, including China. Any unfavorable government policies on international trade, such as capital controls or tariffs, may affect the demand for our products and services, the competitive position of our products, or prevent us from selling products in certain countries. It remains unclear what additional actions, if any, will be taken by the U.S. or other governments with respect to international trade agreements, the imposition of tariffs on goods imported into the United States, tax policy related to international commerce, or other trade matters.

The United States and various foreign governments have imposed controls, license requirements and restrictions on the import or export of technologies and products (or voiced the intention to do so). For instance, in October 2022, the Bureau of Industry and Security (BIS) of the U.S. Department of Commerce issued rules aimed at restricting China’s ability to obtain advanced computing chips, develop and maintain supercomputers and manufacture advanced semiconductors.

Rising trade and political tensions could reduce levels of trade, investments, technological exchanges and other economic activities between China and other countries, which would have an adverse effect on global economic conditions, the stability of global financial markets, and international trade policies. We may continue to expand our business internationally in the future. Any unfavorable government policies on international business or any restriction on Chinese companies may affect consumer demand for our products and service, impact our competitive position, or prevent us from being able to conduct business in certain countries. In addition, our results of operations could be adversely affected if any such tensions or unfavorable government trade policies harm the Chinese economy or the global economy in general.

Risks Relating to Our Corporate Structure

If the PRC government finds that the agreements that establish the structure for operating certain of our operations in China do not comply with PRC regulations relating to insurance brokerage, insurance agent and the relevant industries, or if these regulations or the interpretation of existing regulations change in the future, we could be subject to severe penalties or be forced to relinquish our interests in those operations.

Due to the PRC legal restrictions on foreign ownership of internet-based business and qualification requirements on foreign investors in the insurance intermediary business, we rely on certain contractual arrangements with the VIE and its shareholders to conduct substantially all of our operations in China. For example, foreign investors are not allowed to own more than 50% of the equity interests in a value-added telecommunications service provider (except for e-commerce, domestic multi-party communication, storage and forwarding classes and call centers) under the Special Administrative Measures for Access of Foreign Investment (Negative List) (2024 Edition), which was promulgated on September 6, 2024 and came into effect on November 1, 2024.

We are a Cayman Islands exempted company and our WFOE is considered a foreign-invested enterprise. To comply with PRC laws and regulations, we conduct operations in China through an affiliated PRC entity, Shenzhen Huiye Tianze Investment Holding Co., Ltd., or Huiye Tianze. We have entered into a series of contractual arrangements with Huiye Tianze and its shareholders, which enable us to (i) exercise effective control over Huiye Tianze, (ii) receive substantially all of the economic benefits and bear the obligation to absorb substantially all of the losses of Huiye Tianze, and (iii) have an exclusive option to purchase all or part of the equity interests in or assets of Huiye Tianze when and to the extent permitted by PRC laws. Because of these contractual arrangements, we are deemed the primary beneficiary of Huiye Tianze and hence consolidate its financial results as a variable interest entity, or VIE, under U.S. GAAP. For a detailed description of these contractual arrangements, see “Item 4. Information on the Company—C. Organizational Structure.”

If the PRC government finds that the agreements that establish the structure for operating our business do not comply with PRC laws and regulations, or if these regulations or their interpretations change in the future, we could be subject to severe penalties or be forced to relinquish our interests in those operations. Our holding company, our PRC subsidiaries, the VIE and investors of our company face uncertainty about potential future actions by the PRC government that could affect the enforceability of the contractual arrangements with the VIE and, consequently, significantly affect the financial performance of the VIE and our company as a whole. In addition, shareholders of the VIE are PRC holding entities of certain pre-IPO shareholders of our company, including entities beneficially owned by Mr. Cunjun Ma, the chairman of our board of directors and our chief executive officer, who owns more than 50% of our total voting power. Therefore, the enforceability of the contractual agreements between us, the VIE and its shareholders depends on whether our shareholders or their PRC holding entities will fulfill these contractual agreements. Their interest in enforcing these contractual agreements may not align with the interests of our other shareholders. If our shareholders who hold equity interests in the VIE through their PRC holding entities were to reduce their interests in our company, their interest may further diverge from that of our company and other shareholders, which may potentially increase the risk that they would seek to act contrary to these contractual arrangements.

It is uncertain whether any new PRC laws or regulations relating to variable interest entity structures will be adopted or if adopted, what they would provide. See “Item 3. Key Information—D. Risk Factors—Risks Relating to Doing Business in China—We are subject to the changes, interpretation and enforcement of laws and regulations in mainland China.”

If the ownership structure, contractual arrangements and businesses of our PRC subsidiary, the VIE and its subsidiaries are found to be in violation of any existing or future PRC laws or regulations, or our PRC subsidiary, the VIE or its subsidiaries fail to obtain or maintain any of the required permits or approvals, the PRC regulatory authorities would have discretion to take action in dealing with such violations or failures, including, without limitation:

- revoking the business licenses and/or operating licenses of such entities;
- shutting down our servers or blocking our website, or discontinuing or placing restrictions or onerous conditions on our operation through any transactions between our WFOE, the VIE and its subsidiaries;
- imposing fines, confiscating the income from our WFOE, the VIE or its subsidiaries;
- requiring us to restructure our ownership structure or operations, including terminating the contractual arrangements with the VIE and deregistering the equity pledge of the VIE, which in turn would affect our ability to consolidate, derive economic interests from, or exert effective control over the VIE; or
- restricting or prohibiting our use of the proceeds from our initial public offering to finance our business and operations in China, and taking other regulatory or enforcement actions that could materially affect our business.

Any of these actions could cause significant disruption to our business operations and severely damage our reputation, which would in turn materially and adversely affect our business, financial condition and results of operations. Although we believe we, our WFOE and the VIE comply with current PRC laws and regulations, we cannot assure you that the PRC government would agree that our contractual arrangements comply with PRC licensing, registration or other regulatory requirements, with existing policies or with requirements or policies that may be adopted in the future. The PRC government has discretion in determining rectifiable or punitive measures for non-compliance with or violations of PRC laws and regulations. If the PRC government determines that we or the VIE do not comply with applicable law, it could revoke the VIE and its subsidiaries' business and operating licenses, require the VIE to discontinue or restrict the VIE' operations, restrict the VIE's right to collect revenues, require the VIE to restructure our operations, impose additional conditions or requirements, impose restrictions on the VIE's business operations or on its customers, or take other regulatory or enforcement actions against the VIE that could materially affect its business. Any of these or similar occurrences could significantly disrupt our or the VIE's business operations or restrict the VIE from conducting a substantial portion of its business operations, which could materially and adversely affect the VIE' business, financial condition and results of operations. If any of these occurrences results in our inability to direct the activities of the VIE that most significantly impact its economic performance, and/or our failure to receive the economic benefits from the VIE, we may not be able to consolidate the entity in our consolidated financial statements in accordance with U.S. GAAP.

We rely on contractual arrangements with the VIE, and its shareholders for our operations in China, which may not be as effective as equity ownership in providing operational control.

We have relied and expect to continue to rely on variable interest entity arrangements to conduct a significant part of our operations in China. We rely on contractual arrangements with the VIE and its shareholders to conduct a significant part of our operations in China. For a description of these contractual arrangements, see "Item 4. Information on the Company—C. Organizational Structure." The shareholders of the VIE may not act in the best interests of our company or may not perform their obligations under these contracts. If we had equity ownership of the VIE, we would be able to exercise our rights as a shareholder to effect changes in the board of directors of the VIE, which in turn could implement changes, subject to any applicable fiduciary obligations, at the management and operational level. However, under the contractual arrangements, we would rely on legal remedies under PRC law for breach of contract in the event that the VIE and its shareholders did not perform their obligations under the contracts. These legal remedies may not be as effective as equity ownership in providing us with control over the VIE.

If the VIE or its shareholders fail to perform their obligations under the contractual arrangements, we may have to incur substantial costs and expend additional resources to enforce such arrangements. All the agreements under our contractual arrangements are governed by PRC law and provide for the resolution of disputes through arbitration in China. Accordingly, these contracts would be interpreted in accordance with PRC law and any disputes would be resolved in accordance with PRC legal procedures. Evolvement of the PRC regulatory regime could affect our ability to enforce these contractual arrangements. Meanwhile, based on officially published and publicly available judgments, the legality and validity of VIE contractual arrangements have not been tested in a court of law in the PRC. There are very few precedents as to whether contractual arrangements would be judged to form effective control over the relevant VIE through the contractual arrangements, or how contractual arrangements in the context of a variable interest entity should be interpreted or enforced by the PRC courts. Should legal actions become necessary, we cannot guarantee that the court will rule in favor of the enforceability of the variable interest entity contractual arrangements. In the event we are unable to enforce these contractual arrangements, or if we suffer significant delay or other obstacles in the process of enforcing these contractual arrangements, we may not be able to exert effective control over the VIE, and our ability to conduct our business may be materially adversely affected. See "Item 3. Key Information—D. Risk Factors—Risks Relating to Doing Business in China—We are subject to the changes, interpretation and enforcement of laws and regulations in mainland China."

The shareholders and directors of the VIE may have potential conflicts of interest with us, and if any such conflicts of interest are not resolved in our favor, our business may be materially and adversely affected.

The shareholders of the VIE may have potential conflicts of interest with us. These shareholders may breach, or cause the VIE to breach, or refuse to renew, the existing contractual arrangements we have with them and the VIE, which would have a material and adverse effect on our ability to effectively control the VIE and receive economic benefits from it. For example, the shareholders may be able to cause our agreements with the VIE to be performed in a manner adverse to us by, among other things, failing to remit payments due under the contractual arrangements to us on a timely basis. In addition, PRC laws and regulations provide that a director owes a fiduciary duty to the company to which he or she acts as a director. The directors of the VIE, including Mr. Cunjun Ma, our Chief Executive Officer, must act in good faith and in the best interests of the VIE and must not use his position for personal gains. On the other hand, as a director of our company, Mr. Cunjun Ma has a duty of care and loyalty to our company and to our shareholders as a whole under the Cayman Islands law. We control the VIE through contractual arrangements, and the business and operations of the VIE are closely integrated with our subsidiaries' business and operations. Nevertheless, conflicts of interests for these individuals may arise due to their dual roles both as directors of the VIE and as directors of our company.

We cannot assure you that should any conflicts of interest arise, any or all of the shareholders and directors will act in the best interests of our company or such conflicts will be resolved in our favor. Currently, we do not have any arrangements to address potential conflicts of interest between these shareholders and directors and our company. If we cannot resolve any conflicts of interest or disputes between us and them, we would have to rely on legal proceedings, which could result in disruption of our business and subject us to substantial uncertainty as to the outcome of any such legal proceedings.

The interpretation and implementation of the PRC Foreign Investment Law and its Implementation Regulations may impact the viability of our current corporate structure, corporate governance, business operations and financial results.

On March 15, 2019, the National People's Congress approved the Foreign Investment Law, which came into effect on January 1, 2020, and replaced the trio of existing laws regulating foreign investment in China, namely, the Sino-foreign Equity Joint Venture Enterprise Law, the Sino-foreign Cooperative Joint Venture Enterprise Law and the Wholly Foreign-invested Enterprise Law, together with their implementation rules and ancillary regulations. The Foreign Investment Law embodies an expected PRC regulatory trend to rationalize its foreign investment regulatory regime in line with prevailing international practice and the legislative efforts to unify the corporate legal requirements for both foreign and domestic investments.

However, since it is relatively new, its interpretation and implementation may keep evolving. For instance, under the Foreign Investment Law, "foreign investment" refers to the investment activities directly or indirectly conducted by foreign individuals, enterprises or other entities in China but it does not explicitly stipulate the contractual arrangements as a form of foreign investment. On December 26, 2019, the State Council promulgated the Implementation Regulations on the Foreign Investment Law, which came into effect on January 1, 2020. However, the Implementation Regulations on the Foreign Investment Law still remains silent on whether contractual arrangements should be deemed as a form of foreign investment. Though these regulations do not explicitly classify contractual arrangements as a form of foreign investment, there is no assurance that foreign investment via contractual arrangements would not be interpreted as a type of foreign investment activities under the definition in the future. In addition, the definition contains a catch-all provision which includes investments made by foreign investors through means stipulated in laws or administrative regulations or other methods prescribed by the State Council. Therefore, the Foreign Investment Law still leaves leeway for future laws, administrative regulations or provisions promulgated by the State Council to provide for contractual arrangements as a form of foreign investment. In any of these cases, it will be uncertain whether our contractual arrangements will be deemed to be in violation of the market access requirements for foreign investment under the PRC laws and regulations. Furthermore, if future laws, administrative regulations or provisions prescribed by the State Council mandate further actions to be taken by companies with respect to existing contractual arrangements, we may face uncertainties as to whether we can complete such actions in a timely manner, or at all. Failure to take timely and appropriate measures to cope with any of these or similar regulatory compliance challenges could materially and adversely affect our current corporate structure, corporate governance and business operations.

Cayman Islands economic substance requirements may have an effect on our business and operations.

Pursuant to the International Tax Co-operation (Economic Substance) Act (2024 Revision) (as amended) of the Cayman Islands, or the ES Act, a “relevant entity” that carries on a relevant activity is required to satisfy the economic substance test in relation to that relevant activity set out in the ES Act. A “relevant entity” includes an exempted company incorporated in the Cayman Islands as is our company. Based on the current interpretation of the ES Act, we believe that our company, Huize Holding Limited, is a pure equity holding company since it only holds equity participation in other entities and only earns dividends and capital gains. Accordingly, for so long as our company, Huize Holding Limited, is a “pure equity holding company,” it is only subject to the reduced economic substance test, which require us to (i) comply with all applicable filing requirements under the Companies Act (2025 Revision) of the Cayman Islands, or the Companies Act; and (ii) has adequate human resources and adequate premises in the Cayman Islands for holding and managing equity participations in other entities. However, there can be no assurance that we will not be subject to more requirements under the ES Act. Uncertainties over the interpretation and implementation of the ES Act may have an adverse impact on our business and operations.

Our ability to enforce the equity pledge agreements between us and the shareholders of the VIE may be subject to limitations based on PRC laws and regulations.

Pursuant to the equity pledge agreements relating to the VIE, shareholders of the VIE pledged their equity interests in the VIE to our WFOE to secure the VIE’s and its shareholders’ performance of the obligations and indebtedness under the Exclusive Business Cooperation Agreement, Exclusive Option and Equity Custody Agreement. As of the date of this annual report, we have registered such equity pledges with the local branch of the State Administration for Market Regulation. Under the Civil Code of the PRC, when an obligor fails to pay its debt when due, the pledgee may choose to either conclude an agreement with the pledger to obtain the pledged equity or seek payments from the proceeds of the auction or sell-off of the pledged equity. If the VIE fails to perform its obligations secured by the pledges under the equity pledge agreements, one remedy in the event of default under the agreements is to require the pledger to sell the equity interests in the VIE, as applicable, in an auction or private sale and remit the proceeds to our subsidiary in China, net of related taxes and expenses. Such an auction or private sale may not result in our receipt of the full value of the equity interests in the VIE. We consider it very unlikely that the public auction process would be undertaken since, in an event of default, our preferred approach would be to ask our WFOE that is a party to the Exclusive Option and Equity Custody Agreement to designate another PRC person or entity to acquire the equity interests in such VIE and replace the existing shareholders pursuant to the Exclusive Option and Equity Custody Agreement.

In addition, in the registration forms of the local branch of the State Administration for Market Regulation for the pledges over the equity interests under the equity pledge agreements, the amount of registered equity interests pledged to our WFOE shall be designated as a fixed figure. The equity pledge agreements with the shareholders of the VIE provide that the pledged equity interest constitutes continuing security for any and all of the indebtedness, obligations and liabilities of the VIE under the contractual arrangements, and therefore it is possible that the amount of registered equity interests cannot cover the secured obligation as a whole. However, there is no guarantee that a PRC court will not take the position that the amount listed on the equity pledge registration forms represents the full amount of the collateral that has been registered and perfected. If this is the case, the obligations that are supposed to be secured in the equity pledge agreements in excess of the amount listed on the equity pledge registration forms could be determined by the PRC court to be unsecured debt, which takes last priority among creditors and often does not have to be paid back at all. We do not have agreements that pledge the assets of the VIE and its subsidiaries for the benefit of us or our WFOE, although the VIE grants our WFOE options to purchase the assets of the VIE and its equity interests in its subsidiaries under the Exclusive Option and Equity Custody Agreement.

If the VIE and its subsidiaries becomes the subject of a bankruptcy or liquidation proceeding, we may lose the ability to use and enjoy their assets, which could reduce the size of our operations and materially and adversely affect our business.

We do not have priority pledges and liens against the assets of the VIE. If the VIE undergoes an involuntary liquidation proceeding, third-party creditors may claim rights to some or all of its assets and we may not have priority against such third-party creditors on the assets of the VIE. If the VIE liquidates, we may take part in the liquidation procedures as a general creditor under the PRC Enterprise Bankruptcy Law and recover any outstanding liabilities owed by the VIE to our WFOE under the applicable service agreement.

If the shareholders of the VIE were to attempt to voluntarily liquidate the VIE without obtaining our prior consent, we could effectively prevent such unauthorized voluntary liquidation by exercising our right to request the shareholders of the VIE to transfer all of their respective equity ownership interests to a PRC entity or an individual designated by us in accordance with the option agreement with the shareholders of the VIE. In addition, under the operation agreement signed by our WFOE, the VIE and its shareholders and according to the Civil Code of the PRC, the shareholders of the VIE do not have the right to issue dividends to themselves or otherwise distribute the retained earnings or other assets of the VIE without our consent. In the event that the shareholders of the VIE initiate a voluntary liquidation proceeding without our authorization or attempts to distribute the retained earnings or assets of the VIE without our prior consent, we may need to resort to legal proceedings to enforce the terms of the contractual arrangements. Any such litigation may be costly and may divert our management's time and attention away from the operation of our business, and the outcome of such litigation will be uncertain.

Our contractual arrangements with the VIE may result in adverse tax consequences to us.

As a result of our corporate structure and the contractual arrangements among our WFOE, the VIE, its shareholders and us, we are effectively subject to the PRC value-added tax at rates from 3% to 6% and related surcharges on revenues generated by our subsidiary from our contractual arrangements with the VIE. The PRC Enterprise Income Tax Law and its Implementing Regulations require every enterprise in China to submit its annual enterprise income tax return together with a report on transactions with its affiliates or related parties to the tax authorities. According to the Implementing Regulations of the Enterprise Income Tax Law, these transactions may be subject to audit or challenge by the PRC tax authorities within ten years after the taxable year during which the transactions are conducted. We may be subject to adverse tax consequences if the PRC tax authorities were to determine that the contracts between us and the VIE were not on an arm's length basis and therefore constitute a favorable transfer pricing arrangement. If this occurs, the PRC tax authorities could request that the VIE and any of its subsidiaries adjust their taxable income upward for PRC tax purposes. Such a pricing adjustment could adversely affect us by reducing expense deductions recorded by such VIE and thereby increasing the VIE's tax liabilities, which could subject the VIE to late fees and other penalties for the underpayment of taxes. Our results of operations may be materially and adversely affected if the VIE's tax liabilities increase or if either of them becomes subject to late payment fees or other penalties.

Contractual arrangements we have entered into among our WFOE, the VIE and its shareholders may be subject to scrutiny by the PRC tax authorities and they may determine that we or the VIE and its subsidiaries owe additional taxes, which could substantially reduce our consolidated net profit and the value of your investment.

Under applicable PRC laws and regulations, arrangements and transactions among related parties may be subject to audit or challenge by the PRC tax authorities. We are not able to determine whether the contractual arrangements we have entered into among our WFOE, the VIE and its shareholders will be regarded by the PRC tax authorities as arm's length transactions. We could face material and adverse tax consequences if the PRC tax authorities determine that the contractual arrangements among our wholly owned subsidiary in China, Zhixuan International Management Consulting (Shenzhen) Co., Ltd., or our WFOE, the VIE, and the VIE's shareholders were not entered into on an arm's length basis or resulted in an impermissible reduction in taxes under applicable PRC laws, rules and regulations, and adjust the VIE's income in the form of a transfer pricing adjustment. A transfer pricing adjustment could, among other things, result in a reduction, for PRC tax purposes, of expense deductions recorded by the VIE, which could in turn increase their respective tax liabilities. In addition, the PRC tax authorities may impose late fees and other penalties on the VIE for the adjusted but unpaid taxes according to the applicable regulations. Our financial position could be materially and adversely affected if the VIE's tax liabilities increase or if they are required to pay late fees and other penalties.

We may rely principally on dividends and other distributions on equity paid by our WFOE to fund any cash and financing requirements we may have, and any limitation on the ability of our WFOE to pay dividends to us could have a material adverse effect on our ability to conduct our business.

We are a holding company, and we may rely principally on dividends and other distributions on equity paid by our WFOE, which in turn relies on consulting and other fees paid to us by the VIE, for our cash and financing requirements, including the funds necessary to pay dividends and other cash distributions to our shareholders and service any debt we may incur. If our WFOE incurs debt on its own behalf in the future, the instruments governing the debt may restrict its ability to pay dividends or make other distributions to us. In addition, the PRC tax authorities may require us to adjust our taxable income under the contractual arrangements our WFOE currently has in place with the VIE in a manner that would materially and adversely affect its ability to pay dividends and other distributions to us.

Under PRC laws and regulations, our WFOE, as a wholly foreign-owned enterprise in the PRC, may pay dividends only out of its accumulated profits as determined in accordance with PRC accounting standards and regulations. In addition, a wholly foreign-owned enterprise such as our WFOE is required to set aside at least 10% of its accumulated after-tax profits after making up the previous year's accumulated losses each year, if any, to fund certain statutory reserve funds, until the aggregate amount of such fund reaches 50% of its registered capital. At its discretion, it may allocate a portion of its after-tax profits based on PRC accounting standards to staff welfare and bonus funds. These reserve funds and staff welfare and bonus funds are not distributable as cash dividends.

Furthermore, if our WFOE and consolidated entities incur debt on their own behalf in the future, the instruments governing the debt may restrict their ability to pay dividends or make other payments to us, which may restrict our ability to satisfy our liquidity requirements.

In addition, the Enterprise Income Tax Law of the PRC and its implementation rules provide that withholding tax rate of 10% will be applicable to dividends payable by PRC companies to non-PRC-resident enterprises unless otherwise exempted or reduced according to treaties or arrangements between the PRC central government and governments of other countries or regions where the non-PRC-resident enterprises are incorporated.

Any limitation on the ability of our WFOE to pay dividends or make other distributions to us could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our business, pay dividends, or otherwise fund and conduct our business. In addition, there is no assurance that the PRC government will not intervene or impose restrictions on our ability to transfer cash in the future. See also “—Risks Relating to Doing Business in China—The dividends we receive from our WFOE may be subject to PRC tax under the PRC Enterprise Income Tax Law, which would have a material adverse effect on our financial condition and results of operations.”

PRC regulation of loans to and direct investment in PRC entities by offshore holding companies and governmental control of conversion of foreign currencies into Renminbi may delay or prevent us from using the proceeds of our initial public offering to make loans to our WFOE and VIE or to make additional capital contributions to our PRC subsidiaries, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

We are an offshore holding company conducting our operations in China through our WFOE, the VIE and its subsidiaries. We may make loans to our WFOE, the VIE and its subsidiaries, or we may make additional capital contributions to our WFOE.

Any loans to our WFOE, which are treated as Foreign Investment Enterprises, or FIEs, under PRC law, are subject to PRC regulations and foreign exchange loan registrations. For example, loans we make to our WFOE, the VIE and its subsidiaries to finance their activities cannot exceed statutory limits and must be registered with the local counterpart of the State Administration of Foreign Exchange, or SAFE, or filed with SAFE in its information system. We may also provide loans to the VIE and its subsidiaries or other domestic PRC entities, according to the Circular of the People's Bank of China on Matters relating to the Comprehensive Macro-prudential Management of Cross-border Financing issued by the People's Bank of China in January 2017, the Circular of the People's Bank of China and the State Administration of Foreign Exchange on Adjusting the Macro-prudential Regulation Parameter for Full-covered Cross-border Financing in March 2020, the Circular of the People's Bank of China and the State Administration of Foreign Exchange on Adjusting Macro-prudential Regulation Parameter for Cross-border Financing of Enterprises in January 2021 and the latest Circular of the People's Bank of China and the State Administration of Foreign Exchange on Adjusting Macro-prudential Regulation Parameter for Cross-border Financing on January 13, 2025. The limit for the total amount of foreign debt is 3.5 times of their respective net assets. Moreover, any medium or long-term loan we provide to the VIE and its subsidiaries or other domestic PRC entities must also be subject to examination and registration of the National Development and Reform Commission. We may also decide to finance our PRC subsidiaries by means of capital contributions. These capital contributions must be recorded with the Ministry of Commerce or its local counterpart.

On March 30, 2015, SAFE issued the Circular of the State Administration of Foreign Exchange on Reforming the Administrative Approach Regarding the Settlement of the Foreign Exchange Capital of Foreign-invested Enterprises, or SAFE Circular 19, which took effect on June 1, 2015 and was subsequently amended on December 30, 2019 and March 23, 2023. Pursuant to SAFE Circular 19, up to 100% of foreign currency capital of a foreign-invested enterprise may be converted into RMB capital according to the actual operation, and within the business scope, of the enterprise at its will. Although SAFE Circular 19 allows for the use of RMB converted from the foreign currency-denominated capital for equity investments in the PRC, the restrictions continue to apply as to FIEs' use of the converted RMB for purposes beyond the business scope, for entrusted loans or for inter-company RMB loans. On June 9, 2016, SAFE promulgated the Notice of the State Administration of Foreign Exchange on Reforming and Standardizing the Foreign Exchange Settlement Management Policy of Capital Account, which took effect on June 9, 2016 and was amended on December 4, 2023.

On December 4, 2023, SAFE promulgated the Circular on Further Deepening Reforms to Facilitate Cross-Border Trade and Investment, which took effect on the same day. These two SAFE circulars reiterate some rules set forth in Circular 19, but changes the prohibition against using RMB capital converted from foreign currency-denominated registered capital of a foreign-invested company to issue RMB entrusted loans to a prohibition against using such capital to issue loans to non-affiliated enterprises. On October 23, 2019, the SAFE issued the Notice of the State Administration of Foreign Exchange on Further Facilitating Cross-border Trade and Investment, which, among other things, expanded the use of foreign exchange capital to domestic equity investment area. Non-investment foreign-funded enterprises are allowed to lawfully make domestic equity investments by using their capital on the premise without violation to prevailing special administrative measures for access of foreign investments (negative list) and the authenticity and compliance with the regulations of domestic investment projects. If the VIE requires financial support from us or our wholly owned subsidiary in the future and we find it necessary to use foreign currency-denominated capital to provide such financial support, our ability to fund the VIE's operations will be subject to statutory limits and restrictions, including those described above.

In light of the various requirements imposed by PRC regulations on loans to and direct investment in PRC entities by offshore holding companies, we cannot assure you that we will be able to complete the necessary government registrations or obtain the necessary government approvals on a timely basis, if at all, with respect to future loans we make to our WFOE, the VIE or its subsidiaries or with respect to future capital contributions we make to our WFOE. If we fail to complete such registrations or obtain such approvals, our ability to use the proceeds we received from our initial public offering and to capitalize or otherwise fund our PRC operations may be negatively affected, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

Risks Relating to Doing Business in China

The PCAOB had historically been unable to inspect our auditor in relation to their audit work performed for our financial statements and the inability of the PCAOB to conduct inspections of our auditor in the past has deprived our investors with the benefits of such inspections.

Our auditor, the independent registered public accounting firm that issues the audit report included elsewhere in this annual report, as an auditor of companies that are traded publicly in the United States and a firm registered with the PCAOB, is subject to laws in the United States pursuant to which the PCAOB conducts regular inspections to assess its compliance with the applicable professional standards. The auditor is located in mainland China, a jurisdiction where the PCAOB was historically unable to conduct inspections and investigations completely before 2022. As a result, we and investors in the ADSs were deprived of the benefits of such PCAOB inspections. The inability of the PCAOB to conduct inspections of auditors in China in the past has made it more difficult to evaluate the effectiveness of our independent registered public accounting firm's audit procedures or quality control procedures as compared to auditors outside of China that are subject to the PCAOB inspections. On December 15, 2022, the PCAOB issued a report that vacated its December 16, 2021 determination and removed mainland China and Hong Kong from the list of jurisdictions where it is unable to inspect or investigate completely registered public accounting firms. However, if the PCAOB determines in the future that it no longer has full access to inspect and investigate completely accounting firms in mainland China and Hong Kong, and we use an accounting firm headquartered in one of these jurisdictions to issue an audit report on our financial statements filed with the Securities and Exchange Commission, we and investors in our ADSs would be deprived of the benefits of such PCAOB inspections again, which could cause investors and potential investors in the ADSs to lose confidence in our audit procedures and reported financial information and the quality of our financial statements.

Our ADSs may be prohibited from trading in the United States under the HFCAA in the future if the PCAOB is unable to inspect or investigate completely auditors located in China. The delisting or prohibition of trading of the ADSs, or the threat of their being delisted or prohibited from trading, may materially and adversely affect the value of your investment.

Pursuant to the HFCAA, if the SEC determines that we have filed audit reports issued by a registered public accounting firm that has not been subject to inspections by the PCAOB for two consecutive years, the SEC will prohibit our shares or ADSs from being traded on a national securities exchange or in the over-the-counter trading market in the United States.

On December 16, 2021, the PCAOB issued a report to notify the SEC of its determination that the PCAOB was unable to inspect or investigate completely registered public accounting firms headquartered in mainland China and Hong Kong and our auditor was subject to that determination. In May 2022, the SEC conclusively listed us as a Commission-Identified Issuer under the HFCAA following the filing of our annual report on Form 20-F for the fiscal year ended December 31, 2021. On December 15, 2022, the PCAOB removed mainland China and Hong Kong from the list of jurisdictions where it is unable to inspect or investigate completely registered public accounting firms. For this reason, we were not identified as a Commission-Identified Issuer under the HFCAA after we filed our annual report on Form 20-F for the fiscal year ended December 31, 2022 and 2023 and do not expect to be so identified after we file this annual report on Form 20-F for the fiscal year ended December 31, 2024.

Each year, the PCAOB will determine whether it can inspect and investigate completely audit firms in mainland China and Hong Kong, among other jurisdictions. If the PCAOB determines in the future that it no longer has full access to inspect and investigate completely accounting firms in mainland China and Hong Kong and we use an accounting firm headquartered in one of these jurisdictions to issue an audit report on our financial statements filed with the Securities and Exchange Commission, we would be identified as a Commission-Identified Issuer following the filing of the annual report on Form 20-F for the relevant fiscal year. In accordance with the HFCAA, our securities would be prohibited from being traded on a national securities exchange or in the over-the-counter trading market in the United States if we are identified as a Commission-Identified Issuer for two consecutive years in the future. If our shares and ADSs are prohibited from trading in the United States, there is no certainty that we will be able to list on a non-U.S. exchange or that a market for our shares will develop outside of the United States. A prohibition of being able to trade in the United States would substantially impair your ability to sell or purchase our ADSs when you wish to do so, and the risk and uncertainty associated with delisting would have a negative impact on the price of our ADSs. Also, such a prohibition would significantly affect our ability to raise capital on terms acceptable to us, or at all, which would have a material adverse impact on our business, financial condition, and prospects.

The approval of and filing with the CSRC or other PRC government authorities may be required in connection with our offshore offerings under PRC law, and, if required, we cannot predict whether or for how long we will be able to obtain such approval or complete such filing.

The Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors, or the M&A Rules, adopted by six PRC regulatory agencies in 2006 and amended in 2009, requires an overseas special purpose vehicle formed for listing purposes through acquisitions of PRC domestic companies and controlled by PRC persons or entities to obtain the approval of the CSRC prior to the listing and trading of such special purpose vehicle's securities on an overseas stock exchange. The interpretation and application of the regulations remain unclear, and our offshore offerings may ultimately require approval of the CSRC. If the CSRC approval is required, it is uncertain whether we can or how long it will take us to obtain the approval and, even if we obtain such CSRC approval, the approval could be rescinded. Any failure to obtain or delay in obtaining the CSRC approval for any of our offshore offerings, or a rescission of such approval if obtained by us, would subject us to regulatory measures imposed by the CSRC or other PRC regulatory authorities, which could include fines and penalties on our operations in China, restrictions or limitations on our ability to pay dividends outside of China, and other forms of sanctions that may materially and adversely affect our business, financial condition, and results of operations.

On July 6, 2021, the PRC government authorities issued Opinions on Strictly Cracking Down Illegal Securities Activities in Accordance with the Law. These opinions emphasized the need to strengthen the administration over illegal securities activities and the supervision on overseas listings by China-based companies and proposed to take effective measures, such as promoting the construction of regulatory systems to deal with the risks and incidents faced by China-based overseas-listed companies.

On February 17, 2023, the CSRC issued the Overseas Listing Filing Rules, which became effective on March 31, 2023. According to the Overseas Listing Filing Rules, the overseas offering and listing by a PRC domestic company, whether directly or indirectly, shall be filed with the CSRC. Specifically, the determination of an indirect offering and listing will be conducted on a "substance over form" basis, and an offering and listing shall be considered as an indirect overseas offering and listing by a domestic company if the issuer meets both the following conditions: (i) the operating income, gross profit, total assets, or net assets of the domestic enterprise in the most recent fiscal year, where any index accounts for more than 50% of the relevant line item in the issuer's audited consolidated financial statement for that year; and (ii) the main links of business activities carried out in mainland China or the main place of business is in mainland China, or the senior management personnel responsible for business operations and management are mostly PRC citizens or are ordinarily resident in mainland China. According to the Overseas Listing Filing Rules, an overseas offering and listing is prohibited under any of the following circumstances: (i) if the intended securities offering and listing is specifically prohibited by national laws and regulations and applicable provisions; (ii) if the intended securities offering and listing may endanger national security as reviewed and determined by competent authorities under the State Council in accordance with law; (iii) if, in the past three years, the domestic enterprise or its controlling shareholders or actual controllers have committed corruption, bribery, embezzlement, misappropriation of property, or other criminal offenses disruptive to the order of the socialist market economy; (iv) if, the domestic enterprise is under investigation according to law for suspected crimes or major violations of laws and regulations, but no clear conclusions have been reached; (v) if there are material ownership disputes over the equity held by the controlling shareholder, or controlled by the controlling shareholder or the actual controller.

According to the Overseas Listing Filing Rules, the issuer or a major domestic operating company designated by the issuer, as the case may be, shall file with the CSRC (i) with respect to its initial public offering and listing within three business days, after its initial filing of the listing application to the regulator in the place of the intended listing, (ii) with respect to its follow-on offering in the same foreign market within three business days after completion of the follow-on offering, (iii) with respect to the assets of a domestic company are directly or indirectly listed overseas through one or more acquisitions, share swap, transfer or other transaction arrangements, the domestic company shall file with the CSRC in accordance with (i), in the case does not involve the submission of application documents abroad, within three business days after the first public announcement of the transaction.

Non-compliance with the Overseas Listing Filing Rules or an overseas listing completed in breach of the Overseas Listing Filing Rules may result in a warning on the domestic companies and a fine of RMB1 million to RMB10 million on them. Furthermore, the supervisors directly responsible and other directly responsible persons of the domestic enterprises may be warned, and fined between RMB500,000 to RMB5,000,000. The controlling shareholders or actual controllers of the domestic company organize or instigate the illegal acts, or conceals matters resulting in the illegal acts, may be fined between RMB 1 million to RMB10 million.

Considering that the Overseas Listing Filing Rules are relatively new, there are still uncertainties as to the implementation and interpretation of the requirements, which needs to be further guided and clarified by the CSRC and other regulatory authorities. Any subsequent filing or reporting matters of our company in the future, such as future offshore listings, refinancing and other capital raising activities, as well as other major events, including but not limited to the change of control, investigated or punished by overseas securities regulatory authorities or other competent authorities, changing listing status or listing sector, terminating the listing voluntarily or forcibly, and changing our major business activities, may be subject to additional filing or reporting requirements. Given the latest CSRC filing requirements at this stage are still subject to the further guidance by relevant authorities, we cannot assure you that we will be able to complete the filings or reporting and fully comply with the new rules and requirements in a timely manner or at all.

In addition, we cannot assure you that any new rules or regulations promulgated in the future will not impose additional requirements on us. If it is determined in the future that approval from or filing with the CSRC or other regulatory authorities or other procedures are required for our offshore offerings, it is uncertain whether we can or how long it will take us to obtain such approval or complete such filing procedures and any such approval or filing could be rescinded or rejected. Any failure to obtain or delay in obtaining such approval or completing such filing procedures for our offshore offerings, or a rescission of any such approval or filing if obtained by us, would subject us to regulatory measures by the CSRC or other PRC regulatory authorities for failure to seek CSRC approval or filing or other government authorization for our offshore offerings. These regulatory authorities may impose fines and penalties on our operations in China, limit our ability to pay dividends outside of China, limit our operating privileges in China, delay or restrict the repatriation of the proceeds from our offshore offerings into China or take other actions that could materially and adversely affect our business, financial condition, results of operations, and prospects, as well as the trading price of our listed securities. The CSRC or other PRC regulatory authorities also may take actions requiring us, or making it advisable for us, to halt our offshore offerings before settlement and delivery of the shares offered. Consequently, if investors engage in market trading or other activities in anticipation of and prior to settlement and delivery, they do so at the risk that settlement and delivery may not occur. In addition, if the CSRC or other regulatory authorities later promulgate new rules or explanations requiring that we obtain their approvals or accomplish the required filing or other regulatory procedures for our prior offshore offerings, we may be unable to obtain a waiver of such approval requirements, if and when procedures are established to obtain such a waiver. Any uncertainties or negative publicity regarding such approval requirement could materially and adversely affect our business, prospects, financial condition, reputation, and the trading price of our listed securities.

Complex regulatory requirements on our business operation could result in a material adverse change in our operations and the value of our ADSs.

We conduct our business primarily through the VIE and its subsidiaries in China. Our operations in China are governed by PRC laws and regulations. The PRC government has significant oversight and discretion over the conduct of our business, and it may influence our operations, which could result in a material adverse change in our operation and/or the value of our ADSs. Different regulatory bodies in China have enforced laws and regulations regarding the insurance product and service industry, and the foreign ownership of and the licensing and permit requirements pertaining to companies in such industries and cybersecurity, the collection and use of Internet user data and unique device identifiers, and other data protection, information security and privacy regulation with various standards and applications. For more details, See “Item 4. Information on the Company—B. Business Overview—Regulations.” In addition, any changes in regulatory environment, whether or not directly targeted at us, may negatively affect the market environment, our business partners and goods and services of business partners, which may in turn have a material adverse effect on our business result of operations and financial conditions. Those legal and regulatory developments could affect how we design, market and sell our solutions and services, how we operate our business, and how we process and use data, which could negatively impact demand for our solutions and services.

Also, the PRC government has indicated an intent to exert more oversight and control over offerings that are conducted overseas and/or foreign investment in China-based issuers. For example, on July 6, 2021, the PRC government authorities issued the Opinions on Strictly Scrutinizing Illegal Securities Activities in Accordance with the Law. These opinions emphasized the need to strengthen the administration over illegal securities activities and the supervision on overseas listings by China-based companies and proposed to take effective measures, such as promoting the construction of regulatory systems to deal with the risks and incidents faced by China-based overseas-listed companies. On December 28, 2021, the CAC and 12 other governmental authorities jointly issued the Measures for Cybersecurity Review, which require that, among others, internet platform operators holding over one million users’ personal information shall apply with the Cybersecurity Review Office for a cybersecurity review before any public offering at a foreign stock exchange. On February 17, 2023, the CSRC issued the Overseas Listing Filing Rules, which took effect on March 31, 2023. According to the Overseas Listing Filing Rules, the overseas offering and listing by a PRC domestic company, whether directly or indirectly, shall be filed with the CSRC. Any subsequent filing or reporting matters of our company in the future, such as future offshore listings, refinancing and other capital raising activities, as well as other major events, including but not limited to the change of control, investigated or punished by overseas securities regulatory authorities or other competent authorities, changing listing status or listing sector, terminating the listing voluntarily or forcibly, and changing our major business activities, may be subject to additional filing or report requirements. On February 24, 2023, the CSRC and several other government authorities released the Provisions on Strengthening Confidentiality and Archives Administration in Respect of Overseas Issuance and Listing of Securities by Domestic Enterprises. Since such regulations, rules and measures and evolving, how they will be interpreted, amended and implemented by the PRC governmental authorities may also develop in the future. We may be unable to obtain such approvals in a timely manner, or at all, and such approvals may be rescinded even if obtained. Any such circumstance could significantly limit or completely hinder our ability to continue to offer securities to investors and cause the value of such securities to significantly decline or become worthless. In addition, implementation of industry-wide regulations directly targeting our operations could cause the value of our securities to significantly decline. Therefore, investors of our company and our business face potential uncertainty from actions taken by the PRC government affecting our business.

Adverse changes in China’s economic, political and social conditions, as well as laws and government policies, may materially and adversely affect our business, financial condition, results of operations and growth prospects.

We conduct businesses in the PRC, and therefore our financial conditions and results of operations are subject to influences from PRC’s economic, political and social conditions to a great extent. For decades, the PRC government has implemented economic reform measures to utilize market forces in the development of the PRC economy. We cannot predict whether changes in the PRC’s economic, political and social conditions and in its laws, regulations and policies will have any adverse effect on our current or future business, financial condition or results of operations. In addition, many of the economic reforms carried out by the PRC government are unprecedented or experimental and are expected to be refined and improved over time.

This refining and improving process may not necessarily have a positive effect on our operations and business development. For example, the PRC government has in the past implemented a number of measures intended to slow down certain segments of the economy, including the real property industry, which the government believed to be overheating. These actions, as well as other actions and policies of the PRC government, could cause a decrease in the overall level of economic activity in the PRC and, in turn, have an adverse impact on our business and financial condition.

We are subject to the changes, interpretation and enforcement of laws and regulations in mainland China.

The legal system of mainland China is a civil law system based on written statutes. Unlike the common law system, prior court decisions under the civil law system may be cited for reference but have limited precedential value. The laws and regulations of mainland China have significantly enhanced the protections afforded to various forms of foreign investments in mainland China for the past decades. However, because certain laws and regulations are relatively new, the interpretation and enforcement of these laws and regulations involve uncertainties.

From time to time, we may have to resort to administrative and court proceedings to enforce our legal rights. However, since PRC judicial and administrative authorities have discretion in interpreting and implementing statutory provisions and contractual terms, it may be difficult to predict the outcome of a judicial or administrative proceeding. Furthermore, the PRC legal system is based, in part, on government policies and internal rules, and the PRC is geographically large and divided into various provinces and municipalities. As such, different regulations and policies may have different and varying applications and interpretations in different parts of the PRC, and it is possible that we may not always be aware of any potential violation of these policies and rules. Such unpredictability towards our contractual, property (including intellectual property) and procedural rights could adversely affect our business and impede our ability to continue our operations.

PRC government has complex regulatory requirements on the conduct of our business and it has recently promulgated certain regulations and rules to exert more oversight over offerings that are conducted overseas and/or foreign investment in China-based issuers. Any such action could significantly limit or completely hinder our ability to offer or continue to offer securities to investors and cause the value of such securities to significantly decline or become worthless.

We may be adversely affected by the complexity and evolvments in PRC regulations of internet-related businesses and companies, and any lack of requisite approvals, licenses or permits applicable to our business may have a material adverse effect on our business and results of operations.

The PRC government extensively regulates the internet industry, including foreign ownership of, and the licensing and permit requirements pertaining to, companies in the internet industry. These internet-related laws and regulations are relatively new and evolving, and their interpretation and enforcement involve uncertainties. As a result, in certain circumstances it may be difficult to determine what actions or omissions may be deemed to be in violation of applicable laws and regulations. In addition, we do not directly own the website and mobile app platform due to the restriction of foreign investment in businesses providing value-added telecommunications services in China, including internet information provision services. Therefore, our business operations could be interrupted if our control over our website ad mobile app platform is challenged.

The evolving PRC regulatory system for the internet industry may lead to the establishment of new regulatory agencies. For example, in March 2018, the State Council announced the establishment of a new department, the Office of the Central Cyberspace Affairs Commission, (with the involvement of the State Council Information Office, the Ministry of Industry and Information Technology and the Ministry of Public Security). The primary role of this new agency is to facilitate the policy-making and legislative development in this field, to direct and coordinate with other departments in connection with online content administration and to deal with cross-ministry regulatory matters in relation to the internet industry, and the National Computer Network and Information Security Management Center was adjusted to be managed by the Office of the Central Cyberspace Affairs Commission Office instead of the Ministry of Industry and Information Technology.

The interpretation and application of existing PRC laws, regulations and policies and possible new laws, regulations or policies relating to the internet industry have created uncertainties regarding the legality of existing and future foreign investments in, and the businesses and activities of, internet businesses in China, including our business. This may significantly disrupt our business, subject us to penalties, compromise enforceability of related contractual arrangements, or have other harmful effects on us. Furthermore, we cannot assure you that we have obtained all the permits or licenses required for conducting our business in China or will be able to maintain our existing licenses or obtain new ones. If the PRC government considers that we were operating without the proper approvals, licenses or permits or promulgates new laws and regulations that require additional approvals or licenses or imposes additional restrictions on the operation of any part of our business, it has the power, among other things, to levy fines, confiscate our income, revoke our business licenses, and require us to discontinue our relevant business or impose restrictions on the affected portion of our business. Any of these actions by the PRC government may have a material adverse effect on our reputation, business and results of operations.

We are subject to the enactment, interpretation and implementation of the Anti-Monopoly Guidelines for the Internet Platform Economy Sector.

On February 7, 2021, Anti-monopoly Commission of the State Council published the Anti-Monopoly Guidelines for the Internet Platform Economy Sector that aims at specifying some of the circumstances under which an activity of internet platform may be identified as monopolistic act as well as setting out merger controlling filing procedures involving variable interest entity, which became effective on the same day. Due to the evolving legislative activities and varied local implementation practices of anti-monopoly and competition laws and regulations in the PRC, it may be costly to adjust some of our business practice in order to comply with these laws, regulations, rules, guidelines and implementations, and any noncompliance or associated inquiries, investigations and other governmental actions may divert significant management time and attention and our financial resources, bring negative publicity, subject us to liabilities or administrative penalties, and/or materially and adversely affect our financial conditions, operations and business prospects.

Government control of currency conversion and future fluctuation of Renminbi exchange rates could have a material adverse effect on our results of operations and financial condition, and may reduce the value of, and dividends payable on, our Shares in foreign currency terms.

Substantially all our income, costs and expenses are denominated in Renminbi, which is not currently a completely freely convertible currency. A portion of these income must be converted into other currencies to meet our foreign currency obligations, including our payments of declared dividends, if any, for our Shares.

Under the PRC's existing foreign exchange regulations, by complying with certain procedural requirements, we will be able to undertake current account foreign exchange transactions, including payment of dividends in foreign currencies without prior approval from the State Administration of Foreign Exchange. However, the PRC government may take measures at its discretion in the future to restrict access to foreign currencies for capital account and current account transactions under certain circumstances. We may not be able to pay dividends in foreign currencies to our Shareholders if the PRC government restricts access to foreign currencies for current account transactions. Under existing PRC foreign exchange regulations, conversion of Renminbi is permitted, without prior approval from the SAFE, for current account transactions, including profit distributions, interest payments and expenditures from trade-related transactions, as long as certain procedural requirements are complied with. However, approval from and registration with the SAFE and other PRC regulatory authorities are required where Renminbi is to be converted into foreign currency and remitted out of China for capital account transactions, which includes foreign direct investment and repayment of loans denominated in foreign currencies. These limitations could affect our ability to obtain foreign exchange through equity financing, or to obtain foreign exchange for capital expenditures.

The value of Renminbi against the HK dollar, the U.S. dollar and other currencies fluctuate, subject to change resulting from the PRC government's policies, and depends to a large extent on domestic and international economic and political developments as well as supply and demand in the local market. It is difficult to predict how market forces or government policies may impact the exchange rate between the Renminbi and the HK dollar, the U.S. dollar or other currencies in the future.

Furthermore, the net proceeds from our initial public offering are deposited overseas in currencies other than Renminbi until we obtain necessary approvals from PRC regulatory authorities to convert these proceeds into onshore Renminbi. If the net proceeds cannot be converted into onshore Renminbi in a timely manner, our ability to deploy these proceeds efficiently may be affected, as we will not be able to invest these proceeds on

RMB-denominated assets onshore or deploy them in uses onshore where Renminbi is required, which may adversely affect our business, results of operations and financial condition.

You may experience difficulties in effecting service of legal process, enforcing foreign judgments or bringing actions in China against us or our directors and management named in the annual report based on foreign laws.

We are an exempted company incorporated under the laws of the Cayman Islands, we conduct substantially all of our operations in China and substantially all of our assets are located in China. In addition, all our senior executive officers reside within China for a significant portion of the time and most of them are PRC nationals. As a result, it may be difficult for you to effect service of process upon us or those persons inside mainland China. It may also be difficult for you to enforce in U.S. courts judgments obtained in U.S. courts based on the civil liability provisions of the U.S. federal securities laws against us and our officers and directors, as most of them do not currently reside in the United States or have substantial assets located in the United States. In addition, there is uncertainty as to whether the courts of the Cayman Islands or the PRC would recognize or enforce judgments of U.S. courts against us or such persons predicated upon the civil liability provisions of the securities laws of the United States or any state. Due to jurisdictional limitations, matters of comity and various other factors, the SEC, U.S. Department of Justice and other U.S. authorities may also experience difficulties in bringing and enforcing actions against us or our directors and officers, including in instances of fraud or other wrongdoing.

The recognition and enforcement of foreign judgments are provided for under the PRC Civil Procedures Law. PRC courts may recognize and enforce foreign judgments in accordance with the requirements of the PRC Civil Procedures Law based either on treaties between China and the country where the judgment is made or on principles of reciprocity between jurisdictions. China does not have any treaties or other forms of written arrangement with the United States that provide for the reciprocal recognition and enforcement of foreign judgments. In addition, according to the PRC Civil Procedures Law, the PRC courts will not enforce a foreign judgment against us or our directors and officers if they decide that the judgment violates the basic principles of PRC laws or national sovereignty, security or public interest. As a result, it is uncertain whether and on what basis a PRC court would enforce a judgment rendered by a court in the United States.

In addition, shareholder claims that are common in the United States, including class action securities law and fraud claims, may be difficult to pursue as a matter of law or practicality in China. Under the PRC Civil Procedures Law, foreign shareholders may originate actions based on PRC law against a company in China for disputes if they can establish sufficient nexus to the PRC for a PRC court to have jurisdiction, and meet other procedural requirements, including, among others, the plaintiff must have a direct interest in the case, and there must be a concrete claim, a factual basis and a cause for the suit. It will be, however, difficult for U.S. shareholders to originate actions against us in the PRC in accordance with PRC laws because we are incorporated under the laws of the Cayman Islands and it will be difficult for U.S. shareholders, by virtue only of holding the ADSs or our common shares, to establish a connection to the PRC for a PRC court to have jurisdiction as required under the PRC Civil Procedures Law.

On July 14, 2006, the Supreme People's Court of China and the Government of the Hong Kong Special Administrative Region signed an Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters, or the 2006 Arrangement. Under such arrangement, where any designated People's Court or any designated Hong Kong court has made an enforceable final judgment requiring payment of money in a civil and commercial case pursuant to a choice of court agreement, any party concerned may apply to the competent People's Court or Hong Kong court for recognition and enforcement of the judgment. On January 18, 2019, the Supreme Court of the People's Republic of China and the Department of Justice under the Government of the Hong Kong Special Administrative Region signed the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region, or the 2019 Arrangement. The 2019 Arrangement, for the reciprocal recognition and enforcement of judgments in civil and commercial matters between the courts in mainland China and those in the Hong Kong Special Administrative Region, stipulates the scope and particulars of judgments, the procedures and ways of the application for recognition or enforcement, the review of the jurisdiction of the court that issued the original judgment, the circumstances where the recognition and enforcement of a judgment shall be refused, and the approaches towards remedies, among others. The 2019 Arrangement took effect on January 29, 2024 and replaced the 2006 Arrangement. The 2019 Arrangement shall apply to any judgment made on or after its effective date by the courts of both sides. If a "written choice of court agreement" has been signed by parties according to the 2006 Arrangement prior to the effective date of the 2019 Arrangement, the 2006 Arrangement shall still apply. Since the 2019 Arrangement is relatively new and is subject to the interpretation and implementation by courts in practice, there are still uncertainties about the outcomes and effectiveness of enforcement or recognition of judgments under the 2019 Arrangement.

Fluctuations in exchange rates could result in foreign currency exchange losses.

The value of Renminbi against the U.S. dollar and other currencies is affected by changes in China's political and economic conditions and by China's foreign exchange policies, among other things. Since June 2010, Renminbi has fluctuated against the U.S. dollar, at times significantly and unpredictably. It is difficult to predict how market forces or PRC or U.S. government policies may impact the exchange rate between Renminbi and the U.S. dollar in the future.

To the extent that we need to convert U.S. dollars into Renminbi for capital expenditures and working capital and other business purposes, appreciation of Renminbi against the U.S. dollar would have an adverse effect on Renminbi amount we would receive from the conversion. Conversely, if we decide to convert Renminbi into U.S. dollars for the purpose of making payments for dividends on our common shares, strategic acquisitions or investments or other business purposes, appreciation of the U.S. dollar against Renminbi would have a negative effect on the U.S. dollar amount available to us.

The reporting currency of our company is the Renminbi. However, the functional currency of our consolidated operating subsidiaries and variable interest entity is the Renminbi and substantially all of their revenues and expenses are denominated in Renminbi. Fluctuations in exchange rates, primarily those involving the U.S. dollar, may affect the relative purchasing power of these proceeds. In addition, appreciation or depreciation in the value of the Renminbi relative to the U.S. dollar would affect our financial results reported in U.S. dollar terms without giving effect to any underlying change in our business or results of operations. Fluctuations in the exchange rate will also affect the relative value of earnings from, and the value of any U.S. dollar-denominated investments we make in the future.

Very limited hedging options are available in China to reduce our exposure to exchange rate fluctuations. To date, we have not entered into any hedging transactions in an effort to reduce our exposure to foreign currency exchange risk. While we may decide to enter into hedging transactions in the future, the availability and effectiveness of these hedges may be limited and we may not be able to adequately hedge our exposure or at all. As a result, fluctuations in exchange rates may have a material adverse effect on your investment.

PRC regulations relating to investments in offshore companies by PRC residents may subject our PRC-resident beneficial owners or our WFOE to liability or penalties, limit our ability to inject capital into our WFOE or limit our WFOE's ability to increase their registered capital or distribute profits.

PRC residents are required to file or obtain the certificates of outbound investment from, or register with, regulatory authorities when investing in offshore companies. According to administrative measures for the outbound investment by PRC entities promulgated by the National Development and Reform Commission and the Ministry of Commerce, PRC entities shall obtain the approval or file with the National Development and Reform Commission and the Ministry of Commerce when investing in offshore companies, and shall update or apply for amendment in respect to the certificates, filings or registrations in the event of any significant changes with respect to the offshore investment. SAFE promulgated the Circular on Relevant Issues Concerning Foreign Exchange Control on Domestic Residents' Offshore Investment and Financing and Roundtrip Investment through Special Purpose Vehicles, or SAFE Circular 37, on July 4, 2014, which replaced the former circular commonly known as "SAFE Circular 75" promulgated by SAFE on October 21, 2005. SAFE Circular 37 requires PRC residents (including individuals and entities) to register with local branches of SAFE in connection with their direct establishment or indirect control of an offshore entity, for the purpose of overseas investment and financing, with such PRC residents' legally owned assets or equity interests in domestic enterprises or offshore assets or interests, referred to in SAFE Circular 37 as a "special purpose vehicle." SAFE Circular 37 further requires amendment to the registration in the event of any significant changes with respect to the special purpose vehicle, such as increase or decrease of capital contributed by PRC individuals, share transfer or exchange, merger, division or other material event. In the event that a PRC resident holding interests in a special purpose vehicle fails to fulfill the required SAFE registration, the PRC subsidiaries of that special purpose vehicle may be prohibited from making profit distributions to the offshore parent and from carrying out subsequent cross-border foreign exchange activities, and the special purpose vehicle may be restricted in its ability to contribute additional capital into its PRC subsidiaries. Moreover, failure to comply with the various SAFE registration requirements described above could result in liability under PRC law for evasion of foreign exchange controls. According to the Notice on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment released on February 13, 2015, by SAFE, local banks will examine and handle foreign exchange registration for overseas direct investment, including the initial foreign exchange registration and amendment registration, under SAFE Circular 37 from June 1, 2015.

As of the date of this annual report, all of our beneficial owners who are PRC individuals have completed their initial registration under SAFE Circular 37, and our shareholders who are PRC entities have completed SAFE registration under the foreign exchange regulations. We have notified and requested all of our shareholders to comply with, or notify their beneficial owners who are PRC residents to comply with applicable PRC regulations, including the requirements of the National Development and Reform Commission and the Ministry of Commerce and their filing obligation under SAFE Circular 37 and other implementation rules. Nevertheless, we do not have control over our beneficial owners and there can be no assurance that all of our PRC-resident beneficial owners will at all times comply with such requirements and obligations. In addition, we cannot assure you that all of our shareholders or beneficial owners who are PRC residents will in the future update or apply for amendment with respect to the certificates, filings or registrations in the event of any significant changes with respect to the offshore investment. The failure of our beneficial owners who are PRC residents to register or amend certificates, filings or registrations in a timely manner pursuant to applicable PRC regulations, or the failure of future beneficial owners of our company who are PRC residents to comply with the registration procedures set forth in applicable PRC laws and regulations, may subject such beneficial owners or our WFOE to fines and legal actions. Failure to register or comply with the requirements may also limit our ability to contribute additional capital to our WFOE and limit our WFOE's ability to distribute dividends to our company or conduct other foreign exchange transactions. These risks may have a material adverse effect on our business, financial condition and results of operations.

Failure to comply with PRC regulations regarding the registration requirements for employee share ownership plans or share option plans may subject the PRC plan participants or us to fines and other legal or administrative measures.

Pursuant to the Notice on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Publicly Listed Company, issued by SAFE in February 2012, employees, directors, supervisors and other senior management participating in any stock incentive plan of an overseas publicly listed company who are PRC citizens or who are non-PRC citizens residing in China for a continuous period of not less than one year, subject to a few exceptions, are required to register with SAFE through a domestic qualified agent, which could be a PRC subsidiaries of such overseas listed company, and complete certain other procedures. We and our directors, executive officers and other employees who are PRC citizens or who reside in the PRC for a continuous period of not less than one year and who have been granted restricted shares, restricted share units or options will be subject to these regulations if those employees exercise such restricted shares, restricted share units or options. Separately, SAFE Circular 37 also requires certain registration procedures to be completed if those employees exercise restricted shares, restricted share units or options before listing. Failure to complete the SAFE registrations may subject them to fines and penalties and may also limit our ability to contribute additional capital into our wholly foreign-owned subsidiaries in China and limit these subsidiaries' ability to distribute dividends to us. We also face regulatory uncertainties that could restrict our ability to adopt additional incentive plans for our directors and employees under PRC law.

In addition, the State Administration of Taxation has issued certain circulars concerning employee share options or restricted shares. Under these circulars, the employees working in the PRC who exercise share options or are granted restricted share units will be subject to PRC individual income tax. Our WFOE have obligations to file documents related to employee share options or restricted shares with the tax authorities and to withhold individual income taxes of those employees who exercise their share options. If our employees fail to pay or we fail to withhold their income taxes according to the laws and regulations, we may face penalties imposed by the tax authorities or other PRC government authorities.

Failure to make adequate contributions to various employee benefit plans as required by PRC regulations may subject us to penalties.

Companies operating in China are required to participate in various government-mandated employee benefit contribution plans, including certain social insurance, housing funds and other welfare plans, open and register accounts for social insurance accounts and housing funds, and contribute in their own names to the plans in amounts equal to certain percentages of salaries, including bonuses and allowances, of employees up to a maximum amount specified by the local government from time to time at locations where companies operate our businesses. The requirements of employee benefit contribution plans have not been implemented consistently by the local governments in China given the different levels of economic development in different geographical areas. We cannot assure you that the social insurance and housing fund contributions made for our employees in the past and present is fully compliant with the requirements of each local government authority where we operate our business, resulting in potential liabilities or penalties which may adversely affect our financial condition and reputation.

Certain PRC subsidiaries of the VIE had historically failed to make adequate social insurances and housing fund contributions for their employees, failed to open and register the accounts for social insurance and housing funds or engage third-party agencies to make contributions in such agencies' names to such employee benefit plans. We cannot assure you that we will not be required to make up the contributions for these welfare plans as well as late fees and fines, or that we will, in the future, be able to make adequate contributions to employee benefit plans for all employees or open and register the accounts for social insurance and housing funds in a timely manner, or at all. If we are subject to investigations or penalties related to non-compliance with labor laws, our business, financial condition and results of operations could be adversely affected.

Any failure by us or our third-party service providers to comply with applicable anti-money laundering laws and regulations could damage our reputation.

In collaboration with our third-party service providers, we have adopted various policies and procedures, such as internal controls and "know- your-client" procedures, for anti-money laundering purposes. The Guidelines on Promoting the Healthy Development of Internet Finance Industry purports, among other things, to require internet financial service providers, including us, to comply with certain anti-money laundering requirements, including:

- the establishment of a borrower identification program;
- the monitoring and reporting of the suspicious transaction;

- the preservation of borrower information and transaction records; and
- the provision of assistance to the public security department and judicial authority in investigations and proceedings in relation to anti- money laundering matters.

There is no assurance that our anti-money laundering policies and procedures will protect us from being exploited for money laundering purposes or that we will be deemed to be in compliance with applicable anti-money laundering implementing rules, if and when adopted, given that our anti- money laundering obligations in the Guidelines on Promoting the Healthy Development of Internet Finance Industry. Any new requirement under money laundering laws could increase our costs and may expose us to potential penalties if we fail to comply.

Our policies and procedures may not be completely effective in preventing other parties from using us, any of third-party service providers as a conduit for money laundering (including illegal cash operations) without our knowledge. There can be no assurance that our anti-money laundering due diligence procedures is effective to prevent all non-compliance incidents, which may lead to regulatory penalties and reputational damages. If we were to be associated with money laundering (including illegal cash operations), our reputation could suffer and we could become subject to regulatory fines, penalties or legal enforcement, including being added to any “blacklists” that would prohibit certain parties from engaging in transactions with us, all of which could have a material adverse effect on our financial condition and results of operations. Even if we and our third-party service providers comply with the applicable anti-money laundering laws and regulations, we and our third-party service providers may not be able to fully eliminate money laundering and other illegal or improper activities in light of the complexity and the secrecy of these activities. Any negative perception of the industry, such as that arises from any failure of other insurance service providers to detect or prevent money laundering activities, even if factually incorrect or based on isolated incidents, could compromise our image, undermine the trust and credibility we have established and negatively impact our financial condition and results of operations.

China’s M&A Rules and certain other PRC regulations establish complex procedures for some acquisitions of PRC companies by foreign investors, which could make it more difficult for us to pursue growth through acquisitions in China.

A number of PRC laws and regulations have established procedures and requirements that could make merger and acquisition activities in China by foreign investors more time consuming and complex. In addition to the Anti- monopoly Law itself, these include the Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors, or the M&A Rules, adopted by six PRC regulatory agencies in 2006 and amended in 2009, and the Rules of the Ministry of Commerce on Implementation of Security Review System of Mergers and Acquisitions of Domestic Enterprises by Foreign Investors, or the Security Review Rules, promulgated in 2011. These laws and regulations impose requirements in some instances that the Ministry of Commerce be notified in advance of any change-of-control transaction in which a foreign investor takes control of a PRC domestic enterprise. In addition, the Anti-Monopoly Law requires that the Ministry of Commerce be notified in advance of any concentration of undertaking if certain thresholds are triggered. Moreover, the Security Review Rules specify that mergers and acquisitions by foreign investors that raise “national defense and security” concerns and mergers and acquisitions through which foreign investors may acquire de facto control over domestic enterprises that raise “national security” concerns are subject to strict review by the Ministry of Commerce, and prohibit any attempt to bypass a security review, including by structuring the transaction through a proxy or contractual control arrangement. In the future, we may grow our business by acquiring complementary businesses. Complying with the requirements of the regulations to complete such transactions could be time consuming, and any required approval processes, including approval from the Ministry of Commerce, may delay or inhibit our ability to complete such transactions, which could affect our ability to expand our business or maintain our market share.

Indirect transfers of equity interests in PRC resident enterprises by their non-PRC holding companies may be subject to Chinese tax reporting obligations or tax liabilities.

In February 2015, the State Administration of Taxation issued the Bulletin on Issues of Enterprise Income Tax on Indirect Transfers of Assets by Non-PRC Resident Enterprises, or SAT Bulletin 7, as amended in 2017. Pursuant to this bulletin, an “indirect transfer” of assets, including equity interests in a PRC resident enterprise, by non-PRC resident enterprises may be re-characterized and treated as a direct transfer of PRC taxable assets, if such arrangement does not have a reasonable commercial purpose and was established for the purpose of avoiding payment of PRC enterprise income tax. As a result, gains derived from such indirect transfer may be subject to PRC enterprise income tax. According to SAT Bulletin 7, “PRC taxable assets” include assets attributed to an establishment in China, immovable properties located in China, and equity investments in PRC resident enterprises, in respect of which gains from their transfer by a direct holder, being a non-PRC resident enterprise, would be subject to PRC enterprise income taxes. When determining whether there is a “reasonable commercial purpose” of the transaction arrangement, features to be taken into consideration include: whether the main value of the equity interest of the offshore enterprise derives from PRC taxable assets; whether the assets of the offshore enterprise mainly consist of direct or indirect investment in China or if its income mainly derives from China; whether the offshore enterprise and its subsidiary directly or indirectly holding PRC taxable assets have real commercial nature which is evidenced by their actual function and risk exposure; the duration of existence of shareholders, the business model and organizational structure; the information about the payment of due income tax outside China on indirect transfer of Chinese taxable property; the substitutability between indirect investment by equity transferor, indirect transfer of Chinese taxable property and direct investment, direct transfer of Chinese taxable property; Chinese tax conventions or arrangements applicable to the proceeds from indirect transfer of Chinese taxable property; and other relevant factors. In respect of an indirect offshore transfer of assets of a PRC establishment, the resulting gain is to be included with the enterprise income tax filing of the PRC establishment or place of business being transferred, and would consequently be subject to PRC enterprise income tax at a rate of 25%. Where the underlying transfer relates to the immovable properties located in China or to equity investments in a PRC resident enterprise, which is not related to a PRC establishment or place of business of a non-resident enterprise, a PRC enterprise income tax of 10% would apply, subject to available preferential tax treatment under applicable tax treaties or similar arrangements, and the party who is obligated to make the transfer payments has the withholding obligation. SAT Bulletin 7 does not apply to transactions of sale of shares by investors through a public stock exchange where such shares were acquired from a transaction through a public stock exchange.

We may be subject to the reporting and other implications of certain past and future transactions where PRC taxable assets are involved, such as offshore restructuring, sale of the shares in our offshore subsidiaries or investments. Our company may be subject to filing obligations or taxed if our company is transferor in such transactions, and may be subject to withholding obligations if our company is transferee in such transactions under SAT Bulletin 7. For transfer of shares in our company by investors that are non-PRC resident enterprises, our WFOE may be requested to assist in the filing under SAT Bulletin 7. As a result, we may be required to expend valuable resources to comply with SAT Bulletin 7 or to request the transferors from whom we purchase taxable assets to comply with these circulars, or to establish that our company should not be taxed under these circulars, which may have a material adverse effect on our financial condition and results of operations.

The dividends we receive from our WFOE may be subject to PRC tax under the PRC Enterprise Income Tax Law, which would have a material adverse effect on our financial condition and results of operations.

Under the applicable PRC tax laws in effect before January 1, 2008, dividend payments to foreign investors made by foreign-invested enterprises in China were exempt from PRC withholding tax. Pursuant to the PRC Enterprise Income Tax Law, however, dividends generated after January 1, 2008, and payable by a foreign-invested enterprise in China to its foreign investors are subject to a 10% withholding tax, unless any such foreign investor’s jurisdiction of incorporation has a tax treaty with China that provides for a different withholding arrangement. We are a Cayman Islands holding company and substantially all of our income may come from dividends we receive from our WFOE. Since there is currently no such tax treaty between China and the Cayman Islands, dividends we receive from our WFOE will generally be subject to a 10% withholding tax, which would have a material adverse effect on our financial condition and results of operations.

If we are classified as a PRC resident enterprise for PRC income tax purposes, such classification could result in unfavorable tax consequences to us and our non-PRC shareholders or ADS holders.

Prior to January 1, 2008, dividends payable to non-PRC investors were exempt from withholding tax. The PRC Enterprise Income Tax Law and its implementation rules provide that PRC enterprise income tax at the rate of 10% will generally be applicable to dividends derived from sources within the PRC and received by non-PRC enterprise shareholders. Similarly, gains derived from the transfer of shares by such shareholders are also subject to PRC enterprise income tax if such gains are regarded as income derived from sources within the PRC. Since the interpretation and implementation of the PRC Enterprise Income Tax Law and its implementation rules may keep evolving, it is uncertain whether, if we are regarded as a PRC resident enterprise, any dividends that we distribute to our non-PRC shareholders and ADS holders which are enterprises would be subject to any PRC withholding tax. If we are required under the PRC Enterprise Income Tax Law to withhold PRC income tax on our dividends payable to our non-PRC enterprise shareholders and ADS holders, or if gains on the disposition of our shares by such holders are subject to the Enterprise Income Tax Law of the PRC, your investment in our common shares or ADSs may be materially and adversely affected.

If the custodians or authorized users of controlling non-tangible assets of our company, including our corporate chops and seals, fail to fulfill their responsibilities, or misappropriate or misuse these assets, our business and operations could be materially and adversely affected

Under PRC law, legal documents for corporate transactions, including contracts such as consulting service agreements we enter into with wealth management product providers, which are important to our business, are executed using the chops (a Chinese stamp or seal) or seals of the signing entity, or with the signature of a legal representative whose designation is registered and filed with the local branch of the State Administration for Market Regulation.

Although we usually utilize chops to enter into contracts, the designated legal representatives of each of our WFOE and consolidated entities have the power to enter into contracts on behalf of such entities without chops and bind such entities. All designated legal representatives of our WFOE and consolidated entities have signed employment undertaking letters with us or our WFOE and consolidated entities under which they agree to abide by various duties they owe to us. In order to maintain the physical security of our chops and the chops of our PRC entities, we generally store these items in secured locations accessible only by the authorized personnel of each of our WFOE and consolidated entities. Although we monitor such authorized personnel, there is no assurance such procedures will prevent all instances of abuse or negligence. We also use electronic chops for certain transactions. While we have in place internal procedures and rules to secure our electronic chops, including to ensure that only authorized signatories are permitted to deploy them, electronic chops are inherently susceptible to misuse. Any misuse of our electronic chops could have severe financial and legal implications, and could materially and adversely affect our business and financial performance. Accordingly, if any of our authorized personnel misuse or misappropriate our corporate chops or seals, whether physical or electronic, we could encounter difficulties in maintaining control over the entities and experience significant disruption to our operations. If a designated legal representative obtains control of the chops in an effort to obtain control over any of our WFOE or consolidated entities, we, our WFOE or consolidated entities would need to pass a new shareholder or board resolution to designate a new legal representative and we would need to take legal actions to seek the return of the chops, apply for new chops with the authorities, or otherwise seek legal redress for the violation of the representative's fiduciary duties to us, which could involve significant time and resources and divert management attention away from our regular business. In addition, the affected entity may not be able to recover corporate assets that are sold or transferred out of our control in the event of such a misappropriation if a transferee relies on the apparent authority of the representative and acts in good faith.

Risks Relating to Our ADSs

If we fail to regain compliance on Nasdaq's minimum bid price requirement, or fail to meet other continued listing requirements, our ADSs could be subject to delisting, which may significantly reduce the liquidity of our ADSs and cause further declines to the market price of our ADSs.

Our ADSs are currently listed on the Nasdaq Global Market, or Nasdaq. The Nasdaq Listing Rules have minimum requirements that a company must meet for continued listing on Nasdaq. These requirements include, among others, maintaining a minimum bid price of US\$1.00 per ADS for a period of 30 consecutive trading days. On October 12, 2022, we received a written notification from Nasdaq indicating that for the last 30 consecutive business days, the closing bid price for our ADSs was below the minimum bid price of US\$1.00 per share requirement. We regained compliance with the minimum bid price requirement on December 13, 2022. On January 5, 2024, we received another written notification from Nasdaq indicating that for the last 30 consecutive business days, the closing bid price for our ADSs was below the minimum bid price of US\$1.00 per share requirement. We regained compliance with the minimum bid price requirement on July 15, 2024. On September 10, 2024, we received another written notification from Nasdaq indicating that for the last 30 consecutive business days, the closing bid price for our ADSs was below the minimum bid price of US\$1.00 per share requirement. We have regained compliance by changing the ratio of our ADS to our Class A common shares from one ADS to twenty Class A common share to one ADS to one hundred Class A common shares, effective on December 9, 2024. On December 30, 2024, we received a letter from the Listing Qualifications Department of Nasdaq, indicating that the closing bid price of our ADSs had been at \$1.00 per ADS or greater for 10 consecutive business days, and we had regained compliance with Nasdaq Listing Rule 5450(a)(1), the Nasdaq minimum bid price requirement, and the matter was closed.

As of the date of this annual report, we are in compliance with the minimum requirements that we must meet for continued listing on Nasdaq. However, there can be no assurance that we will stay compliant with the requirements for continued listing at all times going forward. If we fail to satisfy Nasdaq Global Market's continued listing requirements and fail to regain compliance on a timely basis in the future, our ADSs could be delisted from Nasdaq Global Market, and we may need to transfer the listing or trading of our ADSs to other stock exchange or trading venues. However, there can be no assurance that our ADSs will be eligible for trading on any such alternative exchanges or markets in the United States. If Nasdaq determines to delist our ADSs, or if we fail to list our ADSs on other stock exchanges or find alternative trading venue for our ADSs, the market liquidity and the price of our ADSs and our ability to obtain financing for our operations could be materially and adversely affected.

The trading price of our ADSs has been and may continue to be volatile, which could result in substantial losses to investors.

Since our ADSs became listed on the Nasdaq Global Market on February 11, 2020, the trading price of our ADSs been subject to side fluctuations.

In 2024, the trading prices of our ADS on the Nasdaq Global Market have ranged from US\$2.15 to US\$10.58 per ADS. The trading price of other Chinese companies' securities, including internet-based companies, may affect the attitudes of investors toward Chinese companies listed in the United States, which consequently may impact the trading performance of our ADSs, regardless of our actual operating performance. In addition, any negative news or perceptions about inadequate corporate governance practices or fraudulent accounting, corporate structure or matters of the Chinese companies may also negatively affect the attitudes of investors towards Chinese companies in general, including us, regardless of our conduct. The trading price of our ADSs may fluctuate widely due to factors beyond our control. This may happen because of broad market and industry factors, including the performance and fluctuation of the market prices of other companies with business operations located mainly in China that have listed their securities in the United States. In addition to market and industry factors, the price and trading volume for our ADSs may be volatile for factors specific to our own operations, including the following:

- variations in our net revenues, earnings and cash flow;
- our or our competitors' announcements of new investments, acquisitions, strategic partnerships, or joint ventures;
- our or our competitors' announcements of new products and services and expansions;
- changes in financial estimates by securities analysts;
- failure on our part to realize monetization opportunities as expected;
- additions or departures of key personnel;
- release of lock-up or other transfer restrictions on our outstanding equity securities or sales of additional equity securities;
- detrimental negative publicity about us, our management, our competitors or our industry;
- regulatory developments affecting us or our industry; and
- actual or potential litigation or regulatory investigations.

Any of these factors may result in large and sudden changes in the trading volume and price of the ADSs.

In the past, shareholders of public companies have often brought securities class action suits against those companies following periods of instability in the market price of their securities. If we were involved in a class action suit, it could divert a significant amount of our management's attention and other resources from our business and operations and require us to incur significant expenses to defend the suit, which could harm our results of operations. Any such class action suit, whether or not successful, could harm our reputation and restrict our ability to raise capital in the future. In addition, if a claim is successfully made against us, we may be required to pay significant damages, which could have a material adverse effect on our financial condition and results of operations.

If securities or industry analysts do not publish or publish inaccurate or unfavorable research about our business, or if they adversely change their recommendations regarding our ADSs, the market price for our ADSs and trading volume could decline.

The trading market for the ADSs will be influenced by research or reports that industry or securities analysts publish about our business. If one or more analysts who cover us downgrade the ADSs, the market price for the ADSs would likely decline. If one or more of these analysts cease to cover us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which, in turn, could cause the market price or trading volume for the ADSs to decline.

Techniques employed by short sellers may drive down the market price of our ADSs.

Short selling is the practice of selling securities that the seller does not own but rather has borrowed from a third party with the intention of buying identical securities back at a later date to return to the lender. The short seller hopes to profit from a decline in the value of the securities between the sale of the borrowed securities and the purchase of the replacement shares, as the short seller expects to pay less in that purchase than it received in the sale. As it is in the short seller's interest for the price of the security to decline, many short sellers publish, or arrange for the publication of, negative opinions regarding the issuer and its business prospects in order to create negative market momentum and generate profits for themselves after selling a security short. These short attacks have, in the past, led to selling of shares in the market.

Public companies listed in the United States that have a substantial majority of their operations in China have been the subject of short selling.

Much of the scrutiny and negative publicity has centered on allegations of a lack of effective internal control over financial reporting resulting in financial and accounting irregularities and mistakes, inadequate corporate governance policies or a lack of adherence thereto and, in many cases, allegations of fraud. As a result, many of these companies are now conducting internal and external investigations into the allegations and, in the interim, are subject to shareholder lawsuits and/or SEC enforcement actions.

We may be the subject of unfavorable allegations made by short sellers in the future. Any such allegations may be followed by periods of instability in the market price of our common shares and ADSs and negative publicity. If and when we become the subject of any unfavorable allegations, whether such allegations are proven to be true or untrue, we could have to expend a significant amount of resources to investigate such allegations and/or defend ourselves. While we would strongly defend against any such short seller attacks, we may be constrained in the manner in which we can proceed against the short seller by principles of freedom of speech, applicable federal or state law or issues of commercial confidentiality. Such a situation could be costly and time-consuming and could distract our management from growing our business. Even if such allegations are ultimately proven to be groundless, allegations against us could severely impact our business operations and shareholders' equity, and the value of any investment in our ADSs could be greatly reduced or rendered worthless.

Our dual-class voting structure will limit your ability to influence corporate matters and could discourage others from pursuing any change of control transactions that holders of our Class A common shares and the ADSs may view as beneficial.

We have a dual-class common share structure. Our common shares are divided into Class A common shares and Class B common shares. Holders of Class A common shares are entitled to one (1) vote per share, while holders of Class B common shares are entitled to fifteen (15) votes per share on all matters subject to the vote at general meetings of the Company. Each Class B common share is convertible into one Class A common share at any time by the holder thereof, while Class A common shares are not convertible into Class B common shares under any circumstances. Upon any sale, transfer, assignment or disposition of Class B common shares by a holder thereof to any person or entity that is not an affiliate of such holder, such Class B common shares shall be automatically and immediately converted into an equal number of Class A common shares.

As of February 28, 2025, Mr. Cunjun Ma, the chairman of our board of directors and our chief executive officer, beneficially owned all of the 150,591,207 Class B common shares and 9,321,540 Class A common shares in the form of ADSs. Together with 75,846,888 Class A common shares, the voting power of which has been delegated to Mr. Cunjun Ma, Mr. Cunjun Ma is able to exercise in aggregate 77.5% of our total voting power. Therefore, Mr. Cunjun Ma has decisive influence over matters requiring shareholders' approval, including election of directors and significant corporate transactions, such as a merger of our company. This concentrated control will limit your ability to influence corporate matters and could discourage others from pursuing any potential merger, takeover or other change of control transactions that holders of our Class A common shares and the ADSs may view as beneficial.

The sale or availability for sale of substantial amounts of our ADSs could adversely affect their market price.

Sales of substantial amounts of our ADSs in the public market, or the perception that these sales could occur, could adversely affect the market price of our ADSs and could materially impair our ability to raise capital through equity offerings in the future. We cannot predict what effect, if any, market sales of securities held by our significant shareholders or any other shareholder or the availability of these securities for future sale will have on the market price of our ADSs.

Because we do not expect to pay dividends in the foreseeable future, you must rely on price appreciation of our ADSs for return on your investment.

We currently intend to retain most, if not all, of our available funds and any future earnings to fund the development and growth of our business. As a result, we do not expect to pay any cash dividends in the foreseeable future. Therefore, you should not rely on an investment in our ADSs as a source for any future dividend income.

Pursuant to our articles of association, our board of directors has absolute discretion as to whether to declare dividends subject to the requirements of the Companies Act. Our articles of association provide that dividends may be declared and paid out of the profits of our company, realized or unrealized, or from any reserve set aside from profits which the directors determine is no longer needed. Dividends may also be declared and paid out of share premium account or any other fund or account which can be authorized for this purpose in accordance with the Companies Act. Under the Companies Act, no distribution or dividend may be paid out of the share premium account unless, immediately following the date on which the distribution or dividend is proposed to be paid, the company shall be able to pay its debts as they fall due in the ordinary course of business. Even if our board of directors decides to declare and pay dividends, the timing, amount and form of future dividends, if any, will depend on, among other things, our future results of operations and cash flow, our capital requirements and surplus, the amount of distributions, if any, we receive from our WFOE, our financial condition, contractual restrictions and other factors deemed relevant by our board of directors. Accordingly, the return on your investment in our ADSs will likely depend entirely upon any future price appreciation of our ADSs. There is no guarantee that our ADSs will appreciate in value or even maintain the price at which you purchased the ADSs. You may not realize a return on your investment in our ADSs and you may even lose your entire investment in our ADSs.

You may not have the same voting rights as the holders of our Class A common shares and may not receive voting materials in time to be able to exercise your right to vote.

Holders of our ADSs do not have the same rights as our registered shareholders. As a holder of ADSs, you will not have any direct right to attend general meetings of our shareholders or to cast any votes at such meetings. You will only be able to exercise the voting rights that are carried by the underlying Class A common shares represented by your ADSs indirectly by giving voting instructions to the depositary in accordance with the provisions of the deposit agreement. Under the deposit agreement, you may vote only by giving voting instructions to the depositary. If we instruct the depositary to ask for your instructions, then upon receipt of your voting instructions, the depositary will try, as far as practicable, to vote the underlying Class A common shares represented by your ADSs in accordance with your instructions. If we do not instruct the depositary to ask for your instructions, the depositary may still vote in accordance with instructions you give, but it is not required to do so. You will not be able to directly exercise your right to vote with respect to the underlying Class A common shares represented by your ADSs unless you withdraw the shares and become the registered holder of such shares prior to the record date for the general meeting. Under our memorandum and articles of association, the minimum notice period required to be given by our company to our registered shareholders for convening a general meeting is ten clear days.

When a general meeting is convened, you may not receive sufficient advance notice of the meeting to withdraw the Class A common shares underlying your ADSs and become the registered holder of such shares to allow you to vote directly with respect to any specific matter or resolution to be considered and voted upon at the general meeting. In addition, under our memorandum and articles of association, for the purposes of determining those shareholders who are entitled to attend and vote at any general meeting, our directors may close our register of members and fix in advance a record date for such meeting, and such closure of our register of members or the setting of such a record date may prevent you from withdrawing the Class A common shares underlying your ADSs and becoming the registered holder of such shares prior to the record date, so that you would not be able to attend the general meeting or to vote directly. If we ask for your instructions, the depositary will notify you of the upcoming vote and will arrange to deliver our voting materials to you. We have agreed to give the depositary at least 30 days' prior notice of shareholder meetings. Nevertheless, we cannot assure you that you will receive the voting materials in time to ensure that you can instruct the depositary to vote the underlying Class A common shares represented by your ADSs. In addition, the depositary and its agents are not responsible for failing to carry out voting instructions or for their manner of carrying out your voting instructions. This means that you may not be able to exercise your right to direct how the Class A common shares underlying your ADSs are voted and you may have no legal remedy if the Class A common shares underlying your ADSs are not voted as you requested.

The depositary will give us a discretionary proxy to vote the Class A common shares underlying your ADSs if you do not give voting instructions to the depositary to direct how the Class A common shares underlying your ADSs are voted, except in limited circumstances, which could adversely affect your interests.

Under the deposit agreement for the ADSs, if you do not give voting instructions to the depositary to direct how the Class A common shares underlying your ADSs are voted, the depositary will give us a discretionary proxy to vote the Class A common shares underlying your ADSs at shareholders' meetings unless:

- we have failed to timely provide the depositary with notice of meeting and related voting materials;
- we have instructed the depositary that we do not wish a discretionary proxy to be given;
- we have informed the depositary that there is substantial opposition as to a matter to be voted on at the meeting;
- a matter to be voted on at the meeting would have a material adverse impact on shareholders; or
- the voting at the meeting is to be made on a show of hands.

The effect of this discretionary proxy is that if you do not give voting instructions to the depositary to direct how the Class A common shares underlying your ADSs are voted, you cannot prevent the Class A common shares underlying your ADSs from being voted, except under the circumstances described above. This may make it more difficult for shareholders to influence the management of our company. Holders of our Class A common shares are not subject to this discretionary proxy.

Your right to participate in any future rights offerings may be limited, which may cause dilution to your holdings.

We may from time to time distribute rights to our shareholders, including rights to acquire our securities. However, we cannot make rights available to you in the United States unless we register both the rights and the securities to which the rights relate under the Securities Act or an exemption from the registration requirements is available. Under the deposit agreement, the depositary will not make rights available to you unless both the rights and the underlying securities to be distributed to ADS holders are either registered under the Securities Act or exempt from registration under the Securities Act. We are under no obligation to file a registration statement with respect to any such rights or securities or to endeavor to cause such a registration statement to be declared effective and we may not be able to establish a necessary exemption from registration under the Securities Act.

Accordingly, you may be unable to participate in our rights offerings and may experience dilution in your holdings.

You may not receive cash dividends if the depositary decides it is impractical to make them available to you.

The depositary will pay cash dividends on the ADSs only to the extent that we decide to distribute dividends on our Class A common shares or other deposited securities, and we do not have any present plan to pay any cash dividends on our Class A common shares in the foreseeable future. To the extent that there is a distribution, the depositary of our ADSs has agreed to pay to you the cash dividends or other distributions it or the custodian receives on our Class A common shares or other deposited securities after deducting its fees and expenses. You will receive these distributions in proportion to the number of Class A common shares your ADSs represent. However, the depositary may, at its discretion, decide that it is inequitable or impractical to make a distribution available to any holders of ADSs. For example, the depositary may determine that it is not practicable to distribute certain property through the mail, or that the value of certain distributions may be less than the cost of mailing them. In these cases, the depositary may decide not to distribute such property to you.

We and the depository are entitled to amend the deposit agreement and to change the rights of ADS holders under the terms of such agreement, and we may terminate the deposit agreement, without the prior consent of the ADS holders.

We and the depository are entitled to amend the deposit agreement and to change the rights of the ADS holders under the terms of such agreement, without the prior consent of the ADS holders. We and the depository may agree to amend the deposit agreement in any way we decide is necessary or advantageous to us. Amendments may reflect, among other things, operational changes in the ADS program, legal developments affecting ADSs or changes in the terms of our business relationship with the depository. In the event that the terms of an amendment are disadvantageous to ADS holders, ADS holders will only receive 30 days' advance notice of the amendment, and no prior consent of the ADS holders is required under the deposit agreement. Furthermore, we may decide to terminate the ADS facility at any time for any reason. For example, terminations may occur when we decide to list our shares on a non-U.S. securities exchange and determine not to continue to sponsor an ADS facility or when we become the subject of a takeover or a going-private transaction. If the ADS facility will terminate, ADS holders will receive at least 90 days' prior notice, but no prior consent is required from them. Under the circumstances that we decide to make an amendment to the deposit agreement that is disadvantageous to ADS holders or terminate the deposit agreement, the ADS holders may choose to sell their ADSs or surrender their ADSs and become direct holders of the underlying Class A common shares, but will have no right to any compensation whatsoever.

ADSs holders may not be entitled to a jury trial with respect to claims arising under the deposit agreement or relating to our shares or the ADSs, which could result in less favorable outcomes to the plaintiff(s) in any such action.

The deposit agreement governing the ADSs representing our Class A common shares provides that, to the fullest extent permitted by law, ADS holders waive the right to a jury trial of any claim that they may have against us or the depository arising out of or relating to our Class A common shares, our ADSs or the deposit agreement, including any claim under the U.S. federal securities laws.

If we or the depository opposed a jury trial demand based on the waiver, the court would determine whether the waiver was enforceable based on the facts and circumstances of that case in accordance with the applicable state and federal law. To our knowledge, the enforceability of a contractual pre-dispute jury trial waiver in connection with claims arising under the federal securities laws has not been finally adjudicated by the United States Supreme Court. However, we believe that a contractual pre-dispute jury trial waiver provision is generally enforceable, including under the laws of the State of New York, which govern the deposit agreement, by a federal or state court in the City of New York, which has non-exclusive jurisdiction over matters arising under the deposit agreement. In determining whether to enforce a contractual pre-dispute jury trial waiver provision, courts will generally consider whether a party knowingly, intelligently and voluntarily waived the right to a jury trial. We believe that this is the case with respect to the deposit agreement and our ADSs. It is advisable that you consult legal counsel regarding the jury waiver provision before entering into the deposit agreement.

If you or any other holders or beneficial owners of ADSs bring a claim against us or the depository in connection with matters arising under the deposit agreement or our ADSs, including claims under federal securities laws, you or such other holder or beneficial owner may not be entitled to a jury trial with respect to such claims, which may have the effect of limiting and discouraging lawsuits against us or the depository. If a lawsuit is brought against us or the depository under the deposit agreement, it may be heard only by a judge or justice of the applicable trial court, which would be conducted according to different civil procedures and may result in different outcomes than a trial by jury would have had, including results that could be less favorable to the plaintiff(s) in any such action.

Nevertheless, if this jury trial waiver provision is not permitted by applicable law, an action could proceed under the terms of the deposit agreement with a jury trial. No condition, stipulation or provision of the deposit agreement or ADSs serves as a waiver by any holder or beneficial owner of ADSs or by us or the depository of compliance with any substantive provision of the U.S. federal securities laws and the rules and regulations promulgated thereunder.

You may be subject to limitations on transfer of your ADSs.

Your ADSs are transferable on the books of the depository. However, the depository may close its books at any time or from time to time when it deems it expedient in connection with the performance of its duties. The depository may close its books from time to time for a number of reasons, including in connection with corporate events such as a rights offering, during which time the depository needs to maintain an exact number of ADS holders on its books for a specified period. The depository may also close its books in emergencies, and on weekends and public holidays. The depository may refuse to deliver, transfer or register transfers of the ADSs generally when our share register or the books of the depository are closed, or at any time if we or the depository thinks it is advisable to do so because of any requirement of law or of any government or governmental body, or under any provision of the deposit agreement, or for any other reason.

Certain judgments obtained against us by our shareholders may not be enforceable.

We are an exempted company incorporated under the laws of the Cayman Islands. We conduct our operations outside the United States and substantially all of our assets are located outside the United States. In addition, substantially all of our directors and executive officers and the experts named in this annual report reside outside the United States, and most of their assets are located outside the United States. As a result, it may be difficult or impossible for you to bring an action against us or against them in the United States in the event that you believe that your rights have been infringed under the U.S. federal securities laws or otherwise. Legal claims, including federal securities law claims, against China-based Issuers, or their directors and officers based in China, may be difficult or impossible for investors to pursue in U.S. courts. Even if you are successful in bringing an action of this kind, the laws of the Cayman Islands, the PRC or other certain jurisdictions may render you unable to enforce a judgment against our assets or the assets of our directors and officers. In that case, you may have to rely on legal claims and remedies available in China, where we and our directors and officers maintain substantially all of our assets. The claims and remedies available in these jurisdictions are significantly different from those available in the United States and are difficult to pursue. For risks relating to enforcing foreign judgments or bringing actions in China against us or our directors and officers, see “Item 3. Key Information—D. Risk Factors—Risks Relating to Doing Business in China—You may experience difficulties in effecting service of legal process, enforcing foreign judgments or bringing actions in China against us or our directors and management named in the annual report based on foreign laws.”

You may face difficulties in protecting your interests, and your ability to protect your rights through U.S. courts may be limited, because we are incorporated under Cayman Islands law.

We are an exempted company incorporated under the laws of the Cayman Islands. Our corporate affairs are governed by, among other things, our memorandum and articles of association, the Companies Act and the common law of the Cayman Islands. The rights of shareholders to take action against our directors, actions by our minority shareholders and the fiduciary duties of our directors to us under the Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from the common law of England, the decisions of whose courts are of persuasive authority, but are not binding, on a court in the Cayman Islands. The rights of our shareholders and the fiduciary duties of our directors under Cayman Islands law are not as clearly established as they would be under statutes or judicial precedent in some jurisdictions in the United States. In particular, the Cayman Islands has a less developed body of securities laws than the United States. Some U.S. states, such as Delaware, have more fully developed and judicially interpreted bodies of corporate law than the Cayman Islands. In addition, with respect to Cayman Islands companies, plaintiffs may face special obstacles, including but not limited to those relating to jurisdiction and standing, in attempting to assert derivative claims in state or federal courts of the United States.

Under Cayman Islands law, the notice of registered office is a matter of public record. A list of the names of the current directors and alternate directors (if applicable) are made available by the Registrar of Companies in the Cayman Islands for inspection by any person on payment of a fee. The register of mortgages and charges is open to inspection by creditors and members of the company. Shareholders of Cayman Islands companies like us have no general rights under the Cayman Islands law to inspect corporate records, or to obtain copies of lists of shareholders of these companies. Our directors have discretion under our articles of association to determine whether or not, and under what conditions, our corporate records may be inspected by our shareholders, but are not obliged to make them available to our shareholders. This may make it more difficult for you to obtain the information needed to establish any facts necessary for a shareholder motion or to solicit proxies from other shareholders in connection with a proxy contest.

Certain corporate governance practices in the Cayman Islands, which is our home country, differ significantly from requirements for companies incorporated in other jurisdictions such as the United States. We may in the future rely on home country practice with respect to our corporate governance. If we choose to follow home country practice in the future, our shareholders may be afforded less protection than they otherwise would under rules and regulations applicable to U.S. domestic issuers.

As a result of all of the above, public shareholders may have more difficulty in protecting their interests in the face of actions taken by our management, members of our board of directors or our controlling shareholders than they would as public shareholders of a company incorporated in the United States.

It may be difficult for overseas regulators to conduct investigation or collect evidence within China.

Although the authorities in China may establish a regulatory cooperation mechanism with the securities regulatory authorities of another country or region to implement cross-border supervision and administration, such cooperation with the securities regulatory authorities in the United States may not be efficient in the absence of mutual and practical cooperation mechanism. Furthermore, according to Article 177 of the PRC Securities Law, which became effective in March 2020, no overseas securities regulator is allowed to directly conduct investigation or evidence collection activities within the territory of the PRC. While detailed interpretation of or implementation rules under Article 177 have yet to be promulgated, the inability for an overseas securities regulator to directly conduct investigation or evidence collection activities within China may further increase the difficulties you face in protecting your interests. See also “—Risks Relating to Our ADSs—You may face difficulties in protecting your interests, and your ability to protect your rights through U.S. courts may be limited, because we are incorporated under Cayman Islands law” for risks associated with investing in us as a Cayman Islands company.

Our memorandum and articles of association contains anti-takeover provisions that could discourage a third party from acquiring us and adversely affect the rights of holders of our Class A common shares and ADSs.

Our currently effective memorandum and articles of association contain certain provisions that could limit the ability of others to acquire control of our company, including a provision that grants authority to our board of directors to issue from time to time one or more series of preferred shares without action by our shareholders and to determine, with respect to any series of preferred shares, the terms and rights of that series. These provisions could have the effect of depriving our shareholders and ADS holders of the opportunity to sell their shares or ADSs at a premium over the prevailing market price by discouraging third parties from seeking to obtain control of our company in a tender offer or similar transactions.

We are an emerging growth company and may take advantage of certain reduced reporting requirements.

We are an “emerging growth company,” as defined in the JOBS Act, and we may take advantage of certain exemptions from various requirements applicable to other public companies that are not emerging growth companies including, most significantly, not being required to comply with the auditor attestation requirements of Section 404 of Sarbanes-Oxley Act of 2002 for so long as we are an emerging growth company. As a result, if we elect not to comply with such auditor attestation requirements, our investors may not have access to certain information they may deem important.

The JOBS Act also provides that an emerging growth company does not need to comply with any new or revised financial accounting standards until such date that a private company is otherwise required to comply with such new or revised accounting standards. Further, as an emerging growth company, we elect to use the extended transition period for complying with new or revised financial accounting standards.

We are a foreign private issuer within the meaning of the rules under the Exchange Act, and as such we are exempt from certain provisions applicable to U.S. domestic public companies.

Because we qualify as a foreign private issuer under the Exchange Act, we are exempt from certain provisions of the securities rules and regulations in the United States that are applicable to U.S. domestic issuers, including:

- the rules under the Exchange Act requiring the filing with the SEC of quarterly reports on Form 10-Q or current reports on Form 8-K;
- the sections of the Exchange Act regulating the solicitation of proxies, consents, or authorizations in respect of a security registered under the Exchange Act;
- the sections of the Exchange Act requiring insiders to file public reports of their stock ownership and trading activities and liability for insiders who profit from trades made in a short period of time; and
- the selective disclosure rules by issuers of material non-public information under Regulation FD.

We are required to file an annual report on Form 20-F within four months of the end of each fiscal year. In addition, we intend to publish our results on a quarterly basis as press releases, distributed pursuant to the rules and regulations of the Nasdaq Global Market. Press releases relating to financial results and material events will also be furnished to the SEC on Form 6-K. However, the information we are required to file with or furnish to the SEC will be less extensive and less timely compared to that required to be filed with the SEC by U.S. domestic issuers. As a result, you may not be afforded the same protections or information that would be made available to you were you investing in a U.S. domestic issuer.

As an exempted company incorporated in the Cayman Islands, we are permitted to adopt certain home country practices in relation to corporate governance matters that differ significantly from the Nasdaq listing standards; these practices may afford less protection to shareholders than they would enjoy if we complied fully with the Nasdaq listing standards.

As a Cayman Islands exempted company listed on the Nasdaq Global Market, we are subject to the Nasdaq Stock Market corporate governance listing standards. However, the Nasdaq Stock Market Rules permit a foreign private issuer like us to follow the corporate governance practices of its home country. Certain corporate governance practices in the Cayman Islands, which is our home country, may differ significantly from the Nasdaq Stock Market corporate governance listing standards. We have relied on the exemption available to foreign private issuers for the requirement under Nasdaq Rule 5635(c) that shareholders' approval must be obtained prior to the issuance of securities when a stock option or purchase plan is to be established or materially amended or when other equity compensation arrangement is to be made or materially amended, pursuant to which stock may be acquired by officers, directors, employees, or consultants. We have elected to follow our home country practice and did not obtain shareholders' approval for the material amendment to our 2019 Plan. If we continue to rely on this and other exemptions available to foreign private issuers in the future, our shareholders may be afforded less protection than they otherwise would under the Nasdaq corporate governance listing standards applicable to U.S. domestic issuers.

We are a "controlled company" within the meaning of the Nasdaq Stock Market Rules and, as a result, may rely on exemptions from certain corporate governance requirements that provide protection to shareholders of other companies.

We are a "controlled company" as defined under the Nasdaq Stock Market Rules because Mr. Cunjun Ma, our chairman and chief executive officer, beneficially owns more than 50% of our total voting power. For so long as we remain a controlled company under that definition, we are permitted to elect to rely on, and may rely on, certain exemptions from corporate governance rules, including (i) an exemption from having the majority of our board of directors composed of independent directors, (ii) having a compensation committee composed entirely of independent directors, and (iii) having a nominating and corporate governance committee composed entirely of independent directors. As a result, you may not have the same protection afforded to shareholders of companies that are subject to these corporate governance requirements.

We believe we were a passive foreign investment company, or PFIC, for United States federal income tax purposes for our taxable year ended December 31, 2024, which could subject U.S. Holders of our ADSs or Class A common shares to significant adverse U.S. federal income tax consequences.

We will be classified as a passive foreign investment company, or PFIC, for United States federal income tax purposes for any taxable year if either (a) 75% or more of our gross income for such year consists of certain types of "passive" income, or (b) 50% or more of the value of our assets (generally determined on the basis of a quarterly average) during such year is attributable to assets that produce or are held for the production of passive income, or the "asset test." Although the law in this regard is unclear, we intend to treat the VIE (including its subsidiaries) as being owned by us for United States federal income tax purposes because we exercise effective control over the operation of such entities and because we are entitled to substantially all of their economic benefits, and, as a result, we consolidate their results of operations in our consolidated financial statements.

Assuming that we are the owner of the VIE (including its subsidiaries) for United States federal income tax purposes and based on the market price of our ADSs and the nature and composition of our assets (in particular the retention of a substantial amount of cash and investments), we believe we were a PFIC for the taxable year ended December 31, 2024, and we will likely be a PFIC for our current taxable year ending December 31, 2025 unless the market price of our ADSs significantly increases and/or we invest a substantial amount of cash and other passive assets we hold in assets that produce or are held for the production of non-passive income.

If we are a PFIC in any taxable year, a U.S. Holder (as defined in “Item 10. Additional Information—E. Taxation—United States Federal Income Tax Considerations”) may incur significantly increased United States federal income tax on gain recognized on the sale or other disposition of the ADSs or Class A common shares and on the receipt of distributions on the ADSs or Class A common shares to the extent such gain or distribution is treated as an “excess distribution” under the United States federal income tax rules, and such U.S. Holder may be subject to burdensome reporting requirements. Further, if we are a PFIC for any taxable year during which a U.S. Holder holds our ADSs or Class A common shares, we will generally continue to be treated as a PFIC for all succeeding years during which such U.S. Holder holds our ADSs or Class A common shares. For more information see “Item 10. Additional Information—E. Taxation—United States Federal Income Tax Considerations—Passive Foreign Investment Company Considerations.”

ITEM 4. INFORMATION ON THE COMPANY

A. History and Development of the Company

Our founding team began operating an online insurance business under the “Huize” brand in 2006. Huize Insurance Brokerage Co., Ltd., formerly known as Shenzhen Huize Insurance Brokerage Co., Ltd., was established in 2011 in preparation for the launch of our platform. Mr. Cunjun Ma, the chairman of our board of directors and our chief executive officer, was our founder.

In 2014, Mr. Cunjun Ma established Shenzhen Huiye Tianze Investment Holding Co., Ltd., or Huiye Tianze, together with Focus Technology Co., Ltd. as a holding company in the PRC. Huiye Tianze acquired 100% shares of Huize Insurance Brokerage Co., Ltd. in 2014. Huiye Tianze subsequently established or acquired a series of wholly-owned subsidiaries in the PRC, including Huize (Chengdu) Internet Technology Co., Ltd., Shenzhen Huize Shidai Technology Co., Ltd. and Shenzhen Zhixuan Wealth Investment Management Co., Ltd. We have been operating our business primarily through Huiye Tianze and its subsidiaries, including Huize Insurance Brokerage Co., Ltd. and Shenzhen Huize Shidai Technology Co., Ltd., since 2014.

Our company, Huize Holding Limited, formerly known as Smart Choice Holding Limited, was established in 2014 by a holding vehicle of Mr. Cunjun Ma and the offshore investment vehicles of two investors of Huiye Tianze. Huize Holding Limited subsequently established Smart Choice Ventures Limited in the British Virgin Islands and Hong Kong Smart Choice Ventures Limited, or Hong Kong Smart Choice, in Hong Kong. Hong Kong Smart Choice subsequently established a wholly owned subsidiary in China, Zhixuan International Management Consulting (Shenzhen) Co., Ltd., or our WFOE, in 2015.

In June 2019, in preparation of our initial public offering, we undertook a restructuring in order for shareholders of Huiye Tianze, i.e., the VIE, to own shares of our company, and we obtained control and became the primary beneficiary of Huiye Tianze by entering into a series of contractual arrangements with it and its shareholders through our WFOE. Due to the PRC legal restrictions on foreign ownership of internet-based businesses and qualifications requirements on foreign investors in the insurance brokerage business, we rely on these contractual arrangements to conduct a significant part of our operations in China. As a result of our equity ownership in our WFOE and the contractual arrangements with Huiye Tianze, or the VIE, and its shareholders, we are regarded as the primary beneficiary of the VIE, and we treat the VIE and its subsidiaries as a variable interest entity under U.S. GAAP. We have consolidated the financial results of the VIE and its subsidiaries in our consolidated financial statements in accordance with U.S. GAAP. In June 2019, the VIE’s shareholders became shareholders of our company through their respective holding vehicles, and the shareholders’ rights and shareholding structure are substantially identical as the previous ones of the VIE.

On February 11, 2020, our ADSs commenced trading on the Nasdaq Global Market under the symbol “HUIZ.”

In December 2021, we acquired a 100% equity interest in Shenzhen Detong Insurance Agency Co., Ltd. through a wholly owned subsidiary of the VIE. Shenzhen Detong Insurance Agency Co., Ltd., which was formerly known as Shanghai Senhao Insurance Agency Co., Ltd., is a nationwide professional insurance agency company which was founded in 2015 with business networks in 11 provincial areas in China and holds a nationwide insurance intermediary license issued by Shenzhen branch of the CBIRC.

On December 31, 2021, our board of directors approved the establishment of an Environmental, Social and Governance Committee, aimed at enhancing our ESG performance and disclosure, and sustainable development. The Environmental, Social and Governance Committee consists of the Secretary of the Board and senior management members from core operational and administrative departments. Under the supervision of the Board, the Environmental, Social and Governance Committee is responsible for formulating ESG strategies and goals, identifying and evaluating ESG risks and impacts, and overseeing the ESG initiatives and practices of our company.

In September 2024, our international arm, Poni Insurtech, completed its acquisition of 71.7% stake in Global Care Consulting Joint Stock Company, or Global Care, a leading Vietnam-based Insurtech company specializing in digital transformation solutions for the insurance industry. The acquisition was completed through a combination of existing share purchases and subscription of new shares. As part of the transaction, VinaCapital Ventures, the technology investment arm of VinaCapital Group, received newly issued Class A common shares of HuiZe, representing approximately 1.7% of our fully diluted share capital immediately after the completion of such transaction, with 50% of the newly issued shares subject to a one-year lock-up period. Global Care has become our majority-owned subsidiary and its financial results has been consolidated into our consolidated financial statements since the closing of the transaction.

Our board of directors previously authorized share repurchase programs in April 2020, March 2022 and March 2023, each of which authorized us to repurchase up to a certain amount of our outstanding American depository shares over a 12-month period. In addition, in August 2021, our board of directors approved a management share purchase plan, pursuant to which Mr. Cunjun Ma, our chairman of the board of directors and chief executive officer, and certain other members of our management team intended to allocate their personal funds to purchase up to an aggregate of US\$5 million worth of our ADSs during a six-month period, pursuant and subject to applicable laws and our securities trading policy. Most recently, on March 17, 2024, our board of directors authorized another share repurchase program under which we may repurchase up to US\$5 million of our Class A common shares in the form of American depository shares over the next 12 months, subject to applicable rules under the Exchange Act and our insider trading policy. The share repurchases may be made from time to time in the open market at prevailing market prices, in privately negotiated transactions, in block trades and/or through other legally permissible means, depending on market conditions and in accordance with applicable rules and regulations. Our board of directors will review the share repurchase program periodically and may authorize adjustment of its terms and size. We expect to fund repurchases made under this program from our existing cash balance and cash generated from operations.

Our principal executive offices are located at 49/F, Building T1, Qianhai Financial Centre, Linhai Avenue, Qianhai Shenzhen-Hong Kong Cooperation Zone, Shenzhen 518000, People's Republic of China. Our telephone number at this address is +86 755 3689 9088. Our registered office in the Cayman Islands is located at the offices of Conyers Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, P.O. 2681, Grand Cayman KY1-1111, Cayman Islands. Our agent for service of process in the United States is Puglisi & Associates, located at 850 Library Avenue, Suite 204, Newark, Delaware 19711.

All information we file with the SEC can be obtained over the internet at the SEC's website at www.sec.gov.

B. Business Overview

We are an independent online insurance product and service platform in Asia. As a licensed insurance intermediary operating online platforms and providing offline insurance intermediary services, we do not bear underwriting risks. We distribute insurance products on our platform underwritten by the insurance companies who cooperate with us, who we refer to as our insurer partners, and help them reach a large number of insurance clients. Our platform offers a digitalized insurance purchase experience and services through various internet channels. We primarily generate revenues from the insurance brokerage and agency fees paid by our insurer partners.

We have accumulated a large insurance client base. As of December 31, 2024, we had cumulatively served 10.6 million insurance clients. A substantial portion of our insurance client base are the younger generation, particularly life and health insurance clients. In 2024, the average age of insurance clients who purchased life and health insurance products through our platform was 35.1.

In order to serve our clients' protection needs, we offer a wide variety of insurance products with easy-to-understand terms and focusing on protection. Our products cover two major categories—life and health insurance products, and property & casualty insurance products. In 2024, we offered 813 life and health insurance products and 352 property & casualty insurance products. Our life and health insurance products contributed to 88.9% of our brokerage income in 2024. Our life and health insurance products primarily consist of annuity and endowment life insurance products and long-term health insurance products, which contributed to 59.4 % and 27.1 %, respectively, of our brokerage income in 2024.

We have established business cooperation with a large group of insurer partners. As of December 31, 2024, we cooperated with 139 insurer partners, representing a substantial portion of all licensed insurance companies in China. We empower our insurer partners to reach a massive and fragmented client base quickly, and enhance their insurance sales through our online platform as well as our offline channels. We have also integrated critical steps in the insurance policy distribution process, such as intelligent underwriting and in-force policy administration, in our system. In addition, we design and develop tailor-made insurance products together with our insurer partners. In 2024, approximately 39.1% of the GWP facilitated through our platform was contributed by tailor-made insurance products that we developed together with our insurer partners.

The cumulative number of insurance clients we served increased from approximately 8.4 million as of December 31, 2022 to 9.3 million as of December 31, 2023, and further to 10.6 million as of December 31, 2024. The GWP we facilitated increased from RMB4,907.9 million as of December 31, 2022 to RMB5,800.9 million as of December 31, 2023, and further to RMB6,158.6 million (US\$843.7 million) as of December 31, 2024. We primarily generate revenues from the commission fees that we charge our insurer partners for facilitating insurance policies and generating premiums for them. Our total operating revenue increased from RMB1,157.9 million in 2022 to RMB1,195.6 million in 2023, and further to RMB1,248.9 million (US\$171.1 million) as of December 31, 2024. We had net loss of RMB33.7 million, net profit of RMB70.6 million and net loss of RMB0.6 million (US\$0.09 million) in 2022, 2023 and 2024, respectively.

In September 2024, our international arm, Poni Insurtech, completed its acquisition of majority stake in Global Care, a leading Vietnam-based insurtech company specializing in digital transformation solutions for the insurance industry. Global Care's suite of cloud-based API solutions and mobile apps offer a broad range of embedded and customized insurance products to a diverse customer base by connecting insurers with merchants and various distribution channels. We are confident that the integration of Global Care, combined with the industry expertise and the technology know-how from the group, will firmly position Poni Insurtech as a leading insurtech player in Vietnam's digital insurance ecosystem.

Our Online Platform

We hold nationwide insurance intermediary licenses and operate an independent online insurance product and service platform in China. On our platform, we provide insurance clients with a one-stop insurance experience. We distribute through our platform various insurance products underwritten by our insurer partners, some of which are products we designed and developed together with our insurer partners, and we do not assume underwriting risks ourselves. We offer easy interpretation and presentation of insurance policy terms to help insurance clients make informed decisions when purchasing insurance products. We provide services to insurance clients at various stages of the insurance transaction and in-force period to improve client experience and increase client stickiness. On our platform, we connect insurer partners efficiently with a massive base of insurance clients and enhance their insurance sales.

In October 2024, Global Care, our Vietnam subsidiary, unveiled its new health insurance comparison platform, "GlobalCare.vn" (<https://globalcare.vn>). The platform aims to offer Vietnamese consumers an improved, transparent, and user-friendly insurance shopping experience, effectively positioning itself as a one-stop "insurance supermarket."

Access to Our Online Platform for Insurance Clients

Insurance clients can access our online platform on internet, including our websites, our mobile app, our WeChat official account and our WeChat mini program.

Our Websites

We primarily operate three websites in China: www.huize.com, www.qixin18.com and www.xiebao18.com. Our main website is www.huize.com, through which we offer substantially all of our insurance products, manage our insurance clients and insurance policies, and provide client services. Our main website covers every stage of insurance transactions, including product search, policy interpretation, online live consultation, intelligent underwriting, product purchase, policy management and claim settlement.

www.qixin18.com is a platform we developed to connect to and cooperate with our user traffic channels, where we provide them with order placement SaaS system, user account management system, and various mobile-end tools to enhance our user traffic channels' efficiency in directing client traffic. www.xiebao18.com primarily focuses on corporate insurance products, travel insurance products and property insurance products.

Global Care, our Vietnam subsidiary, operates <https://globalcare.vn>, which is an innovative, user-friendly platform that provides customers with a simple and intuitive way to search and pick customized insurance packages suited to their protection needs and financial capabilities, offering quick and efficient claims analysis and approval, enhancing the overall customer journey by streamlining processes and reducing wait times.

Mobile Platforms

In response to the prevalence of smartphone usage and smartphone users' growing preference of acquiring information and conducting transactions on mobile devices, we have developed our "Huize Insurance" (慧择保险网) mobile app, and have established our official account and mini program on the WeChat platform.

"Huize Insurance" App

We launched our "Huize Insurance" app in November 2015 and December 2015 compatible to Android and iOS systems, respectively. Our "Huize Insurance" app offers similar functions and features as our main website catering to app users' needs. For example, clients can seek advice from our insurance consultants on various questions such as adequacy of their insurance coverage, terms of specific insurance products, and their eligibility for specific insurance products.

WeChat Official Account and Mini-program

We launched our WeChat official account in March 2014. While our WeChat official account also offers insurance transaction service, it mainly focuses on providing insurance education to potential insurance clients. It provides users with convenient access to our main website and mobile app download page, and posts various surveys and other education content aimed at enhancing user awareness of insurance needs and deepening user understanding of insurance products. We publish articles and reports through our WeChat official account regularly. The articles and reports cover a wide range of insurance-related topics, including, among others, discovery of suitable insurance products for users and their families, comparisons of insurance products within certain product categories, and recommendations of insurance products offered on our platform.

In addition, we launched a WeChat mini program in February 2017 to better reach and serve users on our WeChat platform. Our WeChat mini program covers most functions of our mobile app.

Our Insurance Clients

We have a large and growing base of insurance clients. We define our insurance clients as purchasers of the insurance policies we distribute, including individual clients, who contribute to most of our revenues, and corporate clients. As of December 31, 2022, 2023 and 2024, the cumulative number of our insurance clients was approximately 8.4 million, 9.3 million and 10.6 million, respectively. As we continue to expand our product offerings, enhance our brand recognition and reputation, and deepen our cooperation with insurer partners and user traffic channels, we expect our client base to continue to grow.

We focus on serving the younger generation who are relatively well-educated, tech-savvy, more willing to learn insurance related knowledge, and tend to enjoy online consumption and investment. In 2024, the average age of those who purchased life and health insurance products through our platform was 35.1. In addition, we aim at serving lifetime insurance needs of our clients and their families. We believe the diversity of insurance products on our platform allows us to serve a variety of insurance clients at different stages of their lives.

Our platform provides insurance clients with easy discovery and convenient access to a wide spectrum of insurance products and seamless transaction process. We provide recommendations of products that we believe are suitable for our potential and existing insurance clients based on the information they provide and the data that our platform collects and analyzes. We offer insurance clients a secure environment under a trusted brand, where they can acquire useful insurance knowledge and information on personal and family insurance package planning. The comprehensive suite of client services we provide make the whole insurance experience simple and smooth. The superior client experience we offer enhances client loyalty and encourages repeat purchase.

While we primarily serve our insurance clients through our online platform, we also provide insurance services to certain of our insurance clients offline. We further integrate our online and offline insurance business, empower insurance intermediary practitioners and enhance consumer experience. We are nurturing offline teams covering 16 provincial areas to provide consumers with various insurance services, connect and visit consumers, and select insurance products, facilitating the purchase of insurance products.

Services to Insurance Clients

(1) Assistance in Finding the Right Product

- *Product information*

We provide product information that is reader-friendly and easy to interpret, including illustrative graphics and case studies for each insurance product offered to facilitate clients' understanding of policy terms. Moreover, if insurance clients still have questions after reading these materials, they can seek advice from our insurance consultation team or reach out to our client service representatives.

- *A broad selection of product offering*

We offer various categories of insurance products on our platform. For each insurance product category, we offer a broad selection of insurance products, giving insurance clients adequate options to choose from. Therefore, we are able to serve insurance clients' protection needs in different scenarios and at different life stages. Our broad product offering also allows us to recommend to clients insurance product portfolios, which are typically more cost-efficient compared with a simple combination of multiple insurance policies.

- *Insurance product recommendation*

For each client, our platform will generate a set of recommendations based on the client's profile, information provided by the client and his/her browsing footprint on our platform, focusing on the client's personal protection needs. Clients have the flexibility to browse through as many products as they wish, but with the significant number of insurance products available, our recommendation service plays a critical role in matching clients with the most suitable insurance products.

- *Consulting service*

We employ insurance consultants with expertise in insurance industry and substantial experience to facilitate clients to make informed decisions when selecting insurance products. Each insurance consultant is required to complete mandatory trainings by experienced managers on subjects, such as insurance products knowledge and communication skills. Our insurance consultants are young professionals who empathically understand and click with our clients. Before selecting a product, clients can make an appointment for consultation on our platform, and our insurance consultants are expected to contact them by phone within one business day. Our insurance consultants are capable of not only answering basic questions on insurance products, but also analyzing clients' risk profile and insurance needs, providing recommendations with respect to insurance products, and assisting clients and their families with insurance planning. After conducting a thorough assessment on the risks insurance clients and their families are exposed to, our insurance consultants recommend insurance products, and in some cases, insurance portfolio that provide comprehensive protection at competitive price, to insurance clients.

We empower our insurance consultants with the digital tools that we built, mainly including a vertical insurance database and client behavior tracking system. The database covers comprehensive information of insurance products available on the market, both online and offline. Insurance consultants can quickly retrieve product information from the database and present to clients comparison among insurance products. Our client behavior tracking system analyzes the clients' browsing records and transaction records from various dimensions, and evaluates clients' insurance needs and purchase preference. This allows our insurance consultants to predict clients' concerns and queries before starting consultation sessions with clients, which substantially improves consulting efficiency. In 2020, we launched the AI Proposal application and a new version of consultant workstation, both of which are client service tools designed and applied in order to improve our service capabilities and the client experience we provide.

(2) Providing Superior Transaction Experience

- *Intelligent underwriting*

We have built a proprietary intelligent underwriting system that automates the whole underwriting process with data analytical technology. For each insurance product, we code the underwriting criteria set by the insurer into our intelligent underwriting system, which allows the system to automatically evaluate whether a client is eligible for the product and whether the special terms in the insurance policy are triggered based on a series of set questions. As an insurance intermediary, we do not make underwriting decisions or bear underwriting risks by ourselves. We incur research and development expenses for the development of our intelligent underwriting system, and selling expenses for the labor costs related to our client service team.

The intelligent underwriting system greatly optimizes the insurance experience for the insurance clients, as it reduces the amount of paperwork needed, saves the efforts of talking to a human insurance adviser about the client's medical history, and offers much faster digitalized policy processing. In addition, the codified criteria enables the assessment of a wide variety of pre-existing conditions, resulting in more accurate evaluation of a client's eligibility and reducing the rate of rejection by insurance companies.

- *Claim application and settlement service*

We act as the insurance clients' trusted point of contact when risks covered by insurance policies realize. We assist insurance clients in the claim settlement process, but do not make claim decisions as an insurance intermediary. After receiving a claim settlement application from an insurance client, we review the materials provided by the client, assist with preparing necessary documents and information required to support the client's claim, submit the claim with the insurer on the client's behalf, and handle all communications with the insurer. We incur research and development expenses for the development of our claim settlement system, and selling expenses for the labor costs related to our client service team.

Our expertise in the insurance industry equips us with a clear understanding in the claim requirements set by our insurer partners, thus allowing us to effectively help clients prepare all necessary documents. The long-term cooperative relationships we have established with our insurer partners and our rich experience in representing clients' interests allow us to settle claims thoroughly and effectively for as fast as two days. Our insurance clients can track the claim settlement progress through our online platform.

- *Client service*

In addition to the insurance consultants team, we also have a dedicated client service team in charge of addressing basic client queries and providing all-round client services. Our client service team help insurance clients navigate smoothly through the insurance transaction process, assist in claim application and settlement, and respond to client complaints to ensure client satisfaction. We choose our client services representatives from candidates who have good communication skills and high client service ethics, and we provide rigorous training to our new recruits. We conduct ongoing evaluations of our client service representatives and provide periodic training to develop their skills.

Upon receiving a piece of client complaint, our service representative will extract and go through chat records and transaction records of the client, reach out to the client by phone, and resolve the issue. As of December 31, 2024, we had not experienced any material client complaints or claims.

Our Insurer Partners

As of December 31, 2024, we cooperated with 139 insurer partners, including 80 life and health insurance companies, and 59 property & casualty insurance companies. Some of our insurer partners also cooperate with reinsurance companies to underwrite insurance products offered on our platform. Our five largest insurer partners in terms of operating revenue contribution aggregately accounted for 56.5%, 57.4% and 33.0% of our total operating revenue in 2022, 2023 and 2024, respectively.

We typically enter into cooperative agreements for an initial term of one to three years with our insurer partners, some of which can be automatically renewed for certain period of time unless prior notice is provided by either party to terminate the agreement. Pursuant to the terms of such cooperative agreements, we market and present the insurance products underwritten by our insurer partners through online channels to potential insurance clients and facilitate the sales of such insurance products. We ensure the smooth operation of our platform. We collect premiums of the insurance products we facilitate and remit the premiums in full to the insurer partners on a monthly basis according to the cooperative agreements. Our insurer partners issue policies and provide settlement, and pay us commission fees based on a percentage of the premiums we facilitate. Both parties should keep all client information and data confidential and conduct their respective business in compliance with applicable laws, regulations and rules. Most insurer partners demand a threshold for the percentage of clients that renew their insurance policies in the 13th month of the insurance term. If we do not meet such threshold, the renewal brokerage commission will be adjusted to zero, or the insurer partners have the right to terminate their authorization for us to sell the insurance products. Generally, in the event either party breaches the terms and provisions under the cooperative agreements, the non-breaching party is entitled to unilaterally terminate the agreement and receive damages for the loss incurred. We are not contractually required to provide additional services, such as intelligent underwriting, in-force policy administration and claim settlement services to the insurance clients we serve. We offer these services in order to enhance clients' transaction experience that facilitates the maintenance and growth of our client base, which in turn strengthens our relationships with insurer partners.

We empower our insurer partners to improve their operational efficiency and acquire massive clients online. In addition, we offer superior, cost-effective client service solutions, enabling insurer partners to receive feedbacks to the insurance products they underwrite and complete digitalized claim settlement in a timely manner. Leveraging our data capabilities, our client segmentation and selection process helps insurer partners effectively grow their client base and manage risks.

We provide a series of services to our insurer partners, including system integration and product design and development services. For each insurer partner, we offer technology support to adapt their system to our platform to ensure a smooth transaction process. An increasing number of insurer partners have integrated with our system, making our system more robust. We also proactively collaborate with those insurer partners that we have established a long and stable relationship with to design and develop insurance products together. For our cooperation in designing and developing insurance products, we present our product design ideas and pricing range suggestions to them after we have built a model and conducted actuarial, while the insurer partner files the product with the China Banking and Insurance Regulatory Commission to ensure regulatory compliance before we launch such product on our platform.

Our Product Offerings

We offer two broad categories of insurance products: life and health insurance products and property & casualty insurance products, both of which contain products we designed and developed together with insurer partners. The insurance products we offer on our online platform are underwritten by our insurer partners. Our platform offered approximately 1,165 insurance products in 2024, including approximately 813 life and health insurance products, and approximately 352 property & casualty insurance products.

Below table sets forth the categories of insurance products we offered and GWP of each category in 2022, 2023 and 2024:

<u>Type of Insurance Products</u>	<u>Sub-Category</u>	<u>GWP in 2022</u> <u>(in</u> <u>RMB million)</u>	<u>GWP in 2023</u> <u>(in</u> <u>RMB million)</u>	<u>GWP in 2024</u> <u>(in</u> <u>RMB million)</u>
Life and Health Insurance Products	Life insurance products and annuity insurance products	2,131.6	3,441.3	4,459.7
	Long-term health insurance products	2,440.9	1,914.8	1,151.3
	Short-term health insurance products	108.9	51.9	58.6
Property & casualty insurance products		226.5	392.9	489.0

Life and Health Insurance Products

The life and health insurance products listed on our platform include life insurance products, annuity insurance products, long-term health insurance products and short-term health insurance products. Our dedicated product design team with strong actuarial background design and develop tailor-made life and health insurance products to cater to client's personal protection needs. In 2022, 2023 and 2024, we offered approximately 356, 480 and 813 life and health insurance products, respectively. In 2024, the GWP we facilitated from our tailor-made life and health insurance products accounted for 39.1% of total GWP of our life and health insurance products we facilitated.

(1) Life Insurance Products

We sell term life insurance products, whole life insurance products and annuity insurance products on our platform. The term life insurance products we offer provide life insurance for the insured for a specified time period or until the attainment of a certain age, in return for the periodic payment of fixed premiums over a pre-determined period, generally ranging from 5 to 20 years. In 2024, popular term life insurance products on our platform included Ding Hai Zhu No.5 (定海柱5号), a term life insurance product customized to meet the comprehensive protection needs of the younger generation.

The whole life insurance products we offer provide life insurance for the insured's entire life in exchange for the periodic payment of fixed premiums over a pre-determined period, generally ranging from 5 to 20 years, or until the insured reaches a certain age. The face amount of the policy is paid upon the death of the insured. In 2024, whole life insurance products offered on our online platform included Fu Man Jia (福满佳), a customized participating whole life insurance product we co-launched with Aviva-COFCO, which offers stable value growth with long-term potential returns, low participating threshold with high dividend flexibility, and enhanced flexibility with premium payment terms.

(2) Annuity Insurance Products

The annuity insurance products we offer pay annuity to the insured according to the time period as specified in the insurance policy and the amount received during the policy term. In 2024, we partnered with New China Life Insurance Company Limited to launch the Bliss (快享福) and Bliss No.2 (快享福2号), customized annuity insurance product. The Bliss series fully integrate our capacities in customizing and promoting internet insurance products, enhancing customer management, and expanding health services.

(3) Long-term Health Insurance Products

An insurance product with a term that is longer than one year is categorized as a long-term insurance product. The long-term health insurance products on our platform, primarily consisting of critical illness insurance products, typically offer a lump-sum payment to the insured if the insured is diagnosed with one of the conditions or a major life-threatening illness as defined in the insurance policy. The amounts of claims for long-term health insurance products in China are typically specified in the insurance policies, rather than determined based on the actual medical expenses. The long-term health insurance products typically address insurance clients' needs for both medical treatment and after-care services.

Taking advantage of our actuarial capabilities and our expertise in long-term health insurance products, we analyze clients' potential insurance needs and design tailor-made insurance products accordingly. For a given new product idea, we build a model, conduct actuarial analysis, draw a preliminary price range, and proactively reach out to our insurer partners to discuss such product. After the cooperating insurer partner determines the final terms of the product, it files the product with the China Banking and Insurance Regulatory Commission and then launch the product on our platform. The product design and development process typically takes approximately three months. Popular long-term health insurance products we designed and developed in 2024 included Chang Xiang An No.2 (长相安2号), a comprehensive healthcare services product, and Darwin Critical Care No.9 (达尔文9号), the customized critical illness insurance product in the Darwin Critical Care series, which provides extensive coverage for 108 critical, 35 moderate and 40 mild illnesses.

(4) Short-term Health Insurance Products

Short-term health insurance products we offer provide illness and disease insurance protections and medical benefits during a period that is usually shorter than one year from the effective date of the policy. Popular health insurance products on our platform in 2024 included WarmTreasure No.3(暖宝保3号), a customized child outpatient and emergency insurance product in the WarmTreasure series.

Property & Casualty Insurance Products

The property & casualty insurance products we distribute include travel insurance products, individual casualty insurance products and corporate liability insurance. In 2022, 2023 and 2024, we offered approximately 314, 308 and 352 property & casualty insurance products respectively.

(1) Travel Insurance Products

We aim to offer innovative and simple solutions for travelers covering every aspect of their travel plans. The travel insurance products we offer cover risks relating to international travel, domestic travel, and outdoor sports.

Most of our travel insurance products are customized scenario-based products. For example, for a tour group with members participating in various types of risky activities, we design different insurance policies depending on the specific activities each group member participates in. Through making the risks covered under each insurance policy specific, we make travel insurance products more cost-effective for insurance clients. In addition, we have the expertise to analyze the risks under each insurance policy, which effectively helps our insurer partners manage claims.

(2) Individual Casualty Insurance Products

The individual casualty insurance products we offer on our platform generally provide a guaranteed benefit in the event of death or disability of the insured as a result of an accident during the coverage period, which is typically less than one year. These products typically require only a single premium payment during the coverage period.

(3) Corporate Insurance Products

In addition to the insurance products for individuals, we also offer commercial property insurance and cargo insurance for corporate insurance clients. We offer various types of corporate liability insurance, including but not limited to public liability insurance, employer liability insurance, and product liability insurance. The cargo insurance products we offer on our platform include, among others, logistics liability insurance, international freight forwarder liability insurance, and international cargo bill of lading liability insurance.

Branding, Marketing and Sales

We have been able to build a large client base through both our direct and indirect branding and marketing initiatives. Our marketing team primarily work on direct branding and marketing initiatives, while our business development team focus on indirect marketing channels, primarily working with existing user traffic channels and explore new ones. Our website, www.qixin18.com, also attracts user traffic channels to cooperate with us, and provide them with technology supports. We co-brand the tailor-made insurance products that we designed and developed together with our insurer partners. For other insurance products, we are not in charge of their branding.

For direct marketing, in recent years, we have continued to enhance our brand and marketing capabilities in conducting product marketing, user education and brand advertising. For product marketing, we prepare accurate, refined product presentation, and promote the products through professional financial media and social media channels as part of our cooperation with our insurer partners. For user education, we publish or provide educational content, such as popularization of insurance products, basic terms of insurance policies, comparisons of insurance products, analysis of common diseases, insurance purchase strategies for different groups of people and guide to after-purchase services, through various entries of our platform. We develop such content in view of the complexity of insurance products, aiming to help clients make purchase decisions. User education strengthens our brand awareness, builds client trust and enhances conversion of user traffic. For brand advertising, we place advertisements both offline and online. We analyze the main characteristics of our target client group, based on which we select the locations of offline advertisements. We also place advertisements on widely used search engines to reach massive viewers. Therefore, we set up voice courses through WeChat community to answer common questions from potential clients, which allows clients to interact with each other and reinforce the insurance educational contents they acquire. For direct marketing, we pay fees based on user traffic attracted to our platform.

For indirect marketing, we work with user traffic channels, mainly including social media influencers who are key opinion leaders that are active on various emerging media channels. The key opinion leaders we work with typically have full time jobs in professional capacities, such as insurance actuaries, doctors and financial advisors, and have their respective followers on popular social media channels. These user traffic channels have influences over their followers, users or customers, who can potentially become our insurance clients. We provide our user traffic channels with informative articles and reports on insurance in general as well as on specific insurance products that they can tailor to better suit the interests and needs of their followers and users, and then post and share through social media channels. If the followers or users become interested in certain insurance products after reading such articles or reports, they can get access to our platform through the links included in the articles or reports. In this way, we raise the insurance awareness of potential insurance clients and attract them to our platform through our user traffic channels. For certain user traffic channels who have access to high-quality user traffic but lack capabilities of client management and insurance knowledge, we equip them with client service team and resources to guarantee superior insurance experience for the clients they draw to our platform. We provide these user traffic channels with insurance related contents for them to post on their platforms. We assign our client service team to help the clients they guide to our platform complete the insurance transactions and enjoy superior insurance experience. Our cooperation with user traffic channels broadens our reach to potential insurance clients, and help the user traffic channels monetize their user traffic.

We typically enter into cooperative agreements for an initial term of three years with our user traffic channels, some of which can be renewed for another year with the consent of both parties. Pursuant to the terms of such cooperative agreements, we integrate our user traffic channels' platforms with our online platform to allow users guided from our user traffic channels to purchase insurance policies, make insurance payments and enjoy other client services we provide on our platform. User traffic channels post insurance related contents that have been approved by us, and promote the insurance products we offer on our platform in accordance with applicable laws. We pay our user traffic channels service fees, typically as a certain percentage of the first year premiums of the transactions completed with clients they attract to our platform. Such service fee rate is set case-by-case based on our negotiation with each user traffic channel, taking into account our relationship with the respective user traffic channel, and its historical and expected contribution to our insurance sales. As we negotiate with each user traffic channel on a case-by-case basis, we are unable to provide a specific range for service fee percentages.

Data and Technology

Technology is the key to our success in improving insurance client experience, enabling active transactions and cooperation and eventually achieving efficiency for our business. Our proprietary technology platform supports our rapidly growing processing capacity requirements, provides us with detailed and accurate information collected through our operation, and enables harnessing of insightful data analytics with big data capabilities. From our client interface to management support systems, our technology platform facilitates smooth execution and seamless data flow.

The seamless collaboration among our technology and operational teams, together with our big data analytics capability, give us a significant edge in operational efficiency. Our proprietary algorithms are embedded in all critical operational areas, including but not limited to insurance product recommendation, intelligent underwriting, pricing range suggestion and claim settlement services. Our engineers have thorough understanding of the computational needs from different business segments, and are therefore capable of providing technological support to address diversified needs in operating our business.

Data Analytics

Users of our online platform provide us with information when they register on our platform, browse information, place orders for insurance products and use various services and functions of our platform. Our data storage and distribution system stores and processes a massive amount of multi-dimensional user data, including two categories of data—risk-based pricing information and client intelligence data. Risk-based pricing information includes underwriting requirements from insurer partners, rejection data and claim data. Client intelligence data includes client health data, risk exposure information of individual clients and their families and clients' product preferences.

Our data platform can extract multi-dimensional features from multi-source data in a highly efficient and secure way to support data mining. Our data technology supports our analysis of client behavior, personal and family insurance needs, and their feedbacks to the products and services we provide, which is the basis of our client value exploring initiatives and various client service tools. Based on our analysis, we label complex insurance policy terms and restrictive factors to establish an insurance product atlas, which helps us efficiently analyze insurance products, improve internal training and enhance operational efficiency. Meanwhile, the insurance product atlas we establish enhanced our product design and pricing capabilities, which in turn reinforce our products and services offerings and proper recommendations to clients.

We have accumulated a large amount of data, and established two data pools: client demand data pool and insurance product data pool. Our client demand data pool helps us understand clients' protection demand in every step of their life cycles, and our insurance product data pool consisting of various detailed product features helps us better understand the competitive landscape and business trend of the supply side of China's online insurance market. The two data pools have equipped us with significant strength in product design. For example, in 2016, we captured the market needs of protection for high-risk outdoor activities through analyzing our data pools, and launched a popular high risk outdoor activities accident insurance product in China. Moreover, we collaborated with outdoor ecosystem participants such as rescue services providers to meet the specific demands of insurance clients. This product soon proved to be a huge success.

Technology Infrastructure

We have built a reliable and smart infrastructure with sufficient redundant topologies to ensure high availability and a low risk of downtime. We have also built a scalable cloud infrastructure to minimize cost and sustain performance in periods of high network traffic. We have strategically selected our data center locations in China.

Our technology infrastructure provides 24-7 service that supports second-level horizontal expansion and vertical cross-physical scalability, and holds considerable advantages in compression capacity and traffic distribution solutions. Our technology infrastructure delivers the stability needed to support the high volume of insurance transactions conducted on our platform and data volume, the scalability to support increased volumes over time and the flexibility to quickly launch new insurance product. Empowered by our extensive and carefully designed technology infrastructure, we are capable of serving a growing number of insurance clients efficiently and effectively. We keep updating our technology infrastructure to achieve more cost-efficiency and higher stabilization.

Our Technology Development Team

Our technology development personnel have extensive experience with leading internet and mobile commerce technology companies, and focus on the following that support our long-term business growth:

- maintaining and strengthening all of our platform and application system;
- ensuring our technology system is well established, reviewed, tested and continually strengthened; and
- actively participating in the industry seminars and exploring cutting-edge technologies.

Intellectual Property

We regard our trademarks, domain names, copyrights, know-how, proprietary technologies and similar intellectual property as critical to our success, and we rely on a combination of trademark and trade secret law as well as confidentiality, invention assignment and non-compete agreements with our employees and other business partners to protect our proprietary rights.

As of December 31, 2024, we held 15 patents and 27 on-going patent registrations in China. We had registered 649 trademarks with the Trademark Office of the State Administration for Market Regulation in China, including our company's Chinese name "Huize (慧择)," 25 trademarks in Hong Kong and three trademarks in the United States. We had registered 150 computer software copyrights registered with the PRC National Copyright Administration. We had 65 registered domain names, including our main website. In addition to the foregoing protections, we generally limit access to and use of our proprietary and other confidential information through the use of internal and external controls.

Risk Management and Internal Control

We have adopted various policies and procedures to ensure rigorous risk management and internal control, and we are dedicated to continually improving these policies and procedures. We have invested significant resources in our technology system and personnel to support risk management and regulatory compliance, and we have built a robust technology system for the integration with our insurance partners' systems and the daily functioning of our internal risk management processes. In addition, we have hired professional personnel for accurate underwriting, especially in complicated cases where our intelligent underwriting system cannot derive a conclusion. Our risk management and internal control policies and procedures cover various aspects of our business operations such as fraud prevention, intelligent underwriting, and claim management.

Company-wide Internal Control

Internal Control

We have a dedicated compliance working group consisting of compliance personnel from various business departments. Our legal and compliance department is responsible for formulating our overall internal control and compliance policies, ensuring their implementation and promoting a corporate culture of staying compliant with regulatory requirements. The compliance working group works with our legal department in conducting self-inspection and internal control over various business departments.

In terms of policy development, we have developed and adopted various internal control policies covering almost all aspects of our business, complaint handling, anti-money laundering, anti-bribery and intellectual property protection. We regularly conduct self-inspection on our business in response to newly promulgated regulatory requirements, and proactively adjust our business operations as needed. We also actively participate in forums or other forms of activities organized by regulatory authorities to closely follow regulatory changes.

Regulatory Compliance

We have designed and adopted strict internal procedures to ensure compliance to our business operations with all applicable laws and regulations and have established a code of conduct to regulate employees' behavior and activities. In addition, we continually review the implementation of our risk-management policies and measures to ensure our policies and implementation are effective and sufficient.

We work closely with the government agencies that have jurisdiction over our business. We maintain frequent communications with government agencies before implementing new business initiatives or when regulatory uncertainties arise as new laws or regulations are promulgated. We actively provide our inputs on proposed regulations that are subject to public comments. We are often invited to comment on proposed regulations by government authorities during the comment solicitation process.

Data Privacy and Safety

We have implemented procedures and guidelines to regulate us and our employees' actions in relation to user data in order to protect user privacy and data security. We also have adopted an access control mechanism to ensure implementation of least privilege and need-to-know principles and to protect user privacy while meeting business requirements. The client information we provide to our insurer partners are on a need-to-know basis, and are redacted and encrypted. In addition, we employ technical solutions to prevent and detect risks and vulnerabilities in user privacy and data security, such as encryption, firewall, vulnerability scanning and log audit. We store and transmit user data in encrypted format on separate servers. We do not share any input data from our users or any user insight data with third parties or allow third parties to access user data stored on our servers without proper authorization from users, and we also utilize firewalls to protect against potential cyber-attacks or unauthorized access. We periodically audit our systems and procedures to detect information security risks and privacy risks.

Insurance Product-oriented Risk Management

Fraud Prevention

Our fraud prevention system uses a multi-faceted detection process to identify both individual and collusive frauds. We use our existing fraud databases, including credit blacklists we maintain, as well as continually update our fraud database with new information from similar insurance clients to improve the effectiveness of our fraud detection.

We have established an internal risk alert system and constantly monitor the insurance status of our insurance clients, including their transaction frequency and distribution, insurance amount and premium. The various dimension real-time monitoring ensures that we can take appropriate and timely steps when risks arise. Our client database is updated from time to time based on our continuing evaluation.

Through analyzing clients' behavioral data and transaction data, we developed our anti-fraud blacklist database to enhance our risk management capabilities. We also work with third-party data providers to identify high-risk users during the client consultation phase and conduct pre-transaction interception. We believe our robust fraud prevention system gives us an edge over our competitors, which encourages our insurer partners to maintain their long-term cooperative relationship with us and offer insurance products on our platform at competitive prices.

Intelligent Underwriting

We continually improve the algorithm we use for our intelligent underwriting system, and provide regular training to our client service representatives who are in charge of answering underwriting related queries from our insurance clients to ensure that our intelligent underwriting system, while saving the time and trouble of human underwriting, effectively screens eligibility of insurance clients for each insurance product. Our intelligent underwriting system improves efficiency and offers rigorous risk management to our insurer partners. We employ a proprietary artificial intelligence-powered underwriting risk control engine built on our operational and risk data. It enhances automation and accuracy by integrating internal datasets with external data sources, and supports dynamic risk assessment through technologies such as disease classification and algorithmic tagging. Our system coded the underwriting criteria set by each insurer partners we cooperate with, which makes it comprehensive in making assessment. It is reinforced by cumulative underwriting and claim data and could also be customized for newly designed insurance products.

Claim Management

Through providing services to facilitate claim settlement for our insurance clients, we have collected a large volume of data. By utilizing this data, we continually optimize our risk management models and further enhance our claim management capabilities.

Competition

The online insurance product and service industry in China is intensely competitive. Our current or potential competitors include (i) other online independent insurance product and service platforms, (ii) traditional insurance intermediaries, (iii) online direct sales channels of large insurance companies, (iv) major internet companies that have commenced insurance distribution businesses, and (v) other online insurance technology players. We compete primarily on the basis of:

- our unparalleled operating history and large insurance client base;
- our expertise in understanding young generation's demand for long-term life and health insurance products and our capability of selecting and mobilizing suitable products to meet their fast-changing demands;
- our capability of designing and developing tailor-made insurance products;
- our robust client acquisition channels and efficient client conversion capabilities;
- our ability to provide best-in-class insurance client service and experience online; and
- our well-established business relationship with insurer partners continually reinforced by our exceptional risk management capabilities.

Insurance

We maintain certain insurance policies to safeguard us against risks and unexpected events, including insurance broker/agent practice liability insurance. We provide social security insurance including pension insurance, unemployment insurance, work-related injury insurance, maternity insurance and medical insurance for our employees in compliance with applicable PRC laws.

Legal Proceedings

We are currently not involved in any material legal or administrative proceedings. From time to time, we may be subject to various legal or administrative claims and proceedings arising in the ordinary course of business. Such legal or administrative claims and proceedings, even if without merit, could result in the expenditure of financial and management resources and potentially result in civil liability for damages.

Regulations

The Company Law of the PRC

On December 29, 1993, the Standing Committee of the National People's Congress promulgated the Company Law of the PRC, which came into effect on July 1, 1994 and was subsequently amended on December 25, 1999, August 28, 2004, October 27, 2005, December 28, 2013, October 26, 2018 and December 29, 2023. The latest amendments became effective on July 1, 2024. The Company Law of the PRC provides that companies established in China may take the form of limited liability company or a company limited by shares. Each company has the status of a legal person and owns its assets in its own name. The Company Law applies to foreign-invested companies unless relevant laws provide otherwise.

Regulations on Foreign Investment

The Foreign Investment Law of the PRC was formally adopted by the 2nd session of the thirteenth National People's Congress on March 15, 2019 and became effective on January 1, 2020. The Foreign Investment Law was formulated to further expand opening-up, vigorously promote foreign investment and protect the legitimate rights and interests of foreign investors. According to the Foreign Investment Law, foreign investments are entitled to pre-entry national treatment and are subject to negative list management system. The pre-entry national treatment means that the treatment given to foreign investors and their investments at the stage of investment access is not lower than that of domestic investors and their investments. The negative list management system means that the state implements special administrative procedures for access of foreign investment in specific fields. Foreign investors shall not invest in any forbidden fields stipulated in the negative list and shall meet the conditions stipulated in the negative list before investing in any restricted fields. Foreign investors' investment, earnings and other legitimate rights and interests within the territory of China shall be protected in accordance with the law, and all national policies on supporting the development of enterprises shall equally apply to foreign-invested enterprises. In carrying out business activities, foreign-invested enterprises shall comply with applicable provisions on labor protection, social insurance, tax, accounting, foreign exchange and other matters stipulated in laws and regulations.

On December 26, 2019, the State Council promulgated the Implementation Regulations on the Foreign Investment Law, which came into effect on January 1, 2020, and it further requires that foreign-invested enterprises and domestic enterprises shall be treated equally with respect to policy making and implementation. Pursuant to the Implementation Regulations on the Foreign Investment Law, if the existing foreign-invested enterprises fail to change their original forms as of January 1, 2025, the market regulation departments will not process other registration matters for the enterprises, and may disclose their information to the public.

On December 30, 2019, the Ministry of Commerce and the State Administration for Market Regulation jointly issued the Measures for Reporting of Foreign Investment Information, which came into effect on January 1, 2020 and replaced the Interim Administrative Measures for the Record-filing of the Establishment and Modification of Foreign-invested Enterprises. Since January 1, 2020, for foreign investors carrying out investment activities directly or indirectly in the PRC, foreign investors or foreign-invested enterprises shall submit investment information through the Enterprise Registration System and the National Enterprise Credit Information Publicity System operated by the State Administration for Market Regulation.

Foreign investors or foreign-invested enterprises shall disclose their investment information by submitting reports for their establishments, modifications and cancellations and their annual reports in accordance with these measures. If a foreign-invested enterprise investing in the PRC has finished submitting its reports for its establishment, modifications and cancellation and its annual reports, the information will be shared by the competent market regulation department to the competent commercial department, and does not require such foreign-invested enterprise to submit the reports separately.

On December 19, 2020, the National Development and Reform Commission and the Ministry of Commerce promulgated the Measures for Security Review of Foreign Investment, which came into effect on January 18, 2021. The Foreign Investment Security Review Mechanism in charge of organization, coordination and guidance of foreign investment security review is thereunder established. A working mechanism office shall be established under the National Development and Reform Commission, and be jointly led by the National Development and Reform Commission and the Ministry of Commerce to undertake routine work on the security review of foreign investment. According to the Foreign Investment Security Review Mechanism, foreign investment activities that fall within the ambit of the new measures or obtain actual control over the target enterprises covered by the new measures shall take the initiative to make a declaration to the working mechanism office prior to making any investments. Such activities include important cultural products and services, important information technologies and internet products and services, important financial services, key technologies and other important fields that concern national security.

Foreign Investment Industrial Policy

On February 11, 2002, the State Council promulgated the Provisions for Guiding the Foreign Investments Direction. Pursuant to the Provisions for Guiding the Foreign Investments Direction, foreign investment projects are categorized as encouraged, permitted, restricted and prohibited. Foreign investment projects that are categorized as encouraged, restricted and prohibited are listed under the catalogue, and the foreign investment projects that are not categorized as encouraged, restricted, or prohibited are permitted foreign investment projects. Permitted foreign investment projects are not listed under the Industry Catalog for Guiding Foreign Investment.

On September 6, 2024, the National Development and Reform Commission and the Ministry of Commerce jointly promulgated the Special Administrative Measures for Access of Foreign Investment (Negative List) (2024 Edition), which took effect on November 1, 2024. According to the negative list, internet information services fall within the scope of value-added telecommunications services (except for e-commerce, domestic multi-party communication, storage and forwarding classes and call centers), which are under the “restricted” category.

According to the Announcement of the China Insurance Regulatory Commission on Permitting the Establishment of Wholly Foreign-invested Insurance Brokerage Companies by Foreign Insurance Brokerage Companies, which was promulgated by China Insurance Regulatory Commission (subsequently merged into the China Banking and Insurance Regulatory Commission, or the CBIRC and currently known as the National Financial Regulatory Administration) on December 11, 2006 and became effective on the same day, in five years following China’s accession into the WTO, the establishment of WFOE to engage in insurance brokerage services shall be permitted. There shall be no other restrictions except those on the establishment conditions and business scopes. In addition, Circular of the China Banking and Insurance Regulatory Commission on Lifting Limits on the Business Scope of Foreign-invested Insurance Brokerage Companies, which was promulgated by the CBIRC on April 27, 2018 and became effective on the same day, stipulates that foreign-invested insurance brokerage companies that have obtained a license for operating insurance brokerage services upon approval by the insurance regulatory authority may conduct the following insurance brokerage business within the territory of the PRC: (i) design insurance policy plans, select insurers and handle insurance formalities for policy holders; (ii) assist the insured or beneficiaries with insurance claims; (iii) reinsurance brokerage business; (iv) provide principals with services on disaster prevention, loss prevention, risk assessment and risk management consulting; and (v) other business approved by the CBIRC.

In addition, on December 3, 2021, the CBIRC promulgated the Notice of the Relevant Measures for Clarifying the Opening up of the Insurance Intermediary Market for the purposes of opening up the insurance industry and promoting a sound and orderly development of the insurance industry. The notice provides that (i) foreign insurance brokerage companies with solid business operations overseas, if complying with the regulations of the CBIRC, are allowed to establish insurance brokerage companies in China to engage in insurance brokerage business; (ii) specialized insurance intermediaries, including insurance agencies, insurance brokerage companies, and insurance adjustment assessment institutions established in China by foreign insurance corporate groups and foreign-funded insurance corporate groups, are allowed to engage in the insurance intermediary business; and (iii) before engaging in the insurance intermediary business, foreign-invested specialized insurance intermediaries shall, as applicable, fulfill their obligations to file with or obtain approvals, licenses or permits from the authorities, and the provisions of CBIRC on specialized insurance intermediaries shall apply to the business scope and market access standards.

Regulations on Insurance Intermediary Business

Regulatory Authority

In line with the reform program of the State Council released by the National People’s Congress in March 2023, the National Financial Regulatory Administration shall be responsible for regulating the financial industry, excluding the securities industry. The National Financial Regulatory Administration is committed to strengthening institutional regulation, behavioral regulation, functional regulation, penetrative regulation and continual regulation, and is responsible for coordinating the protection of financial consumer rights. It aims to enhance risk management and prevention and disposal, investigates and punishes illegal and irregular behavior in accordance with the law, and serves as a directly affiliated agency of the State Council. On May 18, 2023, the National Financial Regulatory Administration was officially established and has replaced the CBIRC to become the new insurance regulatory body in China.

In accordance with the Insurance Ordinance (Cap. 41) of Hong Kong, the principal function of the Insurance Authority shall be to regulate and supervise the insurance industry for the promotion of the general stability of the insurance industry and for the protection of existing and potential policy holders in Hong Kong.

Regulatory and Legal Framework

The legal framework for monitoring and administering insuring activities within the territory of the PRC is underpinned by laws and regulations including the Insurance Law of the PRC, administrative regulations, departmental provisions and other regulatory documents stipulated in accordance with the Insurance Law.

The Insurance Law of the PRC, effective in 1995 and last amended in 2015, is the most important law in the regulatory and legal framework for the PRC insurance industry. The Insurance Law provides that an insurance broker is an entity that, in the interest of the applicant, provides intermediary services between the applicant and the insurer for the conclusion of an insurance contract and receives a commission in accordance with the laws. An insurance agent shall be an institution or an individual which charge commissions from insurers and operate insurance business on behalf of insurers to the extent authorized by insurers. Insurance agencies include specialized insurance agencies which only operate the insurance agency business and concurrent-business insurance agency insurance agencies which concurrently operate the insurance agency business and other businesses. An insurance broker or insurance agency shall obtain a license for operating insurance brokerage services and a license for operating insurance agent services before it engages in insurance brokerage business or insurance agency business, respectively.

Since the promulgation and implementation of the Insurance Law of the PRC in 1995, the insurance supervision and regulatory authority has promulgated a series of departmental rules and regulations and other regulatory documents pursuant to the Insurance Law, covering almost all aspects of insurance operations. Regarding the establishment of insurance brokers, there are other important laws and regulations besides the Insurance Law, including the Regulatory Provisions on Insurance Brokerages, or the Insurance Brokerages Provisions, which became effective on May 1, 2018.

Insurance Brokerages Provisions specify provisions regarding market access, operation rules, exit from market, industry self-discipline, monitoring and inspection and legal obligations for insurance brokers. Regarding the insurance agency business, besides the Insurance Law, insurance agents shall comply with the Regulatory Provisions on Insurance Agents, or the Insurance Agents Provisions, promulgated on November 12, 2020 and became effective on January 1, 2021, which specify provisions regarding market access, office qualifications, practitioners, operation rules, exit from market, market exit, and legal liabilities for insurance agents. Regarding the insurance adjustment assessment business, the Regulatory Provisions on Insurance Adjusters, or the Insurance Adjusters Provisions, which were promulgated on February 1, 2018 and became effective on May 1, 2018, provide provisions on operating conditions, operation rules, market exit, industrial self-regulation and legal liabilities for insurance adjusters.

The Administrative Measures for the Licenses of Banking and Insurance Institutions, which were issued by the CBIRC on April 28, 2021 and took effect from July 1, 2021, stipulate that banking and insurance institutions, including insurance brokerage companies, concurrent-business insurance agencies and other insurance intermediaries, shall, when conducting financial business, legally obtain a business license issued by the administration for market regulation.

On October 28, 2021, the CBIRC promulgated the Measures for the Implementation of Administrative License and Recordation for Insurance Intermediaries, which became effective on February 1, 2022. The CBIRC and its local offices shall, in accordance with the provisions of these measures, implement administrative license and recordation of insurance intermediary business and senior executives.

The Insurance Ordinance (along with its subsidiary legislation) (Cap. 41) is the principal legislation to regulate the insurance industry in Hong Kong. The regulatory framework applicable to insurers, designated insurance holding companies and insurance intermediaries in Hong Kong is set out in the Insurance Ordinance. The Insurance Ordinance sets out the requirements for the authorization, designation, licensing, ongoing compliance and reporting obligations of insurers, designated insurance holding companies and insurance intermediaries.

Establishment and Revocation

(a) Establishment of Insurance Brokers and Acquisition of Qualification for Operating Insurance Brokerage Business

Pursuant to the Insurance Law of the PRC and the Insurance Brokerages Provisions, to operate insurance brokerage business within the territory of the PRC, an insurance brokerage company shall satisfy the requirements stipulated by the insurance regulatory authority under the State Council, and obtain a license to operate insurance brokerage business.

An insurance broker applying for operating insurance brokerage business shall, after obtaining the business license, submit without delay the application materials as required by the insurance regulatory authority under the State Council and disclose the relevant information. An applicant may not carry out the insurance brokerage business until it obtains the license, and it shall register the required information in a regulatory information system as prescribed by the insurance regulatory authority under the State Council in time. In addition, an insurance broker shall have its own business premise and set up a designated account book to record the income and expenditure of the insurance brokerage business. An insurance broker shall open an independent designated account for client funds. The following funds shall only be deposited in the designated account for client funds: (i) insurance premiums paid by policyholders to an insurance company; and (ii) surrender value and pay-outs collected on behalf of policyholders, insured parties and beneficiaries. An insurance broker shall open an independent account for commissions it collects.

To operate insurance brokerage business, an insurance brokerage company shall satisfy the following conditions: (i) its shareholders meet the requirements stipulated in the Insurance Brokerages Provisions, and make capital contribution with true and lawful funds that are owned by them instead of bank loans or funds that are not owned by them in various forms; (ii) its registered capital meets the requirements of Article 10 of the Insurance Brokerages Provisions and the registered capital shall be entrusted in accordance with the applicable provisions of the insurance regulatory authority under the State Council; (iii) its business scope recorded in the business license is in compliance with the applicable provisions of the insurance regulatory authority under the State Council; (iv) its articles of association are in conformity with the applicable provisions; (v) its company name is in conformity with the Insurance Brokerages Provisions; (vi) its senior managers meet the qualification requirements stipulated in the Insurance Brokerages Provisions; (vii) it has established a governance structure and internal control system as stipulated by the insurance regulatory authority under the State Council, and a scientifically and reasonably feasible business mode; (viii) it has a fixed premise in line with its business scale; (ix) it has a business and financial information management system as stipulated by the insurance regulatory authority under the State Council; and (x) other conditions specified by laws and administrative regulations or prescribed the insurance regulatory authority under the State Council.

According to Measures for the Implementation of Administrative License and Recordation for Insurance Intermediaries, the insurance regulatory authority under the State Council or its local office shall issue a license to an applicant if the insurance regulatory authority under the State Council or its local office makes a decision to grant approval. A company that survives shall modify its registration of the name, business scope, bylaws and other items according to the law, to ensure that there is no “insurance brokerage” in its name.

(b) Establishment of Insurance Agents and Acquisition of Qualification for Operating Insurance Agency Business

Pursuant to the Insurance Law of the PRC and the Insurance Agents Provisions, to operate insurance agency business within the territory of the PRC, a specialized insurance agency company shall satisfy the requirements stipulated by the insurance regulatory authority under the State Council and obtain a license for operating insurance agent services.

A specialized insurance agency company applying for operating insurance agency business shall, after obtaining the business license, submit without delay the application materials as required by the insurance regulatory authority under the State Council and disclose the relevant information. An applicant may not carry out the insurance agency business until it obtains the license for operating insurance agent services, and it shall register the required information in a regulatory information system as prescribed by the insurance regulatory authority under the State Council in time. In addition, an insurance agency company shall have its own business premise and set up a designated account book to record the income and expenditure of the insurance agency business. An insurance agency company shall open an independent designated account for client funds.

To operate insurance full-time agency business, a specialized insurance agency company shall satisfy the following conditions: (i) its shareholders meet the requirements stipulated in the Insurance Agents Provisions, and make capital contribution with true and lawful funds that are owned by them instead of bank loans or funds that are not owned by them in various forms; (ii) its registered capital meets the requirements of Article 10 of the Insurance Agents Provisions and the registered capital shall be entrusted in accordance with the applicable provisions of the insurance regulatory authority under the State Council; (iii) its business scope recorded in the business license is in compliance with the applicable provisions of the insurance regulatory authority under the State Council; (iv) its articles of association are in conformity with the applicable provisions; (v) its company name is in conformity with the Insurance Agents Provisions; (vi) its senior managers meet the qualification requirements stipulated in the Insurance Agents Provisions; (vii) it has established a governance structure and internal control system as stipulated by the insurance regulatory authority under the State Council, and a scientifically and reasonably feasible business mode; (viii) it has a fixed premise in line with its business scale; (ix) it has a business and financial information management system as stipulated by the insurance regulatory authority under the State Council; and (x) other conditions specified by laws and administrative regulations or prescribed the insurance regulatory authority under the State Council.

According to Measures for the Implementation of Administrative License and Recordation for Insurance Intermediaries, the insurance regulatory authority under the State Council or its local office shall issue a license to an applicant if the insurance regulatory authority under the State Council or its local office makes a decision to grant approval. A company that survives shall modify its registration of the name, business scope, bylaws and other items according to the law, to ensure that there is no “insurance agency” in its name.

(c) Establishment of Insurance Adjusters and Acquisition of Qualification for Operating Insurance Adjustment Assessment Business

Pursuant to the Insurance Adjusters Provisions, to operate insurance adjustment assessment business within the territory of the PRC, insurance adjusters shall satisfy the requirements as prescribed in the Asset Appraisal Law, meet the conditions as prescribed by the insurance regulatory authority under the State Council, and undergo the business recordation formalities with the insurance regulatory authority under the State Council and its local offices.

An insurance adjustment assessment institution to engage in insurance adjustment assessment business, shall, within 30 days from the date of obtaining the business license, undergo the recordation formalities with the insurance regulatory authority under the State Council and its local office through the regulatory information system prescribed by the insurance regulatory authority under the State Council and concurrently submit paper materials as required. To operate insurance adjustment assessment business, an insurance adjustment assessment company shall satisfy the following conditions: (i) its shareholders meet the requirements stipulated in the Insurance Adjusters Provisions and make capital contribution with true and lawful funds that are owned by them instead of bank loans or funds that are not owned by them in various forms; (ii) according to the business development plan, it has the working capital required for routine business operation and assumption of risks. A national institution shall have working capital of RMB2 million and a regional institution shall have working capital of RMB1 million; (iii) the custody of its working capital complies with the applicable provisions issued by the insurance regulatory authority under the State Council; (iv) the business scope recorded in the business license does not exceed the scope as prescribed in Article 43 of the Insurance Adjusters Provisions; (v) its articles of association or partnership agreements comply with the applicable provisions; (vi) its company name is in conformity with the Insurance Adjusters Provisions; (vii) its board chairman, executive director and senior managers meet the qualification requirements stipulated in the Insurance Adjusters Provisions; (viii) it has established a governance structure and internal control system as stipulated by the insurance regulatory authority under the State Council, and a scientifically and reasonably feasible business mode; (ix) it has a fixed premise in line with its business scale; (x) it has a business and financial information management system as stipulated by the insurance regulatory authority under the State Council; and (xi) other conditions specified by laws and administrative regulations or prescribed by the insurance regulatory authority under the State Council.

(d) Revocation of Insurance Brokerage Companies

Pursuant to the Insurance Brokerages Provisions, an insurance brokerage company shall exit the insurance brokerage market according to the laws, administrative regulations and other applicable provisions. Where any insurance brokerage company falls under any of the following circumstances, the local branches of the insurance regulatory authority under the State Council shall cancel its license according to the law and announce the cancellation: (i) its license fails to be extended upon expiration; (ii) its license is annulled, revoked or canceled in accordance with the law; (iii) it is terminated in accordance with the law due to dissolution, declaration of bankruptcy or other reasons; or (iv) other circumstances stipulated by laws and administrative regulations. An insurance brokerage company, the license of which has been canceled, shall return the original license in time; if the license cannot be returned, the local branches of the insurance regulatory authority under the State Council shall state as such in the announcement. An insurance brokerage company, the license of which has been canceled, shall terminate its insurance brokerage business, and, within fifteen days from the date of license cancellation, make a written report to the industrial and commercial administrative department where its industrial and commercial registration was made. Where the company continues to exist, it shall not engage in insurance brokerage business and shall go through the formalities of business registration for changes in matters such as name, business scope and articles of association in accordance with the law, and ensure that its name does not include the term “insurance brokerage.”

If any branch of an insurance brokerage company is in a disorderly operation and management and is engaged in major unlawful or illegal activities, the insurance brokerage company shall, in accordance with the regulatory requirements of the insurance regulatory authority under the State Council and its local branches, take such measures against the branch as rectification within a specified period, business suspension and cancellation.

Where a licensee obtains a license for operating insurance brokerage services or other administrative licenses through improper means such as deception or bribery, such license shall be revoked by the insurance regulatory authority under the State Council and its local branches, and the licensee shall be given administrative punishments according to the law; the applicant may not apply for the administrative license again within three years.

(e) Revocation of Insurance Agency Companies

Pursuant to the Insurance Agents Provisions, an insurance agency company shall exit the insurance agency market according to the laws, administrative regulations and other applicable regulatory rules. Where an insurance agency company falls under any of the following circumstances, the local branches of the insurance regulatory authority under the State Council shall revoke its license according to the law and announce such decision: (i) its license is annulled, revoked or canceled in accordance with the law; (ii) it is terminated in accordance with the law due to dissolution, declaration of bankruptcy or other reasons; or (iii) other circumstances stipulated by laws and administrative regulations. An insurance agency company, the license of which has been canceled, shall return the original license in time; if the license cannot be returned, the local branches of the insurance regulatory authority under the State Council shall state as such in the announcement. An insurance agency company, the license of which has been canceled, shall terminate its insurance agency business. Where the specialized insurance agency company continues to exist, it shall not engage in insurance agency business and shall go through the formalities of business registration for changes in matters such as name, business scope and articles of association in accordance with the law, and ensure that its name does not include the term "insurance agency." Where the permit of a concurrent-business insurance agency is revoked by the insurance regulatory authorities pursuant to the law, it shall not reapply for permit within three years; where the permit is canceled pursuant to the law due to any other reason, it shall not reapply for permit within one year. Where a licensee obtains a license for operating insurance agent services or other administrative licenses through improper means such as deception or bribery, such license shall be revoked by the insurance regulatory authority under the State Council and its local branches, and the licensee shall be given administrative punishments according to the law; the applicant may not apply for the administrative license again within three years.

(f) Revocation of Insurance Adjustment Assessment Companies

Pursuant to the Insurance Adjusters Provisions, under any of the following circumstances, an insurance adjuster shall, within five days, cancel the practicing registration of an insurance adjuster: (i) an insurance adjuster is subject to administrative punishment of suspension of practice; (ii) an insurance adjuster terminates practice for other reasons; (iii) an insurance adjuster stops engaging in the insurance adjustment assessment business for close-down, dissolution or other reasons; or (iv) other circumstances as prescribed by laws, administrative regulations, and the provisions issued by the insurance regulatory authority under the State Council.

Where a branch of an insurance adjustment assessment institution has chaos in business operation and management and has any major violation of laws and regulations, the insurance adjuster shall, in accordance with the regulatory requirements of the insurance regulatory authority under the State Council and its local office, take measures such as making rectification within a prescribed time limit, suspending business and cancellation against the branch.

Internal Governance

(a) Corporate Governance in Insurance Intermediary Companies

Pursuant to the Insurance Brokerages Provisions, the Insurance Agents Provisions and the Insurance Adjusters Provisions, an insurance broker shall, an insurance agency or an insurance adjuster, in accordance with the laws, administrative regulations and the provisions promulgated by the insurance regulatory authority under the State Council, establish sound corporate governance structure and systems under the principles of clear responsibilities, strengthened checks and balances and risk management. Moreover, it shall make clear the management and control responsibilities, build a compliance system, focus on self-discipline and strengthen internal accountability to ensure sound operation.

(b) Informatization

The CBIRC released the Measures for the Regulation of Informatization of Insurance Intermediaries on January 5, 2021, which came into effect on February 1, 2021, to regulate informatization work by strengthening the regulation of insurance intermediaries, improving operating and management level of insurance intermediaries, and promoting the high-quality development of the insurance intermediary industry.

Insurance intermediary institutions shall, in accordance with regulatory requirements, report regulatory matters and submit regulatory data to the insurance regulatory authority under the State Council and its local counterparts in a timely manner through the information system of insurance intermediary supervision. In addition, Insurance intermediaries shall, including without limitation (i) reasonably determine the security level of information systems in accordance with the national cyber security level protection regulations, perform protections in accordance with the national cyber security level protection related standards, and obtain the corresponding national cyber security level protection certification; (ii) take protective measures for important data to ensure the safety of data in the process of collection, storage, transmission, use, provision, backup, restoration, and destruction, use data legally while strictly preventing data leakage, tampering and damage, and ensure data integrity, confidentiality and availability; (iii) follow the principles of lawfulness, fairness and necessity, comply with applicable national laws and administrative regulations, and comply with national standards related to personal information security when collecting, processing and applying data containing personal information; and (iv) carry out informatization training, information security training and confidentiality education regularly, sign information security and confidentiality agreements with employees, and urge employees to perform information security and confidentiality duties corresponding to their jobs.

(c) Deposit and Professional Liability Insurance

Pursuant to the provisions of the Insurance Law of the PRC, an insurance broker and an insurance agency shall, in accordance with the provisions stipulated by the insurance supervision and control authority under the State Council, make contributions to security deposit or apply for professional liability insurance.

Once the professional liability insurance is procured, an insurance broker and a specialized insurance agency shall ensure that the insurance remains valid. The maximum compensation for each accident under the professional liability insurance procured by an insurance broker or a specialized insurance agency shall be no less than RMB1 million. One-year accumulated maximum compensation shall be no less than RMB10 million and no less than the insurance broker's or the specialized insurance agency's income from primary business in the previous year. A concurrent-business insurance agency shall purchase professional liability insurance or make contributions to security deposit in accordance with the rules of the insurance regulatory authority under the State Council.

If an insurance brokerage company and a specialized insurance agency company intends to pay deposit, the deposit shall be paid at 5% of its registered capital; if the insurance brokerage company and the specialized insurance agency company increase the registered capital, the amount of the deposit shall be increased proportionately. An insurance brokerage company and a specialized insurance agency company shall pay the deposit in full. The deposit shall be stored in a designated account in the form of bank deposit to a commercial bank or in any other form approved by the insurance regulatory authority under the State Council.

Under any of the following circumstances, an insurance brokerage company and a specialized insurance agency company may use the deposit: (i) decrease of the registered capital; (ii) cancellation of the license; (iii) taking out of professional liability insurance in conformity with the conditions; or (iv) other circumstances provided for by the insurance regulatory authority under the State Council.

According to the Insurance Adjusters Provisions, an insurance adjuster shall, within twenty days from the date when the recordation is announced and based on business needs, establish an occupational risk fund, or purchase the professional liability insurance, and improve the risk prevention procedures.

An insurance adjuster that establishes an occupational risk fund shall pay 5% of its main business income in the last year into the fund, and accordingly increase the amount of the occupational risk fund, if the annual main business income is increased; and it is not required to increase the occupational risk fund, if the deposit amount of the occupational risk fund reaches RMB1 million. An insurance adjuster that purchases professional liability insurance shall ensure the continuous validity of the insurance. The limit of liability for each accident under the professional liability insurance purchased by an insurance adjuster shall not be less than RMB1 million, and the cumulative one-year limit of liability shall not be less than RMB10 million and not be less than main business income of the insurance adjuster in the last year.

(d) Anti-money Laundering

According to the provisions of the Administrative Measures for Anti-money Laundering Agenda in Insurance Industry promulgated by the China Insurance Regulatory Commission on September 13, 2011 and effective on October 1, 2011, insurance brokerage companies and specialized insurance agency company shall, in the light of the real-name system for policies and according to the work principles that client materials are complete, transaction records are available for inspection and circulation of funds is regulated, effectively enhance the internal control level of anti-money laundering. Insurance brokerage companies and specialized insurance agency company shall establish an internal control system for anti-money laundering and prohibit funds which have an illegal source from investing into their equity. The senior management officers of insurance brokerage companies and specialized insurance agency company shall understand laws and regulations on anti-money laundering.

Pursuant to the Notice of Strengthening Anti-money Laundering in Insurance Industry promulgated by the China Insurance Regulatory Commission on August 10, 2010, equity investments in insurance intermediaries and equity structure changes therein should be in line with the requirements on fund sources in anti-money laundering laws and regulations of the PRC.

Newly established insurance intermediaries and branch institutions and those restructured or reformed should meet anti-money laundering criteria specified by the China Insurance Regulatory Commission, including (i) establishment of system for client identity recognition, client identity and transaction record keeping, training and education, auditing, confidentiality, internal control system and operation protocols including those facilitating monitoring and inspection and administrative investigation; (ii) dedicated anti-money laundering posts and job descriptions, manning and training for such posts; and (iii) other requirements according to regulatory provisions.

Business Scope of Insurance Intermediaries

According to the Insurance Brokerages Provisions, an insurance broker when engaging in insurance brokerage business, may not exceed the business scope and business area of the underwriter. An insurance broker may operate all or part of the following businesses: (i) draft insurance plans for policyholders, select insurance companies and process insurance application formalities; (ii) assist insured parties or beneficiaries in making claims; (iii) carry out reinsurance brokerage businesses; (iv) provide disaster prevention or loss prevention or risk evaluation and risk management advisory services to entrusting parties; and/or (v) any other insurance brokerage-related businesses stipulated by the insurance regulatory authority under the State Council. Where the insurance regulatory authority under the State Council otherwise provides for any insurance brokerage business involving coinsurance or underwriting insurance at another locality and master policy, such provisions shall prevail.

An insurance broker and its practitioners may not sell non-insurance financial products, except for non-insurance financial products approved by the financial regulatory authorities. Before selling non-insurance financial products, an insurance broker and its practitioners shall have the necessary qualifications.

According to the Insurance Agents Provisions, a specialized insurance agency when engaging in insurance agency business, may not exceed the business scope and business area of the underwriter. A specialized insurance agency may operate all or part of the following businesses: (i) sell insurance products as an agent; (ii) collect insurance fees as an agent; (iii) conduct loss investigation and claims settlement concerning insurance business; and (iv) any other insurance agency-related businesses stipulated by the insurance regulatory authority under the State Council. An insurance agency shall not engage in insurance agency business beyond the business scope and operating regions of the insurance company on behalf of which it provides agency services, except insurance agency business involving co-insurance outside its business territory, insurance underwritten outside its business territory, or master policies as otherwise prescribed by the insurance regulatory authority under the State Council.

According to the Insurance Adjusters Provision, an insurance adjuster when engaging in insurance adjustment assessment business, may not exceed the business scope and business area of the underwriter. An insurance adjuster may operate all or part of the following businesses: (i) the pre-underwriting and post-underwriting inspection, valuation, and risk assessment of the subject matters of insurance; (ii) the post-claim survey,

inspection, loss assessment, and claim settlement in respect of the subject matters of insurance as well as the disposition of their residual value; (iii) risk management consulting; and (iv) other business as prescribed by the insurance regulatory authority under the State Council.

Services and Products Provided by Insurance Intermediaries and Their Practitioners

Pursuant to the Basic Service Standards for Insurance Brokers promulgated by the China Insurance Regulatory Commission on January 16, 2013, the service steps and content of insurance brokers for insurance clients (consumers) include but not limited to the establishment of insurance brokerage relationship, risk assessment, preparation of insurance purchase plan, selection of insurance companies for the clients, procedures for taking out insurance policies, services during the insurance period, assistance in claims and complaint settlement.

Pursuant to the Basic Service Standards for Insurance Agencies promulgated by the China Insurance Regulatory Commission on January 16, 2013, the service steps and content of insurance agencies for insurance clients (consumers) include but not limited to sufficient communications with customers to understand their insurance needs, recommendation of insurance products, assistance to customers in their handling of insurance application formalities, offering of preservation service, assistance to customers in their claims, handling of complaints and so forth. An insurance agency shall:

- (i) make full notification and disclosure when contacting a customer for the first time; provide pre-sale service in a thoughtful and responsible manner;
- (ii) provide in-sale service in a comprehensive and meticulous manner; (iii) provide after-sale service in a diligent and efficient manner; (iv) assist a customer in claiming for indemnity in an appropriate and timely manner; and (v) handle complaints in a timely and effective manner.

According to the Basic Service Standards for Insurance Assessment Agencies promulgated by the China Insurance Regulatory Commission on January 16, 2013, the steps and contents of insurance assessment services offered by insurance assessment agencies to customers shall include, but not limited to, acceptance of entrustment to establish insurance assessment service relationship, risk assessment for the entrusting parties, survey on the subject matter after the accident, determination of responsibilities and losses, handling of insurance consumers' complaints and so forth. Insurance assessment agencies shall: (i) make full notification and disclosure when deciding to establish an insurance assessment service relationship; (ii) conduct risk assessment in a professional and prudent manner; (iii) conduct survey in a detailed and timely manner; (iv) determine liabilities and assess losses in a conscientious and impartial manner, and conduct complete communication; and (v) handle complaints in a timely and effective manner.

According to the Insurance Brokerages Provisions and the Insurance Agents Provisions, an insurance broker, an insurance agent, and their practitioners may not have the following acts in handling insurance business: (i) cheating the insurer, the applicant, the insured or the beneficiary; (ii) concealing any important circumstances relating to the insurance contract; (iii) obstructing the applicant to fulfill the obligation of telling the truth, or inducing the applicant not to fulfill the same; (iv) granting or promising to grant to the applicant, the insured or the beneficiary any interest other than that stipulated in the insurance contract; (v) compelling, inducing the applicant to enter or restricting from entry into an insurance contract by using its administrative power, position or the advantage of their profession and other improper means; (vi) forging or altering the insurance contract without authorization or providing false evidence for parties to the insurance contract; (vii) misappropriating, retaining or embezzling the premiums or insurance benefits; (viii) making use of the advantages of the business to obtain improper benefits for other institutions or individuals; (ix) defrauding insurance benefits in collusion with the applicant, the insured or the beneficiary; or (x) disclosing trade secrets of the insurer, the applicant and the insured known during the business activities. An insurance broker, an insurance agent and their practitioners shall not solicit or accept any remuneration or other property other than those as agreed in contract and granted by any insurance company or its staff or take advantage of executing the insurance brokerage business to obtain other illegal benefits in the course of carrying out the insurance brokerage/agency business.

According to the Insurance Adjusters Provisions, an insurance adjuster may not have the following acts in handling insurance adjustment assessment business: (i) seeking illicit benefits by taking advantage of its business; (ii) permitting another institution to carry out business in its name, or carrying out business by illegally using the name of another institution; (iii) soliciting business by illicit means such as maliciously beating down prices, offering kickbacks, conducting false publicity or disparaging or defaming any other adjustment institution; (iv) accepting any business to which it is an interested party; (v) accepting the authorization of both parties to the conflict of interest respectively and conducting appraisal of the same appraisal object; (vi) issuing any false adjustment report or any adjustment report with material omission; (vii) retaining or designating a person who does not comply with the provisions to carry out adjustment business; and (viii) committing any other violation of law or administrative regulation. In addition, an insurance adjuster shall develop a standard client notification letter and present it to clients when carrying out business. A client notification letter shall, at a minimum, include the name, recordation information, business premises, scope of business, contact information, complaint channels, dispute settlement methods and other basic matters of the insurance adjuster.

On October 12, 2021, the General Office of the CBIRC issued the Notice on Further Regulating Matters Concerning Internet Personal Insurance Business, pursuant to which internet personal insurance products include accident insurance, health insurance (except nursing insurance), term life insurance, ordinary life insurance with a policy period of more than ten years (except term life insurance) and ordinary annuity insurance with a policy period of more than ten years, and other personal insurance products stipulated by the insurance regulatory authority under the State Council. Pursuant to the notice, internet personal insurance products that do not meet the requirements thereof are prohibited from being offered online, and public display of, or direction to, hyperlinks to the webpages of placing orders on the internet of such internet personal insurance products are prohibited as well. Insurance intermediaries that conduct internet personal insurance business shall strengthen the system development and have operations and service capabilities that meet the requirements set forth in this Notice. The notice also provides that customer service personnel of insurance intermediaries are not allowed to actively conduct marketing activities with regard to internet personal insurance products, and their compensation shall not be linked to the sales results of internet personal insurance products.

The CBIRC issued the Administrative Measures for the Disclosure of Information on Personal Insurance Products on November 11, 2022 and the Notice on Promulgation of the Information Disclosure Rules for Personal Insurance Products with a Term of More Than One Year on December 30, 2022, both of which took effect on June 30, 2023, comprehensively regulating the sales practices of personal insurance products and further enhancing the transparency of personal insurance products. No insurance intermediary or any of its practitioners may revise information disclosure materials for insurance products sold on an agency basis. The product information disclosure materials used by any insurance intermediary or any of its practitioners shall be consistent with product information disclosure materials of the insurance company.

Qualification Management for Directors, Supervisors and Senior Management Personnel

According to the Insurance Brokerages Provisions and the Insurance Agents Provisions, senior officers of an insurance broker and a specialized insurance agency refer to the following persons: (i) the general manager and deputy general manager of an insurance brokerage company and a specialized insurance agency; (ii) the principals of provincial branch offices; and (iii) other personnel who exercises important authority over the operation and management of the company. Senior officers of an insurance broker and a specialized insurance agency shall obtain the employment qualification approved by the local branches of insurance regulatory authority under the State Council prior to assumption of duty.

Pursuant to the Insurance Brokerages Provisions, any person who falls under any of the following circumstances may not serve as senior officers of an insurance broker and principals of branches other than provincial branch offices: (i) serving as a director, supervisor or senior officer of an insurance company or insurance intermediary whose license has been revoked for not more than three years from the revocation date due to violations of law, and being individually liable or being responsible for leadership for the license revocation; (ii) being a director, supervisor or senior officer of a financial institution whose qualification has been canceled for not more than five years from the date of disqualification due to illegal activities or discipline misconduct; (iii) being prohibited from entering the financial industry for a certain period of time by any financial regulator and the said period is not yet ended; (iv) having been warned or fined by any financial regulator for not more than two years from the date of such warning or fine; (v) being investigated by any judiciary, discipline inspection and supervision departments or financial regulators; (vi) being subject to joint punishments by the state entities and shall be punished in the field of insurance due to serious dishonesty, or being involved in other serious dishonesty records within the recent five years; or (vii) other circumstances specified by laws and administrative regulations and by the insurance regulatory authority under the State Council.

Without the approval of the shareholders' meeting or the general meeting of shareholders, no senior officers of an insurance broker or principals of branches other than provincial branch offices may work at the same time at any institution with conflict of interest.

Pursuant to the Insurance Agents Provisions, any person who falls under any of the following circumstances shall not be appointed as a senior officer of a specialized insurance agency or the principal of a branch other than the provincial branch company: (i) having no capacity for civil conduct or limited capacity for civil conduct; (ii) having been sentenced to any criminal penalty due to corruption, bribery, encroachment of property, misappropriation of property or disrupting the socialist market order and it is less than five years since the completion of the execution of the penalty; or having been deprived of political rights due to any crime and it is less than five years since the completion of the execution of the penalty; (iii) serving as a director, factory director or manager of a bankrupt and liquidated company or enterprise and being personally responsible for the bankruptcy of such company or enterprise, where not more than three years have elapsed since the completion of the bankruptcy and liquidation; (iv) having served as the legal representative of a company or enterprise whose business license has been revoked or which has been ordered to close down due to a violation of law and being personally liable, and it is less than three years since the date of revocation of the business license; (v) having served as the director, supervisor or senior officer of an insurance company or insurance intermediary whose permit is revoked as a result of violation of laws and being personally liable or having direct leadership liability for the revocation of the permit, and it is less than three years since the date of revocation of the permit; (vi) having served as a director, supervisor or senior officer of a financial institution whose appointment qualifications have been revoked by the financial regulatory authorities due to illegal or disciplinary offense and it is less than five years since the date of revocation of appointment qualifications; (vii) having been barred from the financial industry by the financial regulatory authorities for a certain period of time and such period has not expired yet; (viii) having been warned or fined less than two years by the financial regulatory authorities; (ix) having been investigated by the judicial authorities, disciplinary inspection authorities or financial regulatory authorities; (x) having failed to repay a relatively large amount of personal debt due; (xi) having been identified by the state agencies as a subject of joint punishment for dishonesty and shall be punished in the insurance sector due to a serious dishonest conduct, or having other bad records of serious dishonest conduct within the past five years; or (xii) any other circumstances stipulated by laws, administrative regulations and the provisions of the insurance regulatory authority under the State Council.

According to the Insurance Adjusters Provisions, senior officers of an insurance adjuster refer to the following persons: (i) the general manager and deputy general manager of an insurance adjustment assessment company; (ii) the executive partner of an insurance adjustment assessment partnership; (iii) the primary person in charge of a branch; and (iv) executives who have the same function and power as the aforesaid personnel.

Qualification Management for Insurance Intermediary Practitioners

Pursuant to the China Insurance Regulatory Commission's Notice on Relevant Issues Pertaining to Administration of Practitioners with Insurance Intermediaries, which was promulgated and became effective on August 3, 2015, before an insurance intermediary practitioner begins to practice, his/her company shall handle the practicing registration in the insurance intermediary regulatory information system of the insurance regulatory authority under the State Council for him/her, and the qualification certificate shall not be served as necessary condition for administration of practicing registration.

In 2019, the CBIRC deployed and carried out the practice registration and audit work for the practitioners of insurance professional intermediaries. In order to improve the management of employees of insurance professional intermediaries. On May 12, 2020, the CBIRC enacted the Notice of the General Office of the CBIRC on Strengthening the Management of Employees of Insurance Professional Intermediaries, which requires the insurance professional intermediaries to meet the following conditions: (i) fully assuming the responsibility of the management; (ii) strengthening the overall management of employees; (iii) strictly controlling the recruitment, training and integrity management of employees; and (iv) establishing a grading system of sales ability of employees.

On September 20, 2023, the National Financial Regulatory Administration issued the Administrative Measures for Insurance Sales Practices, which came into effect on March 1, 2024 and provide that insurance companies and insurance intermediaries shall complete practicing registration formalities for their insurance salespersons.

Reward and Incentive

Pursuant to the Notice on Strictly Regulating Incentive Measures of Insurance Intermediaries promulgated on November 15, 2010 by the China Insurance Regulatory Commission, professional insurance intermediaries may only implement equity incentive measures for sales personnel of more than two consecutive years of practice experience within such intermediaries, and may not arbitrarily expand the scope of equity incentives for rapid business growth. In implementing incentives, professional insurance intermediaries may not conduct deceptive or misleading promotion for the incentive program, including exaggeration or arbitrarily promising uncertain earning from future listing; may not induce sales personnel to purchase self-insurance or purchase insurance with borrowings for incentives; may not offer client equity in name of incentive as consideration for illicit interests.

According to the Circular on Further Regulating the Incentive Plans of Professional Insurance Intermediary Institutions promulgated by the China Insurance Regulatory Commission on February 28, 2012, all professional insurance intermediary institutions shall not, by way of connecting the equity incentive plan with their listing and exaggerating proceeds brought by their listing and other means, induce any of the general public to become a salesperson, or induce salespersons or clients to buy insurance products which are inconsistent with their actual insurance needs.

Management of Insurance Sales

Pursuant to the Administrative Measures for Insurance Sales Practices, insurance sales practices are divided into three categories based on the stage when the practices are conducted, namely the pre-insurance sales practices, in-process insurance sales practices and post-insurance sales practices. Such division expands the scope of insurance sales practices to include, among others, activities such as creating an environment for the conclusion of insurance contracts, preparing conditions and soliciting insurance contract counterparties. The measures explicitly prohibit any other entities or individuals other than insurance companies, insurance intermediaries or insurance sales personnel from conducting any insurance sales practices.

Furthermore, the insurance intermediary shall strengthen its management of all stage of the insurance sales practices. For instance, the insurance sales promotion conducted by insurance intermediaries shall not exceed in form and substance the business scope specified in their business permits.

Insurance intermediaries shall not enter into insurance contracts with policyholders using forced tying, default checkboxes on its information systems or web pages. Furthermore, an archives management system shall be established by insurance intermediaries to properly preserve business files, accounting books, personnel files, insurance materials as well as audio-visual materials and other archival materials generated through retrospective management. When an insurance company or insurance intermediary sells a new type of life and health insurance product, it shall remind the insurance applicant of the uncertainty of insurance policy benefits and accurately and comprehensively remind the insurance applicant of the relevant risks; where laws, administrative regulations and regulatory provisions require an assessment of the insurance applicant's risk tolerance, the insurance company or insurance intermediary shall carry out such assessment and sell appropriate insurance products based on the assessment results.

Regulations on Internet

Internet Business

Pursuant to the Administrative Measures for Internet Information Service, which were released by the State Council on September 25, 2000 and amended on January 8, 2011 and December 6, 2024 and came into effect on January 20, 2025, and the Administration Measures for Not-for-profit Online Information Service Registration, which were released by the Ministry of Information Industry (currently known as the Ministry of Industry and Information Technology) on February 8, 2005, amended on January 18, 2024 and came into effect on the same day, internet information service is classified into for-profit and not-for-profit categories. For-profit internet information service refers to service activities of compensated provision to online users through the internet of information or website production. Not-for-profit internet information service refers to service activities of non-compensated provision to online subscribers through the internet of information that is in the public domain and openly accessible. The national government has installed permit system for for-profit internet information service and filing system for not-for-profit internet information service. Not-for-profit internet information service within the territory of the PRC should file for registration with telecommunication administration authority of the province in which it is located. Not-for-profit internet information service provider should log onto the registration management system of the Ministry of Information Industry at designated time each year to go through the annual verification procedures.

Online Insurance Business

In December 2020, the CBIRC promulgated the Regulatory Measures for Online Insurance Business, which set the standards of services, business, operations and sale of online insurance.

Pursuant to the Regulatory Measures for Online Insurance Business, insurance institutions that conduct internet insurance services shall, among other requirements: (i) locate the online insurance service access in the People's Republic of China; (ii) set up the information management system and core business system to support the operation of online insurance business; (iii) establish solid network security monitoring, notification, emergency disposal, and network security protection methods; (iv) file the network security classification; (v) have IT systems equipped with insurance sales or insurance application functions that are certified as Safety Level III Computer Information Systems; (vi) establish legal and compliant marketing model and service system; (vii) establish online insurance business management department with corresponding professional staffs; and (viii) use professional insurance intermediaries that are national institutions. The Regulatory Measures for Online Insurance Business require online insurance transactions to be conducted through online surfaces operated by insurance institutions only. An insurance institution that conducts online insurance business shall (i) build an official website, specifying specific information in a prominent position on the online platform that it operates for online insurance business operation, creating pages for transactions and displaying the details of internet insurance products according to the measures and other applicable rules; and (ii) sell internet insurance products or provide insurance brokerage and insurance loss adjustment services via its own online platform or via online platforms that other insurance institutions operate, and the insurance application page shall belong to its own online platform. In addition, no insurance institution may, in internet insurance sales or brokerage activities, pay commission or labor remuneration directly or in a disguised way to any person who has not yet carried out practice registration with the institution.

Specifically, non-insurance institutions are not allowed to conduct online insurance business, including but not limited to: (i) providing insurance product consulting services; (ii) comparing insurance products, (iii) conducting trial calculation of premium or quotation comparison; (iv) designing insurance application plans for policyholders; (v) going through insurance application procedures; and (v) collecting premiums.

Traceability Management of Internet Insurance Sales Behavior

In order to standardize and strengthen the traceability management of Internet insurance sales, protect consumers' basic rights and promote healthy development of online insurance business, the CBIRC promulgated the Notice of the CBIRC on Regulating the Traceability Management of Internet Insurance Sales on June 22, 2020, which came into effect on October 1, 2020.

According to the Notice of the CBIRC on Regulating the Traceability Management of Internet Insurance Sales, insurance institutions are only allowed to sell commercial insurance products on their own online platform, and they shall implement retrospective management of internet insurance sales. Insurance institutions shall record and keep operation track of each applicant and insured on the sales page. The operation track shall include the time whenever an applicant or insured click on, enter, fill in, or leave the sales page as well as any other relevant contents. Insurance institutions that are still unqualified after the notice comes into force shall immediately suspend the online insurance sales business.

Third Party Information Protection

Protection Provisions on the Technical Measures for the Protection of the Security of the Internet, which were promulgated by the Ministry of Public Security and became effective on March 1, 2006, provide initial requirements on supervising the security of internet information. The providers of the internet services and entity users of the network shall establish a corresponding management system. The information as registered by users shall not be publicized or divulged without the approval of the users, unless it is otherwise specified by any law or administrative regulation. The providers of the internet services and entity users of the network shall adopt technical measures for the protection of the internet security according to law and shall not take technical measures to injure the users' freedom and confidentiality of communication under the pretext of protecting the security of the internet.

Provisions on Protecting the Personal Information of Telecommunications and Internet Users, which were promulgated by the Ministry of Industry and Information Technology on July 16, 2013 and became effective on September 1, 2013, further improve the personal information protection system of telecommunications and internet industries and specify the scope and obligation subjects of personal information protection of telecommunications and internet users, rules on collection and use of users' personal information by telecommunications service operators and providers of internet information services and agent management and information security guarantee measures. The providers of the internet services and entity users of the network shall establish a corresponding administration system. The information as registered by users shall not be publicized or divulged without the approval of the users, unless as otherwise compelled by any law or administrative regulation.

According to the Network Security Law of the PRC promulgated by the Standing Committee of the National People's Congress on November 7, 2016 and effective on June 1, 2017, network service providers, in their business operation and provision of services, must observe laws and regulations and perform the obligation of ensuring network security, effectively respond to cybersecurity incidents, prevent illegal activities, and maintain the integrity, confidentiality and availability of network data.

Pursuant to the Notice of CBIRC on Regulating the Traceability Management of Internet Insurance Sales, when insurance institutions carry out internet insurance sales activities that can be traced back, they shall collect and use consumer information following the principle of legality, and shall not collect unrelated information. In addition, pursuant to the Notice, insurance institutions conduct online insurance business along with the online platforms that they operate shall establish refined cybersecurity monitoring, information notification, emergency disposal working mechanisms as well as other protective means such as refined perimeter protection, intrusion detection, data protection and disaster recovery. The data and information for underwriting used by insurance institutions shall be legally sourced and used.

According to the Notice on Further Regulating Matters Concerning Internet Personal Insurance Business issued by the CBIRC on October 12, 2021, insurance companies carrying out internet personal insurance business shall establish and improve the business retracing mechanism. Insurance companies shall retrace online personal insurance business as required, pay close attention to key indicators such as loss ratio, incidence ratio, expense ratio, surrender ratio, and rate of return on investment, retrace the deviation between actual operating conditions and actuarial assumption, and take the initiative to adopt measures such as paying attention, adjustment and improvement, proactive reporting and information disclosure. The chief actuary of an insurance company shall be the person who is directly responsible for the retracing work of the internet personal insurance business, and organize and implement the retracing work as required, to ensure that the data used are comprehensive and authentic, the calculation methods conform to the actuarial principle, and the rectification measures are timely and effective.

According to the Insurance Brokerages Provisions, an insurance broker and its practitioners shall not disclose trade secrets of the insurer, the applicant and the insured known during the business activities.

On December 26, 2022, the CBIRC promulgated the Administrative Measures for the Protection of Consumers' Rights and Interests by banking and Insurance Institutions, which became effective on March 1, 2023, standardizing the operational behavior of banking and insurance institutions and emphasizing the establishment of a long-term mechanism. From the perspective of behavior norms, these measures comprehensively cover the eight basic rights of consumers. Banking and insurance institutions shall include the protection of consumers' rights and interests in their strategies on corporate governance, corporate culture development and business development, establish and improve systems and mechanisms for the protection of consumers' rights and interests, and implement the requirements for the protection of consumers' rights and interests throughout all links of business process. Moreover, banking and insurance institutions shall establish and improve their working mechanisms for complaint handling, their internal assessment mechanism and a normalized and standardized internal audit mechanism for the protection of consumers' rights and interests.

Regulations on Mobile Internet Applications Information Services

According to the Administrative Provisions on Mobile Internet Applications Information Services, which were promulgated by the Cyberspace Administration of China on June 28, 2016 and amended on June 14, 2022, app providers shall strictly fulfill their responsibilities of information security management, and perform the following duties: (i) conduct real identity information authentication based on mobile phone numbers, identity document numbers or unified social credit codes for users who apply for registration; (ii) be responsible for the results of the presentation of information content, shall not produce or disseminate illegal information, and shall consciously prevent and resist harmful information; (iii) not induce users to download Apps by means of false advertisement, bundled downloads, or other acts, or via machine or manual click farming and comment control, or by using illegal and harmful information; (iv) immediately take remedial measures, promptly notify users and report the same to the competent authorities in accordance with regulations when an app has risks such as security defects and vulnerabilities; (v) perform the obligation of ensuring data security, establish a sound whole-process data security management system, take technical measures to ensure data security and other security measures, strengthen risk monitoring, and shall not endanger national security or public interests, or damage the legitimate rights and interests of others when carrying out app data processing activities; and (vi) formulate and disclose management rules, and sign service agreements with registered users to clarify the rights and obligations of both parties.

Regulations on Information Security

In December 2015, the Standing Committee of the National People's Congress promulgated the Anti-Terrorism Law of the PRC, which took effect on January 1, 2016 and was amended on April 27, 2018. According to the Anti-Terrorism Law of the PRC, telecommunication service operators or internet service providers shall (i) carry out pertinent anti-terrorism publicity and education to society; (ii) provide technical interfaces, decryption and other technical support and assistance for the competent departments to prevent and investigate terrorist activities; (iii) implement network security and information monitoring systems as well as safety and technical prevention measures to avoid the dissemination of terrorism information, delete the terrorism information, immediately halt its dissemination, keep records and report to the competent departments once the terrorism information is discovered; and (iv) examine customer identities before providing services.

In November 2016, the Standing Committee of the National People's Congress promulgated the Cyber Security Law of the PRC, which took effect on June 1, 2017. In accordance with the Cyber Security Law of the PRC, network operators must comply with applicable laws and regulations and fulfill their obligations to safeguard network security in conducting business and providing services. Network service providers must take technical and other necessary measures as required by laws, regulations and mandatory requirements to safeguard the operation of networks, respond to network security effectively, prevent illegal and criminal activities, and maintain the integrity, confidentiality and usability of network data.

For the further purposes of regulating data processing activities, safeguarding data security, promoting data development and utilization, protecting the lawful rights and interests of individuals and organizations, and maintaining national sovereignty, security, and development interests, on June 10, 2021, Standing Committee of the PRC National People's Congress published the Data Security Law of the People's Republic of China, which took effect on September 1, 2021. The Data Security Law requires data processing, which includes the collection, storage, use, processing, transmission, provision, publication of data, to be conducted in a legitimate and proper manner. The Data Security Law provides for data security and privacy obligations on entities and individuals carrying out data activities. The Data Security Law also introduces a data classification and hierarchical protection system based on the importance of data in economic and social development, and the degree of harm it may cause to national security, public interests, or legitimate rights and interests of individuals or organizations if such data are tampered with, destroyed, leaked, illegally acquired or illegally used. The appropriate level of protection measures is required to be taken for each respective category of data. For example, a processor of important data is required to designate the personnel and the management body responsible for data security, carry out risk assessments of its data processing activities and file the risk assessment reports with the competent authorities. State core data, *i.e.*, data having a bearing on national security, the lifelines of national economy, people's key livelihood and major public interests, shall be subject to stricter management system. Moreover, the Data Security Law provides a national security review procedure for those data activities which affect or may affect national security and imposes export restrictions on certain data and information. In addition, the Data Security Law also provides that any organization or individual within the territory of the PRC shall not provide any foreign judicial body and law enforcement body with any data without the approval of the competent PRC governmental authorities.

On July 6, 2021, certain PRC regulatory authorities issued Opinions on Strictly Cracking Down on Illegal Securities Activities, which, among others, called for improving the laws and regulations on data security, cross-border data transmission, and confidential information management. The opinions provide that efforts will be made to revise the regulations on strengthening the confidentiality and file management relating to the offering and listing of securities overseas, to implement the responsibility on information security of overseas listed companies, and to strengthen the standardized management of cross-border information provision mechanisms and procedures.

On December 28, 2021, the CAC and 12 other governmental authorities jointly issued the Measures for Cybersecurity Review, which became effective on February 15, 2022. The operators shall apply with the Cybersecurity Review Office of CAC for a cybersecurity review under the following circumstances: (i) internet platform operators holding over one million individuals' personal information pursuing a foreign listing, (ii) operators of "critical information infrastructure" that intend to purchase internet products and services that will or may affect national security, and (iii) internet platform operators carrying out data processing that affect or may affect national security. Besides, the Measures for Cybersecurity Review provide that if the authorities consider that certain network products and services, data processing activities and listings in foreign countries affect or may affect national security, the authorities may initiate a cybersecurity review even if the operators do not have an obligation to report for a cybersecurity review under such circumstances. The Measures for Cybersecurity Review also elaborate the factors to be considered when assessing the national security risks of the relevant activities, including among others, risks of core data, important data or a large amount of personal information being stolen, leaked, destroyed, and illegally used or exited the country and risks of critical information infrastructure, core data, important data or a large amount of personal information data being affected, controlled and maliciously used by foreign governments after a foreign listing.

On September 24, 2024, the State Council promulgated the Regulations on the Administration of Cyber Data Security, or the "Data Security Regulations", which is applicable to network data processing activities and the security supervision and administration thereof conducted within the territory of the PRC and took effect on January 1, 2025. The Data Security Regulations provide more detailed guidelines on the current rules on various aspects of data processing, including the processors' announcement of data processing rules, obtaining consents and separate consents, security of important data and cross border transfer of data, and further obligations of platform operators. The Data Security Regulations stipulate that data processors engaging in data processing activities that affect or may affect national security shall be subject to cyber security review in accordance with relevant laws and regulations.

On July 30, 2021, the State Council issued the Regulations on Protection of Critical Information Infrastructure. Pursuant to these regulations, critical information infrastructure shall mean the important network facilities or information systems of key industries or fields such as public communication and information service, energy, transportation, water conservation, finance, public services, e-government affairs and national defense science, and important network facilities or information systems which may endanger national security, people's livelihood and public interest once there occur damage, malfunctioning or data leakage to them. These regulations provide that no individual or organization may carry out any illegal activity of intruding into, interfering with, or sabotaging any critical information infrastructures, or endanger the security of any critical information infrastructures. These regulations also require that critical information infrastructure operators shall establish a cybersecurity protection system and accountability system, and that the main responsible person of a critical information infrastructure operator shall take full responsibility for the security protection of the critical information infrastructures operated by it. In addition, the administration departments of each important industry and sector shall be responsible for formulating the rule of critical information infrastructure determination applicable to their respective industry or sector, and determine the critical information infrastructure operators in their industry or sector.

On July 12, 2021, the Ministry of Industry and Information Technology and two other authorities jointly issued the Provisions on the Administration of Security Vulnerabilities of Network Products. These provisions state that, no organization or individual may abuse the security vulnerabilities of network products to engage in activities that endanger network security, or to illegally collect, sell, or publish the information on such security vulnerabilities. Anyone who is aware of the aforesaid offenses shall not provide technical support, advertising, payment settlement and other assistance to the offenders. According to these provisions, network product providers, network operators, and platforms collecting network product security vulnerabilities shall establish and improve channels for receiving network product security vulnerability information and keep such channels available, and retain network product security vulnerability information reception logs for at least six months. These provisions also ban provision of undisclosed vulnerabilities to overseas organizations or individuals other than to the product providers.

On December 31, 2021, the CAC and three other governmental authorities jointly published the Administrative Provisions on Internet Information Service Algorithm Recommendation, which became effective on March 1, 2022. These administrative provisions implement classification and hierarchical management for algorithm recommendation service providers based on varies criteria, and stipulate, among others, that algorithm recommendation service providers with public opinion attributes or social mobilization capabilities shall file with the CAC within ten business days from the date of providing such services.

On July 7, 2022, the CAC promulgated the Measures for the Security Assessment of Data Cross-border Transfer which became effective on September 1, 2022. The measures require that any data processor who processes or exports personal information exceeding a certain volume threshold pursuant to the measures shall, through the local cyberspace administration at the provincial level, apply for a security assessment by the CAC before transferring any personal information abroad, including the following circumstances: (i) important data will be provided overseas by any data processor; (ii) personal information will be provided overseas by any operator of critical information infrastructure or any data processor who processes the personal information of more than 1,000,000 individuals; (iii) personal information will be provided overseas by any data processor who has provided the personal information of more than 100,000 individuals in aggregate or has provided the sensitive personal information of more than 10,000 individuals in aggregate since January 1 of last year; and (iv) other circumstances where the security assessment is required as prescribed by the CAC. A data processor shall, before applying for the security assessment of an outbound data transfer, conduct a self-assessment of the risks involved in the outbound data transfer. The security assessment of a cross-border data transfer shall focus on assessing the risks that may be brought about by the cross-border data transfer concerning national security, public interests, or the lawful rights and interests of individuals or organizations. In addition, on February 22, 2023, the Provision on the Standard Contract on Cross-border Transfer of Personal Information, or the "Provisions on Standard Contract", were promulgated by the CAC, which took effect on June 1, 2023. The provisions on Standard Contract attach the Standard Contract for cross-border transfer of personal information that could be used to satisfy one of the conditions for cross-border transfer of personal information under Article 38 of the Personal Information Protection Law.

On August 20, 2021, the Standing Committee of the National People's Congress of China promulgated the Personal Information Protection Law, which integrates the scattered rules with respect to personal information rights and privacy protection and took effect on November 1, 2021. The Personal Information Protection Law requires, among others, that (i) the processing of personal information should have a clear and reasonable purpose which should be directly related to the processing purpose and should be conducted in a method that has the minimum impact on personal rights and interests, and (ii) the collection of personal information should be limited to the minimum scope as necessary to achieve the processing purpose and avoid the excessive collection of personal information. Personal information processors shall adopt necessary measures to safeguard the security of the personal information they handle. The offending entities could be ordered to correct, or to suspend or terminate the provision of services, and face confiscation of illegal income, fines or other penalties.

In addition, the State Secrecy Bureau has issued provisions authorizing the blocking of access to any website it deems to be leaking state secrets or failing to comply with the applicable laws and regulations regarding the protection of state secrets during online information distribution. Specifically, internet companies in the PRC with bulletin boards, chat rooms or similar services must apply for specific approval prior to operating such services.

Furthermore, the Provisions on Technological Measures for Internet Security Protection, which were promulgated by the Ministry of Public Security and became effective in March 2006, require all ICP operators to keep records of certain information about its users (including user registration information, log-in and log-out time, IP address, content and time of posts by users) for at least 60 days and submit the above information as required by laws and regulations. The Decision on Strengthening Network Information Protection which was promulgated by the Standing Committee of the National People's Congress in December 2012, states that ICP operators must request identity information from users when ICP operators provide information publication services to the users. If ICP operators come across prohibited information, they must immediately cease the transmission of such information, delete the information, keep records and report to government authorities.

According to the Administrative Measures for Insurance Sales Practices, in collecting and processing the personal information of policyholders, the insured, the beneficiaries and the parties concerned in insurance business practices, insurance companies and insurance intermediaries shall follow the principles of legality, legitimacy, necessity and good faith, and properly keep the information and prevent information leakage; without the consent of such individual, the insurance company, insurance intermediary or insurance salesperson shall not provide the information of such individual to any other person, unless otherwise stipulated by the laws, regulations and rules and the information is necessary for carrying out insurance business. An insurance company or an insurance intermediary shall strengthen its control over other institutions cooperating with it on the collection and processing of the personal information of policyholders, the insured, the beneficiaries and the parties concerned in insurance business practices, specify the information collection and processing requirements for other institutions in the bilateral cooperation agreement, and regularly understand the implementation of the agreement requirements by other institutions. In case of any violation of the agreement requirements by any other institution, the insurance company or the insurance intermediary shall timely take measures to stop such violation and urge correction and hold the institution liable in accordance with the law.

Regulations on Internet Privacy

The PRC Constitution states that PRC law protects the freedom and privacy of communications of citizens and prohibits infringement of these rights. The Decision on Strengthening Network Information Protection provides that electronic information that identifies a citizen or involves privacy of any citizen is protected by law and must not be unlawfully collected or provided to others. ICP operators collecting or using personal electronic information of citizens must specify the purposes, manners and scopes of information collection and uses, obtain consent of the citizens, and keep the collected personal information confidential. ICP operators are prohibited from disclosing, tampering with, damaging, selling or illegally providing others with, collected personal information. ICP operators are required to take technical and other measures to prevent the collected personal information from any unauthorized disclosure, damage or loss. The Administrative Measures on Internet Information Services prohibit an ICP operator from insulting or slandering a third party or infringing upon the lawful rights and interests of a third party. According to the Provisions on Protection of Personal Information of Telecommunication and Internet Users, which was promulgated by the Ministry of Industry and Information Technology and became effective in September 2013, telecommunication business operators and ICP operators are responsible for the security of the personal information of users they collect or use in the course of their provision of services. Without obtaining the consent from the users, telecommunication business operators and ICP operators may not collect or use the users' personal information. The personal information collected or used in the course of provision of services by the telecommunication business operators or ICP operators must be kept in strict confidence, and may not be divulged, tampered with or damaged, and may not be sold or illegally provided to others. The ICP operators are required to take certain measures to prevent any divulgence of, damage to, tampering with or loss of users' personal information. In accordance with the Cyber Security Law of the PRC, network operators are required to collect and use personal information in compliance with the principles of legitimacy, properness and necessity, and strictly within the scope of authorization by the subject of personal information unless otherwise prescribed by laws or regulations. In the event of any unauthorized disclosure, damage or loss of collected personal information, network operators must take immediate remedial measures, notify the affected users and report the incidents to the authorities in a timely manner. If any user knows that a network operator illegally collects and uses his or her personal information in violation of laws, regulations or any agreement with the user, or the collected and stored personal information is inaccurate or wrong, the user has the right to request the network operator to delete or correct the collected personal information.

The telecommunications authorities are further authorized to order ICP operators to rectify unauthorized disclosure. ICP operators are subject to legal liability, including warnings, fines, confiscation of illegal gains, revocation of licenses or filings, closing of the relevant websites, administrative punishment, criminal liabilities, or civil liabilities, if they violate applicable provisions on internet privacy. Pursuant to the Ninth Amendment to the Criminal Law issued by the Standing Committee of the National People's Congress in August 2015 and becoming effective in November 2015, the standards of crime of infringing citizens' personal information were amended accordingly and the criminal culpability of unlawful collection, transaction, and provision of personal information has been reinforced. In addition, the Interpretations of the Supreme People's Court and the Supreme People's Procuratorate of the PRC on Several Issues Concerning the Application of Law in Handling Criminal Cases of Infringing Personal Information, effective in June 2017, have clarified certain standards for the conviction and sentencing in relation to personal information infringement. The PRC government has the power and authority to order ICP operators to turn over personal information if an internet user posts any prohibited content or engages in illegal activities on the internet. The Civil Code further provides in a stand-alone chapter of right of personality and reiterate that the personal information of a natural person shall be protected by the law. Any organization or individual shall legitimately obtain such personal information of others in due course on a need-to-know basis and ensure the safety and privacy of such information, and refrain from excessively handling or using such information.

With respect to the security of information collected and used by mobile apps, pursuant to the Announcement of Conducting Special Supervision against the Illegal Collection and Use of Personal Information by Apps, which was issued on January 23, 2019, app operators should collect and use personal information in compliance with the Cyber Security Law of the PRC and should be responsible for the security of personal information obtained from users and take effective measures to strengthen the personal information protection. Furthermore, app operators should not force their users to make authorization by means of bundling, suspending installation or in other default forms and should not collect personal information in violation of laws, regulations or breach of user agreements. Such regulatory requirements were emphasized by the Notice on the Special Rectification of Apps Infringing upon User's Personal Rights and Interests, which was issued by the Ministry of Industry and Information Technology on October 31, 2019. On November 28, 2019, the CAC, the Ministry of Industry and Information Technology, the Ministry of Public Security and the State Administration for Market Regulation jointly issued the Methods of Identifying Illegal Acts of Apps to Collect and Use Personal Information. This regulation further illustrates certain commonly seen illegal practices of apps operators in terms of personal information protection, including "failure to publicize rules for collecting and using personal information," "failure to expressly state the purpose, manner and scope of collecting and using personal information," "collection and use of personal information without consent of users of such App," "collecting personal information irrelevant to the services provided by such app in violation of the principle of necessity," "provision of personal information to others without users' consent," "failure to provide the function of deleting or correcting personal information as required by laws" and "failure to publish information such as methods for complaints and reporting."

On August 22, 2019, the CAC promulgated the Children Information Protection Provisions, which took effect on October 1, 2019, requiring that before collecting, using, transferring or disclosing the personal information of a child, the Internet service operator should inform the child's guardians in a noticeable and clear manner and obtain their consents. Meanwhile, internet service operators should take measures like encryption when storing children's personal information. On March 12, 2021, the CAC and three other authorities jointly issued the Rules on the Scope of Necessary Personal Information for Common Types of Mobile Internet Applications. The rules specify the scope of necessary personal information to be collected each for a variety of common mobile internet applications, such as maps and navigation apps, online ride-hailing apps, instant messaging apps, online community apps. Operators of such apps shall not refuse to provide basic services to users on the ground of users' refusal to provide their personal non-essential information.

Regulations on Foreign Exchange

The principal regulation governing foreign currency exchange in China is the Foreign Exchange Administration Rules of the PRC. The Foreign Exchange Administration Rules of the PRC were promulgated by the State Council on January 29, 1996, and were subsequently amended on

January 14, 1997 and August 5, 2008. Under these rules, Renminbi is generally freely convertible for payments of current account items, such as trade and service-related foreign exchange transactions and dividend payments, but not freely convertible for capital account items, such as capital transfer, direct investment, investment in securities, derivative products or loans unless the prior approval by the competent authorities for the administration of foreign exchange is obtained.

Under the Foreign Exchange Administration Rules of the PRC, foreign-invested enterprises in the PRC may purchase foreign exchange without the approval of SAFE for paying dividends by providing certain evidencing documents (board resolutions, tax certificates, etc.), or for trade and services-related foreign exchange transactions by providing commercial documents evidencing such transactions. They are also allowed to retain foreign currency (subject to a cap approval by SAFE) to satisfy foreign exchange liabilities. In addition, foreign exchange transactions involving overseas direct investment or investment and trading in securities, derivative products abroad are subject to registration with the competent authorities for the administration of foreign exchange and approval or filings with the government authorities (if necessary).

According to the Circular on the Management of Offshore Investment and Financing and Round Trip Investment By Domestic Residents through Special Purpose Vehicles, which was promulgated on July 4, 2014 and became effective on the same day, (i) a PRC resident shall register with the local SAFE branch before he or she contributes assets or equity interests in an overseas special purpose vehicle, or an overseas SPV, that is directly established or indirectly controlled by the PRC resident for the purpose of conducting investment or financing; and (ii) following the initial registration, the PRC resident is also required to register with the local SAFE branch for any major change, in respect of the overseas SPV, including, among other things, a change in the overseas SPV's PRC resident shareholder, name of the overseas SPV, term of operation, or any increase or reduction of the contributions by the PRC resident, share transfer or swap, and merger or division. Failure to comply with the registration procedures set forth in Circular 37 and the subsequent notice, or making misrepresentation on or failure to disclose controllers of the foreign-invested enterprise that is established through round-trip investment, may result in restrictions being imposed on the foreign exchange activities of the foreign-invested enterprise, including payment of dividends and other distributions, such as proceeds from any reduction in capital, share transfer or liquidation, to its offshore parent or affiliate, and the capital inflow from the offshore parent, and may also subject the PRC residents or entities to penalties under PRC foreign exchange administration regulations.

Pursuant to Circular of the State Administration of Foreign Exchange on Further Simplifying and Improving the Direct Investment-related Foreign Exchange Administration Policies, which was promulgated on February 13, 2015 and amended on December 30, 2019, the initial foreign exchange registration for establishing or taking control of a SPV by domestic residents can be conducted with a qualified bank, instead of the local foreign exchange bureau.

According to the Interim Provisions on the Management of Foreign Debts promulgated by SAFE, the National Development and Reform Commission and the Ministry of Commerce and effective on March 1, 2003 and amended on July 26, 2022, loans by foreign companies to their subsidiaries in the PRC, which accordingly are foreign-invested enterprises, are considered foreign debts.

Pursuant to the Measures for the Administration of Foreign Debt Registration, together with the Guidelines on the Administration of Foreign Debt Registration, issued by SAFE on April 28, 2013 and amended on May 4, 2015, April 26, 2016 and June 9, 2016, the Notice on Matters concerning the Macro Prudential Administration of Full-Covered Cross Border Financing issued by the People's Bank of China on January 12, 2017, the Circular of the People's Bank of China and the State Administration of Foreign Exchange on Adjusting the Macro-prudential Regulation Parameter for Full-covered Cross-border Financing promulgated by the People's Bank of China and the SAFE on March 12, 2020, the Circular of the People's Bank of China and the State Administration of Foreign Exchange on Adjusting Macro-prudential Regulation Parameter for Cross-border Financing of Enterprises promulgated by the People's Bank of China and the SAFE on January 7, 2021, and the latest Circular of the People's Bank of China and the State Administration of Foreign Exchange on Adjusting Macro-prudential Regulation Parameter for Cross-border Financing on January 13, 2025, the total amount of accumulated foreign debt borrowed by an enterprise is subject to an upper limit of the difference between its registered capital and its total investment amount, or 3.5 times, or the then applicable statutory multiple, of the amount of its audited net assets, at its election, and the foreign-invested enterprise is required to file with SAFE after entering into the foreign debt contract and within at least three business days before drawing any money from the foreign debts.

Regulations on M&A Rules and Overseas Securities Offering and Listing

Under the Provisions on the Merger and Acquisition of Domestic Enterprises by Foreign Investors (revised in 2009), or the M&A Rules, a foreign investor is required to obtain necessary approvals when (i) a foreign investor acquires equity in a domestic non-foreign invested enterprise thereby converting it into a foreign-invested enterprise, or subscribes for new equity in a domestic enterprise via an increase of registered capital thereby converting it into a foreign-invested enterprise; or (ii) a foreign investor establishes a foreign-invested enterprise which purchases and operates the assets of a domestic enterprise, or which purchases the assets of a domestic enterprise and injects those assets to establish a foreign-invested enterprise.

On July 6, 2021, the PRC government authorities issued Opinions on Strictly Cracking Down Illegal Securities Activities in Accordance with the Law. These opinions emphasized the need to strengthen the administration over illegal securities activities and the supervision on overseas listings by China-based companies and proposed to take effective measures, such as promoting the construction of regulatory systems to deal with the risks and incidents faced by China-based overseas-listed companies.

On September 6, 2024, the National Development and Reform Commission and the Ministry of Commerce jointly issued the Special Administrative Measures for Access of Foreign Investment (Negative List) (2024 Edition), which became effective on November 1, 2024. Pursuant to the negative list, if a domestic company engaging in the prohibited business stipulated in the negative list seeks an overseas offering and listing, it shall obtain the approval from the competent governmental authorities. Besides, the foreign investors of the company shall not be involved in the company's operation and management, and their shareholding percentage shall be subject, mutatis mutandis, to the regulations on the domestic securities investments by foreign investors.

On February 17, 2023, the CSRC issued the Overseas Listing Filing Rules, which took effect on March 31, 2023. According to the Overseas Listing Filing Rules, the overseas offering and listing by a PRC domestic company, whether directly or indirectly, shall be filed with the CSRC. Specifically, the determination of an indirect offering and listing will be conducted on a "substance over form" basis, and an offering and listing shall be considered as an indirect overseas offering and listing by a domestic company if the issuer meets both the following conditions: (i) the operating income, gross profit, total assets, or net assets of the domestic enterprise in the most recent fiscal year, where any index accounts for more than 50% of the relevant line item in the issuer's audited consolidated financial statement for that year; and (ii) the main links of business activities carried out in mainland China or the main place of business is in mainland China, or the senior management personnel responsible for business operations and management are mostly PRC citizens or are ordinarily resident in mainland China. According to the Overseas Listing Filing Rules, an overseas offering and listing is prohibited under any of the following circumstances: (i) if the intended securities offering and listing is specifically prohibited by national laws and regulations and applicable provisions; (ii) if the intended securities offering and listing may endanger national security as reviewed and determined by competent authorities under the State Council in accordance with law; (iii) if, in the past three years, the domestic enterprise or its controlling shareholders or actual controllers have committed corruption, bribery, embezzlement, misappropriation of property, or other criminal offenses disruptive to the order of the socialist market economy; (iv) if, the domestic enterprise is under investigation according to law for suspected crimes or major violations of laws and regulations, but no clear conclusions have been reached; (v) if there are material ownership disputes over the equity held by the controlling shareholder, or controlled by the controlling shareholder or the actual controller.

According to the Overseas Listing Filing Rules, the issuer or a major domestic operating company designated by the issuer, as the case may be, shall file with the CSRC (i) with respect to its initial public offering and listing within three business days, after its initial filing of the listing application to the regulator in the place of the intended listing, (ii) with respect to its follow-on offering in the same foreign market within three business days after completion of the follow-on offering, (iii) with respect to the assets of a domestic company are directly or indirectly listed overseas through one or more acquisitions, share swap, transfer or other transaction arrangements, the domestic company shall file with the CSRC in accordance with (i), in the case does not involve the submission of application documents abroad, within three business days after the first public announcement of the transaction.

On February 24, 2023, the CSRC and several other government authorities released the Provisions on Strengthening Confidentiality and Archives Administration in Respect of Overseas Issuance and Listing of Securities by Domestic Enterprises. These provisions provide that, among other things, (i) in the course of overseas issuance and listing of domestic enterprises, domestic enterprises and securities companies and securities service agencies which provide the corresponding services shall strictly comply with the PRC laws and regulations and the requirements of these provisions, strengthen legal awareness of confidentiality of state secrets and archives administration, establish a sound system for confidentiality and archives work, adopt the requisite measures to perform the responsibilities of confidentiality and archives administration, and shall not divulge state secrets and work secrets of state agencies or harm the state and public interests; (ii) to provide accounting records or photocopies of accounting records to entities and individuals such as the securities companies, securities service agencies and overseas regulatory authorities, a domestic enterprise shall perform the corresponding procedures in accordance with the applicable provisions of the state; and (iii) the working papers formed within the territory of China by the securities companies and securities service agencies that provide corresponding services for the overseas issuance and listing of domestic enterprises shall be stored within the territory of China. Those that need to transmit working papers outbound shall go through examination and approval formalities in accordance with the applicable provisions of the state.

Regulations on Intellectual Property

Trademark

Pursuant to the Trademark Law of the PRC, which was most recently amended on April 23, 2019 and took effect on November 1, 2019, the valid period for registered trademark is ten years from the date of registration; to renew trademark registration upon expiration, the trademark registrant should follow the provisions to manage renewal 12 months before expiration; if it is not processed within the period, a six-month extension period shall be given. Valid period for each renewal is ten years from the next day after the previous expiration date. If renewal is not obtained after expiration, the trademark shall be canceled. Business administration authority shall sanction any infringement of trademark by law; where suspected crime is involved, the perpetrator shall be promptly apprehended by judicial agency for legal proceedings.

Copyright

Pursuant to the Copyright Law of the PRC, which was most recently amended on November 11, 2020 and took effect on June 1, 2021, Chinese citizens, legal person or any other organization shall be entitled to copyright of its work by this law whether or not such work is published or not.

Copyright covers the following forms of creative works: literature, art, natural science, engineering technology works, writing, narration, music, drama, opera, dance and acrobatic works, fine art and architectural works, photography, audio-visual works, drawings of engineering designs and product designs, maps, illustrations, other graphic works and model works; computer software and other intellectual creations that meet the characteristics of works. Perpetrator infringing on copyright or copyright related rights shall be held liable for actual damages to obligee, and may be fined, and the illegal gains, pirate copies and properties used for illegal activities may be confiscated.

Domain Name

Pursuant to the Internet Domain Name Management Measures released by the Ministry of Industry and Information Technology on August 24, 2017 and effective on November 1, 2017, domain name registration shall be conducted through domain name registration management service institutions, on the basis of “first apply first register,” unless otherwise specified by the implementation rules for a particular domain name. Domain name registration management service institution should enter into individual domain name registration agreement with the applicant. The domain name holder should notify domain name registration management service institution any alteration in registration information other than that of the holder and apply for registration information change within 30 days after the alteration according to alteration recognition method selected at application.

Patents

Pursuant to the Patent Law of the PRC promulgated by the Standing Committee of the National People’s Congress and most recently amended on October 17, 2020 and the Implementation Rules for the Patent Law of the PRC, which was promulgated by the State Council and last amended on December 11, 2023 and came into effect on January 20, 2024, patents are categorized into invention, utility model and appearance design. Invention refers to new technical solutions for a product, method or its improvement; utility model refers to new technical solutions for the shape, structure or the combination of both shape and structure of a product, which is applicable for practical use; appearance design refers to new designs of the shape, pattern or the combination of shape and pattern, or the combination of the color, the shape and pattern of a product with esthetic feeling and industrial application value. The patent right period for invention is 20 years from the date of application, the patent right period for utility model is ten years from the date of application and the patent right period for appearance design is fifteen years from the date of application. The Patent Law of the PRC and its Implementation Rules stipulate that a patentee’s patent right entitlement is protected by law.

Regulations on Tax

Corporate Income Tax

Pursuant to the Enterprise Income Tax Law of the PRC effective on January 1, 2008 and amended on December 29, 2018, and the Implementation Provisions for the Enterprise Income Tax Law of the PRC, most recently amended on December 6, 2024 and became effective on January 20, 2025, companies are classified into resident companies and non-resident companies. Corporate Income Tax rate is 25%, or 20% for non-resident company which has not set up an organization or an operating site, or its income from established organization or operating side is not connected to such organization or site, judging by the source of its income within the PRC territory. High and new technology companies encouraged by the government shall be accorded with 15% income tax.

Pursuant to the Announcement on Issues Regarding Implementation of Preferential Income Tax Policy for High and New Technology Companies released on June 19, 2017 by the State Administration of Taxation, company qualified as high or new technology company shall enjoy preferential tax from the year indicated on the certificate for high and new technology company, and file for registration with taxation agency of jurisdiction according to applicable provisions. On expiration of the qualification as high and new technology company, income tax shall be temporarily levied pursuant to a preferential tax rate of 15% before renewal of the qualification; if such qualification is not obtained before the end of the year, the difference between the preferential tax rate and the regular tax rate should be paid according to applicable provisions.

Withholding Income Tax

Pursuant to the Arrangement between Mainland and Hong Kong S.A.R. Regarding Avoidance of Double Taxation on Income and Prevention of Tax Evasion agreed between the State Administration of Taxation and Hong Kong S.A.R. on August 21, 2006, and certain conventions implemented as of June 11, 2008, December 20, 2010, December 29, 2015, and December 6, 2019, if Hong Kong resident holds at least 25% of the registered capital of a company in China, the withholding income tax rate applicable to the Chinese company for dividends payable to the Hong Kong resident is 5%. In all other cases, the withholding income tax rate applicable to the Chinese company for dividends payable to the Hong Kong resident is 10%.

Value-Added Tax

Pursuant to the Provisional Regulations on Value-Added Tax of the PRC last amended on November 19, 2017 and their implementation rules promulgated by the Ministry of Finance and last amended on October 28, 2011, tax payers engaging in sale of goods, provision of processing services, repairs and replacement services, sales of services, intangible assets or real property, or importation of goods within the territory of the PRC shall pay value-added tax, or the VAT.

On November 16, 2011, the Ministry of Finance and the State Administration of Taxation jointly promulgated the Pilot Plan for Levying Value- Added Tax in lieu of Business Tax. Starting from January 1, 2012, the PRC government has been gradually implementing a pilot program in certain provinces and municipalities, to levy a 6% VAT on revenue generated from modern service industries in lieu of the business tax.

The Measures for the Exemption of Value-Added Tax from Cross-Border Taxable Activities in the Collection of Value-Added Tax in Lieu of Business Tax (for Trial Implementation), which were promulgated on May 6, 2016 by the State Administration of Taxation and amended according to the Notice of State Administration of Taxation on Revising Some Normative Documents on Taxation on June 15, 2018, provide that if a domestic enterprise provides cross-border taxable activities such as professional technology services, technology transfer, software service etc., the above mentioned cross-border taxable activities shall be exempted from the VAT.

On March 23, 2016, the Ministry of Finance and the State Administration of Taxation jointly issued the Circular of Full Implementation of Business Tax to Value-added Tax Reform, which confirms that business tax will be completely replaced by the VAT from May 1, 2016.

Pursuant to Notice of the Ministry of Finance and the State Administration of Taxation on Adjusting Value-added Tax Rates issued by the Ministry of Finance and State Administration of Taxation on April 4, 2018 and effective on May 1, 2018, the applicable VAT for VAT-taxable sales activities or imported goods are adjusted respectively from 17% and 11% to 16% and 10%.

Pursuant to the Announcement on Relevant Policies for Deepening Value-Added Tax Reform issued by the Ministry of Finance, the State Administration of Taxation and the General Administration of Customs on March 20, 2019 and effective on April 1, 2019, with respect to VAT taxable sales or imported goods of a VAT general taxpayer, where the VAT rate of 16% applies currently, it shall be adjusted to 13%, and the currently applicable VAT rate of 10% shall be adjusted to 9%.

Regulations on Employment and Social Welfare

Employment

The labor laws in China include the Labor Law of the PRC, the Labor Contract Law of the PRC, Interim Provisions on Labor Dispatch, the Social Insurance Law of the PRC, the Provisional Measures for Company Employee Birth Insurance, the Provisional Regulations for the Collection and Payment of Social Insurance Premiums, Regulations on Management of Housing Provident Fund and other laws and regulations released by the governmental authorities from time to time.

Pursuant to the Labor Law of the PRC effective on January 1, 1995 and last amended by the Standing Committee of the National People's Congress on December 29, 2018, enterprises and institutions must establish and improve work safety and health system, strictly enforce national regulations and standards on work safety and health, and carry out work safety and health education for workers. Working safety and health facilities must meet the national standard. Enterprises and institutions must provide workers with working safety and health conditions that satisfy national provisions on labor protection.

Pursuant to the Labor Contract Law of the PRC effective on January 1, 2008 and amended by the Standing Committee of the National People's Congress on December 28, 2012, enterprise or organization which will establish or has established employment relationship with workers should make it official with written employment contract. No enterprise or institution may force workers to work overtime, and employer should pay over-time fee to workers in line with applicable national provisions.

Pursuant to the Interim Provisions on Labor Dispatch, which were issued by the Ministry of Human Resources and Social Security on January 24, 2014 and came into effect on March 1, 2014, and the Labor Contract Law of the PRC, employers may only employ dispatched workers in temporary, auxiliary or substitutable positions and the number of which shall not exceed 10% of the total number of its employees. If the employer violates the labor dispatch regulations, the labor administrative department shall order it to make rectifications within a time limit; if it fails to make rectifications within the time limit, penalties shall be imposed for more than RMB5,000 and less than RMB10,000 per person.

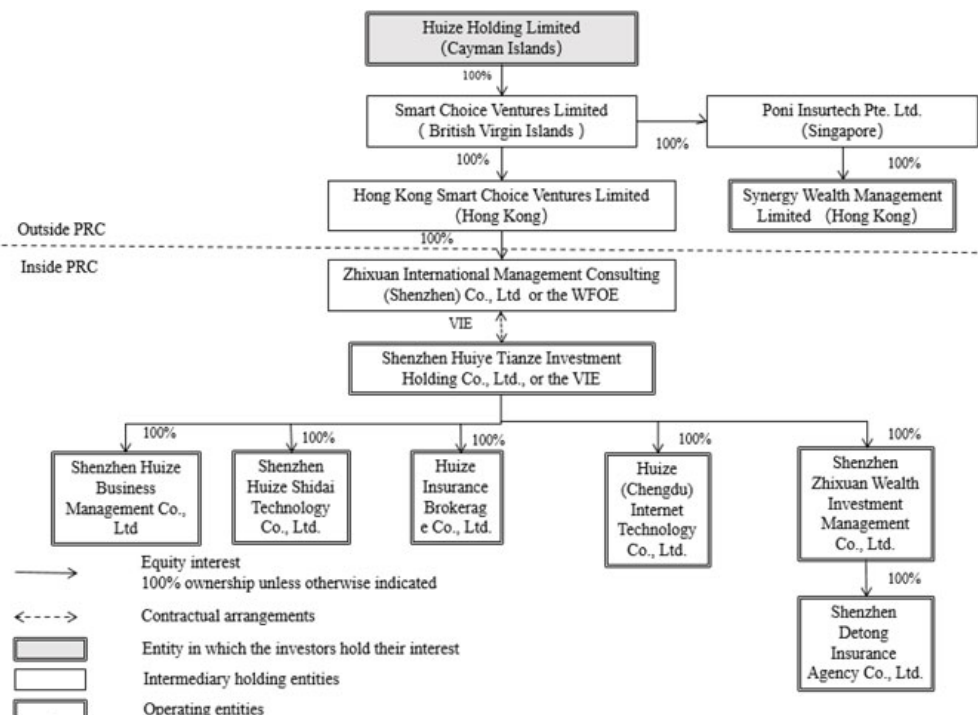
Social Insurance and Housing Provision

Pursuant to the Social Insurance Law of the PRC, which came into effect on July 1, 2011 and was amended by the Standing Committee of the National People's Congress on December 29, 2018, and other applicable laws and regulations, employers should purchase social insurance policies for their employees, including basic pension policy, basic medical insurance policy, unemployment insurance policy, maternity insurance policy and work-related injury insurance policy. If an employer fails to make timely and full payment for social insurance for its employees, it shall be demanded by the competent social security authority to furnish payment plus the late fee within designated time period. If the employer fails to make up for the late fee within designated time period, the administrative authorities shall impose punitive measures on the employer.

Pursuant to the Regulations on Housing Provision which were promulgated in 1999 and amended on March 24, 2002 and March 24, 2019 by the State Council, enterprises should file for housing provision payment registration with the Housing Provision Management Center, and set up housing provision accounts for employees at trusted banks after audited by the Housing Provision Management Center. Enterprises should make timely and full payment for the employee housing provision.

C. Organizational Structure

The following diagram illustrates our current corporate structure, which includes our significant subsidiaries, the VIE and its material subsidiaries as of the date of this annual report:



Note

- (1) Shareholders of Shenzhen Huiye Tianze Investment Holding Co., Ltd., or Huiye Tianze, are: (1) Shenzhen Huidecheng Investment Development Limited Partnership and Shenzhen Huideli Consulting Management Limited Partnership, both as our PRC ESOP holding entities, holding an aggregate of 49.43% shares in Huiye Tianze; (2) PRC holding entities of the shareholders of our Cayman Islands holding company, holding an aggregate of 50.57% shares in Huiye Tianze.

Contractual Arrangements with The VIE and Its Shareholders

Due to the PRC legal restrictions on foreign ownership of internet-based businesses and qualification requirements on foreign investors in the insurance intermediary business, we rely on certain contractual arrangements with the VIE and its shareholders to conduct substantially all of our operations in China. These contractual arrangements allow us to exercise effective control over the VIE, receive substantially all of the economic benefits of the VIE and have an exclusive option to purchase all or part of the equity interests in the VIE when and to the extent permitted by PRC law. As a result of these contractual arrangements, we expect to be regarded as the primary beneficiary of the VIE, and we will accordingly treat it as a variable interest entity under U.S. GAAP. We will consolidate the financial results of the VIE and its subsidiaries in our consolidated financial statements in accordance with U.S. GAAP.

Below is a summary of the VIE contractual arrangements:

Agreements that Provide us with Effective Control over the VIE

Power of Attorney. On June 6, 2019, each shareholder of the VIE signed a Power of Attorney, pursuant to which each shareholder of the VIE irrevocably authorized our WFOE or any person designated by our WFOE to act as its attorney-in-fact to exercise all of its rights as a shareholder of the VIE, including but not limited to the right to convene and attend shareholders' meetings, sell, transfer or pledge any of the VIE's assets, vote on any resolution that requires a shareholder vote, such as the appointment of legal representative, directors, and officers, as well as other shareholders' voting rights permitted by the articles of association of the VIE. The shareholders' power of attorney will remain effective until the earlier of (i) the date on which the shareholders are no longer registered shareholders of the VIE; (ii) the expiration date of the VIE; or (iii) the expiration date of term of operation after it has been legally extended (if any), unless otherwise instructed by our WFOE in writing.

Equity Pledge Agreement. On June 6, 2019, our WFOE entered into an equity pledge agreement with the VIE and its shareholders. Pursuant to the equity pledge agreement, the shareholders of the VIE have pledged the 100% equity interests in the VIE to our WFOE to guarantee performance by the shareholders of their obligations under the exclusive business cooperation agreement, exclusive option and equity custody agreement and power of attorney, or together referred to as the “Cooperation Agreements.” In the event of a breach by the VIE or any of its shareholders of contractual obligations under the Cooperation Agreements or the equity pledge agreement, our WFOE, as pledgee, will have the right to dispose of the pledged equity interests in the VIE and will have priority in receiving the proceeds from such disposal. The VIE and its shareholders also undertake that, without the prior written consent of our WFOE, the shareholders of the VIE will not dispose of, create or allow any encumbrance on the pledged equity interests. The equity pledge agreement will remain effective until the earlier of (i) the date on which all obligations secured have been fully paid; or (ii) the date on which the pledgors transfer all equity interests in Huiye Tianze and our WFOE is entitled to operate our business as permitted under applicable PRC law. As of the date of this annual report, we have completed the registration of such equity pledges with the governmental authority.

Agreement that Allows us to Receive Economic Benefits from the VIE

Exclusive Business Cooperation Agreement. On June 6, 2019, our WFOE, the VIE and its shareholders entered into an exclusive business cooperation agreement. Pursuant to the exclusive business cooperation agreement, our WFOE has the exclusive right to provide the VIE with comprehensive technology and business support as well as the related consultations services required by the business of the VIE, or to appoint a third party to provide the VIE with such services. The VIE agrees to pay our WFOE a quarterly service fee, which is at our WFOE’s discretion. Our WFOE has the exclusive ownership of all the intellectual property rights created as a result of the performance of the exclusive business cooperation agreement to the extent permitted by applicable PRC law. During the term of the agreements, the VIE shall not accept any consultations and/or services provided by any third party and shall not cooperate with any third party for the provision of identical or similar services without prior written consent of our WFOE. The exclusive business cooperation agreements will remain effective unless our WFOE exercises its exclusive option and is registered as the sole shareholder of the VIE or otherwise terminates the agreement.

Agreement that Provides us with the Option to Purchase the Equity Interests in and Assets of the VIE

Exclusive Option and Equity Custody Agreement. On June 6, 2019, our WFOE entered into exclusive option and equity custody agreements with the VIE and its shareholders. Pursuant to the exclusive option and equity custody agreement, each of the shareholders of the VIE has irrevocably granted our WFOE an exclusive option to purchase, or have its designated third party to purchase, at its discretion, to the extent permitted under PRC law, all or part of his or its equity interests in the VIE and/or the assets that the VIE holds. Our WFOE or any third party designated by our WFOE may exercise such options at the price of RMB1, or minimum price as required by PRC laws and regulations when our WFOE or any third party designated by our WFOE exercises such options. If such price exceeds RMB1, the VIE’s shareholders shall return the excess portion to our WFOE. The shareholders of the VIE irrevocably and without consideration granted our WFOE to take custody of their shares in the VIE, where our WFOE holds and may exercise all shareholder’s rights of the VIE. The exclusive option and equity custody agreement will remain effective until all equity interests in the VIE and assets of the VIE have been transferred to our WFOE or its designated third party and registered under our WFOE or its designated third party or until our WFOE terminates the agreement unilaterally with ten days prior written notice.

In the opinion of Commerce & Finance Law Offices, our PRC legal counsel:

- the ownership structures of the VIE in China and our WFOE are not in violation of applicable PRC laws and regulations currently in effect; and
- the contractual arrangements among our WFOE, the VIE and its shareholders governed by PRC law are currently valid and binding in accordance with applicable PRC laws and regulations currently in effect, and do not result in any violation of the applicable PRC laws or regulations currently in effect.

However, our PRC legal counsel has also advised us that there are substantial uncertainties regarding the interpretation and application of current and future PRC laws, regulations and rules. Accordingly, the PRC regulatory authorities may take a view that is contrary to the opinion of our PRC legal counsel. It is uncertain whether any new PRC laws or regulations relating to variable interest entity structures will be adopted or if adopted, what they would provide. If we or any of the VIE are found to be in violation of any existing or future PRC laws or regulations, or fail to obtain or maintain any of the required permits or approvals, the PRC regulatory authorities would have broad discretion to take action in dealing with such violations or failures. See “Item 3. Key Information—D. Risk Factors—Risks Relating to Our Corporate Structure—If the PRC government finds that the agreements that establish the structure for operating certain of our operations in China do not comply with PRC regulations relating to insurance brokerage, insurance agent and the relevant industries, or if these regulations or the interpretation of existing regulations change in the future, we could be subject to severe penalties or be forced to relinquish our interests in those operations.”

D. Property, Plants and Equipment

Our corporate headquarter is located in Shenzhen, China. We lease office spaces in Shenzhen, Hefei, Chengdu, Beijing, Shanghai, Guangzhou, Tianjin, Nanjing, Suzhou, Zhengzhou, Xi’an, Hangzhou, Wuhan, Quanzhou, Nanchang, Huhehaote, Changchun, Shijiazhuang, Qingdao and Hong Kong from unrelated third parties under operating lease agreements, and we do not hold any facilities of our own. We believe that our existing facilities are generally adequate to meet our current needs, but we expect to seek additional space as needed to accommodate future growth.

ITEM 4A UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

The following discussion of our financial condition and results of operations is based upon and should be read in conjunction with our consolidated financial statements and their related notes included elsewhere in this annual report. This annual report contains forward-looking statements. See “Forward-Looking Information” on page 2 of this annual report. In evaluating our business, you should carefully consider the information provided under the caption “Item 3. Key Information—D. Risk Factors” in this annual report. We caution you that our businesses and financial performance are subject to substantial risks and uncertainties.

A. Operating Results

Key Factors Affecting Our Results of Operations

Our results of operations and financial condition are affected by the general factors affecting China’s online and offline insurance industry, including, among others, (i) China’s overall economic growth, (ii) the increase in per capita disposable income, (iii) regulatory changes, (iv) the rising awareness of insurance and demand for insurance products, and (v) the competitive environment in China. In particular, we operate in a highly regulated industry. The PRC government has not adopted a clear regulatory framework governing the emerging and rapidly evolving online insurance industry, and we expect that the regulatory framework will continue to evolve for some time to come. Regulatory changes will affect the general growth as well as the competitive landscape of the market. Staying in compliance with the regulatory requirements may result in diversion of our management team’s attention and increased operational costs and expenses. Our ability to execute our strategies and make adjustments when necessary in a cost-efficient manner in the changing regulatory environment is key to our future growth. Unfavorable changes in any of these general factors could materially and adversely affect our results of operations.

While our business is influenced by general factors affecting our industry, our results of operations are more directly affected by company-specific factors, including the following major factors:

Offering of a Distinguishable and Popular Insurance Product Mix

We primarily generate revenues from earning brokerage income by distributing insurance products underwritten by our insurer partners. We currently distribute two major categories of insurance products on our platform: (i) life and health insurance products, including life insurance products, annuity insurance products, long-term health insurance products and short-term health insurance products; and (ii) property & casualty insurance products, including travel insurance products, individual casualty insurance products and corporate insurance products. Between the two categories, life and health insurance products accounted for 95.4%, 93.2% and 92.1% of the GWP we facilitated in 2022, 2023 and 2024, respectively.

The insurance brokerage commission fees we charge are typically based on a percentage of the premiums paid by our insurance clients. Most life and health insurance policies we sell require periodic payment of premiums, typically annually, during a pre-determined payment period, generally ranging from 3 to 30 years. For such insurance policies we sell, insurer partners pay us a first-year commission based on a percentage of the first-year premiums, and subsequent commissions based on a smaller percentage of the renewal premiums paid by the insurance clients in the subsequent one to four years. Therefore, we rely on life and health insurance products to bring us a steady flow of brokerage income during the payment period of the first two to five years, so long as the insurance clients meet their payment commitments. Moreover, the commission fee rates our insurer partners pay us for the life and health insurance products are generally higher than those of property & casualty insurance products.

We believe that with the rising insurance awareness in China, insurance clients favor customized insurance products that cater to their personalized protection needs. To address such needs, we cooperate with our insurer partners to design and develop tailor-made insurance products, which contribute significantly to the GWP we facilitate, and further, to our revenues from commission fees. In 2024, approximately 39.1% of the GWP facilitated through our platform was contributed by tailor-made insurance products that we developed together with our insurer partners.

Expansion of Our Insurance Client Base

Although we generate our revenues primarily from fees that we charge our insurer partners, their demand for our brokerage services largely depends on our ability to help them reach and sell insurance products to insurance clients. Therefore, the size and composition of our insurance client base on our platform significantly affect our revenues and results of operations. We need to maintain a large and loyal client base with an emphasis on the younger generation who can bring us stable, long-term revenues. We maintain various client acquisition channels. To acquire direct client traffic, we conduct product marketing, user education and brand advertising. We also invest in our insurance consulting capabilities to improve client conversion rate. In addition, we partner with a large number of user traffic channels which have considerable influence over their users' insurance purchase decisions, and we pay them service fees for directing client traffic to our platform. We need to continually raise our brand awareness through both our own marketing team and our user traffic channels. We have incurred significant expenses and devoted considerable resources to marketing activities and client acquisition. In order to maintain and improve the operating efficiency of our platform, we should expand our client base efficiently without disproportionately adding our personnel costs. To improve profitability, we need to further enhance our client acquisition efficiency, particularly in accurate advertising and selecting and engaging effective distribution channels leveraging our big data analytics capabilities, in order to expand our client base in a cost-effective manner.

Operating Efficiency of Our Platform

We have incurred significant costs and expenses in building our platform, growing our client base and developing capabilities in data analytics and technology. Our business model is highly scalable and our platform is built to support our continued growth. While we expect our operating costs and expenses to increase in absolute terms as our business expands, we also expect them to decrease as a proportion of our revenues as we improve the operating efficiency of our platform and achieve more economies of scale. We have invested in accumulating and processing multi-dimensional client data and transaction data, and we plan to conduct in-depth analytics and analysis of client needs that will contribute to our client acquisition and conversion, product design and risk management capabilities, which in turn improves our overall operating margin.

Relationship with Our Insurer Partners

As of December 31, 2024, we had contracts in effect with 139 insurer partners, including 80 life and health insurance companies and 59 property & casualty insurance companies. We cooperate with our insurer partners to offer their standard insurance products or to design and develop tailor-made insurance products. We need to keep the growth of our business, brand influence and risk management capabilities so as to strengthen the cooperation with our existing insurer partners while attracting more insurance companies to build cooperative relationships with us. Our growth will also allow us to hold stronger bargaining power and be able to negotiate favorable terms in our business cooperation with insurer partners. We plan to further diversify and expand the number of insurer partners we work with to manage any potential concentration risk. Our five largest insurer partners in terms of operating revenue contribution aggregately accounted for 56.5%, 57.4% and 33.0% of our total operating revenue in 2022, 2023 and 2024, respectively. We plan to adjust the structure of insurer partners we work with to an extent that is suitable for our long-term growth, while exposes us to limited concentration risk.

Furthermore, we need to ensure the quality of services we provide to insurer partners, including system integration, product design and development services, and risk management solutions to maintain their incentive to keep cooperating with us. We need to provide insurance clients with a smooth insurance experience through our platform by offering a series of client services, including, among others, consulting service, intelligent underwriting service and claim application and settlement service. Client satisfaction and positive feedback from our insurance clients encourage our insurer partners to maintain and expand their cooperation with us.

Key Operating Metrics

We regularly review a number of operating metrics to evaluate our business, measure our performance, identify trends, formulate financial projections and make strategic decisions. The principal operating metrics we consider are set forth in the table below:

	2022	2023	2024
GWP facilitated (million RMB)	4,907.9	5,800.9	6,158.6
First year premiums (million RMB)	1,846.6	2,621.7	3,421.0
Renewal premiums (million RMB)	3,061.3	3,179.2	2,737.6

Key Components of Our Results of Operations Revenues

Our revenues are derived from providing insurance brokerage services to our insurer partners, and are comprised of brokerage income and other income. The following table sets forth the components of our revenues by amounts and percentages of our total operating revenue for the periods presented:

	For the Year Ended December 31,						
	2022		2023		2024		
	RMB	%	RMB	%	RMB	US\$	
	(in thousands, except for percentages)						
Operating revenue:							
Life and health insurance business	1,046,469	90.3	1,043,497	87.2	1,056,981	144,805	84.6
Property & casualty insurance business	62,183	5.4	101,036	8.5	136,846	18,748	11.0
Brokerage income	1,108,652	95.7	1,144,533	95.7	1,193,827	163,554	95.6
Other income	49,256	4.3	51,019	4.3	55,087	7,547	4.4
Total operating revenue	<u>1,157,908</u>	<u>100.0</u>	<u>1,195,552</u>	<u>100.0</u>	<u>1,248,914</u>	<u>171,101</u>	<u>100.0</u>

Brokerage income. We derive brokerage income from commission fees generated from facilitating sales of insurance products underwritten by our insurer partners through our platform. We facilitate sales of two major types of insurance products on our platform: (i) life and health insurance products, including long-term health insurance products, short-term health insurance products, annuity insurance products; and (ii) property & casualty insurance products, including travel insurance products, individual casualty insurance products and corporate insurance products.

The commission fees we receive are based on a percentage of the premiums our insurance clients pay our insurer partners. Commission fee rates generally depend on the type of insurance products and the particular insurer partners, and are subject to regulatory requirements. We typically receive payment of the commission fees from insurer partners on a monthly basis. Our brokerage income is recognized when the signed insurance policy is in place and the premiums is collected from our insurance clients.

Commission fees earned from life and health insurance products have been our primary source of revenues in recent years. Commission fees earned from life and health insurance products accounted for 94.4%, 91.2% and 88.5% of our total brokerage income in 2022, 2023 and 2024, respectively. As we plan to enhance our focus on life and health insurance products, particularly long-term health insurance products and further improve our product design capabilities, we expect life and health insurance products to continue to be a major contributor to our revenues.

Other income. Other income primarily consists of service fees for consulting services, service fees from providing marketing services to our insurer partners, and service fees from providing technology services to our insurer partners. We provide consulting services before selling insurance products to the insured.

The following table presents operating revenue by geographic location by amounts and percentages of our total operating revenue for the periods presented:

	For the Year Ended December 31,						
	2022		2023		2024		
	RMB	%	RMB	%	RMB	US\$	
	(in thousands, except for percentages)						
Operating revenue:							
Mainland China	1,154,793	99.7	1,173,322	98.1	1,009,140	138,252	80.8
Hong Kong	1,562	0.1	20,587	1.7	235,191	32,221	18.8
Others	1,553	0.1	1,643	0.1	4,583	628	0.4
Total operating revenue	1,157,908	100.0	1,195,552	100.0	1,248,914	171,101	100.0

Operating Costs and Expenses

Operating costs and expenses consist primarily of cost of revenue, selling expenses, general and administrative expenses and research and development expenses. The following table sets forth the components of our operating expenses by amounts and percentages of total operating cost and expenses for the periods presented:

	For the Year Ended December 31,						
	2022		2023		2024		
	RMB	%	RMB	%	RMB	US\$	
	(in thousands, except for percentages)						
Operating costs and expenses:							
Cost of revenue	(706,009)	(58.7)	(729,068)	(63.7)	(855,496)	(117,202)	(67.4)
Cost of other income	(28,282)	(2.4)	(19,938)	(1.7)	(12,790)	(1,753)	(1.0)
Selling expenses	(231,664)	(19.3)	(204,261)	(17.8)	(192,425)	(26,362)	(15.2)
General and administrative expenses	(154,715)	(12.9)	(119,404)	(10.5)	(146,769)	(20,107)	(11.6)
Research and development expenses	(80,911)	(6.7)	(71,842)	(6.3)	(62,391)	(8,548)	(4.9)
Total operating costs and expenses	(1,201,581)	(100.0)	(1,144,513)	(100.0)	(1,269,871)	(173,972)	(100.0)

Cost of revenue. Cost of revenue primarily consists of (i) channel cost, which is service fees paid to our user traffic channels, including social media influencers and financial institutions under our indirect marketing, and (ii) personnel costs related to our insurance consultants, including base salaries and performance bonuses under our direct marketing. We plan to carefully select user traffic channels we work with to achieve better client acquisition results, and we will further improve client acquisition efficiency of each insurance consultant through enhanced training programs and increased application of big data technologies. We expect our cost of revenue as a percentage of our total revenue will decrease.

Cost of other income. Our cost of other income primarily consists of project expenses of our technology service, which include payroll for employees involved in providing the technology services and other related expenses.

Selling expenses. Our selling expenses primarily consist of (i) salaries and employment benefits for sales related personnel, including sales and marketing team, product management team and client service team for both indirect and direct marketing, (ii) advertising and marketing expenses, and (iii) rental and utilities expenses, office expenses and traveling expenses incurred in connection with sales activities. We expect our selling expenses to increase in absolute amounts in the foreseeable future as we seek to enhance our insurance service capabilities and increase our brand awareness, and decrease as a percentage of our total operating costs and expenses due to improved economies of scale.

General and administrative expenses. Our general and administrative expenses primarily consist of (i) payroll and related expenses for employees involved in general corporate functions and costs associated with the use of facilities and equipment by these functions, and (ii) professional service expenses, surcharge from value-added tax, office expenses, rental and utilities expenses and share-based compensation expenses. We expect our general and administrative expenses to increase in absolute amounts in the foreseeable future due to the anticipated growth of our business.

Research and development expenses. Our research and development expenses primarily consist of payroll and related expenses of research and development personnel. We intend to continue to invest in our system supporting intelligent underwriting, policy management and claim settlement services and our IT system, and the expenses incurred therefrom will be recorded as research and development expenses.

Results of Operations

The following table sets forth a summary of our consolidated results of operations for the periods presented, both in absolute amount and as a percentage of our total operating revenue for the years presented. This information should be read together with our consolidated financial statements and related notes included elsewhere in this annual report. The results of operations in any period are not necessarily indicative of our future trends.

	For the Year Ended December 31,						
	2022		2023		2024		
	RMB	%	RMB	%	RMB	US\$	
	(in thousands, except for percentages, share and per share data)						
Operating revenue:							
Brokerage income	1,108,652	95.7	1,144,533	95.7	1,193,827	163,554	88.5
Other income	49,256	4.3	51,019	4.3	55,087	7,547	11.5
Total operating revenue	1,157,908	100.0	1,195,552	100.0	1,248,914	171,101	100.0
Operating costs and expenses:							
Cost of revenue(1)	(706,009)	(61.0)	(729,068)	(61.0)	(855,496)	(117,202)	(68.5)
Cost of other income	(28,282)	(2.4)	(19,938)	(1.7)	(12,790)	(1,753)	(1.0)
Selling expenses(1)	(231,664)	(20.0)	(204,261)	(17.0)	(192,425)	(26,362)	(15.4)
General and administrative expenses(1)	(154,715)	(13.4)	(119,404)	(10.0)	(146,769)	(20,107)	(11.8)
Research and development expenses(1)	(80,911)	(7.0)	(71,842)	(6.0)	(62,391)	(8,548)	(5.0)
Total operating costs and expenses	(1,201,581)	(103.8)	(1,144,513)	(95.7)	(1,269,871)	(173,972)	(101.7)
Operating (loss)/profit	(43,673)	(3.8)	51,039	4.3	(20,957)	(2,871)	(1.7)
Other income/(expenses):							
Interest income/(expenses)	(5,062)	(0.4)	2,789	0.2	4,139	567	0.3
Unrealized exchange income/(loss)	(79)	(0.0)	(436)	(0.0)	(684)	(94)	(0.1)
Investment income/(loss)	(2,216)	(0.2)	(1,656)	(0.1)	(511)	(70)	(0.0)
Others, net	19,490	1.7	18,401	1.5	17,179	2,354	1.4
(Loss)/profit before income tax, and share of income of equity method investee	(31,540)	(2.7)	70,137	5.9	(834)	(114)	(0.1)
Income tax expense	—	—	—	—	(135)	(18)	(0.0)
Share of income/(loss) of equity method investee	(2,200)	(0.2)	417	0.0	1,535	210	0.1
Net (loss)/profit	(33,740)	(2.9)	70,554	5.9	566	78	0.0

Note:

(1) Share-based compensation expenses were allocated in operating costs and expenses as follows:

	Year Ended December 31,			
	2022	2023		2024
	RMB	RMB	RMB	US\$
	(in thousands)			
Cost of revenue	11	(7)	(9)	(1)
Selling expenses	1,041	286	565	77
General and administrative expenses	9,151	1,997	8,437	1,156
Research and development expenses	208	(167)	28	4
Total	10,411	2,109	9,021	1,236

Year ended December 31, 2024 compared to year ended December 31, 2023

Operating Revenue

Our total operating revenue increased by 4.5% from RMB1,195.6 million in 2023 to RMB1,248.9 million (US\$171.1 million) in 2024, driven by the increase in our brokerage income from RMB1,144.5 million in 2023 to RMB1,193.8 million in 2024. The increase of brokerage income was primarily due to the increase in first year premiums facilitated through our platform from RMB2,621.7 million in 2023 to RMB3,421.0 million in 2024.

Operating cost and expenses

Our total operating cost and expenses increased by 11% from RMB1,144.5 million in 2023 to RMB1,269.9 million (US\$174.0 million) in 2024. This increase was primarily due to an increase in cost of revenue from RMB729.1 million in 2023 to RMB855.5 million in 2024.

Cost of revenue. Our cost of revenue increased by 17.3% from RMB729.1 million in 2023 to RMB855.5 million (US\$117.2 million) in 2024, primarily attributable to an increase in channel expenses as a result of the increase in first year premiums facilitated.

Cost of other income. Our cost of other income decreased by 35.9% from RMB19.9 million in 2023 to RMB12.8 million (US\$1.8 million) in 2024, primarily attributable to the decreases in the project expenses relating to the technology services we provided to our insurer partners and rental and utilities expenses.

Selling expenses. Our selling expenses decreased by 5.8% from RMB204.3 million in 2023 to RMB192.4 million (US\$26.4 million) in 2024, accounting for 17.1% and 15.4% of the total operating revenue for the respective years. The decrease in the selling expenses was primarily attributable to decreases in salaries and employment benefits and rental and utilities expenses.

General and administrative expenses. Our general and administrative expenses increased by 22.9% from RMB119.4 million in 2023 to RMB146.8 million (US\$20.1 million) in 2024, accounting for 10.0% and 11.8% of the total operating revenue of the respective years. The increase was partly related to an increase in rental and utilities expenses.

Research and development expenses. Our research and development expenses decreased by 13.2% from RMB71.8 million in 2023 to RMB62.4 million (US\$8.5 million) in 2024, accounting for 6.3% and 4.9% of the total operating revenue for the respective period. The decrease was primarily attributable to a decrease in rental and utilities expenses.

Operating profit

As a result of the foregoing, we recorded an operating loss of RMB21.0 million (US\$2.9 million) in 2024, as compared to an operating profit of RMB51.0 million in 2023.

Other income

We recorded other income of RMB55.1 million (US\$7.5 million) in 2024, compared to RMB51.0 million in 2023. This increase was primarily due to the increase in marketing service fees we received from our insurer partners.

Net profit

As a result of the foregoing, we recorded a net profit of RMB0.6 million (US\$0.1 million) in 2024, compared to a net profit of RMB70.6 million in 2023.

Year ended December 31, 2023 compared to year ended December 31, 2022

Operating Revenue

Our total operating revenue increased by 3.3% from RMB1,157.9 million in 2022 to RMB1,195.6 million in 2023, driven by the increase in our brokerage income from RMB1,108.7 million in 2022 to RMB1,144.5 million in 2023. The increase of brokerage income was primarily due to the increase in first year premiums facilitated through our platform from RMB1,846.6 million in 2022 to RMB2,621.7 million in 2023.

Operating cost and expenses

Our total operating cost and expenses decreased by 4.7% from RMB1,201.6 million in 2022 to RMB1,144.5 million in 2023. This decrease was primarily due to the continual improvement in our operational efficiency and the implementation of our focused cost optimization measures in 2023.

Cost of revenue. Our cost of revenue increased by 3.3% from RMB706.0 million in 2022 to RMB729.1 million in 2023, primarily attributable to the increase in channel cost paid to our user traffic channels for our indirect marketing.

Cost of other income. Our cost of other income decreased by 29.5% from RMB28.3 million in 2022 to RMB19.9 million in 2023, primarily attributable to the decrease in the project expenses relating to the technology services we provided to our insurer partners.

Selling expenses. Our selling expenses decreased by 11.8% from RMB231.7 million in 2022 to RMB204.3 million in 2023, accounting for 20.0% and 17.1% of the total operating revenue for the respective years. The decrease in the selling expenses was primarily attributable to a decrease in salaries and employment benefits from RMB166.6 million in 2022 to RMB140.0 million in 2023, which was due to a decrease in the number of sales function personnel.

General and administrative expenses. Our general and administrative expenses decreased by 22.8% from RMB154.7 million in 2022 to RMB119.4 million in 2023, accounting for 13.4% and 10.0% of the total operating revenue of the respective years. The decrease was primarily attributable to a decrease in rental and utilities expenses from RMB25.1 million in 2022 to RMB11.5 million in 2023, which was due to a reduction in leased office space and the decrease in share-based compensation from RMB9.1 million in 2022 to RMB2.0 million in 2023.

Research and development expenses. Our research and development expenses decreased by 11.2% from RMB80.9 million in 2022 to RMB71.8 million in 2023, accounting for 7.0% and 6.0% of the total operating revenue for the respective period. The decrease was primarily attributable to the decrease in the number of research and development personnel and the decrease in technology service fees we paid to Xiaoke Huixuan (Shenzhen) Technology Co., Ltd. in 2023.

Operating profit

As a result of the foregoing, we recorded an operating profit of RMB51.0 million in 2023, as compared to an operating loss of RMB43.7 million in 2022.

Other income

We recorded other income of RMB51.0 million in 2023, compared to RMB49.3 million in 2022. This increase was primarily due to the increase in marketing service fees we received from our insurer partners.

Net profit

As a result of the foregoing, we recorded a net profit of RMB70.6 million in 2023, compared to a net loss of RMB33.7 million in 2022.

Taxation

Cayman Islands

The Cayman Islands currently levies no taxes on corporations based upon profits, income, gains or appreciation. There are no other taxes likely to be material to us levied by the government of the Cayman Islands except for stamp duties which may be applicable on instruments executed in, or brought within the jurisdiction of the Cayman Islands. The Cayman Islands is a party to a double tax treaty entered into with the United Kingdom in 2010 but otherwise is not party to any double tax treaties.

Hong Kong

Our subsidiary incorporated in Hong Kong, Hong Kong Smart Choice Ventures Limited, is subject to 16.5% Hong Kong profit tax on their taxable income generated from operations in Hong Kong. Under the Hong Kong tax laws, we are exempted from the Hong Kong income tax on our foreign-derived income. In addition, payments of dividends from our Hong Kong subsidiary to us are not subject to any Hong Kong withholding tax. We incurred tax expense of nil, nil and RMB0.3 million in 2022, 2023 and 2024, respectively.

PRC

Generally, our WFOE, the VIE and its subsidiaries are subject to enterprise income tax on their taxable income in China at a statutory rate of 25%.

The enterprise income tax is calculated based on the entity's global income as determined under PRC tax laws and accounting standards.

We are subject to value-added tax at a rate of 6% on the revenues generated from services provided in the PRC, less any deductible value-added tax we have already paid or borne. We are also subject to surcharges on value-added tax payments in accordance with PRC law.

Dividends paid by our wholly foreign-owned subsidiary in China to our intermediary holding company in Hong Kong will be subject to a withholding tax rate of 10%, unless the Hong Kong entity satisfies all the requirements under the Arrangement between China and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and Prevention of Fiscal Evasion with respect to Taxes on Income and Capital and receives approval from the tax authority. If our Hong Kong subsidiary satisfies all the requirements under the tax arrangement and receives approval from the tax authority, then the dividends paid to the Hong Kong subsidiary would be subject to withholding tax at the standard rate of 5%. Effective from November 1, 2015, the above mentioned approval requirement has been abolished, but a Hong Kong entity is still required to file application package with the tax authority, and settle the overdue taxes if the preferential 5% tax rate is denied based on the subsequent review of the application package by the tax authority. See "Item 3. Key Information—D. Risk Factors—Risks Relating to Our Corporate Structure—We may rely principally on dividends and other distributions on equity paid by our WFOE to fund any cash and financing requirements we may have, and any limitation on the ability of our WFOE to pay dividends to us could have a material adverse effect on our ability to conduct our business."

If our holding company in the Cayman Islands or any of our subsidiaries outside of China were deemed to be a "resident enterprise" under the PRC Enterprise Income Tax Law, it would be subject to enterprise income tax on its worldwide income at a rate of 25%. See "Item 3. Key Information—D. Risk Factors—Risks Relating to Doing Business in China—If we are classified as a PRC resident enterprise for PRC income tax purposes, such classification could result in unfavorable tax consequences to us and our non-PRC shareholders or ADS holders."

Recently issued accounting pronouncements

For a summary of recently issued accounting pronouncements, see Note 2(gg) to the consolidated financial statements of our company pursuant to Item 17 of Part III of this annual report.

B. Liquidity and Capital Resources

The following table sets forth a summary of our cash flows for the periods presented:

	For the Year Ended December 31,			
	2022	2023	2024	
	RMB	RMB	RMB	US\$
	(in thousands)			
Net cash (used in)/provided by operating activities	(85,067)	137,351	(18,926)	(2,593)
Net cash provided by/(used in) investing activities	(56,286)	(61,023)	(3,242)	(445)
Net cash provided by/(used in) financing activities	(101,133)	(133,555)	23,212	3,180
Effect of exchange rate changes on cash and cash equivalents	9,587	2,914	2,152	295
Net (decrease)/increase in cash and cash equivalents and restricted cash	(232,899)	(54,313)	3,196	437
Cash and cash equivalents and restricted cash at beginning of the year	608,984	376,085	321,772	44,083
Cash and cash equivalents and restricted cash at end of the year	376,085	321,772	324,968	44,520

To date, we have financed our operating and investing activities through cash generated from our operations and from historical financing activities. We believe that our current cash and cash equivalents and our anticipated cash flows from operations will be sufficient to meet our anticipated working capital requirements and capital expenditures for at least the next 12 months.

Cash and cash equivalents. Our cash and cash equivalents consist of cash on hand, bank deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash. As of December 31, 2022, 2023 and 2024, our cash and cash equivalents were RMB277.2 million, RMB249.3 million and RMB233.2 million (US\$31.9 million), respectively.

Restricted cash. Our restricted cash was RMB98.9 million, RMB72.0 million and RMB91.6 million (US\$12.5 million) as of December 31, 2022, 2023 and 2024, respectively. Our restricted cash consists of (i) unremitted net insurance premiums, (ii) pledged deposit and (iii) guarantee deposit. In our capacity as an insurance intermediary, we collect premiums from our insurance clients and remit the premiums to the insurer partner who underwrites the respective insurance product. Unremitted net insurance premiums are held in a fiduciary capacity until disbursed by us, and we report the amount of such unremitted net insurance premiums as restricted cash. Unremitted net insurance premiums were RMB30.6 million, RMB42.1 million and RMB61.7 million (US\$8.5 million) as of December 31, 2022, 2023 and 2024 respectively. During the year ended December 31, 2022, Hong Kong Smart Choice Ventures Limited, one of our subsidiaries, provided security for the loan of Shenzhen Huize Shidai Technology Co., Ltd., another subsidiary of our, in the form of pledged deposits with a total amount of RMB43.5 million (US\$6.1 million), which was transferred to cash and cash equivalents during the year ended December 31, 2023 as a result of the repayment of the loan by Shenzhen Huize Shidai Technology Co., Ltd. We pay guarantee deposit required by CBIRC in order to protect insurance premium appropriation by insurance broker. The amount of guarantee deposit was RMB24.9 million, RMB29.9 million and RMB29.9 million (US\$4.1 million) as of December 31, 2022, 2023 and 2024, respectively.

Accounts receivable. Our accounts receivable was RMB250.7 million, RMB178.3 million and RMB157.1 million (US\$21.5 million) as of December 31, 2022, 2023 and 2024, respectively. Accounts receivable primarily consists of commission fee receivable.

Account payable. Our account payable primarily consists of service fees to be paid to our user traffic channels. Our accounts payable were RMB262.3 million, RMB211.9 million and RMB202.1 million (US\$27.7 million) as of December 31, 2022, 2023 and 2024, respectively. The decrease was primarily due to a decrease of service fees to be paid to our user traffic channels.

Insurance premium payables. Our insurance premium payables was RMB27.6 million, RMB37.5 million and RMB56.0 million (US\$7.7 million) as of December 31, 2022, 2023 and 2024, respectively. Our insurance premium payables primarily consist of insurance premiums collected on behalf of our insurer partners but not yet remitted as of the balance sheet dates.

In the future, we may decide to enhance our liquidity position or increase our cash reserve for future investments through additional capital and finance funding. The issuance and sale of additional equity would result in further dilution to our shareholders. The incurrence of indebtedness would result in increased fixed obligations and could result in operating covenants that would restrict our operations. We cannot assure you that financing will be available in amounts or on terms acceptable to us, if at all.

As of December 31, 2024, 84.5% of our cash and cash equivalents and restricted cash were held in China, and 84.4% were held by the VIE and denominated in Renminbi. Although we consolidate the results of the VIE and its subsidiaries, we only have access to the assets or earnings of the VIE and its subsidiaries through our contractual arrangements with the VIE and its shareholders. See “Item 4. Information on the Company—C. Organizational Structure—Contractual Arrangements with The VIE and Its Shareholders.” For restrictions and limitations on liquidity and capital resources as a result of our corporate structure, see “—Holding Company Structure.”

In utilizing the proceeds we received from our initial public offering, we may make additional capital contributions to our WFOE, establish new PRC subsidiaries and make capital contributions to these new PRC subsidiaries, make loans to our PRC subsidiary, or acquire offshore entities with operations in China in offshore transactions. However, most of these uses are subject to PRC regulations.

See “Item 3. Key Information—D. Risk Factors—Risks Relating to Doing Business in China—PRC regulation of loans to and direct investment in PRC entities by offshore holding companies and governmental control of conversion of foreign currencies into Renminbi may delay or prevent us from using the proceeds of our initial public offering to make loans to our WFOE and VIE or to make additional capital contributions to our PRC subsidiaries, which could materially and adversely affect our liquidity and our ability to fund and expand our business.”

A majority of our future revenues are likely to continue to be in the form of Renminbi. Under existing PRC foreign exchange regulations, Renminbi may be converted into foreign exchange for current account items, including profit distributions, interest payments and trade and service related foreign exchange transactions.

We expect that substantially all of our future revenues will be denominated in Renminbi. Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior SAFE approval as long as certain routine procedural requirements are fulfilled. Therefore, our PRC subsidiary is allowed to pay dividends in foreign currencies to us without prior SAFE approval by following certain routine procedural requirements. However, approval from or registration with competent government authorities is required where the Renminbi is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies. The PRC government may at its discretion restrict access to foreign currencies for current account transactions in the future.

Operating Activities

Net cash used in operating activities in 2024 was RMB18.8 million (US\$2.6 million), primarily attributable to (i) a net profit of RMB0.6 million (US\$0.1 million), (ii) main adjustments of amortization of right-of-use assets of RMB24.8 million (US\$3.4 million) and depreciation and amortization RMB11.5 million (US\$1.6 million), and (iii) an increase in contract assets of RMB46.8 million, partially offset by an increase in accounts receivable of RMB20.7 million.

Net cash provided by operating activities in 2023 was RMB137.4 million, primarily attributable to (i) net profit of RMB70.6 million, (ii) main adjustments of amortization of right-of-use assets of RMB25.7 million and depreciation and amortization RMB13.6 million, and (iii) a decrease in accounts receivable of RMB75.5 million and a decrease in prepaid expense and other receivables of RMB21.8 million, partially offset by an increase in accounts payable of RMB50.7 million and an increase in other payables and accrued expenses of RMB24.9 million.

Net cash used in operating activities in 2022 was RMB85.1 million, primarily attributable to a net loss of RMB33.7 million, (ii) main adjustments of amortization of right-of-use assets of RMB27.8 million and depreciation and amortization RMB18.4 million, and (iii) increase in accounts payable of RMB428.6 million, a decrease in insurance premium payables of RMB96.5 million, an increase in contract assets of RMB56.5 million and a decrease in payroll and welfare payable of RMB49.8 million, partially offset by a decrease in accounts receivable of RMB531.0 million and a decrease in prepaid expense and other receivables of RMB22.8 million.

Investing Activities

Net cash used in investing activities in 2024 was RMB1.5 million (US\$0.2 million), primarily due to advances to third parties of RMB12.6 million, which is partially offset by a distribution from equity investees of RMB11.4 million.

Net cash used in investing activities in 2023 was RMB61.0 million, primarily due to purchase of property, equipment and intangible assets of RMB30.5 million and advance to a third party of RMB23.0 million.

Net cash used in investing activities in 2022 was RMB56.3 million, primarily due to acquisition of subsidiary of RMB26.0 million, purchase of property, equipment and intangible assets of RMB16.8 million and purchase of long-term investment of RMB10.0 million in 2022.

Financing Activities

Net cash provided by financing activities in 2024 was RMB21.3 million (US\$2.9 million), primarily due to proceeds from borrowings of RMB50.0 million, partially offset by repayments of borrowings of RMB32.3 million.

Net cash used in financing activities in 2023 was RMB133.6 million, primarily due to repayments of borrowings of RMB161.5 million, partially offset by proceeds from borrowings of RMB37.0 million.

Net cash used in financing activities in 2022 was RMB101.1 million, primarily due to repayments of borrowings of RMB367.5 million, partially offset by proceeds from borrowings of RMB270.2 million.

Capital Expenditures

Our capital expenditures primarily consist of purchases of buildings, computers, office equipment and software. Our capital expenditures were RMB16.8 million, RMB30.5 million and RMB4.7 million (US\$0.6 million) in 2022, 2023 and 2024, respectively.

Material Cash Requirements

Our material cash requirements as of December 31, 2024, and any subsequent interim period primarily include our capital expenditures, operating lease obligations, investment commitments, short-term and long-term borrowings.

We will continue to make capital expenditures to meet the expected growth of our business. We do not have material contractual obligations relating to our future capital expenditures.

Our operating lease obligations consist of the commitments under the lease agreements for our office premises. We lease our office facilities under non-cancelable operating leases with various expiration dates. The majority of our operating lease commitments are related to our office lease agreements in China. The following table sets forth our contractual obligations as of December 31, 2024:

	Payment Due by Period As of December 31, 2024 RMB
Operating Lease Obligations	
Within one year (including one year)	18,562
One to three years (including three years)	25,144
Total	<u>43,706</u>

We did not have material investment commitments as of December 31, 2024.

Short-term borrowings represent bank borrowings. As of December 31, 2024, the total amount of our bank borrowings was RMB50 million, all of which will mature in 2025.

We intend to fund our existing and future material cash requirements with our existing cash balance. We will continue to make cash commitments, including capital expenditures, to support the growth of our business.

We have not entered into any material financial guarantees or other material commitments to guarantee the payment obligations of any third parties. We do not have retained or contingent interests in assets transferred. We have not entered into contractual arrangements that support the credit, liquidity or market risk for transferred assets. We do not have obligations that arise or could arise from variable interests held in an unconsolidated entity, or obligations related to derivative instruments that are both indexed to and classified in our own equity, or not reflected in the statement of financial position.

Other than as discussed above, we did not have any significant capital and other commitments, long-term obligations or guarantees as of December 31, 2024.

Holding Company Structure

Huize Holding Limited is a holding company with no material operations of its own. We conduct our operations primarily through our WFOE, the VIE and its subsidiaries in China. As a result, our ability to pay dividends depends upon dividends paid by our WFOE. If our existing PRC subsidiary or any newly formed ones incur debt on their own behalf in the future, the instruments governing their debt may restrict their ability to pay dividends to us. In addition, our wholly foreign-owned subsidiaries in China are permitted to pay dividends to us only out of their retained earnings, if any, as determined in accordance with PRC accounting standards and regulations. Under PRC law, each of our subsidiaries and the VIE in China is required to set aside at least 10% of its after-tax profits after making up the previous year's accumulated losses each year, if any, to fund certain statutory reserve funds until such reserve funds reach 50% of their registered capital. In addition, our wholly foreign-owned subsidiaries in China may allocate a portion of their after-tax profits based on PRC accounting standards to enterprise expansion funds and staff bonus and welfare funds at their discretion, and the VIE may allocate a portion of its after-tax profits based on PRC accounting standards to a surplus fund at their discretion. The statutory reserve funds and the discretionary funds are not distributable as cash dividends. Remittance of dividends by a wholly foreign-owned company out of China is subject to examination by the banks designated by SAFE. Our WFOE have not paid dividends and will not be able to pay dividends until they generate accumulated profits and meet the requirements for statutory reserve funds.

C. Research and Development, Patents and Licenses, etc.

See "Item 4. Information on the Company—B. Business Overview—Data and Technology" and "—Intellectual Property."

D. Trend Information

Other than as disclosed elsewhere in this annual report, we are not aware of any trends, uncertainties, demands, commitments or events for the period since January 1, 2025 that are reasonably likely to have a material effect on our net revenues, income, profitability, liquidity or capital resources, or that would cause the disclosed financial information to be not necessarily indicative of future operating results or financial conditions.

E. Critical Accounting Estimates

We prepare our consolidated financial statements in accordance with U.S. GAAP, which requires our management to make estimates that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the balance sheet dates, as well as the reported amounts of revenues and expenses during the reporting periods. To the extent that there are material differences between these estimates and actual results, our financial condition or results of operations would be affected. We base our estimates on our own historical experience and other assumptions that we believe are reasonable after taking account of our circumstances and expectations for the future based on available information.

We evaluate these estimates on an ongoing basis. We consider an accounting estimate to be critical if: (i) the accounting estimate requires us to make assumptions about matters that were highly uncertain at the time the accounting estimate was made, and (ii) changes in the estimate that are reasonably likely to occur from period to period or use of different estimates that we reasonably could have used in the current period, would have a material impact on our financial condition or results of operations.

Revenue Recognition

The revenue standard requires us to estimate the amount of variable consideration to which we will be entitled for revenue recognition. For long-term insurance product over one year, we are entitled to subsequent renewal commissions, which represent variable considerations and are contingent on future renewals of initial policies.

When estimating the variable consideration, we use the expected value method based on accumulated historical data and experiences. We also consider constraints when determining the estimated variable consideration, which we refer to as "estimated constrained values".

We perform ongoing evaluation of the appropriateness of the constraint applied, and consider the sufficiency of evidence that would suggest that the long-term expectation underlying the assumptions has changed. The estimated renewal commissions are contingent on future renewals of initial policies. Given the material uncertainty around the subsequent renewal of the insurance policies, the estimated renewal commissions expected to be collected are recognized as revenue only to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty is subsequently resolved. With the passage of time and accumulation of historical experiences and data, the judgment and assumptions are to be continuously re-evaluated and adjusted as needed when more information becomes available. Changes in estimates used in the revenue recognition could have a material impact on our financial statements.

The following describes how we apply the expected value method and our key considerations and judgments under the expected value method:

Accumulating historical data and experiences: We believe that accumulating sufficient renewal years' data for new products sold as the basis for the estimate is necessary for making a reasonable estimate that is representative and comparable to those policies sold in subsequent periods. On-going accumulation of historical renewal data and experiences represents the growth of our confidence for making a reasonable estimate without a significant subsequent reversal in revenue recognized.

Considering constraints on estimates: In estimating the variable consideration, we evaluated the following factors that could increase the likely hood or magnitude of a reversal: (i) the occurrence of renewal is outside our control and the estimate of renewal rates is complex and requires significant judgment; (ii) the estimate of variable consideration associated with policy renewals has a broad range of possible consideration amounts; and (iii) the contingency is not expected to be resolved for a long period of time. Along with the accumulation of historical renewal data and experiences, we re-evaluate the appropriateness of the constraint applied on an on-going basis and adjust the constraint accordingly when we observe more evidence that would suggest that the long-term expectation underlying the assumptions has changed.

Ongoing reassessment of the estimated constrained values: We continue to reassess the estimated constrained values at the end of each reporting period on a quarterly basis, including continuing to review and evaluate the reasonableness of the applied assumptions by comparing the original estimated constrained values with the actual renewal commissions collected to monitor and determine whether any changes to the assumptions are needed.

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

A. Directors and Senior Management

The following table sets forth information regarding our directors and executive officers as of the date of this annual report.

<u>Directors and Executive Officers</u>	<u>Age</u>	<u>Position/Title</u>
Cunjun Ma	53	Chairman of the Board of Directors and Chief Executive Officer
Xuchun Luo	56	Director and Vice President
Bin Wei	55	Independent Director
Jun Ge	52	Independent Director
Aaron Xiaolei Hou	51	Independent Director
Li Jiang	54	Chief Operating Officer
Ronald Tam	43	Co-Chief Financial Officer
Minghan Xiao	51	Co-Chief Financial Officer
Hong Zhu	42	General Counsel

Mr. Cunjun Ma is our founder and has been chairman of our board of directors and our chief executive officer since our inception. Mr. Cunjun Ma has over 25 years of insurance related experience, and holds exceptional insurance expertise and insights that have considerably contributed to our fast growth and unique corporate culture. He founded Shenzhen Huize Internet Insurance Agent Co., Ltd. in 2006 and worked as its general manager until June 2011. Prior to that, he worked as the head of a subsidiary of Hua An Property Insurance Co., Ltd. for two years. Prior to that, Mr. Ma worked at the Shenzhen branch of Ping An Property Insurance Co., Ltd. from August 1995 to February 2004. Mr. Ma obtained an MBA degree from Nankai University.

Ms. Xuchun Luo has served as our vice president since April 2024. Ms. Luo has over 15 years of insurance related experience, and 20 years of accounting and financing related experience. Before joining our company, Ms. Luo worked as a department manager in Shenzhen Huize Internet Insurance Agent Co., Ltd. from March 2007 to November 2011. Ms. Luo also worked in Hua An Property Insurance Co., Ltd. for two years. Prior to that, Ms. Luo worked as an accountant in Industrial and Commercial Bank of China for 15 years, and as a department manager in an industrial company for two years. Ms. Luo obtained a specialist's degree in financial accounting from Jiangxi Radio and Television University in 2001, and a bachelor's degree in law from The Open University of China in 2009.

Mr. Bin Wei has served as our independent director since February 2020. Mr. Wei has over 26 years of accounting and finance related experience. Mr. Wei has served as an asset management partner of CDH Investments Management (Hong Kong) Limited since April 2019. Prior to that, he served as a partner at Hillhouse Capital Group from April 2018 to March 2019. Prior to that, Mr. Wei worked in China Resources (Holdings) Co., Ltd. for 16 years from 2001 to 2017 in his capacities as director of finance, chief accountant and chief financial officer. From 1996 to 2001, Mr. Wei worked as the head of the accounting department in Nanguang (Group) Co., Ltd. Prior to that, Mr. Wei worked in the Audit Office of the Ministry of Foreign Trade and Economic Cooperation as a civil servant from 1992 to 1996. Mr. Wei serves as directors of various companies listed on Hong Kong Stock Exchange, including Hao Tian International Construction Investment Group Limited (HKSE: 1341) and Honghua Group Limited (HKSE: 00196). Mr. Wei has become qualified as a Chinese CPA since 1993, a Senior Auditor in China since 2003 and a Senior Accountant in China since 2003. Mr. Wei obtained his bachelor's degree in auditing from Zhongnan University of Finance and Economics in 1992, and his master's degree in Finance from Jinan University in 2001.

Mr. Jun Ge has served as our independent director since February 2020. Mr. Ge started his career as the engineer at Shanghai Research Institute of Building Sciences in 1993 and worked there for three years. From 1996 to 2015, He worked at China Europe International Business School as the administrative manager, deputy director of the corporate and public affairs department, director of the president office, the secretary general of foundation and the assistant president. Subsequently, he acted as the president of Pudong Innovation Institute and joined Shanghai Advanced Institute of Finance, Shanghai Jiao Tong University as an associate dean in 2017. He also served as the executive director of China Institute for Innovation and Development Strategy from 2018 to 2022. Currently, Mr. Ge is the advisor to chairman of Sun YeFang Economic Science Foundation and a director of Shanghai Guoyan Wealth Management Research Institute. Mr. Ge has been an independent non-executive director of China Mengniu Dairy Co., Ltd. (HKSE: 2319) since December 2021, and an independent director of Shenzhen Aisidi Co., Ltd. (SZSE: 002416) since October 2022. Mr. Ge's academic expertise includes corporate governance, corporate stakeholder relations, innovation mechanism evaluation and economic development sustainability. Mr. Ge obtained his bachelor's degree in chemistry from Xiamen University in 1993.

Mr. Aaron Xiaolei Hou has served as our independent director since February 2021. He has nearly 20 years of risk management and capital markets experience. He founded China Springs Capital Co., Ltd. in October 2016, and currently serves as its Chief Executive Officer and Chief Investment Officer. Prior to that, he worked as the Chief Risk Officer of CITIC Securities from 2011 to 2013, and an executive director in the market risk management division at the global headquarter of Goldman Sachs Group in New York from 2007 to 2011. Mr. Hou received his MBA degree in finance and accounting from the University of Rochester in 2000, and a master of science degree in quantitative methods and modeling from Baruch College of the City University of New York in 2003.

Mr. Li Jiang has served as our chief operating officer since 2015. Mr. Jiang has been working in the insurance industry since 2003. Prior to joining our company, Mr. Jiang worked as senior manager in Starr Insurance (China) from 2009 to 2015. Prior to that, Mr. Jiang worked as senior manager in AIG Insurance from 2003 to 2009. Before entering the insurance industry, Mr. Jiang worked as marketing manager for AirChina from 1993 to 2003. Mr. Jiang obtained his master's degree in marketing from Hong Kong University in 2013.

Mr. Ronald Tam has served as our co-chief financial officer since August 2020. Prior to that, Mr. Tam served as our chief strategy officer from April 2020 to July 2020. Mr. Tam has over 15 years of experience in driving and executing corporate strategy, strategic investments, mergers and acquisitions and capital markets transactions. Prior to joining our company, Mr. Tam served as the chief financial officer of Chong Sing Holdings FinTech Group Limited, a Hong Kong-listed fintech group, from 2016 to 2019, and Vice President of Corporate Finance from 2014 to 2016. Prior to that, Mr. Tam was an executive director and head of general industries investment banking for Greater China at Daiwa Capital Markets Hong Kong Limited from 2011 to 2013. Mr. Tam was a director at Crosby Capital Partners with a focus on private equity and special situations investments from 2010 to 2011. Mr. Tam commenced his career in investment banking at Goldman Sachs (Asia) L.L.C. in Hong Kong from 2002 to 2008 in its Equity Capital Markets and Corporate Finance groups, and advised corporate clients and financial sponsors on equity, equity-linked and M&A transactions across industries in Asia. Mr. Tam graduated magna cum laude with a bachelor of arts degree in economics and computer science from Yale University in 2002, and obtained Finance EMBA from Tsinghua PBC School of Finance in 2023.

Mr. Minghan Xiao has served as our co-chief financial officer since November 2016. Prior to joining our company, Mr. Xiao worked in his capacity as chief financial officer, senior accountant or secretary of board of directors in several companies from October 2007 to May 2016. Mr. Xiao worked in his capacity as assistant manager for Klynveld Peat Marwick Goerdeler from November 2006 to August 2007, and as senior accountant for Deloitte Touche Tohmatsu Limited from December 2004 to October 2006. Prior to that, Mr. Xiao worked for five years in a PRC accounting firm. Mr. Xiao obtained his bachelor's degree in logic from the Department of Philosophy, Peking University in 1995, and his master's degree in logic from the Department of Philosophy, Sun Yat-sen University in 1998.

Ms. Hong Zhu has served as our general counsel since April 2024. As the head of our legal and compliance department, Ms. Zhu is primarily responsible for the overall management of our company's legal and compliance matters. Ms. Zhu has over 16 years of corporate legal experience and over 10 years of insurance related experience. Prior to joining us, she worked at CIGNA & CMC Life Insurance Co., Ltd. as a legal manager from June 2014 to September 2018. From November 2007 to June 2014, she worked at BYD Company Limited as a legal manager. Prior to that, she worked at Guangdong Zheli Intellectual Property Office Co., Ltd. as an in-house counsel. Ms. Zhu obtained her bachelor's degree in law from Huazhong University of Science and Technology in 2004, and her master's degree in international economic law from City University of Hong Kong in 2005.

B. Compensation

For the fiscal year ended December 31, 2024, we paid an aggregate of RMB16.1 million (US\$2.2 million) in cash to our executive officers, and paid RMB1.5 million (US\$0.2 million) to our non-executive directors. We have not set aside or accrued any amount to provide pension, retirement or other similar benefits to our directors and executive officers. Our WFOE, the VIE and its subsidiaries are required by law to make contributions equal to certain percentages of each employee's salary for his or her pension insurance, medical insurance, unemployment insurance and other statutory benefits and a housing provident fund.

Employment Agreements and Indemnification Agreements

We have entered into employment agreements with each of our executive officers. Under these agreements, each of our executive officers is employed for a specified time period. We may terminate employment for cause, at any time, for certain acts of the executive officer, such as continued failure to satisfactorily perform, willful misconduct or gross negligence in the performance of agreed duties, conviction or entry of a guilty or nolo contendere plea of any felony or any misdemeanor involving moral turpitude, or dishonest act that results in material to our detriment or material of the employment agreement. We may also terminate an executive officer's employment without cause upon 60-day advance written notice. In such case of termination by us, we will provide severance payments to the executive officer as may be agreed between the executive officer and us. The executive officer may resign at any time with a 60-day advance written notice.

Each executive officer has agreed to hold, both during and after the termination or expiry of his or her employment agreement, in strict confidence and not to use, except as required in the performance of his or her duties in connection with the employment or pursuant to applicable law, any of our confidential information or trade secrets, any confidential information or trade secrets of our clients or prospective clients, or the confidential or proprietary information of any third party that we receive and for which we have confidential obligations. The executive officers have also agreed to disclose in confidence to us all inventions, designs and trade secrets which they conceive, develop or reduce to practice during the executive officer's employment with us and to assign all right, title and interest in them to us, and assist us in obtaining and enforcing patents, copyrights and other legal rights for these inventions, designs and trade secrets.

In addition, each executive officer has agreed to be bound by non-competition and non-solicitation restrictions during the term of his or her employment and typically for one year following the last date of employment. Specifically, each executive officer has agreed not to (i) solicit from any client doing business with us during the effective term of the employment agreement business of the same or of a similar nature to our business; (ii) solicit from any of our known potential client business of the same or of a similar nature to that which has been the subject of our known written or oral bid, offer or proposal, or of substantial preparation with a view to making such a bid, proposal or offer; (iii) solicit the employment or services of, or hire or engage, any person who is known to be employed or engaged by us; or (iv) otherwise interfere with our business or accounts, including but not limited to with respect to any relationship or agreement between any vendor or supplier and us.

We have also entered into indemnification agreements with each of our directors and executive officers. Under these agreements, we agree to indemnify our directors and executive officers against certain liabilities and expenses incurred by such persons in connection with claims made by reason of their being a director or officer of our company.

Share Incentive Plans

Global Share Incentive Plan

On June 30, 2019, our shareholders and board of directors approved the Global Share Incentive Plan, which we refer to as the Global Plan in this annual report, to attract and retain the best available personnel, provide additional incentives to employees, directors and consultants, and promote the success of our business. The maximum aggregate number of common shares that may be issued under Global Plan is 57,501,813 common shares.

The following paragraphs summarize the principal terms of the Global Plan.

Type of Awards. The Global Plan permits the awards of options, restricted share units and other types of share incentive awards.

Plan Administration. Our board of directors or a committee of one or more members of the board will administer the Global Plan. The plan administrator will determine the participants to receive awards, the type and number of awards to be granted to each participant, and the terms and conditions of each grant.

Award Agreement. Awards granted under the Global Plan are evidenced by an award agreement that sets forth the terms, conditions and limitations for each award, which may include the term of the award, the provisions applicable in the event that the grantee's employment or service terminates, and our authority to unilaterally or bilaterally amend, modify, suspend, cancel or rescind the award.

Eligibility. We may grant awards to our directors, employees, consultants and members.

Vesting Schedule. In general, the plan administrator determines the vesting schedule, which is specified in the relevant award agreement.

Exercise of Options. The plan administrator determines the exercise price for each award, which is stated in the relevant award agreement. Options that are vested and exercisable will terminate if they are not exercised prior to the time as the plan administrator determines at the time of grant.

However, the maximum exercisable term is ten years from the date of effectiveness of the Global Plan.

Transfer Restrictions. Awards may not be transferred in any manner by the participant other than in accordance with the exceptions provided in the Global Plan or the relevant award agreement or otherwise determined by the plan administrator, such as transfers by will or the laws of descent and distribution.

Termination and Amendment of the Global Plan. The administrator has the authority to terminate, amend, suspend or modify the Global Plan in accordance with our articles of association. However, no such action may adversely affect in any material way any award previously granted pursuant to the Global Plan.

Third Amended and Restated 2019 Share Incentive Plan

On June 30, 2019, our shareholders and board of directors approved the 2019 Plan to attract and retain the best available personnel, provide additional incentives to employees, directors and consultants, and promote the success of our business. In September 2021, May 2023 and November 2023, respectively, our board of directors approved the amendments to the 2019 Plan to increase the maximum number of Class A common shares that may be issued under the 2019 Plan. Under the currently effective Third Amended and Restated 2019 Plan, the maximum aggregate number of Class A common shares that may be issued is initially 187,559,565, plus an annual increase on June 1 of each of 2024, 2025, 2026 and 2027, by (i) 31,351,400 Class A common shares or (ii) such number of Class A common shares as may be determined by our board of directors.

The following paragraphs summarize the principal terms of the Third Amended and Restated 2019 Plan.

Type of Awards. The Third Amended and Restated 2019 Plan permits the awards of options, restricted shares, restricted share under other types of share incentive awards.

Plan Administration. Our board of directors or a committee of one or more members of the board will administer the Third Amended and Restated 2019 Plan. The committee will determine the participants to receive awards, the type and number of awards to be granted to each participant, and the terms and conditions of each grant.

Award Agreement. Awards granted under the Third Amended and Restated 2019 Plan are evidenced by an award agreement that sets forth the terms, conditions and limitations for each award, which may include the term of the award, the provisions applicable in the event that the grantee's employment or service terminates, and our authority to unilaterally or bilaterally amend, modify, suspend, cancel or rescind the award.

Eligibility. We may grant awards to our directors, employees, consultants and members.

Vesting Schedule. In general, the plan administrator determines the vesting schedule, which is specified in the relevant award agreement.

Exercise of Options. The plan administrator determines the exercise price for each award, which is stated in the relevant award agreement. Options that are vested and exercisable will terminate if they are not exercised prior to the time as the plan administrator determines at the time of grant.

However, the maximum exercisable term is ten years from the date of effectiveness of the Third Amended and Restated 2019 Plan.

Transfer Restrictions. Awards may not be transferred in any manner by the participant other than in accordance with the exceptions provided in the Third Amended and Restated 2019 Plan or the relevant award agreement or otherwise determined by the plan administrator, such as transfers by will or the laws of descent and distribution.

Termination and Amendment of the Third Amended and Restated 2019 Plan. At any time and from time to time, the board may terminate, amend or modify the plan; *provided, however*, that (a) to the extent necessary and desirable to comply with applicable laws or stock exchange rules, the Company shall obtain shareholder approval of any plan amendment in such a manner and to such a degree as required, unless the Company decides to follow home country practice, and (b) unless the Company decides to follow home country practice, shareholder approval is required for any amendment to the plan that (i) increases the number of shares available under the plan, or (ii) permits the committee to extend the term of the plan or the exercise period for an option beyond ten years from the date of grant.

The following table summarizes, as of February 28, 2025, the number of common shares underlying outstanding options and restricted shares that we granted to our directors and executive officers under the Global Plan and the Third Amended and Restated 2019 Plan.

<u>Name</u>	<u>Common Shares Underlying Options and Restricted Shares</u>	<u>Exercise Price (US\$/Share)</u>	<u>Date of Grant</u>	<u>Date of Expiration</u>
Cunjun Ma	Options: 7,556,701	0.0575	June 30, 2019	June 30, 2029
	Restricted Shares: 14,229,183	0	June 30, 2019	
	Options: 3,911,945	0.0575	September 8, 2021	September 8, 2031
	Options: 20,660,000	0.0600	March 14, 2023	March 14, 2033
	Options: 104,704,800	0.0300	April 22, 2024	April 22, 2034
Xuchun Luo	Options: 802,803	0.0575	June 30, 2019	June 30, 2029
	Restricted Shares: 4,054,612	0	June 30, 2019	
	Options: 1,600,000	0.0575	September 8, 2021	September 8, 2031
	Options: 2,200,000	0.0600	March 14, 2023	March 14, 2033
	Options: 5,200,000	0.0300	April 22, 2024	April 22, 2034
Li Jiang	Options: 842,101	0.0575	June 30, 2019	June 30, 2029
	Restricted Shares: 5,839,032	0	June 30, 2019	
	Options: 2,200,000	0.0600	March 14, 2023	March 14, 2033
	Options: 6,200,000	0.0300	April 22, 2024	April 22, 2034

<u>Name</u>	<u>Common Shares Underlying Options and Restricted Shares</u>	<u>Exercise Price (US\$/Share)</u>	<u>Date of Grant</u>	<u>Date of Expiration</u>
Minghan Xiao	Options: 842,101	0.0575	June 30, 2019	June 30, 2029
	Restricted Shares: 2,335,613	0	June 30, 2019	
	Options: 16,000,000	0.0575	September 8, 2021	September 8, 2031
	Options: 2,200,000	0.0600	March 14, 2023	March 14, 2033
	Options: 5,200,000	0.0300	April 22, 2024	April 22, 2034
Ronald Tam	Options:*	0.0575	March 9, 2021	June 30, 2029
	Restricted Shares: *	0	March 9, 2021	
	Options:*	0.0600	March 14, 2023	March 14, 2033
	Options:*	0.0300	April 22, 2024	April 22, 2034
Hong Zhu	Options:*	0.0575	June 30, 2019	June 30, 2029
	Restricted Shares: *	0	June 30, 2019	
	Options:*	0.0575	September 8, 2021	September 8, 2031
	Options:*	0.0600	March 14, 2023	March 14, 2033
	Options:*	0.0300	April 22, 2024	April 22, 2034
Other employees	Options: 2,165,604	0.0575	June 30, 2019	June 30, 2029
	Restricted Shares: 2,304,962	0	August 19, 2019	
	Options: 7,400,000	0.0575	September 8, 2021	September 8, 2031
	Options: 5,000,000	0.0600	March 14, 2023	March 14, 2033
	Options: 14,200,000	0.0300	April 22, 2024	April 22, 2034

* Less than 1% of our total outstanding shares.

As of February 28, 2025, our employees, other than our directors and executive officers, held 2,304,962 restricted shares and options to purchase 2,165,604 Class A common shares with exercise price of US\$ 0.0575 per share, under the Global Plan, and options to purchase 23,900,000 Class A common shares, with exercise price of US\$0.0575, US\$0.0600 or US\$0.0300 per share, under the Third Amended and Restated 2019 Plan.

C. Board Practices

Our board of directors consists of five directors. A director is not required to hold any shares in our company by way of qualification. A director who, to his or her knowledge, is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with our company is required to declare the nature of his or her interest at a meeting of our directors at which the question of entering into the contract or arrangement is first considered. Subject to any separate requirement for audit committee approval, the Nasdaq Global Market rules and disqualification by the chairman of the relevant board meeting, a director may vote in respect of any contract or arrangement or proposed contract or arrangement notwithstanding that the director may be interested therein, and if the director does so his or her vote shall be counted and the director shall be counted in the quorum at any meeting of our directors at which any such contract or transaction or proposed contract or transaction is considered. Our directors may exercise all the powers of our company to raise or borrow money and to mortgage or charge its undertaking, property and assets (present and future) and uncalled capital or any part thereof, to issue debentures, debenture stock, bonds and other securities, whether outright or as collateral security for any debt, liability or obligation of our company or of any third party.

Committees of the Board of Directors

We have established three committees under the board of directors: an audit committee, a compensation committee and a nominating and corporate governance committee. We have adopted a charter for each of the three committees. Each committee's members and functions are described below.

Audit Committee. Our audit committee consists of Bin Wei, Jun Ge and Aaron Xiaolei Hou. Bin Wei is the chairman of our audit committee. We have determined that each of Bin Wei, Jun Ge and Aaron Xiaolei Hou satisfies the “independence” requirements of Nasdaq Stock Market Rules and Rule 10A-3 under the Exchange Act. We have determined that Bin Wei qualifies as an “audit committee financial expert.” The audit committee oversees our accounting and financial reporting processes and the audits of the financial statements of our company. The audit committee is responsible for, among other things:

- appointing the independent auditors and pre-approving all auditing and non-auditing services permitted to be performed by the independent auditors;
- reviewing with the independent auditors any audit problems or difficulties and management’s response;
- discussing the annual audited financial statements with management and the independent auditors;
- reviewing the adequacy and effectiveness of our accounting and internal control policies and procedures and any steps taken to monitor and control major financial risk exposures;
- reviewing and approving all proposed related party transactions;
- meeting separately and periodically with management and the independent auditors; and
- monitoring compliance with our code of business conduct and ethics, including reviewing the adequacy and effectiveness of our procedures to ensure proper compliance.

Compensation Committee. Our compensation committee consists of Bin Wei, Jun Ge and Aaron Xiaolei Hou. Jun Ge is the chairman of our compensation committee. We have determined that each of Bin Wei, Jun Ge and Aaron Xiaolei Hou satisfies the “independence” requirements of Rule 5605 of the Nasdaq Stock Market Rules. The compensation committee assists the board in reviewing and approving the compensation structure, including all forms of compensation, relating to our directors and executive officers. Our chief executive officer may not be present at any committee meeting during which his compensation is deliberated. The compensation committee is responsible for, among other things:

- reviewing and approving, or recommending to the board for its approval, the compensation for our chief executive officer and other executive officers;
- reviewing and recommending to the board for determination with respect to the compensation of our non-employee directors;
- reviewing periodically and approving any incentive compensation or equity plans, programs or similar arrangements; and
- selecting compensation consultant, legal counsel or other adviser only after taking into consideration all factors relevant to that person’s independence from management.

Nominating and Corporate Governance Committee. Our nominating and corporate governance committee consists of Bin Wei, Jun Ge and Aaron Xiaolei Hou. Aaron Xiaolei Hou is the chairperson of our nominating and corporate governance committee. Each of Bin Wei, Jun Ge and Aaron Xiaolei Hou satisfies the “independence” requirements of Rule 5605 of the Nasdaq Stock Market Rules. The nominating and corporate governance committee assists the board of directors in selecting individuals qualified to become our directors and in determining the composition of the board and its committees. The nominating and corporate governance committee is responsible for, among other things:

- selecting and recommending to the board nominees and officer nominees for election by the shareholders or appointment by the board;
- reviewing annually with the board the current composition of the board with regards to characteristics such as independence, knowledge, skills, experience and diversity;
- making recommendations on the frequency and structure of board meetings and monitoring the functioning of the committees of the board; and
- advising the board periodically with regards to significant developments in the law and practice of corporate governance as well as our compliance with applicable laws and regulations, and making recommendations to the board on all matters of corporate governance and on any remedial action to be taken.

Duties of Directors

Under Cayman Islands law, our directors owe fiduciary duties to our company, including a duty of loyalty, a duty to act honestly and a duty to act in what they consider in good faith to be in our best interests. Our directors must also exercise their powers only for a proper purpose. A director must exercise the skill and care of a reasonably diligent person having both (i) the general knowledge, skill and experience that may reasonably be expected of a person in the same position (an objective test), and (ii) if greater, the general knowledge, skill and experience that that director actually possesses (a subjective test). In fulfilling their duty of care to us, our directors must ensure compliance with our memorandum and articles of association, as amended and restated from time to time, and the class rights vested thereunder in the holders of the shares. In certain limited exceptional circumstances, a shareholder may have the right to seek damages in our name if a duty owed by our directors is breached.

Our board of directors has all the powers necessary for managing, and for directing and supervising, our business affairs. The functions and powers of our board of directors include, among others:

- convening shareholders’ annual and extraordinary general meetings and reporting its work to shareholders at such meetings; declaring dividends and distributions;
- appointing officers and determining the term of office of the officers;
- exercising the borrowing powers of our company and mortgaging the property of our company; and
- approving the transfer of shares in our company, including the registration of such shares in our share register.

Terms of Directors and Officers

Our directors may be elected by an ordinary resolution of our shareholders. Alternatively, our board of directors may, by the affirmative vote of a simple majority of the directors present and voting at a board meeting appoint any person as a director to fill a casual vacancy on our board. Our directors are not automatically subject to a term of office and will hold office until such time as they resign or are removed from office by an ordinary resolution of our shareholders. In addition, a director will cease to be a director if he (i) resigns his office by notice delivered to our company or tendered at a board meeting; (ii) becomes of unsound mind or dies; (iii) without special leave of absence from the board of directors, is absent from meetings of the board for six consecutive times and the board resolves that his office be vacated; (iv) becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors; (v) is prohibited by law from being a director; or (vi) ceases to be a director by virtue of any provision of the Companies Act or our articles of association.

Our officers are appointed by and serve at the discretion of the board of directors, and may be removed by our board of directors save that the chairman of the board shall be elected and removed by ordinary resolution of shareholders. Executive officers, including but not limited to chief executive officer, chief operating officer, co-chief financial officers, shall be nominated by the nominating and corporate governance committee of the board.

Board Diversity Matrix

Board Diversity Matrix (As of February 28, 2025)				
Country of Principal Executive Offices				PRC
Foreign Private Issuer				Yes
Disclosure Prohibited Under Home Country Law				No
Total Number of Directors				5
	Female	Male	Non-Binary	Did Not Disclose Gender
Part I: Gender Identity				
Directors	1	4	0	0
Part II: Demographic Background				
Underrepresented Individual in Home Country Jurisdiction			0	
LGBTQ+			0	
Did Not Disclose Demographic Background			0	

D. Employees

As of December 31, 2022, 2023 and 2024, we had 1,034, 1,113 and 827 employees. The following table sets forth the numbers of our employees categorized by function as of December 31, 2024.

Functions:	As of December 31, 2024	
	Number	% of Total
Insurance consulting	232	28.1
Sales, marketing and training	197	23.8
Client service	116	14.0
Product management	37	4.5
Research and technology	104	12.6
General and administrative	141	17.1
Total	827	100.0

E. Share Ownership

Except as specifically noted, the following table sets forth information with respect to the beneficial ownership of our common shares on an as-converted basis as of February 28, 2025, by:

- each of our directors and executive officers; and
- each of our principal shareholders who beneficially own more than 5% of our total issued and outstanding shares.

The calculations in the table below are based on 1,008,857,623 common shares issued and outstanding as of February 28, 2025, including (i) 858,266,416 Class A common shares (excluding 3,619,900 Class A common shares reserved for issuance under our Global Plan and 2019 Plan, and 50,414,900 Class A common shares in the form of ADSs that we repurchased under our share repurchase program); and (ii) 150,591,207 Class B common shares.

Beneficial ownership is determined in accordance with the rules and regulations of the SEC. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, we have included shares that the person has the right to acquire within 60 days, including through the exercise of any option, warrant or other right or the conversion of any other security. These shares, however, are not included in the computation of the percentage ownership of any other person.

	Common shares Beneficially Owned			
	Class A Common Shares	Class B Common Shares	% of Total Common Shares	% of Aggregate Voting Power
Directors and Executive Officers**:				
Cunjun Ma(1)	156,561,374	150,591,207	30.4	77.5
Xuchun Luo	21,751,415	—	2.2	*
Bin Wei	—	—	—	—
Jun Ge	—	—	—	—
Aaron Xiaolei Hou	—	—	—	—
Li Jiang	13,206,133	—	1.3	*
Minghan Xiao	11,207,714	—	1.1	*
Ronald Tam	*	—	*	*
Hong Zhu	*	—	*	*
All Directors and Executive Officers as a Group	210,929,767	150,591,207	33.2	77.6
Principal Shareholders:				
Huidz Holding Limited(1)	—	150,591,207	14.9	72.5
Crov Global Holding Limited(2)	155,928,400	—	15.5	5.0
Wande Weirong Limited(3)	97,125,400	—	9.6	3.1
CDF Capital Insurtech Limited(4)	80,991,300	—	8.0	2.6

* Less than 1% of our total common shares on an as-converted basis outstanding as of February 28, 2025.

** Except as indicated otherwise below, the business address of our directors and executive officers is 49/F, Building T1, Qianhai Financial Centre, Linhai Avenue, Qianhai Shenzhen-Hong Kong Cooperation Zone, Shenzhen 518000, People's Republic of China.

- † For each person and group included in this column, percentage of voting power is calculated by dividing the voting power beneficially owned by such person or group by the voting power of all of our Class A and Class B common shares as a single class. In respect of all matters subject to a shareholders' vote, each Class A common share is entitled to one (1) vote, and each Class B common share is entitled to fifteen (15) votes, voting together as a single class. Each Class B common share is convertible into one Class A common share at any time at the option of the holder thereof. Class A common shares are not convertible into Class B common shares under any circumstances.
- (1) Represents (i) 71,392,946 Class A common shares issuable to Mr. Cunjun Ma upon exercise of options within 60 days after February 28, 2025; (ii) 9,321,540 Class A common shares in the form of ADSs held by Mr. Cunjun Ma; (iii) 150,591,207 Class B common shares directly held by Huidz Holding Limited, a company incorporated in British Virgin Islands that is ultimately controlled by QYRT Family Trust, a trust established under the laws of the British Virgin Islands and managed by HSBC International Trustee Limited as the trustee. Mr. Cunjun Ma is the settlor of the trust and his family member(s) are the trust's beneficiaries. Mr. Cunjun Ma also has sole voting power to 75,846,888 Class A common shares held by other shareholders of our company, including Wande Weirong Limited, CDF Capital Insurtech Limited, Bodyguard Holding Limited, Tian Jin Kun Zhi Enterprise Management Limited, Kaola Technology Limited, Jumi Holding Limited and One Mind Holding Limited.
 - (2) Based on the statement on Schedule 13G/A filed on February 9, 2023, represents (i) 23,999,260 Class A common shares in the form of 1,199,963 ADSs and (ii) 131,929,140 Class A common shares, held by Crov Global Holding Limited, a company incorporated in the British Virgin Islands. Crov Global Holding Limited is wholly owned by Made-in-China.com LIMITED, which in turn is wholly owned by Focus Technology Co., Ltd., a company with its securities listed on Shenzhen Stock Exchange (stock code: 002315). Mr. Jinhua Shen is the controlling shareholder and chairperson of Focus Technology Co., Ltd. The registered address of Crov Global Holding Limited is Marcy Building, 2nd Floor, Purcell Estate, P.O. Box 2416 Road Town, Tortola, British Virgin Islands.
 - (3) Based on the statement on Schedule 13G/A filed on February 8, 2024, and information provided by Wande Weirong Limited, represents 97,125,400 Class A common shares in the form of 4,856,270 ADSs held by Wande Weirong Limited, a company incorporated in the British Virgin Islands. Wande Weirong Limited is wholly owned by Jiaying Weirong Investment Management Partnership (Limited Partnership), whose general partner is Wanrong Times Asset Management (Xuzhou) Co., Ltd. Beijing Wanrong Times Capital Management Co., Ltd. is the controlling shareholder of Wanrong Times Asset Management (Xuzhou) Co., Ltd. Mr. Jun Xiong is the controlling shareholder of Beijing Wanrong Times Capital Management Co., Ltd. Mr. Jun Xiong disclaims beneficial ownership of the shares held by Wande Weirong Limited, except to the extent of his pecuniary interests therein. The registered address of Wande Weirong Limited is Sea Meadow House, P.O. Box 116, Road Town, Tortola, British Virgin Islands. Wande Weirong Limited has, pursuant to certain irrevocable proxy and power of attorney, delegated the voting power of 5,565,380 Class A common shares to Mr. Cunjun Ma, our chairman and chief executive officer.
 - (4) Based on the statement on Schedule 13G filed on February 11, 2021, represents 80,991,300 Class A common shares held by CDF Capital Insurtech Limited, a company incorporated in the British Virgin Islands. CDF Capital Insurtech Limited is wholly owned by Tianjin Chuangdongfang Enterprise Management Partnership (Limited Partnership), whose general partner is Mr. Ke Xiao. The registered address of CDF Capital Insurtech Limited is Commerce House, Wickhams Cay 1, P.O. Box 3140, Road Town, Tortola, British Virgin Islands VG1 110. CDF Capital Insurtech Limited has, pursuant to certain irrevocable proxy and power of attorney, delegated the voting power of 3,339,220 Class A common shares to Mr. Cunjun Ma, our chairman and chief executive officer.

To our knowledge, as of February 28, 2025, 620,199,580 of our common shares were held by one record holder in the United States, which was Citibank N.A., the depository of our ADS program. The number of beneficial owners of our ADSs in the United States is likely to be much larger than the number of record holders of our common shares in the United States.

Our common shares are divided into Class A common shares and Class B common shares. Holders of Class A common shares are entitled to one vote per share, while holders of Class B common shares are entitled to fifteen votes per share.

We are not aware of any arrangement that may, at a subsequent date, result in a change of control of our company.

F. Disclosure of a Registrant's Action to Recover Erroneously Awarded Compensation

Not applicable.

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

A. Major Shareholders

See “Item 6. Directors, Senior Management and Employees—E. Share Ownership.”

B. Related Party Transactions

Contractual Arrangements with The VIE and Its Shareholders

See “Item 4. Information on the Company—C. Organizational Structure.”

Shareholders Agreement and Registration Rights

We entered into a shareholders agreement with our shareholders on June 4, 2019 that provides for certain shareholders’ rights, including registration rights, information and inspection rights, right of participation, right of first refusal and right of co-sale, and contains provisions governing our board of directors and other corporate governance matters. Such shareholder rights and corporate governance provisions, other than the registration rights, automatically terminated upon the completion of our initial public offering.

Set forth below is a description of the registration rights granted under the shareholders agreement that survives our initial public offering.

Demand Registration Rights

Holders of at least 33% of the registrable securities then outstanding have the right to demand that we file a registration statement covering the registrable securities that the holders request to be registered. We have the right to defer filing of a registration statement for a period of not more than ninety (90) days after the receipt of the request of the initiating holders if we furnish to the holders requesting registration a certificate signed by our president or chief executive officer stating that in the good faith judgment of our board of directors, it would be materially detrimental to us and our shareholders for such registration statement to be filed at such time. However, we cannot exercise the deferral right for a period more than ninety (90) days after receipt of the request of the holder. We are obligated to effect no more than three demand registrations, other than demand registration to be effected pursuant to registration statement on Form F-3, for which an unlimited number of demand registrations shall be permitted.

Piggyback Registration Rights

If we propose to file a registration statement for a public offering of our securities, we must offer our shareholders an opportunity to include in the registration all or any part of the registrable securities held by such holders. If the managing underwriters of any underwritten offering determine in good faith that marketing factors require a limitation of the number of shares to be underwritten, and the number of shares that may be included in the registration and the underwriting shall be allocated first, to us, second, to each of the holders requesting inclusion of their registrable securities in a registration statement on a pro rata basis based on the total number of shares of registrable securities then held by each such holder, and third, to holders of our other securities.

Form F-3 Registration Rights

Holders of at least 33% of the registrable securities then outstanding may request us in writing to file an unlimited number of registration statements on Form F-3. We shall effect the registration of the securities on Form F-3 as soon as practicable, except in certain circumstances.

Expenses of Registration

We will pay all expenses, other than the underwriting discounts and selling commissions applicable to the sale of registrable securities pursuant to the registration rights (which will be borne by the holders requesting registration on a pro rata basis in proportion to their respective numbers of registrable securities sold in such registration), incurred in connection with registrations, filings or qualifications pursuant to the registration rights, including all registration, filing and qualification fees, printers’ and accounting fees, fees and disbursements of counsel for us and reasonable fees and disbursement of one counsel for all selling holders. However, we are not obligated to pay any expenses of any registration proceeding if the registration request is subsequently withdrawn at the request of a majority-in-interest of the holders requesting such registration.

Termination of Obligations

The registration rights set forth above will terminate on the earlier of (i) February 14, 2025, being the date that is five years after the closing our initial public offering, and (ii) with respect to any holder, the date on which such holder may sell all of such holder's registrable securities under Rule 144 of the Securities Act in any ninety-day period.

Employment Agreements and Indemnification Agreements

See "Item 6. Directors, Senior Management and Employees—B. Compensation—Employment Agreements and Indemnification Agreements."

Share Incentive Plans

See "Item 6. Directors, Senior Management and Employees—B. Compensation—Share Incentive Plans."

Other Transactions with Related Parties

For the years ended December 31, 2022, 2023 and 2024, Xiaoke Huixuan (Shenzhen) Technology Co., Ltd., a company that we have significant influence on, provided technology services to our company. As of December 31, 2024, we had no service fee due to Xiaoke Huixuan (Shenzhen) Technology Co., Ltd..

For the year ended December 31, 2023 and 2024, Huibao Huipei (Shenzhen) Technology Co., Ltd, a company that we have significant influence over, provided user traffic channels service to our company. As of December 31, 2024, we had service fee due to Huibao Huipei (Shenzhen) Technology Co., Ltd. of RMB2,495 thousand (US\$342 thousand).

As of December 31, 2024, we had RMB995 thousand (US\$136 thousand) due from related parties, which represented the advance miscellaneous fees of RMB766 thousand (US\$105 thousand) for shareholders, the advance service fees of RMB157 thousand (US\$22 thousand) for Huibao Huipei (Shenzhen) Technology Co., Ltd, a company that we have significant influence over, and the advance service fees of RMB72 thousand (US\$10 thousand) for Xiaoke Huixuan (Shenzhen) Technology Co., Ltd, a company that we have significant influence over.

C. Interests of Experts and Counsel

Not applicable.

ITEM 8. FINANCIAL INFORMATION

A. Consolidated Statements and Other Financial Information

See "Item 18. Financial Statements."

Legal Proceedings

We are currently not involved in any material legal or administrative proceedings. From time to time, we may be subject to various legal or administrative claims and proceedings arising in the ordinary course of business. Such legal or administrative claims and proceedings, even if without merit, could result in the expenditure of financial and management resources and potentially result in civil liability for damages.

Dividend Policy

Our board of directors has discretion as to whether to declare dividends subject to certain requirements of the Companies Act. Our articles of association provide that dividends may be declared and paid out of the profits of our company, realized or unrealized, or from any reserve set aside from profits which the directors determine is no longer needed. Dividends may also be declared and paid out of share premium account or any other fund or account which can be authorized for this purpose in accordance with the Companies Act. Under the Companies Act, no distribution or dividend may be paid out of the share premium account unless, immediately following the date on which the distribution or dividend is proposed to be paid, the company shall be able to pay its debts as they fall due in the ordinary course of business. Even if we decide to pay dividends, the form, frequency and amount will depend upon our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that the board of directors may deem relevant.

We do not have any present plan to pay any cash dividends on our common shares in the foreseeable future. We currently intend to retain most, if not all, of our available funds and any future earnings to operate and expand our business.

We are a holding company incorporated in the Cayman Islands. We may rely on dividends from our subsidiaries in China for our cash requirements, including any payment of dividends to our shareholders. PRC regulations may restrict the ability of our WFOE to pay dividends to us. See “Item 4. Information on the Company—B. Business Overview—Regulations—Regulations on Foreign Exchange.”

If we pay any dividends on our common shares, we will pay those dividends which are payable in respect of the common shares underlying the ADSs to the depository, as the registered holder of such common shares, and the depository then will pay such amounts to the ADS holders in proportion to the common shares underlying the ADSs held by such ADS holders, subject to the terms of the deposit agreement, including the fees and expenses payable thereunder. See “Item 12. Description of Securities other than Equity Securities—D. American Depositary Shares.” Cash dividends on our common shares, if any, will be paid in U.S. dollars.

B. Significant Changes

Except as disclosed elsewhere in this annual report, we have not experienced any significant changes since the date of our audited consolidated financial statements included in this annual report

ITEM 9. THE OFFER AND LISTING

A. Offering and Listing Details

See “—C. Markets.”

B. Plan of Distribution

Not applicable.

C. Markets

Our ADSs, each representing 100 Class A common shares, have been listed on the Nasdaq Global Market since February 11, 2020, under the symbol “HUIZ.” On December 9, 2024, we effected an ADS ratio change to adjust our Class A common share to ADS ratio from one ADS representing twenty Class A common shares to one ADS representing one hundred Class A common shares. Unless otherwise stated, the ADS ratio change has been retrospectively applied for all periods presented in this annual report.

D. Selling Shareholders

Not applicable.

E. Dilution

Not applicable.

F. Expenses of the Issue

Not applicable.

ITEM 10. ADDITIONAL INFORMATION

A. Share Capital

Not applicable.

B. Memorandum and Articles of Association

The following are summaries of certain material provisions of our third amended and restated memorandum and articles of association and the Companies Act insofar as they relate to the material terms of our common shares. Neither our certificate of incorporation nor our memorandum and articles of association contains any charter of the Chinese Communist party or any text thereof.

Common Shares

General. Holders of Class A common shares and Class B common shares generally have the same rights except for voting and conversion rights. All of our outstanding common shares are fully paid and non-assessable. Certificates representing the common shares are issued in registered form. Our shareholders who are non-residents of the Cayman Islands may freely hold and transfer their common shares in accordance with the articles of association of the company.

Dividends. The holders of our common shares are entitled to such dividends as may be declared by our board of directors. Our third amended and restated articles of association provide that dividends may be declared and paid out of our profits, realized or unrealized, or from any reserve set aside from profits which our board of directors determine is no longer needed. Dividends may also be declared and paid out of share premium account or any other fund or account which can be authorized for this purpose in accordance with the Companies Act. Holders of Class A common shares and Class B common shares will be entitled to identical rights to dividends, if declared.

Voting Rights. In respect of all matters subject to a shareholders' vote, each Class A common share is entitled to one (1) vote, and each Class B common share is entitled to fifteen (15) votes, voting together as one class. Voting at any meeting of shareholders is by show of hands unless a poll is demanded. A poll may be demanded by the chairman of such meeting or any one or more shareholders who together hold not less than 10% of the nominal value of the total issued voting shares of our company present in person or by proxy. An ordinary resolution to be passed at a meeting by the shareholders requires the affirmative vote of a simple majority of the votes attaching to the common shares cast at a meeting, while a special resolution requires the affirmative vote of not less than two-thirds of the votes cast attaching to the outstanding common shares at a meeting. A special resolution will be required for important matters such as a change of name or making changes to our third amended and restated memorandum and articles of association.

Conversion. Each Class B common share is convertible into one Class A common share at any time at the option of the holder thereof. Class A common shares are not convertible into Class B common shares under any circumstances. Upon any transfer of Class B common shares by a holder to any person or entity which is not an affiliate of such holder, such Class B common shares shall be automatically and immediately converted into the equivalent number of Class A common shares.

Transfer of Common Shares. Subject to the restrictions contained in our third amended and restated articles of association, any of our shareholders may transfer all or any of his or her common shares by an instrument of transfer in the usual or common form or any other form approved by our board of directors.

Our board of directors may, in its absolute discretion, decline to register any transfer of any common share which is not fully paid up or on which we have a lien, among others. Our board of directors may also decline to register any transfer of any common share unless:

- the instrument of transfer is lodged with us, accompanied by the certificate for the common shares to which it relates and such other evidence as our board of directors may reasonably require to show the right of the transferor to make the transfer;
- the instrument of transfer is in respect of only one class of common shares;
- the instrument of transfer is duly and properly stamped, if required;

- in the case of a transfer to joint holders, the number of joint holders to whom the common share is to be transferred does not *exceed* four; and
- a fee of such maximum sum as the Nasdaq may determine to be payable or such lesser sum as our directors may from time to time require is paid to us in respect thereof.

If our directors refuse to register a transfer, they shall, within three months after the date on which the instrument of transfer was lodged, send to each of the transferor and the transferee notice of such refusal.

The registration of transfers may, after compliance with any notice required of the Nasdaq, be suspended and the register of members closed at such times and for such periods as our board of directors may from time to time determine; *provided, however*, that the registration of transfers shall not be suspended nor the register of members closed for more than 30 days in any year as our board may determine.

Liquidation. On a return of capital on winding up or otherwise (other than on conversion, redemption or purchase of common shares), assets available for distribution among the holders of common shares shall be distributed among the holders of the common shares on a pro rata basis. If our assets available for distribution are insufficient to repay all of the paid-up capital, the assets will be distributed so that the losses are borne by our shareholders proportionately. Any distribution of assets or capital to a holder of a Class A common share and a holder of a Class B common share will be the same in any liquidation event.

Calls on Common Shares and Forfeiture of Common Shares. Our board of directors may from time to time make calls upon shareholders for any amounts unpaid on their common shares in a notice served to such shareholders at least 14 clear days prior to the specified time of payment. The common shares that have been called upon and remain unpaid are subject to forfeiture.

Redemption of Common Shares. The Companies Act and our third amended and restated articles of association permit us to purchase our own shares. In accordance with our third amended and restated articles of association and provided the necessary shareholders or board approval have been obtained, we may issue shares on terms that are subject to redemption, at our option or at the option of the holders of these shares, on such terms and in such manner, including out of capital, as may be determined by our board of directors.

Variations of Rights of Shares. All or any of the special rights attached to any class of shares may, subject to the provisions of the Companies Act, be varied with the sanction of a special resolution passed at a general meeting of the holders of the shares of that class. The rights conferred upon the holders of the shares of any class issued shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* with such existing class of shares.

General Meetings of Shareholders

A majority of the board or the chairman of the board may call general meetings, and they shall on a shareholders' requisition forthwith proceed to convene an extraordinary general meeting of our company. A shareholders' requisition is a requisition of shareholders holding at the date of deposit of the requisition shares which carry in aggregate not less than forty per cent (40%) of all votes attaching to all issued shares of our company that as at the date of the deposit carry the right to vote at general meetings of the company.

Advance notice of at least ten clear days is required for the convening of our annual general shareholders' meeting and any other general meeting of our shareholders but a general meeting may be called by shorter notice, subject to the Companies Act, if it is so agreed:

- (a) in the case of a meeting called as an annual general meeting, by all the shareholders entitled to attend and vote thereat; and
- (b) in the case of any other meeting, by a majority of the shareholders having the right to attend and vote at the meeting together holding not less than forty per cent. (40%) of all votes attaching to all the issued shares giving that right.

A quorum is required for and throughout a meeting of shareholders consists of at least one shareholder entitled to vote and present in person or by proxy or (in the case of a shareholder being a corporation) by its duly authorized representative representing not less than one-third of all voting power of our share capital in issue.

Inspection of Books and Records

The notice of registered office is a matter of public record. A list of the names of the current directors and alternate directors (if applicable) are made available by the Registrar of Companies in the Cayman Islands for inspection by any person on payment of a fee. The register of mortgages and charges is open to inspection by creditors and members of the company.

Holders of our common shares will have no general right under Cayman Islands law to inspect or obtain copies of our list of shareholders or our corporate records. However, we will in our articles provide our shareholders with the right to inspect our list of shareholders subject to the provisions of the articles and to receive annual audited financial statements.

Changes in Capital

We may from time to time by ordinary resolution:

- increase the share capital by such sum, to be divided into shares of such classes and amount, as the resolution shall prescribe;
- consolidate and divide all or any of our share capital into shares of a larger amount than our existing shares;
- sub-divide our existing shares, or any of them into shares of a smaller amount; or
- cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of our share capital by the amount of the shares so canceled.

However, no alteration contemplated above, or otherwise, may be made to the par value of the Class A common shares or Class B common shares unless an identical alteration is made to the par value of the Class B common shares or Class A common shares, as the case may be.

We may by special resolution, subject to any confirmation or consent required by the Companies Act, reduce our share capital or any capital redemption reserve in any manner permitted by law.

Exempted Company

We are an exempted company with limited liability incorporated under the Companies Act. The Companies Act in the Cayman Islands distinguishes between ordinary resident companies and exempted companies. Any company that is registered in the Cayman Islands but conducts business mainly outside of the Cayman Islands may apply to be registered as an exempted company. The requirements for an exempted company are essentially the same as for an ordinary company except for the exemptions and privileges listed below:

- an exempted company does not have to file an annual return of its shareholders with the Registrar of Companies;
- an exempted company's register of members is not required to be open to inspection;
- an exempted company does not have to hold an annual general meeting;
- an exempted company may issue no par value shares;
- an exempted company may obtain an undertaking against the imposition of any future taxation (such undertakings are usually given for 20 years in the first instance);
- an exempted company may register by way of continuation in another jurisdiction and be deregistered in the Cayman Islands;
- an exempted company may register as a limited duration company; and

- an exempted company may register as a segregated portfolio company or special economic zone company.

“Limited liability” means that the liability of each shareholder is limited to the amount unpaid by the shareholder on the shares of the company. We are subject to reporting and other informational requirements of the Exchange Act, as applicable to foreign private issuers. We currently intend to comply with the Nasdaq rules in lieu of following home country practice. The Nasdaq rules require that every company listed on the Nasdaq hold an annual general meeting of shareholders. In addition, our articles of association allow directors to call extraordinary meeting of shareholders pursuant to the procedures set forth in our articles.

Differences in Corporate Law

The Companies Act is derived, to a large extent, from the older Companies Acts of England but does not follow recent United Kingdom statutory enactments, and accordingly there are significant differences between the Companies Act and the current Companies Act of England.

In addition, the Companies Act differs from laws applicable to United States corporations and their shareholders. Set forth below is a summary of certain significant differences between the provisions of the Companies Act applicable to us and the laws applicable to United States corporations and companies incorporated in the State of Delaware.

Mergers and Similar Arrangements

The Companies Act permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes, (1) “merger” means the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such companies as the surviving company and (2) a “consolidation” means the combination of two or more constituent companies into a consolidated company and the vesting of the undertaking, property and liabilities of such companies in the consolidated company.

In order to effect such a merger or consolidation, the directors of each constituent company must approve a written plan of merger or consolidation, which must then be authorized by (1) a special resolution of the shareholders of each constituent company, and (2) such other authorization, if any, as may be specified in such constituent company’s articles of association. The written plan of merger or consolidation must be filed with the Registrar of Companies together with a declaration as to the solvency of the consolidated or surviving company, a list of the assets and liabilities of each constituent company and an undertaking that a copy of the certificate of merger or consolidation will be given to the members and creditors of each constituent company and that notification of the merger or consolidation will be published in the Cayman Islands Gazette. Dissenting shareholders have the right to be paid the fair value of their shares (which, if not agreed between the parties, will be determined by the Cayman Islands court) if they follow the required procedures, subject to certain exceptions. Court approval is not required for a merger or consolidation which is effected in compliance with these statutory procedures.

A merger between a Cayman parent company and its Cayman subsidiary or subsidiaries does not require authorization by a resolution of shareholders of that Cayman subsidiary if a copy of the plan of merger is given to every member of that Cayman subsidiary to be merged unless that member agrees otherwise. For this purpose a company is a “parent” of a subsidiary if it holds issued shares that together represent at least 90% of the votes at a general meeting of the subsidiary.

The consent of each holder of a fixed or floating security interest over a constituent company is required unless this requirement is waived by a court in the Cayman Islands.

Save in certain limited circumstances, a shareholder of a Cayman constituent company who dissents from the merger or consolidation is entitled to payment of the fair value of his shares (which, if not agreed between the parties, will be determined by the Cayman Islands court) upon dissenting to the merger or consolidation, provide the dissenting shareholder complies strictly with the procedures set out in the Companies Act. The exercise of dissenter rights will preclude the exercise by the dissenting shareholder of any other rights to which he or she might otherwise be entitled by virtue of holding shares, save for the right to seek relief on the grounds that the merger or consolidation is void or unlawful.

Separate from the statutory provisions relating to mergers and consolidations, the Companies Act also contains statutory provisions that facilitate the reconstruction and amalgamation of companies by way of schemes of arrangement, provided that the arrangement is approved by (a) 75% in value of the shareholders or class of shareholders, as the case may be, with whom the arrangement is to be made, or (b) a majority in number representing 75% in value of the creditors or each class of creditors, as the case may be, with whom the arrangement is to be made, that are, in each case, present and voting either in person or by proxy at a meeting, or meetings, convened for that purpose. The convening of the meetings and subsequently the arrangement must be sanctioned by the Grand Court of the Cayman Islands. While a dissenting shareholder has the right to express to the court the view that the transaction ought not to be approved, the Grand Court can be expected to approve the arrangement if it determines that:

- the statutory provisions as to the required majority vote have been met;
- the shareholders have been fairly represented at the meeting in question and the statutory majority are acting bona fide without coercion of the minority to promote interests adverse to those of the class;
- the arrangement is such that may be reasonably approved by an intelligent and honest man of that class acting in respect of his interest; and
- the arrangement is not one that would more properly be sanctioned under some other provision of the Companies Act.

The Companies Act also contains a statutory power of compulsory acquisition which may facilitate the “squeeze out” of dissentient minority shareholder upon a tender offer. When a tender offer is made and accepted by holders of 90% of the shares affected within four months, the offeror may, within a two-month period commencing on the expiration of such four-month period, require the holders of the remaining shares to transfer such shares to the offeror on the terms of the offer. An objection can be made to the Grand Court of the Cayman Islands but this is unlikely to succeed in the case of an offer which has been so approved unless there is evidence of fraud, bad faith or collusion.

If an arrangement and reconstruction by way of scheme of arrangement is thus approved and sanctioned, or if a tender offer is made and accepted, in accordance with the foregoing statutory procedures, a dissenting shareholder would have no rights comparable to appraisal rights, save that objectors to a takeover offer may apply to the Grand Court of the Cayman Islands for various orders that the Grand Court of the Cayman Islands has a broad discretion to make, which would otherwise ordinarily be available to dissenting shareholders of Delaware corporations, providing rights to receive payment in cash for the judicially determined value of the shares.

Shareholders' Suits

In principle, we will normally be the proper plaintiff to sue for a wrong done to us as a company, and as a general rule a derivative action may not be brought by a minority shareholder. However, based on English authorities, which would in all likelihood be of persuasive authority in the Cayman Islands, the Cayman Islands court can be expected to follow and apply the common law principles (namely the rule in *Foss v. Harbottle* and the exceptions thereto) so that a non-controlling shareholder may be permitted to commence a class action against or derivative actions in the name of our company to challenge actions where:

- an act which is ultra vires or illegal and is therefore incapable of ratification by the shareholders;
- the act complained of, although not ultra vires, could only be effected duly if authorized by more than a simple majority vote that has not been obtained; and
- an act which constitute a fraud against the minority where the wrongdoer are themselves in control of the company.

Indemnification of Directors and Executive Officers and Limitation of Liability

Cayman Islands law does not limit the extent to which a company's memorandum and articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy, such as to provide indemnification against civil fraud or the consequences of committing a crime.

Our memorandum and articles of association permit indemnification of officers and directors for losses, damages, costs and expenses incurred in their capacities as such unless such losses or damages arise from dishonesty or fraud of such directors or officers. This standard of conduct is generally the same as permitted under the Delaware General Corporation Law for a Delaware corporation.

In addition, we have entered into indemnification agreements with our directors and executive officers that provide such persons with additional indemnification beyond that provided in our memorandum and articles of association.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers or persons controlling us under the foregoing provisions, we have been informed that in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Directors' Fiduciary Duties

Under Delaware corporate law, a director of a Delaware corporation has a fiduciary duty to the corporation and its shareholders. This duty has two components: the duty of care and the duty of loyalty. The duty of care requires that a director act in good faith, with the care that an ordinarily prudent person would exercise under similar circumstances. Under this duty, a director must inform himself of, and disclose to shareholders, all material information reasonably available regarding a significant transaction.

The duty of loyalty requires that a director acts in a manner he or she reasonably believes to be in the best interests of the corporation. He or she must not use his corporate position for personal gain or advantage. This duty prohibits self-dealing by a director and mandates that the best interest of the corporation and its shareholders take precedence over any interest possessed by a director, officer or controlling shareholder and not shared by the shareholders generally.

In general, actions of a director are presumed to have been made on an informed basis, in good faith and in the honest belief that the action taken was in the best interests of the corporation. However, this presumption may be rebutted by evidence of a breach of one of the fiduciary duties. Should such evidence be presented concerning a transaction by a director, the director must prove the procedural fairness of the transaction and that the transaction was of fair value to the corporation.

As a matter of Cayman Islands law, a director of a Cayman Islands company is in the position of a fiduciary with respect to the company and therefore it is considered that he or she owes the following duties to the company:

- a duty to act in good faith in the best interests of the company,
- a duty not to make a personal profit based on his or her position as director (unless the company permits him or her to do so),
- a duty not to put himself or herself in a position where the interests of the company conflict with his or her personal interest or his or her duty to a third party, and
- a duty to exercise powers for the purpose for which such powers were intended.

A director of a Cayman Islands company owes to the company a duty of care, diligence and skill. It was previously considered that a director need not exhibit in the performance of his or her duties a greater degree of skill than may reasonably be expected from a person of his or her knowledge and experience. However, English and Commonwealth courts have moved towards an objective standard with regard to the required skill and care and these authorities are likely to be followed in the Cayman Islands.

Shareholder Action by Written Consent

Under the Delaware General Corporation Law, a corporation may eliminate the right of shareholders to act by written consent by amendment to its certificate of incorporation. Cayman Islands law and our currently effective memorandum and articles of association provide that our shareholders may not approve corporate matters by way of a unanimous written resolution signed by or on behalf of all shareholders who would have been entitled to vote on such matter at a general meeting without a meeting being held.

Shareholder Proposals

Under the Delaware General Corporation Law, a shareholder has the right to put any proposal before the annual meeting of shareholders, provided it complies with the notice provisions in the governing documents. A special meeting may be called by the board of directors or any other person authorized to do so in the governing documents, but shareholders may be precluded from calling special meetings.

The Companies Act does not provide shareholders with an express right to put forth any proposal before a general meeting of the shareholders. However, the Companies Act may provide shareholders with limited rights to requisition a general meeting but such rights must be stipulated in the articles of association of the company.

Our currently effective memorandum and articles provide that any one or more shareholders holding not less than forty per cent of all votes attaching to all issued shares of the Company at the date of deposit of the requisition shall at all times have the right, by written requisition to the board of directors or the secretary of the company, to require an extraordinary general meeting to be called by the board of directors for the transaction of any business specified in such requisition.

Cumulative Voting

Under the Delaware General Corporation Law, cumulative voting for election of directors is not permitted unless the corporation's certificate of incorporation specifically provides for it. Cumulative voting potentially facilitates the representation of minority shareholders on a board of directors since it permits the minority shareholder to cast all the votes to which the shareholder is entitled on a single director, which increases the shareholder's voting power with respect to electing such director.

There are no prohibitions relating to cumulative voting under the laws of the Cayman Islands, but our memorandum and articles of association do not provide for cumulative voting. As a result, our shareholders are not afforded any less protections or rights on this issue than shareholders of a Delaware corporation.

Removal of Directors

Under the Delaware General Corporation Law, a director of a corporation with a classified board may be removed only for cause with the approval of a majority of the outstanding shares entitled to vote, unless the certificate of incorporation provides otherwise. Under our memorandum and articles of association, directors may be removed by an ordinary resolution of shareholders.

Transactions with Interested Shareholders

The Delaware General Corporation Law contains a business combination statute applicable to Delaware public corporations whereby, unless the corporation has specifically elected not to be governed by such statute by amendment to its certificate of incorporation, it is prohibited from engaging in certain business combinations with an "interested shareholder" for three years following the date that such person becomes an interested shareholder. An interested shareholder generally is a person or a group who or which owns or owned 15% or more of the target's outstanding voting shares within the past three years.

This statute has the effect of limiting the ability of a potential acquirer to make a two-tiered bid for the target in which all shareholders would not be treated equally. The statute does not apply if, prior to the date on which such shareholder becomes an interested shareholder, the board of directors approves either the business combination or the transaction which resulted in the person becoming an interested shareholder. This encourages any potential acquirer of a Delaware corporation to negotiate the terms of any acquisition transaction with the target's board of directors.

Cayman Islands law has no comparable statute. As a result, we cannot avail ourselves of the types of protections afforded by the Delaware business combination statute. However, although Cayman Islands law does not regulate transactions between a company and its significant shareholders, it does provide that such transactions must be entered into bona fide in the best interests of the company and for a proper purpose and not with the effect of constituting a fraud on the minority shareholders.

Restructuring

A company may present a petition to the Grand Court of the Cayman Islands for the appointment of a restructuring officer on the grounds that the company:

- (a) is or is likely to become unable to pay its debts; and
- (b) intends to present a compromise or arrangement to its creditors (or classes thereof) either pursuant to the Companies Act, the law of a foreign country or by way of a consensual restructuring.

The Grand Court may, among other things, make an order appointing a restructuring officer upon hearing of such petition, with such powers and to carry out such functions as the court may order. At any time (i) after the presentation of a petition for the appointment of a restructuring officer but before an order for the appointment of a restructuring officer has been made, and (ii) when an order for the appointment of a restructuring officer is made, until such order has been discharged, no suit, action or other proceedings (other than criminal proceedings) shall be proceeded with or commenced against the company, no resolution to wind up the company shall be passed, and no winding up petition may be presented against the company, except with the leave of the court. However, notwithstanding the presentation of a petition for the appointment of a restructuring officer or the appointment of a restructuring officer, a creditor who has security over the whole or part of the assets of the company is entitled to enforce the security without the leave of the court and without reference to the restructuring officer appointed.

Dissolution; Winding Up

Under the Delaware General Corporation Law, unless the board of directors approves the proposal to dissolve, dissolution must be approved by shareholders holding 100% of the total voting power of the corporation. Only if the dissolution is initiated by the board of directors may it be approved by a simple majority of the corporation's outstanding shares. Delaware law allows a Delaware corporation to include in its certificate of incorporation a supermajority voting requirement in connection with dissolutions initiated by the board.

Under Cayman Islands law, a company may be wound up by either an order of the courts of the Cayman Islands or by a special resolution of its members or, if the company is unable to pay its debts, by an ordinary resolution of its members. The court has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the court, just and equitable to do so.

Variation of Rights of Shares

Under the Delaware General Corporation Law, a corporation may vary the rights of a class of shares with the approval of a majority of the outstanding shares of such class, unless the certificate of incorporation provides otherwise. Under Cayman Islands law and our memorandum and articles of association, if our share capital is divided into more than one class of shares, we may vary the rights attached to any class with the sanction of a special resolution passed by a majority of not less than two-thirds of the votes cast at a separate meeting of the holders of the shares of that class.

Amendment of Governing Documents

Under the Delaware General Corporation Law, a corporation's governing documents may be amended with the approval of a majority of the outstanding shares entitled to vote, unless the certificate of incorporation provides otherwise.

Under Cayman Islands law, our memorandum and articles of association may only be amended with a special resolution of our shareholders.

Rights of Non-resident or Foreign Shareholders

There are no limitations imposed by our memorandum and articles of association on the rights of non-resident or foreign shareholders to hold or exercise voting rights on our shares.

In addition, there are no provisions in our memorandum and articles of association governing the ownership threshold above which shareholder ownership must be disclosed.

Inspection of Books and Records

Under the Delaware General Corporation Law, any shareholder of a corporation may for any proper purpose inspect or make copies of the corporation's stock ledger, list of shareholders and other books and records.

Shareholders of Cayman Islands exempted companies like us have no general right under Cayman Islands law to inspect corporate records (other than the memorandum and articles of association, the register of mortgages and charges and any special resolutions passed by our shareholders) or obtain copies of the list of shareholders of these companies. However, we intend to provide our shareholders with annual reports containing audited financial statements.

C. Material Contracts

We have not entered into any material contracts other than in the ordinary course of business and other than those described in "Item 4. Information on the Company," "Item 7. Major Shareholders and Related Party Transactions—B. Related Party Transactions" or elsewhere in this annual report.

D. Exchange Controls

See "Item 4. Information on the Company—B. Business Overview—Regulations—Regulations on Foreign Exchange."

E. Taxation

The following summary of the Cayman Islands, PRC and U.S. federal income tax considerations of an investment in the ADSs or Class A common shares is based upon laws and relevant interpretations thereof in effect as of the date of this annual report, all of which are subject to change. This summary does not deal with all possible tax considerations relating to an investment in the ADSs or Class A common shares, such as the tax considerations under U.S. state and local tax laws or under the tax laws of jurisdictions other than the Cayman Islands, the People's Republic of China and the United States.

Cayman Islands Taxation

The Cayman Islands currently levies no taxes on individuals or corporations based upon profits, income, gains or appreciation and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to us levied by the government of the Cayman Islands except for stamp duties which may be applicable on instruments executed in, or, after execution, brought within the jurisdiction of the Cayman Islands. The Cayman Islands are a party to a double tax treaty entered into with the United Kingdom in 2010 but otherwise is not party to any double tax treaties. There are no exchange control regulations or currency restrictions in the Cayman Islands. No stamp duty is payable in the Cayman Islands on transfer of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

Payments of dividends and capital in respect of our common shares will not be subject to taxation in the Cayman Islands and no withholding will be required on the payment of a dividend or capital to any holder of our common shares, nor will gains derived from the disposal of our common shares be subject to Cayman Islands income or corporation tax.

People's Republic of China Taxation

Under the PRC Enterprise Income Tax Law and its implementation rules, an enterprise established outside of the PRC with a "de facto management body" within the PRC is considered a resident enterprise and will be subject to the enterprise income tax at the rate of 25% on its global income. The implementation rules define the term "de facto management body" as the body that exercises full and substantial control over and overall management of the business, production, personnel, accounts and properties, etc. of an enterprise. In April 2009, the State Administration of Taxation issued a circular, as amended in November 2013 and partially invalid, known as SAT Circular 82, which provides certain specific criteria for determining whether the "de facto management body" of a PRC-controlled enterprise that is incorporated offshore is located in China. Although this circular only applies to offshore enterprises controlled by PRC enterprises or PRC enterprise groups, not those controlled by PRC individuals or foreigners, the criteria set forth in the circular may reflect the State Administration of Taxation's general position on how the "de facto management body" test should be applied in determining the tax resident status of all offshore enterprises. According to SAT Circular 82, an offshore incorporated enterprise controlled by a PRC enterprise or a PRC enterprise group will be regarded as a PRC tax resident by virtue of having its "de facto management body" in China only if all of the following conditions are met: (i) the primary location where the senior executives and the corresponding executive departments perform their duty of day-to-day operational management is in the PRC; (ii) decisions relating to the enterprise's financial and human resource matters are made or are subject to approval by organizations or personnel in the PRC; (iii) the enterprise's primary assets, accounting books and records, company seals, and board and shareholder resolutions are located or maintained in the PRC; and (iv) at least 50% of voting board members or senior executives habitually reside in the PRC.

Huize Holding Limited is not controlled by a PRC enterprise or PRC enterprise group and we do not believe that Huize Holding Limited meets all of the conditions above. Huize Holding Limited is a company incorporated outside the PRC. As a holding company, its key assets are its ownership interests in its subsidiaries, and its key assets are located, and its records (including the resolutions of its board of directors and the resolutions of its shareholders) are maintained, outside the PRC. In the opinion of Commerce & Finance Law Offices, our legal counsel as to PRC law, it is more likely than not that Huize Holding Limited will not be deemed as a PRC resident enterprise for PRC tax purposes. As such, holders of the ADSs and common shares who are not PRC residents likely will not be subject to PRC income tax on dividends distributed by us or gains realized from the sale or other disposition of our shares or ADSs. However, under SAT Bulletin 7 and the Circular on Issues Concerning the Withholding of Enterprise Income Tax at Source on Non-PRC Resident Enterprises issued by the State Taxation Administration on October 17, 2017 and amended on June 15, 2018, or SAT Bulletin 37, where a non-resident enterprise conducts an “indirect transfer” by transferring taxable assets, including, in particular, equity interests in a PRC resident enterprise, indirectly by disposing of the equity interests of an overseas holding company, the non-resident enterprise, being the transferor, or the transferee, or the PRC entity which directly owns such taxable assets may report to the tax authority such indirect transfer. Using a “substance over form” principle, the PRC tax authority may disregard the existence of the overseas holding company if it lacks a reasonable commercial purpose and was established for the purpose of reducing, avoiding or deferring PRC tax. As a result, gains derived from such indirect transfer may be subject to PRC enterprise income tax, and the transferee or other person who is obligated to pay for the transfer is obligated to withhold the applicable taxes, currently at a rate of 10% for the transfer of equity interests in a PRC resident enterprise. We and our non-PRC resident investors may be at risk of being required to file a return and being taxed under SAT Bulletin 7 and SAT Bulletin 37, and we may be required to expend valuable resources to comply with SAT Bulletin 7 and SAT Bulletin 37, or to establish that we should not be taxed under these circulars. See “Item 3. Key Information—D. Risk Factors—Risks Relating to Doing Business in China—Indirect transfers of equity interests in PRC resident enterprises by their non-PRC holding companies may be subject to Chinese tax reporting obligations or tax liabilities.” However, the tax resident status of an enterprise is subject to determination by the PRC tax authorities and uncertainties remain with respect to the interpretation of the term “de facto management body.” There can be no assurance that the PRC government will ultimately take a view that is consistent with us.

Our PRC legal counsel has also advised us that, there is a risk that the PRC tax authorities may deem us as a PRC resident enterprises since a substantially majority of the members of our management team are located in China. If the PRC tax authorities determine that Huize Holding Limited is a PRC resident enterprise for enterprise income tax purposes, we may be required to withhold a 10% withholding tax from dividends we pay to our shareholders that are non-resident enterprises, including the holders of the ADSs. In addition, non-resident enterprise shareholders (including the ADS holders) may be subject to a 10% PRC tax on gains realized on the sale or other disposition of ADSs or common shares, if such income is treated as sourced from within the PRC. It is unclear whether our non-PRC individual shareholders (including the ADS holders) would be subject to any PRC tax on dividends or gains obtained by such non-PRC individual shareholders in the event we are determined to be a PRC resident enterprise. If any PRC tax were to apply to such dividends or gains, it would generally apply at a rate of 20% unless a reduced rate is available under an applicable tax treaty. It is also unclear whether non-PRC shareholders of Huize Holding Limited would be able to claim the benefits of any tax treaties between their country of tax residence and the PRC in the event that Huize Holding Limited is treated as a PRC resident enterprise. See “Item 3. Key Information—D. Risk Factors—Risks Relating to Doing Business in China—If we are classified as a PRC resident enterprise for PRC income tax purposes, such classification could result in unfavorable tax consequences to us and our non-PRC shareholders or ADS holders.”

United States Federal Income Tax Considerations

The following discussion is a summary of U.S. federal income tax considerations generally applicable to the ownership and disposition of our ADSs or common shares by a U.S. Holder (as defined below) that acquires and holds our ADSs or common shares as “capital assets” (generally, property held for investment) under the U.S. Internal Revenue Code of 1986, as amended, or the Code. This discussion is based upon existing provisions of the Code, Treasury regulations promulgated thereunder, or the Treasury Regulations, and pertinent judicial decisions and interpretive rulings of the Internal Revenue Service, or the IRS, all of which are subject to differing interpretations or change, possibly with retroactive effect, and there can be no assurance that the IRS or a court will not take a contrary position. This discussion, moreover, does not address the U.S. federal estate, gift, Medicare tax on certain net investment income, and any alternative minimum tax considerations, backup withholding and information reporting requirements, including pursuant to sections 1471 through 1474 of the Code, or any state, local and non-U.S. tax considerations, relating to the ownership or disposition of our ADSs or common shares. The following summary does not address all aspects of U.S. federal income taxation that may be important to particular investors in light of their individual circumstances or to persons in special tax situations such as:

- banks and other financial institutions;

- insurance companies;
- pension plans;
- cooperatives;
- regulated investment companies;
- real estate investment trusts;
- broker-dealers;
- traders that elect to use a mark-to-market method of accounting;
- certain former U.S. citizens or long-term residents;
- tax-exempt entities (including private foundations);
- persons liable for minimum tax;
- persons who acquire their ADSs or common shares pursuant to any employee share option or otherwise as compensation;
- investors that will hold their ADSs or common shares as part of a straddle, hedge, conversion, constructive sale or other integrated transaction for U.S. federal income tax purposes;
- investors that have a functional currency other than the U.S. dollar;
- persons that directly, indirectly or constructively own ADSs or common shares representing 10% or more of our stock (by vote or value); or
- partnerships or other entities taxable as partnerships for U.S. federal income tax purposes, or persons holding ADSs or common shares through such entities;

all of whom may be subject to tax rules that differ significantly from those discussed below.

Each U.S. Holder is urged to consult its tax advisor regarding the application of U.S. federal taxation to its particular circumstances, and the state, local, non-U.S. and other tax considerations of the ownership and disposition of our ADSs or common shares.

General

For purposes of this discussion, a “U.S. Holder” is a beneficial owner of our ADSs or common shares that is, for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created in, or organized under the laws of the United States or any state thereof or the District of Columbia;
- an estate the income of which is includible in gross income for U.S. federal income tax purposes regardless of its source; or

- a trust (A) the administration of which is subject to the primary supervision of a U.S. court and which has one or more U.S. persons who have the authority to control all substantial decisions of the trust or (B) that has otherwise validly elected to be treated as a U.S. person under the Code.

For U.S. federal income tax purposes, a U.S. Holder of ADSs will generally be treated as the beneficial owner of the underlying shares represented by the ADSs. The remainder of this discussion assumes that a U.S. Holder of our ADSs will be treated in this manner. Accordingly, deposits or withdrawals of common shares for ADSs generally will not be subject to U.S. federal income tax.

Passive Foreign Investment Company Considerations

A non-U.S. corporation, such as our company, will be classified as a PFIC for U.S. federal income tax purposes for any taxable year if, applying applicable look-through rules, either (i) 75% or more of its gross income for such year consists of certain types of “passive” income or (ii) 50% or more of the value of its assets (generally determined on the basis of a quarterly average) during such year is attributable to assets that produce or are held for the production of passive income. For this purpose, cash and assets readily convertible into cash are categorized as passive assets and the company’s goodwill and other unbooked intangibles not reflected on its balance sheet are taken into account. Passive income generally includes, among other things, dividends, interest, income equivalent to interest, rents, royalties, and gains from the disposition of passive assets. We will be treated as owning a proportionate share of the assets and earning a proportionate share of the income of any other corporation in which we own, directly or indirectly, 25% or more (by value) of the stock.

Although the law in this regard is not entirely clear, we treat our consolidated VIE as being owned by us for U.S. federal income tax purposes because we control its management decisions and are entitled to substantially all of the economic benefits associated with it, and, as a result, we consolidate its results of operations in our consolidated U.S. GAAP financial statements.

Assuming that we are the owner of the VIE (including its subsidiaries) for United States federal income tax purposes and based on the market price of our ADSs and the nature and composition of our assets (in particular the retention of a substantial amount of cash and investments), we believe we were a PFIC for the taxable year ended December 31, 2024, and we will likely be a PFIC for our current taxable year ending December 31, 2025 unless the market price of our ADSs significantly increases and/or we invest a substantial amount of each and other passive assets we hold in assets that produce or are held for the production of non-passive income.

If we are a PFIC for any year during which a U.S. Holder holds our ADSs or common shares, we will generally continue to be treated as a PFIC for all succeeding years during which such U.S. Holder holds our ADSs or common shares. The U.S. federal income tax rules that apply if we are classified as a PFIC are discussed below under “—Passive Foreign Investment Company Rules.”

Dividends

The gross amount of any distributions paid on our ADSs or common shares (including the amount of any PRC tax withheld) out of our current or accumulated earnings and profits, as determined under U.S. federal income tax principles, will generally be includible in the gross income of a U.S. Holder as dividend income on the day actually or constructively received by the U.S. Holder, in the case of common shares, or by the depository, in the case of ADSs. Because we do not intend to determine our earnings and profits on the basis of U.S. federal income tax principles, any distribution we pay will generally be treated as a “dividend” for U.S. federal income tax purposes. Dividends received on our ADSs or common shares will not be eligible for the dividends received deduction allowed to corporations in respect of dividends received from U.S. corporations.

Individuals and other non-corporate U.S. Holders will be subject to tax on any such dividends at the lower capital gains tax rate applicable to “qualified dividend income,” provided that certain conditions are satisfied, including that (1) our ADSs or common shares on which the dividends are paid are readily tradable on an established securities market in the United States, or, in the event that we are deemed to be a PRC resident enterprise under the PRC Enterprise Income Tax Law, we are eligible for the benefit of the U.S.-PRC income tax treaty, or the Treaty, (2) we are neither a PFIC nor treated as such with respect to a U.S. Holder (as discussed below) for the taxable year in which the dividend is paid and the preceding taxable year, and (3) certain holding period requirements are met. For this purpose, ADSs listed on the Nasdaq Global Market will generally be considered to be readily tradable on an established securities market in the United States. Since we do not expect that our common shares will be listed on an established securities market in the United States, it is unclear whether dividends that we pay on our common shares that are not represented by ADSs currently meet the conditions required for these reduced tax rates. In addition, however, as described above, in 2024 we received communications from the Nasdaq notifying us that we were not in compliance with certain Nasdaq Global Market continued listing standards, and if we fail to satisfy such requirements and fail to regain compliance on a timely basis, our ADSs could be delisted from the Nasdaq Global Market. As of the date of this annual report, we are in compliance with the minimum requirements that we must meet for continued listing on Nasdaq. See “Item 3. Key Information—D. Risk Factors—Risks Relating to our ADSs.” If our ADSs are delisted from the Nasdaq Global Market and are not otherwise readily tradable on an established securities market in the United States, dividends received on our ADSs would generally not be eligible to be taxed as dividend income from a qualified foreign corporation. U.S. Holders are urged to consult their tax advisors regarding the availability of the lower rate for dividends paid with respect to our ADSs or common shares.

In the event that we are deemed to be a PRC resident enterprise under the PRC Enterprise Income Tax Law (see “Item 10. Additional Information—E. Taxation—People’s Republic of China Taxation”), we may be eligible for the benefits of the Treaty. If we are eligible for such benefits, dividends we pay on our common shares, regardless of whether such shares are represented by the ADSs, and regardless of whether our ADSs are readily tradable on an established securities market in the United States, would be eligible for the reduced rates of taxation described in the preceding paragraph.

For U.S. foreign tax credit purposes, dividends paid on our ADSs or common shares will generally be treated as income from foreign sources and will generally constitute passive category income. In the event that we are deemed to be a PRC resident enterprise under the PRC Enterprise Income Tax Law, a U.S. Holder may be subject to PRC withholding taxes on dividends paid on our ADSs or common shares (see “Item 10. Additional Information—E. Taxation—People’s Republic of China Taxation”). Depending on the U.S. Holder’s particular facts and circumstances and subject to a number of complex conditions and limitations, PRC withholding taxes on dividends that are non-refundable under the Treaty may be treated as foreign taxes eligible for a foreign tax credit against a U.S. Holder’s U.S. federal income tax liability. A U.S. Holder who does not elect to claim a foreign tax credit for foreign tax withheld may instead claim a deduction for U.S. federal income tax purposes, in respect of such withholding, but only for a year in which such holder elects to do so for all creditable foreign income taxes. The rules governing the foreign tax credit are complex and U.S. Holders are urged to consult their tax advisors regarding the availability of the foreign tax credit under their particular circumstances.

As described above, we believe that we were a PFIC for U.S. federal income tax purposes for our taxable year ended December 31, 2024, and we will likely be a PFIC for our current taxable year ending December 31, 2025. U.S. Holders are urged to consult their tax advisors regarding the availability of the lower tax rate for dividends paid with respect to our ADSs or ordinary shares in their particular circumstances.

Sale or Other Disposition

A U.S. Holder will generally recognize gain or loss upon the sale or other disposition of ADSs or common shares in an amount equal to the difference between the amount realized upon the disposition and the holder’s adjusted tax basis in such ADSs or common shares. The gain or loss will generally be capital gain or loss. Any capital gain or loss will be long term if the ADSs or common shares have been held for more than one year at the time of disposition. The deductibility of a capital loss may be subject to limitations.

As described in “Item 10. Additional Information—E. Taxation—People’s Republic of China Taxation,” if we are deemed to be a PRC resident enterprise under the PRC Enterprise Income Tax Law, gains from the disposition of the ADSs or common shares may be subject to PRC income tax and will generally be United States source, which may limit the ability to receive a foreign tax credit. If a U.S. Holder is eligible for the benefits of the Treaty, such holder may be able to elect to treat such gain as PRC source income under the Treaty. However, if a U.S. Holder is not eligible for the benefits of the Treaty or does not elect to apply the Treaty, then such holder may not be able to claim a foreign tax credit arising from any PRC tax imposed on the disposition of the ADSs or common shares. The rules regarding foreign tax credits and deduction of foreign taxes are complex. U.S. Holders should consult their tax advisors regarding the tax consequences if a foreign tax is imposed on a disposition of our ADSs or common shares, including the availability of a foreign tax credit or deduction in light of their particular circumstances, their eligibility for benefits under the Treaty, and the potential impact of the Treasury Regulations.

As described above, we believe that we were a PFIC for U.S. federal income tax purposes for our taxable year ended December 31, 2024, and we will likely be a PFIC for our current taxable year ending December 31, 2025. U.S. Holders are urged to consult their tax advisors regarding the tax considerations of the sale or other disposition of our ADSs or ordinary shares under their particular circumstances.

Passive Foreign Investment Company Rules

If we are classified as a PFIC for any taxable year during which a U.S. Holder holds our ADSs or common shares, and unless the U.S. Holder makes a mark-to-market election (as described below), the U.S. Holder will generally be subject to special tax rules on (i) any excess distribution that we make to the U.S. Holder (which generally means any distribution paid during a taxable year to a U.S. Holder that is greater than 125 percent of the average annual distributions paid to the U.S. Holder in the three preceding taxable years or, if shorter, the U.S. Holder’s holding period for the ADSs or common shares), and (ii) any gain recognized on the sale or other disposition (including, under certain circumstances, a pledge) of ADSs or common shares. Under the PFIC rules:

- the excess distribution or recognized gain will be allocated ratably over the U.S. Holder’s holding period for the ADSs or common shares;
- the amount of the excess distribution or recognized gain allocated to the taxable year of the distribution or gain and any taxable years in the U.S. Holder’s holding period prior to the first taxable year in which we are classified as a PFIC (each, a “pre-PFIC year”), will be taxable as ordinary income; and
- the amount of the excess distribution or recognized gain allocated to each prior taxable year, other than a pre-PFIC year, will be subject to tax at the highest tax rate in effect for individuals or corporations, as appropriate, for that year, increased by an additional tax equal to the interest on the resulting tax deemed deferred with respect to each such taxable year.

If we are a PFIC for any taxable year during which a U.S. Holder holds our ADSs or common shares and any of our subsidiaries or other corporate entities in which we own equity interests, the VIE or any of the subsidiaries of the VIE is also a PFIC, such U.S. Holder would be treated as owning a proportionate amount (by value) of the shares of the lower-tier PFIC for purposes of the application of these rules. U.S. Holders are urged to consult their tax advisors regarding the application of the PFIC rules to any of our subsidiaries, the VIE or any of the subsidiaries of the VIE.

As an alternative to the foregoing rules, a U.S. Holder of “marketable stock” (as defined below) in a PFIC may make a mark-to-market election with respect to such stock. If a U.S. Holder makes this election with respect to our ADSs, the holder will generally (i) include as ordinary income for each taxable year that we are a PFIC the excess, if any, of the fair market value of ADSs held at the end of the taxable year over the adjusted tax basis of such ADSs and (ii) deduct as an ordinary loss the excess, if any, of the adjusted tax basis of the ADSs over the fair market value of such ADSs held at the end of the taxable year, but such deduction will only be allowed to the extent of the net amount previously included in income as a result of the mark-to-market election. The U.S. Holder’s adjusted tax basis in the ADSs would be adjusted to reflect any income or loss resulting from the mark-to-market election. If a U.S. Holder makes a mark-to-market election in respect of our ADSs and we cease to be classified as a PFIC, the holder will not be required to take into account the gain or loss described above during any period that we are not classified as a PFIC. If a U.S. Holder makes a mark-to-market election, any gain such U.S. Holder recognizes upon the sale or other disposition of our ADSs in a year when we are a PFIC will be treated as ordinary income and any loss will be treated as ordinary loss, but such loss will only be treated as ordinary loss to the extent of the net amount previously included in income as a result of the mark-to-market election.

The mark-to-market election is available only for “marketable stock,” which is stock that is regularly traded on a qualified exchange or other market, as defined in applicable Treasury Regulations. Our ADSs, but not our common shares, are listed on the Nasdaq Global Market, which is a qualified exchange for these purposes. We expect that our ADSs will be considered regularly traded, but no assurances may be given in this regard. However, as described above, in 2024, we received communications from the Nasdaq notifying us that we were not in compliance with certain Nasdaq Global Market continued listing standards, and if we fail to satisfy such requirements and fail to regain compliance on a timely basis, our ADSs could be delisted from the Nasdaq Global Market. As of the date of this annual report, we are in compliance with the minimum requirements that we must meet for continued listing on Nasdaq. See “Item 3. Key Information—D. Risk Factors—Risks Relating to Our ADSs.” If our ADSs are delisted from the Nasdaq Global Market and are not otherwise listed on a qualified exchange or other market, as described above, our ADSs would not be treated as “marketable stock” for these purposes and a U.S. Holder would not be eligible to make a mark-to-market election with respect to our ADSs.

Because a mark-to-market election cannot technically be made for any lower-tier PFICs that we may own, a U.S. Holder may continue to be subject to the PFIC rules with respect to such U.S. Holder's indirect interest in any investments held by us that are treated as an equity interest in a PFIC for U.S. federal income tax purposes.

We do not intend to provide information necessary for U.S. Holders to make qualified electing fund elections which, if available, would result in tax treatment different from (and generally less adverse than) the general tax treatment for PFICs described above.

If a U.S. Holder owns our ADSs or common shares during any taxable year that we are a PFIC, the holder must generally file an annual IRS Form 8621. You should consult your tax advisor regarding the U.S. federal income tax consequences of owning and disposing of our ADSs or common shares if we are or become a PFIC.

F. Dividends and Paying Agents

Not applicable.

G. Statement by Experts

Not applicable.

H. Documents on Display

We are subject to periodic reporting and other informational requirements of the Exchange Act as applicable to foreign private issuers.

Accordingly, we are required to file reports, including annual reports on Form 20-F, and other information with the SEC. All information we file with the SEC can be obtained over the internet at the SEC's website at www.sec.gov. As a foreign private issuer, we are exempt from the rules under the Exchange Act prescribing the furnishing and content of quarterly reports and proxy statements, and officers, directors and principal shareholders are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act.

We will furnish Citibank N.A., the depository of the ADSs, with our annual reports, which will include a review of operations and annual audited consolidated financial statements prepared in conformity with U.S. GAAP, and all notices of shareholders' meetings and other reports and communications that are made generally available to our shareholders. The depository will make such notices, reports and communications available to holders of ADSs and, upon our request, will mail to all record holders of ADSs the information contained in any notice of a shareholders' meeting received by the depository from us.

In accordance with Nasdaq Stock Market Rule 5250(d), we will post this annual report on Form 20-F on our website at jr.huize.com. In addition, we will provide hardcopies of our annual report free of charge to shareholders and ADS holders upon request.

I. Subsidiary Information

Not applicable.

J. Annual Report to Security Holders

Not applicable.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Foreign Exchange Risk

Substantially all of our revenues and most of our expenses are denominated in RMB. We do not believe that we currently have any significant direct foreign exchange risk and have not used any derivative financial instruments to hedge exposure to such risk. Although our exposure to foreign exchange risks should be limited in general, the value of your investment in our ADSs will be affected by the exchange rate between U.S. dollar and Renminbi because the value of our business is effectively denominated in RMB, while our ADSs will be traded in U.S. dollars.

The conversion of Renminbi into other currencies, including U.S. dollars, is based on rates set by the People's Bank of China. The Renminbi has fluctuated against other currencies, at times significantly and unpredictably. The value of Renminbi against other currencies is affected by changes in China's political and economic conditions and by China's foreign exchange policies, among other things. It is difficult to predict how market forces or government policies may impact the exchange rate between Renminbi and other currencies in the future.

Interest Rate Risk

Fluctuations in market interest rates may negatively affect our financial condition and results of operations. We have not been exposed to material risks due to changes in market interest rates as the borrowings held by us all bear interest at a fixed interest rate.

Seasonality

We experience seasonality in our business. As we are shifting to a product mix with more life and health insurance products focused, we expect that we will experience stronger influence of seasonality of life and health insurance products compared with property & casualty insurance products. Due to our limited operating history, the seasonal trends that we have experienced in the past may not apply to, or be indicative of, our future operating results. See "Item 3. Key Information—D. Risk Factors—Risks Relating to Our Business and Industry—Our business is subject to fluctuations, which makes our results of operations difficult to predict and may cause our quarterly results of operations to fall short of expectations."

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

A. Debt Securities

Not applicable.

B. Warrants and Rights

Not applicable.

C. Other Securities

Not applicable.

D. American Depositary Shares

Fees and Charges Our ADS holders May Have to Pay

As an ADS holder, you will be required to pay the following fees under the terms of the deposit agreement:

<u>Service</u>	<u>Fees</u>
Issuance of ADSs (<i>e.g.</i> , an issuance of ADS upon a deposit of Class A common shares, upon a change in the ADS(s)-to-Shares ratio, or for any other reason), excluding ADS issuances as a result of distributions of Class A common shares	Up to US\$5.00 per 100 ADSs (or fraction thereof) issued
Cancellation of ADSs (<i>e.g.</i> , a cancellation of ADSs for delivery of deposited property, upon a change in the ADS(s)-to-Shares ratio, or for any other reason)	Up to US\$5.00 per 100 ADSs (or fraction thereof) canceled

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<u>Service</u>	<u>Fees</u>
Distribution of cash dividends or other cash distributions (<i>e.g.</i> , upon a sale of rights and other entitlements)	Up to US\$5.00 per 100 ADSs (or fraction thereof) held
Distribution of ADSs pursuant to (i) stock dividends or other free stock distributions, or (ii) exercise of rights to purchase additional ADSs	Up to US\$5.00 per 100 ADSs (or fraction thereof) held
Distribution of securities other than ADSs or rights to purchase additional ADSs (<i>e.g.</i> , upon a spin-off)	Up to US\$5.00 per 100 ADSs (or fraction thereof) held
ADS Services	Up to US\$5.00 per 100 ADSs (or fraction thereof) held on the applicable record date(s) established by the depositary
Registration of ADS transfers (<i>e.g.</i> , upon a registration of the transfer of registered ownership of ADSs, upon a transfer of ADSs into DTC and vice versa, or for any other reason)	Up to US\$5.00 per 100 ADSs (or fraction thereof) transferred
Conversion of ADSs of one series for ADSs of another series (<i>e.g.</i> , upon conversion of Partial Entitlement ADSs for Full Entitlement ADSs, or upon conversion of Restricted ADSs (each as defined in the Deposit Agreement) into freely transferable ADSs, and <i>vice versa</i>).	Up to US\$5.00 per 100 ADS (or fraction thereof) converted

As an ADS holder you will also be responsible to pay certain charges such as:

- taxes (including applicable interest and penalties) and other governmental charges;
- the registration fees as may from time to time be in effect for the registration of Class A common shares on the share register and applicable to transfers of Class A common shares to or from the name of the custodian, the depositary or any nominees upon the making of deposits and withdrawals, respectively;
- certain cable, telex and facsimile transmission and delivery expenses;
- the fees, expenses, spreads, taxes and other charges of the depositary and/or service providers (which may be a division, branch or affiliate of the depositary) in the conversion of foreign currency;
- the reasonable and customary out-of-pocket expenses incurred by the depositary in connection with compliance with exchange control regulations and other regulatory requirements applicable to Class A common shares, ADSs and ADRs; and
- the fees, charges, costs and expenses incurred by the depositary, the custodian, or any nominee in connection with the ADR program.

ADS fees and charges for (i) the issuance of ADSs, and (ii) the cancellation of ADSs are charged to the person for whom the ADSs are issued (in the case of ADS issuances) and to the person for whom ADSs are canceled (in the case of ADS cancellations). In the case of ADSs issued by the depositary into DTC, the ADS issuance and cancellation fees and charges may be deducted from distributions made through DTC, and may be charged to the DTC participant(s) receiving the ADSs being issued or the DTC participant(s) holding the ADSs being canceled, as the case may be, on behalf of the beneficial owner(s) and will be charged by the DTC participant(s) to the account of the applicable beneficial owner(s) in accordance with the procedures and practices of the DTC participants as in effect at the time. ADS fees and charges in respect of distributions and the ADS service fee are charged to the holders as of the applicable ADS record date. In the case of distributions of cash, the amount of the applicable ADS fees and charges is deducted from the funds being distributed. In the case of (i) distributions other than cash and (ii) the ADS service fee, holders as of the ADS record date will be invoiced for the amount of the ADS fees and charges and such ADS fees and charges may be deducted from distributions made to holders of ADSs. For ADSs held through DTC, the ADS fees and charges for distributions other than cash and the ADS service fee may be deducted from distributions made through DTC, and may be charged to the DTC participants in accordance with the procedures and practices prescribed by DTC and the DTC participants in turn charge the amount of such ADS fees and charges to the beneficial owners for whom they hold ADSs. In the case of (i) registration of ADS transfers, the ADS transfer fee will be payable by the ADS Holder whose ADSs are being transferred or by the person to whom the ADSs are transferred, and (ii) conversion of ADSs of one series for ADSs of another series, the ADS conversion fee will be payable by the Holder whose ADSs are converted or by the person to whom the converted ADSs are delivered.

In the event of refusal to pay the depositary fees, the depositary may, under the terms of the deposit agreement, refuse the requested service until payment is received or may set off the amount of the depositary fees from any distribution to be made to the ADS holder. Certain depositary fees and charges (such as the ADS services fee) may become payable shortly after the closing of the ADS offering. Note that the fees and charges you may be required to pay may vary over time and may be changed by us and by the depositary. You will receive prior notice of such changes.

Fees and Other Payments Made by the Depositary to Us

The depositary may reimburse us for certain expenses incurred by us in respect of the ADR program, by making available a portion of the ADS fees charged in respect of the ADR program or otherwise, upon such terms and conditions as we and the depositary agree from time to time. For the year ended December 31, 2024, we did not receive reimbursement from the depositary.

PART II

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

None.

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS MATERIAL

Modifications to the Rights of Security Holders

See “Item 10—Additional Information—B. Memorandum and Articles of Association—Common Shares” for a description of the rights of securities holders, which remain unchanged.

Use of Proceeds

Not applicable.

ITEM 15. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our chief executive officer and co-chief financial officers, has performed an evaluation of the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) as of the end of the period covered by this report, as required by Rule 13a-15(b) under the Exchange Act.

Based upon that evaluation, our management has concluded that, due to the outstanding material weakness described below, as of December 31, 2024, our disclosure controls and procedures were not effective in ensuring that the information required to be disclosed by us in the reports that we file and furnish under the Exchange Act was recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms, and that the information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our chief executive officer and co-chief financial officers, to allow timely decisions regarding required disclosure.

Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934, as amended. Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of financial statements for external purposes in accordance with Generally Accepted Accounting Principles (GAAP) in the United States of America and includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of our company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with GAAP, and that receipts and expenditures of our company are being made only in accordance with authorizations of our management and directors; and (3) provide reasonable assurance regarding prevention or timely detection of the unauthorized acquisition, use or disposition of our company's assets that could have a material effect on the consolidated financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect all potential misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risks that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

As required by Section 404 of the Sarbanes-Oxley Act of 2002 and related rules as promulgated by the Securities and Exchange Commission, our management, including our chief executive officer and co-chief financial officers, assessed the effectiveness of internal control over financial reporting as of December 31, 2024, using the criteria set forth in the report "Internal Control—Integrated Framework (2013)" published by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, the management concluded that our internal control over financial reporting was ineffective as of December 31, 2024, because of the material weakness described below.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. The material weakness identified in our internal control relates to the lack of sufficient and competent financial reporting and accounting personnel with appropriate knowledge of U.S. GAAP and SEC reporting requirements to identify and implement relevant controls to address risks of material misstatements and to prepare consolidated financial statements and related disclosures in accordance with U.S. GAAP and SEC financial reporting requirements.

We have implemented measures to address the material weaknesses, such as conducting regular U.S. GAAP accounting and financial reporting training programs for accounting and financial reporting personnel. For example, during the year ended December 31, 2024, we arranged formal training sessions related to recent U.S. GAAP development and SEC reporting updates for our accounting and financial reporting personnel. Although the remediation measures were implemented, they will require validation and testing of the operating effectiveness of internal controls over a sustained period of financial reporting cycles. As a result, the previously identified material weakness still existed as of December 31, 2024. We plan to continue to implement measures to remedy the identified material weakness, including: (i) recruiting more financial reporting and accounting personnel who have adequate U.S. GAAP knowledge, (ii) implementing regular and continual U.S. GAAP accounting and financial reporting training programs for our accounting and financial reporting personnel, (iii) planning to hire additional resources to strengthen the financial reporting function and set up a financial and system control framework, and (iv) establishing effective oversight and clarifying reporting requirements for non-recurring and complex transactions to ensure consolidated financial statements and related disclosures are accurate, complete and in compliance with U.S. GAAP and SEC reporting requirements. However, we cannot assure you that all these measures will be sufficient to remediate our material weaknesses in a timely manner, or at all. See “Item 3. Key Information—D. Risk Factors—Risks Relating to Our Business and Industry—If we fail to maintain an effective system of internal control over financial reporting, we may be unable to accurately report our financial results.”

As a company with less than US\$1.235 billion in revenue for our last fiscal year, we qualify as an “emerging growth company” pursuant to the JOBS Act. An emerging growth company may take advantage of specified reduced reporting and other requirements that are otherwise applicable generally to public companies. These provisions include exemption from the auditor attestation requirement under Section 404 of the Sarbanes-Oxley Act of 2002, in the assessment of the emerging growth company’s internal control over financial reporting.

Attestation Report of the Registered Public Accounting Firm

This annual report does not include an attestation report of our independent registered public accounting firm regarding internal control over financial reporting as we qualify as an “emerging growth company” under section 3(a) of the Securities Exchange Act of 1934, as amended, and are therefore exempt from the attestation requirement.

Changes in Internal Control

Other than as described above, there were no changes in our internal controls over financial reporting that occurred during the period covered by this annual report on Form 20-F that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 16. [RESERVED]

ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT

Our board of directors has determined that Mr. Bin Wei, a member of our audit committee and independent director (under the standards set forth in Nasdaq Stock Market Rule 5605(a)(2) and Rule 10A-3 under the Exchange Act), is an audit committee financial expert.

ITEM 16B. CODE OF ETHICS

Our board of directors has adopted a code of ethics that applies to all of the directors, officers and employees of our company, whether they work for the Company on a full-time, part-time, consultative or temporary basis. We have filed our code of business conduct and ethics as Exhibit 99.1 to our registration statement on Form F-1 (File Number 333-199996), as amended, initially filed with the SEC on September 4, 2019.

ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The following table sets forth the aggregate fees by the categories specified below in connection with certain professional services rendered by PricewaterhouseCoopers Zhong Tian LLP, Deloitte Touche Tohmatsu Certified Public Accountants LLP and their respective affiliates, our principal external auditors, for the years indicated. We did not pay any other fees to our principal external auditors during the years indicated below.

	For the Year Ended December 31,	
	2023	2024
	(in thousands of RMB)	
Audit-related fees(1)		
PricewaterhouseCoopers Zhong Tian LLP(2)	5,250	1,000
Deloitte Touche Tohmatsu Certified Public Accountants LLP	—	3,620
Non-Audit fees(3)		
PricewaterhouseCoopers Zhong Tian LLP(2)	150	290
Total	5,400	4,910

Notes:

- (1) “Audit fees” means the aggregate fees billed for professional services rendered by our principal external auditors for the audits of our annual financial statements and the quarterly reviews of our condensed consolidated financial information.
- (2) On July 17, 2024, we dismissed PricewaterhouseCoopers Zhong Tian LLP and engaged Deloitte Touche Tohmatsu Certified Public Accountants LLP as our independent registered public accounting firm. See also “Item 16F. Change in Registrant’s Certifying Accountant.”
- (3) “Non-audit fees” means the aggregate fees billed in each of the fiscal years listed for professional services rendered by PricewaterhouseCoopers Zhong Tian LLP for tax compliance, tax advice tax planning and other consulting services.

The policy of our audit committee is to pre-approve all audit and other service provided by PricewaterhouseCoopers Zhong Tian LLP, Deloitte Touche Tohmatsu Certified Public Accountants LLP and their respective affiliates, including audit services and tax services described above, other than those for de minimis services which are approved by the audit committee prior to the completion of the audit.

ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

Not applicable.

ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

On March 16, 2022, our board of directors authorized a share repurchase program under which we were authorized to repurchase up to US\$5 million of our Class A common shares in the form of American depositary shares over the next 12 months. As of February 29, 2024, we had used US\$1.5 million of the authorized amount.

On March 17, 2023, our board of directors authorized a share repurchase program under which we were authorized to repurchase up to US\$5 million of our Class A common shares in the form of American depositary shares over the next 12 months. As of February 29, 2024, we had used US\$1.4 million of the authorized amount.

On March 17, 2024, our board of directors authorized a share repurchase program under which we are authorized to repurchase up to US\$5 million of our Class A common shares in the form of American depositary shares over the next 12 months, subject to applicable rules under the Securities Exchange Act of 1934, as amended, and our insider trading policy. The share repurchases may be made from time to time in the open market at prevailing market prices, in privately negotiated transactions, in block trades and/or through other legally permissible means, depending on market conditions and in accordance with applicable rules and regulations. Our board of directors will review the share repurchase program periodically and may authorize adjustment of its terms and size. We expect to fund repurchases made under this program from our existing cash balance and cash generated from operations.

The table below summarizes the repurchases we made in the periods indicated.

Month	Total Number of Common Shares Purchased	Average Price Paid Per Common Share (US\$)	Total Number of Common Shares Purchased as Part of Share Repurchase Program	Approximate Remaining Authorized Amount (US\$, in millions)
From January 1, 2024 to January 31, 2024	1,077,840	0.0383	21,725,980	3.7
From February 1, 2024 to February 29, 2024	1,576,120	0.0346	23,302,100	3.6
From March 1, 2024 to March 31, 2024	893,000	0.0341	893,000	5.0
From April 1, 2024 to April 30, 2024	—	—	893,000	5.0
From May 1, 2024 to May 31, 2024	—	—	893,000	5.0
From June 1, 2024 to June 30, 2024	—	—	893,000	5.0
From July 1, 2024 to July 31, 2024	—	—	893,000	5.0
From August 1, 2024 to August 31, 2024	—	—	893,000	5.0
From September 1, 2024 to September 30, 2024	—	—	893,000	5.0
From October 1, 2024 to October 31, 2024	—	—	893,000	5.0
From November 1, 2024 to November 30, 2024	—	—	893,000	5.0
From December 1, 2024 to December 31, 2024	—	—	893,000	5.0

ITEM 16F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT

We dismissed PricewaterhouseCoopers Zhong Tian LLP, or PwC, as our independent registered public accounting firm on June 30, 2024 and appointed Deloitte Touche Tohmatsu Certified Public Accountants LLP, or Deloitte, as our independent registered public accounting firm, effective on July 17, 2024. The appointment of Deloitte was approved by our board of directors and the audit committee of the board of directors. Deloitte was engaged to audit and report on our consolidated financial statements for the fiscal year ending December 31, 2024.

The reports of PwC on our consolidated financial statements for the fiscal years ended December 31, 2022 and 2023 did not contain any adverse opinion or disclaimer of opinion and were not qualified or modified as to uncertainty, audit scope, or accounting principles.

During the fiscal years ended December 31, 2022 and 2023, and the subsequent interim period through June 30, 2024, there have been no “disagreements” (as that term is defined in 16F(a)(1)(iv) of Form 20-F and the related instructions) between us and PwC on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements, if not resolved to the satisfaction of PwC, would have caused PwC to make reference to the subject matter of the disagreement in its reports on the our consolidated financial statements for such years.

During the fiscal years ended December 31, 2023 and 2022 and the subsequent interim period through June 30, 2024, there have been no reportable events (as defined in Item 16F(a)(1)(v) of Form 20-F), except for the material weaknesses identified related to the lack of sufficient and competent financial reporting and accounting personnel with appropriate knowledge of U.S. GAAP and SEC reporting requirements to formalize key controls over financial reporting and to prepare consolidated financial statements and related disclosures in accordance with U.S. GAAP and SEC financial reporting requirements as disclosed under Item 15 of the Company’s annual report on Form 20-F for the fiscal years ended December 31, 2023 and 2022.

The audit committee discussed the material weakness with PwC and the Company has authorized PwC to respond fully to inquiries of the successor auditor regarding the material weakness.

We have requested that PwC furnish the company with a letter addressed to the SEC stating whether or not it agrees with the above statements. A copy of PwC’s letter dated April 23, 2025 is filed as Exhibit 16.1 to this Form 20-F.

During the fiscal years ended December 31, 2022 and 2023, and the subsequent interim period through July 17, 2024, neither we nor anyone on behalf of us has consulted with Deloitte regarding (i) the application of accounting principles to a specific transaction, either completed or proposed, or the type of audit opinion that might be rendered on our consolidated financial statements, and neither a written report nor oral advice was provided to us that Deloitte concluded was an important factor considered by us in reaching a decision as to any accounting, audit, or financial reporting issue, (ii) any matter that was the subject of a disagreement pursuant to Item 16F(a)(1)(iv) of the instructions to Form 20-F, or (iii) any reportable event pursuant to Item 16F(a)(1)(v) of the instructions to Form 20-F.

ITEM 16G. CORPORATE GOVERNANCE

As a Cayman Islands company listed on the Nasdaq Global Market, we are subject to Nasdaq’s corporate governance requirements. However, Nasdaq rules permit a foreign private issuer like us to follow the corporate governance practices of its home country. Certain corporate governance practices in the Cayman Islands, which is our home country, may differ significantly from Nasdaq’s corporate governance requirements. We have relied on the exemption available to foreign private issuers for the requirement under Nasdaq Rule 5635(c) that shareholders’ approval must be obtained prior to the issuance of securities when a stock option or purchase plan is to be established or materially amended or when other equity compensation arrangement is to be made or materially amended, pursuant to which stock may be acquired by officers, directors, employees, or consultants. We elected to follow our home country practice and did not obtain shareholders’ approval for the material amendment to our 2019 Plan. If we continue to rely on this and other exemptions available to foreign private issuers in the future, our shareholders may be afforded less protection than they otherwise would under the Nasdaq corporate governance listing standards applicable to U.S. domestic issuers. See “Item 3. Key Information—D. Risk Factors—Risks Relating to Our ADSs—As an exempted company incorporated in the Cayman Islands, we are permitted to adopt certain home country practices in relation to corporate governance matters that differ significantly from the Nasdaq listing standards; these practices may afford less protection to shareholders than they would enjoy if we complied fully with the Nasdaq listing standards.”

ITEM 16H. MINE SAFETY DISCLOSURE

Not applicable.

ITEM 16I. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

ITEM 16J. INSIDER TRADING POLICY

Our board of directors has established insider trading policies and procedures governing the purchase, sale, and other dispositions of our securities by our directors, officers, employees and other relevant persons to promote compliance with applicable insider trading laws, rules and regulations, and listing standards.

Our Amended and Restated Statement of Policies Governing Material Non-Public Information and The Prevention of Insider Trading is filed as Exhibit 11.2 to this annual report on Form 20-F.

ITEM 16K. CYBERSECURITY

Risk Management and Strategy

We have implemented robust processes for assessing, identifying and managing material risks from cybersecurity threats and monitoring the prevention, detection, mitigation and remediation of material cybersecurity incidents. We have also integrated cybersecurity risk management into our overall enterprise risk management system.

We have established a dynamic and multi-layered cybersecurity defense system to effectively mitigate both internal and external cyber threats.

This comprehensive system spans multiple security domains, including network, host and application layers. It integrates a range of security capabilities such as threat defense, continuous monitoring, in-depth analysis, rapid response, as well as strategic deception and countermeasures. Our approach to managing cybersecurity risks and safeguarding sensitive data is multi-faceted, involving technological safeguards, procedural protocols, a rigorous program of surveillance on our corporate network, ongoing internal and external evaluations of our security measures, a solid incident response framework, and regular online or offline cybersecurity training sessions for our employees. We have deployed a network firewall, an application firewall, intrusion detection systems and the DDoS protection system to detect and prevent network attacks. We have also been equipped with a unified security software to prevent viruses and regularly patch software vulnerabilities. In addition, we have implemented a strong password policy and multi-factor authentication to protect our system from unauthorized access. Our information security department is actively engaged in continuous monitoring of our applications, platforms and infrastructure to ensure prompt identification and response to potential issues, including emerging cybersecurity threats.

We have engaged with third parties in connection with the processes for assessing, identifying, and managing material risks from cybersecurity threats. Specifically, collaborate with security service providers to conduct regular security audits, privacy compliance checks and penetration testing. This helps to identify potential security vulnerabilities and rectify them. We have processes in place to oversee and identify risks from cybersecurity threats associated with our use of third-party service providers. As of the date of this annual report, we have not experienced any material cybersecurity incidents or identified any material cybersecurity threats that have affected or are reasonably likely to materially affect us, our business strategy, results of operations or financial condition.

Governance

Our board of directors is responsible for overseeing our cybersecurity risk management. Our board of directors shall (i) maintain oversight of the disclosure related to cybersecurity matters in current reports or periodic reports of our company, (ii) review updates to the status of any material cybersecurity incidents or material risks from cybersecurity threats to our company, and the relevant disclosure issues, if any, presented by our chief executive officer, co-chief financial officers and cybersecurity officer on a quarterly basis, and (iii) review disclosure concerning cybersecurity matters in our annual report on Form 20-F presented by our chief executive officer, co-chief financial officers and cybersecurity officer.

At management level, our chief executive officer, co-chief financial officers and cybersecurity officer are responsible for assessing, identifying and managing material risks from cybersecurity threats to our company and monitoring the prevention, detection, mitigation and remediation of material cybersecurity incident. These officers report to our board of directors on (i) a quarterly basis on updates to the status of any material cybersecurity incidents or material risks from cybersecurity threats to our company, and the relevant disclosure issues, if any, and (ii) on disclosure concerning cybersecurity matters in our annual report on Form 20-F.

At the operational level, we have established three lines of defense to manage information security risks. Led by our chief executive officer, co- chief financial officers and cybersecurity officer, our internal information security committee, consisting of representatives of business departments, our general counsel, head of information security department and head of IT department, is the first line of defense responsible for information security strategic decision-making, resource coordination and planning, etc. The information security department and the legal and compliance department form the second line of defense responsible for leading, guiding, monitoring and inspecting our security plan and reporting to the information security committee. The information security department leads the implementation of our security strategic plan, carries out security operations, including data security, privacy protection, security compliance, security incident emergency response and other security operations, and cooperates with business departments, IT department and other functional departments, which collectively form the third line of defense.

If a cybersecurity incident occurs, our information security department will promptly organize relevant personnel for internal assessment and if it is determined that the incident could potentially be a material cybersecurity event, our chief executive officer, co-chief financial officers and cybersecurity officer will promptly report the incident and assessment results to our board of directors and other members of senior management and external legal counsel, to the extent appropriate. Our cybersecurity officer and relevant departments shall prepare disclosure material on the cybersecurity incident for review and approval by the board of directors and other members of senior management (if necessary), before it is disseminated to the public.

PART III

ITEM 17. FINANCIAL STATEMENTS

We have elected to provide financial statements pursuant to Item 18.

ITEM 18. FINANCIAL STATEMENTS

The consolidated financial statements of Huize Holding Limited are included at the end of this annual report.

ITEM 19. EXHIBITS

Exhibit Number	Description of Document
1.1	Third Amended and Restated Memorandum and Articles of Association of the Registrant (incorporated herein by reference to Exhibit 3.2 to the registration statement on Form F-1 (File No. 333-233614), as amended, initially filed with the SEC on September 4, 2019)
2.1	Registrant's Specimen American Depositary Receipt (included in Exhibit 2.3)
2.2	Registrant's Specimen Certificate for Class A common shares (incorporated herein by reference to Exhibit 4.2 to the registration statement on Form F-1 (File No. 333-233614), as amended, initially filed with the SEC on September 4, 2019)
2.3	Deposit Agreement, dated as of February 11, 2020, among the Registrant, Citibank N.A., as the depository, and all holders and beneficial owners of the American Depositary Shares issued thereunder (incorporated herein by reference to Exhibit 4.3 to the registration statement on Form S-8 (File No. 333-238148), filed with the SEC on May 11, 2020)
2.4	Form of Amendment No. 1 to the Deposit Agreement, among the Registrant, Citibank N.A., as the depository, and all holders and beneficial owners of the American Depositary Shares issued thereunder (incorporated herein by reference to Exhibit (a)(i) to the post-effective amendment No. 1 to registration statement on Form F-6 (File No. 333-236288), filed with the SEC on November 19, 2024)
2.5	Shareholders Agreement between the Registrant and other parties thereto dated June 6, 2019 (incorporated herein by reference to Exhibit 4.4 to the registration statement on Form F-1 (File No. 333-233614), as amended, initially filed with the SEC on September 4, 2019)
2.6	Description of Securities (incorporated herein by reference to Exhibit 2.5 to the annual report on Form 20-F (File No. 001-39216) filed with the SEC on April 24, 2020)
4.1	Global Share Incentive Plan (incorporated herein by reference to Exhibit 10.1 to the registration statement on Form F-1 (File No. 333-233614), as amended, initially filed with the SEC on September 4, 2019)
4.2	Third Amended and Restated 2019 Share Incentive Plan (incorporated herein by reference to Exhibit 99.2 to Form 6-K (File No. 001-39216) filed with the SEC on November 20, 2013)
4.3	Form of Indemnification Agreement, between the Registrant and its directors and executive officers (incorporated herein by reference to Exhibit 10.3 to the registration statement on Form F-1 (File No. 333-233614), as amended initially filed with the SEC on September 4, 2019)
4.4	Form of Employment Agreement between the Registrant and its executive officers (incorporated herein by reference to Exhibit 10.4 to the registration statement on Form F-1 (File No. 333-233614), as amended, initially filed with the SEC on September 4, 2019)
4.5	English translation of executed Exclusive Business Cooperation Agreement among our WFOE, the VIE and its shareholders (incorporated herein by reference to Exhibit 10.5 to the registration statement on Form F-1 (File No. 333-233614), as amended, initially filed with the SEC on September 4, 2019)

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<u>Exhibit Number</u>	<u>Description of Document</u>
4.6	English translation of form of executed Power of Attorney signed by shareholders of the VIE (incorporated herein by reference to Exhibit 10.6 to the registration statement on Form F-1 (File No. 333-233614), as amended, initially filed with the SEC on September 4, 2019)
4.7	English translation of executed Equity Pledge Agreement among our WFOE, the VIE and its shareholders (incorporated herein by reference to Exhibit 10.7 to the registration statement on Form F-1 (File No. 333-233614), as amended, initially filed with the SEC on September 4, 2019)
4.8	English translation of executed Exclusive Option and Equity Custody Agreement among our WFOE, the VIE and its shareholders (incorporated herein by reference to Exhibit 10.8 to the registration statement on Form F-1 (File No. 333-233614), as amended, initially filed with the SEC on September 4, 2019)
8.1*	Principal Subsidiaries of the Registrant
11.1	Code of Business Conduct and Ethics of the Registrant (incorporated herein by reference to Exhibit 99.1 to the registration statement on Form F-1 (File No. 333-233614), as amended initially filed with the SEC on September 4, 2019)
11.2*	Amended and Restated Statement of Policies Governing Material Non-Public Information and the Prevention of Insider Trading
12.1*	CEO Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
12.2*	CFO Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
12.3*	CFO Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
13.1**	CEO Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
13.2**	CFO Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
13.3**	CFO Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
15.1*	Consent of Deloitte Touche Tohmatsu Certified Public Accountants LLP
15.2*	Consent of PricewaterhouseCoopers Zhong Tian LLP
15.3*	Consent of Commerce & Finance Law Offices
16.1*	Letter from PricewaterhouseCoopers Zhong Tian LLP to the Securities and Exchange Commission, dated April 23, 2025, pertaining to the change in independent public accounting firm
97.1	Clawback Policy of the Registrant (incorporated herein by reference to Exhibit 97.1 to the annual report on Form 20-F (File No. 001-39216) filed with the SEC on April 19, 2024)
101.INS*	Inline XBRL Instance Document-this instance document does not appear on the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Filed herewith.

** Furnished herewith.

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing its annual report on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

Huize Holding Limited

By: /s/ Cunjun Ma

Name: Cunjun Ma

Title: Chairman of the Board of Directors and Chief Executive Officer

Date: April 23, 2025

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HUIZE HOLDING LIMITED

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of Huize Holding Limited

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheet of Huize Holding Limited and subsidiaries (the “Company”) as of December 31, 2024, the related consolidated statements of comprehensive income, shareholders’ equity, and cash flows, for the year ended December 31, 2024, and the related notes and the schedule I (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024, and the results of its operations and its cash flows for the year ended December 31, 2024, in conformity with accounting principles generally accepted in the United States of America.

Convenience Translation

Our audit also comprehended the translation of Renminbi amounts into United States dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 2(f) to the financial statements. Such United States dollar amounts are presented solely for the convenience of readers outside of People’s Republic of China.

Basis for Opinion

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

/s/ Deloitte Touche Tohmatsu Certified Public Accountants LLP

Shenzhen, the People’s Republic of China

April 23, 2025

We have served as the Company’s auditor since 2024.

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Huize Holding Limited

Opinion on the Financial Statements

We have audited the consolidated balance sheet of Huize Holding Limited and its subsidiaries (the “Company”) as of December 31, 2023, and the related consolidated statements of comprehensive income/(loss), of shareholders’ (deficit)/equity and of cash flows for each of the two years in the period ended December 31, 2023, including the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2023 in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these consolidated financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers Zhong Tian LLP
Shenzhen, the People’s Republic of China

April 19, 2024, except for the change in segment disclosures in Note 2(ee) to the consolidated financial statements, as to which the date is April 23, 2025

We served as the Company’s auditor from 2018 to 2024.

HUIZE HOLDING LIMITED

CONSOLIDATED BALANCE SHEETS

(All amounts in thousands, except share data, or otherwise noted)

	Note	As of December 31, 2023	As of December 31, 2024	
		RMB	RMB	US\$ Note 2(f)
Assets				
Current assets				
Cash and cash equivalents, net of allowances of RMB520 and RMB170 as of December 31, 2023 and 2024, respectively	2(g)	249,258	233,207	31,949
Restricted cash (including amounts of the consolidated VIE of RMB42,307 and RMB61,708 as of December 31, 2023 and 2024, respectively)	2(h)	42,307	61,708	8,454
Short-term investments	2(i)	8,879	5,000	685
Contract assets, net of allowances of RMB440 and RMB1,332 as of December 31, 2023 and 2024, respectively	2(w)	41,481	71,085	9,739
Accounts receivable, net of allowances of RMB1,673 and RMB 2,153 as of December 31, 2023 and 2024, respectively	2(j),5	178,294	157,080	21,520
Insurance premium receivables, net of allowances of RMB988 and RMB33 as of December 31, 2023 and 2024, respectively	2(k)	927	1,763	242
Amounts due from related parties	6	383	995	136
Deferred costs	2(l)	6,147	—	—
Prepaid expense and other receivables, net of allowances of RMB697 and RMB910 as of December 31, 2023 and 2024, respectively	7	78,784	68,171	9,339
Total current assets		606,460	599,009	82,064
Non-current assets				
Restricted cash	2(h)	29,687	29,883	4,094
Contract assets, net of allowances of RMB131 and RMB 533 as of December 31, 2023 and 2024, respectively	2(w)	12,495	28,435	3,896
Property, plant and equipment, net	8	54,107	47,083	6,450
Intangible assets, net	9	50,743	68,840	9,431
Long-term investments	2(r),10	76,688	66,716	9,140
Operating lease right-of-use assets	2(t),19	115,946	20,715	2,838
Goodwill	2(q)	461	14,536	1,991
Other assets	7	419	8,981	1,232
Total non-current assets		340,546	285,189	39,072
Total assets		947,006	884,198	121,136

HUIZE HOLDING LIMITED

CONSOLIDATED BALANCE SHEETS - continued

(All amounts in thousands, except share data, or otherwise noted)

	Note	As of December 31, 2023	As of December 31, 2024	
		RMB	RMB	US\$ Note 2(f)
Liabilities and Shareholders' Equity				
Current liabilities				
Short-term borrowings (including amounts of the consolidated VIE and its subsidiaries without recourse to the Company of RMB30,000 and RMB50,000 as of December 31, 2023 and 2024, respectively)	11	30,000	50,000	6,850
Accounts payable (including amounts of the consolidated VIE and its subsidiaries without recourse to the Company of RMB204,587 and RMB156,692 as of December 31, 2023 and 2024, respectively)		211,905	202,054	27,681
Insurance premium payables (including amounts of the consolidated VIE and its subsidiaries without recourse to the Company of RMB37,514 and RMB56,042 as of December 31, 2023 and 2024, respectively)	2(s)	37,514	56,042	7,678
Contract liabilities (including amounts of the consolidated VIE and its subsidiaries without recourse to the Company of RMB945 and RMB nil as of December 31, 2023 and 2024, respectively)		2,728	—	—
Other payables and accrued expenses (including amounts of the consolidated VIE and its subsidiaries without recourse to the Company of RMB171,706 and RMB13,083 as of December 31, 2023 and 2024, respectively)	12	34,850	44,434	6,087
Payroll and welfare payable (including amounts of the consolidated VIE and its subsidiaries without recourse to the Company of RMB50,624 and RMB26,964 as of December 31, 2023 and 2024, respectively)		56,207	41,005	5,618
Income taxes payable (including amounts of the consolidated VIE and its subsidiaries without recourse to the Company of RMB2,440 and RMB2,234 as of December 31, 2023 and 2024, respectively)	14	2,440	2,575	353
Operating lease liabilities (including amounts of the consolidated VIE and its subsidiaries without recourse to the Company of RMB16,368 and RMB14,953 as of December 31, 2023 and 2024, respectively)	2(t),19	16,949	16,743	2,294
Amounts due to related parties (including amounts of the consolidated VIE and its subsidiaries without recourse to the Company of RMB2,451 and RMB2,495 as of December 31, 2023 and 2024, respectively)	6	2,451	2,495	342
Total current liabilities		<u>395,044</u>	<u>415,348</u>	<u>56,903</u>

HUIZE HOLDING LIMITED

CONSOLIDATED BALANCE SHEETS - continued

(All amounts in thousands, except share data, or otherwise noted)

	Note	As of December 31, 2023	As of December 31, 2024	
		RMB	RMB	US\$ Note 2(f)
Non-current liabilities				
Deferred tax liabilities (including amounts of the consolidated VIE and its subsidiaries without recourse to the Company of RMB10,971 and RMB10,971 as of December 31, 2023 and 2024, respectively)	14	12,048	14,875	2,038
Operating lease liabilities (including amounts of the consolidated VIE and its subsidiaries without recourse to the Company of RMB129,299 and RMB24,082 as of December 31, 2023 and 2024, respectively)	2(t),19	129,299	24,082	3,299
Payroll and welfare payable		200	649	89
Total non-current liabilities		<u>141,547</u>	<u>39,606</u>	<u>5,426</u>
Total liabilities		<u>536,591</u>	<u>454,954</u>	<u>62,329</u>
Commitments and contingencies	20			
Shareholders' equity				
Class A common shares (US\$0.00001 par value; 7,000,000,000 shares authorized and 894,456,046 shares issued as of December 31, 2023 and 2024, respectively; 843,968,206 shares and 858,266,416 shares outstanding as of December 31, 2023 and 2024, respectively)	15	62	63	9
Class B common shares (US\$0.00001 par value; 800,000,000 shares authorized and 150,591,207 shares issued and 150,591,207 shares outstanding as of December 31, 2023 and 2024, respectively)	15	10	10	1
Treasury stock (46,867,940 shares and 50,414,900 shares as of December 31, 2023 and 2024, respectively)	15	(28,580)	(29,513)	(4,043)
Additional paid-in capital		905,958	909,930	124,660
Accumulated other comprehensive loss		(14,060)	(12,864)	(1,762)
Accumulated deficit		(458,237)	(458,886)	(62,867)
Total shareholders' equity attributable to Huize Holding Limited shareholders		<u>405,153</u>	<u>408,740</u>	<u>55,998</u>
Non-controlling interests		5,262	20,504	2,809
Total shareholders' equity		<u>410,415</u>	<u>429,244</u>	<u>58,807</u>
Total liabilities and shareholders' equity		<u>947,006</u>	<u>884,198</u>	<u>121,136</u>

The accompanying notes form an integral part of these consolidated financial statements.

HUIZE HOLDING LIMITED

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME/(LOSS)

(All amounts in thousands, except for share, per share data or otherwise noted)

	Note	Year Ended December 31,			
		2022	2023	2024	US\$ Note2(f)
		RMB	RMB	RMB	
Operating revenue					
Brokerage income	2(w)	1,108,652	1,144,533	1,193,827	163,554
Other income		49,256	51,019	55,087	7,547
Total operating revenue		1,157,908	1,195,552	1,248,914	171,101
Operating costs and expenses					
Cost of revenue	2(x)	(706,009)	(729,068)	(855,496)	(117,202)
Cost of other income	2(x)	(28,282)	(19,938)	(12,790)	(1,753)
Selling expenses	2(y)	(231,664)	(204,261)	(192,425)	(26,362)
General and administrative expenses	2(z)	(154,715)	(119,404)	(146,769)	(20,107)
Research and development expenses	2(aa)	(80,911)	(71,842)	(62,391)	(8,548)
Total operating costs and expenses		(1,201,581)	(1,144,513)	(1,269,871)	(173,972)
Operating (loss) / income		(43,673)	51,039	(20,957)	(2,871)
Other income/(expenses)					
Interest income/(expenses)		(5,062)	2,789	4,139	567
Unrealized exchange loss		(79)	(436)	(684)	(94)
Investment loss	17	(2,216)	(1,656)	(511)	(70)
Others, net	2(bb)	19,490	18,401	17,179	2,354
Profit/(Loss) before income tax, and share of income/(loss) of equity method investee		(31,540)	70,137	(834)	(114)
Income tax expense	14	—	—	(135)	(18)
Share of income/(loss) of equity method investee		(2,200)	417	1,535	210
Net profit/(loss)		(33,740)	70,554	566	78
Net profit/(loss) attributable to non-controlling interests		(2,553)	366	1,215	167

HUIZE HOLDING LIMITED

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME/(LOSS) - continued
FOR THE YEAR ENDED DECEMBER 31, 2024

(All amounts in thousands, except for share, per share data or otherwise noted)

	Note	Year Ended December 31,			
		2022	2023	2024	US\$ Note2(f)
		RMB	RMB	RMB	
Net profit/(loss) attributable to Huize Holding Limited's shareholders		(31,187)	70,188	(649)	(89)
Net profit/(loss)		(33,740)	70,554	566	78
Foreign currency translation adjustment, net of tax		9,600	3,635	1,196	164
Comprehensive income/(loss)		(24,140)	74,189	1,762	242
Comprehensive income/(loss) attributable to non-controlling interests		(2,553)	366	1,215	167
Comprehensive income/(loss) attributable to Huize Holding Limited's shareholders		(21,587)	73,823	547	75
Weighted average number of common shares used in computing net profit/(loss) per share					
Basic and diluted	18	1,021,958,881	1,000,940,698	997,172,042	997,172,042
Net profit/(loss) per share attributable to common shareholders					
Basic and diluted	18	(0.03)	0.07	(0.00)	(0.00)

The accompanying notes form an integral part of these consolidated financial statements.

HUIZE HOLDING LIMITED

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' (DEFICIT)/EQUITY

(All amounts in thousands, except share data, per share data or otherwise noted)

	Class A Common Shares		Class B Common Shares		Treasury Stock		Additional paid-in capital RMB	Accumulated other comprehensive income/ loss RMB	Accumulated deficit RMB	Total Huize Holding Limited shareholders' equity	Non- Controlling interest RMB	Total
	Shares	Amount RMB	Shares	Amount RMB	Shares	Amount RMB						
Balance at January 1, 2022	889,603,586	62	150,591,207	10	3,436,860	(9,545)	896,772	(27,295)	(499,940)	360,064	849	360,913
Net loss for the year	—	—	—	—	—	—	—	—	(31,187)	(31,187)	(2,553)	(33,740)
Repurchase of Class A common shares	15	—	—	—	13,097,740	(5,761)	—	—	—	(5,761)	—	(5,761)
Share-based payment compensation	16	—	—	—	—	—	8,163	—	—	8,163	—	8,163
Capital injection from non-controlling interests	—	—	—	—	—	—	—	—	—	—	2,850	2,850
Foreign currency translation	—	—	—	—	—	—	—	9,600	—	9,600	—	9,600
Balance at December 31, 2022	889,603,586	62	150,591,207	10	16,534,600	(15,306)	904,935	(17,695)	(531,127)	340,879	1,146	342,025
Impact of adoption of credit loss guidance	—	—	—	—	—	—	—	—	2,702	2,702	—	2,702
Net profit for the year	—	—	—	—	—	—	—	—	70,188	70,188	366	70,554
Repurchase of Class A common shares	15	—	—	—	30,333,340	(13,274)	—	—	—	(13,274)	—	(13,274)
Shares issued upon exercise of option	16	1,232,560	—	—	—	—	560	—	—	560	—	560
Share-based payment compensation	16	—	—	—	—	—	463	—	—	463	—	463
Capital injection from non-controlling interests	—	—	—	—	—	—	—	—	—	—	3,750	3,750
Foreign currency translation	—	—	—	—	—	—	—	3,635	—	3,635	—	3,635
Balance at December 31, 2023	890,836,146	62	150,591,207	10	46,867,940	(28,580)	905,958	(14,060)	(458,237)	405,153	5,262	410,415
Issuance of Class A common shares for acquisition of a subsidiary	17,845,170	1	—	—	—	—	5,061	—	—	5,062	9,238	14,300
Net (loss)/profit for the year	—	—	—	—	—	—	—	—	(649)	(649)	1,215	566
Repurchase of Class A common shares	15	—	—	—	3,546,960	(933)	—	—	—	(933)	—	(933)
Capital injection from non-controlling interests	—	—	—	—	—	—	—	—	—	—	3,700	3,700
Change of the capital from non-controlling interest shareholders	—	—	—	—	—	—	(1,089)	—	—	(1,089)	1,089	—
Foreign currency translation	—	—	—	—	—	—	—	1,196	—	1,196	—	1,196
Balance at December 31, 2024	908,681,316	63	150,591,207	10	50,414,900	(29,513)	909,930	(12,864)	(458,886)	408,740	20,504	429,244

The accompanying notes form an integral part of these consolidated financial statements.

HUIZE HOLDING LIMITED

CONSOLIDATED STATEMENTS OF CASH FLOWS

(All amounts in thousands, except share data, or otherwise noted)

	Year Ended December 31			
	2022	2023	2024	
	RMB	RMB	RMB	US\$ Note 2(f)
Cash flows from operating activities:				
Net profit/(loss)	(33,740)	70,554	566	78
Adjustments to reconcile net profit/(loss) to net cash provided by/ (used in) operating activities:				
Allowance for doubtful account	2,415	1,567	682	93
Impairment of intangible assets	—	1,950	—	—
Depreciation and amortization	18,427	13,640	11,458	1,570
Unrealized exchange loss	79	436	684	94
Share-based compensation expense	8,163	463	9,021	1,236
Interest (income)/expense	5,062	(2,789)	(4,139)	(567)
Investment (income)/loss	1,885	2,405	777	106
Gain on disposal of subsidiary	331	(749)	(266)	(36)
Share of (income)/loss of equity method investee	2,200	(417)	(1,535)	(210)
Amortization of right-of-use assets	27,788	25,680	24,811	3,399
Amortization of directors and officers liability insurance premium	7,891	3,125	79	11
Loss on disposal of property, plant and equipment	513	217	—	—
Gain on termination of right-of-use assets	(7,215)	(5,923)	(12,155)	(1,665)
	<u>33,799</u>	<u>110,159</u>	<u>29,983</u>	<u>4,109</u>
Changes in operating assets and liabilities:				
(Increase)/decrease in accounts receivable	531,001	75,466	20,734	2,841
(Increase)/decrease in insurance premium receivables	(575)	(123)	119	16
(Increase)/decrease in prepaid expense and other receivables	22,786	21,815	13,070	1,791
(Increase)/decrease in deferred costs	—	(6,147)	6,147	842
(Increase)/decrease in amounts due from related parties	(361)	106	45	6
Increase/(decrease) in amounts due to related parties	(11,380)	1,956	44	6
(Increase)/decrease in other assets	200	—	(102)	(14)
(Increase)/decrease in contract assets	(56,522)	1,975	(46,838)	(6,417)
Increase/(decrease) in accounts payable	(428,580)	(50,661)	(10,047)	(1,376)
Increase/(decrease) in insurance premium payables	(96,452)	9,947	18,528	2,538
Increase/(decrease) in payroll and welfare payable	(49,760)	12,469	(24,183)	(3,313)
Increase/(decrease) in income taxes payable	—	—	135	18
Increase/(decrease) in other payables and accrued expenses	(13,155)	(24,899)	(2,457)	(337)
(Increase)/decrease in right-of-use assets due to prepaid rent	—	(825)	—	—
Increase/(decrease) in operating lease liabilities	(12,866)	(12,581)	(22,867)	(3,133)
Increase/(decrease) in contract liabilities	(3,202)	(1,306)	(2,728)	(374)
Dividend received from equity method investees	—	—	1,491	204
Net cash provided by/(used in) operating activities	<u>(85,067)</u>	<u>137,351</u>	<u>(18,926)</u>	<u>(2,593)</u>
Cash flows from investing activities:				
Purchase of long-term investment	(10,000)	—	—	—
Purchase of short-term investment	—	(9,968)	(73,327)	(10,046)
Purchase of property, equipment and intangible assets	(16,823)	(30,524)	(4,284)	(587)
Proceeds from disposal of property, equipment and intangible assets	1,048	955	426	58
Proceeds from disposal of investments	700	874	76,701	10,508
Proceeds from capital reduction of equity investees	—	—	9,925	1,360
Advances from disposal of an investment	—	—	1,500	205
Advance to a related party	—	—	(657)	(90)
Acquisition of subsidiary, net of cash acquired	(25,964)	(2,441)	(8,046)	(1,102)
Cash received for disposal of subsidiaries	3,640	1,645	—	—
Loans to third parties	(26,000)	(23,000)	(25,382)	(3,477)
Repayment from third parties	16,000	—	19,704	2,699
Interests received	876	1,075	—	—
Others	237	361	198	27
Net cash provided by/(used in) investing activities	<u>(56,286)</u>	<u>(61,023)</u>	<u>(3,242)</u>	<u>(445)</u>
Cash flows from financing activities:				
Proceeds from borrowings	270,200	37,000	50,000	6,850
Repayments of borrowings	(367,524)	(161,473)	(30,411)	(4,166)
Repurchase of Class A common shares	(6,659)	(13,392)	(77)	(11)
Proceeds from exercise of share options	—	560	—	—
Cash received by subsidiaries from minority shareholders	2,850	3,750	3,700	507
Net cash provided by/(used in) financing activities	<u>(101,133)</u>	<u>(133,555)</u>	<u>23,212</u>	<u>3,180</u>
Effect of exchange rate changes on cash and cash equivalents	<u>9,587</u>	<u>2,914</u>	<u>2,152</u>	<u>295</u>
Net increase/(decrease) in cash and cash equivalents and restricted cash	(232,899)	(54,313)	3,196	437
Total cash and cash equivalents and restricted cash at beginning of year	608,984	376,085	321,772	44,083
Total cash and cash equivalents and restricted cash at end of year	<u>376,085</u>	<u>321,772</u>	<u>324,968</u>	<u>44,520</u>
Supplemental disclosure of cash flow information				
Cash paid for interest	(10,614)	(4,473)	(1,868)	(256)
Cash paid for income tax	—	—	—	—
Supplemental disclosure of non-cash investing and financing activities				
Increase in lease liabilities arising from obtaining operating lease right-of-use assets	2,011	5,113	18,367	2,516
Decrease in lease liabilities due to termination of lease contacts	(65,922)	(35,788)	(101,027)	(13,841)
Acquisition of subsidiaries through issuing ordinary shares	—	—	5,062	693

The accompanying notes form an integral part of these consolidated financial statements.

HUIZE HOLDING LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

1. Organization and principal activities

Huize Holding Limited (“Huize” or the “Company”) was incorporated on December 24, 2014 under the laws of the Cayman Islands. The Company, its subsidiaries and the consolidated variable interest entities (the “VIE”) are collectively referred to as the “Group”. In February 2020, the Company completed its initial public offering (“IPO”) in Nasdaq Global Market.

The Group is an independent online insurance product and service platform in the People’s Republic of China (the “PRC”). The Group commenced its operation in August 2006 by Mr. Cunjun Ma (“the founder”).

HUIZE HOLDING LIMITED

1. Organization and principal activities - continued

As of December 31, 2024 the Company's principal subsidiaries, consolidated VIE and subsidiaries of VIE are as follows:

Principal Subsidiaries	Date of Incorporation/ Establishment	Place of Incorporation/ Establishment	Percentage of Direct Economic Interest	Principal Activities
Smart Choice Ventures Limited	January 14, 2015	British Virgin Islands	100%	Investment holding
Hong Kong Smart Choice Ventures Limited	February 18, 2015	Hong Kong	100%	Investment holding
Synergy Wealth Management Limited	August 31, 2023	Hong Kong	100%	Insurance brokerage service
Zhixuan International Management Consulting (Shenzhen) Co., Ltd ("Zhixuan")	June 9, 2015	PRC	100%	Investment and investment consulting service
VIE				
Shenzhen Huiye Tianze Investment Holding Co., Ltd ("Huiye Tianze")	October 30, 2014	PRC	Not applicable	Investment and investment consulting service
VIE's Principal Subsidiaries				
Huize Insurance Brokerage Co., Ltd. ("Huize Insurance Brokerage")	October 14, 2011	PRC	Not applicable	Insurance brokerage service
Shenzhen Detong Insurance Agency Co., Ltd. (formerly known as Shanghai Senhao Insurance Agency Co., Ltd)	March 12, 2022	PRC	Not applicable	Insurance agency service

2. Summary of significant accounting policies

(a) Basis of presentation

The Group's consolidated financial statements for the years ended December 31, 2022, 2023 and 2024 are prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the accompanying consolidated financial statements and related disclosures. Actual results may differ from those estimates. Significant accounting policies followed by the Group in the preparation of the accompanying consolidated financial statements are summarized below.

Under the Jumpstart Our Business Startups Act of 2012, as amended, the Company meets the definition of an emerging growth company and has elected the extended transition period for complying with new or revised accounting standards, which delays the adoption of these accounting standards until they would apply to private companies.

HUIZE HOLDING LIMITED

2. Summary of significant accounting policies - continued

(b) Basis of consolidation

The consolidated financial statements include the financial statements of the Company, its subsidiaries and a consolidated VIE, including the VIE's subsidiaries, for which the Company is the ultimate primary beneficiary.

A subsidiary is an entity in which the Company, directly or indirectly, controls more than one half of the voting power; or has the power to govern the financial and operating policies, to appoint or remove the majority of the members of the board of directors, or to cast a majority of votes at the meeting of directors.

A consolidated VIE is an entity in which the Company, or its subsidiaries, through contractual arrangements, has the power to direct the activities that most significantly impact the entity's economic performance, bears the risks of and enjoys the rewards normally associated with ownership of the entity, and therefore the Company or one of its subsidiaries is the primary beneficiary of the entity.

All transactions and balances among the Company, its subsidiaries, the VIE and the VIE's subsidiaries have been eliminated upon consolidation.

The following is a summary of the contractual agreements (collectively, "Contractual Agreements") between the Company's PRC subsidiary, Zhixuan and the VIE, Huiye Tianze. Through the Contractual Agreements, the Group consolidates the VIE of which the Group is the ultimate primary beneficiary.

Exclusive Business Cooperation Agreement: Under the exclusive business cooperation agreement, Zhixuan has the exclusive right to provide Huiye Tianze and its subsidiaries with technical support, consulting services and other services. Reciprocally, Huiye Tianze and its subsidiaries shall not accept any technical support, consulting services and other services from any third parties. In exchange, Zhixuan is entitled to receive a service fee from Huiye Tianze on a monthly basis and in an amount equal to all of its net income. Zhixuan owns the intellectual property rights arising out of the performance of the exclusive business cooperation agreement. Unless otherwise agreed by the parties, this agreement will remain effective for a maximum term allowed under PRC law and may be extended from time to time by Zhixuan at its determination.

Exclusive Option Agreement: Pursuant to the exclusive option agreement, Huiye Tianze, each of its shareholder and each of its subsidiaries have irrevocably granted Zhixuan an exclusive option to purchase, or have its designated person or persons to purchase, at its discretion at any time, to the extent permitted under PRC law, all or part of their assets and business in the applicable entities. As for the consideration, the purchase price should be equal to the minimum price as permitted by PRC law.

Pursuant to the exclusive option agreements, each shareholder of Huiye Tianze has irrevocably granted Zhixuan an exclusive option to purchase, or have its designated person or persons to purchase, at its discretion at any time, to the extent permitted under PRC law, all or part of their current and future shares in Huiye Tianze. As for the consideration, the purchase price should be equal to the minimum price as permitted by PRC law.

HUIZE HOLDING LIMITED

2. Summary of significant accounting policies - continued

(b) Basis of consolidation - continued

Share Pledge Agreements: Concurrent with the exclusive option agreements and pursuant to the share pledge agreements, the shareholders of Huiye Tianze have pledged all of their equity interest in Huiye Tianze as a continuing first priority security interest, as applicable, to respectively guarantee the VIE's performance of their obligations under the exclusive business cooperation agreement between Huiye Tianze and Zhixuan. If Huiye Tianze or any of its shareholders breach their contractual obligations under these agreements, Zhixuan, as pledgee, will be entitled to certain rights regarding the pledged equity interests. In the event of such breaches, Zhixuan's rights include forcing the disposition or sale of all or part of the pledged equity interests of the applicable VIE, i.e. Huiye Tianze, and receiving proceeds from such auction or sale in accordance with PRC law. Each of the shareholders of Huiye Tianze agrees that, during the term of the applicable share pledge agreement, such shareholder will not dispose of the pledged equity interests or create or allow creation of any encumbrance on the pledged equity interests without the prior written consent of Zhixuan. Zhixuan is entitled to all dividends declared by Huiye Tianze. Each share pledge agreement will remain effective until the applicable VIE discharges all its obligations under the exclusive business cooperation agreement.

Power of Attorney: Pursuant to each power of attorney, each shareholder of Huiye Tianze has irrevocably appointed Zhixuan to act as such shareholder's exclusive attorney-in-fact to exercise all shareholder rights, including the right to attend and vote on shareholder's meetings, appoint directors and executive officers and sell or dispose all or part of the equity interests owned by such shareholder in Huiye Tianze. Each power of attorney will remain in force for so long as the shareholder remains a shareholder of the applicable VIE.

HUIZE HOLDING LIMITED

2. Summary of significant accounting policies - continued

(b) Basis of consolidation - continued

The following table sets forth the assets, liabilities, results of operations and cash flows of Huiye Tianze and its subsidiaries, which are included in the Group's consolidated financial statements. Transactions between the VIE and its subsidiaries are eliminated in the balances presented below:

	As of	
	December 31, 2023	December 31, 2024
	RMB	RMB
Assets		
Current assets		
Cash and cash equivalent, net of allowance for doubtful accounts	159,140	182,503
Restricted cash	42,307	61,708
Short-term investments	8,879	5,000
Contract assets, net of allowance for doubtful accounts	41,481	71,085
Account receivable, net of allowance for doubtful accounts	175,152	113,433
Insurance premium receivables, net of allowance for doubtful accounts	927	1,763
Amounts due from related parties	277	229
Deferred costs	6,147	—
Prepaid expense and other receivables, net of allowance for doubtful accounts	102,729	91,618
Total current assets	537,039	527,339
Non-current assets		
Restricted cash	29,687	29,883
Contract assets, net of allowance for doubtful accounts	12,495	28,435
Property, Plant and Equipment, net	53,821	46,267
Intangible assets, net	45,447	45,483
Long-term investments	66,667	56,786
Operating lease right-of-use assets	115,412	19,039
Goodwill	461	461
Other Assets	—	120
Total non-current assets	323,990	226,474
Total assets	861,029	753,813

HUIZE HOLDING LIMITED

2. Summary of significant accounting policies - continued

(b) Basis of consolidation - continued

	As of	
	December 31, 2023	December 31, 2024
	RMB	RMB
Liabilities and Shareholders' Equity		
Short-term borrowings	30,000	50,000
Accounts payable	204,587	156,692
Insurance premium payables	37,514	56,042
Contract liabilities	945	—
Other payables and accrued expenses	171,706	169,647
Payroll and welfare payable	50,624	26,964
Income taxes payable	2,440	2,234
Operating lease liabilities	16,368	14,953
Amounts due to related parties	2,451	2,495
Total current liabilities	516,635	479,027
Non-current liabilities		
Deferred tax liabilities	10,971	10,971
Operating lease liabilities	129,299	24,082
Total non-current liabilities	140,270	35,053
Total liabilities	656,905	514,080
Total shareholders' equity attributable to Huize Holding Limited		
shareholders	198,862	229,156
Non-controlling interests	5,262	10,577
Total shareholders' equity	204,124	239,733

HUIZE HOLDING LIMITED**2. Summary of significant accounting policies - continued**

(b) Basis of consolidation - continued

	For the Year Ended December 31,		
	2022	2023	2024
	RMB	RMB	RMB
Operating revenue	<u>1,156,313</u>	<u>1,173,322</u>	<u>1,009,140</u>
Gross profit	<u>422,964</u>	<u>442,486</u>	<u>344,518</u>
Net profit/(loss)	<u>(14,163)</u>	<u>86,082</u>	<u>23,136</u>
Net cash provided by/(used in) operating activities	<u>(69,094)</u>	<u>149,531</u>	<u>4,300</u>
Net cash provided by/(used in) investing activities	<u>(56,240)</u>	<u>(59,022)</u>	<u>(14,323)</u>
Net cash provided by/(used in) financing activities	<u>(88,433)</u>	<u>(120,119)</u>	<u>24,002</u>

HUIZE HOLDING LIMITED

2. Summary of significant accounting policies - continued

(b) Basis of consolidation - continued

The significant portion of the total assets and total liabilities of Huiye Tianze and its subsidiaries approximate the amounts in the Group's consolidated financial statements.

Under the contractual arrangements with the VIE, the Company can have the assets transferred out of the VIE and VIE's subsidiaries, except for restricted cash and insurance premium receivables balance as disclosed on the balance sheet. Except for these two amounts, there is no other asset of the VIE that can only be used to settle obligations of the VIE and VIE's subsidiaries. Since the VIE are incorporated as limited liability companies under the PRC Company Law, creditors of the VIE do not have recourse to the general credit of the Company. There is currently no contractual arrangement that would require the Company to provide additional financial support to the VIE. However, as the Company is conducting certain businesses through its VIE and VIE's subsidiaries, the Company may provide such support on a discretionary basis in the future, which could expose the Company to a loss.

In the opinion of the Company's management, the contractual arrangements among its subsidiary, the VIE and their respective Nominee Shareholders are in compliance with current PRC laws and are legally binding and enforceable. However, uncertainties in the interpretation and enforcement of the PRC laws, regulations and policies could limit the Company's ability to enforce these contractual arrangements. In addition, shareholders of the VIE are PRC holding entities controlled by certain pre-IPO shareholders of the Company, including entities beneficially owned by Mr. Cunjun Ma, the chairman of the board of directors and the chief executive officer, who controls more than 50% of the Company's total voting power. Therefore, the enforceability of the contractual agreements between us, the VIE and its shareholders depends on whether the Company's shareholders or their PRC holding entities will fulfill these contractual agreements. There is a risk that the benefits of ownership between the Company and the VIE may not be aligned in the future. Given the significance and importance of the VIEs, there would be a significant negative impact to the Company if these contracts were not enforced.

HUIZE HOLDING LIMITED

2. Summary of significant accounting policies - continued

(b) Basis of consolidation - continued

In March 2019, the National People's Congress approved the Foreign Investment Law, which came into effect on January 1, 2020 and replaced the trio of existing laws regulating foreign investment in China together with their implementation rules and ancillary regulations. However, since it is relatively new, uncertainties still exist in relation to its interpretation and implementation. For instance, under the Foreign Investment Law, "foreign investment" refers to the investment activities directly or indirectly conducted by foreign individuals, enterprises or other entities in China but it does not explicitly stipulate the contractual arrangements as a form of foreign investment. On December 26, 2019, the State Council promulgated the Implementation Regulations on the Foreign Investment Law, which came into effect on January 1, 2020. Though these regulations do not explicitly classify contractual arrangements as a form of foreign investment, there is no assurance that foreign investment via contractual arrangements would not be interpreted as a type of foreign investment activities under the definition in the future. In addition, the definition contains a catch-all provision which includes investments made by foreign investors through means stipulated in laws or administrative regulations or other methods prescribed by the State Council. Therefore, the Foreign Investment Law still leaves leeway for future laws, administrative regulations or provisions promulgated by the State Council to provide for contractual arrangements as a form of foreign investment. In any of these cases, it will be uncertain whether the Group's contractual arrangements will be deemed to be in violation of the market access requirements for foreign investment under the PRC laws and regulations. If VIE fall within the definition of foreign investment entities, the Group's ability to use the contractual arrangements with the VIE and the Group's ability to conduct business through the VIE could be severely limited.

The Company's ability to control the VIE also depends on the power of attorney Zhixuan has to vote on all matters requiring shareholders' approvals in the VIE. As noted above, the Company believes these powers of attorney are legally binding and enforceable but may not be as effective as direct equity ownership. In addition, if the Group's corporate structure or the contractual arrangements with the VIE were found to be in violation of any existing PRC laws and regulations, the PRC regulatory authorities could, within their respective jurisdictions:

- revoke the Group's business and operating licenses;
- require the Group to discontinue or restrict its operations;
- restrict the Group's right to collect revenues;
- block the Group's websites;
- require the Group to restructure its operations, re-apply for the necessary licenses or relocate the Group's businesses, staff and assets;
- impose additional conditions or requirements with which the Group may not be able to comply; or
- take other regulatory or enforcement actions against the Group that could be harmful to the Group's business.

HUIZE HOLDING LIMITED

2. Summary of significant accounting policies - continued

(b) Basis of consolidation - continued

The imposition of any of these restrictions or actions may result in a material adverse effect on the Group's ability to conduct its business. In addition, if the imposition of any of these restrictions causes the Group to lose the right to direct the activities of the VIE or the right to receive their economic benefits, the Group would no longer be able to consolidate the financial statements of the VIE. In the opinion of management, the likelihood of losing the benefits in respect of the Group's current ownership structure or the contractual arrangements with its VIE is remote.

(c) Business combinations and non-controlling interests

The Company accounts for its business combinations using the acquisition method of accounting in accordance with ASC 805—"Business Combinations". The cost of an acquisition is measured as the aggregate of the acquisition date fair value of the assets transferred to the sellers, liabilities incurred by the Company and equity instruments issued by the Company. Transaction costs directly attributable to the acquisition are expensed as incurred. Identifiable assets acquired and liabilities assumed are measured separately at their fair values as of the acquisition date, irrespective of the extent of any non-controlling interests. The excess of (i) the consideration transferred, fair value of the non-controlling interests and acquisition date fair value of any previously held equity interest in the acquiree over (ii) the fair value of the identifiable net assets of the acquiree is recorded as goodwill.

For the Company's majority-owned subsidiaries and VIE, a non-controlling interest is recognized to reflect the portion of their equity which is not attributable, directly or indirectly, to the Group. Consolidated net profit/(loss) in the consolidated statements of comprehensive income/(loss) includes the net (profit)/loss attributable to non-controlling interests. The cumulative results of operations attributable to non-controlling interests are recorded as non-controlling interests in the Company's consolidated balance sheets. Cash flows related to transactions with non-controlling interests are presented under financing activities in the consolidated statements of cashflows.

When the Company acquires other entities, if the assets acquired and liabilities assumed do not constitute a business, the transaction is accounted for as an asset acquisition. Assets are recognized based on the cost, which generally includes the transaction costs of the asset acquisition, and no gain or loss is recognized unless the fair value of noncash assets given as consideration differs from the assets' carrying amounts on the Company's financial statements. The cost of a group of assets acquired in an asset acquisition is allocated to the individual assets acquired or liabilities assumed based on their relative fair value and does not give rise to goodwill.

HUIZE HOLDING LIMITED

2. Summary of significant accounting policies - continued

(d) Use of estimates

Financial statements amounts that reflect significant accounting estimates and assumptions mainly include, but are not limited to (i) allowance for credit losses of accounts receivable, insurance premium receivables, other receivables, contract assets, and other assets), (ii) variable considerations of revenue contracts with respect to long-term insurance product, (iii) valuation of long-term investments, (iv) useful life of property, plant and equipment and intangible assets, (v) fair values of identifiable assets acquired and liabilities assumed in business combination, (vi) impairment of goodwill and long-lived assets, (vii) realizability of deferred tax assets, and (viii) uncertainty tax position. Actual results could differ from these estimates.

(e) Comprehensive income and foreign currency translation

The Group's operating results are reported in the consolidated statements of comprehensive income/(loss) pursuant to FASB ASC Topic 220, "Comprehensive Income". Comprehensive income consists of two components: net income and other comprehensive income ("OCI"). The Group's OCI is comprised of gains and losses resulting from translating foreign currency financial statements of entities, of which functional currency is other than Renminbi ("RMB") which is the reporting currency of the Group, net of related income taxes, where applicable. Such subsidiaries' assets and liabilities are translated into RMB at period-end exchange rates, and revenues and expenses are translated at average exchange rates prevailing during the year. Adjustments that result from translating amounts from a subsidiary's functional currency to the RMB (as described above) are reported net of tax, where applicable, in accumulated OCI in the consolidated balance sheets.

(f) Convenience translation

Translations of balances in the Group's consolidated balance sheets, consolidated statements of comprehensive income/(loss) and consolidated statements of cash flows from RMB into US\$ as of and for year ended December 31, 2024 are solely for the convenience of the readers and were calculated at the rate of US\$1.00=RMB7.2993, representing the noon buying rate set forth in the H.10 statistical release of the U.S. Federal Reserve Board on the last trading day of 2024 (December 31, 2024). No representation is made that the RMB amounts could have been, or could be, converted, realized or settled into US\$ at that rate on December 31, 2024 or at any other rate.

(g) Cash and cash equivalents

Cash and cash equivalents consist of (1) cash on hand; (2) bank deposits and short-term, highly liquid investments, with original maturities of less than three months that are readily convertible to known amounts of cash, and have insignificant risk of changes in value related to changes in interest rates.

HUIZE HOLDING LIMITED

2. Summary of significant accounting policies - continued

(h) Restricted cash

In its capacity as an insurance broker, the Group collects “premiums” (unremitted insurance premiums) from certain insureds and remits the “premiums” to the appropriate insurance companies. Unremitted insurance premiums are held in custody until disbursed by the Group. Unremitted insurance premiums were RMB42,103 and RMB61,708 (US\$8,454) as of December 31, 2023 and December 31, 2024, respectively. Also, restricted cash balance includes guarantee deposits due in March 2026 required by China Banking and Insurance Regulatory Commission in order to protect insurance premium appropriation by insurance broker. The restricted cash balance related to this requirement were RMB29,891 and RMB29,883 (US\$4,094) as of December 31, 2023 and 2024. Thus the Group classified the balances as a non-current asset included in restricted cash in the consolidated balance sheets, as the balance is restricted from being withdrawn for purposes other than current operations.

(i) Short-term investments

Short-term investments consist primarily of certain investments in marketable equity securities, which are publicly traded stock. The Company determines the short-term investments’ fair value using the publicly traded stock’s aggregate market value as of balance sheet dates. The Company has the intention to redeem these investments within one year.

(j) Accounts receivable and contract assets

The Group classifies its right to consideration in exchange for products or services transferred to a customer as either a receivable or a contract asset. Accounts receivable represent the considerations for which the Group has satisfied its performance obligations and has the unconditional right to consideration from insurance companies and is recorded at the invoiced amount and do not bear interest. Contract assets are arising from estimated renewal commissions and will be reclassified to accounts receivable once the initial policy has been renewed.

The allowance for doubtful accounts is the Group’s best estimate of the amount of probable credit losses in the Group’s existing accounts receivable and contract asset balance. On January 1, 2023, the Group adopted ASC Topic 326 which replaces the incurred loss methodology with the current expected credit loss (“CECL”) methodology.

Starting from January 1, 2023, the Group adopted ASC Topic 326 and assess the related accounts receivable and contract assets quarterly through CECL model and methodologies and establish a reserve to reflect the net amount expected to be collected. The allowance is management’s estimate of expected credit losses after considering the likelihood of customers defaulting (i.e., Probability of Default, or PD), the resulting losses of customers’ defaults (i.e., Loss Given Default, or LGD), industry delinquency rate and a range of forecasts of macroeconomic conditions over the expected life. The Group estimated the allowance based on certain credit risk characteristics and adjusting for judgments about the effects of relevant observable data including current and future economic conditions. This is assessed at each quarter based on the Group’s specific facts and circumstances. No significant impact of changes in the assumptions since adoption.

HUIZE HOLDING LIMITED

2. Summary of significant accounting policies - continued

(k) Insurance premium receivables

Insurance premium receivables consist of insurance premiums to be collected from the insured and are recorded at the invoiced amount and do not bear interest. The insurance premium received are included in net cash provided by operating activities in the consolidated statements of cash flows.

(l) Deferred costs

The deferred costs represent the costs incurred to fulfill contract. The Group recognizes an asset from the costs incurred to fulfill a contract only if those costs meet all of the following criteria:

- a. The costs relate directly to a contract or to an anticipated contract that the Group can specifically identify.
- b. The costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.
- c. The costs are expected to be recovered.

The deferred costs mainly include direct labor, allocations of costs that relate directly to the contract or to contract activities, costs that are explicitly chargeable to the customer under the contract and other costs that are incurred only because an entity entered into the contract.

The deferred costs are amortized on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the deferred costs relate.

HUIZE HOLDING LIMITED**2. Summary of significant accounting policies - continued**

(m) Fair value measurement

Fair value is the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required or permitted to be recorded at fair value, the Group considers the principal or most advantageous market in which it would transact and it considers assumptions that market participants would use when pricing the asset or liability.

The established fair value hierarchy requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The three levels of inputs that may be used to measure fair value include:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Observable, market-based inputs, other than quoted prices, in active markets for identical assets or liabilities.

Level 3: Unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of the assets or liabilities.

Accounting guidance also describes three main approaches to measuring the fair value of assets and liabilities: (1) market approach; (2) income approach and (3) cost approach. The market approach uses prices and other relevant information generated from market transactions involving identical or comparable assets or liabilities. The income approach uses valuation techniques to convert future amounts to a single present value amount. The measurement is based on the value indicated by current market expectations about those future amounts. The cost approach is based on the amount that would currently be required to replace an asset.

(n) Property, plant and equipment, net

Property, plant and equipment are stated at cost less accumulated depreciation. Depreciation and amortization are calculated using the straight-line method over the following estimated useful lives, taking into account residual value, if any. The table below sets forth the estimated useful life and residual value:

Category	Estimated useful life	Residual value
Buildings	32 years	5%
Office furniture and equipment	5~10 years	0%~5%
Computer and electronic equipment	3~5 years	0%~5%
Motor vehicles	4~5 years	5%
Leasehold improvements	shorter of remaining lease period and estimated useful life	Nil

HUIZE HOLDING LIMITED**2. Summary of significant accounting policies - continued**

(n) Property, plant and equipment, net - continued

Expenditures for maintenance and repairs are expensed as incurred. Gains or losses on dispositions of property, plant and equipment are included in others, net in the consolidated statements of comprehensive income/(loss).

(o) Intangible assets, net

Intangible assets acquired in business combination should be recognized as assets separate from goodwill if they satisfy either the “contractual-legal” or “separability” criterion. The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with an indefinite useful life represent the insurance brokerage license, insurance agency license and insurance adjusting license and brand acquired from business combinations. Intangible assets acquired with indefinite lives are carried at cost less subsequent accumulated impairment loss. Impairment losses of intangible assets not subject to amortization for the years ended December 31, 2022, 2023 and 2024 were nil, RMB1,950 and nil, respectively.

Intangible assets with finite lives represent domain name, purchased computer software and customer relationship acquired from business combination. These intangible assets are amortized on a straight-line basis over their estimated useful lives of the respective assets. The table below sets forth the estimated useful life and residual value:

<u>Category</u>	<u>Estimated useful life</u>	<u>Residual value</u>
Domain name	10 years	0%
Software and system	3~10 years	0%
Customer Relationship	17 years	0%

(p) Impairment of long-lived assets

Long-lived assets including property, plant and equipment and intangible assets subject to amortization, are assessed for impairment, whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable. The Group assesses the recoverability of these long-lived assets by comparing the carrying amount of long-lived assets against the estimated undiscounted future cash flows associated with it. Impairment exists when the estimated undiscounted future cashflows are less than the carrying value of the asset being evaluated. Impairment loss is calculated as the amount by which the carrying value of the asset exceeds its fair value. No impairment loss was recognized for the years ended December 31, 2022, 2023 and 2024.

Intangible assets with an indefinite useful life are not amortized and are tested for impairment annually or more frequently if events or changes in circumstances indicate that they might be impaired.

HUIZE HOLDING LIMITED

2. Summary of significant accounting policies - continued

(q) Goodwill

Goodwill represents the excess of the purchase price over the fair value of the identifiable assets and liabilities acquired in a business combination. Goodwill is not amortized but is tested for impairment on an annual basis on December 31 or whenever events or changes in circumstances indicate that the carrying value of the asset may not be recoverable. According to ASC 350-20-35, an entity may assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount, including goodwill. If the fair value of the reporting unit exceeds its carrying amount, goodwill is not impaired and no further testing is required. If the fair value of the reporting unit is less than the carrying value, an impairment charge is recognized for the amount by which the carrying amount exceeds the reporting unit's fair value; however, the loss recognized should not exceed the total amount of goodwill allocated to that reporting unit.

Application of a goodwill impairment test requires significant management judgment, including determining the fair value of each reporting unit. The judgment in estimating the fair value of each reporting unit includes estimating future cash flows, determining appropriate discount rates, and making other assumptions. Changes in these estimates and assumptions could materially affect the determination of fair value for each reporting unit.

(r) Long-term investments

(i) Equity investments accounted for using the equity method

In accordance with ASC 323 - "Investment - Equity Method and Joint Ventures", the Group applies the equity method of accounting to equity investments, in common stock or in-substance common stock, over which it has significant influence but does not own a majority equity interests or otherwise control.

HUIZE HOLDING LIMITED

2. Summary of significant accounting policies - continued

(r) Long-term investments - continued

(i) Equity investments accounted for using the equity method - continued

Under the equity method, the Group initially records its investment at cost. The difference between the cost of the equity investment and the amount of the underlying equity in the net assets of the equity investee is recognized as equity method goodwill or as an intangible asset as appropriate. The Group subsequently adjusts the carrying amount of the investment to recognize the Group's proportionate share of each equity investee's net income or loss into the consolidated statements of comprehensive income/(loss) after the date of acquisition.

The Group continually reviews its investment in equity investees under the equity method to determine whether a decline in fair value to below the carrying value is other-than-temporary. The primary factors the Group considers in its determination are the duration and severity of the decline in fair value, the financial condition, operating performance and the prospects of the equity investee, and other company specific information such as recent financing rounds.

If any impairment is considered other-than-temporary, the Group writes down the asset to its fair value and takes the corresponding charge to the consolidated statements of comprehensive income/(loss).

(ii) Investments accounted for at fair value

Equity securities accounted for at fair value were investments in marketable equity securities, which are publicly traded stock. Equity securities with readily determinable fair values are measured at fair value. Pursuant to ASC 321, for equity investments measured at fair value with changes in fair value recorded in earnings, the Company does not assess whether those securities are impaired.

(iii) Equity investments measured at measurement alternative and NAV practical expedient

Investments in private equity funds generally are not redeemable due to the closed-ended nature of these funds. The private equity fund, over which the Group does not have the ability to exercise significant influence, is accounted for under the practical expedient in ASC Topic 820, Fair Value Measurements and Disclosures ("ASC 820") to estimate fair value using the net asset value per share (or its equivalent) of the investment ("NAV practical expedient").

HUIZE HOLDING LIMITED

2. Summary of significant accounting policies - continued

(r) Long-term investments - continued

(iii) Equity investments measured at measurement alternative and NAV practical expedient - continued

For investments in an investee over which the Group does not have significant influence and which do not have readily determinable fair value and do not qualify for NAV practical expedient, the Company applied the measurement alternatives to measure these investments at cost, less impairment, and plus or minus subsequent adjustments for observable price changes. Under this measurement alternative, changes in the carrying value of the equity investment will be required to be made whenever there are observable price changes in orderly transactions for the identical or similar investment of the same issuer. For those equity investments that the Company elects to use the measurement alternative, the Company makes a qualitative assessment of whether the investment is impaired at each reporting date. If a qualitative assessment indicates that the investment is impaired, the Company has to estimate the investment's fair value in accordance with the principles of ASC 820. If the fair value is less than the investment's carrying value, the Company recognizes an impairment loss in net income/(loss) equal to the difference between the carrying value and fair value.

(s) Insurance premium payables

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

(t) Lease

The Group leases office space under operating leases for terms ranging from short term (under 12 months) to 7 years. As a lessee, the Group does not have any financing leases and none of the leases contain material residual value guarantees or material restrictive covenants. The Group's office space leases include fixed rental payments. The lease payments for the Group's office space leases do not consist of variable lease payments that depend on an index or a rate.

The Group determines if an arrangement is a lease or contains a lease at lease inception. For operating leases, the Group recognizes a right of use ("ROU") asset and a lease liability based on the present value of the lease payments over the lease term on the consolidated balance sheets at commencement date. As most of the Company's leases do not provide an implicit rate, the Company estimates its incremental borrowing rate based on the information available at the commencement date in determining the present value of lease payments. The incremental borrowing rate is estimated to approximate the interest rate on a collateralized basis with similar terms and payments, and in economic environments where the leased asset is located. Lease terms are determined after taking into account of rental escalation clauses, renewal options and/or termination options, if any. Lease expense is recorded in the consolidated statements of comprehensive income/(loss) on a straight-line basis over the lease term.

HUIZE HOLDING LIMITED

2. Summary of significant accounting policies - continued

(t) Lease - continued

As a lessee, the Group remeasures the lease payments when the lease is modified, and that modification is not accounted for as a separate contract, or there is a change of the lease term, under which a lessee shall determine the revised lease payments on the basis of the revised lease term.

The Group has made an accounting policy election to exempt leases for short-term leases with lease term less than one year, the Group records operating lease expenses in its consolidated statements of comprehensive income/(loss) on a straight-line basis over the lease term.

(u) Share-based compensation

Employee share-based compensation

All forms of share-based payments to employees, including employee stock options, employee stock purchase plans restricted shares and shares award, are treated the same as any other form of compensation by recognizing the related cost in the consolidated statements of comprehensive income/(loss) in accordance with ASC 718, "Stock Compensation". In accordance with the guidance, the Company determines whether a share option should be classified and accounted for as a liability award or an equity award. Compensation cost related to employee stock options or similar equity instruments is measured at the grant date based on the fair value of the award. The fair value of a liability-classified award will be re-measured to an updated fair value at each reporting period until the award is settled. The compensation cost is recognized over the requisite service period, which is usually the vesting period. If an award requires satisfaction of performance and service conditions, compensation cost is recognized using graded vesting method. If an award requires only service condition, the Group will use straight line method. For liability-classified award, the Group will true up compensation cost at each reporting period for changes in fair value pro-rated for the portion of the requisite service period rendered.

HUIZE HOLDING LIMITED

2. Summary of significant accounting policies - continued

(u) Share-based compensation - continued

Employee share-based compensation - continued

For restricted shares granted with service conditions and performance conditions and graded vesting features, share-based compensation expenses are recorded net of estimated forfeitures using graded vesting method during the requisite service period, such that expenses are recorded only for those share-based awards that are expected to ultimately vest.

The Group utilizes the binomial option pricing model to determine the fair value of share options, and determines the fair value of restricted share based on the fair value of the underlying common shares at the grant date considering the dilutive effect of restricted share.

(v) Employee benefit plans

As stipulated by the regulations of the PRC, the Group's subsidiaries and consolidated VIE and its subsidiaries in the PRC participate in various defined contribution plans organized by municipal and provincial governments for its employees. The Group is required to make contributions to these plans at a percentage of the salaries, bonuses and certain allowances of the employees. Under these plans, certain pension, medical and other welfare benefits are provided to employees. The Group has no other material obligation for the payment of employee benefits associated with these plans other than the annual contributions described above. The contributions are charged to the consolidated statements of income and comprehensive income/(loss) as they become payable in accordance with the rules of the above mentioned defined contribution plans.

(w) Revenue recognition

Revenue is the transaction price the Group expects to be entitled to in exchange for the promised services in a contract in the common course of the Group's activities and is recorded net of value-added tax ("VAT"). The services to be accounted for mainly include insurance brokerage and consulting services.

HUIZE HOLDING LIMITED

2. Summary of significant accounting policies - continued

(w) Revenue recognition - continued

The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve that core principle, the Group applies the following steps:

- Step 1: Identify the contract (s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

According to Topic 606, the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer is recognized as a contract asset. The Group recognizes a contract liability if the customer's payment of consideration precedes the Group's performance.

Insurance brokerage services

The primary source of revenues is commissions from insurance brokerage services, determined based on a percentage of total premiums paid by insured over the term of the insurance policy. The brokerage fee rate, which is paid by the insurance companies, shall be based on the terms specified in the annual service contract with the insurance company for each product sold through the Group. The transaction price includes variable service fees which is estimated using the expected value method and is limited to the amount of variable consideration such that a significant reversal of revenue is not probable. The Group assesses whether the estimate of variable consideration is constrained. The Group determines that the insurance company, or the insurer, is its customer in this agreement. Insurance brokerage services revenue is recognized when the signed insurance policy is in place and the premium is collected from the insured since the Company has fulfilled its performance obligation to sell an insurance policy on behalf of the insurance company.

The Group is also entitled to a performance bonus from insurance companies if the cumulative average monthly sales volume exceeds a predetermined level. Such bonus is determined and recognized as revenue at the end of each month.

Other services

The Group provides digital and technology development services to certain insurance companies. Upon the delivery of programs developed, the Group's performance obligation related to the technology service has been fully fulfilled. However, the timing of revenue recognition may differ from contract to contract based on whether performance obligations satisfy the criteria of recognizing revenue over time, in accordance with ASC 606. Since the deliverables usually do not have alternative use to the Group, revenue is recognized over time once there is an indicator that the Group has an enforceable right to payment for performance completed to date. Otherwise, the revenue is recognized at a point in time.

HUIZE HOLDING LIMITED**2. Summary of significant accounting policies - continued**

(w) Revenue recognition - continued

Other services - continued

For cargo insurance products, in addition to the commission from brokerage service paid by the insurance companies, the Group also generates service fees from rendering consulting service to assist the insured to obtain such a cargo insurance policy. The Group determines that the insured is its customer in this consulting service arrangement. Upon successful purchase of cargo insurance products by the insured, the Group's performance obligation related to consulting service to the insured has been fully fulfilled, as such, revenue for those services is recognized when the insurance product has been purchased. While the insurance premium is set by the respective insurance companies, the consulting service fee is determined by the Group based on a percentage of insurance premium. Of the total contract price received from the insured, the amount equal to the premium of the cargo insurance product as agreed with insurance company is recorded as insurance premium payable while the remaining is recorded as revenue for the consulting service.

Value added tax

The Group is subject to VAT on the revenues earned for services provided in the PRC. The applicable rate of VAT is 6%. In the accompanying consolidated statements of comprehensive income/(loss), such VAT is excluded from net revenues.

Disaggregation of revenues

	For the Year Ended December 31,		
	2022 RMB	2023 RMB	2024 RMB
Brokerage income			
- Life and Health insurance business	1,046,469	1,043,497	1,056,981
- Property and Casualty insurance business	62,183	101,036	136,846
Brokerage income subtotal	1,108,652	1,144,533	1,193,827
Other income	49,256	51,019	55,087
Total operating revenue	1,157,908	1,195,552	1,248,914

(x) Cost of revenue

A large component of the Group's cost of brokerage income is channel cost, which is service fee paid to user traffic channels for successful sales, including social media influencers, emerging media channels and financial institutions. These user traffic channels have influences over their followers and users, who are potential insurance policyholders. Determination of channel cost is based on the service fee rate multiplied by the insurance premium sold. Channel cost is recognized in the year it incurred. The accounts payable represent channel cost payable to user traffic channels.

Another component of cost of brokerage income is payroll of insurance consultants, who are in charge of identifying and acquiring potential customers through providing advices related to insurance product.

HUIZE HOLDING LIMITED

2. Summary of significant accounting policies - continued

(x) Cost of revenue - continued

Cost of other income mainly consists of payroll for digital and technology development services.

(y) Selling expenses

The Group records its marketing campaign expenses, loyalty points related expenses and other expenses related to the sales activities as selling expenses.

Marketing campaign expenses consist primarily of advertising and marketing expenses. Advertising and marketing expense are charged to the consolidated statements of comprehensive income/(loss) as incurred, which amounted to RMB31,026, RMB31,148, and RMB 36,566 for the years ended December 31, 2022, 2023 and 2024, respectively.

The Group operates a loyalty program which offers points to its users. Such loyalty points can be used to redeem a variety of gifts and services that the Group purchased from third-party providers. Users have a variety of ways to obtain the points, such as signing up an account, inviting friends, and comment on the insurance product, etc. The Group accounts for such points as selling expenses with a corresponding liability recorded under other payables and accrued expenses of consolidated balance sheets upon the offering of these points. The Group estimates liabilities under the loyalty program based on cost of the gifts and services that can be redeemed taking into account estimated breakage. At the time of redemption, the Group records a reduction of other payables and accrued expenses.

Besides marketing campaign expenses and loyalty points, selling expenses consist of salaries and employment benefits for employees who work in brokerage service line, office rental, telecommunications and office supply expenses incurred in connection with sales activities.

(z) General and administrative expenses

General and administrative expenses consist of payroll, rental, and related expenses for employees involved in general corporate functions, including finance, legal and human resources, as well as costs associated with use of facilities and equipment, such as depreciation expenses and other general corporate related expenses.

General and administrative expenses also include surcharges on VAT payments according to PRC tax.

(aa) Research and development expenses

Research and development expenses consist primarily of payroll for research and development employees involved in designing and testing of new products and service and outsourcing labor costs. All research and development costs have been expensed as incurred as the costs qualifying for capitalization have been insignificant.

(bb) Others, net

Others, net, mainly consist of non-operating income and expenses. During the years ended December 31, 2022, 2023 and 2024, it was composed primarily of government subsidies of RMB12,779, RMB11,945 and RMB 8,155, respectively.

HUIZE HOLDING LIMITED

2. Summary of significant accounting policies - continued

(cc) Taxation

Current income taxes are provided on the basis of net income for financial reporting purposes, adjusted for income and expense items which are not assessable or deductible for income tax purposes, in accordance with the regulations of the relevant tax jurisdictions.

Deferred income taxes are recognized for temporary differences between the tax bases of assets and liabilities and their reported amounts in the consolidated financial statements, net operating loss carry forwards and credits. Deferred tax assets are reduced by a valuation allowance when, based upon the weight of available evidence, it is more likely than not that some portion or all of the deferred tax assets will not be realized.

For a particular tax-paying component of the Group and within a particular tax jurisdiction, all deferred tax liabilities, and assets, as well as any related valuation allowance, are offset and presented as a single noncurrent amount.

The Group recognizes a tax benefit associated with an uncertain tax position when, in its judgment, it is more likely than not that the position will be sustained upon examination by a taxing authority. For a tax position that meets the more-likely-than-not recognition threshold, the Group initially and subsequently measures the tax benefit as the largest amount that the Group judges to have a greater than 50% likelihood of being realized upon ultimate settlement with a taxing authority. The Group's liability associated with unrecognized tax benefits is adjusted periodically due to changing circumstances, such as the progress of tax audits, case law developments and new or emerging legislation. Such adjustments are recognized entirely in the period in which they are identified. The Group's effective tax rate includes the net impact of changes in the liability for unrecognized tax benefits and subsequent adjustments as considered appropriate by management. The Group classifies interest and penalties recognized on the liability for unrecognized tax benefits as income tax expense.

HUIZE HOLDING LIMITED**2. Summary of significant accounting policies - continued****(dd) Net profit/(loss) per share**

Basic profit/(loss) per share is computed by dividing net profit/(loss) attributable to common shareholders by the weighted average number of common shares outstanding during the year. Diluted profit/(loss) per share is calculated by dividing net profit/(loss) attributable to common shareholders by the weighted average number of common and dilutive common equivalents shares outstanding during the year. Common equivalents shares are not included in the denominator of the diluted profit/(loss) per share calculation when inclusion of such shares would be anti-dilutive.

(ee) Segment reporting and geographical information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Group determines that their chief executive officer (“CEO”) is the chief operating decision-maker (“CODM”), who manages the business and evaluates operating performance based on consolidated net income. The CODM uses consolidated net income to monitor budget versus actual results. The CEO concluded that the Group has only one operating and reportable segment - insurance brokerage services.

The following table sets forth the segment information for revenue, segment profit (loss), and significant expenses:

	For the Year Ended December 31,		
	2022	2023	2024
	RMB	RMB	RMB
Total operating revenue	1,157,908	1,195,552	1,248,914
Less:			
Significant segment expenses			
- Channel cost	605,746	647,354	796,879
- Advertising and marketing expense	31,026	31,148	36,566
- Payroll of insurance consultants	100,263	92,035	58,617
- Other segment items (1)	454,613	354,461	356,286
Segment net income	<u>(33,740)</u>	<u>70,554</u>	<u>566</u>

Note:

- (1) Other segment items included in consolidated net income mainly are general and administrative expenses, research and development expenses, selling expenses excluding advertising and marketing expense, interest expenses and others, net which are reflected in the consolidated statements of comprehensive income/(loss).

HUIZE HOLDING LIMITED

2. Summary of significant accounting policies - continued

(ee) Segment reporting and geographical information - continued

The following table presents operating revenue and long-lived assets by geographic location:

	Operating revenue			Long-live assets		
	For the Year Ended December 31,			As of December 31,		
	2022	2023	2024	2022	2023	2024
	RMB	RMB	RMB	RMB	RMB	RMB
PRC Mainland	1,154,793	1,173,322	1,009,140	266,562	235,900	122,087
Hong Kong	1,562	20,587	235,191	2,246	1,646	2,749
Others	1,553	1,643	4,583	9,195	9,195	9,678
Total	<u>1,157,908</u>	<u>1,195,552</u>	<u>1,248,914</u>	<u>278,003</u>	<u>246,741</u>	<u>134,514</u>

(ff) Significant risk and uncertainties

Currency risk

The RMB is not a freely convertible currency. The State Administration for Foreign Exchange, under the authority of the People's Bank of China, controls the conversion of RMB into foreign currencies. The value of RMB is subject to changes in central government policies and international economic and political developments that affect supply and demand in the China Foreign Exchange Trading System market of cash and cash equivalents and restricted cash. The Group had aggregate amounts of RMB261,891 and RMB231,626 and RMB271,354 of cash and cash equivalents and restricted cash denominated as of December 31, 2022, 2023 and December 31, 2024, respectively.

HUIZE HOLDING LIMITED

2. Summary of significant accounting policies - continued

(ff) Significant risk and uncertainties - continued

Concentration of Credit Risk

Details of the customers accounting for 10% or more of total operating revenue are as follows:

	For the Year Ended December 31,		
	2022 %	2023 %	2024 %
Customer A	27	24	*
Customer H	*	12	*
Customer K	12	*	*

Details of the customers which accounted for 10% or more of accounts receivable are as follows:

	Year Ended December 31	
	2023 %	2024 %
Customer A	26	16
Customer K	15	*
Customer M	12	*

The Group performs ongoing credit evaluations of its customers and generally does not require collateral on accounts receivable.

Details of the banks which accounted for 10% or more of cash and cash equivalents and restricted cash are as follows:

	Year Ended December 31	
	2023 %	2024 %
Bank A	42	43
Bank B	26	*
Bank C	11	17
Bank D	*	11

* Less than 10% of the Group total amount

HUIZE HOLDING LIMITED

2. Summary of significant accounting policies - continued

(ff) Significant risk and uncertainties - continued

Concentration of Credit Risk - continued

The Group places its cash and cash equivalents and restricted cash in financial institutions located in the PRC which the management believes are of high credit quality. Pursuant to China's Deposit Insurance Regulation, banking financial institutions, such as commercial banks, established in China are required to purchase deposit insurance for deposits in RMB and in foreign currency placed with them. Such Deposit Insurance Regulation would not be effective in providing complete protection for the Group's accounts, as its aggregate deposits are much higher than the compensation limit. As of December 31, 2022, 2023 and 2024, the Group has recognized allowance for CECL of bank deposits of nil, RMB520, and RMB170, respectively.

Interest rate risk

Fluctuations in market interest rates may negatively affect the Group's financial condition and results of operations. The Group have not been exposed to material risks due to changes in market interest rates as the borrowings held by the Group all bear interest at a fixed interest rate.

(gg) Recent accounting pronouncements

Recently issued accounting pronouncements not yet adopted

In December 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures, which requires public entities, on an annual basis, to provide disclosure of specific categories in the rate reconciliation, as well as disclosure of income taxes paid disaggregated by jurisdiction. ASU 2023-09 is effective for fiscal years beginning after December 15, 2024, with early adoption permitted. The Company is currently evaluating the impact of adopting ASU 2023-09.

In November 2024, the FASB issued ASU 2024-03, Income Statement-Reporting Comprehensive Income-Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses, requiring public entities to disclose additional information about specific expense categories in the notes to the financial statements on an interim and annual basis. ASU 2024-03 is effective for fiscal years beginning after December 15, 2026, and for interim periods beginning after December 15, 2027, with early adoption permitted. The Company is currently evaluating the impact of adopting ASU 2024-03.

Recently issued accounting pronouncements adopted

In November 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures, requiring public entities to disclose information about their reportable segments' significant expenses and other segment items on an interim and annual basis. Public entities with a single reportable segment are required to apply the disclosure requirements in ASU 2023-07, as well as all existing segment disclosures and reconciliation requirements in ASC 280 on an interim and annual basis. The Company adopted ASU 2023-07 during the year ended December 31, 2024. See Note 2(ee) in the accompanying notes to the consolidated financial statements for further detail.

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3. Fair Value measurement

The carrying amount of cash and cash equivalents, restricted cash-current portion, accounts receivable, insurance premium receivables, amounts due from related parties, amounts due from shareholders, other receivables, accounts payable, insurance premium payables, other payables and amount due to related parties approximate their net carrying values reported in the consolidated balance sheets due to the short-term maturities of these instruments. Restricted cash-non-current portion is measured at amortized cost using discounted rates reflected time value of money. As the market interest rate is relatively stable during the reporting period, the carrying value of restricted cash-non-current portion approximated its fair value reported in the consolidated balance sheets.

Recurring

The Group measures listed equity securities recorded in short-term investments and long-term investments at fair value on a recurring basis. The fair value of listed equity securities is determined based on the quoted market price (Level 1). The Group recognized fair value change losses of RMB109, RMB1,011 and RMB505 for the year ended December 31, 2022, 2023 and 2024, respectively.

For the years ended December 31, 2023 and 2024, there were no transfers between level 1, 2 and 3 of fair value hierarchy classifications.

Non-recurring

The Group measures certain financial assets, including equity securities measured at measurement alternative and investments under equity method, at fair value on a non-recurring basis only if an impairment charge were to be recognized. The Group's non-financial assets such as property, plant and equipment, and software and licenses, would be measured at fair value only if they were determined to be impaired. The fair values were measured under income approach, based on the Group's best estimation. Significant inputs (level 3) used in the income approach primarily included future estimated cashflows and discount rate.

4. Acquisition

On June 20, 2024, the Group entered into several share purchase agreements with the shareholders of Global Care Consulting Joint Stock Company ("Global Care"), a leading Vietnam-based insurtech company specializing in digital transformation solutions for the insurance industry, to acquire, in aggregate, 67.67% of the existing equity interests of Global Care from its existing shareholders ("Acquisition") and to subscribe 138,827 shares newly issued by Global Care ("Share Subscription"). The 138,827 newly issued shares represents 12.56% of the equity interests of Global Care after the new share issuance. After the Acquisition and Share Subscription, the Group holds total 71.73% of equity interests of Global Care.

The consideration of the Acquisition and the Share Subscription consisted of a cash consideration of RMB19,362 and a stock consideration of 17,845,170 shares of the Company's ordinary shares, fair valued at RMB5,062 as of the date of completion of the Acquisition and Share Subscription, i.e. September 5, 2024.

The Acquisition was accounted for using the acquisition method of accounting, and the purchase price allocation was based on the fair value of the tangible and intangible assets acquired and liabilities assumed at the date of acquisition. The fair values of the assets acquired were determined using various valuation techniques, including cost approach and income approach. The fair value measurements were primarily based on significant inputs that are not directly observable in the market and are considered Level 3 under the fair value measurements and disclosure framework. Key assumptions include cash flow projections of Global Care and the discount rate applied to those cash flows. The excess of the consideration transferred and the fair value of any non-controlling interests over the estimated fair values of the identifiable net assets acquired was recorded as goodwill. The fair value of the non-controlling interest was estimated with reference to the purchase price per share as of the acquisition date.

The fair value of the consideration transferred included RMB19,331 cash and stock consideration and RMB9,236 non-controlling interest as of the Acquisition date which has been allocated based on the fair value of the assets acquired and liabilities assumed. RMB14,075 and RMB18,174 were allocated to goodwill and identified intangible assets, respectively. The result of operation of Global Care has been consolidated by the Group from September 5, 2024 which is not material to the Group's consolidated financial statements as a whole.

Goodwill arising from the Acquisition was attributable to the benefit of the assembled workforce and future market development as of the date of Acquisition. Goodwill arising from the acquisition is not expected to be deductible for tax purposes.

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4. Acquisition - continued

The following is a summary of the fair value of the purchase price and the final allocation of the purchase price to the assets acquired and liabilities assumed:

The result of operation of Global Care has been consolidated by the Group from September 5, 2024 which is not material to the Group's consolidated financial statements as a whole.

Pro forma financial information is not presented for the acquisition of Global Care as it is immaterial to the reported results.

5. Accounts receivable

Accounts receivable, net of allowance for doubtful accounts by the Group consist of the following:

	As of	
	December 31, 2023	December 31, 2024
	RMB	RMB
Accounts receivable	179,967	159,233
Less: allowance for doubtful accounts	(1,673)	(2,153)
Accounts receivable, net	<u>178,294</u>	<u>157,080</u>

The movements in the allowance for doubtful accounts are as follows:

	As of	
	December 31, 2023	December 31, 2024
	RMB	RMB
Balance at beginning of year	1,656	1,673
Additions	17	480
Accounts receivable, net	<u>1,673</u>	<u>2,153</u>

HUIZE HOLDING LIMITED

6. Related party balances and transactions

The table below sets major related parties of the Group and their relationships with the Group:

Entity or individual name	Relationship with the Group
Minority shareholders of the Company	Minority shareholders
Xiaoke Huixuan (Shenzhen) Technology Co., Ltd. (“Xiaoke”)	Company that the Group has significant influence on
Huibao Huipei (Shenzhen) Technology Co., Ltd (“Huibao Huipei”)	Company that the Group has significant influence on

Details of related party transactions for the years ended December 31, 2022, 2023 and 2024 are as follows:

Service provided by related parties:

	For the year ended December 31		
	2022 RMB	2023 RMB	2024 RMB
Technology service fee to Xiaoke	7,259	1,887	3,234
Channel cost to Huibao Huipei	2,054	7,439	10,940
Total	9,313	9,326	14,174

According to the cooperation agreements, Xiaoke provides technology service to the Company, and Huibao Huipei serves as one of the Company’s traffic channels.

Service provided to related parties:

	For the year ended December 31		
	2022 RMB	2023 RMB	2024 RMB
Consulting service fee to Huibao Huipei	970	728	204
Total	970	728	204

The Company provides consulting service to Huibao Huipei according to the cooperation agreement.

Details of related party balances as of December 31, 2023 and 2024 are as follows:

Amounts due from related parties:

	As of	
	December 31, 2023 RMB	December 31, 2024 RMB
Minority shareholders of the Company	106	766
Huibao Huipei	277	157
Xiaoke	—	72
	383	995

Amounts due from related parties represent the advance to the minority shareholders, the receivable for consulting service provided to Huibao Huipei, and the prepayment for service provided by Xiaoke.

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6. Related party balances and transactions - continued

Details of related party balances as of December 31, 2023 and 2024 are as follows: - continued

Amounts due to related parties:

	As of	
	December 31, 2023	December 31, 2024
	RMB	RMB
Xiaoke	2,000	—
Huibao Huipei	451	2,495
	<u>2,451</u>	<u>2,495</u>

The amount due to Xiaoke represents the payable for technology service and the amount due to Huibao Huipei represented the payable for channel promotion service.

8. Prepaid expense and other receivables and other assets

Prepaid expenses and other receivables and other assets consist of the following, with current portion presented as prepaid expense and other receivables and non-current portion presented as other assets:

	As of	
	December 31, 2023	December 31, 2024
	RMB	RMB
Prepaid expense and other receivables:		
VAT refund receivable	27,646	19,648
Rental and other deposits	9,732	7,076
Advances to suppliers	5,517	8,696
Interest receivables (a)	842	2,514
Advances to staff (b)	734	809
Prepayment for share repurchase	1,016	160
Loans to a third party (c)	33,000	30,005
Others	994	173
	<u>79,481</u>	<u>69,081</u>
Less: Allowance for doubtful accounts	<u>(697)</u>	<u>(910)</u>
	<u>78,784</u>	<u>68,171</u>

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7. Prepaid expense and other receivables and other assets - continued

	As of	
	December 31, 2023	December 31, 2024
	RMB	RMB
Other assets:		
Loans to a third party (d)	—	8,759
Advances for procuring long-term assets	419	222
	<u>419</u>	<u>8,981</u>

- (a) This represented accrued interest income on bank deposits.
- (b) This represented advances to staff of the Group for daily business operations which are unsecured, interest-free and repayable on demand.
- (c) The amounts represent loans to a third party which are interest-bearing at a fixed interest rate of 3.6% per annum for the year ended December 31, 2023 and at a fixed interest rate of 3.2% per annum for the year ended December 31, 2024.
- (d) The amount represents loans of US\$1,200 (equivalent to RMB8,759) to a third party which are unsecured and interest-bearing at a fixed interest rate of 11% per annum and maturing in 2026. This arrangement is unsecured and does not require any collateral or guarantees.

8. Property, Plant and Equipment, net

Property, plant and equipment, net, consist of the following:

	As of	
	December 31, 2023	December 31, 2024
	RMB	RMB
Computer and electronic equipment	29,343	31,013
Buildings	25,712	25,712
Leasehold improvements	29,109	29,156
Office furniture and equipment	9,550	7,645
Motor vehicles	2,448	2,248
Total	96,162	95,774
Less: Accumulated depreciation (1)	(42,055)	(48,691)
Property, equipment and equipment, net	<u>54,107</u>	<u>47,083</u>

- (1) Depreciation expenses for the years ended December 31, 2022, 2023 and 2024 were RMB17,319, RMB12,413 and RMB10,269, respectively.

No impairment for property, plant and equipment was recorded for the years ended December 31, 2022, 2023 and 2024.

HUIZE HOLDING LIMITED**9. Intangible assets, net**

The intangible assets, net consisted of the following:

	As of	
	December 31, 2023	December 31, 2024
	RMB	RMB
Insurance agency license (1) (2)	40,817	40,902
Software and system (1)	6,571	11,768
Customer Relationship (1)	—	9,392
Insurance brokerage license (2)	6,526	6,526
Brand (1)	—	4,845
Insurance adjusting license	3,067	3,067
Domain name	580	580
Total	57,561	77,080
Less: Accumulated amortization (3)	(4,868)	(6,290)
Impairment (4)	(1,950)	(1,950)
Intangible assets, net	50,743	68,840

- (1) During the year ended December 2024, the Company acquired intangible assets amounting to RMB18,174 in connection with a business combination disclosed in Note 4, which were measured at fair value upon acquisition.
- (2) During the year ended December 31, 2023, the Group's disposal of a subsidiary resulted in a decrease of RMB4,333 in insurance agency license, and the Group's acquisition of a subsidiary resulted in an increase of RMB3,879 in insurance brokerage license.
- (3) Amortization expenses for the years ended December 31, 2022, 2023 and 2024 were RMB1,201, RMB1,227 and RMB1,189 respectively.

The amortization of the coming 5 years is:

	As of
	December 31, 2024
	RMB
2025	1,031
2026	916
2027	479
2028	423
2029	335

- (4) Impairment loss recorded in general and administrative expenses for the years ended December 31, 2022, 2023 and 2024 were nil, RMB1,950 and nil, respectively.

HUIZE HOLDING LIMITED

10. Long-term investments

	Equity investments measured under measurement alternative	Equity Method	Investment accounted for at fair value	Equity investments measured under NAV practical expedient	Total
	RMB	RMB	RMB	RMB	RMB
Balances at January 1, 2022	34,695	33,949	840	3,517	73,001
Additions	—	10,000	—	—	10,000
Share of earnings/(loss) of an equity method investee	—	(2,200)	—	—	(2,200)
Fair value change	—	—	(109)	(2,675)	(2,784)
Exchange adjustments	—	—	77	211	288
Disposal	(1,000)	—	—	—	(1,000)
Balances at December 31, 2022	<u>33,695</u>	<u>41,749</u>	<u>808</u>	<u>1,053</u>	<u>77,305</u>
Balances at January 1, 2023	33,695	41,749	808	1,053	77,305
Share of earnings/(loss) of an equity method investee	—	417	—	—	417
Fair value change	—	—	—	(257)	(257)
Realized gain/(loss)	—	—	78	—	78
Exchange adjustments	—	—	(12)	31	19
Disposal	—	—	(874)	—	(874)
Balances at December 31, 2023	<u>33,695</u>	<u>42,166</u>	<u>—</u>	<u>827</u>	<u>76,688</u>
Balances at January 1, 2024	33,695	42,166	—	827	76,688
Share of earnings/(loss) of an equity method investee	—	1,535	—	—	1,535
Fair value change	—	—	—	62	62
Exchange adjustments	—	—	—	(153)	(153)
Distribution from and capital reduction of equity investees	—	(11,416)	—	—	(11,416)
Balances at December 31, 2024	<u>33,695</u>	<u>32,285</u>	<u>—</u>	<u>736</u>	<u>66,716</u>

Equity method

As of December 31, 2022, 2023 and 2024, the Group's investments accounted for under the equity method were RMB41,749, RMB42,166 and RMB32,285, respectively. The Group applies the equity method of accounting to account for its equity investments over which it has significant influence but does not own a majority equity interests or otherwise control.

The amount represented the 49.26% equity interest in a private equity fund, Nanjing Qiqian Alpha Equity Investment LLP ("Qiqian"), 49% equity interest in a technology service company, Huibao Huipei, 49% equity interest in a technology service company, Xiaoke, 47.62% equity interest in a private equity fund, Shanghai Dewu Chuxing Investment Management Partnership (Limited Partnership).

Distribution from and capital reduction of equity investees represented the capital repayment and dividend distribution amounting to RMB9,925 and RMB909 from Qiqian, respectively, and dividend distribution amounting to RMB582 from Huibao Huipei during the year ended December 31, 2024.

Investment accounted for at fair value

The amount represented investment in Nayuki Holdings Ltd ("Nayuki"), which was accounted for at fair value and recognized the fair value change in its consolidated statements of comprehensive income/(loss). For the year ended December 31, 2022, the Group recognized a fair value loss of RMB109 for the investment in the stock of Nayuki. In March 2023, the Group sold the stock of Nayuki and recognized investment gain of RMB78.

HUIZE HOLDING LIMITED

10. Long-term investments - continued

Equity investments measured under measurement alternative and NAV practical expedient

Equity investments without readily determinable fair values include investments in a private equity fund accounted for under NAV practical expedient, and investments in private companies accounted for under measurement alternative.

Investment in private equity funds over which the Group does not have the ability to exercise significant influence are accounted for under the NAV practical expedient. The amount represented the investment in private investment fund of Right Time SPC. The Group does not have the ability to exercise significant influence and elect to account for the investment under the NAV practical expedient. During the years ended December 31, 2022, 2023 and 2024, the Group recognized a fair value loss of RMB2,675, RMB257, and a fair value gain of RMB62, respectively.

As of December 31 2023 and 2024, the Group held investment in certain equity investments measured under measurement alternative. There were no impairment charges for the investments recorded for the years ended December 31, 2022, 2023 and 2024.

HUIZE HOLDING LIMITED**11. Short-term borrowing**

	As of	
	December 31, 2023	December 31, 2024
	RMB	RMB
Bank borrowing (1)	<u>30,000</u>	<u>50,000</u>

- (1) On March 31, 2022, the Group entered into an eighteen-month facility agreement with a bank with a maximum borrowing credit of RMB50,000 and renewed to March 20, 2026 on September 20, 2024. The Group pledged the accounts receivables to guarantee their performance of the obligation under the facility agreement, besides, the Company and Huiye Tianze act as the guarantors, bearing joint and several guaranty liability of the facility. The Group obtained short-term borrowings to support its operation. The borrowings bear interest rate of 3.20% per annum for the years ended December 31, 2023 and 2024, and mature from March to May 2025.

12. Other payables and accrued expenses

Other payable and accrued expenses consist of the following:

	As of	
	December 31, 2023	December 31, 2024
	RMB	RMB
Other tax payables	9,004	9,403
Other payable to suppliers	8,578	16,048
Accrued marketing expense -loyalty points	3,547	4,373
Professional fees	5,092	2,348
Advances from the insured	2,892	2,503
Interest payable	48	180
Deposits	352	230
Payables for acquisition (1)	910	6,768
Withholding social security costs and housing benefits	1,196	305
Deferred income	1,429	—
Advances from share repurchase of an equity investee	—	1,500
Others	1,802	775
	<u>34,850</u>	<u>44,434</u>

Note:

- (1) The amount as of December 31, 2024 represented the unconditional payables to the existing shareholders of Global Care due within 1 year related to the acquisition disclosed in note 4.

HUIZE HOLDING LIMITED

13. Employee benefits

Full-time employees of the Group in the PRC are entitled to welfare benefits including pension insurance, medical insurance unemployment insurance, maternity insurance, on-the-job injury insurance, and housing fund plans through a PRC government-mandated defined contribution plan. Chinese labor regulations require that the Group makes contributions to the government for these benefits based on certain percentages of the employees' salaries, up to a maximum amount specified by the local government. The Group has no legal obligation for the benefits beyond the contributions. Total contributions by the Group for such employee benefits were RMB54,641, RMB51,426 and RMB 47,026 for the years ended December 31, 2022, 2023 and 2024, respectively.

14. Income taxes

Cayman Islands

The Company was incorporated in the Cayman Islands. Under the current laws of the Cayman Islands, the Company is not subject to tax on income or capital gain. Additionally, upon payments of dividends to the shareholders, no Cayman Islands withholding tax will be imposed.

Hong Kong

Under the current Hong Kong Inland Revenue Ordinance, the subsidiaries established in Hong Kong is subject to 16.5% income tax rate on its taxable income generated from operations in Hong Kong. Additionally, payments of dividends by the subsidiaries incorporated in Hong Kong to the Company are not subject to any Hong Kong withholding tax.

China

The Company's subsidiaries, consolidated VIE and subsidiaries of the VIE established in the PRC are mainly subject to statutory income tax at a rate of 25%.

On April 14, 2008, relevant governmental regulatory authorities released qualification criteria, application procedures and assessment processes for "high and new technology enterprises" ("HNTE"). The HNTE will be entitled to a favorable statutory tax rate of 15%. An enterprise's qualification as a HNTE is reassessed by the relevant PRC governmental authorities every three years. On November 2, 2018, the local governments announced that Huize Shidai was qualified as HNTE and was subject to a preferential statutory tax rate of 15% since then. On October 9, 2021, Chengdu Huize was also qualified as HNTE and was subject to a preferential statutory tax rate of 15% since then. Accordingly, Huize Shidai and Chengdu Huize are taxed at a rate of 15%, subject to reassessment.

HUIZE HOLDING LIMITED

14. Income taxes - continued

China - continued

The Enterprise Income Tax (“EIT”) Law includes a provision specifying that legal entities organized outside of the PRC will be considered resident enterprises for the PRC income tax purposes if the place of effective management or control is within the PRC. The implementation rules to the EIT Law provide that non-resident legal entities will be considered as PRC resident enterprises if substantial and overall management and control over the manufacturing and business operations, personnel, accounting, properties, etc., occurs within the PRC. Despite the present uncertainties resulting from the limited PRC tax guidance on the issue, the Group does not believe that the Group’s entities organized outside of the PRC should be treated as resident enterprises for the PRC income tax purposes. If the PRC tax authorities subsequently determine that the Company and its subsidiary registered outside the PRC should be deemed resident enterprises, the Company and its subsidiary registered outside the PRC will be subject to the PRC income tax, at a rate of 25%.

The EIT Law also imposes a withholding income tax of 10% on dividends distributed by a FIE to its immediate holding company outside of China, if such immediate holding company is considered as a non-resident enterprise without any establishment or place within China or if the received dividends have no connection with the establishment or place of such immediate holding company within China, unless such immediate holding company’s jurisdiction of incorporation has a tax treaty with China that provides for a different withholding arrangement. The Cayman Islands, where the Company incorporated, does not have such tax treaty with China. According to the arrangement between the mainland China and Hong Kong Special Administrative Region on the Avoidance of Double Taxation and Prevention of Fiscal Evasion in August 2006, dividends paid by an FIE in China to its immediate holding company in Hong Kong will be subject to withholding tax at a rate of no more than 5% (if the foreign investor owns directly at least 25% of the shares of the FIE). In accordance with accounting guidance, all undistributed earnings are presumed to be transferred to the parent company and are subject to the withholding taxes. All FIEs are subject to the withholding tax from January 1, 2008. Under U.S. GAAP, undistributed earnings are presumed to be transferred to the parent company and are subject to the withholding taxes. The presumption may be overcome if the Group has sufficient evidence to demonstrate that the undistributed dividends will be re-invested and the remittance of the dividends will be postponed indefinitely. The Group does not intend to have any of its PRC subsidiaries or VIEs distribute any undistributed profits of such subsidiaries or VIEs to their direct overseas parent companies, but rather intends that such profits will be permanently reinvested by such subsidiaries and VIEs for their PRC operations. As of December 31, 2024, the VIEs are in accumulative loss situation, no withholding tax needs to be accrued and no unrecognized tax liabilities exist.

HUIZE HOLDING LIMITED**14. Income taxes - continued***Composition of income tax expense*

The current and deferred portions of income tax expenses during the years ended December 31, 2022, 2023 and 2024 are as follows:

	For the Year Ended December 31,		
	2022	2023	2024
	RMB	RMB	RMB
Current income tax expense	—	—	135
Deferred income tax expense	—	—	—
Total income tax expense	—	—	135

Tax reconciliation

Reconciliation between the income tax expense computed by applying the EIT tax rate to income before income taxes and actual provision were as follows:

	For the Year Ended December 31,		
	2022	2023	2024
	RMB	RMB	RMB
Profit/(Loss) before income tax	(33,740)	70,554	(834)
Tax expense/(benefit) at EIT tax rate of 25%	(8,435)	17,639	(209)
Tax effect of preferential tax rates granted to PRC entities	(128)	(1,881)	(953)
Effect of different tax rates applicable to different subsidiaries of the Group	(699)	6,666	(2,379)
Changes in valuation allowance	16,154	(7,578)	3,142
Income not subject to tax	(59)	(895)	(54)
Expenses not deductible for tax purposes	5,608	1,955	8,209
Research and development tax credit	(12,442)	(15,906)	(7,415)
Others	—	—	(206)
Income tax expense	—	—	135
The aggregate amount and per share effect of the preferential tax rates are as follows:	(128)	(1,881)	(953)
Per share effect:			
Ordinary shareholders – basic and diluted	(0.00)	(0.00)	(0.00)

HUIZE HOLDING LIMITED**14. Income taxes - continued***Deferred tax assets and deferred tax liabilities*

The following tables sets forth the significant components of the deferred tax assets and deferred tax liabilities:

	December 31, 2023	December 31, 2024
	RMB	RMB
Deferred tax assets		
Advertising expenses	1,668	1,677
Net accumulated losses carry forward	80,592	93,632
Depreciation and amortization	335	335
Allowance for doubtful accounts	1,901	1,997
Impairment of intangible assets	383	383
Accrued expenses	5,364	9,824
Operating lease liabilities	35,640	9,711
Gross deferred tax assets	125,883	117,559
Less: valuation allowance	(76,937)	(82,426)
Net deferred tax assets	48,946	35,133
Deferred tax liabilities		
Intangible assets	12,048	14,875
Operating lease right-of-use assets	35,639	9,710
Gain on equity method investee	605	989
Variable consideration of renewal income	12,702	24,434
Gross deferred tax liabilities	60,994	50,008

HUIZE HOLDING LIMITED

14. Income taxes - continued

Deferred tax assets and deferred tax liabilities - continued

Valuation allowance is provided against deferred tax assets when the Group determines that it is more-likely-than-not that the deferred tax assets will not be utilized in the future. The Group considers positive and negative evidence to determine whether some portion or all of the deferred tax assets will be more-likely-than-not realized. This assessment considers, among other matters, the nature, frequency and severity of recent losses and forecasts of future profitability. These assumptions require significant judgment, and the forecasts of future taxable income are consistent with the plans and estimates the Group is using to manage the underlying businesses. The statutory rate of 25%, 15% or 16.5%, depending on which entity, was applied when calculating deferred tax assets. The Group has provided RMB76,937 and RMB90,477 valuation allowance for the years ended December 31, 2023 and 2024, respectively.

As of December 31, 2022, 2023 and 2024, the Group had tax on net operating loss carry forwards of approximately RMB94,697, RMB80,592 and RMB93,632, respectively, which arose from the subsidiaries, VIE and the VIE's subsidiary established in PRC. As of December 31, 2024, the net operating loss carry forwards will expire during the period from 2025 to 2034, if unused.

The liabilities associated with uncertain tax position are RMB2,440 and RMB2,234 as of December 31, 2023 and 2024. The Group did not accrue any potential penalties and interest related to these uncertain tax positions for all years presented on the basis that the likelihood of penalties and interest being charged is not considered to be probable.

HUIZE HOLDING LIMITED

14. Income taxes - continued

Deferred tax assets and deferred tax liabilities - continued

The Group does not expect significant increase to its liability for unrecognized tax benefit within the next twelve months. In general, the PRC tax authorities have up to five years and in certain cases up to 10 years to conduct examinations of the tax filings of the Group. There are no ongoing examinations by tax authorities as of December 31, 2024.

15. Common shares

The Group's common shares are divided into Class A common shares and Class B common shares. Holders of Class A common shares will be entitled to one vote per share, while holders of Class B common shares will be entitled to 15 votes per share. Each Class B common share is convertible into one Class A common share at any time by the holder thereof, while Class A common shares are not convertible into Class B common shares under any circumstances. Upon any sale, transfer, assignment or disposition of Class B common shares by a holder thereof to any person or entity that is not an affiliate of such holder, such Class B common shares shall be automatically and immediately converted into an equal number of Class A common shares.

The holders of common shares are also entitled to receive dividends whenever funds are legally available and when declared by the Board of Directors, subject to prior rights of holders of all other classes of shares outstanding.

HUIZE HOLDING LIMITED**15. Common shares - continued**

In March 2023 and March 2024, board of directors authorized a share repurchase program under which the Company may apply existing funds to purchase up to an aggregate of US\$ 5 million worth of the Company's ADSs over the next 12 months, depending on market conditions and in accordance with applicable laws and the Company's securities trading policy.

During the years ended December 31, 2022, 2023 and 2024, the Company repurchased 13,097,740 shares, 30,333,340 shares and 3,546,960 shares, respectively. The account balance of treasury stock were RMB28,580 and RMB29,513 as of December 31, 2023 and 2024, respectively.

16. Share-based compensation

Share-based compensation was recognized in operating expenses for the years ended December 31, 2022, 2023 and 2024 as follows:

	For the year Ended December 31,		
	2022 RMB	2023 RMB	2024 RMB
Cost of revenue	11	(7)	(9)
Selling expenses	1,041	286	565
General and administrative expenses	9,151	1,997	8,437
Research and development expenses	208	(167)	28
	<u>10,411</u>	<u>2,109</u>	<u>9,021</u>

Global Share Incentive Plan

In June 2019, the Company adopted a Global Share Incentive Plan (the "Global Plan"), which includes Option Plan, Restricted Shares Plan and Shares Award.

Option Plan

Under the Option Award Agreement, options which granted to employees vest upon satisfaction of a service condition, which is generally satisfied over four years. The Company offers their employees broker-assisted cashless exercise programs to help the employees exercise their stock options without having to use their personal funds to pay for the exercise price. The options are classified as liability-classified award.

During the year ended 2023 and 2024, 37,060,000 and 144,204,800 extra share options were granted, respectively.

HUIZE HOLDING LIMITED

16. Share-based compensation - continued

Option Plan - continued

The following table summarized the Company's activities under the Option Plan for the year ended December 31, 2024:

	Number of options	Weighted average exercise price (US\$)
Outstanding at January 1, 2024	62,079,809	0.0589
Granted	144,204,800	0.0300
Exercised	—	—
Forfeited	(900,000)	0.0300
Outstanding at December 31, 2024	<u>205,384,609</u>	<u>0.0387</u>
Vested and exercisable at December 31, 2024	<u>93,573,509</u>	<u>0.0478</u>

The following table summarizes information regarding the share options outstanding as of December 31, 2024:

	As of December 31, 2024			
	Options number	Weighted average exercise price per option US\$	Weighted average remaining contractual life (years)	Aggregate intrinsic value US\$
Outstanding	205,384,609	0.0387	8.62	330
Exercisable	93,573,509	0.0478	7.85	82
Expected to vest	111,811,100	0.0312	9.27	247

The weighted average fair value of the options was US\$ 0.0161 and US\$ 0.0143 per option as of December 31, 2023 and 2024, respectively.

HUIZE HOLDING LIMITED**16. Share-based compensation - continued***Option Plan - continued*

The aggregate intrinsic value is calculated as the difference between the exercise price of the options and the fair value of the underlying stock at December 31, 2024.

The fair value of the option plan was estimated on the date of each balance sheet date using the binomial option pricing model with the assumptions (or ranges thereof) in the following table:

	Weighted average	
	2023	2024
Exercise price (US\$)	0.0589	0.0387
Expected forfeiture rate (post-vesting)	11.52%	4.99%
Expected volatility	52.10%	54.68%
Expected term (in years)	8.05	8.62
Expected dividend yield	0%	0%
Risk-free interest rate	3.8875%	4.5395%

Risk-free interest rate is estimated based on the yield curve of US Treasury BVAL Curve from Bloomberg as of the option valuation date. The expected volatility at the grant date and each option valuation date is estimated based on annualized standard deviation of daily stock price return of comparable companies with a time horizon close to the expected expiry of the term of the options. The Group does not anticipate any dividend payments in the foreseeable future. Expected term is the contract life of the options.

Employees Restricted Shares Plan

Under the Employees Restricted Shares Award Agreement, restricted shares which granted to employees vest upon satisfaction of a service condition and a performance condition, which is generally satisfied over four years. The restriction will be removed along with the satisfaction of the service condition and performance condition. In March 2021, the Company granted additional 320,000 restricted shares to the senior management pursuant to the Global Plan. No restricted shares were granted during the year ended 2022, 2023 and 2024.

HUIZE HOLDING LIMITED

16. Share-based compensation - continued

Employees Restricted Shares Plan - continued

The following table summarized the Company's restricted shares activities under the Employees Restricted Shares Plan for the year ended December 31, 2024:

	Restricted Shares to employees
Non-vested at January 1, 2024	1,212,056
Granted	—
Vested	—
Forfeited	(1,212,056)
Non-vested at December 31, 2024	—

Restricted shares granted to employees are measured based on their grant-date fair values and recognized as compensation cost on a graded-vesting method over the requisite 2.25 to 4 years' service period. As of December 31, 2022, 2023 and 2024, there were RMB770, nil and nil unrecognized share-based compensation, respectively.

Shares Award

No shares were awarded during the years ended December 31, 2022, 2023 and 2024.

HUIZE HOLDING LIMITED

17. Investment loss

	For the Year Ended December 31,		
	2022 RMB	2023 RMB	2024 RMB
Fair value change of investments accounted for at fair value	(109)	—	—
Fair value change of equity investments measured under NAV practical expedient	(2,675)	(257)	62
Dividends received from equity investments	237	361	198
Realized gain related to the investments accounted for at fair value	—	78	—
Gain/(Loss) on disposal of subsidiaries	331	(749)	(266)
Fair value change of short-term investments	—	(1,089)	(505)
Total	(2,216)	(1,656)	(511)

18. Net profit/(loss) per share

Basic net profit/(loss) per share and diluted net profit/(loss) per share have been calculated in accordance with ASC 260 on computation of earnings per share for the years ended December 31, 2022, 2023 and 2024 as follows:

	For the Year Ended December 31,		
	2022 RMB	2023 RMB	2024 RMB
Numerator:			
Net profit/(loss)	(33,740)	70,554	566
Less: Net profit/(loss) attributable to non-controlling interests	(2,553)	366	1,215
Net profit/(loss) attributable to common shares and redeemable preferred shares	(31,187)	70,188	(649)
Net profit/(loss) attributable to common Shareholders - Basic and diluted	(31,187)	70,188	(649)
Denominator:			
Denominator for basic profit/(loss) per share weighted-average common shares outstanding	1,021,958,881	1,000,940,698	997,172,042
Dilutive effect of restricted shares	—	—	—
Dilutive effect of share options	—	—	—
Denominator for diluted profit/(loss) per share weighted-average common shares outstanding	1,021,958,881	1,000,940,698	997,172,042
Basic and diluted profit/(loss) per share	(0.03)	0.07	(0.00)

HUIZE HOLDING LIMITED**18. Net profit/(loss) per share - continued**

The potentially dilutive securities that were not included in the calculation of above dilutive net profit/(loss) per share in the years presented where their inclusion would be anti-diluted include restricted shares of 11,273,390 shares, 1,347,076 shares and nil shares for the years ended December 31, 2022, 2023 and 2024, respectively.

19. Lease

The following table presents balances reported in the consolidated balance sheets related to the Group's leases:

	As of December 31, 2023	As of December 31, 2024
	RMB	RMB
Operating lease right-of-use assets	115,946	20,715
Operating lease liabilities	146,248	40,825

Lease expenses for these leases are recognized on a straight-line basis over the lease term. For the years ended December 31, 2022, 2023 and 2024, total lease cost comprised of the following:

	For the Year Ended December 31,		
	2022	2023	2024
	RMB	RMB	RMB
Operating lease cost	39,476	34,142	33,393
Short term lease cost	1,724	3,639	1,109
Total lease cost	<u>41,200</u>	<u>37,781</u>	<u>34,502</u>

HUIZE HOLDING LIMITED**19. Lease - continued**

The following table presents the maturity of the Group's operating lease liabilities as of December 31, 2024:

	As of December 31, 2024 RMB
2025	18,562
2026	14,993
2027	10,151
Total operating lease payments (undiscounted)	43,706
Less: Imputed interest	(2,881)
Total operating lease liabilities (discounted)	<u>40,825</u>

As of December 31, 2024, the Group has no significant lease contract that has been entered into but not yet commenced.

Supplemental cash flow information related to the operating leases was as follow:

	For the Year Ended December 31,	
	2023	2024
	RMB	RMB
Cash paid for amounts included in operating lease liabilities	<u>21,312</u>	<u>28,910</u>

20. Commitments and contingencies

As of December 31, 2024, there was no pending legal proceeding to which the Group is a party that will have a material effect on the Group's business, results of operations or cash flows.

HUIZE HOLDING LIMITED

21. Restricted net asset

Relevant PRC laws and regulations permit payments of dividends by the Group's entities incorporated in the PRC only out of their retained earnings, if any, as determined in accordance with PRC accounting standards and regulations. In addition, the Company's entities in the PRC are required to annually appropriate 10% of their net after-tax income to the statutory general reserve fund prior to payment of any dividends, unless such reserve funds have reached 50% of their respective registered capital. As a result of these and other restrictions under PRC laws and regulations, the Company's entities incorporated in the PRC are restricted in their ability to transfer a portion of their net assets to the Company either in the form of dividends, loans or advances. Even though the Company currently does not require any such dividends, loans or advances from the PRC entities for working capital and other funding purposes, the Company may in the future require additional cash resources from them due to changes in business conditions, to fund future acquisitions and development, or merely to declare and pay dividends or distributions to its shareholders. In addition, restricted cash and insurance premium receivables of the VIE and its subsidiaries can only be used to settle relevant obligations of the VIE and its subsidiaries. Except for the above, there is no other restriction on use of proceeds generated by the Group's subsidiaries and VIE to satisfy any obligations of the Company. As of December 31, 2024, the restricted net assets of the Group's relevant PRC entities amounted to RMB344,875. Relevant PRC statutory laws and regulations permit payment of dividends by the Company's PRC entities only out of their retained earnings, if any, as determined in accordance with PRC accounting standards and regulations. The Company's PRC entities did not transfer any amount from current year's net income to the general reserve during the years ended December 31, 2022, 2023 and 2024. Furthermore, cash transfers from the Company's PRC subsidiaries to their parent companies outside of China are subject to PRC government control of currency conversion. Shortages in the availability of foreign currency may restrict the ability of the PRC subsidiaries and consolidated affiliated entities to remit sufficient foreign currency to pay dividends or other payments to the Company, or otherwise satisfy their foreign currency denominated obligations.

22. Subsequent events

The Company evaluated its subsequent events through the date on which these financial statements were issued. There is no material events or transactions needing recognition or disclosure found.

HUIZE HOLDING LIMITED

SCHEDULE I—CONDENSED FINANCIAL INFORMATION OF THE COMPANY

The condensed financial information of the Company has been prepared in accordance with SEC Regulation S-X Rule 5-04 and Rule 12-04, using the same accounting policies as set out in the Group's consolidated financial statements, except that the Company uses the equity method to account for investments in its subsidiaries and VIE.

Certain information and footnote disclosures generally included in financial statements prepared in accordance with U.S. GAAP have been condensed and omitted. The footnote disclosures contain supplemental information relating to the operations of the Company, as such, these statements are not the general purpose financial statements of the reporting entity and should be read in conjunction with the notes to the consolidated financial statements of the Company.

The Company did not have significant capital and other commitments or guarantees as of December 31, 2024. The subsidiaries did not pay any dividend to the Company for the years presented.

HUIZE HOLDING LIMITED

SCHEDULE I—CONDENSED FINANCIAL INFORMATION OF THE COMPANY—CONTINUED

Balance sheet

	As of December 31,		
	2023 RMB	2024 RMB	US\$ Note 2(f)
Assets			
Cash and cash equivalent, net of allowance for doubtful accounts	5,296	1,564	214
Amount due from related parties	106	109	15
Prepaid expenses	1,368	980	134
Other receivables due from subsidiaries and affiliates, net of allowance for doubtful accounts	305,526	314,513	43,088
Investment in subsidiaries	118,319	124,272	17,025
Total assets	430,615	441,438	60,476
Liabilities and Shareholders' equity			
Other payables and accrued expenses	17,896	17,893	2,451
Contract liabilities	1,783	—	—
Payroll and welfare payable	5,783	14,805	2,027
Total liabilities	25,462	32,698	4,478
Shareholders' equity			
Class A common shares (US\$ 0.00001 par value; 7,000,000,000 shares authorized and 894,456,046 shares issued as of December 31, 2023 and 2024, respectively; 843,968,206 shares and 858,266,416 shares outstanding as of December 31, 2023 and 2024, respectively)	62	63	9
Class B common shares (US\$ 0.00001 par value; 800,000,000 shares authorized and 150,591,207 shares issued and 150,591,207 shares outstanding as of December 31, 2023 and 2024, respectively)	10	10	1
Treasury stock (46,867,940 shares and 50,414,900 shares as of December 31, 2023 and December 31, 2024, respectively)	(28,580)	(29,513)	(4,043)
Additional paid-in capital	905,958	909,930	124,660
Accumulated other comprehensive loss	(14,060)	(12,864)	(1,762)
Accumulated deficit	(458,237)	(458,886)	(62,867)
Total shareholders' equity	405,153	408,740	55,998
Total liabilities and shareholders' equity	430,615	441,438	60,476

HUIZE HOLDING LIMITED

SCHEDULE I—CONDENSED FINANCIAL INFORMATION OF THE COMPANY—CONTINUED

Statement of Comprehensive Income/(Loss)

	Year Ended December 31,			
	2022 RMB	2023 RMB	2024 RMB	US\$ Note 2(f)
Operating revenue				
Other income	1,553	1,643	1,808	248
Total operating revenue	<u>1,553</u>	<u>1,643</u>	<u>1,808</u>	<u>248</u>
Operating cost and expenses				
General and administrative expenses	(4,614)	(5,996)	(7,662)	(1,050)
Operating loss	<u>(3,061)</u>	<u>(4,353)</u>	<u>(5,854)</u>	<u>(802)</u>
Other expense				
Interest income	—	1	—	—
Unrealized exchange income	—	(1)	—	—
Profit/(loss) before income tax, and share of loss of subsidiaries and VIEs	<u>(3,061)</u>	<u>(4,353)</u>	<u>(5,854)</u>	<u>(802)</u>
Share of income/(loss) of subsidiaries and VIEs	(28,126)	74,541	5,205	713
Net profit/(loss)	<u>(31,187)</u>	<u>70,188</u>	<u>(649)</u>	<u>(89)</u>
Net profit/(loss) attributable to common shareholders	<u>(31,187)</u>	<u>70,188</u>	<u>(649)</u>	<u>(89)</u>
Net profit/(loss)	<u>(31,187)</u>	<u>70,188</u>	<u>(649)</u>	<u>(89)</u>
Foreign currency translation adjustment, net of tax	9,600	3,635	1,196	164
Total comprehensive income/(loss)	<u>(21,587)</u>	<u>73,823</u>	<u>547</u>	<u>75</u>

HUIZE HOLDING LIMITED

SCHEDULE I—CONDENSED FINANCIAL INFORMATION OF THE COMPANY—CONTINUED

Statement of cash flows

	Year Ended December 31,			
	2022 RMB	2023 RMB	2024 RMB	US\$ Note 2(f)
Cash flows from operating activities:				
Net profit/(loss)	(31,187)	70,188	(649)	(89)
Adjustments to reconcile net profit/(loss) to net cash used in operating activities:				
Unrealized exchange (income)/loss	—	1	—	—
Share of income/(loss) of subsidiaries and VIEs	28,126	(74,541)	(5,205)	(713)
Expected credit loss expenses	—	3	(1)	—
	<u>(3,061)</u>	<u>(4,349)</u>	<u>(5,855)</u>	<u>(802)</u>
Changes in operating assets and liabilities:				
Increase/(decrease) in other payables and accrued expenses	—	4	(3)	—
Increase/(decrease) in contract liabilities	(1,223)	(1,549)	(1,783)	(244)
(Increase)/decrease in prepaid expense and other receivables	22,800	8,754	7,817	1,070
(Increase)/decrease in amount due from related parties	(43)	43	(3)	—
Net cash provided by/(used in) operating activities	<u>18,473</u>	<u>2,903</u>	<u>173</u>	<u>24</u>
Cash flows from investing activities:				
Loans to subsidiaries	(23,376)	(6)	(14,539)	(1,992)
Net cash provided by/(used in) investing activities	<u>(23,376)</u>	<u>(6)</u>	<u>(14,539)</u>	<u>(1,992)</u>
Cash flows from financing activities:				
Proceeds from exercise of options	—	560	—	—
Repurchase of Class A common shares	(6,659)	(13,392)	(77)	(11)
Loans from subsidiaries	—	9,461	10,614	1,455
Net cash provided by/(used in) financing activities	<u>(6,659)</u>	<u>(3,371)</u>	<u>10,537</u>	<u>1,444</u>
Effect of exchange rate changes on cash and cash equivalents	<u>884</u>	<u>158</u>	<u>96</u>	<u>13</u>
Net increase/(decrease) in cash and cash equivalents and restricted cash	<u>(10,678)</u>	<u>(316)</u>	<u>(3,733)</u>	<u>(512)</u>
Total cash and cash equivalents and restricted cash at beginning of year	16,291	5,613	5,297	726
Total cash and cash equivalents and restricted cash at end of year	<u>5,613</u>	<u>5,297</u>	<u>1,564</u>	<u>214</u>

Principal Subsidiaries and Affiliated Entities of The Registrant

Subsidiaries

<u>Name of Subsidiary</u>	<u>Jurisdiction of Incorporation</u>
Smart Choice Ventures Limited	British Virgin Islands
Hong Kong Smart Choice Ventures Limited	Hong Kong
Poni Insurtech Pte. Ltd.	Singapore
Synergy Wealth Management Limited	Hong Kong
Zhixuan International Management Consulting (Shenzhen) Co., Ltd.	PRC

Consolidated affiliated entities and their subsidiaries

<u>Name of Consolidated affiliated entities and their subsidiaries</u>	<u>Jurisdiction of Incorporation</u>
Shenzhen Huiye Tianze Investment Holding Co., Ltd.	PRC
Huize Insurance Brokerage Co., Ltd.	PRC
Shenzhen Huize Shidai Technology Co., Ltd.	PRC
Huize (Chengdu) Internet Technology Co., Ltd.	PRC
Shenzhen Zhixuan Wealth Investment Management Co., Ltd.	PRC
Shenzhen Detong Insurance Agency Co., Ltd.	PRC
Shanghai Huiju Haoshi Information Technology Co., Ltd.	PRC
Shenzhen Huize Business Management Co., Ltd.	PRC

HUIZE HOLDING LIMITED

AMENDED AND RESTATED STATEMENT OF POLICIES
GOVERNING MATERIAL NON-PUBLIC INFORMATION AND
THE PREVENTION OF INSIDER TRADING

(AS ADOPTED BY THE BOARD OF DIRECTORS OF HUIZE HOLDING LIMITED ON DECEMBER 1, 2023)

This Amended and Restated Statement of Policies Governing Material Non-Public Information and the Prevention of Insider Trading (this “**Statement**”) applies to all directors, officers, employees and consultants of Huize Holding Limited and its subsidiaries and affiliated entities (collectively, the “**Company**”).

This Statement consists of three sections: Section I provides an overview; Section II sets forth the Company’s policies prohibiting insider trading; and Section III explains insider trading.

I.
OVERVIEW

Preventing insider trading is necessary to comply with United States securities laws and to preserve the reputation and integrity of the Company, as well as that of all persons affiliated with it. “Insider trading” occurs when any person purchases or sells any securities while in possession of inside information relating to the securities. As explained in Section III below, “inside information” is information which is considered to be both “material” and “non-public.”

The Company considers strict compliance with the policies set forth in this Statement (collectively, the “**Policy**”) to be a matter of utmost importance. Violation of the Policy could cause extreme reputational damage and possible legal liability to you and the Company. Knowing or willful violations of the letter or spirit of the Policy will be grounds for immediate dismissal from the Company. Violation of the Policy might expose the violator to severe criminal penalties, as well as civil liability to any person harmed by the violation. The monetary damages flowing from a violation could be multiple times the profit realized by the violator, not to mention the attorney’s fees of the persons harmed.

This Statement applies to all directors, officers, employees and consultants of the Company and extends to all of such persons’ activities within and outside their duties at the Company. Every director, officer, employee and consultant of the Company must review this Statement, and when requested by the Company, must execute and return the Certificate of Compliance attached hereto to the Compliance Officer for the Company (the “**Compliance Officer**”) within seven (7) days after receiving the request. Questions regarding this Statement should be directed to the Compliance Officer by e-mail at legal@huize.com.

II.
POLICIES PROHIBITING INSIDER TRADING

For purposes of this Statement, the terms “purchase” and “sell” of securities exclude the acceptance of options or other share-based awards granted by the Company and the exercise of options or vesting of other share-based awards, if applicable, that does not involve the sale of securities. Among other things, the cashless exercise of options does involve the sale of securities and therefore is subject to the policies set forth below. The Policy does not apply to the exercise of a tax withholding right pursuant to which you elect to have the Company withhold common shares or American Depositary Shares (“ADSs”) subject to an option or other award to satisfy tax withholding requirements.

A. *No Trading* – No director, officer, employee or consultant of the Company may purchase or sell any ADSs, common shares or other securities of the Company or enter into a binding security trading plan in compliance with Rule 10b5-1 under the U.S. Securities Exchange Act of 1934, as amended (a “Trading Plan”) while in possession of material non-public information relating to the Company or its ADSs, common shares or other securities (the “Material Information”).

In the event that the Material Information possessed by you relates to the ADSs or other securities of the Company, the above policy will require waiting for at least forty-eight (48) hours after public disclosure of the Material Information by the Company, which forty-eight (48) hours shall include in all events at least one full Trading Day on the Nasdaq Stock Market following such public disclosure. The term “**Trading Day**” is defined as a day on which the Nasdaq Stock Market is open for trading. Except for public holidays in the United States, the Nasdaq Stock Market’s regular trading hours are from 9:30 a.m. to 4:00 p.m., New York City time, Monday through Friday.

In addition, no director, officer, employee or consultant of the Company may purchase or sell any securities of the Company or enter into a Trading Plan, without the prior clearance by the Compliance Officer, during any period designated as a “limited trading period” by the Company, regardless of whether such director, officer, employee or consultant possesses any Material Information.

Furthermore, all transactions in the securities of the Company (including without limitation, acquisitions and dispositions of the ADSs, the sale of common shares issued upon exercise of options or vesting of other share-based awards and the execution of a Trading Plan, but excluding the acceptance of options or other share-based awards granted by the Company and the exercise of options or vesting of other share-based awards that does not involve the sale of securities) by directors, officers and key employees designated by the Company from time to time must be pre-approved by the Compliance Officer.

Please see Section III below for an explanation of the Material Information.

B. *Trading Window* – Assuming none of the “no trading” restrictions set forth in Section II-A above applies, no director, officer, employee or consultant of the Company may purchase or sell any securities of the Company or enter into a Trading Plan other than during a Trading Window.

“**Trading Window**” is the period in any fiscal quarter of the Company commencing at the close of business on the second Trading Day following the date of the Company’s public disclosure of its financial results for the prior year or quarter, as applicable, and ending on December 31, March 31, June 30 or September 30, as the case may be.

In other words,

(1) beginning on January 1 of each year, no director, officer, employee or consultant of the Company may purchase or sell any securities of the Company or enter into a Trading Plan until the close of business on the second Trading Day following the date of the Company’s public disclosure of its financial results for the fiscal year ended on December 31 of the prior year, and

(2) beginning on April 1, July 1 and October 1 of each year, respectively, no director, officer, employee or consultant of the Company may purchase or sell any securities of the Company or enter into a Trading Plan until the close of business on the second Trading Day following the date of the Company’s public disclosure of its financial results for the fiscal quarter ended on March 31, June 30 and September 30 of that year, respectively.

If the Company’s public disclosure of its financial results for the prior period occurs on a Trading Day more than four hours before the Nasdaq Stock Market closes, then such date of disclosure shall be considered the first Trading Day following such public disclosure.

Please note that trading in any securities of the Company during the Trading Window is not a “safe harbor,” and all directors, officers, employees and consultants of the Company should strictly comply with the Policy.

When in doubt, do not trade! Check with the Compliance Officer first.

Notwithstanding the foregoing, sale of securities of the Company pursuant to an existing Trading Plan which was entered into in accordance with the Policy and in compliance with applicable law is not subject to the restrictions on trading in Sections II-A and II-B above.

C. **No Tipping** – No director, officer, employee or consultant of the Company may directly or indirectly disclose any Material Information to anyone who trades in securities (so-called “tipping”), regardless of whether the person or entity who receives the information, the “tippee,” is related to you and regardless of whether you receive any monetary benefit from the tippee.

D. **Confidentiality** – No director, officer, employee or consultant of the Company may communicate any Material Information to anyone outside the Company under any circumstances unless approved by the Compliance Officer in advance, or to anyone within the Company other than on a need-to-know basis.

E. **No Comment** – No director, officer, employee or consultant of the Company may discuss any internal matters or developments of the Company with anyone outside the Company, except as required for the performance of regular corporate duties. Unless you are expressly authorized to the contrary, if you receive any inquiries about the Company or its securities by the financial press, research analysts or others, or any requests for comments or interviews, you are required to decline comment and direct the inquiry or request to the Company's Co-Chief Financial Officers, who are responsible for coordinating and overseeing the release of information of the Company to the investing public, analysts and others in compliance with applicable laws and regulations.

F. **Corrective Action** – If you become aware that any potential Material Information has been or may have been inadvertently disclosed, you must notify the Compliance Officer immediately so that the Company can determine whether or not corrective action, such as general disclosure to the public, is warranted.

G. **Rule 10b5-1 Trading Plans** – Rule 10b5-1 provides an affirmative defense against insider trading liability under U.S. securities laws. A person subject to this Policy can rely on this defense and trade in the Company's securities, regardless of their awareness of inside information, if the transaction occurs pursuant to a pre-arranged written Trading Plan that was entered into when the person was not in possession of material non-public information and that complies with the requirements of Rule 10b5-1.

Anyone subject to this Policy who wishes to enter into a Trading Plan must submit the Trading Plan to the Compliance Officer for approval at least five business days prior to the planned entry into the Trading Plan. Trading Plans may not be adopted by a person when he or she is in possession of material non-public information about the Company or its securities and must comply with the requirements of Rule 10b5-1 (including specified waiting periods and limitations on multiple overlapping plans and single trade plans).

Once a Trading Plan is adopted, you must not exercise any subsequent influence over the amount of securities to be traded, the price at which they are to be traded or the date(s) of the trade(s). You may amend or replace a Trading Plan only during periods when trading is permitted in accordance with this Policy, and you must submit any proposed amendment or replacement of a Trading Plan to the Compliance Officer for approval prior to adoption. You must provide notice to the Compliance Officer prior to terminating a Trading Plan. You should understand that a modification or termination of a Trading Plan may call into question your good faith in entering into and operating the plan (and therefore may jeopardize the availability of the affirmative defense against insider trading allegations).

III. EXPLANATION OF INSIDER TRADING

As noted above, “**insider trading**” refers to the purchase or sale of a security while in possession of “material” “non-public” information relating to the security. “Securities” include not only stocks, bonds, notes and debentures, but also options, warrants and similar instruments. “Purchase” and “sale” are defined broadly under the U.S. federal securities laws. “Purchase” includes not only the actual purchase of a security, but any contract to purchase or otherwise acquire a security. “Sale” includes not only the actual sale of a security, but any contract to sell or otherwise dispose of a security. These definitions extend to a broad range of transactions, including conventional cash-for-stock transactions, the grant and exercise of stock options and acquisitions and exercises of warrants or puts, calls or other options related to a security. It is generally understood that “**insider trading**” includes the following:

- trading by insiders while in possession of material non-public information;
- trading by persons other than insiders while in possession of material non-public information where the information either was given in breach of an insider’s fiduciary duty to keep it confidential or was misappropriated; and
- communicating or tipping material non-public information to others, including recommending the purchase or sale of a security while in possession of material non-public information.

As noted above, for purposes of this Statement, the terms “purchase” and “sell” of securities exclude the acceptance of options or other share-based awards granted by the Company and the exercise of options or vesting of other share-based awards that does not involve the sale of securities. Among other things, the cashless exercise of options does involve the sale of securities and therefore is subject to the Policy.

What Facts are Material?

The materiality of a fact depends upon the circumstances. A fact is considered “material” if there is a substantial likelihood that a reasonable investor would consider it important in making a decision to buy, sell or hold a security or where the fact is likely to have a significant effect on the market price of the securities. Information may be material even if it relates to future, speculative or contingent events and even if it is significant only when considered in combination with publicly available information. Material information can be positive or negative and can relate to virtually any aspect of a company’s business or to any type of security, debt or equity.

Examples of material information include (but are not limited to) information concerning:

- dividends;
- corporate earnings or earnings forecasts, or changes to previously released earnings announcements or guidance;
- changes in financial condition or asset value;
- negotiations for the mergers or acquisitions or dispositions of significant subsidiaries or assets;
- significant new contracts or the loss of a significant contract;
- significant new products or services;
- significant marketing plans or changes in such plans;

- capital investment plans or changes in such plans;
- material litigation, administrative action or governmental investigations or inquiries about the Company, any of its affiliated companies, or any of its officers or directors;
- significant borrowings or financings;
- defaults on borrowings;
- new equity or debt offerings;
- adoption of repurchase plans or amendment of existing repurchase plans;
- significant personnel changes;
- a cybersecurity incident or risk that may adversely impact the Company's business, reputation or share value;
- changes in accounting methods and write-offs; and
- any substantial change in industry circumstances or competitive conditions which could significantly affect the Company's earnings or prospects for expansion.

A good general rule of thumb: **when in doubt, do not trade.**

What is Non-public?

Information is "**non-public**" if it is not available to the general public. In order for information to be considered public, it must be widely disseminated in a manner making it generally available to investors through such media as Dow Jones, Reuters Economic Services, The Wall Street Journal, Bloomberg, Associated Press, PR Newswire or United Press International. Circulation of rumors, even if accurate and reported in the media, does not constitute effective public dissemination.

In addition, even after a public announcement, a reasonable period of time must lapse in order for the market to react to the information. Generally, one should allow approximately forty-eight (48) hours following publication as a reasonable waiting period before such information is deemed to be public.

Who is an Insider?

"**Insiders**" include directors, officers, employees and consultants of a company and anyone else who has material non-public information about a company. Insiders have independent fiduciary duties to their company and its shareholders not to trade on material non-public information relating to the company's securities. All directors, officers, employees and consultants of the Company are considered insiders with respect to material non-public information about business, activities and securities of the Company. The directors, officers, employees and consultants of the Company may not trade the Company's securities while in possession of material non-public information relating to the Company or tip (or communicate except on a need-to-know basis) such information to others.

It should be noted that trading by household members of a director, officer, employee or consultant can be the responsibility of such director, officer, employee or consultant under certain circumstances and could give rise to legal and Company-imposed sanctions.

Trading by Persons Other than Insiders

Insiders may be liable for communicating or tipping material non-public information to a third party (a “tippee”), and insider trading violations are not limited to trading or tipping by insiders. Persons other than insiders also can be liable for insider trading, including tippees who trade on material non-public information tipped to them or individuals who trade on material non-public information which has been misappropriated.

Tippees inherit an insider’s duties and are liable for trading on material non-public information tipped to them by an insider. Similarly, just as insiders are liable for the insider trading of their tippees, so are tippees who pass the material non-public information along to others who trade on such information. In other words, a tippee’s liability for insider trading is no different from that of an insider. Tippees can obtain material non-public information by receiving overt tips from others or through, among other things, conversations at social, business, or other gatherings.

Penalties for Engaging in Insider Trading

Penalties for trading on or tipping material non-public information can extend significantly beyond any profits made or losses avoided, both for individuals engaging in the unlawful conduct and their employers. The United States Securities and Exchange Commission and the United States Department of Justice have made the civil and criminal prosecution of insider trading violations a top priority. Enforcement remedies available to the government or private plaintiffs under the U.S. federal securities laws include:

- administrative sanctions;
- sanctions by self-regulatory organizations in the securities industry;
- civil injunctions;
- damage awards to private plaintiffs;
- disgorgement of profits gained by the violator;
- civil fines for the violator of up to three times the amount of profit gained or loss avoided by the violator;
- civil fines for the employer or other controlling person of a violator (i.e., where the violator is an employee or other controlled person) of up to the greater of approximately US\$2,500,000 or three times the amount of profit gained or loss avoided by the violator;
- criminal fines for individual violators of up to US\$5,000,000 (US\$25,000,000 for an entity); and
- jail sentences of up to 20 years.

In addition, insider trading could result in serious sanctions by the Company, including immediate dismissal. Insider trading violations are not limited to violations of the U.S. federal securities laws. Other U.S. federal and state civil or criminal laws, such as the laws prohibiting mail and wire fraud and the Racketeer Influenced and Corrupt Organizations Act (RICO), also may be violated upon the occurrence of insider trading.

Material Non-public Information Regarding Other Companies

This Policy and the guidelines described herein also apply to material non-public information relating to other companies, including the Company's customers, vendors and suppliers ("**Business Partners**"), particularly when that information is obtained in the course of employment with, or other services performed by, or on behalf of, the Company. Civil and criminal penalties, and discipline, including termination of employment for cause, may result from trading on material non-public information regarding the Company's Business Partners. Each individual should treat material non-public information about the Company's Business Partners with the same care required with respect to information related directly to the Company.

Individual Responsibility

Each person subject to this Policy is individually responsible for complying with this Policy and ensuring the compliance of any family members, such as spouses, minor children, adult family members who share the same household, and any other person or entity whose securities trading decisions are influenced or controlled by the person whose transactions are subject to this Policy. Accordingly, you should make your family and household members aware of the need to confer with you before they trade in the Company's securities, and you should treat all such transactions for the purposes of this Policy and applicable securities laws concerning trading while in possession of material non-public information as if the transactions were for your own account.

CERTIFICATION OF COMPLIANCE

TO: Compliance Officer

RE: AMENDED AND RESTATED STATEMENT OF POLICIES OF HUIZE HOLDING LIMITED GOVERNING MATERIAL
NON-PUBLIC INFORMATION AND THE PREVENTION OF INSIDER TRADING

I have received, reviewed, and understand the policies set forth in the above-referenced Amended and Restated Statement of Policies (such policies, as amended from time to time, the "**Policy**") and hereby undertake, as a condition to my present and continued employment at or association with Huize Holding Limited or any of its subsidiaries or affiliated entities, to comply fully with the Policy.

I hereby certify that I have adhered to the Policy during the time period that I have been employed by or associated with Huize Holding Limited or any of its subsidiaries or affiliated entities.

I hereby undertake to adhere to the Policy in the future.

Signature: _____
Name: _____
ID Card Number: _____
Title: _____
Date: _____

Certification by the Principal Executive Officer

Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Cunjun Ma, certify that:

1. I have reviewed this annual report on Form 20-F of Huize Holding Limited;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: April 23, 2025

By: /s/ Cunjun Ma

Name: Cunjun Ma

Title: Chairman of the Board of Directors
and Chief Executive Officer

Certification by the Principal Financial Officer

Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Ronald Tam, certify that:

1. I have reviewed this annual report on Form 20-F of Huize Holding Limited;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: April 23, 2025

By: /s/ Ronald Tam

Name: Ronald Tam

Title: Co-Chief Financial Officer

Certification by the Principal Financial Officer**Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Minghan Xiao, certify that:

1. I have reviewed this annual report on Form 20-F of Huize Holding Limited;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: April 23, 2025

By: /s/ Minghan Xiao

Name: Minghan Xiao

Title: Co-Chief Financial Officer

Certification by the Principal Executive Officer**Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Annual Report of Huize Holding Limited (the "Company") on Form 20-F for the year ended December 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Cunjun Ma, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 23, 2025

By: /s/ Cunjun Ma
Name: Cunjun Ma
Title: Chairman of the Board of Directors
and Chief Executive Officer

Certification by the Principal Financial Officer**Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Annual Report of Huize Holding Limited (the "Company") on Form 20-F for the year ended December 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Ronald Tam, Co-Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 23, 2025

By: /s/ Ronald Tam
Name: Ronald Tam
Title: Co-Chief Financial Officer

Certification by the Principal Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report of Huize Holding Limited (the "Company") on Form 20-F for the year ended December 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Minghan Xiao, Co-Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 23, 2025

By: /s/ Minghan Xiao

Name: Minghan Xiao

Title: Co-Chief Financial Officer

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement Nos. 333-279845, 333-269596 and 333-238148 on Form S-8 of our report dated April 23, 2025, relating to the financial statements of Huize Holding Limited appearing in this Annual Report on Form 20-F for the year ended December 31, 2024.

/s/ Deloitte Touche Tohmatsu Certified Public Accountants LLP
Shenzhen, the People's Republic of China
April 23, 2025

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (No. 333-238148, No.333-269596 and No. 333-279845) of Huize Holding Limited of our report dated April 19, 2024, except for the change in segment disclosures in Note 2(ee) to the consolidated financial statements, as to which the date is April 23, 2025 relating to the financial statements, which appears in this Form 20-F.

/s/PricewaterhouseCoopers Zhong Tian LLP
Shenzhen, the People's Republic of China
April 23, 2025

通商律師事務所

COMMERCE & FINANCE LAW OFFICES

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12-15th Floor, China World Office 2, No. 1 Jianguomenwai Avenue, Beijing 100004, China
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电邮 Email: beijing@tongshang.com 网址 Web: www.tongshang.com

April 23, 2025

Huize Holding Limited

49/F, Building T1
Qianhai Financial Centre, Linhai Avenue
Qianhai Shenzhen-Hong Kong Cooperation Zone, Shenzhen 518000
The People's Republic of China

Re: Consent of Commerce & Finance Law Offices

We hereby consent to the use of our firm name and summaries of our firm's opinions under the headings "ITEM 4. Information on the Company—C. Organizational Structure" and "ITEM 10. Additional Information—E. Taxation—People's Republic of China Taxation" in the annual report on Form 20-F of Huize Holding Limited (the "Company") for the Company's fiscal year ended December 31, 2024 to be filed with the U.S. Securities and Exchange Commission (the "SEC") in the month of April 2025 (the "Form 20-F"), and we further consent to the incorporation by reference of the summary of our opinions under these headings into the Company's registration statements on Form S-8 (File No. 333-238148) that was filed on May 11, 2020, Form S-8 (File No. 333-269596) that was filed on February 6, 2023 and Form S-8 (File No. 333-279845) that was filed on May 31, 2024.

We also hereby consent to the filing of this consent letter as an exhibit to the Form 20-F.

In giving such consent, we do not thereby admit that we fall within the category of the person whose consent is required under Section 7 of the U.S. Securities Act of 1933, as amended, or the regulation promulgated thereunder.

[No Text Below]

Yours sincerely,

/s/ Commerce & Finance Law Offices**Commerce & Finance Law Offices**

April 23, 2025

Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549

Commissioners:

We have read the statements made by Huize Holding Limited (copy attached) pursuant to Item 16F of Form 20-F, which we understand will be filed with the Securities and Exchange Commission as part of the Annual Report on Form 20-F of Huize Holding Limited dated April 23, 2025. We agree with the statements concerning our Firm contained therein.

Very truly yours,

/s/PricewaterhouseCoopers Zhong Tian LLP

Attachment

ITEM 16F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT

We dismissed PricewaterhouseCoopers Zhong Tian LLP, or PwC, as our independent registered public accounting firm on June 30, 2024 and appointed Deloitte Touche Tohmatsu Certified Public Accountants LLP, or Deloitte, as our independent registered public accounting firm, effective on July 17, 2024. The appointment of Deloitte was approved by our board of directors and the audit committee of the board of directors. Deloitte was engaged to audit and report on our consolidated financial statements for the fiscal year ending December 31, 2024.

The reports of PwC on our consolidated financial statements for the fiscal years ended December 31, 2022 and 2023 did not contain any adverse opinion or disclaimer of opinion and were not qualified or modified as to uncertainty, audit scope, or accounting principles.

During the fiscal years ended December 31, 2022 and 2023, and the subsequent interim period through June 30, 2024, there have been no "disagreements" (as that term is defined in 16F(a)(1)(iv) of Form 20-F and the related instructions) between us and PwC on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements, if not resolved to the satisfaction of PwC, would have caused PwC to make reference to the subject matter of the disagreement in its reports on the our consolidated financial statements for such years.

During the fiscal years ended December 31, 2023 and 2022 and the subsequent interim period through June 30, 2024, there have been no reportable events (as defined in Item 16F(a)(1)(v) of Form 20-F), except for the material weaknesses identified related to the lack of sufficient and competent financial reporting and accounting personnel with appropriate knowledge of U.S. GAAP and SEC reporting requirements to formalize key controls over financial reporting and to prepare consolidated financial statements and related disclosures in accordance with U.S. GAAP and SEC financial reporting requirements as disclosed under Item 15 of the Company's annual report on Form 20-F for the fiscal years ended December 31, 2023 and 2022.

The audit committee discussed the material weakness with PwC and the Company has authorized PwC to respond fully to inquiries of the successor auditor regarding the material weakness.

We have requested that PwC furnish the company with a letter addressed to the SEC stating whether or not it agrees with the above statements. A copy of PwC's letter dated April 23, 2025 is filed as Exhibit 16.1 to this Form 20-F.

During the fiscal years ended December 31, 2022 and 2023, and the subsequent interim period through July 17, 2024, neither we nor anyone on behalf of us has consulted with Deloitte regarding (i) the application of accounting principles to a specific transaction, either completed or proposed, or the type of audit opinion that might be rendered on our consolidated financial statements, and neither a written report nor oral advice was provided to us that Deloitte concluded was an important factor considered by us in reaching a decision as to any accounting, audit, or financial reporting issue, (ii) any matter that was the subject of a disagreement pursuant to Item 16F(a)(1)(iv) of the instructions to Form 20-F, or (iii) any reportable event pursuant to Item 16F(a)(1)(v) of the instructions to Form 20-F.